

## **Structure, Policy and Prospects of Rural Industrialization in Orissa (India): A Strategic Approach for Sustainable Development**

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### **Abstract**

Orissa, the ancient land of temples in the eastern coast of India, is one of the most resource-rich states in the country. However, a large population of the state is reeling under poverty. This paper examines the poor living conditions of the people of rural Orissa and measures taken so far to improve their economic situation through rural industrialization. The author illustrates that sustainable development should be paired with the abundant natural resources for a broader, deeper and more dynamic process of learning and change aimed at creating appropriate and equitable human activity system and ways of life (i.e., culture) for a greater sustainable development.

**Keywords:** Rural Industrialization, Sustainable Development, Equitable Human Activity

### **Introduction**

The new province of Orissa was born on 1 April, 1936. Since long, Orissa continues to be symbol of abysmal poverty and backwardness. Acute underdevelopment combined with the onslaught of natural calamities has made the life of the Oriya people miserable. While droughts and floods are regular invaders, cyclones and super cyclones make their routine visits, taking heavy tolls. Besides all this misfortunes, nature has blessed the state with natural resources to fill up the gap. Orissa is the richest state in minerals. The State Government is determined to take full advantage of the sweeping changes in the national and international scenario and forge ahead with its program of industrialization.<sup>1</sup> The State Government is fully committed to attract large investment in development and its people. While

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the past industrial policies starting from of infrastructure, mining and industry including power generation to harness the vast promise and potential to improve the economy, to state 1980 have created a favorable industrial climate in the state with many new industries coming up, the state has to take full advantage of the create employment and generate resources for all round development of the liberalized economic and industrial regime to attract substantial private investment for infrastructure and industrial development of the state. Accordingly, the new Industrial Policy, 1996 and 2001 are formulated by the State Government to spell out the strategies and modalities to translate this commitment into concrete action.<sup>2</sup> As per the census of Orissa, 2001, the total population of Orissa is 36,706,920, out of which the rural population is 31,210,602. Accordingly, 85.03% of the population lives in the rural villages. The Oriyas dwelling in rural Orissa.<sup>3</sup> Hence, industrialization in Orissa means rural industrialization.

### **Structure and Policies**

The structure is built by its resources. Orissa has vast reservoirs of natural resources to spur industrial growth and development. The resources are land, mineral, forest, water, fisheries and animal resources and knowledgeable human resources. These resources put foundation stone for industrialization in Orissa. The structure covers a wide variety of Industries which differ in the nature of products, techniques and scale of production, location pattern and marketing channels etc. This can be divided into several groups of industries.

### **Agriculture**

Orissa occupies 4.74% of India's landmass is endowed with a wide range of fertile soil along with adequate rainfall and suitable climate for agriculture nearly 70% of the population in the state depend on agriculture. Agriculture is the mainstay of state's economy and sustenance of life of the people. Agriculture and Animal Husbandry contributed 25.75% of the net domestic product of the state in 2004-05 at 1993-94 prices and provided employment directly and indirectly to around 65% of the total workforce as per 2001 census. The per-capita availability of cultivated land was 0.39 ha. in 1950-51 and has declined to 0.15 ha. in 2004-05.<sup>4</sup>

Development of Agriculture in Orissa has lagged behind due to several constraints, such as traditional method of cultivation, inadequate capital formation and low investment, inadequate irrigation facilities and uneconomic size of holdings. This dominant sector of the State's economy has become, more often than not, a helpless victim of natural calamities like flood, drought and cyclone. For sustaining economic development, much emphasis has been laid during the planning process for accelerating the pace of agricultural development, by increasing both production and productivity, by taking steps to remove regional imbalances in cropping pattern and agricultural practices, to evolve new variety of seeds, to expand irrigation facilities, to extend the supply of institutional credit and also a price support to farmers which shall place this dominant sector on a sound and safe footing.

Improvement in production and productivity needs to be effected to meet the increasing demand of the growing population, step up income of farmers and increase agricultural exports. Taking all these aspects into consideration during the Seventh Plan, several new programs were launched for development of Cereals, Pulses, Oilseeds, and Jute etc. These programs continued during the Eighth and subsequent Plan periods with the objectives of improving the level of production and productivity. Priority was laid on crop planning, productivity, expansion of area under cash crops, cropping intensity, use of fertilizers, pest management, marketing and use of modern agricultural implements and farm machinery.

Considering the importance of this sector, the State Government have come up with a comprehensive Agriculture Policy according agriculture the status of an industry. The objectives of the above policy have been pursued vigorously during the Tenth Plan period to make Agriculture sector one of the growth engines for accelerating the pace of development of the State. The State Agriculture Policy 1996 aims at doubling the production of food grains and oil seeds, generation of adequate employment opportunities in the rural sector and eradication of rural poverty within a specific time frame. The main objectives set out in the State Agriculture Policy 1996 are as follows:

- i. To enhance the status of Agriculture from the present level of a subsistence one to a profitable and commercial venture, so that

- young persons can accept agriculture as a means of self-employment.
- ii. To generate adequate employment opportunities.
  - iii. To adopt integrated programs for problem soils such as water logged areas, areas with soil erosion, dry / rain fed areas, area under shifting cultivation, waste land, saline and alkaline soil etc.
  - iv. To create entrepreneurship in the field of agriculture and horticulture.
  - v. To create skilled laborers for management of modern agriculture.
  - vi. To help mechanization of agriculture to increase productivity.
  - vii. To establish Agro-based and Food Processing Industries.
  - viii. To provide irrigation facilities to 50% of cultivable land through completion of incomplete irrigation projects and promotion of individual and group irrigation projects.
  - ix. To promote private enterprise in the marketing of agricultural produces.
  - x. To identify and promote thrust crops in different agro-climatic zones of the State.
  - xi. To reorient agriculture towards export.

Rice is the principal food crop of the State. The average yield rate of rice in Odisha which was 14.96 quintal / ha. in 2003-04 declined to 14.55 quintal / ha. during 2004-05. The per capita production of food grains per annum, which was 189 kg in 2003-04, has declined to 181 kg in 2004-05. The picture of production of food-grains in the State during the last five years, i.e., 2000-01 to 2004-05 is reflected in Table 1.

### **Cropping Pattern**

Agro-climatic conditions exercise big influence on the type of crop to be grown in an area. More than 75% of the cultivated area in the State is covered under paddy crop. Since the Eighth Plan, efforts are being made to divert land from paddy to cash crops like pulses, oil seeds, sugarcane, potato etc. to ensure better returns. Table 2 presents the cropping pattern of principal crops in Orissa from 2000-01 to 2004-05.

Table 2 indicates that only paddy covered 76.9% of the total cropped area during 2004-05, followed by pulses (11.2%) and oilseeds (5.6%). The area under fiber crops accounted for only 1.4% and other cash crops, which

include sugarcane, potato, chilly, ginger and tobacco etc. constituted only 2.0% of the total gross cropped area under principal crops. The percentage of area under pulses & food grains has increased in 2004-05 over 2000-01 while that of cereals and oilseeds has declined.

### **Cropping Intensity**

The cropping intensity of the State went up from 135% in 2000-01 to 15.2% in 2004-05. Due to development of irrigation facilities more areas were brought under cultivation and farmers could raise more than one crop in same land in the same year. Cropping intensity is one of the indices of the level of agricultural development. Table 3 shows net area sown, gross cropped area and cropping intensity from 2000-01 to 2004-05.

### **Horticulture**

Orissa is blessed with varied agro-climatic condition suitable for growing fruits, vegetables and spice crops. Hill tracts of KBK districts and of Kandhamal and Gajapati districts are suitable for intensive horticultural activities. The development of horticulture has importance not only for increasing the production of fruits and vegetables but also for improving the rural economy of the state by generating employment, and income particularly for small and marginal farmers. Cultivation of commercial fruits, use of hybrid vegetable seeds, propagation of off-season vegetable cultivation, establishment of bio-centers for production of quality planting materials, use of quality potato seeds, installation of drip irrigation systems, beneficiary oriented cultivation of oil palm etc. are the major thrust areas in horticulture.

The Tenth Plan proposals have been formulated for promoting integrated development of horticulture through area expansion of fruit crops, vegetables, spices, root and tuber crops and floriculture. Emphasis has also been given for dissemination of technology by way of massive training programs, incentives for production of quality foundation and certified vegetable seeds. Effort of macro management is further supplemented in pro-active agriculture policy of the State by providing opportunities to entrepreneurs to choose horticulture as a profession and a means of sustainable income generation.

During 2004-05, the total area under fruit crops in the State was 284.21 thousand hecets, out of which mango area accounted for 120.25 thousand hectare, coconut 50.78 thousand hectare, banana 20.73 thousand hectare, citrus fruits 26.42 thousand hectare, pineapple 0.70 thousand hectare and papaya 0.74 thousand hectare. All other fruits covered 64.59 thousand hectare. Table 4 presents data on area, production and yield rate of different fruits during 2004-05.

During 2004-05, the total area covered under vegetable was 625.11 thousand ha. and production was 7,719.36 thousand M.T. as against 623.14 thousand ha. and 7,701.96 thousand M.T. respectively during the previous year. Table 5 summarizes area, production and yield rate of vegetable crops during 2004-05.

### **Floriculture**

In order to meet the increasing demand for flowers like Tuberose, Rose, Gladioli, Marigold, Crossandra etc. in and around the urban centres of the State, floriculture has been given due thrust in the planning process. Under this program quality planting materials are supplied to farmers for taking up commercial cultivation of flowers in their fields, in addition to conducting demonstrations. During 2004-05, 2,934 demonstrations on Gladioli, Marigold, Crossandra, Jasmine and Rose were taken up with an expenditure of Rs.61.38 laths. Under this program 64.18 lash cuttings/seedlings of Gladioli, Marigold, Crossandra and Jasmin seedlings were supplied to the beneficiaries. Table 6 presents area and production of different floricultural crops in the year 2003-04 and 2004-05.

Steps were taken for plantation of short duration fruit species under work plan as well as RLTA in KBK region. 40.72 ha of new banana plantations were established under work plan by providing 16.02 lakh quality banana suckers to farmers at subsidized rate. Different fruit grafts have been supplied to farmers under the Work plan and RLTA for KBK during 2004-05 for raising 7,169 ha of fruit orchards covering 6,670 ha of mango, 51 ha of sapota, 97 ha of guava, 191 ha of litchi & 160 ha of custard apple at a cost of Rs. 137.21 lash. Small and marginal farmers are being encouraged to plant fruit trees in their backyards for supplementary income from their holdings. During 2004-05, 240 quintals of improved varieties of turmeric seeds and 64.09 quintals of supersaver variety of ginger seeds

have been multiplied in the Departmental farm covering an area of 16 ha. Attempt has been made under the work plan to promote and propagate root and tuber crops on a massive scale and to introduce improved crop varieties. Due to suitable agro-climatic conditions coupled with growing demand vegetable cultivation has tremendous scope in the state. To popularize seasonal and offseason vegetable cultivation in the State, Seed Minikits have been supplied to the small and marginal farmers. During 2004-05, 1,98,953 vegetable seed minikits have been supplied with an expenditure of Rs.139.32 lakh. The Central Sector Scheme "Integrated Development of Horticulture in Hilly/Tribal Areas" is being implemented in three tribal districts viz Keonjhar, Koraput and Gajapati. During 2004-05, 1428 ha. have been covered under different fruit crops in these districts, both seasonal and off-season.

The State Government have signed an agreement with the Agricultural & Processed Food Products Export Development Authority (APEDA) in January, 2003 for setting up an Agricultural Export Zone (AEZ) on ginger and turmeric for contiguous districts of Kandhamal and Koraput for promotion of export of these commodities. Under Cashew Development Program, 2,980 hectares have been covered during 2004-05, under new plantation by distributing 5.96 lakh grafts to the beneficiaries. For 2005-06, there is a proposal to cover 4,000 ha. under cashew plantation with a financial provision of Rs.244.26 lakh.

### **Agricultural Credit**

Agricultural credit is an essential input for augmenting agricultural production and helps a lot to the poverty stricken farmers of Orissa. The total amount of agricultural loans advanced by different Commercial Banks, RRBs, Co-operative Banks and OSFC during 2004-05 was to the tune of Rs. 1904.03 crore which was higher by 43,50% as compared to Rs. 1326.88 crore financed in 2003-04. Out of the total agricultural loan financed during 2004-05, the share of Co-operative Banks was 51.01% followed by 32.98% by Commercial Banks, 16.00% RRBs and 0.01% by OSFC. Apart from crop financing, term lending for floriculture, horticulture, livestock, pisci-culture, plantation and composite projects is also being encouraged. Table 7 reflects the amount of agricultural credit advanced in Orissa by different banks.

### **Farm Mechanization**

Farm mechanization has a great role in enabling farmers to take up timely and quality agricultural operations, reduce costs of production and improve the productivity. Various agricultural implements are supplied to farmers at subsidized rates. In KBK districts an additional 25% subsidy is given on power Tillers under RLTA. During 2004-05 emphasis given on demonstration of specialized power driven farm implements like self-propelled paddy transplanter, tractor operated renovator, power pulse thresher, maize seller, sugarcane ridge/cutter/planter etc. So far 1649 power tillers, 466 tractors, 44 reapers, 3 paddy transplanters, 23 rotavators have already been supplied to the farmers at subsidized rates.

During 2005-06, it has been proposed to supply 2435 power tillers, 100 paddy reapers, 10 paddy transplanters, 865 tractors, 60 tractor operated rotavators and 200 other implements with subsidy. Besides, 200 power tillers will be subsidized in the KBK districts under RLTA with a provision of Rs.54.20 lakh. Agro service centers under the world Bank assisted Cyclone Restoration Program have helped farmers to use custom-hired tractors and other agricultural implements. During 2004-05, 14 Agro Service Centers have been set up till January and subsidy amounting to Rs. 18.77 lakh have been released 250 Agro Service Centre will be set up under the program during the, next 2 years.

In spite of Agriculture, the minerals, forests, a long coast line, sea, sweet water and brackish water bodies, rivers and rivulets and a rich cultural heritage offering a wide range of fine manifestations having both aesthetic and commercial value. In spite of the high potential, the socio-economic status of the State portrays a paradoxical picture of poverty amidst plenty. In order to transform the State into a vibrant economic zone, State Government are giving stress to convert the available potential energy into kinetic energy through massive industrialization with optimization of value addition, technological up-gradation and export promotion. To facilitate the process, the State Government enunciated a new Industrial Policy in 2001.

Main features of the New Industrial Policy of Orissa are as under:

- Create a business climate conducive to accelerate investment in industry and infrastructure projects.

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- Raise income, employment and economic growth in the State
- Reduce regional disparities in economic development and
- Ensure balance utilization of the natural resources for sustainable development.

The State Government's Industrial Policy coupled with favorable market condition has been able to attract mega projects to the State. So far, 46 MOUs have been signed for setting up of Steel, Aluminum and Oil industries. In order to facilitate these industries and to create an enabling environment to attract national and international investment, Government has enacted Orissa Industries (Facilitation) Act, 2004 for implementing the Single Window Clearance System with the following objectives:

- Faster and one-point clearance of industrial projects,
- Single point dissemination of industrial project related information and
- To streamline the inspection of the industries by different agencies/ authorities.

For providing infrastructure support of international standard to the industrial environment in the State, Public-Private Partnerships (PPP) is being leveraged. Priority areas like roads, fishing harbours, transport terminals, industrial and urban townships etc. have been identified. Port development at Dhamara and Gopalpur through PPP mode is being attempted. Government are contemplating to have a policy framework in place to facilitate infrastructure development through PPP.

The contact point like "Shilpa Jyoti" in IPICOL for large and medium projects and "Shilpa Sathi" in the Directorate of Industries, Orissa and DICs for tiny and small units will be created. Escort services will also be provided by these contact points for interaction with various agencies and authorities. Keeping in view the priorities laid down in the industrial policy, establishment of growth centers at Duburi, Chhatrapur, Kalinga Nagar in Bhubaneswar, Jharsuguda and Kesinga has already been sanctioned by Government of India and also establishment of specialized industrial park is being accorded high priority. Export Promotion Industrial Park (EPIP) has been set up at Bhubaneswar to promote export oriented industrial units with Central Government assistance. This has been

renamed as INFOCITY and earmarked for establishment of all I.T industries.

### **Large and Medium Scale Industries**

Industrial Promotion and Investment Corporation of Orissa Ltd. (IPICOL), Industrial Development Corporation of Orissa Ltd. (IDCOL), and Orissa State Electronics Development Corporation (OSED) are three nodal agencies for promotion of large and medium scale industries in the State. A number of mega industrial projects in sectors like steel, alumina/aluminum, oil refining, and fertilizers etc. involving large investment are in the pipeline. The emphasis during the Tenth Plan would be on sustaining the momentum already generated and providing all necessary support to facilitate early grounding of these projects. In the Tenth Plan, the provision under the large and medium industry sector has been kept at Rs.27.68 crore for operation of different schemes.<sup>5</sup> During 2004-05, only one industry whose project cost is Rs. 3.35 crore has gone in to production and created employment opportunity for 42 persons. Table 8 indicates the development of large and medium industries in the State.

The Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL), a key promotional institution, was incorporated in 1973 with the main objective of accelerating the pace of industrial development of the State by promoting large and medium scale industries. IPICOL has promoted 263 large and medium scale industries by the end of Ninth plan period (2001-02) with project cost of Rs. 2931.70 crore and created employment opportunities for 34,294 persons. During the first three years of Tenth Plan period ten industries have gone into production with project cost of Rs.49.58 crore and created employment for 557 persons. During 2004-05 only one unit has gone into production. Table 9 indicates the large and medium scale industries promoted by IPICOL.

During the year 2004-05, IPICOL has sanctioned Rs. 9.13 crore to 3 units and disbursed Rs. 6.22 crore to 8 units while recovering Rs. 22.13 crore towards loan and interest from assisted units. After incurring continuous operating losses for the last four years, the Corporation has come out of it and has posted operating profit since 2001-02. During 2004-05 the

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Corporation has earned a profit of Rs. 48.00 lakh as against Rs. 76.00 lakh profit earned during 2003-04.

IPICOL is acting as single window contact for all information related to setting up large and medium industries in the State. 43 large and medium projects are under implementation as on 31.3.2005. Total investment envisaged for these proposals is about Rs. 84,000 crore. Steel sector has the major chunk of projects under implementation. 27 companies have signed 'memorandum of understanding for setting up steel / aluminum projects with the State Government as on 31st March'2005.

Industrial Development Corporation of Orissa Limited (IDCOL) was incorporated in the year 1962 as a wholly owned government company. Its objective was to promote large and medium scale industry in the State. The Corporation, since its inception, has set up 15 industrial units in diverse sectors like cement, ferrochrome, pig iron, spun pipe etc. under direct management.

IDCOL is functioning as a holding company, after the three directly managed industrial units such as Kalinga Iron Works, Ferro Chrome Plant and IDCOL Rolling Mill were separated as wholly owned subsidiary companies w.e.f. 1st April '2002. At present, IDCOL is having 9 subsidiary companies under its control after divestment of IDCOL CEMENT Ltd. in favor of M/s. ACC.Ltd. during December, 2003. Under Public Sector Restructuring Program IDCOL is exploring the possibility of disposal of assets of its defunct units. IDCOL has stepped up mining activities in the chromite ore mines at Tailangi in Jajpur district and iron-ore mines at Roida 'C in Keonjhar district and has exported chrome ore valued at Rs. 14.62 crore during 2004-05.

Established in 1981, Orissa Industrial Infrastructure Development Corporation (IDCO) has entered the 25th year of its existence. It is among the few State Government PSUs, which is not only able to sustain on its own financial strength but also growing stronger over the years and has become a zero-equity and debt-free Corporation. It is the only State level organization to be conferred the "Golden Peacock" award by the Institute of Directors, New-Delhi for adopting and maintaining quality management standard in all its operations and also bagged ISO-9001 & ISO-14001

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certificate for providing infrastructure & services of high order and maintaining modern environment management system.

IDCO has established 86 Industrial Estates/ Areas all over the State and its achievement in various fields of operation is noteworthy. The Corporation is engaged in multifarious activities to foster rapid industrialization in the State by development of industrial infrastructure.

Agricultural Promotion and Investment Corporation of Orissa Ltd. (APICOL) was set up with a view to strengthen the rural economy by providing financial support for promotion and development of agro-based and food-processing industries, APICOL came into existence in March 1996. By the end of March 2005, the Corporation has promoted 59 agro and food processing units with an investment of Rs. 97.94 crore including one unit with investment of Rs. 0.28 crore during 2004-05. Besides, APICOL has promoted 462 agri-enterprises by the end of 2004-05 with an investment of Rs. 141.17 crore out of which 10 units with investment of Rs. 4.03 crore were set up during 2004-05. APICOL has also provided incentives to the tune of Rs. 8.68 lakh towards subsidy to one agro and food-processing unit and Rs. 1.35 crore to 27 agri-enterprises during 2004-05.

Orissa State Financial Corporation (OSFC) is a premier State level financial institution that came into existence in 1956 to cater to the need of industrial development in the State. It provides financial assistance to small and medium scale industries in consortium with State level financial institutions. Besides, the Corporation also receives financial assistance from State Government and Central Government and provides soft loans and margin money for rehabilitation of sick industrial units.

Since its inception in 1956 till 2004-05, OSFC has sanctioned loan amounting to Rs. 1434.32 crore in favor of 46846 units including Rs. 2.85 crore sanctioned in favor of 44 units during 2004-05. Similarly Rs. 1305.01 crore has been disbursed to 28,207 units by the end of 2004-05 including Rs.2.09 crore disbursed to 67 units during 2004-05. During 2004-05 an amount of Rs. 73.06 crore was recovered while Rs. 1645.40 crore was overdue.

Orissa Pisciculture Development Corporation Ltd (OPDC) has launched a number of projects like supply of fishnet, fuel, and fish seeds for the economic development of fishermen.

Small Scale Industries (SSI) Sector constitutes the backbone of the National as well as State economy as it can generate employment opportunities because of its low capital investment requirement, low gestation period, high value addition and high export promotion prospects. The State Government aims at developing, reviving, modernizing and reorienting the SSI and tiny sector towards open market economy through cluster development approach.

Growth of small-scale industries sector is being emphasized not only because of its potential for generation of employment opportunities but also for its contribution to the output of the State. In pursuance to the latest Industrial Policy, State Government are actively considering to implement the Single Window Clearance System - a mechanism for creation of conducive environment for industrial ventures which includes attracting domestic as well as foreign investment through expeditious clearance at a single contact point. Besides, a special package of incentives has also been announced for boosting the SSI sector.

Directorate of Industries, Orissa is the Nodal Agency for promotion of SSIs and plays a vital role in identification of entrepreneurs and assisting them to set up industrial units. By the end of 2004-05, about 83,075 small scale units have been set up in the State of which, 4,511 units went into production during 2004-05 with total investment of Rs. 245.59 crore and 21,898 persons were provided with employment, including 2,922 SC, 3,088 ST and 1803 women. While the number of units set up during 2004-05 is highest in Repairing & Services sector (49.35%), contribution of food & allied sector is highest in investment (43.98%) and employment (28.55%) respectively. Similarly while highest number of 482 SSIs were established in Sundargarh district, Malkangiri was the lowest with 8 SSIs.<sup>6</sup>

### **Sick Units**

Industrial sickness in Small Scale sector is a growing phenomenon and all-out efforts are being made to revive the viable sick units. By the end of 2004-05, 83,075 small-scale units were set up in the State, out of which

1,688 SSI units were identified as sick by OSFC. OSFC have provided assistance amounting to Rs.8.22 crore for rehabilitation of 102 sick units by the end of 2004-05. The position in regard to small-scale units set up in Orissa and number of sick units identified by OSFC is presented in Table 10.

Orissa Small Industries Corporation (OSIC) was established in April 1972 to aid and assist small scale industrial units in the State for their sustained growth & development to gear up the industrialization process. The Corporation has been extending marketing support, financial assistance for purchase of raw materials, sub-contracting exchange and rendering various other services to small-scale units. The Corporation also administers certain incentives as per the Industrial Policy of Government. During 2004-05, the Corporation has supplied 40,562 MT of raw materials to small-scale units valued at Rs.91.93 crore through its 12 raw material depots. Table 11 indicates the achievements of OSIC from 2002-03 to 2004-05.

### **Handicraft and Cottage Industries**

Orissa is known for its excellence in silver filigree, applique, stone carving, brass and bell-metal works, horn carving, terracotta and patta painting etc. The Directorate of Handicrafts and Cottage Industries provides administrative, managerial and financial support for promotion, revival and diversification of these traditional industries through various schemes. During 2004-05, 17,808 cottage industries have been set up in the State with an investment of Rs.47.11 crore providing employment to 29,587 persons. Data on the growth of Cottage industries in the State over the years is presented in Table 12.

289 Handicrafts Co-operative Societies with a membership of 21,204 were actively functioning in the State, during 2004-05. These societies provided employment to 6519 artisans and produced handicraft articles worth Rs.6.80 crore during 2004-05 as against Rs.8.06 crore in the previous year. During 2004-05, these Co-operative societies have sold articles worth Rs.7.19 crore as against Rs.8.55 crore during the previous year i.e.2003-04.

Handloom and Craft Development in KBK Districts under RLTP is a new program proposed to be implemented in the KBK districts of the state

during 10th Plan period with objective to provide massive employment to the Handloom weavers by providing them financial assistance like share capital, margin money, training to the handloom weavers, supply of improved accessories etc. During 2004-05, a sum of Rs.1.25 crore was spent under the scheme.

### **Sericulture**

Sericulture industry deals with Tsar, Mulberry and Erie, which provide opportunities for rural employment. Orissa State Tsar and Silk Co-operative Society is the apex body, which provides financial assistance as well as services to cocoon producers and weavers. During 2004-05, an amount of Rs.30.00 lakh has been spent through Centrally Sponsored Plan Scheme for assisting Seri-culturists in the State.

### **Tsar**

During 2004-05, 62 Primary Tsar Co-operative Societies were functioning in the State for development of tsar products and about 7620 hectares of land in 1110 villages was brought under their activities. During 2004-05 about 9.57 lakh Tsar DFLs were supplied to the villagers and 32.5 Mt of tsar yarn was produced providing employment to 14,225 persons.

### **Mulberry**

Mulberry plantation and silkworm rearing have been taken up on a large scale in 33 blocks of the State. During 2004-05, 885 acres of land was brought under mulberry culture involving 1468 farmers of 39 Rearers Co-operative Societies and 1.84 MT of mulberry yarn was produced. A cold storage for preservation of mulberry eggs has been set up at Chandragiri and mulberry rearing has also been introduced in 4 Mulberry Rearing Co-operative Societies as a preliminary venture to impart training.

### **Erie**

Erie culture has been promoted as a subsidiary occupation in the State. At present one Erie Rearer's Co-operative Society is operating in the State. During 2004-05, 249 acres of land was brought under erie-culture and 18,210 number of DFLs were supplied to erie-rearers. About 0.588 MT of yarn was produced in the State in 2004-05 providing employment to 580 persons.

Intensive Development of Sericulture in KBK Districts under RLTA is functional since 2002-03 a State Plan Scheme is in operation in the State, which aims at upliftment of the poor tribal families in KBK districts through Mulberry, Tsar and Erie Plantation and Silkworm rearing. During 2004-05, Rs.50.00 lakh was spent under this scheme providing benefits to 399 nos. of Mulberry, 50 nos. of Tsar and 300 nos. of Erie-rearers.

### **Khadi and Village Industries**

In Orissa, khadi and village industries are being promoted by the Orissa Khadi and Village Industries Board with financial support from Khadi and Village Industries Commission, Government of India.<sup>7</sup> The Board is providing assistance in shape of grants and loan to the beneficiaries through cooperative societies. During 2004-05, out of total 5,315 co-operative societies, 1,414 co-operative societies were in operation, which produced khadi and village industries products worth Rs. 39.65 crore and sold goods worth Rs. 48.13 crore. During 2004-05 full time employment for 17,225 persons and part time employment for 77,112 persons was generated.<sup>8</sup>

By the end of 2004-05, 2,249 khadi and village units have been financed under Rural Employment Generation Program (REGP), out of which 475 units were financed in 2004-05 which includes 158 food processing units, 137 textiles & services units, 76 "mineral based industries, 52 rural engineering & biotechnology units and the rest belonging to other sectors like handmade paper, fiber, forest and agro-based and polymer & chemical based.<sup>9</sup> During the year 2004-05, goods worth Rs. 4.97 crore were produced and goods valued at Rs. 6.19 crore were sold by these units with creation of full time employment for 861 persons and part-time employment for 1,562 persons.

### **Prospects**

Orissa has enormous growth potential with its abundant stock of natural and human resources. But ironically the state exhibits an image of overt poverty with cramped development for so many decades. It does show the success-failure mix of plan, investments and performances in the state. These neutralizing factors continue to slow down the State's economic prospects over the years.

Orissa economy has been characterized by high level of poverty caused by large scale unemployment and under-employment. But a recent phenomenon is the growing joblessness among the educated youth. This calls for higher level of investments to create more gainful employment opportunities. But the issue needs to be approached at regional and sectoral level rather than at macro level. The solution to this problem lies in labour intensive rural development and wage-employment programs. Capital intensive Industrialization and technology might lessen the burden of under employment of educated skilled labour and boost the economy to new height in long run. But being an agrarian economy, it is equally important that the State needs to emphasize on agro based industrialization<sup>10</sup> to reduce the burden of unemployment in vast unorganized sector both in short run and long run.

With 65% work force, directly and indirectly engaged in agriculture sector, Orissa remains an agrarian economy. But the agricultural practices remain very traditional and dependent on rainfall. The overall productivity of the sector is therefore low as compared to the agriculturally developed states like Punjab and Haryana. The State needs to bring about technological and structural improvement in the thrust areas of agriculture sector to counter the climatic uncertainties, uneven distribution of precipitations during monsoon; traditional practices of operation etc.<sup>11</sup> There is need to promote cash crops; develop small and medium irrigation facilities and harness available ground water resources, educate farmers on adoption of advanced technology and implement land reform measures in the state to ensure increased agricultural production and productivity.

Accordingly the State Agricultural Policy, 1996 envisions greater income generation in agricultural sector; extensive application of advanced farming technology;<sup>12</sup> better scope for entrepreneurs in the areas of agro-based and food processing industries; self-sufficiency in fruits, vegetables, flowers, poultry and dairy products and extension of irrigation potential up to 50% of total cultivated areas of the State. The Policy resolves to ensure efficient production and management of quality seeds, fertilizers, bio-fertilizers, making available soil health cards to farmers, soil reclamation, crop insurance, fisheries and animal resources etc. The new Policy visualizes revamping of the existing administrative structure and

establishment of agricultural Aid centers at the block level. Agriculture has been given the status of industry under the Agricultural Policy, 1996.

The process of industrialization in Orissa has been slow. The share of secondary sector in NSDP has been 11.84% as per Advanced Estimate of 2004-05. There have been marginal increases in the number of units and investment in SSI sector. Taking advantage of available natural and human resource stock, the State has geared up to face the challenges and commitments of industrialization envisioned in the liberalized industrial policy resolution, 2001. While promoting private sector participation in industries, the policy resolution also aims at ensuring quality, productivity and skill development in industrial sector.

The State expects to generate more employment opportunities, raise income and economic conditions of people through rapid industrialization process initiated by the Government with signing of a series of MOUs with private foreign investors as well as steps taken for developing infrastructure facilities in power, railways, tele-communications, ports, airport, road network etc. This apart, the State Government organizations like IPICOL, IDCOL, IDCO, OSFC and OSIC are making concerted efforts to promote private investment in manufacturing, mining and infrastructure projects in the State under liberalized policy regime.

Power sector reform in Orissa has succeeded in making it a power surplus State with availability of Power of 1996 MW during 2004-05 as against an estimated requirement of 1986 MW. One problem area in power sector has been its over dependency on Hydropower projects. Climatic uncertainties, resource crunch and possible river water sharing disputes among the neighboring States call for lessening the dependence on Hydro power with generation of more of thermal power.

Agriculture sector accounts for a meager 1.93% of total power consumption even though it contributes a major share to the NSDP of Orissa. It is a matter of concern which needs to be addressed with priority. The State is optimistic about accelerating power generation by encouraging private investment in the sector envisaged under Orissa Electricity Reform Act, 1995. The State government is also keen to promote renewable and environment friendly non-conventional source of energy. With around

80% of villages electrified at present, the State Government is committed to achieve 100% village electrification by 2010.

Road transport plays the anchor role in economic development of the State because- of the limited network of other modes of transport like railways, airways, water ways. The sector generates substantial revenue for State exchequer.

Savings and investment are core input to growth of output and employment in the State. High rate of domestic savings and adequate mobilization of resources are essential requisites for macro-economic stability of the State. This necessitates significant and sustained reductions in the revenue and fiscal deficit of Government. The State Government contemplates for selective disinvestments in public enterprises to reduce mounting debt burden. There is need to increase public savings and reduce the deficit by augmenting tax and non-tax revenue. Steps are also necessary to curb low priority expenditure and to enhance the financial efficiency of public enterprises. The State has been addressing this resolutely. The strategy of large scale private sector participation in many economic sectors during 10<sup>th</sup> Plan period is expected to accelerate the process of economic development and reduce the incidence of poverty in the State to a great extent in the coming years.

### **Conclusion**

Rural Industrialization encompasses the development of khadi and handloom industries on the one hand and small scale industries on the other. State government is determined to promote such a form of industrialization in the rural areas that can generate economic viability in the village. Handlooms, handicraft, khadi and other village industries are likely to receive greater attention to achieve a faster rate of growth in the villages. Some of the imperatives are given as under:

- i) Better management of natural resources such as land, water, fisheries, poultry, dairy farming etc.
- ii) Exploiting natural resources for human welfare should include utilization of existing energy resources effectively and developing new source of energy.
- iii) Managing human skill and developing, it would include identifying rural artisans engaged in cottage and small industries which could be

- run through local skill, providing training and management skills and marketing of the village industrial products.
- iv) Improve productivity enhance quality, reduce cost and restructure product mix through up gradation of technology and modernization.
  - v) Expand share of VSI products in the domestic markets through publicity, standardization, market support and increased participation in the government purchase programs.
  - v) Strengthen the programs of ancillarisation to establish and improve linkage between large and small industrials, leading to harmonious growth of the total industrial sector.
  - vii) Promote specialization in production and export oriented industries.
  - viii) Strengthen and enlarge skill profile and entrepreneurial base to increase opportunities for self-employment.
  - ix) Restructuring the production process which includes change in output pattern, re-evaluations of non-renewable resources and ecologically adjusted production.
  - x) Technologies for processing perishables for supply to cities and Towns- fish, meat, poultry milk, fruits and vegetables.
  - xi) Improve general levels of welfare of workers and artisans through better working conditions, welfare measures and security of employment.
  - xii) Restructuring of agricultural growth especially in the lagging regions with irrigation and land development supported by new seed - fertilizer technology.
  - xiii) Eco- restoration through integrated watershed development in dry and drought prone areas.
  - xiv) The importance of non-crop activities in agriculture, such as horticulture, dairying, poultry, piggery goat and sheep rearing, fishery, sericulture etc. is expected to in future. These activities should be pre-empted, as far a possible for the rural poor under IRDP by Providing necessary training, credit and marketing facilities.
  - xv) The KVIC should enlarge the coverage of village under the programs for promoting Khadi and village industries.

The state is endowed with rich structure, policies and prospects for rural industrialization but no remarkable achievement in this field has been obtained so far. It lacks proper coordination and integration. However the

development of rural industrialization is plagued by some major problems like inadequate flow of credit, use of obsolete technology, machinery and equipment and inadequate infrastructure facilities, lack of communication and market information, poor quality of raw materials, lack of storage and ware housing facilities, and lack of promotional strategy. Addressing these issues is necessary for developing rural industries.

Rural industrialization is inextricably interwoven with rural entrepreneurship. A new approach i.e. an integrated approach to entrepreneurial culture in rural Orissa is required for sustainable development in the field of rural industries. The new entrepreneurial culture will create needs for goods and services in a big way leading to setting up of new ventures by exploiting innovative combinations of its available resources matched with entrepreneurial goals. This culture should be nurtured, fostered and promoted with fresh vision, values, norms and traits that is conducive for the sustainable development of the rural industrialization.

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**Table 1: Food grain Production in Orissa**

(in lakh MT)

Sl. No.	Food Crop	2000-01	2001-02	2002-03	2003-04	2004-05(P)
1	2	3	4	5	6	7
1	Rice	46.13	71.49	32.44	67.34	65.37
2	Total cereals	47.67	72.81	33.50	68.86	67.04
3	Total pulses	Z08	Z59	2.05	2.66	2.61
Total food grains (Sl. 2 +3)		49.75	75.40	35.55	71.52	69.65

**P:** Provisional Estimate

**Sources:** Directorate of Economics and Statistics, Orissa, Bhubaneswar & Directorate of Agriculture and Food Production, Orissa, Bhubaneswar.

**Table 2: Cropping Pattern of Principal Crops in Orissa**

(Figures in percentage)

Sl. No.	Principal crop	2000-01	2001-02	2002-03	2003-04	2004-05(P)
1	2	3	4	5	6	7
1.	Paddy	77.5	76.2	77.7	76.4	76.9
2.	All cereals	81.1	79.5	80.8	79.3	79.8
3.	Total pulses	9.7	11.4	10.9	12.2	11.2
	Total food grains	90.8	90.9	91.7	91.5	91.0
4.	Oilseeds	5.9	5.5	4.9	5.2	5.6
5.	Fibers	1.4	1.8	1.3	1.3	1.4
6.	Other crops (sugarcane, potato, tobacco, chilly and ginger)	1.9	1.8	2.1	2.0	2.0
7.	Oil crops	100	100	100	100	100
	Total Area (thousand hectare)	5720	5907	5499	5891	5840

**P:** Provisional Estimate

**Sources:** Directorate of Economics and Statistics, Bhubaneswar, Directorate of Agriculture and Food Production, Bhubaneswar, Directorate of Horticulture, Bhubaneswar.

**Table 3: Cropping Intensity for the Period  
from 2000-01 to 2004-05 (P)**

(Area in thousand hectare)

Sl. No.	Year	Net area sown	Gross cropped area	Cropping intensity (%)
1	2	3	4	5
1	2000-01	5,829	7,878	135
2	2001-02	5,845	8,798	151
3	2002-03	5,680	7,853	138
4	2003-04	5,796	8,637	149
5	2004-05(P)	5,739	8,701	152

**Source:** Directorate of Agriculture and Food Production, Orissa.

**Table 4: Area, Production and Yield Rate of different Fruits in Orissa  
during 2004-05 (P)**

Sl. No.	Name of the fruits	Area ('000 ha.)	Production ('000 MT)	Yield rate (qtl/ha)
1	2	3	4	5
1	Mango	120.25	416.34	34.62
2	Banana	20.73	269.79	130.14
3	Citrus	26.42	204.66	77.46
4	Pineapple	0.70	7.74	110.57
5	Papaya	0.74	13.06	176.49
6	Coconut	50.78	2,746 (lakh nuts)	5,408 (nuts)
7	Other fruits	64.59	492.38	76.23
	Total	284.21	1403.97 and 2746 lakh nuts	60.15 and 5408 no. of nuts per ha.

**P:** Provisional

**Source:** Directorate of Horticulture, Orissa, Bhubaneswar

**Table 5: Area, Production and Yield Rate of different Vegetables during 2004-05 (P)**

Sl. No.	Name of the vegetable	Area ('000 hect.)	Production ('000 M.T.)	Yield rate (qtls./hect)
1	2	3	4	5
1	Brinjal	127.71	1,852.24	145.03
2	Tomato	100.26	1,330.76	132.73
3	Cabbage	33.71	931.00	276.18
4	C. Flower	45.01	637.87	141.72
5	Pea	4.79	41.76	87.18
6	Okra	71.39	619.70	86.80
7	Sweet Potato	47.11	394.29	83.70
8	Potato*	8.51	80.77	94.91
9	Others	186.62	1,830.97	98.11
	Total	625.11	7,719.36	123.49

**P – Provisional**

**Source:** Directorate of Economics & Statistics, Orissa, Bhubaneswar, Directorate of Horticulture, Orissa, Bhubaneswar

**Table 6: Area and Production of different Floricultural Crops**

(Area in ha./ Prodn. in Qtl.)

Year	Marigold		Rose		Gladioli		Tube rose.	
	Area	Production	Area	Production	Area	Production	Area	Production
1	2	3	4	5	6	7	8	9
2003-04	194.64	14,581	41.62	92.19	11.37	11,36,800	33.62	540
2004-05(P)	221.05	16,599	46.14	98.63	12.07	12,05,960	34.92	555

**P:** Provisional

**Source:** Directorate of Horticulture, Orissa, Bhubaneswar

**Table 7: Agricultural Credit Advanced in Orissa  
from 2000-01 to 2004-05(p)**

(Rs. in crore)

Sl. No.	Year	Commercial Banks	RRBs	Co-operative Banks	OSFC	Total
1	2	3	4	5	6	7
1	2000-01	206.23	134.42	442.38	0.18	783.21
2	2001-02	266.40	129.80	532.25	0.54	928.99
3	2002-03	281.40	155.89	609.00	0.26	1,046.55
4	2003-04	434.89	167.65	724.03	0.31	1,326.88
5	2004-05(P)	627.89	304.66	971.26	0.22	1,904.03

**P:** Provisional

**Source:** State Level Bankers' Committee, Bhubaneswar

**Table 8: Large and Medium Industries in Orissa**

Sl. No.	Year	No of units gone into production	Investment (Rs. in crore)	Employment generated (number)
1	2	3	4	5
1	By the end of 8th Plan (1996-97)	305	1616.96	78593
2	By the end of 9th Plan (2001-02) During the year	352	3550.63	85369
3	2002-03*	6	34.08	408
4	2003-04*	3	12.15	107
5	2004-05*	1	3.35	42

\* Relates to IPICOL only

**Sources:** Industrial Promotion and Investment Corporation Ltd., Bhubaneswar, Orissa State Electronics Development Corporation, Bhubaneswar & Industrial Development Corporation Ltd., Bhubaneswar

**Table 9: Large and Medium Industries promoted by IPICOL**

Sl. No.	Year	No of units gone into production	Investment (Rs. in crore)	Employment generated (number)
1	2	3	4	5
1	By the end of Eighth Plan (1996-97)	237	1283.56	30,903
2	By the end of Ninth-Plan (2001-02) During the Year	267	2931.70	34,294
3	2002-03	6	34.08	408
4	2003-04	3	12.15	107
5	2004-05	1	3.35	42

**Source:** Industrial Promotion and Investment Corporation Ltd., Bhubaneswar

**Table 10: Small Scale Industries in Orissa**

Sl. No.	Year	Small Scale units set up (cumulative)	Small Scale units set up (during the year)	Investment (Rs. in crore)	Employment generated (number of persons)	No. of SSI units identified as sick by OSFC (cumulative)
1	2	3	4	5	6	7
1	1995-96	49,589	2,507	74.82	13,019	1,458
2	2000-01	66,206	3,676	153.18	18,115	1,519
3	2001-02	70,125	3,919	165.23	16,582	1,524
4	2002-03	74,133	4,008	155.14	16,320	1,527
5	2003-04	78,564	4,431	170.13	20,547	1,535
6	2004-05	83,075	4,511	245.59	21,898	1,688

**Source:** Directorate of Industries, Orissa

**Table 11: Activities of Orissa Small Industries Corporation (OSIC)**

(Quantity - in MT., Value - Rs. in lakh)

Sl. No.	Scheme	Achievement made during the year					
		2002-03		2003-04		2004-05	
		Qty.	Value	Qty.	Value	Qty.	Value
1	2	3	4	5	6	7	8
1	Raw materials supplied	46,384	6934.1 2	45,236	6644.1 4	40562	9192.9 5
2	Marketing Assistance	-	988.52	-	907.88	352.93	
3	Sub-contracting exchange	-	495.58	-	410.13	415.94	
4	Others (consignment sale & ID card)	-	24.18	-	30.20		248.02

**Source:** Orissa Small Industries Corporation, Cuttack

**Table 12: Growth of Cottage Industries in Orissa**

Sl. No.	Year	No. of units established	Investment (Rs. in lakh)	Employment generated (number of persons)
1	2	3	4	5
1	2000-01	22,431	4,064.68	37,641
2	2001-02	26,196	6,172.55	36,937
3	2002-03	25,041	6,133.67	39,528
4	2003-04	23,287	6,788.65	39,743
5	2004-05	17,808	4,711.02	29,587

**Source:** Directorate of Handicrafts and Cottage Industries, Bhubaneswar

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