GROWTH OF ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT OF ORISSA

"An Economy Is the Effect for which Entrepreneurship is the Cause"
3.1 INTRODUCTION

Economic development is a process of structural transformation of an economy towards a modern technologically advanced economy based on services and manufacturing. This process involves not only qualitative changes to the nature of an economy, but also accompanying quantitative changes in terms of the productivity and output per person. If these qualitative and quantitative changes result in unambiguous improvements in human welfare, it is generally seen as economic ‘development’. Entrepreneurship can make a positive contribution to economic development in both, the qualitative and the quantitative aspects as well, since entrepreneurship is meant to create jobs, ease fiscal burden, and provides competition and is depicted as crucial component of economic development.

For the economic growth and development of nation, entrepreneurship plays a pivotal role. It is a purposeful activity that includes initiation, promotion and distribution of wealth and service. In the process of economic development and as an integral part of the socio-economic transformation, an entrepreneur is a critical factor. During these tough economic times the importance of entrepreneurship is becoming more apparent all the time. In these troubled times the centrality of entrepreneurship in the economic growth of nations is increasingly coming into focus. The engine of India's growth in the next few decades will be entrepreneurship, which is more about innovation with a multiplier effect and transformative potential than just a start-up venture.

In this chapter an attempt has been made to study the entrepreneurship & its role in economic development, growth of entrepreneurship in India both in pre & post independence, current scenario of entrepreneurship in India, issues in current framework, scope of entrepreneurship development in India, efforts to foster entrepreneurship in India, socio economic backdrop of Orissa, growth of entrepreneurship and industrialization in Orissa and scope of entrepreneurship in Orissa.

It is worthwhile to mention over here that advancement is a broad concept entailing the raising of human capabilities that aims to increase the standard of living for individuals and growth of the economy as a whole which is central to improve economic development. It is also one of the measures which is most easy to access and probably the best measure to make cross-national and historical study of the development of economies. The function of capital and labour inputs, combined with technical change is traditionally seen as the economic output of a
country. The function of the sum of labour, capital inputs and the level of technological knowledge (i.e. productivity) is the standard production function used, which shows the economic output. The function of the growth of labour capital inputs and technological progress is the economic growth and the growth of economic output investment in capital, labour and technology is sufficient to realize economic growth (Traditional Models of Economic Growth) but according to the new models of economic growth these investments are seen as a necessary complement to own right. It can also be argued that effective innovation stimulates the high rates of investment in human and physical capital and cannot be sustained in the absence of innovation.

Recent studies give emphasis to entrepreneurship, as a driver of economic development and some authors' state entrepreneurship as a fourth production factor in the macroeconomic production function (Audretsch and Keilbach 2004). Entrepreneurship is the factor that generates wealth by bringing together the existing factors of production in innovative ways. Entrepreneurs carry out experiments with new combinations of which the outcomes are uncertain, many new variations have to be tried in order to find out which ones will improve (economic) life so as to make progress (Rosenberg and Birdzell 1986). Other authors have suggested that given proper institutional setting entrepreneurship can open doors for economic development (Baumol 1990; Powell 2008; Boettke and Coyne 2003). It might be said that the production factors capital, labour, technology and entrepreneurship are the ultimate causes of economic development whereas institutions are a fundamental cause of economic development (Acemoglu et al. 2004).

The level of growth-oriented entrepreneurship in a country is an important driver of economic growth than the mostly used barometers of entrepreneurship like the self employment and new firm formation (Audretsch and Keilbach 2004). As compared to rich countries, entrepreneurship in low income countries is mainly determined by necessity (Bosma et al. 2008). In contrast to high income countries where entrepreneurship is most often opportunity driven, most new businesses in low income countries are started out of necessity (Blanchflower and Oswald 1998; Graham 2005). In low income countries, entrepreneurs most often set up a business because they have no other way of earning a living (Rodrik 2007).

To stabilize a community’s economy and make it less susceptible to external fluctuations caused by the whims of a changing national economy there should be sustainable jobs. Many researchers have suggested that there exists a strong correlation between regions with high
entrepreneurial growth and those with high economic performance. As large numbers of new jobs are created each year primarily by entrepreneurial businesses, it is understood that this relationship exists. Increased entrepreneurship can be taken as an opportunity for increased self-sufficiency which could result in reducing state and national trade deficits. The expansion of a community’s breadth of businesses provides greater choices for employment for citizens in addition to other advantages.

3.2 GROWTH OF ENTREPRENEURSHIP IN INDIA

The background of the economic history of the particular country becomes the subject for the proper understanding of the development of entrepreneurship of any country. The growth of entrepreneurship in India is presented into two segments viz.

- Entrepreneurship during Pre-Independence
- Entrepreneurship during Post-Independence

3.2.1 Entrepreneurship during Pre-Independence

The evolution of the Indian entrepreneurship can be traced back to even as early as Rigveda, when metal handicrafts existed in the society. People were organized in a particular type of economic and social system of the village community before India came into contact with west. The Indian towns were mostly religious and aloof from the general life of country. Farmers, artisans and religious priests were the elaborated caste based diversion of workers and the larger mass of the artisans were treated as village servants. One of the most important contributing factors to the absence of localization of industry in ancient India was the compact system of village community which was efficiently protecting village artisans from the attacks of external competition (Despande, 1984).

In the cities of Banaras, Allahabad, Gaya, Puri & Mirzapur which were established on their river basins, evidently organized industrial activity which was observable among the Indians. Artisans of a few recognizable products made their way and the artisan industries flourished over the period as because the rivers served as a means of transportation facilities and as because the Royal patronage of the then period supported them. The ‘karkhanas’ i.e. workshops came into existence and ‘Guild system’ was introduced whereby the craftsmen were brought into an association. Due to the distinguishing qualities of perfection in art, durability beyond doubt and appeal to the eye of the individual, which were inherent in the Indian craftsmanship brought everlasting laurels of name and fame to the illustrious India in the past.
Bengal enjoyed popularity globally for Corah, Lucknow for chintzes, Ahmadabad for duppttas and dhotis, Nagpur for silk boarded cloth, Kashmir for shawls and Banaras for metal wares. Thus, with the help of its handicrafts, India enjoyed the prestigious status of the empress of the international trade from the time immemorial till the earlier years of the 18th century (Khanka, 2001).

Sadly, the cottage and small sector which were prestigious Indian handicraft industry had a downfall at the end of the 18\textsuperscript{th} century for various reasons. These may be listed as (Gadgil, 1959) -

1. Early disappearance of the Indian royal courts which patronized the crafts.
2. Lukewarm attitude of the British Government towards the Indian crafts.
4. Easy access of British products available even in far-flung remote part of the country due to the emergence of transportation in India.
5. The development of likeness for foreign products and changes in the tastes and habits of the Indians.
6. Resistance of the Indian craftsmen to adapt to the changing tastes and needs of the people.

Some scholars are of the view that due to the advent of East India Company in India, manufacturing entrepreneurship in India developed as the latent and manifest consequence. The company introduced various changes in the Indian economy through import of finished goods in India and export of raw materials. Especially, the Parsis were greatly influenced by the company’s commercial operations and established good rapport with the company.

The second half of the 19th century saw the actual emergence of manufacturing entrepreneurship. Before 1850, attempts were, indeed, made by the Europeans to setup factories in India but they failed. The Parsis were the initiators of manufacturing entrepreneurs in India at the beginning.

Till 1915 the credence for the expansion of textile industries goes to the Parsis. Out of 96 textile mills existing in 1915, 43\% (41) were set up by Parsis, 24\% (23) by Hindus, 10\% (10) by Muslims and 23\% (22) by British citizens. Later, the Parsis diverted into other fields, mainly iron and steel industry and the first Parsi entrepreneur who set up the first steel industry in Jamshedpur in 1911 was Jamshedjee Tata.
Excepting Parsis, during the first wave of manufacturing entrepreneurship all others evolved from non-commercial communities. Throughout the nineteenth century the renowned commercial communities, namely, Jains and Vaishyas of Ahmadabad and Baroda, slackened behind in entrepreneurial initiative which be explained by two factors. Firstly, during this period the improvement of business climate in the countryside resulted in a massive increase of trade which assumed quick returns on investments. This proved the commercial activity more lucrative during the period. Secondly, it can also be attributed to their conventional attitude to change from commercial entrepreneurship to industrial entrepreneurship.

The second wave of entrepreneurial evolution in India began after the First World War. For several reasons, Indian Government agreed for a protectionist approach to certain industries, even requiring that companies receiving its benefits from India should be registered in India with rupee capital and should have a definite proportion of their directors as Indians.

The benefits of these steps taken were mostly experienced by the Indians. The Europeans failed to exploit the protectionist policies to their well being. These initiatives helped in setting and extending the factory manufacturing in India during the first few decades of the twentieth century. During these decades, comparatively the importance of Parsis deteriorated and Gujaratis and Marwari Vaishyas gained the status in India's entrepreneurial scene.

Historical evidences also do endorse that the European Managing Agency Houses entered business, trade and banking after the East India Company lost monopoly in 1813. These houses markedly influenced eastern India's industrial scene. Particularly in Eastern India for that period it was stated that the Managing Agency Houses were the real entrepreneur. Brimmer holds the notion that Agency Houses appeared to overcome the limitations laid by a shortage of venture capital and entrepreneurial vision.

*According to Dr. Singh (2009) the basic reasons for slow growth of entrepreneurship in India during British period*

- **No proper protection**: Proper protection was not given by the British Government to the enterprises

- **Promotional apathy by British Government**: Assistance were given only to those industries in which the British Government put their own capital
• High railway freight charges: The railway freight charges were exorbitant for locations far from the ports. Hence, the shipping of the goods manufactured for the Indian markets were more costly than goods meant for exports

• Unreasonable tariffs: The British officials laid exorbitant tariffs on Indian made goods.

• Harassment for getting licenses: To establish and run industries, entrepreneurs were constantly pestered for getting licenses and finance

• No opportunity for technical education: There were no means for availing technical education which alone could support Indian entrepreneurial scenario

• Intense competition from abroad: The Indian indigenous entrepreneurs faced intense competition from machine made goods exported to India from abroad

• Inadequate transportation and communication facilities: Lack of transportation and communication facilities acted as the barrier in the way of industrial growth

• Problems in establishment of heavy industries: The British Government did not encourage the establishment of heavy industries like heavy machinery, iron and steel which are required for rapid industrialization

• Political disturbances: Political unrest and abolition of princely courts discouraged the growth of entrepreneurship

Despite the above problems, the export trade of textile in 17th century was on ascending trend. During this period, for the purpose of managing the supply of textiles to European companies the Indian merchants grouped into joint stock associations which were very significant. This supported in exporting huge quantum of textiles to the European markets leading to favorable terms of trade.

Partition of Undivided India on 15th August 1947

Following are some major outcomes of partition on 15th August 1947 on the Indian industrial economy (Khanka, 2001):

• Demography: Nearly 77% of area & 82% of population remained in India whereas 23% of area & 18% of population went to Pakistan.

• Industrial Activity: Around 90% of total industrial establishment with 93% of industrial workers (Jute, Iron & Steel and Paper industries) remained in India whereas 10% of total industrial establishments with 7% of industrial workers (Cotton Textile, Sugar, Cement, Glass and Chemical Industries) went to Pakistan.
• **Mineral and Natural Resources:** About 97% of total minerals remained in India in which major deposits were coal, mica, manganese, iron, etc. whereas 3% of total minerals with major deposits of gypsum, rock salt, etc. went to Pakistan.

• **Manpower and Manager skill:** India suffered loss because Muslims who possessed these skills migrated to Pakistan.

• **Transport Facilities:** 83% of total route mileage remained in India whereas 07% of total road mileage went to Pakistan.

• **Major Ports:** India’s exports were adversely affected because India had lost major ports.

### 3.2.2 Entrepreneurship during Post-Independence

In 1947 after a long sigh of political relief, the Government of India tried to lay out the priorities to design a scheme for achieving balanced growth. For this reason, the Government came forward with the first Industrial Policy in the year 1948, which was revised from time to time (Kuchhal, 1969). In the various industrial policy statements the Government identified the responsibility of the State to promote, assist and develop industries in the national interest. It also explicitly identified the vital role of the private sector in accelerating industrial development, and therefore enough fields were reserved for the private sector.

Three important measures were taken by the Government during the industrial resolutions:

(i) Maintenance of a proper distribution of economic power between public and private sector;
(ii) Boosting the momentum of industrialization by spreading entrepreneurship from the existing centres to other cities, towns and villages, and
(iii) Spreading the entrepreneurship acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata (Malenbaum, 1962).

The Government accorded emphasis on the development of small-scale industries in the country to achieve these stated objectives. Since the Third Five Year Plan, various incentives and concessions in the form of capital, technical know-how, markets and land were provided to the potential entrepreneurs to establish industries in the industrially potential areas ostensibly to remove the regional imbalances. To encourage interested people of varied social strata to enter the small-scale manufacturing field, that was, indeed, a major step taken by the Government.

Several institutions were also established by the Government to facilitate the new entrepreneurs in setting up their enterprises like Directorate of Industries, Financial Corporations, Small-Scale
Industries Corporations and Small Industries Service Institute. Expectedly, there was a tremendous increase in the number of small-scale units which emerged very rapidly in India, i.e., 121,619 in 1966 to 190,727 in 1970 registering an increase of 17,000 units per year during the period under reference.

From the above evidences about entrepreneurial growth in India, it can be concluded that prior to 1850, the manufacturing entrepreneurship was negligible lying dormant amongst the artisans. Due to inadequate infrastructure and lukewarm attitude of the colonial masters to the entrepreneurial function, the artisan entrepreneurship could not develop. The East India Company and several socio-political movements like “Swadeshi” campaign provided, one way or the other, seedbed for the emergence of the manufacturing entrepreneurship from 1850 onwards. The evolution of entrepreneurial growth gained sufficient momentum after the Second World War. Since then the entrepreneurs have increased rapidly in numbers in the country. Small entrepreneurs experienced tremendous increase in their numbers since the Third Five Year Plan but, they lacked entrepreneurial competence, however, the fact remains that even the small entrepreneurship continued to be controlled by business communities though at some places new groups of entrepreneurs too emerged. Also, there are examples during that period some entrepreneurs grew from small to medium-scale and from medium to large-scale manufacturing units. In this period the family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar and others grew beyond the normally expected size and also established new frontiers in business. Nevertheless, all this happened without the diversification of the entrepreneurial base so far as its socio-economic development is concerned (Khanka, 2001).

“Liberalization was impetus for growth of Entrepreneurship in India”

“Post-liberalization, entrepreneurship has generally increased in India,” Dr Mani told Business Line. He further added that knowledge-intensive entrepreneurship in sectors such as IT and biotechnology has also increased since the economic liberalization process started in 1991.

The number of new companies formed during 1980-2006 indicates the possible growth in entrepreneurship. Figures from the Ministry of Corporate Affairs shows that the average number of companies formed each year from 1980 to 1991 was 14,379 while the average number of companies formed per year from 1992 to 2006 was 33,835. Liberalisation presented businesses in the country with new market opportunities and kick-started the growth of entrepreneurship in India.
Liberalisation, which reduced regulatory measures such as industrial licensing and willfully dispensed entry barriers for new entrepreneurs, also improved availability of financial support from both government and private sources that encouraged the growth of entrepreneurship. However, entrepreneurship in India could have advanced much faster, if the capital market had been strengthened to support the system.

Even today, the capital market is not a primary source of finance for enterprises, which mostly rely on internal sources of funding or debt. A study conducted by National Entrepreneurship Network of 588 start-ups that participated in a competition recently revealed that 70 per cent entrepreneurs relied on personal savings for initial funding. Growth of entrepreneurship in India is also facilitated by the Government and public-private partnership ventures such as the National Science and Technology Entrepreneurship Development Board, Technopreneur Promotion Programme and business incubators in colleges and technology parks (http://www.scribd.com).

Simultaneously, India's knowledge-intensive enterprises were also supported by private sector initiatives such as The Indus Entrepreneurs and National Entrepreneurship Network. The growth of entrepreneurship was also strengthened by the increased availability of technically trained people and programmes that offered formal training in entrepreneurship.

3.3 CURRENT SCENARIO OF ENTREPRENEURSHIP IN INDIA

India's High-Growth Expectation Early-Stage Entrepreneurship (HEA) rate is only one-fifth of that of China according to the Global Entrepreneurship Monitor (2007) report. Early-stage of entrepreneurial activity in India is featured by low levels of growth expectation. According to NSS 66th (2009-10) round the distribution (per 1000) of workers in rural areas of in Orissa (self employed) was 558 and urban areas (self employed) was 411. National Sample Survey Organization (NSSO) has defined a self-employed person as one who has worked in household enterprises as own-account worker; worked in household enterprises as an employer or worked in household enterprises as helper. The essential characteristics of the self-employed is that they have freedom (decide how, where and when to produce) and economic independence (in respect of choice of market, scale of operation and finance) for carrying out their operation. There are 41.83 million establishments in the country engaged in different economic activities other than crop production and plantation. According to the 5th Economic Census conducted by the Central Statistical Organisation (CSO), five states, like
Tamil Nadu (10.60 per cent), Maharashtra (10.10 per cent), West Bengal (10.05 per cent), Uttar Pradesh (9.61 per cent) and Andhra Pradesh (9.56 per cent) together account for about 50 percent of the total establishments in the country. The same five states also together share about 50 per cent of total employment (http://dobato.blogspot.com).

3.4 ISSUES IN THE CURRENT FRAMEWORK

• **Finance**: One of the key problems faced by entrepreneurs in India is the access to credit. This problem is crucial at the start-up stage, where bank finance is hard to obtain. Institutional finance is still not able to meet the current entrepreneurial demands, despite new sources of finance such as venture capital, angel funding and private equity becoming increasingly popular.

• **Regulation and governance**: An entrepreneur has to deal with a number of regulatory and compliance issues like registering one’s business, obtaining government clearances and licenses, paying taxes and complying with labour regulations. Cumbersome paperwork, delays and excessive formalities involved in such transactions create unnecessary burdens for the entrepreneurs, constraining their productivity and their ability to do business. India performs poorly in these indicators, as seen in the Doing Business 2008 rankings. A study examining the effect of regulation on entrepreneurship using the GEM dataset shows India having one of the worst regulatory indices. Likewise, lack of clarity on information, relating to legal and procedural aspects of starting an enterprise, as well as those relating to clearances, licenses and government schemes further intensifies the problem.

**India’s Ranking in Doing Business 2011**

Starting a Business -165  
Ease of doing business - 134  
Registering Property – 94  
Getting credit - 32  
Paying Taxes -164  
Trading Across Borders- 100  
Enforcing Contracts-182  
Closing a Business -134

**Source**: Doing Business, 2011
- **Manpower:** Another crucial issue for entrepreneurs is the availability of skilled manpower, for example, skilled manpower emerged as the second most important factor for fostering entrepreneurial growth in a survey of entrepreneurs conducted by KPMG and TiE in 2008. In the Global Competitiveness Index, according to World Economic Forum 2010-11, India ranks 92nd in labour market efficiency.

- **Infrastructure:** India’s physical infrastructure—roads, rail, ports, power, and telecom—is also considered to be a barrier for the smooth operation of entrepreneurial activity. In the Global Competitiveness Report 2010-11 the enterprises survey did conclude that inadequate infrastructure as the most problematic factor, for doing business in India. India ranked 86th in the Global Competitiveness Index in terms of infrastructure.

- **Education:** Increasingly, education is being seen as part of the larger ecosystem that impacts entrepreneurship and entrepreneurial motivations while the influence of education on entrepreneurship is considered debatable. In order to foster entrepreneurship, greater practical exposure, critical analysis, entrepreneurship curriculum, incubation and mentoring industry-research linkages can be of help. India ranked 85th in the Global Competitiveness Report 2010-11 in higher education and training.

### 3.5 EFFORTS TO FOSTER ENTREPRENEURSHIP IN INDIA

To coordinate and administer the entrepreneurial activities, the Ministry of Industry established the National Institute for Entrepreneurship and Small Business Development (NIESBUD). The institute organizes entrepreneurship development programmes, prepares manuals, and produces educational videos; its training activities are restricted to stimulating, supporting and sustaining entrepreneurship. A sample programme is entitled "Training Trainers for Barefoot Managers" (Milwaukee, 2000).

PHD Chamber of Commerce and Industry is one of the organizations promoting entrepreneurship in India. The Chamber was established in 1905 to promote the interests of the Delhi mercantile community and the concept was conceived by the Englishman James Currie. The organization has since grown to include over 1,600 direct members and 80 associates serving over 22,000 small enterprises. Konrad Adenauer Foundation of Germany has cooperated with the PHD Chamber of Commerce and Industry since 1988 with a common notion that, only
the development of enterprising spirit and initiative among individuals can help society achieve self-sufficiency and optimal development. The logic is that a small firm is not only important because it promotes the entrepreneurship qualities within an individual, yet, more importantly because, small business can contribute to other economic and social objectives of development, namely: employment, the balancing of inequalities, distributive justice, and deepening the feeling of dignity among individuals. Functions of the PHD Chamber of Commerce and Industry include:

- providing support to the economic and social growth process by developing entrepreneurial skills and attributes;
- promoting not only new ventures, but also improving the productivity of existing self-employment;
- including rural and less developed areas in PHD activities;
- fostering a spirit of self-reliance and self-confidence to make entrepreneurship self-generating; and
- providing specific services such as training, consulting, and a computerized data bank (Milwaukee, 2000).

The methodological tools used to achieve these objectives are lectures, seminars, case discussions, field visits and role playing. The PHD Chamber of Commerce and Industry has signed memoranda of understanding with parties in Australia, Bangladesh, China, Dubai, Greece, Jordan, Pakistan, Qatar, Russia, the UK, and the US, in its quest to enhance international collaboration (Milwaukee, 2000).

3.6 SCOPE OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

Due to the dearth of quality people in Indian industry, high level of entrepreneurship development programme is needed throughout the country for the growth of Indian economy.

The scope of entrepreneurship development in country like India is tremendous. Unemployment figures in 2003-04 were as high as 8.9 million as per the results of the 57th round of the NSSO. In between 2005-06 & 2007-08, one million more Indian joined the list of the unemployed bulk. Increasing the entrepreneurial activities in the country can only answer the growing frustration among the youth, and the ever increasing unemployment rate in India. The reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years, have strongly recommended self-employment as a way-out for
the rising unemployed youth. However, it is appreciative that, the current generations of youth are willing to experiment, and these are the people who will bring about entrepreneurship in India.

In order to offer support to entrepreneurs, there are various organizations at the country level & state level. Over last four decades various schemes & programmes aimed at nurturing entrepreneurship have been implemented by the Government of India & various State Governments.

According to the surveys undertaken by Goldman Sachs and Pricewaterhouse Coopers, It has been estimated that, India has the potential to be among the world’s leading economies by 2050. Indian economy can potentially expand because of the country’s characteristic features like a democratic open society, a strong technology base (with capacity for leapfrogging), unparalleled diversity, vibrant capital markets (including growing private equity and venture capital markets), an increasingly youthful population (50% of Indians are 25 years and younger), a sizeable market of a large number of customers with vast unmet needs as well as an environment of full and free competition in the private sector.

In this situation, India enjoys enormous potential for the creation of wealth through knowledge. Entrepreneurship and Innovation are the important drivers for generating wealth from knowledge, backed by the availability of skilled human resources, access to finance and the ability of the State to create an enabling environment.

The Entrepreneurship ‘Pyramid’ in India (in terms of sectors and numbers of people engaged) is made up of the following (NKC, 2008):

- **Level 1**: Agriculture and other activities: Crop production, Plantation, Forestry, Livestock, Fishing, Mining and Quarrying.
- **Level 2**: Trading services: Wholesale and retail trade, Hotels and restaurants
- **Level 3**: Old economy or traditional sectors: Manufacturing, Electricity, Gas and Water supply
- **Level 4**: Emerging sectors (including knowledge intensive sectors): IT, Finance, Insurance and Business services, Construction, Community, Social & Personal Services, Supply Chain, Transport - Storage-Communications etc.
Fig. 3.1 Entrepreneurship Pyramid
Source: National Knowledge Commission, 2008

From the pyramid it is found that Level 2 and 3 (Trading and Manufacturing) comprise the traditional areas of entrepreneurship. On the other hand Level 4 is an emerging/modern sector of entrepreneurship with high growth rates. It may be expected that in future that Level 3 and 4 may broaden with the activities from Level 1 and 2 migrating to the other levels. In general the number of new companies registered (a proportion of which relate to Entrepreneurship) has been increasing over the past years. The number of new companies in Level 4 has been growing at a much faster rate compared to those in the other levels as shown in the figure below. However, it must be noted that most entrepreneurial ventures in Level 1 and 2 function largely as self employed entities and do not register themselves as companies.

Fig 3.2 registration of New Companies according to nature of economic activity

*Data for 2001-02 was not available
Source: Based on data received from Ministry of Company Affairs
During the 1800s, the British discriminated against those communities (such as the Bengalis) that competed with English entrepreneurs in international trade. Many Indian entrepreneurs were thus forced out of the business domain. During the 1880s, more withdrawals from the business sector took place as local firms with established reputations were defrauded by British partners. Regarding this, Nafziger comments, "The lack of indigenous entrepreneurship [in India] ... stems in part from the discrimination and duplicity of the British in the 19th century" (1971, p.30). Between 1912 and 1945, industrial production in India doubled (Balakrishna, 1961). During the 1920s and 1930s, the Jains (especially the Marwari Jains) shifted their activity from trading to manufacturing, breaking away from their scriptural teaching.

August 15, 1947, India's independence was described as a "tryst with destiny," by India's first Prime Minister, Pt. Jawaharlal Nehru. However, this destiny did not promise the encouragement of private enterprise in the new state. In 1954, the government did set up the Small Scale Industry Organization to plan the growth of small businesses as supplements to the efforts of large industries. Industrialization has since spread, but as a result of economic planning, the state has remained a major player. The government programme of "Reservations" to protect existing small enterprise was initiated as small firms were perceived as weak. In 1977, when Coca Cola had reached every town, 90 percent of India's villages had no safe drinking water. Resentment toward foreign investment along with political uncertainty led to the departure of many American firms, including Coca Cola from India. Major development came in 1991, when India lowered its barriers to international investment and trade. Shortly thereafter, Coca-Cola came back to India and Rajan Pillai, a Singapore based entrepreneur of Indian origin was the person behind this. Although many of the old bureaucrats remained, several business regulations were removed during the 1990s. Still, a garment exporter still needs fifty signatures for one consignment today. Old cultural values (like the belief that business is undesirable) have discouraged the articulation of new policy (Milwaukee, 2000).

3.7 SOCIO ECONOMIC BACKDROP OF ORISSA

Orissa is a beautiful state covering an area of 156, 000 sq. kms surrounded on the west by the thick forested hills of the Eastern Ghats and on the east by nearly 500 km coastline of the Bay of Bengal. It is surrounded by West Bengal on the north-east, Chhattisgarh on the west, Jharkhand on the north and Andhra Pradesh on the south. Orissa has fertile land and rich mineral
resources viz. bauxite, iron and coal. The state is heading towards a big industrial growth in the near future. Orissa is also rising as a player in outsourcing IT and IT services. Orissa, a mystical land where the past and the modern today form a harmonious blend is referred to as “The Soul of India”.

3.7.1 Geographical Features

The State with a geographical area of 1,55,707 sq. kms., is generally within the coastal plains of India with forest clad low mountain ranges and wide area of fairly open plains in the South and West, comprising 4.74% of country's landmass. It lies in the East coast of the country between 81° 27' and 87° 29' East longitudes and 17° 49' and 22° 34' North latitudes, and has a coastline of 480 kms and a continental shelf of 24000 sq. kms. It has huge forest coverage of 48,838 sq. kms i.e. 31.4 percent of the State’s geographical area, which consists of a large chunk of 27,972 sq. kms. of dense forest.

The State has also rich and vast mineral deposits like coal, iron-ore, manganese-ore, bauxite, chromite, dolomite, nickel, precious and semi precious stones, etc. There are various rivers in Orissa among them is Mahanādi which is a deltaic river, passes through the State with a large number of tributaries and distributaries, and is one of the important rivers of the country. In addition, there are many other big and small rivers and streams with a network of branches, which not only cause severe floods but keep many areas cut off from communication during rains. The State has not been able to utilize its water resources to get the benefits gifted by nature. The state is segregated into ten agro-climatic zones on the basis of soil, rainfall, climate and other relevant characteristics. Mainly, the land area of the State is divided into three classes, namely (i) Low lands accounting for 25.6%, (ii) Medium lands accounting for 33.6% and (iii) Up-lands accounting for 40.8%.

3.7.2 Demographic Profile

Orissa is experiencing a reasonable population growth rate with a decennial growth rate of 15.94% during the period 1991-2001. This is lower compared to the growth rate of 20.06% in the previous decade. The population of the State in 2001 has become 367.07 lakh from 316.60 lakh in 1991. The mass of population has gone up to 236 per square km, in 2001 from 203 in 1991, as against 274 for India in 1991 and 324 in 2001. The sex ratio has risen to 972 (Number of females for 1000 males) in 2001 from 971 in 1991 with a female population of nearly 181 lakh, which accounts for 49.29% of the total population. The urban population of the State has
increased marginally from 13.38% in 1991 to 14.97% in 2001. Proficiency rate (excluding the age group of 0-6) has enhanced from 49.09% in 1991 to 63.61% in 2001, which is lower than the national average of 65.30%. The female literacy rate being only 50.97% is much lower than the male literacy rate of 75.95%. S.C. and S.T. population comprise 16.53% and 22.13% of the total population respectively in 2001 compared to 16.20% and 22.21% respectively in 1991. As per provisionary figures of 2001 census, the proportion of workers to total population was 38.89% compared to 37.53% in 1991 and the total number of workers in the State comes to 142.73 lakh. Main workers accounted for 67.07% of the total number of workers while marginal workers accounted for 32.93%. The proportion of workers in rural areas was 88% and in urban areas 12%. The percentage of male workers to male population and female workers to female population in 2001 stood at 53% and 25% respectively as compared to 54% and 21% in 1991.

The population of Orissa, which was 316.60 lakh in 1991, has increased to 368.05 lakh in 2001 exhibiting a decennial growth rate of 16.25 percent as against 20.06 percent in the previous decade and 23.86 percent at the all-India level. The density of population increased from 203 per sq. km. in 1991 to 236 per sq. km. in 2001, which is lesser than the all-India average of 313 per sq. km. Rise in the literacy rate from 49.10 percent in 1991 to 63.08 percent in 2001 was significant. The male and female literacy rates have gone up to 75.35 percent and 50.51 percent respectively in 2001.

According to 2001 Census, Scheduled Castes and Scheduled Tribes population in the State was 60.82 lakh and 81.45 lakh respectively, which is 16.5% and 22.1% of the total population of the State as against 16.2% and 22.2% respectively in 1991 census. The decennial growth rate of SC and ST population during 1991-2001 decade was 18.6% and 15.8% respectively. As per 2001 statistics, the sex ratio among SC and ST population was 979 and 1003 respectively as against 936 and 978 at the all-India level.

3.7.3 Orissa’s Economy

Similar to other states, Orissa’s economy has been undergoing a structural change, with the service sector becoming more and more pronounced. In 2008-09, the service sector accounted for 55 per cent of Gross State Domestic Product (GSDP) for Orissa, followed by industry 25 per cent and agriculture 20 per cent. The high growth rate recorded by the state in the first decade of this century comes mainly from that of the industrial sector. Growth fluctuation is
highest in agriculture sector may be attributed to frequent cyclones, droughts and floods, which adversely impact agriculture.

Five out of nine years, i.e., from 2000-01 to 2008-09 the growth rate of the state exceeded the national growth rate. However, in the last year, the state growth rate declined as compared to the national growth rate. There is a need to put in extra effort so that Orissa’s economy continues to grow much faster and higher than the national average to catch up fast with the rest of India. Higher growth of the state economy is also desirable to avoid stagnation in Orissa’s standard of living relative to the national average. The composition of Orissa’s economy is becoming less agricultural (19.95%) and more service oriented (55.31%) over the years.

The average annual growth rates achieved by different districts of Orissa are different. It was found that Angul district has reported the highest annual average growth rate of 7.84% and Deogarh the lowest of just 0.72% during 2004-05. The five districts that reported highest annual average growth rates were Angul, Ganjam, Khurda, Cuttack and Sundergarh. Angul also reported the highest per capita district income.

3.7.4 Employment Situation

With the increase in population and the consequent addition to the labour force, supply of labour continues to outstrip demand, resulting in increase in levels of unemployment and underemployment. The occupational classification, based on 2001 Census shows that the total workers in the State has been 142.76 lakh constituting 38.79% of the total population of the State. Out of total workers, full-time workers accounted for 67.2%. The full-time workers comprise, cultivators (35.8%), agricultural laborers (21.9%), household industrial workers (4.2%) and other workers (38.1%). The percentage of male workers to male population and female workers to female population in 2001 stood at 52.5% and 24.7% respectively. This shows that work participation rate among female is generally lower.

Growing unemployment, particularly the phenomenon of educated unemployment, is one of the burning problems of the State. The backlog of unemployment has been estimated at 14.13 lakh person years in the state at the beginning of Eleventh Five Year Plan (2007-08) and it has been projected that about 10.53 lakh additional labour forces are likely to join the labour market while 10.73 lakh person years employment are likely to be generated during 11th Plan. Thus, the backlog of unemployment which has been estimated to be 14.13 lakh at the beginning of 11th Plan period is expected to be reduced to 13.93 lakh person years by the end of 11th plan period.
(2011-12). In the year 2007-08, 2.05 lakh person years of additional labour force are likely to be added to the labour market. The Live Register maintained by Directorate of Employment Exchanges shows that there were 9.07 lakh job seekers in the state by the end of 2006. Out of these 7.56 lakh were educated unemployed, i.e., having qualification Matric and above. During the year 2006, about 2.41 lakh job seekers registered their name in various Employment Exchanges, while only 586 placements were made against 2103 vacancies notified.

3.7.5 Agriculture and Allied Sector

Agriculture

In 2008, the state government brought out a “New agriculture Policy”, which is futuristic, flexible enough to anticipate and address emerging trends, identify potential areas for development and chalk out a clear agenda for agricultural development for at least the next 10 years. It aims, inter alia, to enhance productivity of major crops, shift the emphasis from “subsistence” agriculture to profitable commercial agriculture and facilitate long term investment in agriculture by the public and private sector and by public-private partnership ventures “particularly for post harvest management, marketing and agro processing as well as value addition.” (www.indiagov.in)

Paddy is the major cereal crop in the State and accounted for about 95% of the total food grain produced during 2006-07. Despite inadequate irrigation facilities shortage of inputs viz. HYV seeds, fertilizers and pesticides, the area under HYV paddy has increased significantly in the State. Out of total 4451 thousand hectare paddy area and 10341 TMT paddy productions in the State during 2006-07, HYV paddy constituted 3162.59 thousand hectare area and 8264.47 TMT productions respectively. Besides, pulses, oil seeds and fibers were grown in an area of 789.87, 257.41 and 95.94 thousand hectares respectively. In 2008-09 the total food grain production was 73.03 lakh ton, sliding down from 81.44 lakh tons.

Land resources remaining almost the same, the per capita availability of land in Orissa has considerably gone down from 0.39 hectare in the year 1950-51 to 0.14 hectare in 2006-07, due to increase in population. It is therefore, essential that the yield rate of different crops should be given substantial boost by adopting improved agricultural practices, particularly among small and marginal farmers.
**Fisheries**

The State has a unique advantage of coastal, brackish and riverside eco-system that can support commercially viable aquaculture in a big way. It has a long coastline extending over 480 kms. and a continental shelf area stretching up to 24,000 sq. kms. width and a depth of 200 meters. The shelf area of 1220 sq. km with depth ranging between 200-300 meters adds to the strategic importance of its location. Besides, the marine potential in the Bay of Bengal, the Chilika lake, with a water spread area of 790 sq. kms. provides excellent potential for production of marine fish and production of prawn through brackish water prawn culture.

The fishery sector in Orissa has not yet fully developed its potentials. In comparison to other states and union territories in 2006-07, Orissa ranked seventh. However, over the years, fish production in the state has increased both in inland as well as marine sectors. As the volume of fish production grows in the state, so are its export and import. While the exports of fish are rising steadily, there is a jump in the import of fish during 2008-09. Whereas about 70% of Orissa’s exports of fish are from marine sources, it imports only fresh water fish from neighbouring states through private trade channels. The destination countries of Orissa’s marine product exports include Japan, China, USA, UK, UAE, Indonesia and Hong Kong. Frozen marine products like shrimps, H. L. scampi, pomfrets, ribbon fish, sheer fish, cartel fish, crab and dry fish are generally exported. Frozen shrimps constitute a lion share of marine exports every year.

Fish production during 2006-07 was 3.42 lakh tonne showing an increase of about 5.1% over 2005-06. Out of total fish production of 3.42 lakh tonne, fresh water fish constituted 55.9% followed by marine fish 37.5% and brackish water fish 6.6%. During 2006-07 about 38.07 thousand MT of fish was imported from the neighbouring States as against 44.54 TMT fish imported during 2005-06. During 2005-06 about 89.02 thousand MT of fish were exported to different states and abroad.

**Animal Resources**

Animal resources play a major role in the economy of rural Orissa as about 80% of its rural households own cattle of one species or the other and earn supplementary income for the family. Livestock census, 2003 reveals that the State has a total of 240.22 lakh livestock of which 59.4% are cattle, 5.9% buffalo, 7.3% sheep, 24.9% goats and 2.4% pigs, besides 189.95 lakh poultry population in the state.
During 2006-07, total milk production in the State was 14.31 lakh tonne with per capita availability of 103 gms. per day, while the egg production was 1424.64 million with per capita availability of 38 nos. per annum. The meat production during 2006-07 in the State was about 55.01 TMT with per capita availability of 1.450 kg. per annum.

There are 540 veterinary hospitals / dispensaries and 2,939 Livestock Aid Centres functioning in the State of which 130 veterinary hospitals / dispensaries and 621 LACs are functioning in KBK districts. During 2006-07 about 46.99 lakh animals were treated, 145.63 lakh vaccinated and 2.49 lakh de-wormed. The State Government has formulated a Livestock Sector Policy during 2002-03 to promote the livestock sector as an important agent for stimulating socio economic development of the rural poor.

Forest

The State has forest area of 58,136 sq. km. which constitutes 37.34% of the State’s geographical area. However, the State Forest Report, 2003 published by Forest Survey of India, indicates that out of total recorded forest area of 58,136 sq.km, only 48,366 sq. km. or 31.06% of the State’s geographical area is under forest cover. Out of 48,366 sq.km. forest area, 288 sq.km. is very dense forest, 27,882 sq.km. is moderately dense forest and 20,196 sq.km. is open forest. In addition to these, there is additional 6,381 sq.km. of area under tree cover. In order to achieve the 33% forest cover, as recommended in National Forest Policy, 1988, aorestation of wasteland and rejuvenation of degraded forests are being accelerated. Besides, emphasis is being laid on conservation of forests by intensifying protective measures and encouraging people’s involvement through Joint Forest Management Committees in checking illegal felling and removal of trees. During 2006-07, plantation / aorestation programme has been carried over an area of 25,742 ha. The revenue receipt from forest produce declined from Rs. 85.00 crore in 2004-05 to Rs.60.20 crore in 2005-06. Kendu leaf is a major source of forest revenue. Orissa Forest Development Corporation is the nodal agency for Kendu leaf trading. During 2006-07 an amount of Rs.257.92 crore has been received from Kendu leaf trade (www.indiagov.in)

3.7.6 Social Sector

Education

Education is an essential input for human resource development. Improvement in awareness and skill is possible only through education in various areas. The literacy rate in the State has increased from 15.8% in 1951 to 63.8% in 2001. In the same period, the female literacy
rate has also increased from 4.5% in 1951 to 50.5% in 2001. During 2006-07, there were 46,722 primary schools with 44.85 lakh enrolment and 1.14 lakh teachers. In the same period the number of upper primary schools was 16,403 with 18.17 lakh enrollment and 0.36 lakh teachers. There were 7408 high schools with 13.52 lakh enrolment and 0.62 lakh teachers. While there was one primary School (formal) for every 3.7 sq.km. area with teacher-pupil ratio of 1:41 in 2000-01, it has increased to one school for 3.3 sq. km. area with the teacher-pupil ratio coming down to 1:36 during 2006-07. The State is committed to Universal Elementary Education (UEE) with a view to achieving Millennium Development Goal.

The State has 9 universities and 1,680 general colleges including 48 Government colleges (44 degree facilities) with higher secondary facility having intake capacity of 3.87 lakh students. In the field of technical education, the State has made significant progress. By the end of 2006-07, there were 44 Engineering Colleges including 7 Government Colleges, with intake capacity of 14,497 students and 30 Engineering Schools / Polytechnics including 13 in the Public Sector, with intake capacity of 4,130 students. Besides, there were 48 colleges in the State to provide Masters Degree Courses in Computer Application (MCA) with intake capacity of 2,802 students. There were 231 Industrial Training Institutes including 25 under Government and 206 under private management, with intake capacity of 21,453 students. In the area of medical science, the State has three Medical Colleges, one Dental College, one Pharmacy College, four Homoeopathic Colleges, three Ayurvedic Colleges and one Nursing College in the Government Sector. Moreover, there are three medical colleges, four dental colleges, two Ayurvedic colleges, two Homoeopathic colleges, and thirteen Pharmacy colleges in the private sector.

3.7.7 Service Sector

Banking

During 2008-09, there were 25 public sector Commercial Banks with 1,658 branches, 11 Private sector banks with 101 branches and 5 Regional Rural Banks with 871 branches functioning in the State. In addition, 328 branches of Orissa State Cooperative Banks and 5 branches of OSCARD banks were also functioning in the State, i.e. altogether 2,990 branches of different banks were functioning in the State. During 2006-07, business worth of Rs. 77,483 crore was transacted by these banks, total deposits being Rs.43,164 crore and total advances being Rs.34,319 crore with credit-deposit ratio of 79.51%. The credit-deposit ratio recorded highest in rural branches (90.93%) followed by urban branches (86.00%) and semi-urban
branches (58.31%). Out of total advances amounting to Rs.34,319 crore, agricultural advance was Rs.8859 crore (25.81%) and small scale industries advance was Rs.2471 crore (7.20%). An amount of Rs.6754 crore has been advanced to weaker sections. This was about 19.68% of total advance made during 2006-07.

3.7.8 Infrastructure

Power

During 2006-07, State’s share in installed power capacity was 2,814.88 MW (hydro 1,934.88 MW and thermal 880.00 MW) against which power was available to the extent of about 1,543 MW. In addition to this, 485 MW of power was received from Central sector projects towards State share and 92 MW of power was purchased from captive power plants installed in the State by different industries. Thus, from all sources, about 2120 MW of power was available against the estimated demand of 1,760 MW. Out of 46,989 inhabited villages in the State, 38,044 villages have been electrified by the end of 2005-06 representing coverage of about 81% of total inhabited villages as per 1991 Census.

During 2009-10, the peak demand was 3491 megawatt net while the amount met during peak hours was 3242 megawatt net, resulting in deficit of 7.1%. In Orissa, electricity supply is mostly hydro and thermal based. Out of total power supply from the state sector in 2008-09, 52% was from thermal sources and the rest was hydro based (www.indiagov.in)

Transport and Communication

In the absence of adequate internal rail links, surface roads have remained the major means of transportation in the State. The road length in the State was 2.37 lakh km. in 2005-06. The total railway route length in Orissa was 2,287 km. At the end of 2005-06 in the State the density of railway route length per thousand sq. km. area is around 14.7 km. During 2005-06, about 16.68 lakh motor vehicles were on road in the State. Number of motor vehicles per thousand sq. km. was 9,383 and per lakh population, the same was 3,804. 7,569 road accidents were registered during 2005, claiming 2,528 lives.

Railway routes pass through 22 districts of the state, excluding eight districts. The density of coverage is relatively high in some of the fringe regions of the state, while areas in the central parts of the state remain largely untouched. By the end of 2008-09, the state had 2439 km of railway lines.
Out of 11 leading ports in the country, Paradeep is the only leading port in Orissa through which minerals & metallurgical products are being exported. It is the 8th largest port of India. During 2005-06, 216.85 lakh MT of cargo was exported and 114.24 lakh MT of goods imported through this port as against 216.66 lakh MT of goods exported and 84.38 lakh MT goods imported during 2004-05. Besides Paradeep port, Gopalpur port is the second largest port in Orissa. During 2008-09, it handled 67 thousand tones of export and 170 thousand tones of imports. Two more ports, one in Kirtana (Balasore district) and other at Astrang (Puri district) are under construction.

During 2008-09, there was 8162 post offices in Orissa, among them, 7583 were in rural areas. 88 post offices have been covered under project Arrow. Of these, 61 post offices are functional. During 2008-09, there were 1163 telephone exchanges (all electronic) and telephone facilities were available in 40,783 villages, which is about 86% of the total number of total villages in the state.

3.7.9 Industrial Sector

Minerals

The State is endowed with rich mineral endowment including coal, iron-ore, manganese ore, bauxite, chromite and other minerals. According to all-India Mineral Resources Estimates, mineral deposits in Orissa in 2004-05 in respect of chromite, nickel, bauxite, iron ore and coal are about 97.93%, 92.46%, 50.98% and 33.17% and 24.61% respectively of the total deposits in the country. The state also has substantial deposits of limestone, china clay, quartz, precious and semi-precious stones, copper and vanadium. However, the rate of exploitation of different minerals is not very significant. Except iron-ore, chromites and graphite, the rate of exploitation to total reserve a remained below one percent.

Out of total 602 mining leases in Orissa covering an area of 97.02 thousand hectares, only 370 leases covering an area of 74.44 thousand hectares are in operation. Orissa possesses a total reserve of 3,789 million tonnes of high grade iron-ore which is about one-third of country’s deposit. This attracts steel manufactures of national / international level to establish steel plants in Orissa. So far Government of Orissa has signed about 62 MoUs with different companies for establishment of steel plants, aluminum and cement. POSCO one of the World’s largest steel & power plants producing companies has also signed a MoU for setting a mega steel plant having capacity of 12 MTPA with an investment of about US $ 12 billion.
During 2006-07 about 1614.45 lakh tones of minerals valued at Rs.7629.63 crore were produced in the state as against 1396.78 lakh tones production of Rs.6604.41 crore valued at Rs.6604.41 crore during 2005-06, showing an increase of 15.6% in production and 15.5% in value over the previous year. Similarly, 2006-07 about 162 lakh tones of mineral / ores valued at Rs.10761.2 crore has been exported from Orissa as against 146.3 lakh tones of minerals / ores valued at Rs.9161.2 crore exported during 2005-06. An amount of Rs.936.55 crore has been received as mining revenue during 2006-07 against Rs.805.00 crore received during 2005-06.

Mining and quarrying is an important sector in providing employment to large sections of people including tribals. The number of workers directly engaged in bauxite in Koraput & Sundergarh was 603 in 2000-01 which increased to 634 in 2008-09, in coal in Angul, Jharsuguda, Sundergarh, Sambalpur was 19,583 in 2000-01 which declined to 13,467 in 2008-09, in iron ore in Jajpur, Keonjhar, Mayurbhanj and Sundergarh was 13,255 in 2000-01 which increased to 16,838 in 2008-09.

Industry

With vast mineral resources, abundance of raw materials and comfortable power situation, the State has an immense potential for industrialisation. Large industries like Rourkela Steel Plant, National Aluminium Company, Indian Charge Chrome Ltd., Paradeep Phosphates and coal based power plants at Talcher, Kaniha and Banharpal have been set up in the State during different Plan periods. At present, three nodal agencies, namely, Industrial Promotion and Investment Corporation Ltd. (IPICOL), Industrial Development Corporation Ltd. (IDCOL) and Orissa State Electronics Development Corporation (OSED) are involved in promoting large and medium industries in the State. (www.planningcommission.nic)

State has drawn in large scale investment for mineral based industrial activities. Government have already signed MoUs with reputed national / international business houses for further production of 50 million tones per annum (mtpa) capacity in steel making, 4 mtpa in alumina, refining and aluminum, 15 million tone per annum in petro-chemical refining, 13,000 MW in power generation and 5 mtpa in cement manufacturing during Eleventh Five Year Plan with likely direct employment creation of 75,000 man years and investment of about Rs.4,00,000 crore. MoUs have been signed with 46 large companies for setting up of steel projects with an investment of about Rs.137,157 crore.
Growth of Micro, Small and Medium Enterprises 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. During 2008-09, 4806 Micro, Small and Medium Enterprises went into production with total investment of Rs.227.92 crore and 20,996 persons were provided employment opportunities.

While contribution of Repairing and Services sector is highest in respect of number of units setup (49.51%) and employment generation (31.86%) during 2006-07, contribution of Engineering and Metal based sector is the highest in terms of investment (32.06%). During 2006-07 against the target to assist 15,600 educated unemployed youth, an amount of Rs.109.62 crore was sanctioned in favour of 16900 applicants and from the set target Rs.81.59 crore have been disbursed to 14519 beneficiaries.

224 Handicraft Co-operative Societies were functioning in the state with 0.17 lakh members during 2006-07. Handicraft goods worth of Rs.712.44 lakh were produced in the state during 2006-07, while handicraft goods worth of Rs.744.88 lakh were sold.

During 2006-07, 13015 cottage industry units were functioning in the State with an investment of Rs.53.12 crore and employment creation of 20498 persons. In addition, 114 coir cooperative societies were functioning in the state with 7211 members. During 2006-07, 747 numbers of coir industries were in operation in the state including 117 units setup during the year. About 11,160 MT of coir products valued at Rs.77.90 crore have been produced during 2006-07 by coir based industries, providing employment to 9,776 persons.

Handlooms are a part of rich cultural heritage of the State and handloom products have received a reputation in and outside Orissa. It has got great employment potential. For various reasons all power loom units in the State are either in a sick condition or running on conversion basis. During 2006-07, 51,111 looms were made operational to produce 143.58 sq. mts. of cloth and subsequent generation of 1.02 lakh employment opportunities for the rural populace. Besides, during 2006-07, 62 numbers of Tasar Cooperative Societies involving 1,110 villages, 39 numbers of Mulberry Cooperative Societies covering 33 blocks and an Erie Cooperative Society have been functioning in the State. Apart from the above, Tourism sector is an important sector, which has the potential to encourage growth and employment generation in the related fields like hotels, transports, shopping and catering. During 2008-09, tourists’ arrival in the State was about 64.02 lakh including 0.44 lakh tourists from foreign countries. Inflow of funds to the State
through tourist expenditure has increased from Rs.2423.12 crore during 2005-06 to Rs.3327.96 crore during 2008-09.

There were 341 exporters in the state as on 31st March, 2007. During 2006-07, goods valued at Rs.10,618.74 crore were exported to foreign countries as against goods valued at Rs.10,743.97 crore exported during 2005-06. From the total goods valued at Rs.10,618.74 crore during 2006-07, mineral products constituted about 50.8% followed by metallurgical products 37.9%.

During 2005-06, about 216.41 lakh MT goods, valued at Rs.19,285.27 crore, were exported through Paradeep Port which comprised of 47.4% iron-ore. During the same period, 114.23 lakh MT goods were imported through Ports. This is about 35.4% higher than the goods imported during 2004-05.

Public Sector Enterprises (PSEs)

As a part of the planned economic development programme, State Government have set up a number of undertakings in various sectors like power, transport, construction, forestry, fisheries and other sectors to exploit local resources and to provide quality services to the public. As on 31st March 2007, there were 66 Government Companies and 4 working Statutory Corporations in the State. Out of these 66 PSUs, 32 were working PSUs with investment of Rs.10,800.14 crore (equity Rs.1,920.57 crore and term loan Rs.8,879.57 crore). However, out of 32 working PSUs, 14 were loss making PSUs during 2006-07 while 17 were making profits and the rest one was working on no profit and no loss basis.

The State Government is accordingly giving top priority to Public Enterprises Reforms in response to the changed industrial scenario in the country. Various steps to reform PSUs consist of disinvestment, financial restructuring and creation of social safety net for surplus employees and implementation of voluntary retirement schemes for employees of the State PSEs. Financial assistance is being sought from international financial institutions for restructuring the State PSEs.

During Phase-II of the DFID assisted Pulses Sector Reform Programme, 17745 employees have already been separated under VRS / VSS by 2006-07. Correspondingly, 6575 voluntary retirees from different PSUs have been counseled under Social Safety Net Programme.
3.8 ABOUT TWIN CITIES

Bhubaneswar, the capital city of Orissa today is a centre of economic and religious importance in the region. Bhubaneswar replaced Cuttack as the political capital of the state of Odisha in 1948, a year after India gained its independence from Britain. Bhubaneswar and Cuttack are commonly known as the "twin cities" of Odisha. Bhubaneswar is located in Khorda District of Coastal Orissa, about 40 km west of north Bay of Bengal between Latitude 20° 12' to 20° 25' North and Longitude 85° 44' to 85° 55' East on the western fringe of the coastal plain across the main axis of the Eastern Ghats. The city lies on the Mahanadi Delta. It lies on the west bank of River Kuakhai, which is a tributary of River Mahanadi, 30 km southeast of Cuttack. The River Daya branches off at Kathajodi and flows along the south eastern part of the city. The city had a population of 648,032 in 2001, with a growth rate of 57.46 per cent during the period 1991-2001. The city's significance in the State, in the Capital-Sub-Region and in the Golden Triangle of Tourism in Orissa has made this city an important hub of commercial, political, administrative and socio-cultural activities in the region. As per the Census, 2001 the urban sex ratio (female per 1000 male) was 895, the literacy rate stood at 81 per cent as compared to the state whose literacy rate stood at 78.02, workers participation rate was 30.62 which was lower than the state as a whole and proportion of main workers to total workers was 89.80. Bhubaneswar is famous for the production of various handicraft items like zari work, stone inlay, marble crafts and carpet craft. Stone inlay and applique are world famous. According to Department of Industries, Orissa in 2005 there were 03 large, 34 medium and 51 small scale industries in Bhubaneswar situated at various industrial estates. Bhubaneswar is an important center for trade and commerce. Handicrafts including silver filigree work, colorful applique work, stone works, woodcarving, patta paintings, brassware, horn works, bamboo work, etc. occupy a place of importance in the economy of the city and contribute to the earning of foreign exchange. The commercial activities of the city have grown to cater to the needs of the entire region. The major organised commercial areas are located in 13 locations accommodating more than 10,300 commercial establishments.

Cuttack city is the former capital and one of the oldest cities of Orissa. It is the administrative headquarters of the district and is situated at a distance of about 25 km. to the north of Bhubaneswar, the present capital of Orissa. The city is located on low fine sand plateau, and it is well connected with the major Indian Metropolis like Kolkata, Chennai and New Delhi and other urban centres of Orissa through a network of roads and rails. The city is world famous.
for its silver and gold filigree works, so it is called the silver city of Orissa. The city is located in the Eastern Part of India on 20° 29' North Latitude and 85° - 52' East Longitude in the coastal plain of District Cuttack. The important natural boundaries are the rivers Mahanadi, Kathajori, Birupa and Kuakhai. The maximum width of the city is 2.5 miles from north to south and its' maximum length is 8.5 miles from east to west. Cuttack Municipal Corporation came into being with effect from 05.08.1994. The total Corporation area has been divided into 48 wards. It comprises an area of 192.5 Sq. Km. having a population of 5,35,139 as per provisional Census Report of 2001. From the total of 5,35,139 population comprising of 2,86,192 males and 2,48,947 females. Area of the population has grown up from 81.4 Sq.Km in 1971 to 192.5 Sq.Km in 2001. The actual city area is about 78 Sq.Km excluding the area of river. Hence, the gross population density of the city is 6,860 persons per sq. km. Total number of households according to 2001 census were 1,01,153. Cuttack Development authority area is 274.3 Sq.Kms and having a population of 6,53,457 as per 2001 Census. The decadal growth rate in population was the highest in 1971-1981 at around 52 percent, which has declined over the following decades of 1991 and 2001 to 34 percent and 32 percent respectively. The reasons for decline in population growth rate are decrease in migration rate, little scope for physical expansion of the city and frequent floods. It is observed that sex ratio of the city is lower than the state urban sex ratio of 895 and national urban sex ratio of 910. Population of the city belongs to various religions like Hindus, Muslims, and Christians etc. The literacy rate of the city is high compared to the state and capital city. Female literacy rate is 79 percent, which is about 10 percent lower than the male literacy rate. Female literacy rate of the city is higher than that of national figure of 54.2 percent. Male literacy rate is also higher than the national figure of 75.9 percent. Low sex ratio is due to low literacy rate of women and also because of high poverty levels in the city. About 32% population of the city are workers and 68% are non-workers. There is a two percent increase in workforce participation and also significant increase in women workforce participation rate from 8 % to 13 % in the last two decades from 1991 to 2001. Category-wise distribution of workers in Cuttack shows that 1.2% are agricultural based workers and 3.1% are household industry workers and the remaining 95.7% belong to other services. Among 95.7% of workers, majority is engaged in service in Govt. or Private Sector, manufacturing, trade, commerce and transportation related activities. There are 273 educational institutions which includes 118 Primary Schools, 64 M.E. Schools, 64 High Schools, 17 Colleges, One Medical
College, 2 Engineering Colleges, 2 Law Colleges, 2 Training Colleges and 3 Industrial Training Institutes. City has also got good health facilities. Often people from Bhubaneswar visit Cuttack for health checkups. There are 9 Hospitals, 23 Dispensaries, 6 Medical Units, and 9 Nursing Homes. Cuttack was an administrative center of the state, has got many central and state government offices in its jurisdiction including high court. It has got very limited open space for recreation due to its restricted boundaries.

3.9 GROWTH OF ENTREPRENEURSHIP AND INDUSTRIALIZATION IN ORISSA

During the British rule, the entrepreneurial culture was limited to Calcutta (Gupta, 1994). Indian economy has undergone metamorphosis ever since the imposition of British rule in this sub continent in the latter half of 18th century. Prior to them the Dutch had come to Orissa (Pipili in Puri District) in 1627 and 1655 they were trading with Orissa through Balasore. But the concentration of commercial activities of the East India company in and around Calcutta left the other parts of this region backward.

Despite the availability of abundant agriculture, forest, mineral and marine resources, the state economy continued to be backward for a long period of time. The major reason for such miserable condition is the lack of entrepreneurship among its people in converting the primary commodities into industrial goods (Mohapatra, 1984). But it should not be concluded that the State does not have any track record in industrial and entrepreneurial activities.

The industrial units existing in the State prior to the planning period were mainly in unorganized small and cottage industries sector by traditional craftsmen, i.e., rice mills, oil mills, handloom textile units, small handicrafts units etc. In the absence of any systematic effort to amplify and diversify the industrial structure, very little progress have been achieved in this sector.

One of the founder member of Orissa, Barrister Madhusudan Das had recognized the importance of industrial activities in the economic development process during the pre independence days and made an attempt to create industrial awareness by setting up a few manufacturing units at Cuttack. The enlightened ruler of Mayurbhanj followed it by setting up a number of handloom weaving units in Mayurbhanj, but these efforts of a few farsighted Oriyas did not have any great impact. The lack of any visible progress in this front continued for a long period. The few unorganized units, which the state had at that time, were mostly set up by non Oriya entrepreneurs, who could envision the enormous market potential for their products both
inside the State and in the neighbouring regions. With the acceptance of Industrial Policy Resolution by Government of India (GOI) in 1956, the State Government realised the need to make serious attempts, to develop the industrial sector so that the vast natural resources available in the State are exploited for the benefit of the people.

3.9.1 Entrepreneurship & Industries before Liberalization

*Industrial Growth before Sixth Plan:* During the first plan the emphasis was on the development of infrastructure facilities. In the Second Plan, some important steps were taken for laying the industrial foundation in the State. The first public sector steel plant at Rourkela was also commissioned during this period. The entrepreneurial activities in the small sector also received a boost during this period when six new industrial estates were created in and around industrial areas for the exclusive use of SME, Orissa State Financial Corporation (OSFC) was set up during this period. The second plan witnessed the unique experiment of encouraging indigenous entrepreneurship by setting up of a large number of small scale units with major equity participation by Government under its Pilot Project Scheme. The real thrust for industrial development in the State was made only from the beginning of the Third Plan. This was due to the dynamic leadership of the then Chief Minister of Orissa Mr. Biju Pattnaik, himself an industrialist and ably backed by a farsighted technocrat Governor Dr. A. N Khosla. Because of the Government’s encouragement, a large number of industrial units in private sector have come up during this period. During this period, the rural populace was also exposed to entrepreneurial activities through the promotion of Panchayat Industries with simple manufacturing process and a host of Government officials were in charge of such units with the objective of injecting entrepreneurial abilities and skills.

From Third Plan to the end of Fifth Plan, the industrial activities in the State moved at a slower pace. This happened despite some important steps taken by the State Government for accelerating the pace of the industrial growth in the State.

Thus, it may be inferred that a serious attempt was made to put the state on the sound path of industrialization during this period. But the impact of these developments were marginal, as most of the units set up during that period had little ancillarisation and forward and backward linkages to the economy. Even though the total industrial production at the State level went up there was no effect on the expansion and diversification of entrepreneurial base.
Industrial Growth during Sixth Plan: The industrial and entrepreneurial activities gained momentum in the State only in the early eighties with the declaration of IPR of the State in 1980. The State Government for the first time came forward with attractive package of incentives and concessions like investment subsidy, project report preparation subsidy, octroi subsidy etc. for the rapid growth of industries in the State. With liberal financial assistance from OSFC and IPICOL, the industrial climate of the State was made more conducive for attracting new entrepreneurs.

At the beginning of the sixth plan, there were 57 large and medium scale industries with an investment of Rs. 311 crore and employment of 41,883 persons. However, during the 6th plan period, an additional number of 91 large and medium units were set up, with additional investment of Rs. 305 crore generating employment for 15,548 persons. A total of 14,318 units were set up during this period with an investment of Rs. 133.5 crore compared to only 9119 units with an investment of Rs. 68.9 crore existing prior to this period. Similarly during this period, 1.06 lakhs of employment potential were created as against 76,000 employment opportunities generated till the beginning of this plan period.

Industrial Growth during Seventh Plan: During this period the continued support in the promotion and financing by the financial institutions coupled with active cooperation and support from the Government encouraged a large number of private entrepreneurs to enter into industrial ventures. About 83 large and medium scale units came up in the state, with an investment of Rs. 429 crore and employing 12,027 persons. In small scale sector, during the same period, 12,430 units were set up with an investment of Rs. 234.8 crore generating employment potential for 83,241 persons. During this period NALCO was set up in the state with an investment of Rs. 2,700 crore and another central sector unit i.e., Paradip Phosphates Ltd., with an investment of Rs. 600 crore. These units slowly attracted the setting up of ancillary units to meet their own requirements.

3.9.2 Entrepreneurship & Industries in post liberalization period

India started its liberalization process in 1991 and in the same year Industrial Policy Resolution also came into force. Later under the Industrial Policy 1996, several incentives and facilities were provided including market support to local industries, expansion of Khadi & Village Industries and improvement of technical education. The growth of the number of SSI units, investment and generation of employment in SSIs in Orissa from 1990-91 to 2007-08 has
been summarized in the table number 3.1. It may be observed from the table that the growth of SSI units and investment and employment in these units have registered inconsistent annual growth. It is observed that in the first period there is more number of years in which negative yearly growth rates in SSI units and employment have been observed as compared to the later period. This suggests that, after the year 2001 the rate of growth in the number of SSI units and employment generated appears to be somewhat better.

**TABLE 3.1 NUMBER OF SSI UNITS & EMPLOYMENT IN ORISSA**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. OF SSI SET UP</th>
<th>YEARLY GROWTH</th>
<th>EMPLOYMENT GENERATION</th>
<th>YEARLY GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>BY THE END OF 7TH PLAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>35867</td>
<td></td>
<td>265332</td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>2249</td>
<td>-0.71</td>
<td>15657</td>
<td>-0.7</td>
</tr>
<tr>
<td>1992-93</td>
<td>2233</td>
<td>-5.19</td>
<td>13344</td>
<td>-14</td>
</tr>
<tr>
<td>1993-94</td>
<td>2311</td>
<td>9.16</td>
<td>13807</td>
<td>3</td>
</tr>
<tr>
<td>1994-95</td>
<td>2327</td>
<td>0.69</td>
<td>13096</td>
<td>-5</td>
</tr>
<tr>
<td>1995-96</td>
<td>2507</td>
<td>7.73</td>
<td>13019</td>
<td>-0.5</td>
</tr>
<tr>
<td>1996-97</td>
<td>3098</td>
<td>23.57</td>
<td>15629</td>
<td>20</td>
</tr>
<tr>
<td>1997-98</td>
<td>3186</td>
<td>2.84</td>
<td>16716</td>
<td>7</td>
</tr>
<tr>
<td>1998-99</td>
<td>3184</td>
<td>-0.06</td>
<td>16776</td>
<td>3</td>
</tr>
<tr>
<td>1999-00</td>
<td>3473</td>
<td>9.08</td>
<td>18608</td>
<td>11</td>
</tr>
<tr>
<td>2000-01</td>
<td>3676</td>
<td>5.85</td>
<td>18115</td>
<td>-2.6</td>
</tr>
<tr>
<td>2001-02</td>
<td>3919</td>
<td>6.61</td>
<td>16582</td>
<td>8</td>
</tr>
<tr>
<td>2002-03</td>
<td>4008</td>
<td>2.27</td>
<td>16320</td>
<td>-2</td>
</tr>
<tr>
<td>2003-04</td>
<td>4435</td>
<td>10.65</td>
<td>20547</td>
<td>26</td>
</tr>
<tr>
<td>2004-05</td>
<td>4507</td>
<td>1.62</td>
<td>21898</td>
<td>7</td>
</tr>
<tr>
<td>2005-06</td>
<td>4786</td>
<td>6.19</td>
<td>25142</td>
<td>15</td>
</tr>
<tr>
<td>TYPE OF INDUSTRY</td>
<td>2005-06</td>
<td>2006-07</td>
<td>2007-08</td>
<td>2008-09</td>
</tr>
<tr>
<td>------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>LARGE</td>
<td>11</td>
<td>10</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>SMALL</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries

**Manufacturing Sector**

High growth of Orissa's economy in recent years has been led by high growth in the industrial sector. The share of registered manufacturing in the total manufacturing sector has been high and is increasing over the time.

**Micro, Small and Medium Enterprises (MSME)**

Enterprises from small scale to medium grouped together are called Micro, Small and Medium Enterprises or briefly MSMEs. The Directorate of Industries, Orissa is the nodal agency for promoting micro, small and medium enterprises and plays a vital role in identifying the entrepreneurs and assisting them in setting up industrial units. The number of small scale industries (SSI) and MSME units set up has been increasing over the years and so is the total investment. During the year 2008-09, 4806 Nos. of MSME units with investment of 29,203 lakhs have been set up and providing employment opportunity to 21,135 nos of persons. During the year 2009-10 it has been proposed to set up 5000 Nos. of units with an investment of Rs. 30,000 lakhs to provided employment to 30,000 persons.

Maximum number of MSMEs belongs to the repairing and services sub sector (30.2%). In manufacturing, it is the food and allied sector that has the highest number of MSMEs (22.6%) and highest investment (28.05%). Industrial sickness among MSMEs remains a significant problem. By the end of 2008-09 were 1690 units. However during 2008-09 no new MSME unit was declared as sick. There were more number of repairing and service units in 2008-09, i.e., 30,819 followed by food and allied units, i.e., 23,026.
TABLE 3.3 REGD MICRO SMALL AND MEDIUM ENTERPRISES IN THE STATE OF ORISSA FROM 1991-2010

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. OF UNITS</th>
<th>EMPLOYMENT GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-92</td>
<td>842</td>
<td>8618</td>
</tr>
<tr>
<td>1992-93</td>
<td>750</td>
<td>8681</td>
</tr>
<tr>
<td>1993-94</td>
<td>747</td>
<td>7136</td>
</tr>
<tr>
<td>1994-95</td>
<td>768</td>
<td>7609</td>
</tr>
<tr>
<td>1995-96</td>
<td>730</td>
<td>6210</td>
</tr>
<tr>
<td>1996-97</td>
<td>1037</td>
<td>7793</td>
</tr>
<tr>
<td>1997-98</td>
<td>1127</td>
<td>9094</td>
</tr>
<tr>
<td>1998-99</td>
<td>1217</td>
<td>9646</td>
</tr>
<tr>
<td>1999-00</td>
<td>1432</td>
<td>10927</td>
</tr>
<tr>
<td>2000-01</td>
<td>1524</td>
<td>10401</td>
</tr>
<tr>
<td>2000-02</td>
<td>1661</td>
<td>9651</td>
</tr>
<tr>
<td>2002-03</td>
<td>1659</td>
<td>8960</td>
</tr>
<tr>
<td>2003-04</td>
<td>1714</td>
<td>11770</td>
</tr>
<tr>
<td>2004-05</td>
<td>1698</td>
<td>11606</td>
</tr>
<tr>
<td>2005-06</td>
<td>1671</td>
<td>12340</td>
</tr>
<tr>
<td>2006-07</td>
<td>1455</td>
<td>12452</td>
</tr>
<tr>
<td>2007-08</td>
<td>1515</td>
<td>16720</td>
</tr>
<tr>
<td>2008-09</td>
<td>1588</td>
<td>16247</td>
</tr>
<tr>
<td>2009-10</td>
<td>1758</td>
<td>15892</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries

*Handicraft and Cottage*

Orissa is known for its excellence in silver filigree, appliqué, stone carving, brass and bell metal work, horn working, terracotta and patta painting. However, in cottage industries from
2000-2001 to 2008-09 the number of units established has declined by more than 50% and so is the number of people employed in this sector.

The nodal agency for promotion and development of Handicrafts and Cottage Sector industries in the State is the Directorate of Handicrafts and Cottage Industries (DH & Cl). The State Government is giving priority to Rehabilitation of Handicraft Artisans (RHA), promotion of handicraft enterprises and strengthening of cooperative societies in this sector. During 2008-09, 654 artisans were supported under the RHA scheme. In order to intensify the artisan based enterprises in the handicraft sector, 19 Handicraft Training Centres are functioning in the State. During 2008-09, 280 persons were trained in these centres as against 245 persons in 2007-08. Moreover, 1,511 artisans in different crafts have been trained under the Employment Mission and Self Employment Programmes.

**TABLE 3.4 INSTITUTIONAL TRAINING**

<table>
<thead>
<tr>
<th>SL. NO</th>
<th>COURSE DESCRIPTION</th>
<th>TARGET</th>
<th>1ST YEAR</th>
<th>2ND YEAR</th>
<th>TOTAL</th>
<th>COMPLETED TRAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>TWO YEARS BASIC TRAINING IN SIHT</td>
<td>60</td>
<td>22</td>
<td>42</td>
<td>64</td>
<td>25</td>
</tr>
<tr>
<td>2.</td>
<td>TWO YEARS ADVANCE TRAINING</td>
<td>30</td>
<td>20</td>
<td>9</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>3.</td>
<td>ITI LEVEL TRAINING</td>
<td>60</td>
<td>40</td>
<td>39</td>
<td>79</td>
<td>31</td>
</tr>
<tr>
<td>4.</td>
<td>TWO YEARS DISTRICT LEVEL TRAINING</td>
<td>50</td>
<td>50</td>
<td>17</td>
<td>67</td>
<td>44</td>
</tr>
<tr>
<td>5.</td>
<td>ONE YEAR DISTRICT LEVEL TRAINING</td>
<td>184</td>
<td>184</td>
<td>0</td>
<td>184</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>384</td>
<td>172</td>
<td>107</td>
<td>279</td>
<td>280</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Location</th>
<th>Product Display</th>
<th>No. of Stalls</th>
<th>Artisans Participated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>J.K. PUR (RAYAGADA)</td>
<td>MULTI CRAFT</td>
<td>23</td>
<td>50</td>
</tr>
<tr>
<td>2.</td>
<td>PURI (ANLANAVAMI)</td>
<td>MULTI CRAFT</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>3.</td>
<td>KALINGA BALIYATRA, PARADEEP</td>
<td>MULTI CRAFT</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>4.</td>
<td>PARAB, KORAPUT</td>
<td>KBK CRAFT</td>
<td>30</td>
<td>67</td>
</tr>
<tr>
<td>5.</td>
<td>DHAMASLA MOHATSAV, JAJPUR</td>
<td>MULTI CRAFT</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>6.</td>
<td>CUTTACK, BARABATI NRUTYASVA</td>
<td>MULTI CRAFT</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>7.</td>
<td>GOPALPUR BEACH FESTIVAL, GANJAM</td>
<td>MULTI CRAFT</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>8.</td>
<td>BOUDH</td>
<td>MULTI CRAFT</td>
<td>03</td>
<td>10</td>
</tr>
<tr>
<td>9.</td>
<td>RAYAGADA ZILLA MOHATSAV</td>
<td>MULTI CRAFT</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>10.</td>
<td>DHANU YATRA, BARGARH</td>
<td>MULTI CRAFT</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>11.</td>
<td>BALASORE BEACH FESTIVAL, CHANDIPUR</td>
<td>MULTI CRAFT</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>12.</td>
<td>KALAHANDI LOKASTAV, GHUMURA</td>
<td>MULTI CRAFT</td>
<td>30</td>
<td>60</td>
</tr>
<tr>
<td>13.</td>
<td>KOUSAMBHA MOHATSAV, BALASORE</td>
<td>MULTI CRAFT</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>
TABLE 3.6 GROWTH OF COTTAGE INDUSTRIES

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. OF UNITS ESTABLISHED</th>
<th>INVESTMENT (IN CRORES)</th>
<th>EMPLOYMENT GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>22,431</td>
<td>40.65</td>
<td>37,641</td>
</tr>
<tr>
<td>2001-02</td>
<td>26,196</td>
<td>61.72</td>
<td>36,937</td>
</tr>
<tr>
<td>2002-03</td>
<td>25,041</td>
<td>61.34</td>
<td>39,528</td>
</tr>
<tr>
<td>2003-04</td>
<td>23,287</td>
<td>67.87</td>
<td>39,745</td>
</tr>
<tr>
<td>2004-05</td>
<td>18,277</td>
<td>48.41</td>
<td>30,052</td>
</tr>
<tr>
<td>2005-06</td>
<td>13,363</td>
<td>39.42</td>
<td>22,734</td>
</tr>
<tr>
<td>2006-07</td>
<td>13,063</td>
<td>53.32</td>
<td>20,605</td>
</tr>
<tr>
<td>2007-08</td>
<td>9,011</td>
<td>38.30</td>
<td>15,368</td>
</tr>
<tr>
<td>2008-09</td>
<td>9,294</td>
<td>34.83</td>
<td>16,279</td>
</tr>
</tbody>
</table>

Source: Economic Survey 2009-10

Handloom

This sector occupies an imperative place in safeguarding the State's heritage and culture. The handloom products of Orissa have got wide recognition all over the country and abroad for their highly artistic design, colour combination and long durability. During 2008-09 nearly, 49,095 handlooms operated in the State and produced 166.65 lakh sq metres of handloom products and employed 98 thousand persons as compared to 1994-95 where there were 20,212 looms with production of 8.08 lakh sq.m of cloth and employment of 40,224 persons. The total investment was Rs. 166.21 crore. During 2007-08 there were 51,632 handlooms with total investment of Rs. 157.25 crore. They produced 183.79 lakh sq m. handloom products and employed nearly 1.03 lakh people. In Orissa, Bargarh district has the highest number of handlooms (11,150) which is about 23% of the handlooms in the State. The State Government has paid attention to the development of handloom industries as well as up lifting of the socio economic condition of the weavers (www.planningcommission.nic)
Coir

This industry has an immense potential to provide self employment. During 2007-08, coconut cultivation was done over an area of 51,035 hectares and 2,756 lakh coconuts were produced. At the end of 2008-09, 750 coir industries were operating in the State, including 15 set up during 2008-09 as compared to 1995-96 where there were 16 small scale units with sales turnover of Rs. 23 lakhs employing 230 persons. In the same year, 12,731 MT of coir products were produced, valuing Rs. 89.10 crore and providing employment to 10,740 persons. The total membership in coir cooperative societies stood at 7,211.

There are four departmental coir training centres functioning in the State and around 143 persons have attended the training programme out of which 68 have passed out and rest are continuing. Coir artisans were assisted to participate in different exhibitions/melas/festivals, like Parab in Koraput, baliyatra in Cuttack and Beach festival in Puri. During 2008-09 about 55 participants have attended the said exhibitions and sold coir products worth Rs. 10 lakhs. Out of these participants, 33 attended the Baliyatra in Cuttack and sold coir articles amounting to Rs. 4.95 lakhs.

TABLE 3.7 THE DETAILS OF TRAINEES PASSED-OUT DURING THE YEAR 2008-09

<table>
<thead>
<tr>
<th>SL. NO</th>
<th>PLACE</th>
<th>PASSED OUT</th>
<th>CONTINUING</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SCT &amp; DC, TEISIPUR PURI</td>
<td>23</td>
<td>25</td>
<td>48</td>
</tr>
<tr>
<td>2.</td>
<td>TDSSC, GOLABANDHU, GANJAM</td>
<td>12</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>3.</td>
<td>TDSSC, BHOGARAI, BALASORE</td>
<td>17</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>4.</td>
<td>TDSSC, BALKUDA, JAGATSINGHPUR</td>
<td>16</td>
<td>18</td>
<td>34</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>68</td>
<td>75</td>
<td>143</td>
</tr>
</tbody>
</table>


TABLE 3.8 EXHIBITION ATTENDED BY THE COIR ARTISAN/CO-OPERATIVE SOCIETIES

<table>
<thead>
<tr>
<th>PLACE OF EXHIBITION</th>
<th>NO. OF PARTICIPANTS</th>
<th>AMOUNT OF GOODS SOLD (IN LAKHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALIYATRA, CUTTACK</td>
<td>33</td>
<td>4.95</td>
</tr>
<tr>
<td>PARAB 2008</td>
<td>11</td>
<td>2.05</td>
</tr>
<tr>
<td>KALAHANDI UTSAV</td>
<td>4</td>
<td>1.25</td>
</tr>
</tbody>
</table>
DHANU YATRA, BARGARH  4  0.65
JARAKA FESTIVAL, JARKA  2  0.35
ADIVASI EXHIBITION, BHUBANESWAR  1  0.75
TOTAL  55  10.00


3.10 SCOPE OF ENTREPRENEURSHIP IN ORISSA

Orissa is bestowed with vast natural and human resources which can be used for promoting industrial development. Mineral deposits like Iron Ore, Manganese Ore, Chromite, Bauxite, graphite etc and agricultural surplus like Rice, pulses, Oil seeds, Vegetables, Spices offers vast scope for establishing new industries in Orissa, Cheap unskilled labour force are available in the district as more than 80% of the total population of the state lives in rural areas. Similarly skilled labours are also available adequately to work in the industries. State is also bestowed with attractive tourism potential in the form of culture, heritage and economy. But technical and skilled entrepreneurs are not often available and sufficient infrastructural facilities in different areas are not sufficient for establishing new industries. Even though it has vast natural and human resources, Orissa continues to be one of the industrially backward states (www.ori.nic.in).

In response to the strategic plan taken by the State to leverage its plentiful mineral and other natural resources to promote maximum value addition within the State, a large number of investment proposals have been received for setting up of mineral based industries such as steel, power, alumina and aluminum. During this period, the State Government have signed Memoranda of Understanding (MoU) with many leading private investors, including foreign companies for setting up of steel, alumina / aluminum, power, cement and other projects in the State involving a total investment of about Rs.400,000 crore. A significant percentage of these MoU projects are at different stages of project implementation. In the steel sector, 20 out of the 45 MoU projects have partially commenced commercial production with an investment of about Rs.12,000 crore, which has led to direct and indirect employment for about 25,000 persons. Likewise, considerable progress has been made in other sectors also. Besides investments in mineral based industries; the State has also been successful in attracting quality investments in Information Technology (IT), Information Technology Enabled Services (ITES) and Tourism.
sector. In order to sustain the current investment level, it has become imperative to provide high quality supporting industrial and social infrastructure. With a view to promote this objective, a strong institutional mechanism has been put in place to encourage private investments in infrastructure development on public private partnership (PPP) mode. Planning and Coordination Department has been designated as the nodal department and the Orissa Industrial Infrastructure Development Corporation (IDCO) as the technical secretariat for promoting PPP projects. Some of the successful initiatives to promote PPP projects in infrastructure development include Info Park at Bhubaneswar, upgradation of industrial infrastructure at Kalinganagar Industrial Complex through IDCO and user industries, development of Haridaspur-Paradeep Rail Link jointly by Rail Vikas Nigam Limited and user industries, promotion of Special Economic Zones (SEZs) at different locations, and establishment of Bio-Tech Park, International Convention Centre and IIIT at Bhubaneswar. PPP in road infrastructure include Cuttack-Paradeep road and the Greater State Capital Region ring road. A Project Development Fund (PDF) has been set up by IDCO in partnership with Infrastructure Leasing and Financial Services (IL & FS) for developing and promoting priority PPP projects. A PPP Policy is also on the anvil, which will create the enabling environment and extend policy support to PPP initiatives, including PPP through community participation (www.orissa.gov.in).

With a view to maximizing the result and impact of the present industrialization process, special efforts shall be made to encourage maximum possible forward and backward linkages between Large, Small and Medium Enterprises (SMEs) through development of ancillary and downstream industries. While accelerating the enduring efforts, the IPR 2007 shall provide a new direction to the industrialization process by encouraging further value addition specially focusing on sectors such as engineering, textiles and apparel, agro processing, IT / ITES and tourism, etc., which together are expected to provide maximum benefit to the State in terms of growth of employment and revenue. Cluster approach shall be intensifed to promote handicrafts, handlooms, Khadi & Village industries, coir industries and salt sector, which also offer huge employment opportunities. Special effort shall be made to provide them with support in areas such as design development, technology, credit and marketing. In order to cater the huge requirement of technical manpower of upcoming industries, special efforts shall be made on promoting new technical institutions, upgrading existing ones and maximizing industry-
institution linkages. Technical education quality improvement shall be taken up on a mission mode (www.ori.nic.in)

3.11 SUMMARY

Orissa has been blessed by nature with various mineral and natural resources. Orissa’s per capita income that was about 90% of the national average in 1950-51 continued to decline thereafter and bottomed to about 61% of the national average in 2002-03. But now the State per capita income has started rising and the gap with the national average is reducing steadily. The Service sector has become more prominent and important, its share being 55% in the State GSDP but the share of Agriculture and Allied Sector has come down to about 20% of GSDP in recent years.

As per the Orissa economic survey, 2010-11, the economy has developed at an annual average rate of 9.51% during the 10th Plan and at 8.73% in the first three years of the 11th Plan, despite challenges posed by the global economic slowdown. It has, however, been observed that the increased growth in the economy in recent years has been contributed largely by the Industrial sector followed by Service Sector. The growth of Agriculture and Allied Sector has been very low, at an average annual rate of 1.33% during the first three years of the 11th Plan. This is also a matter of serious concern.

3.12 REFERENCES

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