CHAPTER - III

INTERFACE BETWEEN POLICY MEASURES AND INDUSTRIALISATION IN ORISSA

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CHAPTER - III

3.1. INTRODUCTION:

In this chapter the policy measures declared by the Government of India and Orissa in relation to Industrial development are discussed. The roles of the Government of India and Orissa are explained in the context of the government's cherished desire to secure regional balance of growth and of rapid development of the backward areas. The policy measures announced by the Government of India and Orissa from time to time are analysed.

An attempt is made to review the salient features of various industrial policies formulated by both the central government and the government of Orissa. The incentives provided by the Central government to encourage industrial developments of backward areas are also discussed. The roles of both Government of India and Government of Orissa in relation to promotion and regulation of industries are analyzed. It is also attempted to evaluate the effect of these policy measures on industrial development of backward areas and on reduction in regional imbalances in industrialisation.

3.2. INDUSTRIAL POLICY MEASURES

Industrial policy can be broadly defined as the deliberate attempt by a Government to influence the level and composition of a nation's industrial output. Thus defined, it encompasses a wide variety of Governments actions, including those to improve the industrial infrastructure and to enhance national labour mobility and efficiency.
The industrial policy of any country for industrial development of backward areas not only depends on direct programme such as direct assistance and subsidies but also providing supporting services such as facilitating input raw materials, data-bank, information services, incentives, reliefs, marketing assistance etc. Hence the policy measure, should include (all those) entire gamut of economic activities connected with industrial development.

Industrial policy provides guide-lines for the effective co-ordination and integration of the various sectors of the economy with a view to achieving a balanced and self-reliant pattern of development that can ensure rapid growth of output and employment. It includes all the seminal principles, regulations, rules etc. which would influence the industrialisation of the country. For ensuring the speedy growth of the economy it is inevitable for government to play an active role by introducing variety of appropriate policy measures in the industrial development of the country. The policy resolutions declared by the Government of Orissa are discussed in infra.

3.2.1 Policy Resolutions of Government of India

India achieved independence in 1947 and Government of India was concerned about inter-regional imbalance in industrial development. The wide gap between the developed and the backward regions was too glaring to be ignored. There was need for encouraging industrial development in backward regions of the country and Government of India opted for planned economic development through successive five year plans.
The concern about balanced development of different regions of the country was recognised and reflected in industrial policy resolution 1948. The policy contemplated mixed economy, on a judicious amalgam of the private and public sector for planned development. The merit of the 1948 Industrial Policy resolution lay in its sincere endeavour to prepare the ground for a mixed economy in which both private and State enterprises were assigned distinct spheres of action. The aim of the Industrial Policy Resolution of 1948 was to break the prevailing inertia and to blaze the twin tails of private and public enterprise for onward march of the country.

The First Five Year Plan (1951-56), indicating large potential for industrial development in many backward states and expressed the desirability of giving increasing preference to the backward states in location of new industries. It was observed, "If industrial development in the country is to proceed rapidly and in a balanced manner, increasingly greater attention will have to be paid to the development of those States and regions which have so far remained backward". At about the same time government appropriated to itself the powers to regulate location of industries under the Industries Development and Regulation Act 1951.

The industrial policy resolutions of 1956 recommended balanced development of regions by providing infrastructure facilities such as power, water supply, transport, etc. in industrially backward areas, so that suitable industries could be established there. The objectives of the policy were to accelerate economic growth through industrialisation of the country. The Second Five year plan documents (1956-61) also pressed the need for reducing regional imbalances. The plan document says, "It is
axiomatic that the Special needs of the less developed areas should receive due attention. The pattern of investment should be so devised so as to lead balanced regional development more and more as development proceeds, the stress of development programme should be on extending the benefit of investments to underdeveloped regions".4

Industrial policy resolutions 1973, sought to create proper investment climate for the private sector, prevent the growth of monopolies, remove avoidable restrictions on industrial growth and bring about the rapid industrial development of the country on sound and healthy lines. It envisioned ample opportunities to the large scale, small scale and public sectors to expand. The Fourth five year plan paper (1969-74), stated "Balanced regional development and dispersal of economic activity are closely interrelated. Growth and diversification of economic activity in an under-developed area can take place only if the infrastructure required for this is provided in an adequate measures and programmes for conservation and development of natural resources undertaken "5 A policy decision was taken not to set up any new industrial estate near the vicinity of cities and large towns.

The Fifth five year plan documents stated, " the states would have to continue to bear the main responsibility for the development of their backward areas, though the Central Government would also actively participate in this task by providing special incentives for the flow of investment to identified backward districts."6 The Industrial Policy resolution of 1977 was announced on 23rd December 1977 in the Parliament. The objective of the policy was to reduce the unemployment problem, reduce
the rural and urban disparities, speed up the rate of industrial growth. The industrial policy of 1977 announced, "the focal point of development for small-scale and cottage industry will be taken away from the big cities and State capitals to district headquarters. It was decided to open a district industries centre, in each district, where under a single roof, "all the services and support required by Small Scale and village entrepreneurs will be provided. It was also noted with concern that, "most of the industrial development that has taken place in our country since independence has been concentrated around the metropolitan areas and large cities", resulting in deteriorating living conditions for working classes in the larger cities and increasing the problems of slums and environmental pollution.

In the industrial policy resolution of 1980, "The government had declared its intention to set-up more effective alternative to the district industries centres." The objectives were modernisation, expansion and development of backward areas. The government announced certain major relaxations and concessions to help the growth of small scale industries. Industrial Policy of 1980 had the objectives for maximization of production through higher productivity and generating employment opportunities, development of backward areas, faster promotion of export oriented and import substitution industries, optimum utilization of installed capacity, and strengthening of the agricultural base by preferring agro-based industries. This industrial Policy was amended in 1982 and 1985 to provide concessions to large industries in the Private Sector to ensure healthy expansion, modernisation, and upgrading of technology.
Industrial policy statement 1988-89 had the thrust on deregulation and liberalisation and also on capacity creation, output expansion and procedural simplification. Government of India had announced a package of industrial delicensing that comprised, raising of delicensing limit for NON-MRTP/ NON-FERA Companies from Rs.5 crore to Rs.50 crore if located in Centrally declared backward areas. Otherwise the limit was Rs.15 crore.

The latest industrial policy resolution 1991 announced by government of India has very positive features for industrial development in our country. The objective of the policy is to impart more vitality and growth-impetus to the small, tiny and village industries to enable them to contribute their mite fully to the economy, particularly in terms of growth of output, increased employment and exports. The underlying intention is to deregulate and debureaucratise and modify all regulations and procedures. Tiny Units will be entitled to continuous support, easier access to institutional finance, preference in government purchases and relaxation in labour laws, etc. Large and foreign companies can acquire upto 24% equity in small units to encourage ancillarisation, and greater stability to boost employment and output. Provisions for modernising the handloom, handicraft and Khadi industries alongwith timely credit and financing arrangements have been made in the Industrial Policy 1991. Modernisation, technological and quality upgradation have been given emphasis. Entrepreneurship development through training has also been emphasised. The initiatives the Government has taken for liberalisation are exploit in the fields of industrial licensing, foreign investments, foreign technology agreements, public sector policy and MRTP Act.
The policy has indicated approval for direct foreign investment up to 51% foreign equity in high priority industries. Government has decided to provide automatic approval for technology agreement related to high priority industries with specified parameters. So the changes in industrial policies are based on the thrust for economic development and the objectives of the government, the latest being the policy of liberalisation, autonomy, encouragement to private sectors, simplification of procedure, etc. to show that the government instead of being controller aims at being the facilitator for industries.

3.2.2 Policy Statements of Government of Orissa

In a developing society like ours the government plays a key role in bringing about economic change and its policies determine the pace of industrial growth. The Government of Orissa, with a view to, fastening rapid industrial development, have announced various policy measures and special concessions to industries from time to time. Realising that the normal economic forces governing the location of industries are loaded against Orissa, the state government have attempted to provide a co-ordinated push to the promotion of small scale, medium scale and large scale industries in the state. Leading industrialists of the country have not shown much interest to set-up industries in Orissa due to the absence of external economies. As Edward Nevin puts it, "an economy is under developed precisely because the greater part of its productive capacity has not proved an attractive investment for private funds; institutions to channel funds into these sectors have therefore failed to evolve from the spur of ordinary market forces".
The major reason for very low level of industrial activity in Orissa is the lack of basic infrastructure. The State Government have attempted to provide infrastructure facilities during different plan periods. Priority has been given to the development of power. In 1951, the total installed capacity of electric power was only 9.6 MW. Accordingly, the multi-purpose Hirakud Dam project was taken up. During the first and second five year plans efforts were made for creating necessary conditions for development of large and medium industries. In the field of village and small industries, the role of the state government was to help small entrepreneurs in setting up small industries, ensuring a regular supply of raw materials and marketing of finished products.

By the end of the Second five year plan, the state government realised that the efforts made in the industrial sector was not adequate to attract outside industrialists to the state. Indigenous entrepreneurship was also lacking in the state. It was therefore the policy of the state government to take directly the responsibility for promoting large-scale industrial units in the state. As a result of this decision, the Industrial Development Corporation of Orissa Limited (IDCOL) was set up in March, 1962. The government of Orissa invited the National Council of Applied Economic Research (NCAER) to conduct a techno-economic survey of the State in 1962. The NCAER conducted the Survey and submitted a detailed report on different aspects of economic development of the state. It is needless to emphasise that the impetus to industrialisation in Orissa has to emanate largely from the development of minerals, and planned and systematic efforts towards exploitation of the huge mineral resources of the State is the part of the governments strategy for rapid industrialisation. To this end the state government emphasised the
necessity of large scale investment by the central government with a view to bringing up Orissa to the level of growth envisaged for the country as whole. It was envisaged that the public sector large-scale undertakings would serve as a catalyst for grass-root activities, growth of Small-Scale enterprises, and development of ancillary industries.

During the fourth plan period Small-Scale industries development programme was launched by the Government of Orissa. The fourth plan draft says, "Development of small-scale industries is an instrument of social change and economic welfare. Speedy development of industries in a backward state like Orissa can be achieved by the rapid promotion of small scale industries. It is the small industries sector which can have a tremendous impact on our economy by diversification of production through ancillarisation, diffusion of ownership through the promotion of local entrepreneurship, and geographical dispersal of industrial activity by basing industries on local resources."

During the fifth plan period, industrial policy of Orissa was announced. Industrial Policy Resolution 1977 offered a package of incentives and concessions to industries. As a result of this policy District Industries Centres (DIC's) were set up in all 13 districts of Orissa in conformity with the central policy. The DIC had to provide all sorts of assistance required by an entrepreneur to set up a Small Scale industrial unit, comprising allotment of land at concessional rates, power at subsidised rate, water at concessional rate, sales tax refund scheme, exemption of octroi duty, preparation of feasibility studies at subsidised rates, supply of scarce raw materials at concessional rates,
However, inspite of various fiscal and financial incentives of IPR 1977, the growth rate of industries was slow. So, the government felt that alongwith incentives, certain administrative measures had to be taken to streamline the existing organisational set up in order to accelerate the pace of industrialisation in the state. The state of Orissa was committed for rapid industrialisation by announcing a dynamic industrial policy of 1980. The Industrial Policy (1980) of the Government of Orissa states,"The State is committed to an integrated economic development within a fixed time frame through efficient deployment of resources for optimum growth. A co-ordinated push will be given for the promotion of major, medium, and small industries so that each sector promotes and nourishes the other. Greater emphasis would be given to mineral, engineering and agro-based industries. Effective steps would be taken to provide infrastructure in all areas for industrialisation as per the availability of raw material and other locational advantages. Regional balance in the growth would be ensured through dispersal of investment. While ensuring rapid industrialisation, Special priority would be given to employment generating investment and to industries which seek to utilise mineral, chemical, marine and agricultural resources of the state."

The Industrial Policy of 1980 was quite attractive and result-oriented but further, boost to industrialisation was considered necessary and the State Government came up with new policy measures in 1986. The salient features of the policy were:
(a) generation of employment in secondary and tertiary sectors and more employment of women in appropriate industries,

(b) dispersal of industries in the backward areas of the state,

(c) execution of antipollution measures,

(d) promotion of ancillary and downstream industries,

(e) appropriate rehabilitation packages for sick units,

(f) market support and quality control in respect of industrial products,

(g) formulation of appropriate technical manpower policy,

(h) expeditious delivery of incentives and facilities,

(i) effective monitoring of industrialisation,

The industrial policies of the state announced in 1980 and 1986 led to a remarkable upsurge of industries of the state. In the light of experience gained from implementation of the 1986 policy and keeping in view the need not only to maintain but also to quicken the tempo of industrialisation in the state, the State Government decided to further liberalise the package incentives announced in the 1986 policy with the twin objective of encouraging new industries and providing support to industries that had come up in the state during the preceding few years. In Industrial Policy Resolution of 1989 the Government of Orissa announced the administrative measures comprising constitution of an advisory committee under the Chairmanship of the Chief Minister, a State level nodal committee, and District level nodal committees to function as high power bodies for sorting out problems which require their intervention.
In July 1991, the Central Government announced a new industrial policy for the country. A series of measures to liberalise the economy and to increase its competitiveness followed. The main ingredients of the new policy were deregulation, scaling down of the Public sectors' role and encouragement of foreign investment through dilution of restrictions on foreign equity participation and reparticipation of dividends. The industrial policy of Orissa, 1992 was formulated against this background keeping in view the state's unique assets as well as Special Problems. The policy was intended to encourage the flow of investment and development of entrepreneurship in the state of Orissa. While financial assistance to the potential entrepreneurs in the form of subsidies and post production benefits was envisaged; the main thrust of the policy was on creating an environment conducive to the smooth setting up and successful functioning of industries. Beginning with identification of suitable investment proposals, all steps were to be taken to administratively expedite clearance for setting up of industries. A separate dispensation was envisaged for foreign and NRI investors - whose proposals were to receive special attention and "fast-track" treatment.

The core approach areas of Industrial Policy 1992 were as follows:-

(a) Simplification of procedures.

(b) Attractive and easily administered system of subsidies and tax incentives.

(c) Marketing support for tiny and small scale industrial units.

(d) Measures to encourage successful entrepreneurs.

(e) Preventive constitutional safe-guards against industrial sickness and rehabilitation of sick industries.
(f) Equity participation of the State in setting-up industries that are of special advantage to the state.

(g) Improvement of infrastructure including training of appropriate categories of manpower either at state cost or in collaboration with user industries with provision for Central tool-room facilities, quality control and testing, etc.

While the past industrial policies starting from 1980 have created a favourable industrial climate in the state with many new industries coming up, the state has to take full advantage of the post-1991 liberalised economic and industrial policies to attract substantial private investment for infrastructure and industrial development of the state. Accordingly, the new Industrial Policy 1996 has been formulated by the State Government to spell out the strategies and modalities to translate this commitment into concrete action.

The objectives of new industrial policy 1996 are the following:

(a) Harnessing Orissa's vast natural resources and potential, for accelerated industrial growth consistent with the protection of the environment.

(b) Advancement of agriculture by stabilising appropriate linkages between agriculture, and agro and food processing industries.

(c) Attracting and facilitating large investments, both foreign and domestic in infrastructural industries such as power-generation, railways, road network, ports and airports, higher technical and professional institutions and modern hospitals.

(d) Facilitating large investments in resource based industries like Steel, Alumina, etc.

(e) Generation of employment through large scale industrial and commercial activities.
(f) Emphasis on development of backward areas/regions of the state through Industrial/ Mining Ventures.

(g) Strengthening the rural economy through development of agro-based industries, small industries, village and cottage industries, sericulture, handloom and handicraft.

(h) Stimulating and strengthening local entrepreneurial base/ talent.

While it is too early to assess industry's response to the new policy, it is obvious that it will now have almost total freedom in deciding on location of units and its decision will be influenced by the State's overall industrial climate which includes among other things industrial relations, infrastructure facilities and the State Government's support to new and existing enterprises.

3.3. POLICY MEASURES OF GOVERNMENT OF INDIA

Since India took to the path of economic planning for development with the launching of the First five year plan, industrialisation has been adopted as the main instrument to ensure optimal economic development. Indian planning process started from 1950 and since then the need to tackle the problem of balanced industrial development has been always recognised in all the plan documents. During 50's Government of India had taken some policy measures to reduce the disparities in the development of industries. Some of the important measures were:

(a) transfer of comparatively larger resources to relatively poorer states,

(b) provisions for infrastructural facilities in areas lagging behind industrially,
(c) Location of large projects mostly in Public Sector in less developed regions.

The Industries (Development and Regulation) Act 1951, had also the following major objectives:

(a) Development and Regulation of industrial investment according to plan priorities and targets,
(b) Protective encouragement to small industries,
(c) Prevention of concentration of ownership industries,
and
(d) Balanced economic development of different regions of the country.

However, periodic appraisals by experts in the field have spotted major faults in execution of the policies. Dr. Ashok Mitra in his study covering 1953-56, found that more than 4/5 Th. of the licenses issued had gone to eight states and two Union territories identified as developed by the Pandey committee. The Hazari committee was appointed by the Government of India in 1966 to review the licensing policy. The findings are stated as "the gains in terms of balanced regional development and wide distribution of entrepreneurs are at best moderate. The licensing that has served to channelise investment appears extremely doubtful". In 1955, the Industrial Estate Programme was sponsored. The aim was to provide well-planned accommodation to small industries at suitable sites with infrastructure facilities, to bring a number of small units together for facilitating availing of viable common service centres, introduction of modern techniques, collective purchase of raw materials and sale of finished goods. The conceived strategy was to create collective strength for the small units to enable them to impact successfully
on external market prices. But the Industrial Estate Programme had limited success in dispersing industries to backward areas. Government of India had therefore no other option excepting Public Sector investment for balanced development of industries in the country. During second five year plan, the Public sector was given highest priority and Public sector industries came up at Rourkela, Bhillai and Durgapur etc. However, the Public Sector too could not solve the problems of backwardness, nor could it reduce the level of disparities in development. For instance, states like Bihar, Madhya Pradesh and Orissa remained backward inspite of the Public sector investments made in these States.

In order to promote balanced industrial development in the country, the Government of India appointed two working groups. One dealt with the incentive for starting industry in backward areas and the second laid down criteria for identification of backward areas. The first dealing with incentives is known as the Wanchoo working group and the second dealing with identification of backward areas, is known the Pande working group. The criteria recommended by the B. D. Pandey Committee for identification of backward areas in States and in Union territories were

(a) Per capita income (together with the contribution by industry and mining).
(b) Industrial Workers engaged in registered factories per lakh of population.
(c) Per capita annual consumption of electricity.
(d) Length of surface roads per lakh of population and per hundred square kilometres of area.
(e) Length of railway line per lakh of population and per hundred square kilometres of area.
The basic recommendation of the Pandey committee of declaring 20-30 districts was not accepted by the planning commission and the Government. The Government also did not agree with recommendation of selecting fair districts of backward states only for a comprehensive programme for development.

The terms of reference for the Wanchoo committee under the Chairmanship of N. N. Wanchoo were:-

(a) to consider the nature of concessions to be given for encouraging the development of industries in the backward regions and in particular to examine procedural, financial and fiscal incentives,

(b) to consider the role of state governments and financial institutions in the development of industries in backward regions,

and

(c) to examine the type of disincentives that should be introduced to avoid concentration in metropolitan and highly industrialised areas.

The committee recommended financial and fiscal incentives in respect of fixed assets like plots and sheds, and machinery and equipment. On the basis of the recommendations, financial facilities like soft-loans, investment subsidy, transport subsidy, and hire-purchase of machinery, were provided Income-tax relief, excise duty exemption and other measures such as in respect of sales tax concessions were provided or the fiscal side.
In 1978 the Planning commission set up a National Committee on the Development of Backward Areas (NCDBA) under the Chairmanship of B. Sivaraman. The terms of reference were:

(a) to estimate the extent of inter-regional disparities in industrial development

(b) to evaluate the extent to which the planning process and the operation of lending institutions have benefited different regions in the country

(c) in respect of industrial development to access the impact of fiscal measures and schemes of concessional finance for promoting industrialisation,

(d) to identify the potential for industrial development in areas that have logged behind,

(e) to recommend programmes and policy measures for influencing and controlling the locational pattern of industrial activity.

The Committee submitted its report in October, 1980 advocating the "growth centre concept" for developing large and medium scale industries in backward regions with recommendation for setting up 100 new industrial centres all over the country and for providing sufficient infrastructural facilities such as power, water-supply, telecommunication and banking. During the year 1980, the important measures for development of industries were:

(a) recategorisation of backward districts,

(b) creation of nucleous industrial plants,

(c) creation of industrial complexes,

(d) provision for general fiscal and financial incentives.
The Government of India in its press note released on 3rd June 1988 announced its decision to set up 100 growth centres throughout the country over the next five years or so. These growth centres that would act as managers to attract industries to backward areas were to be endowed with infrastructural facilities at par with the best available in the country.

In the year 1991 industrial policy measures of Government of India was to liberalise the economy and to abolish quota-permit-licence raj. Preferences to tiny industrial units were contemplated in the areas of institutional finance, government purchases and relaxation in labour laws, etc. Timely credit and financing arrangements through Single door clearance of projects costing upto Rs.20 lakhs and arrangement for providing working capital upto 10 lakhs were some of the policy measures of Government of India. The initiatives the Government of India had taken for liberalisation were soon perceptible in the fields of industrial licensing, foreign investment, foreign technology agreements, public sector policy and modification in the MRTP Act. The latest policy measures are for liberalisation, autonomy, encouragement of private sector and overall simplification of procedures in order to bring all round balanced industrial development in the country.

3.4. POLICY MEASURES OF GOVERNMENT OF ORISSA

Prior to the first plan, the industrial scene of Orissa was dominated by non-factory cottage type industries. The organised sector had two small paper mills, a glass and pottery factory, a sugar factory, a rolling mill, a textile factory and a refractory unit. During the first plan, the emphasis was on the development of infrastructure facilities and
power generation. The Second five year plan of the government of India laid emphasis on the development of heavy and basic industries. The setting up of the large scale Public sector Steel Plant at Rourkela was the first landmark in the industrial development in Orissa.

The Government of India introduced the programme of Industrial Estates. Accordingly in Orissa, the construction of Industrial Estates commenced from 1956-57. In 1957, the "Pilot Project Scheme" was introduced which provided facilities like factory-house, power in the industrial estates. The State Government, further, introduced joint venture projects in the same year in which public agencies were to be associated with private entrepreneurship.

The Government of Orissa set up a number of financial institutions for promoting industrial growth. Orissa State Financial Corporation was set up in March 1956, following the State Financial Corporation Act 1951 (SFC Act) to provide financial assistance for development of Small Scale and medium scale industries in the state. The Orissa Khadi and Village Industries Board was constituted in June 1956, to organise, develop and control the production in cottage industries through modernisation.

The Rural Industrialisation Programme (RIP) was launched by the State Government in November 1962. The Rural Industries Projects known as pilot project for intensive development of rural industry was initiated as a Central Scheme and was implemented at Jajpur in Cuttack district and the other at Barapalli in Sambalpur district. The Panchayat Industries Programme was launched in 1962-63. The industries under PIP were meant for processing agricultural produces and for providing better and improved
equipment to the local artisans and workers. Both the rural industrialisation project and panchayat industries programme could not be successful and the net result fell far short of the objectives.

A major administrative thrust was provided to industrialisation when a single agency, that Directorate of Industries was entrusted with the whole gamut functions relating to industries: development of entrepreneurship, technical education through ITIs and Engineering Schools, promotion of Small scale industries, collection of statistics and evaluation of feasibility of schemes, provision of subsidies, technical assistance, allotment of lands and a number of connected ancillary matters. The overall responsibility for processing matters at the micro-level in the districts also was vested with it. These included registration of SSI units, recommendation for import license for raw materials through a quota system, grant of loans under State Aid to Industries Act, development of industrial areas including industrial estates and quality-marking schemes. For nitty-gritty of policy implementation at the district level, most of the functions are being done through DICS that is controlled, monitored, and administered by the Directorate.

The first Industrial Policy of the Government of Orissa was announced in 1968 and it was announced by Government that "the Government is committed to a policy of rapid industrialisation of the State. That the policy of industrialisation is based on a pragmatic approach and not on any doctrinaire consideration". To this end, Government of Orissa offered incentives like;

(1) Contribution for the preparation of project report.

(2) Financial assistance through State aid to industries and OSFC.
Industrial Policy 1977 aimed at accelerating the pace of industrial growth and building up and strengthening entrepreneurial activity. The emphasis was on setting up of joint venture projects in the state in areas not exclusively reserved for the public sector. State Government subsidy at the rate of 10% of the capital cost of the project or Rupees 10 lakhs whichever was less was made available for all new units as well as for all existing units going in for expansion. Government also provided interest free Sales tax loan for five years and Eleven growth centres namely Bhubaneswar, Cuttack, Jagatpur, Choudwar, Paradeep, Gopalpur, Berhampur, Sunabeda, Rairangpur, Sambalpur, Hirakud where identified where industrial sites could be developed and allotted to entrepreneurs at concessional rates.

Other assistance like price preference on Government purchases from Small Scale industries, marketing assistance to SSI Units, subsidised housing scheme for construction of labour tenements, concession on land, power, etc. were continued. During this period District Industries Centres (DIC) were established in all 13 districts of the state. The DIC undertook a large number of functions like exploring raw materials and resources of the district, supply of equipment and machinery for plants, training for entrepreneurs, arranging credit, providing marketing support, and offering facilities for
Quality Control, providing capital investment subsidy, power subsidy, margin money assistance, seed capital, etc. Table No. 3.1 shows achievement of DICs with regard to investment, number of SSI units, and employment generation from 1977 to 1994.

**T. 3.1. ACHIEVEMENT OF DIC'S IN ORISSA (Rs. In crore)**

<table>
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<tr>
<th>Year</th>
<th>No. Of SSI Units</th>
<th>Investment</th>
<th>Employment generated No.</th>
<th>Growth rate percentage</th>
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<td>51.86</td>
<td>53756</td>
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<tr>
<td>1978-79</td>
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<td>8787</td>
<td>-</td>
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<tr>
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</tbody>
</table>

Source: 1. Statistical Handbook of Targets and Achievements.  
2. Directorate of Industries, Orissa, Cuttack  

With a view to removing bottlenecks of various industrial policies of the past, the government framed a bold and pragmatic industrial policy during 1980. Industrial Policy 1980 laid emphasis on regional balance in growth through dispersal of investment. The State Government realised that along with financial and fiscal incentives specific administrative measures were necessary to streamline the existing organisational set-up. The following administrative measures were taken to accelerate the tempo of industrial growth:
(a) Formation of a high level nodal committee headed by the Chief Secretary to solve intricate problems without resorting to time consuming processes.

(b) Setting-up of a single point contact forum known as industrial co-ordination bureau to process applications for land, power and loan within the stipulated period of 21 days.

(c) Opening of foreign investment division to encourage non-resident Indians living abroad to invest money in different industrial ventures in the State.

(d) Setting-up of an Infrastructure Development Corporation to develop sites, construct industrial sheds, provide water and housing facilities for industrial workers in selected centres.

The industrial policy measures of 1980 though result oriented were found lacking in updating thrust areas in line with national and global trend. Sophisticated industries in the areas of electronics, electrical goods, domestic appliances, ceramics, textiles, polymer, leather, drugs, chemicals and pharmaceutical were identified as 'priority' and steps initiated for providing facilities for their growths. The Industrial policy measures of 1986 introduced a number of steps. Bhubaneswar was declared "Software" city by the Government and entrepreneurs were provided single window facilities at all levels. Besides the Nodal Committee at the state level, a special committee at the State Level under the Chairmanship of the Chief Secretary was constituted to expedite the projects of non-resident-Indians and to solve their problems. Nodal Committees under the chairmanship of RDCs were constituted to oversee the process of industrialisation in the districts in their respective jurisdictions.
Cells were constituted in the Industries Department, and in the offices of the Director of Industries, Director Export Promotion, Director of Textiles, IPICOL, OSFC, IDCO and Orissa State Electronics Development Corporation to register problems and grievances of individual entrepreneurs and officers with specific responsibility to be answerable for processing solutions identified.

The Industrial policy of Government of Orissa spelt out in 1989 laid emphasis on promoting Private sector environment friendly industries, although diversification and modernisation of public sector units also continued. New wood based industries and power intensive industries were discouraged. Greater emphasis was laid on export oriented, agrobased industries and food processing units and on the promotion of electronics software and hardware factories. Industrial Advisory Committee was constituted under the Chairmanship of the Chief Minister and prominent industrialists were co-opted as members to advise the State Government. The State Capital, Bhubaneswar was declared as a Pollution free industrial zone, where sophisticated engineering, electronics and electrical industries that have no Pollution Potential were allowed to come up. Efforts were also made to create similar Pollution-free industrial zones in other parts of the State.

The State Industrial Policy of 1992 was oriented to meet the parameter of Government of India Policy 1991. Government of Orissa initiated a series of measures inorder to bring the state to the national level in the field of industrial development. The following were identified as thrust areas for special care and attention.

a. Export Orientation and Import Substitution Units.
b. Leather Industries.
c. Industries for cutting and polishing of gemstones and granites.
d. Industries producing pig iron, sponge iron, ferro alloys and steels.
e. Electronics (Hard and Software) Industries excluding entertainment electronics.
f. Seed Production, bio-technology and export dedicated floriculture.
g. Agro based, Marine based and food processing industries.
h. Plantation of cash crops like tea, coffee, rubber.
i. Knitwear Synthetic fibres and textiles.
j. Plastics.
k. Generation of power including generation from non-conventional sources.
l. Downstream industries including fly-ash utilisation.

For the purpose of incentives the State was divided into various subdivisions instead of districts. 26 Sub-divisions were included in Zone-A, 20 Sub-divisions in Zone-B and 12 Sub-Divisions in Zone-C. Incentives like Capital Investment Subsidy, Sales tax exemption, exemption from Octroi, exemption from electricity duty, land at concessional rates, exemption from stamp duty and registration fee, exemption from water charges introduced earlier, were continued. Revival and rehabilitation of sick units, marketing support in case of purchase, promotion of hotels, motels, cinema halls, promotion of mineral based industries, electronic and computer industries were encouraged.

Orissa is on the threshold of rapid industrial growth. The State Government is determined to take full advantage of the sweeping changes in the national and
international scenario. The pronouncement of Industrial Policy 1996 is a response to this challenge. The Government of Orissa have taken a series of measure on infrastructure, skill development, thrust areas and organisational reforms.

The Government have carefully considered the World Bank's Country Economic Memorandum - India 1995 (The enabling framework for private investment in infrastructure) and are initiating appropriate steps to provide a suitable framework for private sector participation in infrastructure development in the State. An Infrastructure Development Board (IDB) is proposed to be set up under the Chairmanship of the State Chief Minister with the Chief Secretary as the member-convenor. The Board's functions comprise (a) identification of key infrastructural requirements (b) Preparation of Specific Projects/Proposals in a time bound manner. (c) Prioritisation Public investment in the prepared Projects/Proposals. (d) fixation of modalities of external funding (e) review of execution of the projects.

With a view to attracting investment to the power sector the new policy contemplates provision for land and water at industrial rates to power plants and exemption of captive plants from electricity duty. Power plants for generating power from non-conventional sources have been made eligible for all the incentives applicable to industries and shall also enjoy exemption from electricity duty. Far reaching changes have been brought about in the energy sector for ensuring improved management, cost effectiveness financial returns and consumer service. The enactment of the Orissa Electricity Reforms Act 1995 has been trail-blazing for the rest of the country. The functions of transmissions and distributions of electricity have now been entrusted to
different organisations and the regulatory function is monitored by a commission. Generation of thermal power and hydel power are vested with the Orissa Power Generation commission and the Orissa Hydro Power Corporation respectively. Transmission and distribution of electricity are entrusted to the Grid Corporation of Orissa Limited. Electricity Regulatory Commission is constituted for the regulatory functions including aiding and advising the State Government.

Infrastructure in transport is also in the process of improvement. The Koraput, Rayagada rail-link has been completed providing access to Bauxite belt of Orissa, the Daitari Bansapani railway link will open-up shortly providing link with Gandhamardana-Malangatoli ore reserves and Paradeep/ Gopalpur ports for export and also link to the proposed steel plants at Nayagarh, Daitari and Gopalpur. Improvement to key road links like Sambalpur-Rourkela and Cuttack-Bhubaneswar are under implementation. New roads under contemplation include highway from Talcher to Gopalpur for linkage of the coal-belt with Gopalpur Port.

Under the Central Government's Programme of Growth Centres, three new centres are coming up at Chatrapur, Duburi and Jharsuguda. An Export Promotion Industrial Park (EPIP) is coming up at Bhubaneswar with assistance from the Ministry of Commerce, Government of India. At Bhubaneswar an Electronic Hardware Park and Software Park (with dedicated earth station) have been established. A diamond Park is planned at Bhubaneswar.

In accordance with the policy statement the State Government have decided to establish "functional industrial estates". Functional industrial estates are coming up in
different parts of the State: Ceramics at Jharsuguda, Hosiery and Knit-wear at Jagatpur (Cuttack), Aluminium near Khurda, Ship-breaking at Gopalpur and Paradeep Ports and Plastic Polymer alongwith Agrotech Park at Bhubaneswar.

3.5. INCENTIVES SCHEMES

Government of Orissa offer a number of incentives and concessions to industrial units, especially in backward areas to motivate industrial growth. An omnibus enumeration of all categories of incentives in various policy statements is attempted below.

3.5.1 Capital Investment Subsidy:

New Industrial Units are allowed Capital Investment Subsidy in the following manner:

Zone - A  20 percent of the fixed capital investment subject to a limit of Rs.20 lakh

Zone - B  15 percent of the fixed capital investment subject to a limit of Rs. 15 lakh.

Zone - C  10 percent of the fixed capital investment subject to a limit of Rs. 10 lakh.

Provided that only new industrial units with a maximum project cost upto Rs. 5 crore are eligible to avail of the incentive of capital investment subsidy.

Provided further that 'special class entrepreneurs' are be eligible for 5% extra capital investment subsidy subject to a limit of Rs.5.00 lakh over and above the limits specified.
3.5.2 Sales Tax:

Subject to operational guidelines/instructions and procedure, sales tax incentives are allowed after the unit has gone into commercial production and from the date of commercial production.

(a) Deemed Payment of Deferred Sales Tax:

Whenever payment of Sales Tax on a finished product is allowed to be deferred, such deferment shall, for the purpose of payment of Income-Tax by the concerned industrial unit, at the option of the industrial unit and subject to conversion of deferred amount into interest free loan, be deemed in public interest, to have been paid. Actual payment of deferred amount in such case is done in accordance with the terms and conditions of loan. The option once exercised is final.

Sales Tax Incentives under this policy are available to all new khadi, village, cottage and handicraft industries and new small, medium and large industrial units and expansion/modernisation/diversification of Industrial units after the effective date.

(b) Exemption of Sales Tax on Raw Materials, Machinery and Spare Parts:

All new khadi, village, cottage and handicraft industrial units are exempted from payment of sales tax on purchase of machinery, spare parts of machinery, raw materials and packaging material for a period of 7 years from the date of commercial production.
(c) **Exemption of Sales Tax on Finished Products of Khadi, Village, Cottage and Handicraft Industrial units:**

Finished products of all existing and new khadi, village, cottage and handicrafts industrial units are exempted from sales tax when sold at sales outlets of authorised Co-operatives/ Government agencies, and agencies recognised by Khadi and Village Industries Commission/ Board, Coir Board, Handicraft Corporation, etc.

All new small, medium and large scale industrial units are eligible for exemption/ deferment of sales tax on purchase of machinery, spare parts of machinery, raw materials, packaging materials and finished products in the manner indicated below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Maximum amount of exemption/ deferment payment of sales tax</th>
<th>Maximum eligibility period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone - A</td>
<td>100% of fixed capital investment</td>
<td>7 (Seven) Years</td>
</tr>
<tr>
<td>Zone - B</td>
<td>100% of fixed capital investment</td>
<td>6 (Six) Years</td>
</tr>
<tr>
<td>Zone - C</td>
<td>100% of fixed capital investment</td>
<td>5 (five) Years</td>
</tr>
</tbody>
</table>

Provided that while new small scale industrial units are eligible for exemption, new large and medium scale industries only have the option to defer payment of sales tax on finished products for the specified number of years from the date of commencement of commercial production. Deferred amount in respect of each year is repaid in full after the period of deferment, annually.
3.5.3 **Land and Water**:  

Government lands wherever available are allotted for industrial projects including power projects and sub-stations of OSEB at pre-determined rates as notified from time to time. The following rates are applied until further orders.

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate for land located within Municipal/NAC area (per acre)</th>
<th>Rate for land located outside Municipal/NAC area (per acre)</th>
<th>Ground Rent (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZONE-A</td>
<td>Rs. 75,000</td>
<td>Rs. 25,000</td>
<td>1% of the land value</td>
</tr>
<tr>
<td>ZONE-B</td>
<td>Rs. 1,50,000</td>
<td>Rs. 50,000</td>
<td>1% of the land value</td>
</tr>
<tr>
<td>ZONE-C</td>
<td>Rs. 2,25,000</td>
<td>Rs. 75,000</td>
<td>1% of the land value</td>
</tr>
</tbody>
</table>

Provided those for Cuttack including Jagatpur, Rourkela including Kalunga and Bhubaneswar including Chandaka Industrial Area rates are notified by the State Government from time to time.

The premium in respect of private land acquired by the Orissa Industrial Infrastructure Development Corporation (IDCO) for establishment of industries for any specific industrial unit are fixed on the basis of compensation/rehabilitation (if any) amount involved and on the basis of infrastructure development undertaken, if any.

Small Scale Industrial Units are eligible for an additional subsidy, over and above subsidy admissible under Capital investment subsidy is diverted at Para 3.5.1 Supra to the extent of 30 percent of the cost of built up sheds constructed by IDCO in Zone - A, 25 per cent in Zone - B and 20 per cent in Zone - C for outright purchase of the sheds.
3.5.4 **Interest Subsidy:**

Special class entrepreneurs setting up New Industrial Units with project cost not exceeding Rs.1.00 crore are entitled to interest subsidy @ 2 per cent on term loans availed for setting up the units.

3.5.5 **Power:**

**Exemption of Electricity Duty:**

New industrial units with contract demand upto 500 KVA are exempted from payment of electricity duty for a period of five years from the date of power supply. New Industrial units with contract demand above 500 KVA are exempted from payment of 50 percent of electricity duty for a period of five years from the date of power supply if they are located in Zone - A. For new industrial units located in Zone - B and C, such exemption are 35 percent and 25 percent respectively for a period of for five years.

New Industrial units with contract demand between five thousand KVA and ten thousand KVA are exempted from payment of twenty five percent of the electricity duty payable for a period of five years from the date of power supply if these are set up in Zone - A, 15 per cent in Zone - B and 10 per cent in Zone - C.

3.5.6 **Exemption from Stamp and Octroi Duties:**

(a) **Stamp Duty:**

No stamp duty is required to be paid in respect of land allotted by the Government to IDCO. Stamp duty @ 5 percent are required to be paid in respect of
transfer of land/shed by Government and IDCO to industrial units. This is also applicable in respect of private land acquired by IDCO that is subsequently allotted to industrial units.

In respect of land acquired by government and subsequently transferred or allotted to industrial units, stamp duty @ 5 per cent is required to be paid.

Stamp duty is exempted for units required to be transferred to a new owner/management under the provisions of the State Financial Corporation Act, 1951 or, on the recommendation of the State Level Inter-Institutional Committee (SLIIC) or the State Level Nodal Committee, as the case may be.

Stamp duty is exempted for units under proprietary/partnership firms to be converted to companies for rehabilitation on the recommendation of SLIIC or otherwise. These exemptions are subject to clearance from IPICOL/OSFC.

(b) Octroi duty:

Machinery and equipments required to be set up in New Industrial Units are exempted from payment of Octroi Duty. Similarly, spare parts of machinery, raw materials and packing materials used by an industrial unit for a period of 5 years from the date of its commercial production are exempted from payment of Octroi Duty.

3.5.7 Social Incentives for Infrastructure Support:

New Hospital-cum-Diagnostic Centres having a project cost of Rs.10.00 crore or more are entitled to the following incentives provided that investment on land, building, equipment and machinery are made on or after the effective date.
(a) Allotment of Government land, subject to availability, at 50 percent of the rates stipulated.

(b) Exemption from payment of electricity duty for a period of five years from the date of commencement of operation.

(c) Exemption from payment of Octroi on machinery and equipment, spare parts of machinery and equipment for a period of five years from the date of commencement of operations.

Explanation: Similar facilities are extended to higher technical/professional educational institutions which in the opinion of the Government are of the standard of I.I.Ts./I.I.M.s/A.I.I.M.S, New Delhi/P.G.I, Chandigarh.

3.5.8 Incentives for Rehabilitation of Sick Industries:

Sick Industrial Units are given any of the incentives/facilities applicable to new industrial units on the recommendation of State Level Inter Institutional Committee (SLIIC)/State Level Empowered Committee (SLEC) or the State Level Nodal Committee (SLNC), if the SLIIC, SLEC and SLNC came to the conclusion that extension of such incentives/facility is necessary for the revival of the sick unit. In case of medium and large industrial units, approval of the Chief Minister has to be taken for the purpose. In case of small scale units, approval of the government in the Industries Department is to be taken.

3.5.9 Incentives for Development of Tourism Industry:

The following tourism related activities are treated as industrial activity and are entitled to incentives applicable to new industrial units, except for exemption/deferment of Sales Tax & exemption of Octroi on raw materials and packing materials.
a) Hotels/ Motels/ Golf Courses/ Ropeways and Wayside-Amenity Centres satisfying the norms/conditions stipulated by the State Government.

b) Transport facility with air conditioned car/coaches with minimum capital investment of Rs.15 lakh operating in travel circuits identified/certified by the Department of Tourism.

c) Motor Launches with minimum investment of Rs.10 lakhs and operating in tourist centres identified/certified by the Tourism Department.

d) Aero-Sports centres developed at places identified by the Department of Tourism with minimum investment of Rs.10 lakh and meant for promotion of adventure tourism.

e) Water-Sports complexes and Amusement parks with minimum investment of Rs.10 lakh and operated in Tourism centres identified by the Department of Tourism.

f) Health Resorts established at places like Hill stations, Sea-Beaches, Hot springs, etc. identified by the Department of Tourism and with a minimum investment of Rs.10 lakh.

g) Tourism Camps and Camping sites having minimum capacity of accommodating not less than 30 tourists in the camp to be set up at places determined by the Department of Tourism.

Such tourism related activities (existing and new) are entitled to have power at industrial rates and not at commercial rates or tariff.
3.5.10 **Marketing Supports as Incentive:**

(a) The policy of State Government is to ensure that departments and agencies under its control, purchase their requirements of store items from industries located inside the state. In order to achieve this the products of industries located inside the state are eligible for the facility of preferential purchase by State Government Departments and Agencies. Central Government Agencies and Private/ Joint sector Industries located inside the state are persuaded to accord similar facilities to products of local industries. Simultaneously efforts are being made to bring down cost and achieve over-all competitiveness of the products of local industries. New Industrial Units coming up in the state are persuaded to patronise local industries/ firms for construction/ supply of materials.

(b) **Purchase from "Exclusive List"**

Lists of store items reserved for exclusive purchase from industries located in the state are prepared from time to time keeping in view the production capacity of the local industries and requirements of State Government Departments and Agencies. The State Government are to purchase their requirements of these items from local industries with ISO/ ISI/ EPM certification for the items only by inviting competitive quotations from such industries. Efforts are made to distribute the purchase order equitably among the participating industries prepared to accept the lowest negotiated rate keeping in view their capacity. Local small scale industrial units and Khadi and Village industrial units including Handloom and Handicraft industries enjoy a price preference of 5 percent over local medium/ large industries.
Any local small scale industrial unit having ISO-9000 and ISI certification for its products get an additional price preference of 3 percent and 2 percent respectively.

(c) **Rate Contract**

Rate contract in respect of specific store items not in the exclusive list and manufactured by the local small scale industrial units are finalised by the Director of Export Promotion & Marketing. This is finalised on the basis of competitive offers received from such local units, cost structure obtained from these offers, market price and other considerations relevant to fixing the price of the product. State Government Departments and Agencies under the control of the state Government purchase "rate contract items" from the rate contract holder of small scale industries at the price fixed in the rate contract without inviting tenders.

(d) **"Purchase on open Tender"**

Items other than those in the "exclusive purchase list" or on "rate contract" are purchased by State Government Departments and Agencies through open tender. Local small scale industrial units and khadi and village industrial units (including Handloom and Handicrafts) competing in the open tender are entitled to price preference. The local industries not having the lowest offer including price preference if any are given an opportunity to supply at the lowest rate and orders are distributed equitably among the willing local industries keeping in view to their production capacity.
(e) **Exemption from Earnest-money Deposit and Reduced Rates of Security Deposits.**

Local small scale industrial units registered with the Director of Export Promotion & Marketing and Khadi and Village Industries are exempted from payment of earnest money while tendering to State Government Departments and Agencies.

Small Scale Industrial Units registered with Directorate of Export Promotion & Marketing are entitled to get tender papers free of cost for registered items from State Government Departments and Agencies under its control. Khadi and Village Industries are similarly eligible to get tender papers free of cost in respect of their products.

(f) **Prompt Payment of Dues of Small Scale Units and Khadi and Village Industries.**

State Government departments and Agencies make prompt payment of dues of local small scale industrial units and khadi and village industries in respect of goods purchased from them.

Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993, provides due protection to small scale industrial units for realisation of their dues.

### 3.5.11 Others:

(a) **Incentive for Obtaining ISI Certification Mark.**

In order to encourage small scale industrial units to obtain ISI or ISO 9000 certification for their products to enable them to compete at all India Level, State Government reimburse 50 per cent of actual expenditure upto a maximum limit of
Rs.10,000 for registration fee, testing fee, annual licence fee and expenditure towards purchase of testing equipments. These facilities are available to small scale industrial units only once after obtaining ISI or ISO 9000 certification mark.

(b) **Incentive for Participation in Trade Fairs, National / International.**

Incentives for Educative Travel Visits of selected teams of entrepreneurs of small scale industrial units to national and international/ trade fairs, festivals, exhibitions and industrial estates/ areas/ growth centres sponsored by Directorate of Industries are subsidised by government to the maximum extent of 50 per cent of travel expenses.

(c) **Awards for Performance**

Performance of industrial units is evaluated every year and on the basis of the evaluation suitable awards are given by the State Government for outstanding achievement.

3.6 **IMPACT OF INCENTIVES ON INDUSTRIALISATION:**

As enumerated in Para 3.5 supra Industrial Policy of Orissa has been offering attractive incentives and concessions to industrial units from time to time in order to attract entrepreneurs to establish industries in the state. It is pertinent at this point to evaluate the extent of success in achieving the objective.

On this purpose a statistical means are of the number of SSI units, artisan units and large and medium scale units that have been established during recent years on account of various incentives provided by the government will bear scrutiny.
3.6.1. Investment, Employment and Growth of Industrial Units:

It is pertinent at this point to evaluate the extent of success in achieving the objective. For this purpose statistical means are of the number of SSI units, artisan units and large and medium scale units that have been established during recent years on account of various incentives provided by the government will bear scrutiny. Table 3.1 provides data on number of SSI units established upto 1977-78 and then annually upto 93-94. In addition, data on capital investment and employment generated by the SSI units are also indicated. This data clearly reveals that due to incentives and concessions there is appreciable increase in the number of small scale industries, investments and employment.

T. 3.2. POSITION OF LARGE AND MEDIUM INDUSTRIES IN THE STATE

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Units (No)</td>
<td>231</td>
<td>20</td>
<td>12</td>
<td>7</td>
<td>6</td>
<td>276</td>
</tr>
<tr>
<td>2</td>
<td>Investment (Rs in Crores)</td>
<td>1044.88</td>
<td>29.79</td>
<td>11.59</td>
<td>39.18</td>
<td>42.62</td>
<td>1168.06</td>
</tr>
<tr>
<td>3</td>
<td>Employment Generated (No)</td>
<td>69548</td>
<td>1303</td>
<td>2000</td>
<td>763</td>
<td>670</td>
<td>74194</td>
</tr>
</tbody>
</table>

Source: Annual Reports, Industrial Promotion and Investment Corporation of Orissa Ltd., Bhubaneswar.

If we analyse the Table No. 3.2, We can see that till end of Seventh plan there were 231 large and medium industries having investment of Rs.1044.88 crore and employment of 69,458 persons whereas till end of 1993-94 there were 276 units, having investment of 1168.06 crore and generating employment for 74194 persons. The trend is not encouraging because of the fact that establishment of large industries in Public sector
completely depends on Government approval and in Private Sector it depends on infrastructure development where Orissa is very weak. But, the industrial policy resolution of 1992 and 1996 provided encouragement to a good number of large industries with huge capital investment which can be seen from Table No. 2.29 and 2.30.

With regard to growth of artisan units in the State, the result is encouraging in respect number of units, investment and employment that has been shown in Table No. 3.3.

**T.3.3. GROWTH OF ARTISAN UNITS IN THE STATE**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Units established (Nos)</td>
<td>1008716</td>
<td>68746</td>
<td>64153</td>
<td>54940</td>
<td>59774</td>
<td>1256329</td>
</tr>
<tr>
<td>2</td>
<td>Investment (Rs in lakhs)</td>
<td>2099569</td>
<td>270.15</td>
<td>2675.67</td>
<td>2751.72</td>
<td>3908.31</td>
<td>31591.5</td>
</tr>
<tr>
<td>3</td>
<td>Employment (No)</td>
<td>1693205</td>
<td>128218</td>
<td>119788</td>
<td>100506</td>
<td>114527</td>
<td>2156244</td>
</tr>
</tbody>
</table>


**3.6.2 Tourism and Hotel Industries:**

Incentives which have been given to tourism and hotel industries also show appreciable results. Table No. 3.4 shows the progress of international and domestic traffic in Orissa from 1980 to 1994 analyzes reveals a positive and encouraging trend. Table No. 3.5 shows the position in regard to hotels in Orissa from 1980 to 1994 where we find and increasing trend which prevails since beginning. Such a positive and encouraging trend indicates that tourism and hotel industries are benefited from the incentive schemes. The
quantum jump in a period of one and a half decade in both the industries cannot be missed and must in a large measure be ascribed to the incentives provided for them.

T. 3.4. PROGRESS OF TOURIST TRAFFIC IN ORISSA

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Tourist</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>International</td>
<td>Domestic</td>
</tr>
<tr>
<td>1980</td>
<td>24000</td>
<td>190000</td>
</tr>
<tr>
<td>1989</td>
<td>32829</td>
<td>1131756</td>
</tr>
<tr>
<td>1990</td>
<td>32191</td>
<td>1212262</td>
</tr>
<tr>
<td>1991</td>
<td>29388</td>
<td>1221116</td>
</tr>
<tr>
<td>1992</td>
<td>26639</td>
<td>1264798</td>
</tr>
<tr>
<td>1993</td>
<td>24866</td>
<td>1278574</td>
</tr>
<tr>
<td>1994 (upto May)</td>
<td>13720</td>
<td>534250</td>
</tr>
</tbody>
</table>

Source: Annual Reports Tourism Department, Government of Orissa.

T. 3.5. POSITIONS OF HOTELS IN ORISSA

<table>
<thead>
<tr>
<th>As on</th>
<th>High spending Group</th>
<th>Middle Spending Group</th>
<th>Low Spending group</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.80</td>
<td>6</td>
<td>41</td>
<td>141</td>
<td>188</td>
</tr>
<tr>
<td>1.1.89</td>
<td>43</td>
<td>85</td>
<td>327</td>
<td>455</td>
</tr>
<tr>
<td>1.1.90</td>
<td>43</td>
<td>89</td>
<td>341</td>
<td>473</td>
</tr>
<tr>
<td>1.1.91</td>
<td>45</td>
<td>117</td>
<td>318</td>
<td>480</td>
</tr>
<tr>
<td>1.1.92</td>
<td>47</td>
<td>122</td>
<td>337</td>
<td>506</td>
</tr>
<tr>
<td>1.1.93</td>
<td>39</td>
<td>136</td>
<td>333</td>
<td>508</td>
</tr>
<tr>
<td>1.1.94</td>
<td>41</td>
<td>137</td>
<td>353</td>
<td>531</td>
</tr>
</tbody>
</table>

Source: Annual Reports of Tourism Department, Government of Orissa.

3.6.3. Exim Positions of Industries:

Table No. 3.6 shows the position of export and imports from 1986 to 1995 (Upto June). The higher trend in exports is perceptible from the beginning. The positive
trend indicates that export oriented manufacturing units and mineral industries have benefited from incentive schemes provided by Government of Orissa.

**T. 3.6. EXPORT AND IMPORT THROUGH PARADEEP PORT**

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (in lakh Tonnes)</th>
<th>Imports (in lakh Tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-87</td>
<td>28.51</td>
<td>20.01</td>
</tr>
<tr>
<td>1987-88</td>
<td>29.35</td>
<td>22.52</td>
</tr>
<tr>
<td>1988-89</td>
<td>32.54</td>
<td>27.78</td>
</tr>
<tr>
<td>1989-90</td>
<td>37.24</td>
<td>24.60</td>
</tr>
<tr>
<td>1990-91</td>
<td>40.45</td>
<td>28.38</td>
</tr>
<tr>
<td>1991-92</td>
<td>44.17</td>
<td>28.56</td>
</tr>
<tr>
<td>1992-93</td>
<td>51.78</td>
<td>22.34</td>
</tr>
<tr>
<td>1993-94</td>
<td>57.46</td>
<td>22.42</td>
</tr>
<tr>
<td>1994-95 (Upto June)</td>
<td>14.92</td>
<td>7.57</td>
</tr>
</tbody>
</table>

*Source: Annual Reports, Paradeep Port Trust, Paradeep.*

**3.6.4 Growth in Mining Industry:**

**T. 3.7 VALUE OF MINERAL PRODUCTION IN ORISSA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of Produce</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fuel</td>
<td>Metallic</td>
</tr>
<tr>
<td>1989</td>
<td>232.98</td>
<td>262.62</td>
</tr>
<tr>
<td>1990</td>
<td>292.63</td>
<td>295.42</td>
</tr>
<tr>
<td>1991</td>
<td>421.55</td>
<td>343.28</td>
</tr>
<tr>
<td>1992</td>
<td>551.12</td>
<td>417.30</td>
</tr>
<tr>
<td>1993</td>
<td>671.72</td>
<td>431.92</td>
</tr>
</tbody>
</table>

*Source: Annual Reports of Directorate of Mining & Geology, Government of Orissa.*
In terms of Table 3.7, the production of minerals has gone-up from Rs. 555.37 crores in 1989 to Rs. 1166.84 Crores in 1993 registering an increase of 110.10 per cent over a period of four years. The growth is phenomenal and incentives provided by government are manifest in the increase in volume.

3.7 CONCLUSION:

It has been found that the policy measures of Government of India have played a significant role in the process of industrialisation in the country. From time to time the Government of India have provided various fiscal and financial incentives and introduced administrative measures to accelerate the pace of industrialisation. The latest policy measures of 1991 are for economic liberalisation, autonomy and encouragement to private investment that has created a good industrial climate in the country. The progress made on the industrial front in Orissa can be seen from the quantum jump in most areas of industrial activity. It is found that over a period of about a decade the industrial base of the State has undergone substantial change. From an agro-based industrial set-up, it has progressed to areas of high tech sophisticated industries. The trends in industrialisation indicate appreciable increase in number of registered industrial units, capital investment in industries and employment in organised factory sector. Government of Orissa offers a number of incentives and concessions to attract new entrepreneurs to encourage industrial growth in backward areas. It is noticed that most of the Government Schemes i.e. state capital investment subsidy, raw material quota, liberal finance etc. were mostly beneficial to small scale and cottage industries. In case of large scale industries however the progress has not been very encouraging. Lack of infrastructural facilities, regulatory conditions by
both Central and State Government and requirement of capital appears to have been the principal dampers. However, after liberal Industrial Policy of Government of India in 1991 and in its wave that of Government of Orissa in 1996 hold out hope.

In industrialisation, Orissa may be said to have reached the stage of adolescence. Youth is imminent but maturity is still a distant dream.
NOTES AND REFERENCES:


2. Planning Commission (1952), The First Five Year Plan, New Delhi, pp. 442-443.


