Chapter - VI

MEASURES AND STRATEGIES FOR FUTURE INDUSTRIAL GROWTH

From the foregoing discussions, it is quite evident that the Coastal Districts of Orissa are having immense industrial potentialities. Despite planned efforts since 1950-51, the overall achievement is quite unsatisfactory because of various constraints which stood as bottle necks. Therefore, it is necessary to chalk out some appropriate remedial measures and development strategies not only to remove the existing bottle necks, but also to enable the existing and proposed industries to play their role in the processes of economic development of this region. Hence, an integrated approach to the problem is the right answer which alone can solve them satisfactorily. The major remedial measures and strategies to be adopted are as follows:

6.1. IMPROVEMENT IN PRODUCTION METHODS AND IMPLEMENTS:

For the development of industries, it is essential that their production techniques are to be modernised through use of modern implements. Industrial fairs and exhibitions can play a very vital role in this regard. Besides, it is necessary to arrange the supply of such equipments at reasonable prices and on easy instalments so that the small scale producers will be attracted to use them. Arrangements should also be made for their repair and maintenance. Otherwise, small producers may not be prepared to go in for such innovations.

6.2. PRODUCTION OF GOODS OF SUPERIOR QUALITY:

It is also essential that goods produced should be quality
goods. Fraudulent practices of adulteration, misrepresentation, etc., need to be curbed drastically, so that their goods in domestic and foreign markets get greater acceptability.

Here the role of the State Government is quite significant to ensure standardisation of the products, guarantee of the quality of goods and promote the sale of certified goods of quality by enactment of laws providing for strict punishment for people producing adulterated and sub-standard goods.

6.3. PROVISION FOR ADEQUATE RAW MATERIALS:

It is also observed that most of the small scale industries are facing the problem of getting adequate quantity and quality raw materials in time. The producers of the sick units should be assured through different State agencies, such as, the Orissa Small Industries Corporation Ltd. (OSIC), Orissa Agro Industries Corporation Ltd. (OAIC) etc., in this regard. These agencies should come forward to have agreements with various State Level Co-operative Marketing Federations and Corporations that are engaged in production and marketing of different types of industrial raw materials. This will enable the small scale units to get their raw materials at a cheaper rate in time.

6.4. PROVISION FOR ADEQUATE CREDIT FACILITIES:

Every production activity requires adequate working capital and more so in case of small producers. Adequate supply of credit at low rates of interest need to be arranged by financial institutions and the Government. In this regard it is found that the cooperative and commercial banks, the Orissa State Financial Corporation (OSFC), the
Industrial Development Corporation of Orissa (IDCOL) and the Industrial Promotion and Investment Corporation of Orissa Ltd. (IPICOL) are acting as the State level financial agencies which should tailor their loan arrangements to suit the producers of the small scale units. Besides, other All India level financial institutions like the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI), the Industrial Reconstruction Corporation of India (IRCI) the National Industrial Development Corporation (NIDC) and the Unit Trust of India (UTI) should come forward to liberalise their Industrial Credit policies specifically in case of backward State like Orissa.

6.5. IMPROVEMENT OF MARKETING:

Marketing of goods, produced by small scale industries of coastal districts of Orissa has to be improved vastly without which they cannot sustain themselves. To achieve this, the conditions and rules governing the marketing of the small scale products be properly amended to ensure that producers of quality goods get fair prices for their products in a ready market. Further the pattern of production should be made to confirm the demand in the market. Besides, the Government should reserve a proportion of its purchase to be made from the local Small Scale Industries. The Co-operative marketing system should be promoted to get over the handicaps of the small scale individual producer. Hence, the State Government and institutions like co-operatives can do a great deal in future improvement of markets and marketing of products of small producers.
6.6. ESTABLISHMENT OF INDUSTRIAL CO-OPERATIVES:

Industrial Co-operatives can render immense help for the development of small scale and cottage industries. Most of the problems relating to finance, production and marketing have originated because these producers generally work on an individual basis. If they organise themselves into co-operatives, many of the difficulties will disappear. But in this respect it is observed that the existing industrial co-operatives of Orissa Coastal Plain are functioning in a highly disorganised manner, resulting in malfunctioning of the same which should be corrected.

6.7. PROVISION FOR INDUSTRIAL EDUCATION & TRAINING:

The provision of industrial education and training to people working in industries is also one of the major aspects through which modern lines of production can be implemented. But in this regard Coastal Districts of Orissa is lagging behind. Therefore, a number of industrial training institutions should be set up with a view to train the technicians already engaged in industrial activities. In this connection, the Small Industries Service Institution (SISI) at Cuttack should arrange frequent training programmes on small scale industries specifically in rural areas with an objective to develop entrepreneurial ability among rural youths.

6.8. PROVISION FOR ADEQUATE INDUSTRIAL INFRASTRUCTURES:

Provisions of adequate infrastructure facilities like transport and communications, power, land and water etc., will accelerate not only the tempo of industrialisation in the region but also will lead to decentralisation of the industrial units. In this regard, the State
Government has made considerable efforts over the plan periods. Despite all these the development is not adequate, rather, it has increased the gap between rural and urban areas as most of the developmental activities have concentrated in and around a few urban centres of this region. Therefore, it is necessary to restructure the industrial policies of the Government in such a way that maximum benefit can be extended to the rural areas. For this purpose, the Industrial Infrastructure Development Corporation of Orissa (IDCO) should provide various infrastructure facilities to the entrepreneurs of Coastal Districts of Orissa by which the small scale as well as medium scale industries can be developed in decentralised manner.

6.9. DEVELOPMENT OF RESOURCES FOR INDUSTRIAL REQUIREMENTS:

The future industrial development plan of Districts Coastal of Orissa is entirely based upon the anticipated higher growth of its existing industrial resources like agriculture, livestocks, forests, minerals and marine products. But these resources are still in a backward stage for which they are failing to provide the required amount of quality raw materials to the existing industrial units. Therefore, requisite policy programmes should be immediately undertaken with a view to improve the production which ultimately can provide adequate amount of quality raw materials to the resources based industrial units of this region.

6.10. OTHER SPECIAL INCENTIVES AND POLICY MATTERS:

Besides the above mentioned remedial measures there should be some special strategies to step up the future industries in a quick process. These strategies are as follows:
6.10.1. Creation of Industrial Promotion and Counselling Centres:

There should be creation of industrial promotion and counselling centres at district levels in order to motivate and identify entrepreneurs from educated unemployed youths (both technical and non-technical). The main functions of these centres will be (i) to provide information to the entrepreneurs on items that can be profitably produced, (ii) preparation of feasibility studies and project reports for the districts, (iii) training in management, marketing techniques and accountance, (iv) to arrange vocational training in the rural areas of the district, (v) to give information on marketing the products, and (vi) to recommended the names of the entrepreneurs to the general manager D.I C. for inclusion of their project in the action plan.

6.10.2. Provision of Managerial & Technical Hands to the New Units in their take off stage:

It is observed that most of the small scale units are closed during their initial stage due to lack of technical and managerial experience of the new entrepreneurs. Hence, there should be the provision for technical and experienced person to assist the entrepreneurs for a period of at least one year during the take take off stage of the new unit.

6.10.3. Establishment of Industrial Development Committee at District Level:

In the present system it is observed that there are unnecessary bottlenecks in execution of various schemes due to lack of co-ordinations among different government, semi-government and private
organisations involving in industrial development activities. It is therefore, suggested that a co-ordination committee comprising of the representatives of the related organisations should be formed to avoid this problem.

6.10.4. Provision of Subsidy on Investment:

In the present system, central investment subsidy at the rate of 15% on the fixed assets of the project is provided to the entrepreneurs as subsidy for units located in backward districts. The State Government have also declared an equal amount of subsidy to certain industries located in other non-backward districts. Under this system it is found that all units of the Coastal Districts are deprived of getting the central investment subsidy except the units of Balasore district as this region comes under the backward districts. But the State Government subsidy is applicable to all the units of the rest part of the Coastal districts of Orissa except the units belonging to rice mill, flour mill, pulse mill, oil mill, saw mill, photographic studios, manufacture of ice candy and ice fruits, lundry, tailoring (other than manufacture of readymades), production of firewood and charcoal and preparing bread (other than mechanised bakery). Therefore, it is necessary to cover all the above mentioned units under State Government subsidy scheme so as to attract the entrepreneurs to set their units under these categories within the jurisdiction of the Coastal District of Orissa.

6.10.5. Provision for Liberalisation of Margin Money & Seed Capital for Small Scale Units:

In the present system, the entrepreneurs have to bear the
equity as margin money against the loan availed and to meet the preliminary and pre-operative expenses. Normally, entrepreneur is provided a term loan at 25\% margin (But it is different in case of technical entrepreneurs) and working capital loan at a margin of 30\%. Basing on these margins, the entrepreneurs can assess the equity required according to the cost of the project. The entrepreneurs can approach to OSIC for equal participation and for this purpose, OSIC provides seed capital loan only to tiny units to supplement the shortfall in the equity. However, under circumstances, it is observed that most of the entrepreneurs of both small scale and tiny sectors face difficulties in arranging their margin money for which there is unnecessary delay in availing their loans. It is therefore, suggested that the share of margin money should be reduced in one hand and on the other, the share of seed capital loan provided by OSIC should be increased not only for the tiny sector but also should cover the small scale sector. Besides, the period of repayment should also be extended for a longer period.

6.10.6. Revival of Prize Scheme:

In order to encourage the industries under organised non-factory sector (i.e. units under P.S.I. and O.K.V.I) with respect to their quality and quantity of products, the State Government should again revive the prize scheme which was in operation for Panchayat Samiti Industries till 1965-66.

6.10.7. Revival of the Sick and Closed Units:

As a result of poor financing policy, lack of managerial qualities industrial disputed and non-availability of requisite quantity of raw materials, quite a few number of industrial units are
either closed or have fallen under sick category. Therefore, a suitable industrial refinancing and reconstruction policy has to be evolved immediately by the State authority to solve this problem. In this regard IRCI may come forward and consider the question of providing financial assistance to such sick units.

6.10.8. Rationalisation of Wages and Incentives for Industrial Workers:

Workers play the most important role in maximising production that ultimately leads to development of industries in any region. However, in absence of a suitable wage policy in the State they are being exploited and causing for low productivity. It is therefore, recommended that immediate implementation of Government's minimum wage policy should be made effective along with the provision of housing and other amenities for industrial workers.

6.10.9. Priorities for Self-employment Scheme:

It is observed that under the present set up most of the facilities and incentives offered by various industrial promotional agencies are shared by established and experienced industrialists and businessmen. On the other hand, the young educated unemployed as well as technically qualified entrepreneurs are deprived of availing the incentives offered in self-employment schemes. Therefore, these promotional agencies should simplify their schemes in order to give maximum opportunities to the technical and educated unemployed youth so as to enable them to set up new industries. Under the self-employment schemes, priorities should be given in the qualified perspective entrepreneurs not only in the form of providing new
licenses but also in the form of financial assistance, supply of scarce raw materials, allotment of development sites and industrial shades and so on.

6.10.10. Publicity of Industrial Products & Programmes:

At present some industrial products are being advertised through Radio, Television, Newspaper etc., for expansion of their markets. However, it is not possible on the small scale industries of Orissa to bear the high cost expenditure towards advertisement of their products. Therefore a kind of Central agency should be set up for advertising various products belonging to small scale and household industries. Besides, due publicity should also be given as regards incentives and programmes offered by the Government for setting up household and small scale industries in the Coastal District of Orissa.

6.10.11. National Priorities for Industrial Development in Orissa:

As Orissa is one of the most backward states in India, the Government of India should formulate priority investment programme for Orissa in order to bring up a balanced economic development in the country as well as to eradicate its backwardness. This can only be possible by establishing large and medium scale industries either on public sector or on private sector or both. In this context, there should be proper coordination between the State and Central Government programmes for the promotion of new industries.

6.10.12. Encouragements to efficient industrial units:

The industrial policy of the Government generally saves the sick units and protects the inefficient units from being closed as
a result of which it gives rise to prolonged sickness and inefficiency in the industrial units. Thus the Government should take adequate measures to punish the intentional sick entrepreneurs and adequate incentives must be provided to efficient ones to encourage them to attain more and more efficiency in the field of industrial development.

6.10.13. Proper Implementation of the Projects:

The close study of the industrial units reveals that there remains a wide gap in the planning and implementation of the projects and these remains a wide gap in the Government records and actual practice. Most of the registered industries operate only in pen and paper. So the authorities must pay adequate attention towards the proper establishment and working of the industrial units.

Along with all the above steps for future industrial growth of the State as well as the Coastal Districts of Orissa, measures to check the unscrupulous and corrupted activity must be undertaken, which is paralysing the industrial development activities. There is presence of unscrupulous and corrupted persons in every field of industrial activity. In most of the cases, the entrepreneurs have to satisfy the interests of unscrupulous and corrupted person starting from the planning for the industries to marketing of the industrial products, which acts as an inhibiting factors for industrial development. Steps must be initiated to streamline the system without any political affiliation to expedite the process of growth of industries in the region under study and the state as a whole.

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