CHAPTER 9
SUMMARY AND DISCUSSIONS

9.1 The modern industrial sector in India is limited to a few cities and big towns and needs to be enlarged by extending it to the rural and tribal areas. Industrialisation from the bottom upwards not only calls for its success for effective policies of mobilisation of financial resources but also for effective instruments for mobilisation of human resources, local participation and decentralisation of planning machinery, all of which demand a metamorphosis in the socio-political system and the planning approach and machinery.

9.2. Orissa is predominantly rural. The economy of the State of Orissa continues to be characterised by agricultural dominance. Rice cultivation provides the most important source of livelihood in the state. The growth rate of state's income is closely linked with the production of rice. But it is noticed that the average yield of rice in Orissa is much lower than that of national average. The state has a very low per capita income in comparison to other states and National average. During the years 1977-78 and 1985-86 the per capita income Orissa was Rs.845 and Rs.1954 respectively as against Rs.1198 and Rs.2596 respectively for all India at the current prices. The per capita income is not only much below the national average but the gap between the two, instead of narrowing down has tended to widen in recent years. Such an increasing disparity in income clearly indicates that all the efforts of the economic development during last decade has not made any appreciable impact on the state's economy.

The demographic characteristics of the state also indicates its backwardness. It has a total population of 263.70 lakhs out of which 88.2 per cent are rural and 11.8 per cent are urban. Out of the total population only 38 per cent are
working population which indicates a higher dependancy ratio for the state.

9.2.1 The availability of infrastructure facilities is very poor in Orissa in comparison to other states and national level.

(a) **Transport and communication** : It has only 12.7 kms. of railway line per 1000 sq.kms. as compared to 18.7 kms. for all India. The state has only 41.7 kms. of surface roads per one lakh of population as against 96 kms. for all India. The state has many inaccessible villages. Quite a large number of villages are still not connected with all-weather roads.

(b) **Power** : The per capita power consumption in Orissa is lower than many other states and the national average. In respect of rural electrification, Orissa lags behind all India level. By 1985 only about 49 per cent of the villages have been electrified in Orissa as against 63 per cent in whole of the country, 100 per cent in Haryana, Panjab, Kerala and 99 per cent in Tamil Nadu.

(c) **Banks** : In the state of Orissa, average population catered by each branch has become 16,000 by October 1988 whereas the all India average was 14,000. The outstanding credit of commercial banks to different sectors shows that the share of industry is the highest i.e. 32.3 per cent. But the percentage diversification of credit to industry in Orissa was much less as compared to 54.4 per cent in West Bengal and 42.6 per cent at National level.

9.2.2 **Industrial landscape** :

Orissa is famous for its traditional handicrafts, filigree works and bell-metal industries. Before independence, the non-agricultural economy of Orissa was dominated by non-factory cottage industries producing few common goods. There was hardly any perceptible growth of small industries in the State. The
workers engaged in manufacturing activities is much less in comparison to the workers engaged in agriculture and allied activities. According to 1981 Census only 3.3 per cent of the working population are engaged in manufacturing activities.

By end of 1987, total 184 large and medium scale industries are in operation in the state. The employment in these units has expanded from 41,883 in 1980-81 to 83,343 by end of 1987. The rise of growth of small scale industries sector has been phenomenal. The number of small industries has increased from 9119 in 1979-80 to 32,922 by end of 1987. These industries have been able to provide employment opportunities for about 2.45 lakh persons. Besides there has been a major break-through in the industrial sector of the state with the expansion of cottage industries, the number of which reached 771,686 by 1987-88. This sector provides employment opportunities to about 12.65 lakh persons.

9.2.3 Potentiality of development:

The state has immense potentiality for development both in agriculture and industry. The vast natural resources in the form of manpower, minerals, forest and long sea coast, etc., if properly harnessed can bring prosperity to the state. According to the recent figures available, the unemployment registered with the Employment Exchanges by 1989 was 4.85 lakhs. For the development of industries skill formation is an important factor, the expansion of which is one of the pre-requisite for the development of industries.

(a) Mineral: Orissa is a store-house of minerals. The mineral resources are the basic raw materials for industrialisation. Coal, iron-ore, manganese, chromite, lime-stone and dolomite are the important minerals in Orissa. The mineral resources of the state account for 15.6 per cent of the total mineral reserves of the country. More than 97 per cent of the total chromite ore reserve of the country is deposited in the state.
(b) **Forest**: Orissa has about 55,875 sq.kms. of forests covering nearly 35.8 per cent of the state's geographical area and 8 per cent of the total forest area of the country. Forests contribute nearly 7.8 per cent to the state's non-tax revenue.

(c) **Agriculture**: Agriculture is an important base for industrialisation as it supplies raw materials to the agro-based and other processing units.

9.3 The district Phulbani is located in central Orissa. The total geographical area of the district is 11,094 sq.kms. Forest and hills cover major part i.e. 5,856 sq.kms. of the district. It accounted for 53 per cent of the total geographical area. The district has 7.17 lakhs of population. It is the lowest populous district and the density of population is only 65 persons per sq.kms. against the state average of 169 persons. It has 94.74 per cent of rural population. Total scheduled caste (18.55 per cent) and scheduled tribe (38.94 per cent) constitute 57.49 per cent of the total population of the district. There are 4397 inhabited villages. The proportion of small villages with population less than 200 to the villages is 67.29 per cent.

Agriculture with its allied activities is the mainstay of the people of the district. About 82.56 per cent of the working population is absorbed in the primary sector. The percentage of persons engaged in the industrial sector is only 3.32 per cent of the total working force.

The district is economically backward and poor. The per capita income is much below the state average. The tribals are generally considered as economically backward, poor, mostly illiterate, conservative in nature. Most of them are landless and depend upon cultivation and other forest products. Their standard of living is very poor and most of them live in hilly tracts and in dense forests and are still below the poverty line.
9.3.1 Economic structure of Phulbani district:

(a) **Infrastructure**: This is the only district in the state of Orissa which has neither any Railway lines nor National Highway. Out of 4397 inhabited villages only 987 are linked by all weather roads. A large number of villages are still left unconnected by any sort of road network. This district is deprived of adequate transport facilities.

(b) **Power**: By the end of 1987, out of 4397 inhabited villages, only 942 villages have been electrified and the percentage of rural electrification is only 19 per cent.

(c) **Institutional finance**: Total 38 offices of financial institutions/banks are operating in the district. It indicates that this district is lowest placed as regards banking facilities than other parts of the state.

9.3.2 **Industrial background**:

The district is industrially one of the most backward district in the state. The industrial sector has remained stagnant over the successive five year plans. By end of 1987-88 the district has no large or medium industries. Therefore, the district has been declared as "No Industry District". The district has only 892 small scale units as compared to the state average of 2440 units. In investment-wise also it has only 318.99 lakhs, whereas the state average is 2889.33 lakhs. Most of the units are traditional ones. Out of the 892 small scale units in the district, only 8 units are operating having investment in plant and machinery between Rs.2 lakhs to Rs.35 lakhs. All other units are having investment less than Rs.2 lakhs. Besides small scale industries, the district has 33,491 number of cottage industries, compared to the state average of 48,096. Compared to all other district of the state of Orissa, Phulbani district is very poor in industrial set up. Even after four decades of planning and inspite of the various schemes/programmes/incentives offered by the Central as well as State Government,
improvement to the extent as compared to other districts has not taken place.

9.4 Certain districts have been recognised as industrially backward in accordance with the certain guidelines issued by the Government of India sometime ago. The main criterion then was potential for industrial development within a reasonable period. The result has been the most of the tribal dominated backward areas which did not have infrastructural facilities at that time were not included in the list of backward districts. Consequently, we find an anomalous situation wherein big industries which create their own infrastructure have got established in these regions.

Industrialisation of the tribal dominated areas has became the main plank of the development programmes in recent times. The Government started formulation of appropriate policies and programmes to create the necessary industrial climate and to improve the technical knowledge and the entrepreneurial skills of the tribals and the rural artisans.

The nature of tribal economy being a subsistence economy with agriculture and forestry as the base, it is really imperative for the planners to draw plans for the development of both the segments of the economy.

Poverty in the midst of considerable unused human and material resources and un-developed creative faculties is the phenomenon that one faces in the most backward and tribal dominated ares. Economic development is generally characterised by diversification of economy and sustained growth of its various sectors. The industrial development that has been going on in Phulabani district has spread effects and functional linkages.

In the chapter on the "Strategies for industrialisation" in the most backward tribal dominated "No industry district" Phulbani an attempt is made to highlight the benefits derived
from the developmental activities and the need to intensify the efforts by the developmental agencies.

In artisan industries an attempt has been made in improving the skills. The acquisition of skills might be found suitable for further encouragement to develop small scale industries.

Diversification of rural and tribal economy is attempted by encouraging the setting up of cottage, small and some medium sector units based on raw materials available in these areas. The unique feature of Phulabani district is a hub of industrial activity that has been there for quite some time. The rural industrialisation policy adopted by the Centre and the State Government has further provided necessary inducement to the local people to start their own units. As a result of this policy a few dynamic and enterprising rural folks have come forward and set up a few industries in the cottage/small scale sectors. The dispersal of these cottage/small industries clearly indicates an urban bias.

The two advantages of industrial development, viz., income generation and employment creation should be driven home to the tribals coupled with a necessary financial assistance.

Regarding the financial assistance rendered by the banking and developmental institutions the picture obtained in the rural areas of Phulbani district appears to be dismal. Even after four decades of planning much headway could not be made in the field of industrialisation in this district. Even an enthusiastic rural entrepreneur often finds it difficult to secure the required finances for his unit. The high-sounding policy statement is not reflected in the operation of various developmental schemes. There is no points in asking the rural/tribal to start an industry without making necessary provision for finance, i.e. fixed and working capital. The significant point that one cannot miss is the absence of any financial institution providing necessary capital to the entrepreneurs. The developmental
agencies have totally ignored this aspect of industrial development. There should be a serious thinking on the part of these agencies and financial institutions and they should come forward with the financial assistance to the economically viable, technically feasible and socially acceptable units in these areas, shedding their traditional rigid approach with regard to lending.

Identification of entrepreneurs, giving them proper training to set up small units, providing them with adequate finance, making available power and other inputs at subsidised rates are some of the problems that have to be tackled first before launching big projects in these areas. Techno-economic survey of the area for assessing potentialities for setting up industries has to be given due importance before planning industrial development.

The chapter on problems and prospects is devoted to the problems that the planners encounter while industrialising these areas and the prospects for further development.

Industrialisation, though necessary for faster growth of the economy, brings many problems in its wake. This is more so in the case of rural and tribal folks in this type of backward districts who belong to pre-industrial society. Rehabilitation consequent on displacement, psychological and sociological adjustments, absorption in the new set-up are some of the major problems that are created by industrialisation. The planners should not lose sight of the dangers of destruction of the social fabric of the native community.

Regarding the future prospects agro and forest based industries have pronounced backward and forward linkages and scope for development of upstream and downstream ancillaries is vast. Consequently the location of few medium scale industries in the area will help trigering establishment of other industries. It is an accepted principle which gives priority to the processing of locally available raw materials will in the long run make
for the creation of self-reliant industrial base in the state.

The Government has adopted a 'guided promotive policy' for industrial development of these tribal dominated most backward and 'No industry' districts. This policy involves the creation of a cell, rather a specialised cell, exclusively charged with the responsibility of promoting industries in this district. For rapid industrialisation it is necessary to identify certain growth centres/candidate centres in this district and suitable plans have to be drawn. There should be close coordination among the various organisations in this district. A high-power committee be constituted to focus continuous attention on formulation and implementation of industrial development schemes in this district may serve the purpose.

With the zeal and enthusiasm, if the plan projects are being implemented in these areas it may not be unreasonable to expect the desired results within a reasonable period of time. The tribal areas which were once considered 'Backwaters of the Indian History' will become part and parcel of the main stream.

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