

CHAPTER 9

INDUSTRY AND EXPORT PROMOTION

INDUSTRY

9.01 Orissa is richly endowed with a variety of natural resources like minerals, forests, a long coast line, sea, large water bodies-both sweet & brackish, rivers and rivulets and a rich cultural heritage offering a wide range of fine manifestations having both aesthetic and commercial value. In spite of the high potential, the socio-economic status of the State portrays a paradoxical picture of poverty amidst plenty. In order to transform the State into a vibrant economy, State Government has been endeavouring to harness this rich potential for socio economic development through extensive industrialization with optimum value addition, technological up-gradation and export promotion through a proactive Industrial Policy called Industrial Policy Resolution (IPR) 2001. The Industrial Policy Resolution (IPR) of Orissa 2001 has put in place a robust policy framework for industrial promotion and investment facilitation in the State, including creation of an enabling environment. The Industrial Policy Resolution 2007 aims at reinforcing and further expanding this process. The main *objectives of this Industrial policy are as follows:*

- ◆ *To transform Orissa into a vibrant industrialized State.*
- ◆ *To enhance the share of Industries in State Gross Domestic Product.*
- ◆ *To promote orderly and environmentally sustainable industrial growth.*
- ◆ *To promote Orissa as a major manufacturing hub.*

- ◆ *To maximize employment generation opportunities both direct and indirect.*
- ◆ *To maximize linkages between micro, small, medium, large industries and to make focused efforts for development of ancillary and downstream industries.*
- ◆ *To promote employment intensive sectors such as Handicrafts, Handlooms, Khadi & Village industries, Coir And Salt etc.*
- ◆ *To specifically promote sectors such as IT/ITES, Biotechnology, Agro, Marine and Food Processing, Tourism, Textiles and Apparel and Automotive Industries, which offer maximum linkages for employment generation and exports.*
- ◆ *To assist in arresting industrial sickness and promote revival and rehabilitation of potentially viable sick industries, especially in the micro, small and medium enterprises (MSME) sector.*
- ◆ *To create awareness amongst and assist Micro, Small and Medium Enterprises (SMEs) to respond the opportunities and challenges emerging under the World Trade Organisation (WTO) regime. A WTO Cell shall be established in the Industries Department.*
- ◆ *To maximize industry and institution linkages in the areas such as Manpower Planning, Research and Development etc.*
- ◆ *To make concerted efforts for balanced regional development.*

9.02 In order to achieve these objectives, State Government will adopt following strategies -

- ◆ *To create an enabling environment for development of industrial and related social infrastructure of international standards.*
- ◆ *Human Resources Development to create competitive scientific and technical manpower.*
- ◆ *To promote entrepreneurship development for healthy industrial development.*
- ◆ *To promote ancillary and downstream industrial parks at all major industrial hubs.*

- ◆ To promote specialized/ functional industrial area / park for thrust and priority sectors.
- ◆ To provide special incentive packages for promotion of thrust, priority and MSME sectors.
- ◆ To fully operationalise and strengthen the industrial facilitation mechanism under Orissa Industries (Facilitation) Act 2004 and Rules 2005.
- ◆ To put in place an effective grievance redressal mechanism for speedy project implementation and also for addressing post implementation issues.

9.03 For development of industry sector and to create an encouraging industrial climate in the state, the state government is committed to:

- ◆ The State Government recognizes the need of providing quality industrial and social infrastructure for supporting healthy industrialization as also the need for industry to follow environment friendly practices to make the industrialization process sustainable.
- ◆ The State Government shall launch an Industrial and Allied Infrastructure Development Fund (IAIDF) with an initial corpus of Rs.100 crore to support industrial infrastructure and associated social infrastructure projects. The Fund shall encourage private investment in infrastructure development by providing supplementary viability gap funding, wherever needed, on the lines of Central Government viability gap funding scheme. IDCO shall also be eligible to avail itself of financial support from the IAIDF for creation of such infrastructure. The Fund shall also support pre-project development activities by designated agencies. The State Government shall separately issue detailed guidelines for operation of the IAIDF.
- ◆ The State Government shall announce a comprehensive Land Policy to address all issues concerning identification, procurement and allotment of land for industrial and allied purposes, including creation of associated social infrastructure. IDCO along with Revenue Department shall vigorously implement the Land Bank

Scheme, which was announced in the IPR-2001 to ensure orderly industrial growth. IDCO in association with DLNAs shall identify suitable tracts of government land for this purpose, which shall then be considered by the DLSWCA for alienation in favour of IDCO. The land premium shall be paid by IDCO after a moratorium of three years from the date of alienation. The moratorium period should be utilized by IDCO for development of the land for industrial and allied use. In the event of non-payment of premium within the stipulated period the land shall be liable for resumption.

- ◆ The State Government shall announce a separate policy for Special Economic Zones as required under the Special Economic Zone Act, 2005 and Rules 2006.
- ◆ Apart from the Land Bank Scheme mentioned above, IDCO shall also develop Functional Industrial Parks for promotion of thrust and priority sector industries. Expeditious steps shall be taken by IDCO to promote industrial parks for ancillary and downstream industries at all major industrial hubs in the state.
- ◆ IDCO shall promote/ develop integrated industrial townships at selected locations as approved by the HLCA. Such townships will come up at locations having concentration of large and related industries, which have potential for developing into full-fledged industrial township.
- ◆ IDCO shall take proactive steps to promote/ develop five (5) industrial corridors, namely, Chandikhol-Paradeep, Balasore-Bhadrak-Dhamara, Rayagada-Gopalpur, Sambalpur-Jharsuguda-Rourkela and Angul-Talcher-Duburi.
- ◆ IDCO shall form a Special Purpose Vehicle (SPV) for promoting Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) at Paradeep on PPP mode. The SPV shall identify and acquire land for the purpose and identify potential tenant industries based on the feed stock available from anchor industries. State Government Agencies concerned and Central Institute of Plastic & Engineering Technology (CIPET) shall also be involved in this project.
- ◆ An Inter-departmental Advisory Committee comprising representatives from General

- Administration Department, Industries Department, Revenue Department and Housing & Urban Development Department, Bhubaneswar Development Authority (BDA) and IDCO shall be constituted under the Chairmanship of the Chief Secretary to identify lands in the Greater Bhubaneswar Capital Region to promote critical urban, commercial and social infrastructure to develop Bhubaneswar as a Knowledge and High-tech City.
- ◆ The Special Cell created in the Planning & Coordination Department and the Technical Secretariat for PPP located in IDCO for development of infrastructure projects in Public-Private Partnership mode shall prepare a shelf of projects in consultation with Departments concerned for high priority projects specifically aimed at supporting current industrialization process in the state. The Departments concerned such as Industries Department, Housing and Urban Development Department, Tourism Department, Water Resources Department, Energy Department, Information Technology Department, Science & Technology Department and Works Department shall set up PPP Cells to make focused effort in that direction.
 - ◆ Development of Industrial Areas and Industrial Estate by private developers shall be encouraged. The private developers shall be eligible to apply for Government or IDCO land for development of such industrial estates and industrial areas. While Government land shall be made available at the applicable industrial rate as specified in this policy, IDCO land will be available at the price determined by IDCO. The land shall be given strictly on lease basis after careful assessment of the area of land required. In case land needs to be acquired, IDCO, on application of the Developer, shall acquire the land following due procedure. All efforts shall be made to avoid double-cropped agricultural land and minimize R&R requirement.
 - ◆ IDCO shall promote a World Trade Centre (WTC) at Bhubaneswar to promote global networking and give international visibility to the industrial potential of the state.
 - ◆ IDCO shall act as the Nodal Agency in the State for promotion of Gas Grid in association with different public and private entities in this field.
 - ◆ IDCO has already obtained Formal / In-principle approvals for development of IT / ITES, sector specific and multi product SEZs at different locations. These projects shall be implemented in a time bound manner by inviting co-developers through open competitive bidding process.
 - ◆ Special thrust shall be laid on promotion of high quality social infrastructure in the form of schools, colleges, technical and professional institutions, hotels, multiplexes, townships, commercial complexes, health-care facilities, leisure & entertainment facilities, resorts, golf courses, tourism areas, etc. through IDCO and private developers. Private developers shall be selected through open competitive bidding process.
 - ◆ A time bound action plan shall be drawn up and implemented for up-gradation and maintenance of infrastructure facilities in existing Industrial Estates, Parks, IID Centres, Growth Centres etc of IDCO. Suitable financial and management models shall be developed for this purpose.
 - ◆ IDCO shall undertake a comprehensive Land Zoning Plan in respect of new Industrial Estates, Parks etc., and would also undertake planning of existing Industrial Estates to the extent possible. IDCO shall bring out a comprehensive land management regulation for industrial estates, parks, growth centres, etc. with the approval of Government in Industries Department. Orissa Industrial Infrastructure Development Corporation (OIIDC) Act would be broadly aligned with the changing needs in view of the current and emerging industrial scenario in the state.
 - ◆ A comprehensive policy for industrial use of water shall be formulated and announced by the State Government taking into account the surplus water available after factoring for drinking water supply and irrigation requirements.
 - ◆ The State shall leverage the availability of low cost and reliable power to attract industries. At the same time, large industries shall also be encouraged to set up their captive power plants.

- ◆ *Roads of economic importance shall be taken up on priority basis for development on PPP mode.*
- ◆ *The State Government shall proactively promote construction of rail corridor between ports and industrial hubs including Therubeli-Gunupur rail corridor to provide port connectivity in southern Orissa through Gopalpur port.*
- ◆ *Apart from Dhamara, Gopalpur and Kirtania ports, which are being developed on PPP mode, the State Government shall promote more ports and fishing harbours at suitable locations for giving a thrust to economic activities in those regions. Special efforts shall also be made to develop industrial areas in the hinterland of ports for enhancing their viability and intensifying economic activities in the port area development region.*
- ◆ *Inland Container Depots (ICD) shall be set up at suitable locations for facilitating containerized cargo from Orissa and the neighbouring land-locked States like Bihar, Jharkhand, Chattishgarh, etc. to the Paradeep Port and other ports in Orissa for exports, on PPP mode.*

9.04 Expeditious clearance of investment and facilitation of project proposals is of prime importance. Therefore, “Single Window” concept has been operationalised to ensure faster project clearance. The Orissa Industries (Facilitation) Act, 2004 has been enacted and the Orissa Industries (Facilitation) Rules, 2005 have been framed and issued with a view to ensuring single window clearance system to facilitate industrialization in the State.

- ◆ *Single Window mechanism that has been established in pursuance with the Orissa Industries (Facilitation) Act shall be made fully operational and extended throughout the State.*
- ◆ *The District Industries Centres (DICs) shall be suitably restructured to enable them to effectively discharge the functions of DLNA. They shall also maintain a*

comprehensive database on micro and small enterprises.

- ◆ *5 DICs shall be upgraded to Regional DICs where heavy industrial concentration/potential exist. The Regional DICs shall provide comprehensive and intensive business development services to the existing and prospective investors and also provide necessary support services to the DICs falling within their respective jurisdiction.*
- ◆ *IPICOL as the SLNA shall be further strengthened to function as an effective one stop shop for investors. The role of IPICOL as the Investment Promotion Agency shall be reinforced by establishing an Industrial Planning and Strategizing Unit (IPSU), which, apart from preparing State Industrial Development Perspective Plan, shall also identify thrust/ priority sectors for location specific industrial promotion and undertake related investment promotion activities, including preparation of publicity material and organization of road shows.*
- ◆ *The District Level Single Window Clearance Authority (DLSWCA) shall be activated in all districts. The State Level Single Window Clearance Authority (SLSWCA) and High Level Clearance Authority (HLCA) shall review progress in implementation of the single window services at the district and state level.*

9.05 In order to support the industrial development, infrastructures like roads, bridges, ports and container depot are to be developed. The State Government have recently laid considerable strategy to create high quality infrastructure and upgrade the quality of the existing infrastructure in Orissa. Public-Private Partnerships (PPP) is also being encouraged. In order to sustain the current investment level, it has become imperative to provide high quality supporting industrial and social infrastructure. With a view to furthering this objective, a robust

institutional mechanism has been put in place to encourage private investments in infrastructure development on Public Private Partnership (PPP) mode. Planning and Coordination Department has been designated as the nodal department and the Orissa Industrial Infrastructure Development Corporation (IDCO) as the technical secretariat for promoting PPP projects. Some of the successful initiatives to promote PPP projects in infrastructure development include Info Park at Bhubaneswar, upgradation of industrial infrastructure at Kalinganagar Industrial Complex through IDCO and user industries, development of Haridaspur-Paradeep Rail Link jointly by Rail Vikas Nigam Limited and user industries, promotion of Special Economic Zones (SEZs) at different locations, and establishment of Bio-Tech Park, International Convention Centre and IIIT at Bhubaneswar. PPP in road infrastructure include Cuttack-Paradeep road and the Greater State Capital Region ring road. A Project Development Fund (PDF) has been set up by IDCO in partnership with Infrastructure Leasing and Financial Services (IL & FS) for developing and promoting priority PPP projects. A PPP Policy is also on the anvil, which will create the enabling environment and extend policy support to PPP initiatives, including PPP through community participation.

9.06 The contact points like “Shilpa Jyoti” in IPICOL for large and medium projects and “Shilpa Sathi” in the Directorate of Industries, Orissa and DICs for tiny and small units will be created. Escort services will also be provided by these contact points for interaction with various agencies and authorities. Keeping in view the priorities laid down in the industrial policy, establishment of growth centers at Duburi, Chhatrapur, Khurda, Jharsuguda and Kesinga have already been sanctioned by Government of India and also establishment of specialized industrial park are being accorded high priority. Export Promotion Industrial Park (EPIP) has been set up at Bhubaneswar to promote export oriented industrial units with Central Government assistance. This has been renamed as INFOCITY and earmarked for establishments of all I.T industries. The functioning of the key promotional institutions, namely, IPICOL and OSFC will be strengthened and IPICOL will continue to be the nodal agency for promotion of large and medium industries and provide necessary escort services for facilitating implementation of mega projects, which are in pipeline and OSFC will promote establishment of SSIs including ancillary and downstream industries.

9.07 The net value added by manufacture and the share of the manufacturing sector in NSDP in the State have shown an erratic trend over the years. The net value added by manufacture in the State in the revised series

at constant prices (1993-94) was Rs.1,168.90 crore which reflects an increasing trend till 1995-96 and declined to Rs.1,003.71 crore in 1997-98. However, it also increased to Rs.2446.13 crore in 2005-06(A). The share of the manufacturing sector in the NSDP was 7.22% in 1993-94, 5.31% in 1997-98 and 8.53% in 2005-06(A).

LARGE SCALE INDUSTRIES

9.08 Orissa has been witnessing boom in industrial investment since 2003-04. Till date about 46 companies have signed MoUs, of which 43 are steel projects with an anticipated investment of Rs.137156.86 crore and production target of 58.14 MT per annum. Out of the above, 14 companies with an investment of about Rs.10,750 crore have completed first phase work and commenced partial commercial production by December,2005. These companies have created direct employment potential for about 10,000 skilled and unskilled persons. Besides, the construction work of other 21 companies is in progress and it is likely that the commercial production would commence in near future.

9.09 Besides, the MoU for setting up of two Alumina Refinery projects has been signed with an anticipated investment of about Rs.25,000 crore. Out of these, one Alumina Refinery Complex at Lanjigarh is in progress.

9.10 Indian Oil Corporation has signed an MoU with State Government for setting up an

Oil Refinery at Paradeep with an anticipated investment of Rs.12,000 crore with production capacity of 12 to 15 MT per annum. About 10,000 persons can avail direct and indirect employment in this project.

SMALL AND MEDIUM ENTERPRISES

9.11 Small and Medium enterprises constitute the backbone of national economy. These sectors hold tremendous potential of employment opportunities and economic growth due to their low capital base, low gestation period, high value addition and high export potential. Therefore, emphasis has been laid for revival, modernizing and reorientation of the small and medium enterprises towards open market economy through "Cluster Approach".

9.12 Value addition is the key to employment generation and economic growth. Optimisation of value addition through ancillary and downstream industrialization, especially in the steel and aluminium sectors, is now the focus of industrial strategy of the Government.

INDUSTRIAL PROMOTION & INVESTMENT CORPORATION OF ORISSA LTD. (IPICOL)

9.13 The Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL), a key promotional institution, was incorporated in 1973 with the main objective of accelerating the pace of industrial development of the State by promoting large and medium scale industries. IPICOL has sanctioned loan amounting to Rs.135.62 crore

and disbursed Rs.88.06 crore during the 9th Plan period as against Rs.46.67 crore loans sanctioned and Rs.28.45 crore disbursed during the 8th Plan period. Rs.51.71 crore and Rs.22.08 crore loans were recovered during the 8th Plan and 9th Plan periods respectively.

9.14 During the 10th Plan period, i.e. from 2002-03 to 2006-07, IPICOL has sanctioned loans amounting to Rs.39.52 crore and disbursed Rs.33.72 crore to different major and medium industries while Rs.100.04 crore has been recovered (loan plus interest) during the same period.

9.15 During 2006-07, no loan has been sanctioned by IPICOL while disbursed Rs.0.53 crore including backlog sanctioned amount and recovered Rs.19.34 crore towards loan and interest.

9.16 IPICOL has played a significant role in dispersal of industries in backward areas. Orissa is emerging as the leading state in production of steel, sponge iron and alumina / aluminium. A large number of mega projects are in the pipe line. During last five years 67 MOUs have been signed including 23 MOUs during 2006-07 for setting up steel, aluminium, cement and power plants in the state. Out of these 67 projects, 25 projects have started their production / part production.

9.17 As a part of the commitments made in the Industrial Policy Resolution (IPR) – 2001, Govt. of Orissa has actualized a single – window industrial facilitation framework. The adequate Statutory and Regulatory back bone has been created through the enactment of Orissa Industries (Facilitation) Act, 2004. IPICOL is acting as single-window contact for all information related to setting up large and medium industries in the State. The State Level Nodal Agency (SLNA) in IPICOL has received 43 Composite Applications for setting up large scale projects in the State. The approximate investment in these projects is estimated to be about Rs.179,000 crore. IPICOL continues to attach importance to the rehabilitation of sick and potentially sick units. Rehabilitation packages are formulated providing, among other things, replacement of principal, funding of interest, waving of penal interest and sanction of additional term loans, where-ever necessary.

Table 9.1
Large and Medium Industries
promoted by IPICOL

(Rs. in crore)

Year	Sanctioned	Disbursement Project cost	Loan Recovery with interest
8 th plan	46.67	28.45	51.71
9 th plan	135.62	88.06	22.08
10th plan			
2002-03	9.25	11.46	23.34
2003-04	19.99	8.76	21.85
2004-05	9.73	6.27	21.91
2005-06	0.55	6.70	19.34
2006-07	-	0.53	13.60

Source: Industrial Promotion and Investment Corporation Ltd., Bhubaneswar

**INDUSTRIAL DEVELOPMENT
CORPORATION OF ORISSA LTD. (IDCOL)**

9.18 IDCOL was incorporated in the year 1962 as a wholly owned Govt. company. Its objective is to promote large and medium scale industries in the State. The Corporation, since its inception, has set up 15 industrial units in diverse sectors like cement, ferrochrome, pig iron, spun pipe etc.

9.19 Keeping in view the restructuring process adopted by the Central Government and State Government, IDCOL has restructured its activities and operation and as a part of the same IDCOL has privatized some of its subsidiary companies like IDCOL cement Ltd., IDCOL Rolling Mill Ltd., Hirakud Industrial Works Ltd, IDCOL with the order of Hon'ble Orissa High Court has also sold assets of some of the sick subsidiary companies. Take over of Orichem Ltd, by a private entrepreneur has been approved by the Hon'ble company court and take over of Konark Jute Ltd, is under active consideration of the Hon'ble Company Court.

9.20 IDCOL has made one time settlement with the Banks and Financial Institutions which had extended the loan and credit facilities to the Subsidiary Companies of IDCOL. The term loan availed from Banks and Financial Institutions for the Subsidiary Companies has been repaid in full on final settlement. It has been able to reduce the high cost debt by raising funds at lower rate of interest from the market.

9.21 Steps have already been taken for inviting Expression of Interest from Central Public Sector Undertakings (PSUs) for offering at least 51% share capital in IDCOL Ferrochrome and Alloys Ltd. for modernization and expansion programme. Similarly, IDCOL, Kalinga Iron Works Ltd and Kudremukh Iron Ore Company Ltd. have shown interest to modernize / expand the activities of IKIWL through appropriate joint venture arrangement with IDCOL. Hence, modernization and expansion of capacity through appropriate restructuring, value addition and privatization or disinvestments of non-core subsidy companies were the major thrust areas for IDCOL during the year 2006-07.

**ORISSA INDUSTRIAL INFRASTRUCTURE
DEVELOPMENT CORPORATION (IDCO)**

9.22 Established in 1981, IDCO has entered the 26th year of its operation. It is among the few State Government PSUs, which is not only able to sustain on its own financial strength but also growing stronger over the years and has become a zero-equity and debt-free Corporation. It is the only State level organization to be conferred the "Golden Peacock" award by the Institute of Directors, New-Delhi for adopting and maintaining quality management standard in all its operations and also bagged ISO-9001 & ISO-14001 certificates for providing infrastructure & services of high order and maintaining modern environment management system.

9.23 IDCO has established 86 Industrial Estates/ Areas all over the State. Besides, acquisition and allotment of land to the industries in medium and large sector, assisting them in infrastructure development has been another prime function of this Corporation. In addition, the Corporation also takes up various construction activities entrusted by State, Central Government departments and their corporations on contract basis.

Achievements made during 2006-07

- *At Kalinganagar Growth Centre recharging of the 1600 cum capacity water supply pipe line has been completed. Lay out Plan has been prepared for development of Ac. 100 to accommodate SSI units in the first phase. Three Iron ore industries allotted land here have gone into production. At Jharsuguda Growth centre, development works are in progress over Ac.206 of land for an estimated cost of Rs.388.76 lakh at Site – I Acquisition of another Ac.135.44 is under process at Jharsuguda.*
- *Acquisition / alienation proposal for additional Ac. 74.24 Pvt. land and Ac. 73.20 government land has been filed with Revenue authorities.*
- *Development works of IID Centres at khurda have made substantial progress. So far 25 units have been allotted Ac.25.519 of land at Khurda centre during the year.*
- *Construction of Administrative Building with Laboratory at Food Processing Park, Khurda is nearing completion. Allotment of Ac. 20.368 land to 6 units has been made so far during the year.*
- *Urban Haat Konark is at advanced stage of completion. At Puri, site development works have been taken up.*
- *Land acquisition has been completed for development of approach road from Girala Chhak to Special Tourism Area (STA) Puri. Development of approach road is in progress.*

Infrastructural Projects under Public Private Participation (PPP) Mode:

9.24 IDCO and IL & FS have formed a Project Development and Promotion Partnership (PDPP) and a revolving Project Development Fund (PDF) with contribution of Rs.2.00 crore each to undertake development of infrastructure projects across several sectors in PPP mode.

9.25 It has been proposed to setup an Integrated Textile Park (Apparel Park) near Khurda under PPP mode. Land measuring Ac. 100 at village Daleiput near Khurda has been acquired for the purpose.

9.26 INFO Park is being established over Ac 54 of land in Chandaka Industrial Estate. The complex will have about 40 lakh sq.ft of international standard built-up space of which 60% would be for IT / ITES units.

9.27 Under Special Tourism Area, Puri is proposed to be a multi-attraction integrated tourism project for which Ac1000 of land have been acquired. Steps have been taken to provide external infrastructure viz. approach road, water and power supply to the site.

9.28 Besides the following proposals of IDCO for development of Special Economic Zones (SEZ) have been approved by Government of India.

9.29 Formal Approval

- *Sector Specific SEZ for IT / ITES industries in Infocity, Bhubaneswar.*

- *Sector Specific SEZ for IT / ITES / BPO industries in Mancheswar Industrial Estate, Bhubaneswar.*
- *Sector specific SEZ for IT / ITES / BPO industries in Gandakasipur, Bhubaneswar.*

In Principle Approval

9.30 Multi product SEZ, near Paradeep of about Ac.2700 in Mahakalapada Tahasil is under identification. Process for SEZ notification is to be initiated after transfer of land.

AGRICULTURAL PROMOTION AND INVESTMENT CORPORATION OF ORISSA LTD. (APICOL)

9.31 With a view to strengthen the rural economy by providing financial support for promotion and development of agro-based and food-processing industries, APICOL came into existence in March 1996. During 2006-07, 93 agricultural enterprises (80 service centre and 13 commercial agriculture enterprises) have been promoted by APICOL with an investment of Rs.5.37 crore and an incentive amount of Rs.1.12 crore has been provided to 93 beneficiaries. During 2007-08, it has been proposed to setup 100 commercial Agro-Enterprises and the required subsidy will be met out of self employment programme.

ORISSA STATE FINANCIAL CORPORATION (OSFC)

9.32 Orissa State Financial Corporation (OSFC) is a premier financial institution that came into existence in 1956 extending financial assistance for establishment of small and medium scale industrial units in the State.

Besides, the Corporation also receives financial assistance from State Government and Central Government and provides soft loans and margin money for rehabilitation of sick industrial units.

9.33 Since it's inception in 1956 till 2006-07, OSFC has sanctioned loans amounting to Rs. 1305.34 crore in favour of 28207 units and Rs. 1,305.12 crore has been disbursed to 28,207 units and an amount of Rs. 1684.54 crore was recovered while Rs.467.08 crore was overdue with 12595 units.

ORISSA PISCICULTURE DEVELOPMENT CORPORATION LTD. (OPDC)

9.34 Orissa Pisciculture Development Corporation Ltd. (OPDC) was setup in the year 1998-99 by merging two erstwhile corporations viz Orissa Maritime Chilika Area Development (OMCAD) and Orissa Fish Seed Development Corporation Ltd (OFSDC).

9.35 The Corporation has its outlets in coastal belt and urban areas from which the Corporation supplies diesel and Mobil to fishing trawlers / mechanized boats as well as to the surface transports. During 2006-07 the Corporation has supplied 6557 KL of High Speed Diesel, 1302 KL of M.S. and 14472 ltrs. of lubricants to fishermen at subsidized rate.

9.36 The Corporation has a Fish Net Manufacturing Unit at Mancheswar, Bhubaneswar which produced quality Fish nets and supplied them to fishermen at a

reasonable price. During 2006-07 the Corporation sold 32.4 MT of fishing net to the fishermen as against the target of 40 MT.

9.37 The Corporation has five fish seed hatcheries in which fish seeds of high quality are being produced in scientific manner. During 2006-07, about 1419.50 lakh fry were produced in these hatcheries and sold to the fish farmers on reasonable Government approved price.

9.38 It has been decided to modernize the net manufacturing unit by installing new high speed net manufacturing machines to meet the present market demand under SGSY Infrastructure Development Programme. Besides, it has also been decided to establish five fresh water prawn culture hatcheries in the State.

ORISSA FILM DEVELOPMENT CORPORATION (OFDC)

9.39 Orissa Film Development Corporation Ltd. (OFDC) is a promotional agency functioning for the growth and development of Oriya Film Industry in the State since 1976. By the end of 2006-07, the Corporation has sanctioned loans amounting to Rs. 49.25 lakh for construction of 52 Rural / Janata Cinema Halls and Rs. 61.48 lakh to 34 cinema halls for renovation purpose. OFDC is also extending financial assistance in shape of term loan/soft loan for production of Oriya feature films / documentary films. By the end of 2006-07, the Corporation has sanctioned

Rs. 4.76 crore for 136 projects, against which Rs. 3.18 crore has been disbursed in favour of 100 projects.

9.40 In order to encourage the producers for production of Oriya Films in the State, Soft-cum-Bridge loan is being provided. By the end of 2006-07, the Corporation has sanctioned Rs.1.55 crore in favour of 101 producers towards Soft – cum- Bridge loan.

9.41 In order to encourage film producers, subsidy is given after due approval of State Govt. By the end of 2006-07, an amount of Rs.4.23 crore has been sanctioned as subsidy in favour of 283 film producers, of which Rs.3.58 crore has been released. During 2006-07, the Corporation has not released any loan / subsidy to any film producer or for construction of Cinema Hall. During 2006-07, the corporation has recovered a sum of Rs.1.27 lakh from ten loanees.

SMALL SCALE INDUSTRIES (SSI)

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

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9.43 Directorate of Industries, Orissa is the Nodal Agency for promotion of SSIs and plays a vital role in identification of entrepreneurs and assisting them to set up industrial units. By the end of 2006-07, there were about 92417 number of SSI units setup in the State with an investment of Rs.2825.18 crore providing employment opportunities for 5.57 lakh persons (Table 9.3). During 2006-07, 4556 nos. of SSI units were set up with an investment of Rs.271.14 crore and 20839 persons including 2157 women have got employment. Year wise SSI units' setup, investment made and employment generated since 1995-96 to 2006-07 is given in table 9.2.

Table - 9.2
Small Scale Industries in Orissa.

Year	SSI units setup (cumulative)	SSI units setup during the year	Investment made (Rs. in Cr.)	Employment generated (persons)
1995-96	49589	2507	74.82	13019
2000-01	66206	3676	153.18	18115
2001-02	70125	3919	165.23	16582
2002-03	74133	4008	155.14	16320
2003-04	78568	4435	170.13	20547
2004-05	83075	4507	245.59	21898
2005-06	87861	4786	270.44	25142
2006-07	92417	4556	271.14	20839

Source: Directorate of Industries, Orissa.

9.44 During 2006-07 maximum number of industries have been setup in Sundargarh district (457 nos.) followed by Khurda district (356 nos.) and Ganjam district (352 nos.).

9.45 Further Table 9.3 reveals that the maximum numbers of SSI units belong to Repairing and Services Sector (27%) but in terms of investment, food and allied sector (28.92%) topped the list. In case of employment generation, glass and ceramic sector (22.1%) is providing highest employment among other sectors.

Table 9.3
Category wise SSI units setup in Orissa.
(By end of 2005-06).

Category	No. of units setup	Investment (Rs. in Cr.)	Employment (persons)
Food & Allied	20459	738.64	105559
Chemical & allied	2576	138.17	19835
Electrical & Electronics	1037	42.70	6679
Engineering & Metal	10339	524.77	78919
Forest & Wood based	5641	41.23	36112
Glass & Ceramic	6998	290.59	118544
Livestock & leather	402	6.27	2324
Paper & paper products	2546	72.46	13978
Rubber & plastics	1558	100.35	9043
Textiles	7130	77.41	42645
Misc .Manufacturing	5483	145.70	27458
Repairing & Services	23692	375.75	74973
Total	87861	2554.04	536069

Source: Directorate of Industries, Cuttack.

SICK UNITS

9.46 Industrial sickness in small scale sector is a growing phenomenon and efforts are being made to revive the viable sick units. By the end of 2005-06, 87,861 SSI units were in the State, out of which 1,689 units were identified as sick by OSFC.

PRIME MINISTER'S ROZGAR YOJANA (PMRY)

9.47 A Central Plan Scheme for self-employment titled "Prime Minister's Rozgar Yojana (PMRY)" was being implemented in the urban areas of the State during 1993-94. Later, it has been extended to rural areas in 1994-95. Youths in the age group of 18 to 35 years with minimum educational qualifications of Class-VIII and having annual family income of Rs.40, 000/- or less are eligible to avail loan assistance up-to Rs.2.00 lakh under the scheme. The beneficiaries are required to invest 5% to 16.25% of the project cost as margin money and can get subsidy to the tune of 15% of the project cost limited to Rs.7, 500/-. Since inception an amount of Rs.725.40 crore has been disbursed to 1,17,708 educated unemployed youths and 1,04,620 number of micro enterprises have been promoted till July'2007 and 2,16,189 persons have been provided employment under the scheme.

9.48 During the 10th Five Year Plan, against the target of 80,750, about 2.69 lakh applications were received under PMRY scheme, out of which 1.39 lakh applications were sponsored to different Banks and an amount of Rs.526.11 crore have been sanctioned in favour of 77,513 cases out of which Rs.381.83 crore have been disbursed to 63,165 applicants including Rs.81.59 crore disbursed to 14519 applicants during 2006-

07. Achievement under PMRY scheme during 10th Plan Period is given below.

Table 9.4
Achievement under PMRY
Schemes in Orissa.

Description	2002-03	2003-04	2004-05	2005-06	2006-07
Target	12850	16300	18000	18000	15600
Application received	47640	50061	53062	52194	66230
cases sanctioned	10409	13873	17803	18528	16900
Amount sanctioned (Rs. in crore)	73.15	95.51	121.92	125.90	109.62
Cases disbursed	7948	10820	14103	15775	14519
Amount disbursed (Rs. in crore)	50.49	68.28	86.28	95.19	81.59
Employment generated (self + salaried)	14836	22322	26768	31994	23302

Source: Directorate of Industries, Cuttack

ANCILLARY & DOWNSTREAM INDUSTRIES.

9.49 Directorate of Industries coordinates with large and medium industries for promotion of ancillary and downstream industries. The Central Public Sector Undertakings (CPSUs) operating in the State have procured spares and consumables amounting to Rs.105.38 crore from local SSI units out of total purchase of Rs.154.27 crore during 2006-07. The information on grant of ancillary status /registered suppliers for nine major PSUs is as follows.

Status of registered suppliers.

Name of the PSUs	Items identified	No. of SSI units granted ANC status (Nos.)
Rourkela Steel Plant (RSP)	107	25 (226 granted Regd. Supplier status)
National Aluminium Company (NALCO)	109	47
Mahanadi Coalfields Ltd. (MCL)	67	75 (69 granted provision ancillary status)
Hindustan Aeronautics Ltd. (HAL)	9	5
Indian Rare Earths Ltd. (IRE)	45	29 (enlisted with IRE as Regd. Suppliers)
NINL	12	35 (SSI supplier not granted ancillary status)
NTPC, Kaniha	-	-
IOF, Saintala	32	-
PPT, Paradeep	-	-

Source: Directorate of Industries, Orissa, Cuttack

TECHNICAL EDUCATION AND TRAINING

9.50 The Industrial Policy of the State envisages a series of measures to improve the stock of technical manpower and upgrade the skills of local entrepreneurs. Biju Pattanaik University of Technology (BPUT) has been set up in the State at Rourkela. The University has started functioning since 9th July, 2002 with an aim to bring about improvement in the quality of technical education through uniformity in course curriculum, curriculum development, research and conducting a uniform pattern of examination system for the whole State. At present there are 7 Government and 37 Private Engineering Colleges are functioning in the state with an intake capacity of 14497 students. The erstwhile Regional Engineering College, Rourkela has been named as National Institute of Technology (NIT) with

deemed university status under the control of Ministry of Human Resource Development, Government of India with intake capacity of 360. Besides 13 Government Engineering Schools including 4 Polytechnics for women and 17 Private Engineering Schools with intake capacity of 9130 students are also running in the state under the control of Council of Technical Education & Vocational Training. There is also one Film and Television Institute in which the GRAMSAT programme has been introduced with the help of ISRO, Government of India.

9.51 The Craftsman Training Scheme under the aegis of National Council of Vocational Training (NCVT) is being implemented in 25 Govt. ITIs and 206 private ITIs in the State with intake capacity of 21453 students. Action has been taken for implementation of the scheme, "Training-cum-Production Centre" in the ITIs for improving skill and confidence of the trainees.

ORISSA SMALL INDUSTRIES CORPORATION (OSIC)

9.52 As a nodal promotional agency, Orissa Small Industries Corporation (OSIC) was established in April 1972, with main objective to assist small scale industrial units in the State for their sustained growth & development. The Corporation has been extending marketing support, financial assistance for purchase of raw materials, sub-contracting exchange and rendering various

other services to small-scale units. The Corporation also administers certain incentives as per the Industrial Policy of Government.

9.53 OSIC provides raw materials like iron and steel, bitumen; coal rebars, polymer products etc. to SSIs. During 2006-07, the Corporation supplied 90204 MT of raw materials to Small Scale Industries valued at Rs.116.65 crore as against 66,600 MT of raw materials valued at Rs.73.42 crore supplied during 2005-06.

9.54 Under Marketing Assistance Scheme, the Corporation assists the SSI units in marketing their products. Under the scheme the Corporation procures bulk orders from State Govt., Semi Govt., Undertakings and gets the same executed through SSI units. During 2006-07, the Corporation provided marketing assistance to the tune of Rs.27.19 crore as against Rs.6.84 crore during 2005-06.

9.55 Besides, the Corporation is also dealing in supply of scrap by procuring from different Govt. Departments. The Corporation has undertaken the work of computerization of check gates of the Commercial Tax Department, development and maintenance of web-site of OHPC, Bhubaneswar during 2005-06. Achievements of OSIC from 2005-06 to 2006-07 is given in Table 9.5.

Table 9.5
Achievements of Orissa Small Industries Corporation (OSIC.)

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

Scheme	Achievement made during the year			
	2005-06		2006-07	
	Quantity	Value	Quantity	Value
Raw materials supplied	66600	7341.81	90204	11665.36
Marketing Assistance	-	684.20	-	2719.45
Sub-contracting exchange	-	119.97	-	463.57
SSI units Assistance scheme	-	-	-	-
Others	-	-	-	-
Total	66600	8145.98	90204	14848.38

Source: Orissa Small Industries Corporation, Cuttack.

HANDICRAFT AND COTTAGE INDUSTRIES

9.56 Orissa is known for its excellence in silver filigree, applique, stone carving, brass and bell-metal works, horn carving, terracotta and patta painting etc. The Directorate of Handicrafts and Cottage Industries provides administrative, managerial and financial support for promotion, revival and diversification of these traditional industries through various schemes. During 2006-07, 13015 cottage industries have been set up in the State with an investment of Rs.53.12 crore providing employment to 20498 persons as against 13363 cottage industries established during 2005-06 with an investment of Rs.39.42 crore and employment generation for 22734 persons. Data on the growth of Cottage Industries in the State over the years is presented in Table 9.6.

Table 9.6
Growth of Cottage Industries in Orissa

Year	No. of units established	Investment (Rs. in lakh)	Employment generated (number of persons)
2000-01	22,431	4,064.68	37,641
2001-02	26,196	6,172.55	36,937
2002-03	25,041	6,133.67	39,528
2003-04	23,287	6,788.65	39,743
2004-05	18,277	4,840.71	30,052
2005-06	13363	3942.25	22734
2006-07	13015	5312.35	20498

P: Provisional

Source: Directorate of Handicrafts & Cottage Industries. Bhubaneswar.

9.57 During 2005-06, 224 Handicrafts Co-operative Societies with a membership of 17045 were actively functioning in the State as against 252 Co-operative Societies functioning in the State during 2005-06 with 19027 members. These societies provided employment to 5580 artisans and produced handicraft articles worth Rs.7.12 crore during 2006-07. During 2006-07, these Co-operative Societies have sold articles worth Rs. 7.45 crore as against Rs.8.02 crore during 2005-06.

9.58 In order to strengthen the artisan based enterprises in the handicraft sector, 19 Handicraft Training Centers are functioning in the State. During 2006-07, 281 persons were trained in these centers as against 171 persons were trained in 2005-06.

9.59 The Orissa State Co-operative Handicrafts Corporation Ltd. (OSCHC) is

engaged in strengthening the production base, enlarging marketing opportunities, encouraging exporters, and introducing new design and technology in the handicrafts sector. The Corporation provides assistance to Primary Handicrafts Co-operative Societies, voluntary organizations and individual artisans for improving the marketability of their products. The Corporation procures a wide variety of handicraft products and undertakes marketing of these both inside and outside the country through its sales outlets popularly known as "Utkalika". The Corporation is also running a Craft Development Centre at Jeypore for providing a package of services to a cluster of craftsmen under a single umbrella for development of handicrafts. The Corporation is implementing the Woolen Carpet Weaving Training scheme through its five training centers. During 2006-07, the Corporation has procured handicraft goods worth of Rs.3.32 crore and sold articles worth of Rs.5.02 crore as against Rs.2.78 crore procurement and Rs.4.14 crore sales during 2005-06.

9.60 Under Rehabilitation of Handicraft Artisans Scheme. 2237 nos. of artisans have been provided with margin money to the extent of 25% of the project cost subject to ceiling of Rs.5000/- for their self employment out of which 905 belong to KBK district.

9.61 Cluster Development Programme is being implemented in the state since 2004-05. So far 185 numbers of Self Help Groups consisting of 2770 artisans have been promoted under the programme in all the 8 KBK districts. Besides, 135 SHGs with 2140 artisans have been assisted under the programme for sustained livelihood of the artisan.

SALT INDUSTRIES

9.62 In Orissa salt is manufactured in the coastal districts of Ganjam, Puri and Balasore both in co-operative fold and private sector in the salt land leased out by Salt Department, Government of India and by the State Government. The share of salt production both by co-operative and private sector in the State since, 2002 is presented in Table 9.7.

Table – 9.7
Salt Production in Orissa.

(In MT)

Year	Production of salt		Total
	Co-operative sector	Private sector	
2002	2332	3850	6182
2003	13677	24151	37828
2004	6206	13401	19607
2005	17258	39000	56258
2006	6082	14611	20693
2007	10372	21243	31615

Source: Directorate of H & CI, Orissa.

9.63 It is observed that about 70% of the total salt production in the State is from private sector industries. Due to unfavourable topography and less number of hard summer days coupled with age old method of

production, the average salt production in the State is 10 MT per acre where as it is 70 MT per acre in major salt producing States like Tamilnadu, Rajsthan and Gujrat. In order to enhance the salt production both in quality and quantity the following initiatives have been taken.

Establishment of Model Salt Farm:

9.64 A Model Salt Farm is being established at Ganjam to demonstrate best practices with higher yield rate. The Central Salt and Marine Chemical Research Institute (CSMCRI), Bhabanagar, is providing technical support to implement the project costing Rs.10.80 lakh. The CSMCRI agreed to bear Rs.3.50 lakh towards expenditure on manpower and the balance Rs.7.30 lakh is to be shared equally by the State Government and Salt Department, Govt. of India. The MOU has been signed and first installment towards State's share has been paid to the CSMCRI, Bhabanagar for implementation of the project.

Comprehensive Action Plan:

9.65 Initiatives have been taken to prepare a comprehensive Action Plan for enhancing salt production, percentage of yield, and additional employment focusing on realignment of salt land. The matter was moved to Salt Commissioner to provide necessary technical inputs. Scientists from CSMCRI, Bhabangar have visited the State for the purpose.

Namak Mazdoor Awas Yojana:

9.66 In order to ameliorate the living condition of the salt workers, Govt. of India have introduced a Centrally Sponsored Scheme namely "Namak Mazdoor Awas Yojana" in the State. The cost of each house under this programme is Rs.50,000/- including the infrastructure facility. As per the revised guidelines the share between the Centre and State are in the ratio 90:10. It has been programmed to construct 298 dwelling units for the salt workers, out of which 106 units have been completed and another 140 dwelling units are at different stages of completion.

COIR INDUSTRIES

9.67 Coir Industries in Orissa has immense potential to provide self employment in rural areas particularly for women. In Orissa, coconut cultivation is being popularized. During 2006-07 coconut cultivation was done over an area of 51,035 hectares and 2756 lakh coconuts were produced as against 50841 hectares and 2750 lakh nuts produced in 2005-06. By the end of 2006-07, 747 coir industries have been set up in the state including 177 industries set up during 2006-07. These industries produced 11,160 MT of coir products, valued at Rs.77.90 crore during 2006-07, providing employment to 9776 persons. Besides, 114 numbers of coir cooperative societies with 7211 members have been set up in the state as on 31st March, 2007. These societies produced 1620

MT of coir products valued at Rs.38.50 lakh during 2006-07.

9.68 During 2006-07, seven clusters covering 1080 artisans have been developed. Fiftyfive (55) artisans have been provided assistance for sale of their products in exhibitions. Besides, 64 artisans / entrepreneurs have been deputed to Kerala / Tamilnadu for exposure visit and 63 artisans have been trained in the training institutes run by the Directorate. Steps are being taken to develop mega coir clusters at Sakhigopal and Jagatsinghpur with central assistance.

HANDLOOM AND TEXTILE INDUSTRIES

9.69 Handloom is one of the most important traditional cottage industries of Orissa. It provides largest employment potential next to agriculture sector. The handloom products of Orissa have got wide recognition all over the country and abroad for their highly artistic design, colour combination, super craftsmanship, excellency and long durability. A number of continuing and new schemes are being implemented in the state and state government as well as central government has provided funds for successful implementation of these projects.

9.70 As per last census, the total number of looms and weavers are 119005 and 415261 respectively, out of which 79368 nos. of looms of 109627 weavers are in the cooperative fold working through 716 primary weavers'

cooperative societies. During the year 2006-07, against the target of 219.00 lakh sq. mts. only 74.51 lakh sq. meters of clothes have been produced and employment for 101338 persons were created. During 2006-07 an amount of Rs.16.75 crore has been spent for successful implementation of various programmes / schemes against the receipt of Rs.18.70 crore from state as well as central government. During 2007-08, an amount of Rs.50.87 crore has been proposed (projected) (stat. plan. Rs.8.90 crore, CSP (central share) Rs.29.37 crore and central plan Rs.12.60 crore) for expenditure under different on going as well as new programmes which will provide benefits to 134750 weavers under handloom sector and 3200 tasar, mulberry and eri rearers under sericulture.

Co-operative Spinning Mills

9.71 At present seven numbers of Cooperative Spinning Mill are existing under Orissa State Cooperative Spinning Mills Federation Ltd.. Out of these five numbers have since long ceased their production activities. One spinning mill is running on conversion and other is engaged for cotton ginning and bailing purpose. During 2006-07 about 7.06 MT of handloom products worth of Rs.2.66 crore were produced with employment generation for 3401 persons.

Sericulture

9.72 Orissa is known for its exquisite silk and tasar fabrics. Sericulture is an agro-

based cottage industry which provides employment to SC, ST, OBC and rural poor in large scale. There are four types of silk cultivated in India, out of which Tasar, Mulberry and Eri are being cultivated in Orissa. Fourth one i.e. Muga will be introduced in the State during XI Plan period.

9.73 Orissa Co-operative Tassar & Silk Federation (SERIFED) is the apex level cooperable marketing organization which provides marketing support of silk cocoons and silk products to the ST/SC and the backward sericulture farmers of the state. This organization act as safety net and a social catalyst by providing support price of Tasar, Mulberry and Eri cocoons to the farmers as well as safeguards the poor sericulture farmers from distress sale of their produce. At present 62 nos. of Tasar Rearers Co-operative Society (TRCS), 33 nos. of Mulberry Rearers Co-operative Societies (MRCS) and one Eri Rearers Co-operative Society (ERCS) are functioning in the State and are affiliated to SERIFED.

Tassar

9.74 During 2006-07, 62 Primary Tassar Co-operative Societies were functioning in the State for development of tassar products and about 8450 hectares of land in 1110 villages were under rearing activities. During 2006-07 about 15.43 lakh Tassar DFLs were supplied to the rearers and 34.89 MT of tassar yarn was produced providing employment to 15244 persons.

Mulberry

9.75 Mulberry plantation and silkworm rearing have been taken up on a large scale in 33 blocks of the State. During 2006-07, 533.5 acres of land were under mulberry cultivation involving 1494 farmers of 39 Rearers Co-operative Societies. During 2006-07, about 2.02 MT of mulberry yarn was produced and 2988 persons were employed. A cold storage for preservation of mulberry eggs has been set up at Chandragiri and mulberry rearing has also been introduced in 4 Mulberry Rearing Co-operative Societies as a preliminary venture to impart training.

Eri

9.76 Eri culture has been promoted as a subsidiary occupation in the State. At present one Eri Rearers Co-operative Society is operating in the State. During 2006-07, 819 acres of land were under eri-culture and 62,327 DFLs were supplied to eri-rearers. About 3.29 MT of yarn was produced in the State in 2006-07 providing employment to 3402 persons.

Micro Project for Development Bivolatine Silk in Orissa

9.77 This is a new scheme with an objective to increase the production and productivity of the farmers in the cluster of micro projects area at par with the farmers of sericulture advanced states. This will address all the components like plantation, rearing house, rearing equipments, chowki rearing etc. from a single door system there by

producing silk cocoon and raw silk of international quality and increasing the income of the farmers to a great extent.

9.78 Besides, for promotion of Sericulture industries, it is proposed to cover 16,000 SC / ST / BPL beneficiaries under development of Tasar, Mulberry and Eri sericulture during Eleventh Five Year Plan period. It is also proposed to take up plantation, preparation at chowki worms, study tour and training etc. during 11th plan period.

KHADI & VILLAGE INDUSTRIES

9.79 In Orissa, Khadi and Village Industries are being promoted by the Orissa Khadi and Village Industries Board with financial support from Khadi and Village Industries Commission, Govt. of India. The Board is providing financial assistance in the shape of loans and grant to the beneficiaries through Co-operative societies / Institutions.

9.80 The Orissa Khadi and Village Industries Board since its inception till 1995-96 has extended financial assistance amounting to Rs.51.73 crore to 5315 Khadi and Village industries through 1,865 Co-operative societies / Institutions. Out of this only 1194 units are in working condition. These units produced Khadi and Village industry products worth of Rs.31.50 crore and marketed goods worth of Rs.38.10 crore. During 2006-07, full time employment to 10516 persons including 2188 SC, 1605 ST, and 1642 women and part time employment

to 68827 persons including 14136 SC, 16620 ST and 14998 women have been created.

9.81 Under Rural Employment Guarantee Programme (REGP) scheme, 3194 nos. of units have been financed by the Board by the end of 2006-07. Out of these only 1546 units are in working condition. During 2006-07 these units produced goods worth of Rs.53.50 crore and sold goods worth of Rs.68.77 crore. Full time employment for 6823 persons and part time employment for 3610 persons have been generated during 2006-07.

TOURISM

9.82 Tourism sector is one of the important sectors which have potentiality of employment generation in the related fields like hotel, transport, shopping, food etc. It is the hospitality sector which binds together a lot of other employment generating sectors through backward and forward linkages.

9.83 Tourism sector is highly labour intensive which not only creates direct employment but also creates opportunities for indirect employment in Orissa. It has been estimated that in Orissa about 92,206 persons are directly and about 2,76,618 persons are indirectly engaged in tourism sector. It has also been estimated that for every million rupees invested in Tourism sector, 47 jobs are created against 45 jobs in Agriculture sector and 13 jobs in Manufacturing sector. The ratio of indirect job to direct jobs in Tourism Sector is approximately 1:3.

9.84 Growth of Tourism strengthens the local economy as it helps flow of money including foreign exchange earnings from one region to another. High priority is, therefore, accorded for development and promotion of Tourism in Orissa with the following initiatives.

- ❖ *Increase the tourist traffic and to enhance their duration of stay in Orissa.*
- ❖ *Ensure availability of tourism infrastructure*
- ❖ *Develop, promote and market in Orissa as a tourist destination.*

9.85 Development of tourism is normally measured in terms of the number of tourist arrivals. During the 9th Plan period (1997-02) the tourist arrival in the State was 146.06 lakh with annual growth rate 3%. As against this, 217.87 lakh tourist arrivals have been recorded during the 10th Plan period. During 2006-07, 54.16 lakh tourists visited Orissa, out of which 0.39 lakh (0.73%) were foreign visitors. Tourist arrival to Orissa from 1997-98 to 2006-07 is given in Table 9.8.

Table - 9.8

Tourist arrival in Orissa.

(in lakh nos.)

Year	Domestic	Foreign	Total	Growth rate
During 9 th Plan period (1997-02)	144.70	1.36	146.06	-
2002-03	34.29	0.23	34.52	8.4
2003-04	38.06	0.26	38.32	11.0
2004-05	43.26	0.30	43.56	13.7
2005-06	46.95	0.36	47.31	8.6
2006-07	53.77	0.39	54.16	14.4
During 10 th Plan Period 2002-07	216.33	1.54	217.87	-

Source: Directorate of Tourism, Orissa, BBSR

9.86 UK, France and Japan were the major tourist generating markets for Orissa during 2006-07 and maximum tourist arrival has been recorded from Western Europe. During 2005-06 about 52% of foreign tourists were from Western Europe.

9.87 West Bengal continued to be the major tourist generating State for Orissa contributing more than 20% of the total domestic tourist arrival during 2006-07 followed by Andhra Pradesh (5%). Incidentally, according to a survey, Puri draws maximum number of tourists next to Tirupati in India.

9.88 A Tourist profile survey was conducted during 2004-05 which indicates that the average duration and spending of a domestic tourist is 3.9 days and Rs.1275.00 per day respectively, while that of the foreign tourist is 12.7 days and Rs.1944.00 per day. Basing on this result it is estimated that the inflow of money to the State through tourist (including the spending by tourists of Orissa) during 2006 stood at Rs.2771.06 crore.

Table - 9.9
In flow of money through
Tourist in Orissa.

(Rs. in crore)

Year	Domestic Tourists	Foreign Tourists	Total	Growth rate
2000	967.26	28.14	995.40	-
2001	1038.23	27.11	1065.34	7.02
2002	1143.06	27.32	1170.38	9.86
2003	1239.47	29.68	1269.15	8.44
2004	1381.56	34.18	1415.74	11.55
2005	2334.91	88.21	2423.12	71.16
2006	2673.77	97.29	2771.06	14.36

Source: Directorate of Tourism, Orissa, BBSR

9.89 In 2005-06 the Orissa tourism industry registered a growth of 20% in foreign tourist arrivals compared to the growth of 15.3% registered in 2004-05. Foreign exchange earnings grew @ 140.61% in 2005 compared to 15.16% in 2004.

9.90 In order to make Orissa as a popular destination at national / international level and to attract the domestic as well as foreign tourists to Orissa, the Orissa Tourism has participated in different tourism festivals like Nivan Puspagiri Festival at Gangtok, Leisure Moscow at Muscow, WTM at London. Besides, it has organised Road Show at various places in India and also organized different Festivals / Utsavs in the State.

9.91 During 2005-06, emphasis was given for completion of ongoing projects. Consequently Tourist Complex at Paradeep, Dhenkanal, Gopalpur, Dhauli and Tourist Reception Centres at Balasore, Rourkela, Sambalpur and Satapada have been completed and made operational for the tourists. Projects at Panchalingaswar, Udayagairi, Chandikhol etc. have been completed and will be operational shortly.

9.92 At present 15 tourist units including 10 Panthasala / Panthika with 85 rooms and 231 beds are functioning under Tourism Department while 22 tourist units including 17 Pantha Niwas / Panthasalas with 444 rooms

CHAPTER 9

INDUSTRY AND EXPORT PROMOTION

and 903 beds are in operation under Orissa Tourism Development Corporation (OTDC).

HOTEL INDUSTRY:

9.93 Hotel industry and tourism are co-related. Therefore, development of hotel industries is essential for growth of tourism. During 2006-07 about 1153 hotels including 103 High Spending Groups and 226 Middle Spending Groups were functioning in the State with 22820 rooms and 43828 beds. Out of a total of 1153 hotels in the State, highest number of hotels were in Puri district followed by Khurda district. The lowest number of hotels were in Boudh district. During 2006-07, approval was granted to 6 new Hotel projects for construction in Orissa and recognition was granted to 5 Excursion agencies.

Table – 9.10

Hotel Position in Orissa.

Year	No. of Hotels	No. of Rooms	No. of Beds
2000	769	15668	29560
2001	817	16861	31992
2002	829	17289	32791
2003	860	17839	33907
2004	905	18541	35314
2005	934	19265	36771
2006	1153	22820	43828

Source: Directorate of Tourism, Orissa, BBSR

9.94 During 10th Five Year Plan (2002-07), an amount of Rs.38.45 crore has been spent under tourism sector against plan outlay of Rs.21.95 crore. The plan ceiling for the 11th Plan, (2007-12) and plan (2007-08) has been

fixed at Rs. 4209.75 lakh and Rs.740.00 lakh respectively. During 11th Five Year Plan emphasis will be laid on the following thrust areas.

- *Completion of the ongoing projects*
- *Projecting Orissa in the domestic as well as in overseas market as a favoured tourist destination through appropriate publicity and marketing including launching of special campaign.*
- *Creating appropriate ambience for attracting private sector investment in a big way by suitable policy initiatives and synergy of activities at Government level.*
- *Restructuring the Department to increase functional efficiency, social responsibility and financial accountability by creating State Tourism Promotion Board and District Tourism Promotion Council.*

PUBLIC SECTOR ENTERPRISES (PSEs)

9.95 As a part of the planned economic development programme State Government have set up a number of undertakings in various sectors such as power, transport, construction, forestry, fisheries etc. to harness local resources and to provide quality service to the public. There are 66 Government Companies (only 32 working) inclusive of four statutory corporations (all working) as on 31st March' 2006. The total investment in these 32 working PSUs was Rs.10800.14 crore (equity Rs.1920.57 crore & term loan Rs.8879.57 crore). The total investment in 32 non-working Government Companies was Rs.1336.07 crore. In addition, there were two companies under the purview of Sec-619 (B) of the Companies Act, 1956 as

on 31st March 2005. As per the available data, out of 32 working PSUs, 17 PSUs earned profit and 14 PSUs incurred loss during 2006-07. Further PSUs were running under no profit/ no loss basis.

9.96 Payment of dividend by any State Enterprise is one of the prime indicators of its sound financial performance. Only four State PSUs had paid dividend to the State Government (from 2001-02 to 2005-06). During 2005-06, dividend amounting to Rs.88.75 crore was paid by 3 PSUs against Rs.68.50 crore paid by three PSUs during 2004-05.

9.97 Under Article 293 (I) of the Constitution of India, the State Government provides guarantee to PSUs for their borrowings in order to facilitate flow of funds to the priority sectors. Although the guarantee do not form a part of the debt burden, but in the event of default by the borrowing agencies, the Government have to repay the debt as the guarantee becomes the liabilities of the State. As on 31.12.2005, the guarantee out standing and guarantee fee outstanding were Rs.2957.42 crore and Rs.43.63 crore respectively.

9.98 On 11.10.2001 the Government of Orissa have signed MoU with Department of Economic Affairs, Govt., of India to work together to enable the Government of Orissa

to achieve fiscal sustainability on the medium term in accordance with the Orissa Medium Term Fiscal Reform Programme. The ongoing Public Enterprises Reform Programme, is a part of Medium Term Fiscal Restructuring strategy of the State Government. In order to carry out the programme the State Government have received a sum of £ 13.6 million as grant from DFID. The reform programme includes restructuring, privatization and labour rationalization in the selected State PSEs and Co-operatives. In order to continue the PE Reform Programme, DFID has agreed to extend financial and technical support to the tune of £ 30.487 million (Rs. 2286.5 million) during Ph-II of the programme. However, as per the agreement, during Ph-II of the programme, DFID have agreed to extend financial grant on reimbursement basis.

9.99 During Phase-II of the DFID assisted PE Reform Programme, 17745 employees have already been separated till October, 2007 under VRS/VSS. Similarly, 6575 voluntary retirees from different PSUs have been counseled under Social Safety Net Programme out of which 3230 employees have been retained during December, 2007.

EXPORT PROMOTION

9.100 Orissa has a rich export potential in mineral, marine and agro-forestry products, so also in handloom products and handicrafts. The Industrial Policy, 2007 formulated by the Government of Orissa accords priority to export promotion.

DIRECTORATE OF EXPORT PROMOTION & MARKETING

9.101 The Directorate of Export Promotion and Marketing, Orissa has been declared as the nodal agency for providing marketing assistance through quality control to registered industrial units and rate contract holding industrial units and for rendering technical assistance for promoting export activities in the State. The Directorate provides overseas marketing information and maintains co-ordination with the Central Government, State Government and Export Promotion Agencies. It provides incentives in the form of export awards to the best exporter. It organizes workshops and seminars, conducts training programmes, and organizes publicity drives every year. The Directorate also assists potential exporters by providing know-how to enter into the export market. It also helps exporters by taking up their

problems with Export Promotion Councils, Commodity Boards and other organizations of the Government of India. By the end of 2006-07 the Directorate of Export Promotion and Marketing has registered 2188 small scale and 7 medium scale industrial units and concluded rate contract with 809 small scale and two medium scale units as against 2154 small and 7 medium scale industrial units registered and rate contract with 809 small and two medium scale industries by the end of 2005-06. During 2006-07 about 10725 samples were tested in the Directorate's own testing laboratories and an amount of Rs.13.48 lakh was collected as testing fees.

9.102 There were 341 exporters in the State as on March 2007. During 2006-07 Goods valued at Rs. 10886.12 crore were exported from the State to foreign countries as against goods valued at Rs.10743.97 crore exported during 2005-06 showing an increase of about 1.32 percent. Item-wise value of goods exported from Orissa to foreign countries during the last five years is shown in Table 9.11.

Table 9.11

Value of Goods Exported from Orissa to Foreign Countries

(Rs. in lakh)

Items	2002-03	2003-04	2004-05	2005-06	2006-07(P)
Metallurgical products	166960.06	309291.84	309631.08	403675.05	412778.24
%	57.24	69.89	57.43	37.57	37.92
Engineering, chemical and allied products	13009.03	10889.26	31017.80	44090.16	30784.00
%	4.46	2.46	5.75	4.10	2.83
Mineral products	49572.01	56571.71	126553.77	539273.63	534201.05
%	17.00	12.78	23.47	50.19	49.07
Agriculture and forest products	157.99	144.52	195.00	2662.18	391.07
%	0.05	0.03	0.04	0.25	0.04
Marine products including Fish & shrimps products	36516.00	33443.00	32500.00	37300.00	35925.56
%	12.52	7.56	6.03	3.47	3.30
Handloom and textile products	161.21	123.56	836.44	274.73	630.49
%	0.05	0.03	0.16	0.03	0.05
Handicraft products	87.02	84.37	97.97	93.43	31.92
%	0.03	0.02	0.02	0.01	Neg
Electronics			38191.39	46609.60	73469.66
%			7.08	4.34	6.75
Others (Computer software and pharmaceutical etc.)	25215.13	32011.16	109.46	418.54	400.29
%	8.64	7.23	0.02	0.04	0.04
Total	291678.45	442559.42	539132.91	1074397.32	1088612.28
%	100.00	100.00	100.00	100.00	100.00

P: Provisional , Source: Directorate of Export Promotion & Marketing Orissa, Bhubaneswar, Neg – Negligible

9.103 It is observed from the above table that the value of goods in respect of metallurgical products, Mineral products and Electronics constitutes about 93.7% of the total goods exported from the State during 2006-07 of which Mineral products itself comprises more than 49%. Besides, other products viz. Engineering, Chemicals and allied products, Handloom and Textile products, Handicraft products and various marine products were also exported from the State.

9.104 This reveals that the value of goods exported from Orissa to foreign countries has

an increasing trend. During 2002-03 goods worth Rs. 2916.78 crore were exported to foreign countries as against goods worth Rs.10743.97 crore exported during 2005-06 showing an increase of about 268%. During 2006-07 the value of goods exported was Rs.10886.12 crore which was about 1.32% more than the previous year, i.e. 2005-06.

EXPORT AND IMPORT THROUGH PARADEEP PORT

9.105 Paradeep port is the only cargo handling port in Orissa through which minerals, metallurgical products and fertilizers are exported and imported. All -time record of

331.09 lakh MT of cargo is handled at this port during 2005-06, which is 10% more than 2004-05.

9.106 During 2005-06 about 216.41 lakh MT goods were exported through this port as against 216.35 lakh MT exported during 2004-05. Among the goods exported during 2005-06, iron ore constituted about 47.4%, followed by thermal coal 42.4%.

9.107 During 2005-06, 114.23 lakh MT of goods were imported through this port, which is about 35.4% more than the goods imported during 2004-05. Among the goods imported during 2005-06, coal / coke constituted about 69.13% followed by Rock Phosphate 9.11%.

9.108 The value of goods exported through Paradeep Port during 2005-06 was about Rs.19285.27 crore while value of goods imported was about Rs.8984.33 crore.

Table 9.12
Export and Import through Paradeep Port.
(lakh MT)

Year	Export	Import	Container	Total
2000-01	130.52	68.40	0.08	199.00
2001-02	144.65	66.59	0.07	211.31
2002-03	168.85	69.83	0.33	239.01
2003-04	185.48	67.03	0.60	253.11
2004-05	216.35	84.38	0.31	301.04
2005-06	216.41	114.23	0.45	331.09

Source: Paradeep Port Trust, Paradeep.

9.109 Gopalpur Port Project was created in 1979-80 under administrative control of Commerce Department, Government of Orissa. During 2001-02, 17,671 MT illumenite

was exported through this port against 1,34,000 MT exported during 2000-01. Though the port was opened to traffic, as a policy matter of the State, there was absolutely no cargo movement and the port operation in the year 2004-05 and it was closed down for want of cargo. The revenue earning was reduced to Rs. 8.8 lakh only during 2004-05 as against Rs. 39.64 lakh and Rs. 31.32 lakh revenue collected during the year 2002-03 and 2003-04 respectively, representing hire charges of storage space let-out to M/s IREL. It has been decided to convert the Gopalpur Port to an all-weather Port.

9.110 Fishery port at Dhamara in the district of Bhadrak continued its operational activities since 2004-05. During 2005-06 (up to December'2005) the revenue earning from this port was about Rs.27.93 lakh as against Rs.28.84 lakh collected in the year 2004-05. The trend at Dhamara, both in terms of its use by trawler owners and collection of revenue was quite encouraging. Government of Orissa has signed MoU to establish a mega port at Dhamara by a private investor named - M/s International Sea Port Ltd. (M/s ISP Ltd.). Preliminary work like land acquisition etc. is in progress and it is expected that the construction work of the port will be started soon.

