

THE INDUSTRY & MINES

**OBSERVER**

Leading Business Fortnightly

October 1-15, 2011 Rs. 15/-



# RAGING RIVERS





## 'Productive use of land is in larger interest of state to develop'

RAJENDRA PRASAD GUPTA , B.Sc. Engineer (Elect.) from R.E.C. (NIT), Rourkela (1971) belongs to a rare category of 'thinking' entrepreneurs'. A voracious reader and prolific writer on Indian economy for various publications, Gupta is currently Advisor of OJC (Odisha, Jharkhand, Chattisgarh) Chamber of Commerce & Industry. Also he is Ex-Vice Chairman of OASME (SME sector of Odisha) and Ex-Vice President of All India Mini Cement Manufacturers Association, Hyderabad.

In an interview with **Satish Sharma of IM Observer**, Gupta sheds light on various issues concerning business and industry in Odisha. Here are the excerpts.

**Will the State government's plan to attract industrial investment help eradicate poverty in the State?**

Ans. Yes certainly. It is well established that increase in GDP (public income) of any state or country is the only route to eradicate poverty. It is also known that investment in the productive sector (manufacturing, mining, agriculture and services) is the primary requirement to give a boost to GDP. Our state should target 12-13% GDP growth as against India's target of 9% in 12th Five Year Plans because BPL population in Odisha is highest. Such high growth rate is possible through industrial investment only. It is an urgent need to remove the tag of "poverty".

**Many critics say industrial growth is growth of joblessness and not inclusive growth as the benefits are in the hands of a few. What is your opinion?**

I am sorry to say that such comments are either due to economic illiteracy or due to political motive. State's GDP is public income and is arithmetical sum of production of goods and services in terms of value addition. Productive or economic activity provides huge opportunity for employment/self employment and income earning opportunities through out-sourcing of goods and services. In other words, indirect employment is 30-50 times of direct employment. You will find that villages surrounding industrial/mining belts are prosperous with high income. Only the remote areas where industrial activities are absent, poverty ratio is higher.

Shareholders of any productive sector retain 5-10% (post tax) of the production value. Balance is distributed among public and government revenue. Hence, it is obvious that any productive activity leads to inclusive growth only in the surrounding areas. We have to spread it through out the state so that benefit reaches to every corner.

**How do you view State government's claim that it has attracted very big investment plans in the state. Will all these turn into reality?**



No doubt, our State has attracted large investments in last 7-8 years, but perhaps we could have done still better. Such investment could mature due to entrepreneurship and favourable government policies. But I have strong apprehension for maturing pending investment plans of our state. Today, global scenario is not favourable and there is competition with other states wooing investors. Our policy has to be more proactive to create investment friendly atmosphere. Unfortunately, we are lacking on this front. It requires introspection by all of us. Of course, the government has to take a lead. Media has to support the cause.

**In spite of abundant natural resources, and minerals, why our state is industrially lagging behind in comparison to other states? What the state government needs to do to turn it an industrially advanced state?**

Several countries in the world are rich in minerals and natural resources and are still poor countries. On the contrary, Japan, Singapore and few European countries are highly prosperous without any mineral/natural resources. To my opinion, availability of mineral/natural resources does not guarantee the prosperity. It is the favourable industrial climate which attracts the entrepreneurs/investments. After all, it is the entrepreneur who converts natural resources into public income through economic activities. Government has to facilitate hassle free atmosphere for the entrepreneurs to perform their activity.

It is utmost important that existing productive sector in the state flourishes, which itself gives publicity to attract new investment. But unfortunately, most of the existing industries in the state are suffering at present on various fronts and a few are on the verge of closure. I am really afraid, if these issues are not addressed, our dream of becoming advanced state may not be converted to reality. Regulations are to be replaced by facilitation and laws are to be simplified. Activism has to take a back seat for at least 5 years.

**Acquiring land for industry is gradually becoming difficult everyday. Now agitation for water**

**has added another woe for industries. In such a scenario, what would be the fate of new industries in Odisha?**

Agitation for water is a political problem and has to be dealt with politically. Tougher regulation for industrial water consumption to pacify the agitators is not the real answer. Our state is relatively richer in water resource having 11% share of the country. More than 90% of rain water flows back to sea. Water harvesting through check dams, as done by Gujarat, could be a better solution. To a rough estimate, 70% water is consumed in agriculture, about 7% in industry and power plant and balance for domestic use. Hence, curtailing the industrial consumption through tough regulation will certainly not solve the water problem, but will definitely affect growth process. It requires total review.

Land acquisition problems are also politically motivated which has to be solved through political route. Of course, a justified and reasonable R&R policy is essential for land acquisition so that, both land owners and acquirers are in 'win-win' situation. Productive use of land is in the larger interest of the state to develop. Public awareness through publicity and media is required to change mind set. Activism by local leaders has to be handled through political channel only.

Restrictive use of forest land, adivasi land is not in the larger interest of the state. The benefit of forest cover flows to entire country and not limited to our state. Hence, why our state should be burdened to earmark large portion of the land for forest cover? The burden should be distributed to other states as well. Restrictive land use prohibits economic development of the state. We cannot afford it.

**What are the main constraints in establishing and running industry/business in Odisha?**

I think absence of industry friendly climate is the principal reason. The entrepreneurs are the prime drivers for economic development for creating public income as well as source of government revenue. But unfortunately, they are not given due

respect, rather they are projected as 'villain'. The atmosphere of suspicion and mistrust is prevailing and at times they are equated with criminals. This needs total reversal for fresh investment vis-à-vis growth of the state. We all are responsible for such situation. The government has to take lead role to rectify the prevailing situation. Media has to play a constructive role to facilitate decision makers to act judiciously. Why can't we roll back and bring the same friendly climate as it was prevailing before 7-8 years?

**Rourkela was once called Industrial capital of Odisha. Does it still qualify to be called the same? No fresh investment coming in this region. Many industries in last three decades came but could not take off.**

Rourkela entrepreneurs have always taken a lead role in the industrial development of the state. Whatever growth you are seeing in last 10 years, was actually initiated from Rourkela and then spread to other parts. But unfortunately, it has been neglected. No significant spending has been done in improving infrastructure and connectivity in particular. The problem of local steel industries have been not taken care of and they are on the verge of closure. Over all industrial climate is deteriorating. Coercive action against productive sector is increasing day by day. I afraid, if no corrective actions are taken, it may be converted to dead city, which will be really painful. I have sentimental attachments with this city.

**Sundargarh district being a schedule district, land acquisition has become more difficult. Is it not a hindrance in growth of industries in here?**

Most of the land in Sundargarh district belongs to tribals. Major portion of tribal land is not suitable for agriculture. Land price goes up with growth of industrial and mining activities. Hence, it makes a lot of commercial sense for the tribals to sell their land and to deploy the monetary resources at other place either for agriculture or for any such activities to earn their livelihood. But unfortunately,

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they are deprived to reap such benefits arising out of industrial/mining growth. On the other hand, it becomes a hindrance on the industrial growth of the district. Hence, both district in general and tribal in particular are looser. I think such restriction on the sale of tribal land may be removed for their own benefit. Of course, this is to be monitored by some government authority so that purchaser does not take undue benefits due to lesser education and awareness of tribal population.

**In your view what should be done for development of industries in our state?**

I think friendly atmosphere and respect to entrepreneurs is the basic necessity for industrial growth. Activism should take a back seat until BPL population in the state comes below national average.

Productive use of natural resources should be facilitated to convert it into GDP/public income. Natural resources allocation may be faster, but with transparency. Law relating to allocation should be extremely simplified. Facilitation should take precedence over regulation as was done earlier. We all are to unite to keep a single motto to convert Odisha into prosperity leader instead of poverty leader.

We have natural resources, we have intellect human capital. Odisha has all potentiality to lead country. We need only dedication to state with determination to grow. After all, Lord Jagannath is with us. Let us perform and deliver with his blessings ■