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CHANGE OF MIND SET ESSENTIAL FOR ORISSA GROWTH

No doubt, last 5-7 years performance in Orissa has been better in comparison to past years. But this is also true that Orissa is having highest poverty ratio to the tune of 57.6% as against India average of 35% (as per revised estimate). The States like Punjab, Haryana, Delhi are having BPL population below 20%. This is also true that our State is rich in mineral & other natural resources. The average IQ level of local population is above India average. Despite this, we have become poverty leader instead of prosperity leader. This requires introspection.

Hon'ble Prime Minister Dr. Manmohan Singh has been advocating for 9% growth in the Country to eradicate poverty in coming years. It means, Orissa has to grow at faster rate of 12-14%; so that in next ten years, we match with India average. There should not be any confusion about the meaning of growth rate, which our Hon'ble Prime Minister and other eminent economists have been talking. Growth rate means the growth of GDP of the State/Country. Obviously, GDP comes from productive sector like industry, agriculture and related services. It means, the productive sector has to grow fast to create public income. Then only it will percolate to down below the line to remove poverty. It will also enhance Govt. revenue, which can be utilised for social & other infrastructures for general upliftment.

Maximum poverty is in the rural, tribal and hilly areas. This is because, the population residing in these areas are totally depending upon agriculture and allied activities. Growth in agriculture area has limitation due to land availability, irrigation facility and lack of rural infrastructure. It has been well established through out the World that fast growth comes, only from industry. The industrial growth promotes service sector creating new earning opportunities.

Our Govt., under the leadership of Syt. Naveen Patnaik had done sincere efforts for the industrialisation of the State. The total MOUs entered was exceeding US\$100 Bn (Rs 4.5 Tn). But unfortunately, very low percentage could be converted into real investment. This requires honest introspection by all of us and not limited to Govt. alone.

To my opinion, it requires **CHANGE OF MIND SET** at all levels. If we look only towards Govt. for subsidies, concessions, free distribution without doing any productive work, I do not think, any Govt. can really eradicate poverty. No doubt, it is the moral responsibility and duty of Govt. to take care about down trodden people. But ultimately, the income earning opportunities has to be created for them. Such income earning opportunity can only come through productive sector like industry/agriculture. Let me clarify that income earning opportunity is not limited to direct employment in any industry/productive sector, but the quantum of indirect employment is quite huge. Out of total 450 Mn. working population in the Country, direct employment in Organized sector and Govt. puts together is below 40 Mn. Only (less than 10%). A majority of remaining working population are either self employed or indirectly employed. But the prime driver of such opportunities is productive sector i.e. industry and agriculture.

If we are really serious to convert our State to a developed state at par with others, we have to **change our thought process i.e. mind set**. My few recommendations are as under :-

1) Public Opinion to be changed for faster growth

Image of productive sector, particularly Industry, has been created as Villain by the leaders. Frequent agitations are being done by local leaders against industries, taking plea of environment, employment, land, labour matters and so on. Minor issues are blown out of size. Media further helps to such agitation by projecting industry as a Villain. Under such circumstances, Govt. authorities hesitate to come in open support of the productive sector. If any authority dares to deal the problem judiciously, corruption charges are labelled against him. This creates a peculiar situation, that if you are against

the industry you are honest and if you are pro-industry; you are corrupt. Obviously, everybody looks for label of honesty and hence acts against the productive sector only. This has created such a peculiar situation in the state that; there is competition among various Deptt. to close down industry and mines under various pleas. Productive sector has been labelled as anti-society, anti-state. It's importance and necessity as a prime driver of State's growth has been totally undermined. Unless the process is totally reversed, any fresh investment in the industrial sector in our State may not come in significant manner. Under such hostile atmosphere, either fresh investments are getting delayed or it is being shifted to other State.

It shall not be out of place to give the burning example of West Bengal; which was once upon a time industrial hub and prosperous in the country. But over a period of time, now it is in the path of decay and the prosperity centres have been shifted to Maharashtra, Gujarat, Haryana, Punjab and so on. If at all, Orissa is to follow, it has to follow the concept of developed states, then only we can grow at faster rate than India average. This requires change of public opinion and sincere efforts at all levels. Off course, Govt. has to take a lead and media has to support the cause.

2) Role of SME Sector for equitable growth

If country's statistics are critically analyzed, the major contribution of GDP, Export, Employment comes from SME sector in comparison to large/extra-large sector. Our country definitely needs large/mega industries to compete with the World and for mass production at cheaper cost with quality. But SME sector has to stay, rather needs encouragement. Capital investments in SME sector is low and employment creation is high. SME sector out-sources goods and services as they do not have captive facilities. Hence, the local percolation of income arising out of SME sector is of very high order. While as large industries definitely adds to country's income / GDP, but the percolation is distributed in the larger area beyond state boundary as well. We therefore, need combination of both.

But unfortunately, as per recent trend in our State; SME sector has been quite neglected to my opinion. Even, the role of DIC and Industry Deptt. In general has been marginalised. Govt. focus is more on large/mega projects. It is obvious that chance of success in maturing large investments are always less; as they need huge land, mines, water, power etc. which Govt. is unable to provide in each case. While as SME sector investment matures with little help from Govt. If the capacity additions in past seven years are analyzed, it is obvious that SME sector has contributed more despite low or nominal support from Govt. If SME sector is given due importance, I am sure, the growth will be at much faster rate. It will also help to develop local entrepreneurs instead of total depending on big ticket investment. But at the same time, the efforts for large investments should continue.

Trade & Service sector provides largest employment and is very essential for the growth. They get very little support from Govt. If hassle free atmosphere is created they will grow by its own. Their contribution to State economy and job creation needs due recognition and appreciation.

3) Hassle free operation will attract Investment automatically

No doubt, fresh investment in the productive sector is the necessity for high growth rate. Govt. efforts for new investment is sincerely appreciated. It has been remarkable in its history. But at the same time, existing productive sector has to operate hassle free. This requires a review. I think, due consideration by Govt. and others is lacking for existing productive sector to operate in trouble free manner. I think, if existing productive sector is prosperous in any State then, this itself is biggest publicity to attract fresh investment. Further, the existing productive sector itself is encouraged to re-invest its savings/profits for further capacity creation. Hence, it is utmost important to provide friendly atmosphere to the existing industry for ultimate growth of the State.

4) Simplification of law, need of the Day

There are innumerable laws (central & state) for regulation of productive sector, particularly industry. It becomes virtually impossible to keep a track; specially for SME sector. In majority of the cases, non compliance arises due to ignorance. But at the same time, ignorance is not pardonable in the Court of law. Here comes the role of Govt. Govt. should give ample opportunity for compliance before taking any coercive/ penal action.

It also requires simplification of law and abolishment of obsolete laws. Regulation has to be replaced by facilitation. Country entered into fast growth after de-licensing. But today licensing era has re-entered in disguise of several regulation in more stringent manner. Particularly mineral laws/regulations are unique and only creates hurdles to growth and promotes corruption. On one side, the productive sector is carrying prime responsibility of generating public income (GDP) vis-à-vis growth of the State, on the other side, they are regulated by multiple agencies, multiple laws. This simply creates dis-respect for law or promotes corruption which is never desirable for the state & country. This also discourages a new entrepreneur to enter for self employment. Hence, they prefer to become job seeker instead of job provider. This requires rational approach in the interest of the state's growth instead of adhering to the finer prints of the written law. Atleast opportunity for compliance may be definitely given. Laws can be amended but State's interest may not be compromised.

5) Investment Climate, pre-requisite for Growth

As written above, high GDP growth is the only answer for state's growth. To increase GDP fresh investment in the productive sector is the basic necessity. Investor would like to first see the proper environment, public mood, Govt. attitude, favourable laws so that his investment is safe and giving adequate returns to shareholders. If we simply proud of our mineral resources and we hope to attract investors, then perhaps, we are wrong. Importance of mineral resources definitely exist, but first and foremost thing is favourable investment climate which is a combination of all. Favourable

climate has to be created by all of us. Of course, Govt. has to take a lead. In absence of investment, mineral resources cannot be converted to GDP/Public income or earning opportunities. It requires re-visit by all. We have to change mind set.

6) Infrastructure is basic necessity to grow

It is well known fact that, unless the infrastructure is upgraded, fresh investment in productive sector cannot come. The prime importance among the infrastructure comes for transport, connectivity, communication & power. Our state is badly lacking on this front. Of course, it requires huge investment beyond resources of State Govt. But our Govt. can definitely take up with Central Govt. and prospective investors to create such infrastructure. The basic facility such as land, water and other approvals is to be accorded in top priority, so that investment is first diverted to out State. Recently, Chhatisgarh Govt. took initiative to create 5/6 Airports in small state. But unfortunately, we have only one operating Airport. Rourkela & Jharsuguda in particular are having readymade Airport, but we could not motivate Airlines to operate. If we are serious to attract big ticket investments, the importance of Airport is quite huge rather necessity.

Industrial hubs like Sundargarh district and Western Orissa in particular has been extremely neglected. We could not develop a road in ten years connecting Iron ore rich belts like Barbil, Joda with Rourkela. As a result of which, the transportation cost on per MT/KM basis, is perhaps highest in the World. With such poor infrastructure in the industrial hubs, how can we expect fast growth with efficiency? I think, it is the high time for the decision maker to give adequate attention on development of connectivity based infrastructure, if we aim at high growth rate.

At present 60% of Orissa (excluding coastal Orissa) is having very poor connectivity by road & rail. Several villagers are yet to see modern world. Agro produce in the villages are being rotten due to bottlenecks of transporting to urban market. Extreme poverty in such dis-connect areas has caused dis-content, which is not good for the State's unity. I think, first

requirement is to connect them with district Head quarters, State/National Highway. Connectivity alone shall create income opportunity as well as exposure to the modern and industrialized World. Govt. has to take a lead for creating such rural infrastructure. Subsidy and free distribution among such deprived villagers may not be a permanent solution. Connectivity will give a real long term solution to them.

Conclusion

High GDP growth is the only solution to eradicate poverty. GDP growth will come only from productive sector investment. To bring investment in productive sector, we have to change mind set at all levels including entrepreneurs, public, leaders, Govt. and Media. Congenial atmosphere is to be created for productive sector instead of labelling them as Villain. Unless, we transform our natural resources into income earning opportunity, the inherent advantage of the State is lost. Let us all combine and take a vow that; we will transform Orissa from under developed to developed state in next 5-10 years. Let us change our **mind set** and let us be ready for sacrifice to achieve this target.