

## MSMEs In Odisha – An Overview

*Dr. Rashmita Sahoo*

MSMEs (Micro, Small & Medium Enterprises) have remained high on the agenda of all political parties, intelligentsia and policy makers since Independence as a legacy of Gandhian philosophy. The special thrust to this sector has been with the multiple objectives of employment generation, regional dispersal of industries and as a seedbed for Entrepreneurship. The contribution of small scale industries (SSIs) has been remarkable in the industrial development of the country. It has a share of 40% in the industrial production. 35% of the total manufactured exports of the country are directly accounted for by this sector. In terms of employment generated, this sector is next only to agriculture employing approximately 14 million people.

SSI Sector produces wide range of products: The small scale sector produces a wide range of products, from simple consumer goods to highly precision and sophisticated end-products. As ancillaries, it produces a variety of parts and components required by the large enterprises. The sector has emerged as a major supplier of mass consumption goods like leather articles, plastics and rubber goods, fabrics and ready-made garments, cosmetics, utensils, sheet metal components, soaps and detergents, processed food and vegetables, wooden and steel furniture and so on. More sophisticated items

manufactured by the small scale sector now include television sets, electronic desk calculators, microwave components, air conditioning equipment, electric motors, auto-parts, drugs and pharmaceuticals.

Rural Enterprises: Rural and Traditional Sector enterprises largely from amongst the unregistered SSEs and non-farm sector contribute to about 15 % of the total output of Small Scale Industries but about 40% of the work force is employed in this sector. These industries are based on traditional skills and are based on simple manufacturing processes that are carried out by making use of hand tools mostly and in few cases by use of simple machines. This also explains the larger employment generated in these units.

### **Government's Promotional Policy and Support Network**

Govt. of India has enacted the Micro, Small & Medium Enterprises Development Act-2006 with a view to providing a comprehensive legal framework to address the needs of both the manufacturing and the service sector MSMEs, particularly to enable the MSMEs of the country to face the emerging challenges in globalized and competitive market. The Government of India has

announced an all India campaign under the National Manufacturing Competitiveness Programme (NMCP) for the Micro, Small & Medium Enterprises so as to withstand global and organized competition and to thrive through better technologies and skills. The Govt. of Odisha has also notified Industrial Policy Resolution-2007 (IPR-2007) which provides for specific fiscal as well as non-fiscal interventions to develop the Micro, Small & Medium Enterprises of the State. Despite of having abundant natural resources and human resources the growth of MSMEs in Odisha is not at par with the national and international standards. The new wave of industrialization being witnessed in Odisha today, especially in the metal, power, cement, petro-chemical, IT, tourism sector and the current growth in the services sector provide enormous opportunity for the growth of Micro, Small & Medium Enterprises in the State. So to overcome the hurdles in way of development of MSMEs in Odisha Government of Odisha has declared a policy Known as “Orissa MSME Development Policy-2009”. The main objectives of the policy are to maximize growth of existing MSMEs, to reduce sickness of MSMEs, to provide opportunities as well as promote local entrepreneurial talent, to maximize avenues for employment generation etc. Under this policy women entrepreneurs are also encouraged when women entrepreneurs setting up new MSE shall be entitled to additional two (2) years fiscal incentives relating to VAT under IPR- 07 subject to being otherwise eligible for the said incentive and also subject to the overall absolute limits prescribed for the said incentive under IPR-07. Below it is the **Administrative Structure for Governance of Small Scale Industries:**

Industry	Administrative Dept./Ministry
Large/Medium Industries	Dept. of Industrial Policy and Promotion and Dept. of Industrial Development, Ministry of Industry

Small Scale Industries	Dept. of Small Scale, Agro & Rural Industries, Ministry of Industry, Powerlooms Ministry of Textiles.
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#### **Traditional Industries**

Khadi and Village Industries(KVI)	Dept. of Small Scale, Agro & Rural Industries, Ministry of Industry.
Handlooms	Ministry of Textiles
Sericulture	Ministry of Textiles
Handicrafts	Ministry of Textiles
Coir Fibre	Dept. of Small Scale, Agro & Rural Industries, Ministry of Industry.

In practice, the small scale industry sector serves as a residuary sector in the sense that all units that fall within a prescribed investment limit and are not recognized in a particular subsector are included in the small scale industries sector.

‘National Small Industries Corporation’ (NSIC) is another important institution set up in 1955 that supplies primarily imported machinery on easy finance terms, provides marketing assistance, operates ‘Prototype Development and Training Centres’ (PDTC) in specific fields such as machine tools, injection molding, leather manufacturing equipment etc. NISIET (now called National Institute of Entrepreneurship and Business Development i.e. NIESBUD) was set up to train and promote personnel, industrial managers and entrepreneurs. Other national level institutions that are supporting the small scale sector are ‘National Research Development Corporation’ (NRDC), ‘Bureau of Indian Standards’ (BIS), ‘National Productivity Council’ (NPC), ‘Consultancy Development Centre’ (CDC) and ‘Electronics Test and Design Centres’ (ETDC). The central financial institutions have also set up the Entrepreneurship Development Institute of India (EDII) at the national level to promote entrepreneurship. All the above mentioned institutions are largely meant for the

modern small scale industry. In order to promote khadi and village industries, a separate high level commission has been set up under the Ministry of Industry. Similarly for the handlooms, handicrafts, sericulture and other non-modern small units there are separate divisions to promote them.

At the state level, the governments have set up institutions as follows :

- Small Industry Development Corporations (SIDCs) to develop infrastructure in the form of industrial plots and industrial sheds.
- State Financial Corporations (SFCs) to provide long term credit facilities.
- State Exports Promotion Corporations to provide marketing assistance for exports from the small scale sector.
- Technical Consultancy Organizations (TCOs) that provide technical, financial and marketing consultancy to the sector.
- Centre for Entrepreneurship Development (CEDs) and Institute of Entrepreneurship Development (IEDs) have been set up to promote entrepreneurship through training.

At District level, in the year 1978, the Central Government launched a programme of establishing District Industries Centres to provide under a single roof all the support services, clearances, licenses and certificates required by the small entrepreneurs. There are more than 400 such centres, one each in a district.

### **Institutional Finance for Small Scale Industries:**

The following agencies through their various schemes provide finance to small scale industries sector under the overall policies and guidelines evolved by Reserve Bank of India.

### **At the National Level:**

1. Small Industries Development Bank of India (Mainly through re-finance)
2. National Bank for Agriculture & Rural Development
3. National Small Industries Corporation
4. Khadi & Village Industries Commission
5. Nationalised Banks
6. Development Commissioner, Small Scale Industries (DCSSI)

### **At the State Level:**

1. State Financial Corporations (SFCs)
2. State Industrial Development Corporation (SIDCs) - Infrastructure/ Finance
3. State Cooperative Banks
4. Khadi & Village Industries Board

### **At Regional & District Level:**

1. Regional Rural Banks (RRBs)
2. District Central Cooperative Banks
3. Primary Cooperative Banks
4. Branches of State level institutions & nationalised banks about 65,000 in number
5. Khadi & Village Industries Commission
6. District Industries Centre (DIC)

The state MSMEs (Micro, Small & Medium Enterprises) Development policy of 2009, according to media report, is likely to raise the upper limit of capital investment subsidy for the units from Rs.8 lakhs to 20 lakhs in Odisha.

The Odisha government is currently busy in promoting small enterprises in the state, with

support from the newly-formed MSME Department. The Department is chalking out plans for future growth and development of the state MSME industry. In this regard, it intends to hold systematic awareness programmes in collaboration with the Small Industries Development Bank of India (SIDBI). To encourage entrepreneurship in the state, the MSME Department also plans to organise a 2-week-long fair every year from January 1, 2013. The expo aims at providing start-ups with marketing support, help in technology procurement and take business development initiatives for them.

The Department has also partnered with apex export body FIEO to facilitate state MSMEs in increasing their export revenues. FIEO is likely to extend help in organizing open house meets, workshops, buyers and sellers meet and the like, which in turn would scale up exports of products manufactured by MSMEs across Odisha.

A large number of small enterprises in the state are engaged in exports. Hence, the MSME Department is laying a focused approach to promote regional exports. The Department is also emphasizing on the development of MSME-specific sectors such as food processing. In this light, it has drafted a new food processing policy for the state, which is yet to receive government's approval.

### **References:**

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Dr. Rashmita Sahoo, Lecturer, Department of Business Administration, Utkal University, Vani Vihar, Bhubaneswar.



*Shri Lal Bihari Himirika, Minister for ST & SC Development, Minorities & Backward Classes, Shri Ashok Panda, MLA, Ekamra, Shri Santosh Kumar Sarangi, Commissioner-cum-Secretary and Shri Sushil Kumar Popli, Director are present during the inauguration of Computer Lab at Tapobana High School, Khandagiri.*