

MSME Sector in Odisha

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Way back in late 1991 during the tenure of then Prime Minister Shri Narasimha Rao, India for the first time reviewed its economic policies in a bid to attract foreign capital so as to revamp its economy for a long run. Thanks to the then ministers and bureaucrats whose brainchild to what we call the LPG (Liberalization, privatization and globalization) reforms immensely helped India to gain health after the Balance of Payment crisis. But these reforms did not focused on small scale industries. It was MSMEs policies after which India saw a boot in these small scale industries.

Talking about the history of MSMEs, the President of India amended the Government of India (Allocation of Business) Rules, 1961 and subsequently the Ministry of Agro and Rural Industries (India) and the Ministry of Small Scale Industries (India) were merged into a single ministry, the Ministry of Micro, Small and Medium Enterprises. In recent years, all micro, tiny, small and medium enterprises are clubbed in one broad group as Micro, Small and Medium Enterprises (MSMEs). After the enactment of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the small and medium sector has been clearly defined as micro, small and medium enterprises with effect from 2nd October, 2006. There two statutory bodies under the MSME ministry:

- The Khadi and Village Industries Commission (KVIC) and
 - Coir Board.
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As of now MSME is an independent ministry under Government of India headed by honorable minister, Sri Kalraj Minister accompanied by honorable Minister of state Sri Giriraj Singh of the NDA government.

The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to India's GDP alongside contributing to income generation, employment boost, exports and overall growth in country's economy. As per the reports by the Central Statistics Office (CSO) and the Ministry of Statistics and Programme Implementation (MoSPI), this sector contributes around 8 per cent to the GDP, 40 per cent of the total exports and 45 per cent of the manufacturing output.

As per the Fourth All India Census of the Micro, Small and Medium Enterprises, the total number of enterprises of the MSME sector are 361.76 lakh of which 15.64 lakh are registered enterprises. It has also been recorded that the MSME sector offers employment to around more than 80 million people in India. Realizing the significance a separate Department of Micro, Small & Medium Enterprises has been created with an objective to facilitate, promote and enhance competitiveness of MSMEs in the state.

In Odisha itself, MSME units are generating maximum employment next to agriculture. Citing about MSME in Odisha, an organization named Odisha Small Industries Corporation Ltd. (OSIC) was established way back in 1972 as a wholly owned Corporation of Government of Odisha. The basic objective of this organization was to aid, assist and promote the MSMEs in the State for their sustained growth and development to gear up the industrialization process in the State. Although there are a number of other State Corporations looking after various aspects of industrial development, yet this is the only Corporation in the State exclusively engaged in the

development of the MSMEs which form the back bone of industrial sector in the state. The Ministry has launched itself on social media platforms like Facebook and Twitter. This is in addition to the mobile-friendly websites of the ministry and its field offices through which the ministry has been disseminating information about its activities. The Facebook page of the ministry has around 70 per cent of the followers in the 18-34 age group.

Under the patronage of honorable Chief minister Sri. Naveen Pattnaik, the Government of Odisha has been successful in organizing MSME trade fair with an objective to promote startups. Sri. Pattnaik is carrying forward the same sanguine approach turning Odisha into an industrial cluster which was the dream of his father and then Chief minister Sri. Biju Pattnaik. This trade fairs play duo role for the startups. Firstly, the startups get ample motivations by the government's initiative which boost their interests and they go for more expansions. Secondly, these the new startups especially the new ones' come into the notice of big players who intern act as venture capitalists and angel investors for them. In a bid to encourage innovation and entrepreneurship among youth, Shri Patnaik also provide Youth Innovation Awards to business ideas of the startups. Some of the successful startups of Odisha are Krishna Industries, Bubuna Chemicals, Mechem Pvt. Ltd. etc. In a process to make the startups stand-up at a faster pace, the govt. of Odisha has made a single window clearance system. With a target of making the state home to at least 1,000 startups over the next five years, Odisha government recently had announced a new policy called the Odisha Startup Policy (OSP), 2016. OSP envisages Odisha being among the top three startup hubs in the country by 2020 through strategic partnerships, conducive ecosystem, investments and policy intervention. The policy will be implemented within five years and comprises of three *Is* – Institutions, Industry and Incubation. A startup capital infrastructure fund (up to Rs 25 crore)

would be provided by the state government to the Department of MSME through budgetary provisions. The state government would also participate in private state-specific funds for startups to set up operations in the state, such as Venture Capital funds, limited to one-fourth of the total size. Institutions like universities and colleges would be eligible for one-time capital grants of 50 percent of capital cost, excluding the cost of building, up to a maximum of Rs 1 crore to set up an incubation facility. Rs 10,000 per month will be provided to a startup for a period of one year only if the startup has got the seed round funding approval. Reimbursement of up to Rs 1 lakh per year for three years would also be provided to institutions, incubators, and industries for providing free internet, electricity, and mentoring services as per the policy. The approved incubators would be eligible for a performance capital grant of Rs 5 lakh for each successful startup they incubate.

With an aim to give a push digital India and stand-up India, start-up India campaign; the government is allocating larger amount of its budget allocation towards the schemes related to this.

Below are some MSME related schemes which are unique to India:

1. Prime Minister Employment Generation Programme (PMEGP)

A credit linked Scheme to facilitate participation of financial institutions for higher credit flow to micro sector. Its objectives are to generate continuous and sustainable employment opportunities in Rural and Urban areas of the country through start-ups.

2. National Manufacturing Competitiveness Programme

To promote growth oriented enterprise through 10 interventions like lean manufacturing, design, quality management systems etc.

3. ASPIRE (A scheme for promoting rural entrepreneurship)

To promote Innovation & Rural Entrepreneurship through rural livelihood incubator, technology business incubator and fund of funds to establish Technology Centre Network to promote Innovation.

4. Scheme of Fund for Regeneration of Traditional Industries(SFURTI)

Making traditional Industries more productive and competitive by organizing the traditional Industries and artisans into clusters.

5. Credit Linked Capital Subsidy Schemes(CLCSS)

To enable micro and small enterprises to adopt modern technology to improve their productivity.

Let's see a case study of an emerging MSME project i.e. Orissa Diesel Engine Pvt. Ltd. founded by Mr. Ali Pattnaik a typical Odia engineer. For him success is never final and failure is never fatal. He has been careful to retain his integrity and commitment to professionalism. He nurtures a spirit of inquiry and never accepts something as inevitable. His schooling was in Bhanjanagar, Ganjam district of Odisha. Talking about his alma matter, he graduated in Mechanical engineering from REC Rourkela (Presently NIT) way back in 1982. With his interest in Automobile engineering he joined Ashok Leyland and served as Sr. Service Engineer, in charge of Western Odisha. With the setting up of NALCO in Odisha, he switched to the public sector undertaking as Senior Automobile Maintenance Engineer in 1989 and continued till he started his own venture, Orissa Diesel Engines Pvt. Ltd. (Orissa Diesel) in October 1991. Presently, Orissa Diesel has its plant at Mancheswar Industrial Estate, Bhubaneswar, which was purchased from OSFC through an open auction of an industrial shed in 1995. Initially, the company offered maintenance services for diesel engines used in transportation and power generation. Subsequently, in 2006, the company took up dealership to sell AMW diesel engine SHAPING LIVES, EMPOWERING

COMMUNITIES 6 vehicles. In 2013, it took the dealership of Ashok Leyland vehicles. It is perseverance and self-motivation attitude that turned Mr. Ali from an engineer to a successful entrepreneur now. The major government policy that helped him do so was the single window clearance system.

Finally, for a healthy Odisha which would intern contribute to India's health, we need three things – healthy government, efficient entrepreneur leading a team of skilled manpower and effective infrastructure. Absence of any of the above three may lead to depreciation in our economy. Venturing towards the dream of a self-sustaining nation as seen by our father of nation Mahatma Gandhi, India is just a step behind the practical utopia.