SMALL SCALE INDUSTRIES AND DEVELOPMENT: A CASE STUDY OF FOOD AND ALLIED INDUSTRIES IN MAYURBHANJ DISTRICT OF ORISSA

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ABSTRACT:

The Micro, Small and Medium Enterprises contribute significantly to value addition, employment generation, exports and overall growth and development of the country's economy. In Odisha itself MSME units are generating maximum employment next to agriculture. The MSME sector is responsible for about 40 per cent of the exports and 45 per cent of the total manufacturing production and rendering of services are done in a small or micro scale. These industries make a onetime investment in machinery, plant and equipment. The business is organized by individuals in the private sector.It has been empirically established that level of per capita income is positively correlated with the degree of industrialization. The wide gap between developed and less developed countries is reflected in the glaring disparities in their industrial progress. While the developed countries are largely industrial, the under developed ones are primarily agricultural. Most of the less developed countries are characterized by low degree of industrialization. Thus it is aptly said that, economic development is conditioned by the pace of industrialization and the latter is the prime condition for the former. It is said that the poor of the world cannot be helped by mass production, only by production by the masses. The system of mass production is based on sophisticated, highly capital intensive, high energy-input dependent and human labour saving technology. In a tribal dominated district like Mayurbhanj, set up of Food and Allied small scale industries is a success in its own.

Keywords: labour intensive, compound annual growth rate, small enterprise, self development,
JEL classification codes-L_{65}, L_{66}, L_{67}, L_{73}, L_{78}

1   INTRODUCTION:

Small scale industries are important because it helps in increasing employment and economic development of India. Role of Small and Medium scale enterprises are to help the government in increasing infrastructures and manufacturing industries, reducing issues like poverty, slums and many development acts. Every Small Scale Industry plays a big role in the Indian Economy. Apart

from providing employment to crores of people, it has the added benefit of minimum capital requirement. They can exist in urban as well as rural areas. Small Scale Industries have been able to compete with large scale industries.

The Central Govt. has the authority to determine capital investment, requirement for Small Scale Industries. These requirements are listed under the Industries (Development and Regulation) Act, 1951. A small enterprise in which investment in plant and machines ranges between Rs. 25 lakhs to Rs. 5 crores is a Small Scale Industries. Similarly, for industries that provide services, the investment requirement is between Rs. 10 lakhs and Rs. 2 crores.

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One can define the small scale industries in the following way

While defining small industries, one can use many parameters like number of employees in the organization, volume of output produced, capital investment in fixed assets etc.

- All these parameters have their own limitations. Which parameter should be used depends on the needed?
- Indian government defines small scale industry on the basis of investment in plant and machinery.
- Moreover, Government has defined only small and tiny units and no definition has been given for medium and large scale enterprises.
- A unit which is not tiny or small can be medium or large scale unit.

2 OBJECTIVES:

- To analyse the growth of number ofFood and Allied industries in the Mayurbhanj district of Odisha
- To analyse the growth of investment in Food and Allied industries.

3 REVIEW OF LITERATURE:

Bodla and Verma (2008) reveal that the growth in the share of exports of Small Scale Industries in total exports of India was higher in pre-liberalization period than the post-liberalization period. Compound Annual Growth Rate (CAGR), with reference to the number of units, employment level, production, and value of plant and machinery in Small Scale Industries were also

comparatively higher in the pre-liberalization period. The percentage share of SSI sector in total bank credit and in total outlay of various five year plans has also declined significantly. Moreover, this sector is growing at a rate half of the total industrial growth rate. The inference was that the SSI sector could not grow to the desired level due to intense competition from large and medium sized domestic and multinational companies. The objective of the policymakers as well as small industry associations was to enable the sector to be vibrant, competitive and to focus on R&D not only to improve the overall quality, but also to deliver a superior product in the market.

Ramayah Thurasamy et.al (2009) in their interesting paper present the research agenda that has been proposed to develop an integrated model to explain technology adoption of SMEs in Malaysia. SMEs form over 90 per cent of all business entities in Malaysia and they have been contributing to the development of the nation. Technology adoption has been a major issue among SMEs as they require big outlay which might not be available to the SMEs. Although resource has been an issue among SMEs they cannot lie low and ignore the technological advancements that are taking place at a rapid pace. With that in mind their paper proposes a model to explain the technology adoption issue among SMEs.

Pratysh Bharati and Abhihit Chaudhury (2010) express their views that the knowledge-based view of the firm has motivated a rich stream of research on how social factors impact knowledge acquisition by firms. More recently, information systems research has seen an increasing interest in the effect of social influences on software assimilation. This paper combines these two streams to examine the impact of social influences on software assimilation within the firm, using knowledge acquisition as a mediating variable. A square structural equation model using formative constructs is developed. In this study of small and medium firms, we investigate the assimilation of three different software systems that support manufacturing. Data has been collected and is currently being analyzed. Results would be discussed at the conference.

4   METHODOLOGY:

More precisely, research methods help us get a solution to a problem. The study of research methods gives training to apply them to a problem. The study of research methodology provides us the necessary training in choosing methods, materials, scientific tools and training in techniques relevant for the problem chosen.

In the present article both primary and secondary data are collected. Primary data are collected from different Food and Allied industries located in different blocks and the secondary data are collected from the district Statistical Office and District Industries Centre, Mayurbhanj. The analysis period is covered prior to New Industrial Policy 1991 period i.e. from 1980-81 to 2021-22.

5   ANALYSIS OF THE STUDY:

5.1 Growth of Food and Allied industries:

The Food and Allied industries comprise of the following items-

1. Rice Mill/Dal Mill/Chuda Mill/Muri Mill

2. Bread and Biscuit/ bakery

3. badi

4. pampad

5. ice candy

6. Oil mill (Edible & Non-Edible), oil expeller.

7. Flour mill/

8. ice cream/ice slab

9. mixture/spices

10. jam and jelly

11. cold drinks

12. mineral water

13. cattle feed/ poultry feed

14. vermicelli

15. cotton ginning

16. sugar cane,

17. sauce-tomato &chilly,

18. mango pickles

Table 5.1 The growth of number of Food and Allied industries in different time period

Year	Mayurbhanj	Odisha	Mayurbhanj as percentage of Odisha	Compound annual growth rate in Mayurbhanj	Compound annual growth rate in Odisha
1980-81	300	4248	7	-	-
1990-91	635	9270	7	7	7
2000-01	1053	16488	6	5	5
2009-10	1566	24798	6	2	2
2014-15	1924	28551	7	2	2
2021-22	2061	30160	7	0	0

Source-District Industries Centre, Mayurbhanj
Calculated by scholar

www.irjhis.com   ©2022 IRJHIS | Special Issue, March 2022 | ISSN 2582-8568 | Impact Factor 5.828
International Conference Organized by V.P. Institute of Management Studies & Research, Sangli (Maharashtra, India) "Revival Strategies and Business Policies for Sustainability and Development" on 23rd March 2022

It is found from Table 5.1 that during 1980-81, the number of Food and Allied industries in Odisha was 4248 and it was 300 in Mayurbhanj. In2021-22, the number increased to 30160 in Odisha and 2061 in Mayurbhanj. The compound annual growth in Odisha is has seen a declining trend from 7 per cent to 0from 1980-81 to 2021-22. Considering Mayurbhanj, the compound annual growth rate also declined in the same way that of Odisha i.e. from 7 per cent in 1980-81 to 2021-22.

Figure 5.1 Growth of Number of Food and Allied industries

The figure 5.1 clearly exhibits the growth of number of Food and Allied industries in Mayurbhanj compared to Odisha in different time periods.
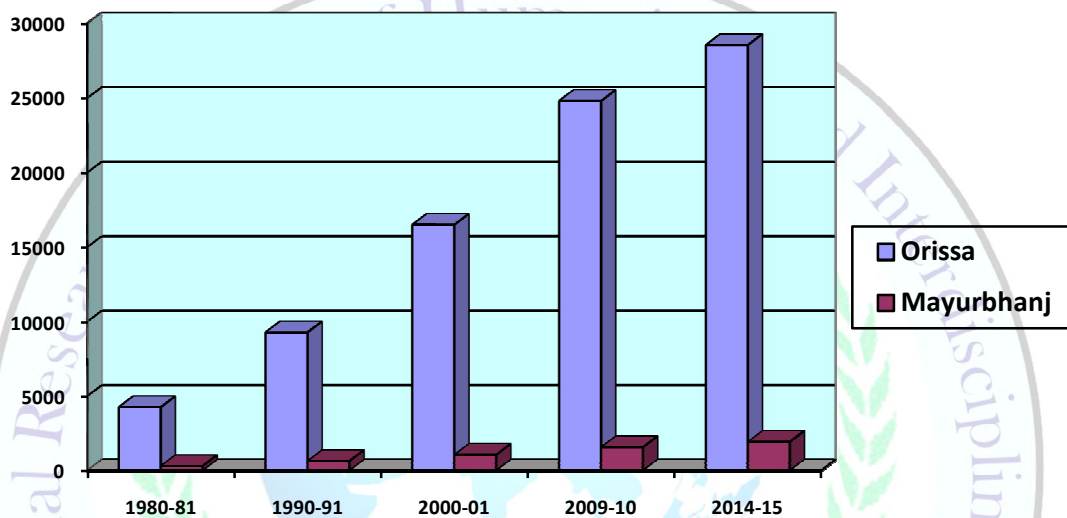
5.2 Growth of Investment of Food and Allied industries

Mere increase in the number of one industry over different time period is not enough, rather it should be accompanied by increase in the investment.

Table 5.2 Growth of investment of Food and Allied industry in different time period

Rs. in lakh

Year	Mayurbhanj	Odisha	Mayurbhanj as percentage of Odisha	Compound annual growth rate in Mayurbhanj	Compound annual growth rate in Odisha
1980-81	170	3393	5	-	-
1990-91	592	11989	5	12	12
2000-01	1546	45437	3	10	12
2009-10	3987	110532	4	9	7
2014-15	5231	71699	3	5	7
2021-22	2862	191202	2	-1	2

Source-District Industries Centre, Mayurbhanj
Calculated by scholar

While calculating the compound annual growth rate of investment in Mayurbhanj in different time period, it came to vision that in the year 1990-91, the rate was 12 per cent followed by 10 in 2000-01 which continuously started declining and finally became negative for the year 2021-22. In case of Odisha, the compound annual growth rate of investment was 12 per cent in 1990-91 and it remained same in 2000-01. In case of Odisha also the annual growth rate declined and became only 2 per cent in 2021-22

Figure 5.2 Diagrammatic presentation of growth of investment in Food and Allied industries
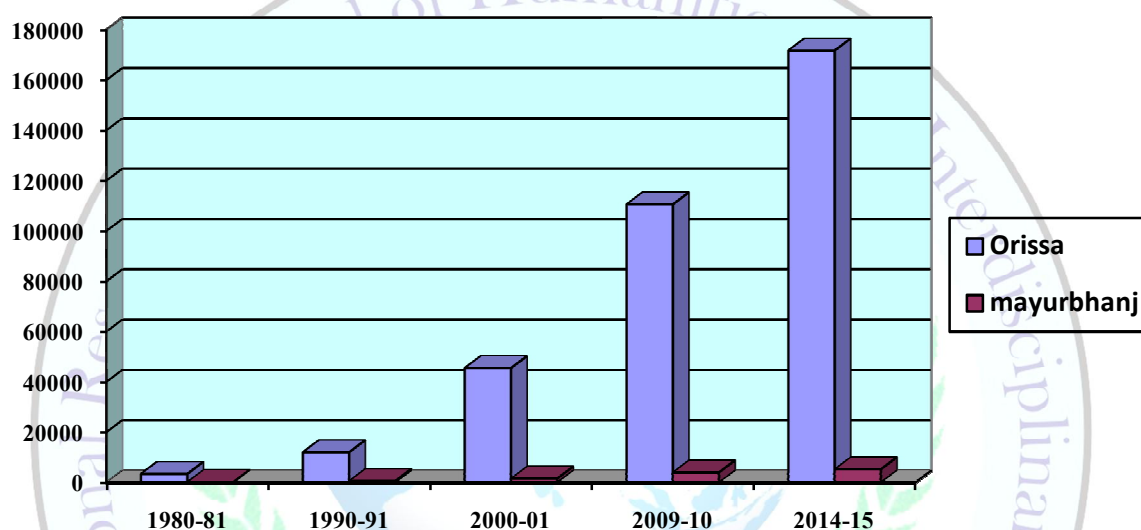
6. Findings:

- A nice growth in number of Food and Allied industries has been observed throughout the year.
- There is also an increase in investment rate in different time period.
- Though the Food and Allied industry can be a nice start up for the people who are planning to set up new industry, they are pulled back by the existing competitors..
- Maximum number of entrepreneurs were not interested in providing data as they were trying to hide their original income, generated through the industries.

7. SUMMARY AND CONCLUSION:

Mayurbhanj is a tribal dominated district. Though some of them are coming to the mainstream of the society, till a lot has to be done for their upliftment and setting up of Food and Allied industry can help in this. The young generation must show interest in setting up of new industries so that they can secure the future of them and future of others as well. There should be

time to time training on enhancement of skill and technology at the District level or block level so that the upcoming entrepreneurs will find it relatively less hard to start up and to sustain in the race.

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