

Industrial development and CSR activities in pre-divided Koraputregion

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Abstract

Objectives: Study the industrial development, its obstacles and CSR practices of the Industries in pre-divided Koraput region.

Methods/Statistical Analysis: This study highlights the gradual development of various industries in pre-divided Koraput region based on investigation and qualitative information provided by the District Industrial Centres, and other big industries that are coming under the provision of CSR activities. The techniques of systematic observation and field study method have been used to understand the historical development of industries and identify what type of industries can do CSR in the region.

Findings: In the process of industrialization in India there are some large industries established in pre-divided Koraput region. The traditional craft and industries couldn't sustain before the modern industries and struggling for its existence. After 1990s the region witnessed a substantial growth of small, medium and large scale industries. The establishment of administrative units and coming up of various institutions along with the requirements of the people, many industries have come up in the region. India witnessed an uneven industrial development creating regional imbalance in economic growth. Despite having enough of natural resources the lack of capital, trained manpower, technology, infrastructure, poor communication and transportation, political unwillingness, poverty and local resistance poses as an obstacle for the industrial development. The eligible companies and industries are doing CSR works in the area of health, education, basic infrastructure, drinking water, and environmental protections.

Application/Improvement: The commercial utilization of forest and mineral resources can create employment opportunity. Under CSR the company and industries may extensively work on sustainable livelihood and protection of environment.

Keywords: Industry, Koraput, Region, Development, Technology, CSR.

1. Introduction

The pre-divided Koraput district was came in to existence during the British rule when a separate Odisha state was carved from Vishakhapatnam district on 1st April, 1936 under Madras Presidency. The pre-divided Koraput district was further divided in to 4 districts i.e., Koraput, Malkangiri, Nabarangpur and Rayagada on 2nd January, 1992 [1]. The pre-divided Koraput district was demarcated by the natural vegetation and rolling mountain valleys of Eastern Ghat Mountain region. The Vansadhara and the Nagavali in the east and part of north which falls under present Rayagada district, Bastar Plateau on the west (Chhatisgarh state) and Nabarangpur district towards the north bordering Kalahandi and extend to south up to valleys of Araku and Srikakulam district under Andhra Pradesh state. According to Census Report of India 2011, the total population of the Koraput is 1376,934 with males 677864 and female's 699070. The scenic beauty, rolling mountains, sprawling valley and beautiful landscapes, caves, river and waterfalls, water dam and reservoirs, temples and historical places and the beautiful climate of Koraput region attract people for its eco-tourism. The entire region appears like a hill station [2]. While discussing about the industrialization, question may arise what is industry? The answer may vary across the discipline but from sociological point of view industry as an institution is an interface among the people, capital, technology, raw material, product and the market forces.

Each industry has its own structure and functions under their management procedures based on the needs and aspirations of its stakeholders. It is learnt from the western industrialized nation that the role play by industry is very crucial for the economic growth of nation states. We are living in the age of globalization driven by the science and technology with business and profit is one of the core principles of life. There is the substantial increase of various types of Industries as per the availability of natural resources. Industrial developments signify the economic growth that brings prosperity bridging the gap of unemployment. The industrialization depends on raw materials, technology, expert human resources, capital, space for establishment, and a set of rules and regulations determined by the government from time to time. Sometimes the stringent rules, hostile environment, resistance from various corner, environmental clearance, lack of support from various stake holders, bureaucratic apathy, lack of political willingness, etc. poses an obstacle for industrialization. Industries cannot be opened in any place at anytime there are certain pre-requirements to be fulfilled to establish a particular type of Industry.

The road and transportation, energy requirement, water supply etc. also play a crucial role for the establishment of industry and factories. The qualitative improvement of the industrialization largely depends on the precision technology used in the manufacturing industries and it is a process of social transformation where new technology replaced the old one with new features easy to handle. Since the place pre-divided Koraput region has the locational disadvantages, the flow of information, required resources as well as technological uses reach very slowly. There are several small scale, medium, and heavy industries in the region which made slow progress. Each industry has different type of requirement in terms of technology, raw material and human resources for its management. There is the emphasis on industrialization in the recent trend of economic development and inclusive growth because industrialization creates employment opportunities, enhancing the operational cost, increasing income and savings of the people, enhancing gross domestic growth, creating opportunities for service sectors, increasing manufacturing products, and proper and better utilization of resources.

2. Historical Background about India's Industrialization

Historically the trade and commercial relationship among Arabian Countries and India and their subsequent expanding business activities has made Indian craft and cottage industry popular in the European countries. The modern industrialization process in India started with the British initiatives with the establishment of first Textile Mills at fort Gloster near Kolkata (formerly known Calcutta) in 1818 and later on in Mumbai (erstwhile Bombay city) in the year 1884. The economic history of India suggests that, in 1750, India produced nearly 25 % of the world's manufacturing output and was only outdone by China, which constituted 32.8 %. By 1880 however, India only took up 2.8 % of world exports, and after its independence from British colonization in 1947, it was one of the most poverty-stricken regions in the world [3].

The economic history of India further suggest that, India's economic deterioration is particularly ironic, considering the industrial boom that England has experienced during the same period of time. During 1750 to 1947 India experienced its modernization in economic activities including agriculture, factory productions, bank and finance and even film productions. The pattern of industrial development that has emerged in India in the 19th Century during the British regime was remained confined to a very limited sector and few areas with uneven development and remained unchanged till 1940s. The industrialization process in pre-independent India went through a tough challenge from capital shortage, lack of resources and technical resources, absence of indigenous marketing and finance system along with extreme poverty slow down the growth of industry. However, after independence, visualizing the dream of industrial development, Government of India in its five year plans under Planning Commission adopted certain industrial resolutions. The first Industrial policy came up in 1948 pondering a mixed economy providing opportunity to both private and public sector. The government of India established National Industrial Development Corporation (NIDC) in 1954 aiming to achieve the balanced industrial development in both Private and Public sectors. The main objective of the Corporation is to promote industries rather than financing.

It was in 1956 the Industrial Policy resolution formulated laying down new classification of industries. In this policy resolution the fair and non-discriminatory treatment to private sector was adopted encouraging village cottage and small industry and attempted to bring the regional balance removing the existing disparities. This policy resolution suggested to give emphasis on establishment of Heavy Industries that could led Indian economy to a higher growth of rate. During this period the hydroelectricity project at Machhkund and Hindustan Aeronautics Limited, Koraput Division was planned to establish. After that the Industrial Policy 1997, Industrial Policy, 1980 and the Industrial Policy 1991 came up. The 1991 Industrial Policy visualize to gradually end the Public sector initiated since 1996 and open up the door for liberalization making the Indian economy free from the clutches of government and bureaucracy. The 1991 policy resolution introduced liberalization, removed trade barriers and restrictions on Foreign Direct Investment. The policy also made free the domestic entrepreneur's Monopolistic and Restrictive Trade Practice (MRTA) Act allowing close economy of India making open to the international market and to the forces of globalization [4]. The liberal provisions of Industrial Policy resolution 1991 enabled Indian industries to blossom with the popular reformation in the form of Liberalization, Privatization and Globalization popularly known as LPG. Except few heavy industries and public sector under takings many small, medium and large scale industries began during the first fifteen years of planning and development in India. Puja Mandal in her article on "Industrial Development in India" stated that:

Rate of industrial growth was fluctuating between 2 to 12%. However, we have observed a steady industrial progress after 1967. The enduring factors which have contributed to the growth are vast natural resources, economic surplus, large labour force, high urban concentration, concentration of surplus within a small social group, availability of trained personnel, a stable political structure, powerful means of state economic control, etc. Currently, the growth rate is around 8 per cent. Today, India is one of the top developing countries compared to the countries of Africa and South America. Now India achieved substantial Industrialization with its indigenous technology in the field of satellite technology, space mission, nuclear energy, biotechnology, medicines, construction, etc. but yet to be matched with the other developed nations.

3. Industrialization in Pre-divided Koraput Region

The pre-divided Koraput region is well known for its natural resources. The traditional craft and industry, bamboo works, pottery, blacksmithing, forging, moulding, sheet metal works and traditional wood work (carpentry) could not sustain before the modern manufacturing industry but somehow continue to exist in very rare practices. Some of the industries like rice mills, ice factories, water filter, bakery, photography, computer repair centre, motor garage, beauty parlor, jewelry making, cycle mart, mobile repair centre, electronic and electrical appliances are seen in the local markets. The traditional leaf plate making, broom, granite stone for grinding food grains, traditional weaving have gradually lost its popularity in pre-divided Koraput region.

However, the craft work and handloom Saree of Kotpad became famous for its uniqueness. The plucking of kendu leaf Malkangiri continues to exist. With the decline trend of Mangalam timber works in Nabarangpur and closing of timber works at Sunabeda, there is no more popular carpentry works in the region. The wooden furniture is brought to this region from neighbouring states and other places. After 1990s there was the substantial growth of industrialization and urbanization in the pre-divided Koraput region. The growth of medium and small scale industries comprising of trades like electronics, computer, fitter, welding, sheet metal works, mobile repair works, jewelry making, motor mechanic, cycle mart, tailoring, beauty parlour, dry cleaning, medical clinics, varieties of cloth shops, general stores, and other allied business activities, the urban centres have come up in the region. The setting up of administrative units, education institutions like schools, college and university, civil society groups, govt. institutions and bureaucratic organizations like Block office, Tahasil, Panchayat, Medical Centres, Veterinaries, Police Stations, Fire Stations, Post Office, Banks, Agriculture, Horticulture, and Soil Conservation office, PWD and PHD departments have played an important role for employment opportunity with different set of skills. The day to day requirements of the different category of work force comprising of high skilled, semi-skilled, and unskilled categories and specific needs of the local residents further created opportunity for trade, commerce and business activities in the region resulting coming up of public and private sector banks and cooperative institutions.

Subsequently the road and rail connectivity have been linked with the nearby cities and towns and facilitated for supplying the consumer products as per the demand of the people. The towns like Rayagada were emerged as major business centres of the region during 1970s and 1980s. Since its division, the district headquarters like Koraput, Malkangiri, Nabarangpur and Rayagada emerged as main Centre of attractions for business, education and administrative works. Now Semiliguda, Borigumma, and Kotpad are emerging as a new centre of trade and business. The township like Sunabeda, Damonjodi, J.K. Pur, Gaganpurnear Jeypore, Utkal Alumina, Tikiri, Indiravati, Balimela came up as an industrial towns. Wide ranges of products starting from cosmetics, dress items for all ages and all seasons for males and females, petroleum products, LPG gas, materials for construction works, hard ware and software shops, electrical appliances, crockery items, grocery items, medicine stores, household decorative items, book stores, shopping malls, X-Ray and Xerox Centres, private clinic, printing press, fruits and vegetable selling are became common in major urban centres of the region. There are several types of shops are also seen in rural area markets catering to the needs of the people. Now these days some mobile business men are going door to door for selling various types of household items.

The major railway stations like Jeypore, Rayagada and Koraput was linked with the cities like Kolkata, Bhubaneswar, Visakhapatnam and Raipur became easy for the flow of various products and played a major role to spread trade and business in the region. A small Air-strip at Jeypore has been developed for the uses of the people in the region but not became fully functional till today. With the declaration of Rayagada as a separate Railway Zone it is expected further expansion of railway connectivity in the region. The double lane construction work of railway track from Koraput to Rayagada is under progress and expected to reduce the traffic and the journey time when it becomes functional.

4. Obstacles of Industrial Development

The uneven development of industry in India is a major problem that creates regional imbalance in economic growth. There are some general problems which faced by all over India like land, capital, lack of infrastructure, technology, trained and efficient human resources and the pre-divided Koraput region is not an exception. However, apart from the above there are certain specific reasons like poor performance of agriculture, poverty, local resistance due to displacement, lack of political willingness, smuggling and black marketing of forest and mineral resources, lack of professionalism and work culture poses a challenge for the industrial development in the region. The concentration of industrial development in few states like Gujarat, Maharashtra, a part of Uttar Pradesh, West Bengal and Tamil Nadu attained maximum industrial development. The plight of poor states like Chattisgarh, Bihar, Madhya Pradesh and Odisha continuously remained neglected in the field of industrialization in spite of having enough of natural resources and huge potentiality for their development.

5. CSR and its practice in Koraput region

The role of business with the expansions of industries have been discussed since centuries back but the concept Corporate Social Responsibility (CSR) in its current form first emerged in the 1950s. The book "Social Responsibilities of the Businessman" written by Howard Bowen published in the year 1953 is mainly credited with coining the term Corporate Social Responsibility. CSR focuses on how efficiently business can run smoothly and create wealth maintaining harmony with the society and environment. As the pollutant industries generate profit at the cost of environment, CSR activities by them is a social obligations and responsibility towards the welfare of the people in their vicinity. In the modern market system business has to contribute in positive ways to society. Brent D. Beal has pointed out, "the general idea of CSR, therefore, is that business has a responsibility to contribute to economic outcomes that meet societal expectations [5]. The objective of the CSR is to ensure the ethical way of business practice by companies and industries taking into account the protection of human rights, socio-economic and environmental impact caused due to their business.

It can involve a range of activities in the area of health, education, sustainable livelihood, safe and hygienic drinking water, and creation of basic infrastructure enhancing the quality of life of the people, protection of environment and its sustainability. The Industries may carry out the above works in partnership with the local communities developing harmonious relationship with its employees and customers. Some business have their main purpose is to fulfill the social or environmental goals as opposed to a business that tries to achieve its financial goals while minimizing any negative impact on society or the environment. These businesses are called as the social enterprises. Sanjay Agarwal in his study on "Corporate Social Responsibility" revealed that CSR is a complex topic. Despite the fact that today the legal, ethical and discretionary expectations from business are greater than ever before, many companies totally disregard social issues and problems, whereas many other purport to pursue the goal of not only increased revenues and profits, but also of community and societal betterment [6]. Agarwal also pointed out that several large corporate houses pay lip service to CSR, while making the situation worse for the communities in which they work. Sustainable development may be defined as development driven by existing natural resources that meets the needs of the present without compromising the ability of future generations to full fill their requirements. The irony is that the CSR activities in the pre-divided Koraput region have not brought visible changes in the region and not followed as per the stipulated guidelines.

As per the Company Act 2013 the Company whose net worth is ₹ 500 crore or more, annual turnover ₹ 1000 crore or more having net profit ₹ 5 crore or more can go for CSR activities. As per the Company Act 2013 following are some of the major Industries in pre-divided Koraput region i.e. Koraput, Rayagada, Nabarangpur and Malkangiri districts who can go for CSR activities and spent minimum 2 % of their profit. It is well understood that, CSR in business practice has today moved well beyond mere philanthropy. It includes a multifaceted set of corporate activities that attempt to attend the ethical implications of the firm [7,8]. In Koraput District the industries like Hindustan Aeronautics Limited (HAL), Sunabeda; National Aluminum Corporation Ltd. Damonjodi; Balarpur Industrial Ltd. Gaganpur, Jeypore; Kolab Hydroelectric Power Station through Odisha Hydro Power Corporation Ltd; and Machakund Hydroelectric power station-Under Lamptaput Block through Odisha Hydro Power Corporation Ltd. are doing the CSR activities. In Rayagada District the Aditya Birla Group Company Utkal Alumina; JK Paper Private Ltd.; Indian Metals & Ferro Alloys Limited (IMFA), Therubali; M/s Fimachem India Ltd.; Komtalpetta, Chandili; M/s Raykal Alumina International Ltd.; Aditya Aluminium, Kansariguda, Kasipur; and M/s Metal Tech Pvt. Ltd, Serigumma, Kalyansinghpur are coming under the provision of CSR. In Nabarangpur District Upper Indravati Hydro Electric Project Khatiguda and in Malkangiri District Balimela Hydro Electric Project both are coming under the provision of CSR through Odisha Hydro Power Corporation Ltd. These above companies can alone bring sea changes of development in the region through their social responsibility activities. Esben Rahbek Gjerdrum Pedersen pointed out that CSR does not exist in vacuum. On the contrary, the CSR debate is shaped up by trends and fashions as well as more fundamental changes of the political, social, and economic spheres of life [9-12].

6. Potential areas for industrial development

The pre-divided Koraput region has reach mineral deposits like Bauxite, Iron ore, Quarz, China clay, Granite, Manganese, etc. but not commercially utilized so far. The region falls under Eastern Ghatmountain range and significant part i.e. about 40 % of the total geographical area covered by forest though it is gradually declining. The major forest produces like timber, firewood, bamboo, mango, tamarind, *siali* leaves (a type of fruit bearing tree), *karanja* and *kusum* seed (a kind of seed used as biodiesel and have medicinal value) and several other forest products are available in the region. Those forest products have the economic relevance and enough scope for establishing cottage and small scale industries. The principal species commonly found in the forest are Timber, Fire wood and minor forestproduces like Tamarind, Hill Brooms and different types of fibres, Oil Seeds, MedicinalPlants and *Kendu* Leaves etc. Koraput district is mostly having the forest growth with Climax species 'Sal'. The Sal growth is comparatively good around Jeypore area. From Jeypore towards Jabalpur, there is also an area with marked growth of teak which is demarcated as 'Sal Teak Tension Zone'.

There is also intermixture of bamboo forest mainly because of the biotic interference. The *Podu* (Shifting Cultivation) is rampant making a good area denuded. Large-Scale forest clearings by tribals are seen due to increase in demand for timber & fire-wood. There are some other potential areas in which the small and medium industries can flourish. These are: Agriculture and Food industry, Horticulture, Sericulture, Handicrafts, Blacksmithing, Forging and Moulding, Timber, Sheet Metal Works, Bamboo Crafts, *Kendu* Leaf, Liquor, Tobacco, Cotton, Cashew Processing, Rice Mill, Engineering Cluster, Fly Ash Bricks, etc [13].

7. Conclusion

In the context of CSR, William B. Werther Jr. & David Chandler stated that, companies create most of the jobs, wealth, and innovations that enable the larger society to prosper. They are the primary delivery system for food, housing, medicines, medical care, and other necessities of life. The process of industrialization in India has come across the different phases of transformation and development. Starting from pre-British cottage and craft industries to modern British govt. established textile mills and industries, independent India's Nehruvian model of industrial development through Planning Commission to present development by NDA government through NITI Aayog's revolutionary Industrial policy has made a long journey but still there is a way ahead to go. At present India produces millions of unemployable graduates. What is needed today is the present education system has to be linked with industry so that unemployed youth become skilled and employable and making indigenization of Indian industries. The NDA Government announcement about make in India scheme expected to foster innovation, enhance skill development, protect intellectual property right and hope to build best form of infrastructure required for manufacturing Industries. It is believed that the make in India scheme could not get succeed without encouragement to entrepreneurship development therefore the start-up programme was initiated. These national level schemes were launched to boost the Ministry of Micro Small and Medium Enterprises (MSME) but remained confined to a very few focused areas only and could not reach to the grass root level. The corporate houses need to be sensitive towards socio-cultural and political issues pertaining to the pre-divided Koraput region so that the local community may convince to extend their help and cooperation in expanding business activities. The role of social enterprises in the region needs to be seen not only as a corporate social responsibility, but also a source of long-term value creation and survival taking into view about the future generation.

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