

# Economic analysis of odisha, india



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## CHAPTER 1 INTRODUCTION

Orissa is overwhelmingly a horticultural state where almost seventy for every penny of the working populace relies on upon farming. The state has almost forty for every penny of Scheduled Castes (SC) and Scheduled Tribes (ST) populace, which together make 9. 78 million, separated from the individuals having a place with the Other Backward Castes (OBC). The state is rich in mineral assets. It has 5, 428 million tons of iron mineral store which is one-third of the aggregate iron-metal stores of the nation. One-fourth of the coal store of the nation is in the state, notwithstanding 98 to 99 and 63 percent of chromites and bauxite stores individually. Moreover, the accessible base incorporates water in bounty, power at a shabby rate, 480 kms of coastline with one expansive port at Paradip and two proposed ports at Dhamra and Gopalpur.

Odisha, some time ago called Orissa, being an agrarian economy is extraordinarily well in mechanical development in addition to different states in India. Odisha's businesses are basically mineral based and hold 10% of aggregate limits of the country. Odisha has copious common assets and a vast coastline. It contains assets like coal, iron metal, bauxite and chromite. It gets interests in steel, aluminum, power, refineries and ports.

The industrial structure of Odisha consists of four main categories:

1. Medium industries
2. Cottage industries
3. Large scale heavy industries
4. Large scale industries

The large scale, medium and large scale heavy industries include: cement industry, aluminum industry, fertilizer industry, chemical industry, agro-based industry and aeronautical industry.

The state is also rich in forest resources being an agrarian economy.

Cottage industry includes: sericulture industry, sugar mills, cotton textile mills and rice mills.

The availability of nonrenewable natural resources drove the path of industrialization in Odisha. The rich iron and steel reserves of Odisha has attracted huge investments by Tata Consultancy Services(TCS), Jindal Steel, etc. In addition to minerals, Odisha lies on India's east coast which provides easier access to mineral-rich areas.

Odisha's overall economic growth rate in 2013-14 is pegged at 5.60 per cent which is 2.49 per cent less compared to the 2012-13 fiscal, according to the Economic Survey Report 2014.

The overall economic growth rate in 2012-13 fiscal was registered as 8.09 percent.

However, Odisha's real per capita income has started rising and the gap with the national average has been progressively reducing over the years, according to the economic survey report, 2014 tabled in the assembly here today.

The service sector has become more and more pronounced in recent years, the report said adding that the share of the service sector to the state GSDP

is expected to be 59 per cent and that of the share of the industry sector 25.4 per cent during 2013-14.

The share of agriculture sector is expected to come down to 15.6 per cent in 2013-14, the report said.

“ This signifies faster diversification of Odisha Economy. This pattern of diversification in the State Economy is in line with the national and international experience,” the survey said.

The focus should be on diversification and high growth rate in agriculture and allied sector, employment generations through industrialization, development of infrastructures like port, roads, railways, irrigation, points out the Economic Survey.

## CHAPTER 2: AGRICULTURE

Agriculture is the main occupation in odisha and about 60% of the population depend upon agricultural returns. But with the rapid industrialization the linkage between agriculture and industrial sector has gained significant importance. The significance of agriculture and industry linkage is special because agriculture still predominates the economy of odisha as well as india. It is known that higher agricultural productivity contributes to higher economic development by providing food stuffs, raw materials and surplus. Structural transformation makes agricultural sector less satisfactory. The necessary interaction between agriculture and industrial development is lacking in odisha which is still predominated by agriculture. Agricultural

surplus is vital for higher industrial investment. Both agricultural and industrial sector experience inflow and outflow from both the sides.

Even though with rapid industrialization the population of people dependent on agriculture has not declined more than 60% population still depends upon agriculture and other sectors.

The marginal productivity of agricultural workers is very low, zero or negative in some cases which is a major concern this degrades the quality of land for production which leads to low productivity and this somehow creates disguised unemployment in the economy

The agriculture and industrial sector can be linked in many ways, i. e., in terms of employment, raw materials, infrastructure, modernization, etc.

**RAW MATERIALS:** The agricultural sector provides raw materials to the industrial sector for further processing. The industrial sector greatly depends on the agricultural sector for the basic raw materials. For eg: the sugar mills require sugarcane as the raw material which is then processed to make sugar.

**EMPLOYMENT:** odisha being an agrarian economy has surplus workers which are not skilled enough. Even with the establishment of the industrial sector, the employment opportunities for the workers is very less. For both the sectors to develop, this surplus labor must move to the urban areas so that both the sectors can develop simultaneously and the national income will also increase.

**MODERNISATION:** With industrial development, structural transformation takes place in the economy. This development in the industrial sector provides better farming techniques to the farmers which will increase the productivity of output. This in turn will help the industrial sector to grow.

**INFRASTRUCTURAL DEVELOPMENT:** With the development of the industrial sector, infrastructural development takes place in the economy. Road connectivity is the basic infrastructure that links agriculture to industry and both of them to the markets. With proper roads, the raw materials travel to the industries which transform them into finished products. This infrastructural development greatly links both the sectors.

### CHAPTER 3 HURDLES IN THE INDUSTRIALIZATION OF ODISHA

Odisha is one of India's poorest states with an enormous populace living under destitution. Different issues that make Odisha retrogressive as contrasted with different states are automatic unemployment, removed populace, defilement, natural infringement, inclined government approaches that support just the first class gatherings, absence of fundamental offices like area and water, and so forth. These components enormously thwart industrialization and financial development of Odisha.

Grounds of protest to the setting up of plant :

- Firstly, the phoenix strategy to be connected by the organization for dissolving iron would unfavorably influence nature for which no modern house has gotten authorization all through the nation.

- Secondly, the tremendous amount of water which would be used by the proposed plant from the stream Mahanadi would influence the cultivators as well as burglarize the angling society of their just method for employment.
- Thirdly; the inquiry of giving mining lease to an outside organization at a shoddy rate has mixed up enthusiastic sentiments among the individuals. It has been brought up that the Government of Orissa would lose one need and thirty two thousand crores of rupees in the occasion of conceding lease of the iron metal to the organization.

The administration organization is not receptive to the needs of the dislodged individuals and individuals' dissatisfaction against industrialization discover \_expression through different systems which have genuine social, financial and political ramifications.

As respects industrialization of Orissa in the present connection, numerous inquiries have been raised. The as a matter of first importance of them identifies with aggregate exhaustion of mineral stores. The state has 5, 428 million tones of iron metal stores of which the administration can prescribe digging lease for 1, 529 million tones.

The second question identifies with intense lack of water with the end goal of watering system. Boundless mining exercises would surely prompt becoming scarce of the characteristic wellsprings of water. It is assessed that almost one crore of agriculturists would be influenced by industrialization. The mega mechanical units would oblige water which now bolsters the paddy fields of the state

Thirdly, it might be called attention to that the normal life compass of a plant is 35 to 50 years. What would happen to the state after all the mineral stores are utilized up scarcely following 50 years? Broad mining operations are certain to bring about pulverization of backwoods and green sashes. The ate up area mass may not be suitable for farming nor for any profitable reason.

Industrialization through remote speculators prompting removal of neighborhood individuals may be an issue with which individuals may not accommodate effortlessly. In all matters of improvement actuated mass relocation State intercession may be alluring with most extreme forethought. In an aggressive framework, the gathering in force takes the choice for the legislature. The restriction may search for an opportunity for political activation on an issue to ruin the administration. The administration has its own particular approach to actualize government choices.

#### CHAPTER 4: CONCLUSION

The economy of odisha is greatly retrogressive and one of the poorest states of india. It is as of now battling to pack an upper position in the rundown of poor states of india. Be that as it may this can't be overlooked that it is one of the expresses that saw fast industrialization because of the accessibility of rich common asset like iron mineral, steel, aluminum, bauxite and so on. A lot of people huge tasks have come up in odisha like TCS, Rourkela Steel Plant, Jindal Steel and so on, which have brought about gigantic interests in the state. Anyway the profits were just devoured by the tip top gatherings and couldn't achieve the grass root level.



It is observed that Orissa's modern structure has scarcely demonstrated any change as contrasted with different States. By and large, the vicinity of exceedingly capital concentrated businesses with expense inconveniences in fuel, interest installment and deterioration has brought about overwhelming misfortunes. Also, the predominance of low wages in numerous commercial enterprises causes low gainfulness of work.

The State Government of odisha should take some futuristic actions for the growth and development of the economy. These are mentioned as follows:

- The rate at which the agricultural land is being converted into non-agricultural land needs to be stopped.
- Proper land redistribution laws should come up for the landless who are below poverty line.
- Proper, apt and adequate training must be given to the low-skilled agricultural workers so as to offer them more employment opportunities in the industrial areas.
- The displaced families must be provided with resettlement and rehabilitation if the government take over their lands for non-agricultural purposes.
- Proper institutions must be set up to look after the problems of landless agricultural workers who can directly contact the government officials.
- The state government must provide the local people with basic amenities like land, water, etc so that they do not protest against the industrial projects. This mutual benefit will overall benefit the economy of odisha.

- The government must generate more employment opportunities for the landless workers to reduce disguised unemployment from the agricultural sector. This will increase the agricultural productivity and the agriculture-industry linkage will enhance.
- The state must come forward with some literacy plans and policies which will educate the illiterate tribal people. This will prevent their exploitation to some extent.
- In odisha, the lowest minimum wages of the workers is rs. 90 and the highest minimum wages of the workers is rs. 129. Government should take up measures to protect the below poverty line population. A hike in wages must be provided to the workers so that they can meet their day-to-day basic needs.
- The state government should also look into the matters on the extensive utilization of non-renewable natural resources which are causing environmental issues.