

An Empirical Analysis of Progress and Prospects of the Economy of Odisha State of India

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Abstract

Growth of State Domestic Product (SDP) is an indicator of the performance of the state economy. Attempts are always made by economists to predict the future growth correctly in order to make the planning process successful. In poor state; poverty and other macro-economic planning depends upon the past performance and future potential of the economy. Odisha economy exhibited a growth rate of 8.8% and 7.0% in 10th and 11th plan respectively. The economy grew at 5.6% in 2013-14. There is a high expectation to maintain a trajectory growth rate for the next five years at the rate of 9.0% per annum. However, the declining growth spiral is a major bottle neck to the state economy. The performance the primary sector is alarming. Secondary sector is growing at a sluggish rate. The growth in the tertiary sector is captured by the masses of other regions instead of the people of the state. The state is one of the leading states in the country in terms of its mineral resources. So the aspiration of the people to capture the resource benefit is gathering momentum. The state government's populist policy for the poor needs appreciation. However, it is also necessary to change the outlook towards the growth of the state economy in order to make the poverty reduction plan successful. This will be possible only with a realistic approach to analyze the past economic performance and predict the future growth correctly. Playing with the numbers to portray the success of the state economy will not help at all. What the past –performance of the state economy tells? On the basis of empirical data, we have tried to predict the future potential growth rate of the state economy. We have especially attempted to forecast the future decadal (2015-2025) growth rate on the basis of past performance. Adequate moderation has been implemented taking the help of documents like Economic Survey of Odisha 2013-14 and other documents to arrive at a conclusion. Further, we have used regression analysis to analyze the empirical data.

Keywords: Net State Domestic Product, time-series data, growth rate, sector performance, growth scenario

1.0 Introduction

The performance of the economy of Odisha is gathering momentum at a slightly better rate. Odisha is one of the mineral rich states of India with 95%

chromite, 92% nickel, 55% bauxite, 33% iron ore and 27% of country's total reserves of the above mentioned minerals. The state population was 41.97 million according to 2011 population census. Odisha economy achieved an average growth rate of 7% during 11th Plan (2007-2012) period. The growth rate was 8.1% and 5.6% during 2012-13 and 2013—14 respectively (*Economic Survey 2013-14, Odisha*) at 2004-05 prices. The economy of the state is highly susceptible to natural calamities such as cyclone, floods and drought because of the geographical location. The devastation caused by *Phailin* in October 2013 is an example. As a result the growth of primary sector is sharply declining. There was a negative growth expectation of 3.5% in agriculture sector in 2013-14. The growth of primary sector is a cause of great concern for the state as the sectoral contribution of this was 20% in 2013-14 at 2004-05 prices and 60% of the population of the state still depends upon this sector. There is happening a structural change in the state economy with a gradual shifting from agriculture to industry and service with more noticeable growth towards the service sector. The strong back ground of mineral reserves has attracted big investors to establish their camp in the state. The high growth rate of the state economy during initial part of 2000s was due to these industries (*Behera, 2012*). However, the growth trajectory of this sector is not also very satisfactory. There is a decline from 7.3% average growth during 11th Plan to 5.8% in 2013-14. The contribution of this sector to state economy was 20% in 2013 -14. The service sector contribution was 60% to the state economy with growth rate of 7.8% in 2013-14. This growth phase put good changes to all macro-economic indicators. After the onset of global economic crisis in 2008 there was a setback in the growth spiral of the state. Further, high growth rate could not be maintained as there was recurrence of high consumer level inflationary pressure and slowing down of private corporate investment because of high rate of interest. The growth rate declined in the subsequent years. The data of NSDP growth rate and sector's growth rate of India during 2005-06 to 2013-14 is presented in Table 1.

Table 1: Growth Rate (Odisha)
(In %)

Year	NSDP at factor cost @ 2004-05 price	NSDP at factor cost @ 2014 current price	Primary Sector @ 2004-05 price	Secondary Sector @ 2004-05 price	Tertiary Sector @ 2004-05 price
2005-06	4.4	8.2	3.7	-4.7	9.8
2006-07	12.4	19.5	5.9	22.3	12.5
2007-08	8.6	26.4	2.2	16.9	8.6
2008-09	7.5	14.8	2.0	3.9	12.8
2009-10	0.8	6.5	6.5	-22.7	9.2
2010-11	6.3	21.3	-1.9	7.2	10.4
2011-12	2.1	7.3	-10.5	8.6	6.0
2012-13	6.6	19.1	5.4	10.5	5.8
2013-14	3.2	11.6	-6.6	-0.6	8.6

Source: Central Statistical Organisation, India 2014.

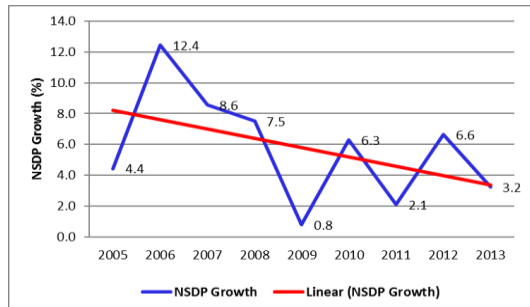


Fig.1: NSDP Growth of Odisha (India)

Twelfth Five-Year Plan (2012-2017) projected an inclusive growth target (moderated) of 9.0% with agriculture growth at the rate of 4%, industry at 12.7% and services at 12.1%. However, observing the current declining growth trend there is a big question mark on feasibility of achieving the above-mentioned target. What is the feasible growth rate for the state in the coming decade? Whether the growth rate forecasted by Planning Commission and/or professional economists will be realized or there will be variations? If at all there is any variation to what extent? Is it smaller or wider? What empirical observations say? We have attempted here to answer back the above questions on the basis of moderation of future growth process of the state through an empirical analysis.

2.0 Review of Literature:

The annual average growth rate of NSDP of the state during 1981 to 1991 was 3.5% and 1991 to 2001 4.2% at 2004-05 prices. In 2011 this growth rate moved to 6.5% compared to the last decade. It played in between 3.2% to 4.9% during 2011 to 2013. The real growth rate of GSDP of state in 1990s was 2.7% while that of agriculture was -1.1%, industry 5.1% and services 5.8%. The first decadal growth rate of the GSDP in 2000s (2000 to 2010) was 7.9%. The growth rate of GSDP in 10th plan was 9.24% while agriculture, industry and services grew at 2.7%, 12.8% and 9.8% respectively. In the 11th plan the growth figure of GSDP, agriculture, industry and services changed to 8.5%, 4.1%, 9.1% and 9.9% respectively (*Annual Plan 2012-13, Government of Odisha*). 12th plan have projected a growth rate of 9%, 4.1%, 12.7% and 12.1% respectively of GSDP, agriculture, industry and services. The sectoral composition in 10th plan agriculture, industry and services to state domestic product were 25.5%, 21.7% and 52.9% respectively while in 11th plan these figures changed to 18.6%, 26.5% and 54.9% respectively. 12th plan have projected a sectoral composition of 14.2%, 28.1% and 57.7% respectively for agriculture, industry and services.

Despite high growth potential, the gross domestic product of the state grew at a lesser rate than other states of India (Panda, 2008). Harnessing

higher growth rate is essential for the state economy as the growth rate is an indicators of poverty planning, attracting investment and in nutshell, creating a cycle of boom and optimism in the domestic economy.

World Bank (2013) estimate indicates that the potential growth of developing economies during 2012 to 2015 will remain less than 6 %. This slower growth process in the post- bubble burst crisis will have impact on Indian economy. So the potential growth of state economy will be squeezed off in years ahead unless certain major step is undertaken to upturn the economy.

Odisha face a major infrastructure bottleneck which hampers the growth process. All these are despite the state government efforts and emphasis on electricity, road and water. The construction sub-sector which is directly related to infrastructure is not keeping pace with the growth of the state economy. For poor state like Odisha the construction sector is important as it absorbs most of the casual labours. The state performance in power sector is commendable except the power transmission and distribution losses. However, the power generation is falling deficient due to increased industrialization and household electrification. The surface road, railway and tele density of the state is less than country average. The state has achieved certain mile stones in poverty reduction still it is not sufficient. There remain regional, social and general disparities in development process (*Economic Survey of Odisha, 2013-14*).

A recent study by Centre for Debates and Research in Development Policy, New Delhi and USA – India Policy Institute has placed seven districts of Odisha (i.e. Kalahandi (548th), Kandhamala (551st), Gajapati (552nd), Mayurbhanja (564th), Bouda (574th), Nabarangapur (575th), Malkangiri (588th) and Nuapada (589th)) amongst the fifty most backward districts of the country out of total 599 districts (January 2015). Further, the most developed districts of the state (Khordha) could able to secure 104th position in this list. This report is important from the point of view of the progress of the state economically.

3.0 Objectives of the Paper:

The objective of this paper is to find out the past performance of the state economy during the period 2004 to 2013 and to moderate the future growth rate of the economy for the period 2015 to 2025.

4.0 Methodology:

- i. *Past Performance:* The past performance of the state economy has been analyzed taking into account the time series data on NSDP and income originating from the main economic sectors. The growth rate for different time periods have been worked out from regression equations fitted to time series data of sector's income.

- ii. *Future Prospects:* The perspective growth rate of the state economy is an average perspectives based on their performance in the past. The growth rate derived from past performance is the medium or normal growth scenario. Prediction of the future growth accurately is difficult because of the various parameters affecting growth. Based on the past performance of the state economy, the recent recession, the targets have been appropriately moderated. Two more growth scenarios have been considered for studying the impact of various parameters on growth rates besides the medium growth scenarios. The two other growth scenarios are:
- (a) *Low growth rates- Pessimistic Scenario (15% Less growth than medium scenario)*
 - (b) *High growth rates- Optimistic Scenario (7.5% more growth than medium scenario)*

5.0 Data Used:

For study of the past performance of the state, we have used Central Statistical Organization of India's data on net value added by various economic activities to the state's NSDP during the period 2004-05 to 2013-13 at 2004-05 constant prices. This data is presented in Table 2. The composition of various sectors during the above-mentioned time period in percentage is presented in Table 3.

Table 2: Net State Domestic Product at Factor Cost
(@2004-05 Constant Price in Millions Indian Rupees)

Sl.	Items	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	Agriculture	136783	141516	143393	150879	152810	167604	170314	159624	180858	173029
2	Forestry & logging	25426	26145	26993	26998	27370	27572	26692	26957	26531	25766
3	Fishing	9482	9791	10087	10526	10860	10669	11221	11260	12924	12445
	Ag & Allied	171691	177452	180473	188403	191040	205844	208227	197841	220313	211240
4	Mining & quarrying	48398	50881	61296	58590	60904	62446	54996	37703	27873	20500
a	Sub -Total Primary	220088	228332	241769	246993	251944	268290	263223	235543	248185	231740
5	Manufacturing	62671	54240	71734	91438	105686	54641	45304	52654	54664	47680
5.1	Registered	46120	37079	52423	69495	84254	32666	22146	28792	31056	24554
5.2	Unregistered	16551	17161	19311	21943	21431	21975	23158	23862	23609	23126
6	Construction	78003	80098	91798	99824	100277	104146	119054	117709	129054	131939
7	Electricity, gas and Water supply	17836	16671	21082	24541	18231	14605	21506	31431	39186	42057
b	Sub -Total Secondary	158510	151009	184614	215803	224194	173392	185864	201794	222904	221676
	Industry	206908	201890	245910	274393	285097	235838	240859	239497	250777	242176
8	Transport, storage & communication	49766	57747	67232	73435	83864	90447	103445	112831	122579	138774
8.1	Railways	6795	7446	9156	10140	11231	9477	9927	11850	12100	12888
8.2	Transport by other means	34475	39919	44922	47971	55402	61039	69311	76679	84671	96240
8.3	Storage	700	789	899	903	976	1059	1234	1381	1540	1706
8.4	Communication	7797	9593	12256	14422	16255	18872	22974	22920	24268	27940
9	Trade, hotels and restaurants	80890	92643	112590	123022	133791	145983	163065	175825	176723	188534
10	Banking & Insurance	24739	28547	34138	40253	47150	54518	68689	77420	87526	98176
11	Real estate, ownership of dwellings and business services	44506	47145	50257	53026	56078	57263	60022	62274	66034	70461

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12	Public administration	29493	27426	29035	29704	38485	38854	38403	38544	41027	46673
13	Other services	71878	77201	78813	84683	96562	110826	116086	115564	122447	126499
c	Sub Total -Tertiary Services	301272	330708	372065	404123	455929	497890	549711	582458	616335	669117
d	Calculated State Domestic Product	679870	710050	798448	866919	932067	939572	998797	1019795	1087424	1122533
14	Population	3851900	3902600	3953900	4006100	4059000	4112700	4167200	4222500	4278600	4335600
15	State Per Capita Income (INR)	17650	18194	20194	21640	22963	22846	23968	24151	25415	25891

Source: Central Statistical Organisation, India August, 2014.

**Table 3: Composition of NSDP
@ 2004-05 Constant Prices (Odisha)
(In %)**

Sl.	Items	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	Agriculture	3.46	1.33	5.22	1.28	9.68	1.62	-6.28	13.30	-4.33
2	Forestry & logging	2.83	3.24	0.02	1.38	0.74	-3.19	0.99	-1.58	-2.88
3	Fishing	3.25	3.02	4.36	3.17	-1.76	5.18	0.34	14.78	-3.71
	Ag & Allied	3.36	1.70	4.39	1.40	7.75	1.16	-4.99	11.36	-4.12
4	Mining & quarrying	5.13	20.47	-4.41	3.95	2.53	-11.93	-31.44	-26.07	-26.45
a	Sub Total - Primary	3.7	5.9	2.2	2.0	6.5	-1.9	-10.5	5.4	-6.6
5	Manufacturing	-13.45	32.25	27.47	15.58	-48.30	-17.09	16.22	3.82	-12.78
5.1	Registered	-19.60	41.38	32.56	21.24	-61.23	-32.21	30.01	7.86	-20.93
5.2	Unregistered	3.69	12.53	13.63	-2.33	2.54	5.38	3.04	-1.06	-2.05
6	Construction	2.69	14.61	8.74	0.45	3.86	14.32	-1.13	9.64	2.24

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<i>Sl.</i>	<i>Items</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
7	Electricity, gas and Water supply	-6.53	26.46	16.41	-25.71	-19.89	47.25	46.15	24.67	7.33
b	Sub Total - Secondary	-4.7	22.3	16.9	3.9	-22.7	7.2	8.6	10.5	-0.6
	Industry	-2.43	21.80	11.58	3.90	-17.28	2.13	-0.57	4.71	-3.43
8	Transport, storage & communication	16.04	16.43	9.23	14.20	7.85	14.37	9.07	8.64	13.21
8.1	Railways	9.59	22.96	10.74	10.77	-15.62	4.75	19.38	2.10	6.51
8.2	Transport by other means	15.79	12.53	6.79	15.49	10.17	13.55	10.63	10.42	13.66
8.3	Storage	12.74	13.89	0.51	8.03	8.58	16.48	11.92	11.52	10.76
8.4	Communication	23.04	27.76	17.67	12.71	16.10	21.74	-0.23	5.88	15.13
9	Trade, hotels and restaurants	14.53	21.53	9.27	8.75	9.11	11.70	7.82	0.51	6.68
10	Banking & Insurance	15.39	19.59	17.91	17.13	15.63	25.99	12.71	13.05	12.17
11	Real estate, ownership of dwellings and business services	5.93	6.60	5.51	5.76	2.11	4.82	3.75	6.04	6.70
12	Public administration	-7.01	5.87	2.31	29.56	0.96	-1.16	0.37	6.44	13.76
13	Other services	7.41	2.09	7.45	14.03	14.77	4.75	-0.45	5.96	3.31
c	Sub Total Tertiary	9.8	12.5	8.6	12.8	9.2	10.4	6.0	5.8	8.6
	Services	9.77	12.51	8.62	12.82	9.20	10.41	5.96	5.82	8.56

<i>Sl.</i>	<i>Items</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
<i>d</i>	<i>Calculated State Domestic Product</i>	<i>4.4</i>	<i>12.4</i>	<i>8.6</i>	<i>7.5</i>	<i>0.8</i>	<i>6.3</i>	<i>2.1</i>	<i>6.6</i>	<i>3.2</i>
14	Population	1.32	1.31	1.32	1.32	1.32	1.33	1.33	1.33	1.33
15	State Per Capita Income (INR)	3.08	10.99	7.16	6.11	-0.51	4.91	0.77	5.23	1.87

Source: Central Statistical Organisation, India 2014.

5.1 Explanation of the Data Used:

Primary Sector: The primary sector is composed of the contribution that comes from agriculture, forestry and logging, fishing and mining & quarrying. For the analysis purpose we have considered the data of CSO, India at 2004-05 constant prices as presented in Table 2.

Secondary Sector: The secondary sector is composed of the contribution that comes from manufacturing, construction, electricity, gas and water supply. For the analysis purpose we have considered the data of CSO, India at 2004-05 constant prices as presented in Table 2.

Tertiary Sector: The tertiary sector is composed of the contribution that comes from transport, storage, communication, trade, hotels and restaurants, banking & insurance, real estate, ownership of dwellings and business services, Public administration and other services. For the analysis purpose we have considered the data of CSO, India at 2004-05 constant prices as presented in Table 2.

State Domestic Product (SDP): SDP is the sum of gross value added by primary, secondary and tertiary sectors to the economy. We have considered here the net value after making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. For the analysis purpose we have considered the data of CSO, India at 2004-05 constant prices as presented in Table 2.

6.0 Data Analysis:

Demographic Features: According to 2011 Census the total population of the state was 36.80 million in 2001, which increased to 41.97 million by 2011, registering an annual growth rate of 1.32%. The growth rate for male was 1.29% and for female was 1.36 during the above-mentioned decade.

Primary Sector: The contribution of primary sector to SDP is sharply declining. The contribution of this sector to SDP has declined from 32% in 2004-05 to 20% in 2013-14. The point to point growth of agricultural and allied sector was 2.3 % during the period 2004 to 2013. However, the point to point growth of primary sector was 0.6% during the above-mentioned period. The actual growth of primary sector during this period was 0.3% (Table 4). The growth of this sector is declining at faster rate due to frequent drought, flood and other natural calamities and is the main reason for CPI (Consumer Price Index) inflation. The drought during 2010 to 12 and cyclonic storms *Phalin* is the measure cause of damage of crops during this period. Further, in adequate irrigation infrastructure is another constraint for improvement of this sector. However, this sector has vital importance in the state economy as majority of the state population depends upon this sector. The composition of different sectors of the economy is presented in Table 2 and 3.

Secondary Sector: The contribution of secondary sector to SDP is also declining from at 23% in 2004-05 to 20% in 2013-14. The point to point growth of industrial sector was 1.8 % during the period 2004 to 2013. However the point to point growth of secondary sector was 3.8% during the above-mentioned period. The actual growth of secondary sector during this period was 1.5% (Table 4). Most of the large –scale industry in Odisha are mineral based. The state is a favourite destination for major steel and aluminium producers of the World due to adequate reserves of iron ore and bauxite in the state. The performance of the Micro, Small and Medium Enterprises (MSMEs) are little better in the state as the state is undergoing a structural change through diversification from an agrarian economy to industrial and service oriented economy. However, the growth of industrial sector is not up to the mark. The composition of different sectors of the economy is presented in Table 2 and 3.

Tertiary Sector: There has occurred a slight increase in contribution of this sector to SDP. This contribution has increased from 44% to 60% during the period 2004-05 to 2013-14. The point to point growth of service sector was 9.3 % during the period 2004 to 2013. The actual growth of tertiary sector during this period was 4.0% (Table 4). This is one of the dominant sectors of the state economy as major contribution to the state economy comes from this sector. The composition of different sectors of the economy is presented in Table 2 and 3.

Past Performance: The State Domestic Product (SDP) of Odisha at current prices increased from INR 6, 79, 870 million in 2004-2005 to INR 23, 51, 659 million in 2013-2014 registering an average annual growth rate of 14.8% over the period. The rate of change in SDP at constant prices is the main economic indicator for measuring the real growth in the economy. NSDP at constant (2004-2005) prices has increased from INR 6, 79, 870 million in 2004-2005 to INR 11,22,533 million in 2013-14, thus exhibiting an average annual growth rate of 5.7 % over this period. The per capita income (PCI) in real terms, a measure of the disposable income and general wellbeing of the people, went up from INR 17,650 in 2004 to INR 25,891 in 2013, at 2004-05 constant prices registering an average annual growth rate of 4.3%. During the 11th Plan period, the Odisha witnessed an average annual growth of 7.0 percent while the SDP growth target during 12th Plan (2012-17) period has been projected to 9.0 %. The past performance of the economy has been analysed by considering the time series data on SDP and income originating from the main economic sectors. Growth rates from 2004-05 to 2013-14 have been worked out from regression equations fitted to time series data of the income obtained from different sectors of the economy and is presented in Table 4.

Table 4: Growth Rate (Regression result of the dependent variables with Time as an independent variableⁱ)
(In %)

Indicators	Time Period		
	2004-2008	2008-2013	2004-2013
	Short Period	Medium Period	Long Period
NSDP	3.7	1.7	2.4
Primary Sector	1.5	-0.9	0.3
Secondary Sector	4.7	1.0	1.5
Tertiary Sector	4.6	3.3	4.0

Source: Calculated from State Domestic Products Data of Central Statistical Organization, Government of India, August 2014.

The state recorded long term average annual growth rate of NSDP at 2.4 %, primary sector grew @0.3%, secondary @1.5%, and tertiary sector @4.0% during the period 2004 to 2013ⁱⁱ. The performance of the economy in the short-term was little better with a NGDP growth @ 3.7%, primary sector growth @1.5%, secondary growth @4.7%, and tertiary sector growth @4.6% during the period 2004-2008. The long, medium and short term growth rates obtained during different time periods are presented in Table 4.

Indian economy has displayed vigorous growth with strong macroeconomic fundamentals in the past. It entered the Eleventh Plan period with an impressive record of economic growth. However, the global recession and tightening liquidity position had its impact on the main economic sectors. The national economy that was witnessing high growth in the past slowed down with economic growth slipping to 4.5% in 2012-13. The growth rate of 5.0% will be also continued for the country in the current fiscal year 2015-16. However, the growth rates of state will stay around 6 % during the same period. The past growth trend of economy of the state and different sectors are vital for determining the future growth targets. This has been taken into account while determining the future growth prospects of Indian economy.

Future Growth Prospects: The future growth prospects have been forecasted as per the methodology described above. The growth rate derived from past performance is the medium or normal growth scenario. Based on the past performance of the state economy, the recent recession, the targets have been appropriately moderated. It is expected that the economy will grow at 6.2% up to 2020, 6.5 % up to 2025 and beyond 2025. This is in line with the SDP growth in the past moderated by taking into account the SDP growth rate given in Central Statistical Organization compilation. In case of a cycle of optimism in the economy in the coming decade the economy will grow @ 6.2% per annum during 2015-2020. The perspective growth rates of the economy and sectoral contribution for the medium, low and high growth scenarios are detailed in Table 5 and Table 6 respectively.

Table 5: Perspective Growth Rate of the State

Medium (Normal) Growth Scenario (In %)

<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>	<i>NSDP</i>
Till 2015	0.5	5.6	7.1	6.2
2015-2020	0.5	5.8	7.3	6.4
2020-2025	0.5	5.9	7.4	6.5
2025 and Beyond	0.5	5.9	7.5	6.6
<i>Low Growth Rates - Pessimistic Growth Scenario (Growth @15% less than Medium Growth) (In %)</i>				
<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>	<i>NSDP</i>
Till 2015	0.4	4.8	6.0	5.3
2015-2020	0.4	4.9	6.2	5.4
2020-2025	0.4	5.0	6.3	5.5
2025 and Beyond	0.4	5.0	6.4	5.6
<i>High Growth Rates - Optimistic Growth Scenario (Growth @7.5% more than Medium Growth) (In %)</i>				
<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>	<i>NSDP</i>
Till 2015	0.5	6.0	7.6	6.6
2015-2020	0.5	6.2	7.9	6.8
2020-2025	0.5	6.3	8.0	7.0
2025 and Beyond	0.5	6.4	8.1	7.1

Table 6: Sectoral Contribution of the State

Medium (Normal) Growth Scenario (In %)

<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
Till 2015	18.5	23.5	57.9
2015-2020	15.5	19.2	65.3
2020-2025	12.3	18.7	68.9
2025 and Beyond	11.6	18.6	69.8
<i>Low Growth Rates - Pessimistic Growth Scenario (Growth @15% less than Medium Growth) (In %)</i>			
<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
Till 2015	15.7	20.0	49.3
2015-2020	13.2	16.3	55.5
2020-2025	10.5	15.9	58.6
2025 and Beyond	9.9	15.8	59.3
<i>High Growth Rates - Optimistic Growth Scenario (Growth @7.5% more than Medium Growth) (In %)</i>			
<i>Year</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
Till 2015	19.9	25.3	62.3
2015-2020	16.7	20.6	70.2
2020-2025	13.2	20.2	74.1
2025 and Beyond	12.5	20.0	75.0

Source: Both Table 5 and 6 have been calculated from State Domestic Products Data of Central Statistical Organisation, Government of India, August 2014.

6.0 Conclusion:

The prospects of Odisha economy depend upon multiple factors. The past trend of SDP growth in recent past is not very encouraging. The task for the government to maintain a growth rate of 6.5% and above in the coming decade requires creation of an atmosphere of optimism. This could be achieved by controlling the macro-economic policies as per the requirement to

check the variation in regional development. There is a variation in growth performance in different districts. Some districts are growing faster than the others. Slow growth and backward districts need to be given support. Balanced development of all the districts and maintaining a regional equality is desirable. This might require creation of adequate infrastructure both physical and social, and also diversification of government outlays on priority basis more towards the backward areas.

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Regression Results 2004-2013

<i>Independent Var.</i>	<i>Dependent Var.</i>	<i>Growth Rate</i>	<i>R Square</i>	<i>t-value</i>
Time	NSDP	2.44	0.96	13.77
Time	Primary Sector*	0.31	0.12	1.04
Time	Secondary Sector**	1.45	0.48	2.71
Time	Tertiary Sector	3.97	0.99	29.03

NB:* &** Insignificant Results.

Regression Results 2008-2013

<i>Independent Var.</i>	<i>Dependent Var.</i>	<i>Growth Rate</i>	<i>R Square</i>	<i>t-value</i>
Time	NSDP	1.74	0.97	11.46
Time	Primary Sector#	-.094	0.49	-1.95
Time	Secondary Sector###	0.97	0.15	0.83
Time	Tertiary Sector	3.30	0.99	20.33

NB: # &### Insignificant Results.

Regression Results 2004-2008

<i>Independent Var.</i>	<i>Dependent Var.</i>	<i>Growth Rate</i>	<i>R Square</i>	<i>t-value</i>
Time	NSDP	3.67	0.99	14.42
Time	Primary Sector	1.53	0.96	29.03
Time	Secondary Sector	4.67	0.88	4.64
Time	Tertiary Sector	4.57	0.99	32.67

Growth of Agriculture and Industry (In %)

<i>Year</i>	<i>Agriculture and Allied Sector @ 2004-05 price</i>	<i>Industry @ 2004-05 price</i>
2005-06	3.36	-2.43
2006-07	1.70	21.80
2007-08	4.39	11.58
2008-09	1.40	3.90
2009-10	7.75	-17.28
2010-11	1.16	2.13
2011-12	-4.99	-0.57
2012-13	11.36	4.71
2013-14	-4.12	-3.43

Source: Central Statistical Organisation, India 2014.