

EXECUTIVE SUMMARY

The Orissa Development Report 2001 analyses in detail the social and economic problems of the State. It covers seventeen chapters focussing attention on growth of different sectors, sections and regions along with their problems and constraints. The Report also discusses the reforms initiated in some of the sectors and emerging challenges of these reforms. The Report particularly gives stress on poverty and poor living conditions of the people, measures taken so far to improve the economic situation and pending challenges that have to be faced in coming decades to enhance growth and ensure equity. In concluding remarks, a vision statement has been presented for an overall growth of about 6 per cent per annum during the Tenth Plan and poverty reduction to the extent of 7 per cent. A brief summary of each chapter is presented below.

I. Natural Resource Assessment : Endowments, Utilisation and Degradation

Orissa's mineral deposits are large, and as a per cent of all-India resource stock, there is fairly heavy concentration in respect of Bauxite, Chromite, Graphite, Manganese, Nickel ore, Coal and Iron ore also have a significant share, though they are not of high grade variety. The rate of cumulative exploitation (output-resource stock ratio) has remained low, except in the case of Graphite and Manganese ore. However, this has not provided a sufficient condition for the establishment of metallurgical and non-metallic mineral based industries on a large scale. Even value addition within the State has remained relatively low.

The quality of soil, in general, is rather low with low moisture retention capacity except in the coastal districts which contain highly fertile alluvial soil and the soils of the river valleys. This is a natural weakness of the State's economy as agriculture is its mainstay.

Forest resources, though depleted still have a high crown density in the north and north-west parts of the State. Sal and bamboo forest predominate and the State does not have evergreen forest - mostly semi ever green and deciduous varieties.

The State has rich irrigation potential, both flow and groundwater and these have so far been underexploited, partly because of spreading resources too thinly over too many major and medium projects, many of which have not become fully operational due to noncompletion of the canal network.

Again, marine fishery resource potential is relatively significant. However, in the case of both marine and inland fishery, the ratio of output to resource potential suggests underinvestment in this sector where large gainful employment opportunities could be created.

Though Orissa boasts of rich natural resources, these are being degraded over time. While forests, land and surface water resources are undergoing severe degradation, ground water, minerals and air are under serious threat of degradation. Not only the different patterns of development in the State have led to the degradation of these natural resources but also other factors like the growth of population and the unsustainable activities adopted by them have become crucial for the degradation of valuable natural resources in the State. The adoption of unsustainable activities is, however, driven by the market and institutional failure. It provides incentives to the poor to have short time preferences and to the rich to exploit the resource base at unsustainable rate.

The degradation of natural resources has not only reduced the economic base of the State but also affected the environment adversely. The adverse impacts like change in climatic condition, increased flooding, decreased productivity, water shortage, increased infant mortality and morbidity rate, etc. are some of the outcomes of continuing degradation. In the absence of proper measures to reduce the degradation of natural resources the problem will be aggravated. Therefore, a policy in this regard is of utmost importance.

II. Infrastructure Development

It is needless to mention that the economic development of a state/region more or less depends on its development status of the social and economic infrastructure. From this angle when the development status of the key infrastructures in Orissa is compared with the average development status of such infrastructures in the country by the formation of composite development index, the development position of Orissa as such does not reveal its actual

backward status in comparison to many other States in India. However, when the development indicators of a few key infrastructures are analysed and compared with many other major States and also with the all-India figures, the deficiencies and weaknesses of such infrastructures in Orissa are clearly revealed to manifest its backward status. Added to this, it is further found that the level of disparities in the development status of infrastructure among the present 30 districts of Orissa is fairly high. Also, its access across space and people is highly unequal. It is observed from the observation made during the time of field study that mere existence of infrastructure does not ensure its service utility for the poor and downtrodden. The maintenance and supervision of many key social and economic infrastructures particularly in the backward highland districts of the State is observed to be very poor. As a result, such provisions have failed to generate the intended development effects among the poorer and vulnerable sections of population.

Nevertheless, it is a good trend to observe that the rural pockets of Orissa in the recent years have witnessed positive transformations of certain key infrastructures such as development of roads, transport and communication networks and if more stress could be put on proper maintenance and supervision of different service infrastructures, it will be easier for a poor and backward State like Orissa to accelerate its pace of economic development.

III. Economic Growth, Structural Change and Workforce Participation

Trend in Growth

The long term growth of NSDP (over the period 1950-51 to 1988-89, at 1970-71 prices) has been 2.7 per cent which, one may say, is not really satisfactory. Whether at 1970-71 or at 1980-81 prices, the economy has posted the highest growth rate historically during the decade of the 1980s. At 1980-81 prices, the growth rate of NSDP has come down from about 4.8 per cent to 3.8 per cent, which is also the case for all individual economic sectors, with the exception of mining and quarrying (from 8.7% to 12.7%), unregistered manufacturing (2.6% to 8.1%), communications (7.9% to 13.7%) and trade, hotels and restaurants (from 5.7% to 6.8%). In particular, it is to be noted that the agriculture and animal husbandry sector has seen a fairly sharp decline in the growth rate in the 1990s - down to 1.9 per cent from 3.1 per cent in the 1980s.

Structural Change

There is a simple pattern of change in sectoral composition of NSDP : a decline of about 16 percentage points in the share of 'Agriculture and Animal Husbandry' sector between 1980-81 and 1999-2000, which has been entirely taken up by a corresponding increase in the share of the tertiary sector from 30.5 per cent to 46.0 per cent, with the secondary sector's share remaining more or less stagnant.

Workforce Characteristics

The available data clearly suggest that there has occurred a decline in employment rates for both males and females and in both rural and urban areas between 1983-84 and 1999-2000. Since labour force participation rate has not increased much between 1987-88 and 1993-94, there has been a squeeze on employment during the second half of the 1990s.

The other relevant point is that, unlike the sectoral shift of output, the sectoral distribution of workers (across primary, secondary and tertiary sectors) has remained broadly the same.

As regards status of employment, only a few pertinent observations may be made. First, casual labour is relatively higher in Orissa as compared to other low income States, and thus the extent of self-employment is lower. Second, regular wage employment is greater in the case of male as compared to female workers. Third, the degree of casualisation has significantly increased in the case of rural female workers in the 1990s.

The rate of open unemployment is the highest in Orissa among the low-income States. The degree of visible underemployment is again higher in Orissa than for other low-income States and all-India, and this is observed both for male and female workers and also in both rural and urban areas.

IV. Performance of Agriculture in Orissa - Intertemporal and Spatial Variations

For increasing agricultural productivity and accelerating agricultural growth of the State, public investments in agriculture sector need to be stepped up substantially. Keeping in view the importance of agriculture in creating employment, generating income and ensuring self-

sufficiency in food production, share of agriculture in total plan outlay needs to be enhanced. Emphasis should be laid on providing appropriate rural infrastructure and services. Irrigation facilities should be extended to dry land and rainfed areas. Instead of constructing big dams and reservoir canal projects ground water development should be encouraged by providing subsidised credit for construction of wells and tube wells and for purchase of diesel or electric pumpsets. Other infrastructural facilities like rural road, transport, power supply, marketing and storage should be improved. Agricultural credit should be provided to the needy farmers in time and as per their requirement. For better recovery of crop loans group-lending may be encouraged. Effective extension services should be provided to the farmers.

Farmers should be motivated to diversify their cropping pattern by cultivating more remunerative and cash crops, which include oilseeds, fibre crops, vegetables and fruits. State Government should provide all-out support for cultivation of crops having export potential. In this regard thrust should be given on development of floriculture and horticulture in the State. Orissa has vast potential for development of horticulture. Different agro-climatic zones have been identified for development of specific fruits, vegetables and spices. Hill tracts of KBK districts and of Phulbani and Gajapati districts have been chosen for intensive horticultural activities. Cultivation of commercial fruits, use of hybrid vegetable seeds, propagation of off-season vegetable cultivation, establishment of bio-centres for production of quality planting materials, use of quality potato seeds, installation of drip irrigation system, beneficiary oriented cultivation of oil palm etc. are the major thrust areas in horticulture. A compact area approach may be applied for propagating horticultural activities. This would help in developing the market and also facilitate establishment of food processing and other downstream activities.

Farmers should be encouraged to follow mixed farming. Along with cultivation farmers should undertake complementary activities like dairy, poultry, goatery and piggery to supplement farm income. A mixed farming system is more desirable from the view point of ensuring better utilisation of family labour and farm by-products and also to meet the increasing demand for nutritious food and farm-yard manure.

Also, for adding value to agricultural produce, agro-processing industries should be set up in rural areas. Agricultural inputs like quality seeds, chemical fertiliser, pesticides should be made available to the farmers in time and as per their requirement at reasonable prices. It is most

important that all the inputs should be supplied to the farmers under one roof and through one window, so that transaction costs can be minimised. Farmers should be motivated to undertake joint farming and to form user groups for efficient, equitable and sustainable management of irrigation system and watershed. Micro-financing through formation of self-help groups should be given due importance. The coverage of crop insurance should be extended and instead of defined area approach individualistic assessment of crop loss should be made and accordingly indemnities be paid. Land leasing should be legalised with proper regulation of its terms and conditions for achieving efficient production and equitable distribution of production gains. Last but not the least, employment opportunities in the nonfarm sector should be created by accelerating the pace of industrialisation in the State, so that growing pressure on limited land and declining size of land ownership holding can be checked.

V. Forest Resource and Forest Management Policy

Forest sector in Orissa plays an important role in the economy, culture and livelihood of a large number of forest dependent poor and it represents a huge economic resource for the State. However, there has been progressive decline in the forest cover in Orissa during the last few decades. The wasteful exploitation is posing potential danger for the economy and environment besides threat to livelihood sector security of millions of forest dependent poor. Massive deforestation is primarily caused by the increase in biotic pressure, and also due to non-response of forest resources to the increased needs of the people. Due to lack of adequate public and private investment, and absence of adequate externally funded forestry development programmes for the State, forestry sector has remained precisely unattended over the years.

Orissa has rich potential of various NTFPs, which are important sources of non-tax revenue. But most of these are not computed in the State's revenue as these are consumed by the forest dwellers and are sold in the local markets. At the same time, faulty NTFP policy on collection, trade and disposal, processing and value addition, etc. results in forest potentials to remain unexploited. A number of forest laws and regulations in Orissa have been identified as major hurdles in NTFP trade. Absence of adequate attention to marketing infrastructure also has resulted in the underutilisation of existing forest potential in the State. Further, stringent restrictions on the marketability of certain products like Kendu leaf, Mahua flower on the private lands have encouraged illegal and unfair trade practices. A close scrutiny of the political economy of NTFP management in Orissa suggests that the economic and ecological

sustainability considerations have not only been undermined, but also successfully overshadowed by the political ideology of different political parties in power.

Orissa is suitable for growth of a large number of medicinal plants and also for their cultivation. People have been using these medicinal herbs to get relief from various diseases. These plants are also in great demand in recent years for all the indigenous systems of medicines. Despite their growing importance, the government have given very little attention with respect to their production, procurement, processing and marketing, etc.

The JFM has now become the central point of future forest development programme in Orissa. In order to make forest protection drive more effective and transparent through involvement of local villagers, a number of people's organisation have been formed. Though the State Government has issued enabling resolutions permitting partnership with local people for ensuring an effective forest management, JFM has a number of problems like weak and controversial legal framework, intra-village conflicts, controversies regarding the status of VFCs versus village Panchayats, etc.

Social forestry project has been initiated in the State in order to reduce pressure on reserve forest and to create sustainable forest resources for the people to meet their needs for fuel wood, fodder, minor forest produce and small timber requirements with the active involvement of the people, more particularly women and economically and socially weaker sections. However, the result is not satisfactory due to poor involvement of women in VFCs, limited participation of the people in decision making on issues like selection of land and species, lack of adequate dissemination of information regarding the rights on community plantation and the arrangement of distribution, etc.

VI. Industrialisation in Orissa : Structure, Policy and Prospects

This chapter discusses the various aspects of the industrial economy of Orissa in an inter-regional framework. From the analysis, it is found that Orissa's industrial structure has hardly shown any improvement as compared to other States. In most cases, the presence of highly capital intensive industries with cost disadvantages in fuel, interest payment and depreciation has resulted in heavy losses. Moreover, the prevalence of low wages in many industries causes low productivity of labour. Because of poor agricultural base, the emergence of an

active local entrepreneurial class has been stifled. The persistently disadvantageous position of the State raises basic questions of neglect and misdirected policies of the Centre as well as the State.

Lack of proper infrastructure, especially, transport and power, has severely impaired both growth and diversification of industries in the State. So, a serious rethinking on the issue of greater use of power for the State's industrialisation, rather than mere selling it, is essential. In order to activate the industrial sector, development of railways and civil aviations is very much essential. Secondly, to generate income in the rural sector and promote a viable rural industrial base, larger investment in agricultural development needs to be made. Thirdly, for further industrial development, a dynamic small enterprise promotion policy for the State is needed. Fourthly, the State is endowed with a range of high-grade minerals. But, these are not exploited properly. Mining activities should be upgraded to the status of manufacturing industry wherein mineral processing upto certain stages could be undertaken in the region. Fifthly, modern agro and forest based industries need to be encouraged in the State. Finally, preference should be given to the new areas of industrial activities with special emphasis on location in underdeveloped districts.

VII. Handloom and Handicrafts: Development and Constraints

Orissa, otherwise known for its natural beauty and rich culture, has unfortunately acquired the ill reputation of being one of the poorest States in the country with acute poverty, hunger and malnutrition. Handloom and handicrafts have the potential to provide gainful employment to the weavers and the craft workers with very little financial investment mainly by exploiting their inherent strength. It is necessary to appreciate these emerging challenges and gear up the handloom and handicrafts industry of Orissa for availing of opportunities, which will bring in rapid economic development and will be of particular significance in eradication of poverty. Since Indian economy in general has to take care of the surplus workforce under the scenario of unemployment and underemployment, the State has to tap its strength and advantage of handloom and handicrafts sector to bridge the widening gap at the national level under the present State of industrial development.

VIII. Poverty and Living Conditions

The chapter examines the poverty scenario and the living conditions of the people of Orissa. It has five parts. The first part deals with the levels of poverty of major States including Orissa and the various dimensions of poverty. The second part analyses the rural poverty of all the thirty districts of the State on the basis of different income groups and occupations. In the third part, the levels of living in Orissa vis-a-vis India have been compared and explained. The fourth part has estimated the standard of living of each district of the State through composite index determined by the development indicators. The last part discusses some of the important welfare measures undertaken by the government for improving the living conditions of the people.

Orissa is one of the poorest States of the country. Compared to coastal region, the incidence of poverty is more in northern and southern regions of the State. It is higher among the scheduled tribes as compared to scheduled castes and general castes. Further more, the percentage of rural families living below the poverty line is found to be much higher in the State (66.37 per cent, as per the estimate made by Panchayati Raj Department, Govt. of Orissa in 1997). Besides structural poverty, the State also faces the poverty like conjunctural poverty (due to floods, cyclones, droughts, etc.) and destitute poverty (of persons lacking either money or material to survive). In terms of the development indicators like literacy rate, infant mortality rate, per capita income, etc, the living conditions of the people of the State are considerably lower than the national average. Greater inter-district variations in the living conditions of the people are found within the State. The performances of the welfare activities like EAS, PDS, ICDS and MDM are also found to be very poor.

There are a number of remedial measures to reduce the incidence of poverty among the people in the State. Economic growth is necessary to improve the living conditions of the people. For this, development indicators like literacy rate, per capita income, infant survival rate, per capita foodgrain production, per capita net value added by manufacturers, etc. have to be improved through appropriate and adequate investment in the concerned sectors. Adequate funds should be diverted to the rural area to reduce the higher concentration of rural poverty in the State. Further more, efforts should be made to remove the present loopholes and a problem in the rural developmental programmes and programmes aimed at alleviating poverty through government initiatives. Increase in agricultural production and stability in foodgrain prices are very much necessary for improving the levels of living of the rural poor. Government should take

necessary steps to control the climatic crises like flood, drought, cyclone, etc., so that the conjunctural poverty causing mass structural poverty (headcount index) in the State can be reduced. Inter-district variations in the living conditions of the people should be reduced to improve the standard of living of the people. Lastly, necessary steps should be taken to improve the performance of the welfare activities of the government (i.e. EAS, PDS, ICDS and MDM), so that the living conditions of the people can be increased.

IX. Social Sector Development

Like the infrastructure sector provision for different social infrastructures and services required to be rendered to the people under social sector development by the State is not so discouraging in Orissa. However, the nature of implementation of various services and their delivery across space and people is highly unsatisfactory. In the front of health and education the State has to pay more attention for the development of infrastructure and amenities in the backward tribal and highland districts. Particularly, in the health sector there is a necessity for ensuring the services of doctors and other paramedical staff in the interior and tribal pockets of highland districts. It is found that the infant mortality rate, morbidity rate and death rate of population in Orissa are much higher and the life expectancy rate is much lower than the other major neighbouring States making almost same level of investment on the health sector. Similarly, in education sector the State should not remain complacent by mere setting up of primary schools and constructing school buildings alone. It is observed from the village survey that the primary school education in the interior and tribal villages of the highland districts are in total disarray. Further, there should be policy formulation for giving preference to vocational education for increasing self employment opportunities. The State has much lower level of literacy among the female population particularly, in the tribal districts like, Koraput, Rayagada, Malkangiri, Nabarangpur, Kalahandi, Nuapada, Kandhamal, etc. Apart from health and education, the other welfare schemes and beneficiary oriented anti-poverty programmes should pay more attention on their monitoring aspects and selection of right beneficiaries in order to protect the interest of the poor and weaker sections. There is a need to check the malafide transfer of social security benefits to the actual non-poor category of rural population.

X. Socio-Economic Profile of KBK Districts

In a poor and backward State showing highest incidence of rural poverty the development of hardcore backward districts requires special attention. It is found that the socio-economic

conditions of people in the undivided Kalahandi, Bolangir and Koraput districts, popularly known as the KBK districts, have worsened over the years. Thanks to deforestation and erratic rainfall causing recurring droughts and famine like situation, these districts having more than 80 per cent of agricultural dependent population show bulk of the poor and destitute in Orissa. Interestingly, during 1970-90 periods, although the inter district level of development disparities among the 13 old and undivided districts of Orissa could marginally be reduced from 42.62 per cent to 40.24 per cent in the early 1990s according to the coefficient of variation values of composite development index (CDI) formed on the basis of relative deprivation method, the CDI values of all the three undivided KBK districts have markedly diminished over the years. There has also been a marked fall in the rank positions of these three districts vis-a-vis the other districts of the State. This shows that these three districts have been affected by the 'backwash effects' of development, which may probably be due to their inherent disadvantageous factors like poor quality of human capital, backward and unsustainable agriculture coupled with reckless exploitation of forest resources

XI. Fiscal Imbalances : Dimensions, Issues and Implications

The State is facing a severe financial crisis. The mounting revenue deficits accompanied by rapid increase in revenue expenditure and slow growth of revenue receipts, inadequate own revenues, declining Central assistance and negative contribution by public enterprises have kept the developmental expenditure of the State at low level. The revenue expenditure of the State has increased to such an extent that the State has to divert funds from capital account to meet expenses in revenue account, thereby causing retardation in economic development. The borrowing of the State has been mounting year after year and the amount of debt has reached a level where the State needs to borrow more money to clear off debts. Most of the borrowings of the State are used for repaying loans, interest and a part is used to finance the deficits. The borrowings instead of being used to finance developmental activities are used to finance non-developmental activities. If this trend is allowed to persist then the situation would be further aggravated leading to a collapse of developmental expenditure and a halt in the normal functioning of the government. In order to arrest this trend, there is a need to make fiscal correction without any further delay.

XII. Tourism : Miles to go

Orissa is endowed with a treasure of tourists' attraction, which is varied catering to every facet of tourism - be it religious, cultural, heritage, leisure or eco-tourism. Also the hospitality industry has grown enormously over the last one decade. The 'Golden Triangle' of Bhubaneswar-Puri-Konark is the biggest tourist attraction. The 'Tri-Ratna Triangle' comprising Laleet Giri, Udaya Giri and Ratna Giri is yet another attraction for the Budhists from eastern countries whose potential has not been properly harnessed. Be it east, west, south or north of Orissa, the rich tourist spots have all the potential to become a money-spinning industry providing gainful employment to lakhs of people directly and indirectly and substantial revenue to the State through users-charges and entry fees.

But lack of infrastructure particularly - well-laid communication keeps the State out of the itinerary of most overseas tourists. Four-laning of Bhubaneswar-Konark, Pipili-Puri, Bhubaneswar-Chilika road is an urgent necessity. Similarly widening of road to Ratna Giri complex must get top priority. Further, till Bhubaneswar airport is converted to an international airport, it is absolutely necessary to develop Calcutta airport as the port of entry to all east bound flights from south and south east Asia. Linked properly and groomed adequately through Centre's support as also State initiative private tour operators could be encouraged to run chartered flights to the State bringing in large numbers of overseas tourists.

XIII. Power Sector Reform in Orissa : A Case Study in Restructuring

The 70s and 80s saw a resurgence of the notion that, transferring assets from the public sector to private enterprises would raise both allocative and technical efficiency, leading to greater economic well-being of the region. This led to a spate of privatisation decisions in several countries, both in the developed and developing ones. Moreover, such change in the ownership was not confined to a particular industry. Even the State monoliths like electricity boards, telecommunications, railways were open for private participation.

The experiment and the experiences of the power sector reforms undertaken in the State of Orissa are analysed in that backdrop. The Orissa Power Sector has completed three crucial stages of the reform process - corporatisation, unbundling and privatisation of distribution. The regulatory body has also been functioning and has issued four tariff orders so far. However, the sector is faced with a serious financial crisis. The transmission company, GRIDCO, is virtually bankrupt and the distribution companies (Wesco, Nesco, Southco and Cesco) are incurring

significant losses. The study stresses that, problems like high T&D losses, low collection performance, inefficient human-resource, rationalising the tariff computation should be addressed immediately to put the sector on the path of recovery. Finally, efforts should be made to reform the sector rather than just privatising and substituting the public monopoly with a private monopoly.

XIV. Disaster Management

Disasters are unexpected events, which affect the biological and social functioning of a society. This chapter provides a historical account of disasters so far experienced in Orissa with special reference to the Super Cyclone, recent drought and flood, which have occurred in the State during the year of 1999, 2000 and 2001.

In spite of the best possible measures undertaken by the State to save the life and property of the people, it has been observed that during these disasters a lot of damages have occurred. Disasters have disrupted the communication network, supply of essential commodities and the functioning of State administration. These calamities have destroyed standing crops as well as plants, livestock, and human lives. For the first time after the Super Cyclone the State could mobilise huge relief operation and rehabilitation support in the form of food items, medicines, livelihood generating assistance. This chapter examines the extent of losses, services provided by various welfare agencies to overcome the adverse impact of these calamities and measures taken for smooth management of post-disaster situation.

The Orissa Relief Code is a generic document to guide the State Government in the management of such calamities. But it needs substantial revision keeping in view the changing times and problems encountered by the State and people in the disasters of the recent years. In order to coordinate the preparedness measures, relief distribution, livelihood restoration activities, and the flow of bilateral and multi-lateral aids and loans for reconstruction, the State has recently formed an authority, viz., Orissa State Disaster Mitigation Authority (OSDMA). It is suggested that disaster management should be based on development planning and the welfare agencies should play the role of facilitators.

XV. An Overview of the Scheduled Tribes in Orissa

Orissa has a composite society consisting of various caste categories and a number of diverse tribal communities. Sixty two tribals have been scheduled in the State under Article 342 of the Constitution of India. These tribal communities mostly reside in the Scheduled Areas which account for 44.21 per cent of the total land of the State. They also vary from one another in terms of their language, social structure, territorial affiliation, socio-cultural identity, livelihood sources, and degree of modernisation. Considering the low literacy, small size of population and adherence to pre-agricultural type of economy, Government of India have designated 12 tribal communities as Primitive Tribal Groups for special treatment. It is observed that the tribal economy is still in a primitive stage from the point of view of resource utilisation, technology, and adoption of diverse livelihood sources.

As a part of Indian nation Orissa has been equally committed to provide protective measures to the tribal people for their development. The strategic plans which are being implemented for overall development of the tribal communities are known as Integrated Tribal Development Agency, Special Micro Project, Modified Area Development Agency, Cluster approach and Dispersed Tribal Development Programme. Apart from giving financial assistance, the State has enacted various laws to safeguard the interest of the tribals in respect of the land alienation, indebtedness, exploitation, protection of their civil rights, reservation of vacancies in public sector posts and services, abolition of bonded labour system, protection of tribal rights over forest produces, etc. The State has commenced the process of democratic decentralisation by extending the Panchayati Raj Act to Scheduled areas and in empowering the tribal through Gram Sabha. In spite of this it is observed that, by and large, the benefits of Constitutional privileges for the Scheduled Tribes of Orissa have not been realised to the desired level.

With this background the chapter provides a brief socio-economic profile of tribal communities of Orissa. It describes the growth and development of tribal welfare policies and programmes implemented in the State during different Five Year Plan periods and the role played by State level agencies for the promotion of tribal development in Orissa.

XVI. Development Scenario of the Village

In a poor and backward State like Orissa it is least expected that the development scenario of the village and the pace of socio-economic transformations could be better. Our socio-economic survey of different types of villages in different regions of Orissa clearly reveals that

the State has to make a longitudinal perspective plan for the transformation of the subsistence oriented backward agricultural economy in order to solve the problem of poverty and to improve the 'quality of life' of rural people. Dependence of population on primary sector occupations is quite high, whereas agriculture with its present State of infrastructure and technology and, above all, operational holdings is itself not in a position to provide a substantial form of gainful livelihood to the majority of rural population in Orissa. There have been little occupational diversifications of population at the village level. Irrigation infrastructure created through many development projects has failed to achieve desired goal across space and people. Often this serves the interest of only large, medium and semi-medium farmers. Like this, the welfare programmes and Minimum Needs Programme implemented by the State under social sector development to lessen poverty and improve the 'quality of life' of poor in rural areas hardly reach the targeted sections of population.

XVII. Concluding Remarks with a Vision Statement

While economic indicators of development are poor, which produce acute poverty conditions, there are a number of social conditions of deprivation that tend to perpetuate poverty which, in turn, hold back social development. This is a kind of vicious circle which calls for stepping up investment in productive sectors to increase the pace of growth and improve the economic and social well being of the poor.

In view of severe resource crunch, there are two parameters which can be used to endogenise the important desirable objectives. One is efficiency of or return to investment and two, the poverty reducing capacity of different sectors which is of extreme importance as a basic objective of planning in Orissa. Sectoral efficiency can simply be taken as the inverse of incremental capital output ratio (ICOR). Steps should, therefore, be taken to reduce ICOR by improving efficiency of management of investment outlay.

Sectoral poverty reduction capacity can be considered as the responsiveness of poverty reduction to growth. This is derivable from the implicit elasticity of poverty with respect to growth i.e. by what per cent the poverty ratio declines with one per cent increase in growth. We may thus take a normative approach and assign equal weights to the above mentioned two sectoral parameters as the basis of sectoral allocation of total plan outlay. Thus the two parameters can simply be added up and called efficiency-cum-equity index.

On the basis of this efficiency-cum-equity-index a growth rate of 6.2 per cent per annum during the Tenth Plan along with a poverty reduction of 7 per cent has been proposed in the Vision Statement.