Overview of Odisha's Economy 1
Economic Growth Trends 5
Gross State Domestic Product (GSDP) 6
Per Capita Income 9
Sectoral Contribution to Economy 11
Agriculture and Allied Activities in Odisha 14
Industrial Development in Odisha 16
Mineral Resources and Mining Sector 20
Tourism Sector in Odisha 21
MSMEs (Micro, Small, and Medium Enterprises) 24
Infrastructure Development 26
Ports and Maritime Economy 30
Power and Energy Sector 31
Irrigation and Water Resources 35
Fisheries and Aquaculture 36
Handicrafts and Handlooms 40
Financial Institutions in Odisha 42
Employment and Labour Market 46
Poverty and Inequality 48
Social Sector Expenditure 52
Digital Economy Initiatives 53
Environmental Sustainability in Economic Growth 57
Role of Public-Private Partnerships 58
State Budget and Fiscal Policy 62
Investment Opportunities and Ease of Doing Business 63
Skill Development Initiatives 66
Export and Trade Policies 68
Sustainable Development Goals (SDGs) in Odisha 71
Challenges in Economic Development 72
Future Prospects for Odisha's Economy 76

Overview of Odisha's Economy

Odisha, located on the eastern coast of India, is a state with a diverse and evolving economy. Over the years, Odisha has transitioned from being an agrarian economy to one that is increasingly industrial and service-oriented. This article provides a detailed overview of

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Odisha's economy, encompassing its major sectors, economic indicators, challenges, and future prospects.

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1. Introduction

- **Geographical Context**: Odisha is bordered by West Bengal, Jharkhand, Chhattisgarh, and Andhra Pradesh, with a long coastline along the Bay of Bengal.
- **Population**: Odisha has a population of approximately 46 million (Census 2011), making it one of the most populous states in India.
- **Economic Transition**: Traditionally dependent on agriculture, the state has diversified into mining, manufacturing, and services.

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2. Key Economic Indicators

Indicator	Value (Latest Available)
Gross State Domestic Product (GSDP)	₹6.54 lakh crore (2022-23)
Per Capita Income	₹1,28,500 (2022-23)
Literacy Rate	73.45%
Poverty Rate	32.59% (2020)
Unemployment Rate	5.6% (2022-23)

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3. Sectoral Composition

a. Primary Sector

- **Agriculture**:
  - Accounts for around 22% of the GSDP.
  - Major crops include rice (a staple), pulses, oilseeds, and vegetables.
  - **Challenges**: Low productivity, dependence on monsoons, and fragmented landholdings.
  - **Irrigation**: About 36% of the cultivable area is under irrigation, highlighting the need for improved infrastructure.
- **Fisheries and Animal Husbandry**:
  - Odisha is a leading producer of marine products.
  - Aquaculture is gaining importance with exports of shrimp and fish.
- **Forestry**:
  - Forests cover about 33% of the state, contributing to livelihoods and minor forest produce like bamboo, sal seeds, and medicinal plants.

b. Secondary Sector

- **Mining and Mineral Resources**:
  - Odisha is rich in minerals like iron ore, bauxite, coal, and chromite.

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    - Contributes significantly to India's mineral production (34% of iron ore production).
    - **Key Mining Hubs**: Keonjhar, Sundargarh, and Angul.
- **Industries**:
    - **Steel and Aluminium**: Odisha is a hub for steel production with companies like Tata Steel and JSW Steel having major operations. NALCO and Vedanta dominate aluminium production.
    - **Chemical and Petrochemical**: The state is developing petrochemical complexes to attract investments.
    - **MSMEs**: Over 4.5 lakh MSMEs are operational, providing employment and supporting rural industries.

c. Tertiary Sector

- **Services**:
    - Contributes around 38% to the GSDP.
    - **Tourism**: Heritage sites like Konark, Puri, and Chilika Lake attract millions of tourists annually.
    - **IT and ITES**: Emerging as a growth area with Bhubaneswar being promoted as an IT hub.
    - **Banking and Financial Services**: Expanding outreach, though penetration remains below the national average in rural areas.

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4. Infrastructure

- **Roads and Highways**:
    - Odisha has a total road network of 2.54 lakh km. National highways account for over 5,000 km.
    - The state government is focused on improving connectivity in remote areas.
- **Railways**:
    - A well-connected network facilitates mineral transportation.
    - Projects like the Khurda-Balangir rail line aim to improve connectivity in underdeveloped areas.
- **Ports**:
    - Paradip Port is one of India's largest and busiest ports.
    - New ports, including Gopalpur and Dhamra, are boosting maritime trade.
- **Airports**:
    - Biju Patnaik International Airport in Bhubaneswar is the primary gateway.
    - Plans are underway to enhance regional connectivity under the UDAN scheme.
- **Power**:
    - Odisha has surplus power generation capacity with significant contributions from hydropower and thermal power plants.
    - Renewable energy projects, particularly solar and wind, are being promoted.

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5. Investment and Industrial Policies

- **Make in Odisha**:
  - The flagship investment summit attracted commitments worth ₹10.5 lakh crore in 2022.
  - Focus on sectors like metals, chemicals, textiles, and food processing.
- **Ease of Doing Business**:
  - Odisha ranks among the top 10 states in India for ease of doing business.
  - Implementation of single-window clearance and online systems has streamlined processes.

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6. Social and Human Development

- **Education**:
  - Major institutions like IIT Bhubaneswar and AIIMS Bhubaneswar have bolstered higher education.
  - Literacy rate improvements are notable, though challenges in tribal areas persist.
- **Healthcare**:
  - The state has improved healthcare indicators with initiatives like the Biju Swasthya Kalyan Yojana.
  - Focus on reducing IMR and MMR through public health programs.
- **Skill Development**:
  - Programs like Odisha Skill Development Authority aim to enhance employability.
  - Collaboration with industries to provide demand-driven training.

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7. Challenges

1. **Poverty and Inequality**:
   - Despite progress, poverty levels remain high, especially in tribal and rural areas.
2. **Environmental Concerns**:
   - Mining and industrial activities have led to deforestation and pollution.
3. **Natural Disasters**:
   - Frequent cyclones and floods disrupt economic activities and cause infrastructural damage.
4. **Unemployment**:
   - A significant portion of the workforce remains underemployed or engaged in low-paying jobs.
5. **Agriculture Dependence**:
   - Vulnerability to climate change and poor irrigation facilities affect agricultural productivity.

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8. Future Prospects

- **Green Energy**:
  - Odisha plans to enhance its renewable energy portfolio, particularly in solar power.
- **Smart Cities**:
  - Bhubaneswar and Rourkela are being developed as smart cities, focusing on sustainable infrastructure.
- **Tourism Development**:
  - Diversifying tourism beyond heritage to include eco-tourism and adventure tourism.
- **Industrial Growth**:
  - Establishing more SEZs and industrial parks to attract global investments.

Economic Growth Trends

Odisha, a state on the eastern coast of India, has experienced significant economic growth in recent years. While traditionally reliant on agriculture, the state is undergoing a transition towards an industry and service-based economy. This article delves into the key trends shaping Odisha's economic landscape.

Key Growth Drivers:

- **Industrial Growth:** Odisha is rich in mineral resources, making it attractive for industries like mining and metals. The state government has actively promoted industrial development through policies that encourage investment and infrastructure development. Key industrial sectors include steel, aluminum, and power generation.
- **Services Sector Expansion:** The services sector is a major contributor to Odisha's economy, with significant growth in areas like IT, telecommunications, and tourism. The state capital, Bhubaneswar, is emerging as an IT hub, attracting both domestic and international companies.
- **Agricultural Development:** Despite the shift towards industry and services, agriculture remains crucial for Odisha's economy. The state government is focusing on improving agricultural productivity through initiatives like irrigation projects, technology adoption, and farmer support programs.
- **Infrastructure Development:** Odisha has made significant strides in infrastructure development, including roads, railways, and ports. Improved connectivity is essential for attracting investment and facilitating trade.
- **Government Initiatives:** The state government has played a proactive role in promoting economic growth through various policies and initiatives. These include investment incentives, skill development programs, and ease of doing business reforms.

Economic Indicators:

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