

Odisha: A Rich State with Poor People-A Development Paradox.

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Abstract:

Odisha, an eastern India state, presents a striking paradox in development economics where abundant natural resources coexist with persistent poverty. The state is richly endowed with minerals, forests, fertile agricultural land, and a long coastline, yet historically it has lagged behind in human development indicators and per capita income. This paper examines the structural and socio-economic reasons behind this contradiction by analyzing resource distribution, agricultural dependence, regional inequality, governance issues, and human capital formation. It also introduces dietary patterns and lifestyle practices as supplementary factors influencing productivity. The study concludes that inclusive policies, improved human capital and balanced development are necessary to convert Odisha's resource wealth into sustainable prosperity.

Keywords: Odisha Economy, Development Paradox, Resources Curse, Mineral Wealth, Human Development, Inequality, Governance, Inclusive Development and Sustainable Growth.

1. Introduction

Economic development is generally associated with the availability of natural resources, which are expected to generate income, employment, and improved living standards. However, this assumption does not always hold true as seen in the phenomenon known as the resource curse, where resource-rich regions continue to experience poverty and underdevelopment. Odisha represents a clear example of this paradox. Despite possessing vast mineral reserves such as iron ore, coal, bauxite, and chromite, along with forests, fertile land, and coastal advantages, the state has historically recorded lower economic and social indicators compared to many other Indian states. This contradiction raises important questions regarding the effectiveness of resource utilization and the distribution of economic benefits. The present study attempts to analyse the underlying causes of this paradox and explore pathways for inclusive development.

2. Literature Review

The relationship between natural resource abundance and economic development has been widely discussed in development economics. Many scholars have argued that resource-rich regions do not always experience inclusive growth, a condition commonly known as the "resource curse." Studies by Jeffrey Sachs and Andrew Warner explain that economies heavily dependent on natural resources often face structural inequalities, uneven income distribution, and slower human development. Their work provides

an important theoretical framework for understanding the condition of Odisha, where mineral wealth coexists with poverty.

Amartya Sen emphasized that development should not be measured only by economic growth but also by expansion of human capabilities such as education, healthcare, and social opportunities. His human development approach is highly relevant in the Odisha context because the state historically faced poor indicators in literacy, nutrition, healthcare and employment despite industrial growth.

Several studies on Odisha have highlighted the contradiction between mineral wealth and low living standards. A recent study by Prachet Paranjoy (2024) examined the progress of human development in Odisha after economic reforms and observed that although the state achieved industrial growth and higher income levels, regional and social disparities continue to persist. The study noted that tribal and interior districts remain comparatively backward despite policy interventions.

Research by Laxmikanta Gual and Amrendra Das (2025) analyzed development patterns in indigenous regions of Odisha and found that tribal-majority districts continue to experience severe socio-economic disadvantages. Their study revealed that inequalities in infrastructure, education, and income remain significant even after decades of development planning.

Recent economic analyses indicate that Odisha has achieved notable economic growth in recent years due to industrialization and mining expansion. According to the Odisha Economic Survey 2024-25, the state economy grew faster than the national average, and industrial contribution to Gross State Value Added increased substantially. However, dependence on mineral extraction and uneven sectoral development continue to create structural vulnerabilities.

Another important area of literature relates to governance and regional inequality. Several reports have highlighted that mineral-rich districts such as Keonjhar continue to suffer from poor living conditions despite generating substantial mining revenue. Reports by the National Human Rights Commission and media investigations indicates that lack of effective implementation and unequal distribution of development benefits remain major concerns.

Recent discussion on Odisha's future development trajectory suggest that the state possesses strong potential for industrial and economic transformation. Policy discussions increasingly focus on balanced development, digital transformation, human capital improvement, and industrial diversification.

3. Research Gap

Although considerable research has been conducted on Odisha's economy, poverty, and mineral resources, several important gaps remain in the existing literature.

Most earlier studies examine either mineral wealth or poverty independently without establishing a comprehensive relationship between the two. There is limited integrated research connecting resource extraction, regional inequality, human development, and local socio-economic conditions within a single analytical framework.

Another major gap is the lack of district-level and community-level analysis. Many studies focus on macroeconomic indicators such as gross State Domestic Product and industrial output, while comparatively less attention is given to the living conditions of people in mineral-rich districts and tribal regions where the contradiction between wealth and poverty is most visible.

Existing literature has also inadequately examined the role of human capital factors such as nutrition, dietary diversity, health conditions, and lifestyle practices in influencing productivity and economic

development. While poverty and industrialization are frequently discussed, the indirect relationship between nutritional patterns and labour efficiency in Odisha remains underexplored.

Furthermore, limited research has been conducted on the effectiveness of mechanisms such as District Mineral Foundation (DMF) funds in improving local welfare and reducing inequality in mining-affected regions.

Another gap lies in the lack of updated interdisciplinary studies incorporating recent economic development after 2020, including infrastructure growth, industrial transition, disaster management improvements, and changes in poverty reduction trends.

Therefore, the present study attempts to bridge these gaps by proving a comprehensive analysis of Odisha's development contradiction through the combined perspectives of resource economics, human development, governance, and human capital formation.

4. Objectives and Methodology

The primary objective of this study is to examine the relationship between natural resource wealth and poverty in Odisha and to identify the structural and institutional factors responsible for the development imbalance. The study also seeks to explore the role of human capital, including nutrition and lifestyle, in influencing productivity and economic outcomes. The research is based on secondary data collected from government reports, economic surveys, and academic literature, and follows an analytical and descriptive approach to understand the broader development dynamics of the state.

5. Natural Resource Endowment and Economic Structure

Odisha is one of the most resource-rich states in India, often referred to as mineral hub due to its large reserves of iron ore, coal, bauxite, and chromite, which support major industries such as steel and aluminum. In addition to its mineral wealth, the state has extensive forest cover that sustains tribal livelihoods, fertile river basins that support agriculture, and a long coastline that facilitates trade, fisheries, and port-based development. Despite these advantages, the economic benefits derived from these resources have not been evenly distributed among the population. While industrial growth has taken place, especially in mining and heavy industries, its impact on employment generation and income distribution has been limited, thereby contributing to the persistence of poverty.

6. Poverty and Human Development Scenario

Historically, Odisha has experienced high levels of poverty, particularly in rural and tribal regions. A large proportion of the population depends on agriculture and forest-based livelihoods, which are often low-income and vulnerable to climatic uncertainties. Access to education, healthcare, and infrastructure remains uneven, especially in interior districts. Although there has been a noticeable decline in poverty rates in recent years due to government interventions and economic growth, disparities continue to exist across regions and social groups. Tribal communities residing in mineral-rich areas often face displacement and limited access to development benefits, further intensifying the paradox of resource abundance alongside human deprivation.

7. Causes of the Development Paradox

The coexistence of wealth and poverty in Odisha can be attributed to several interrelated factors. One of the primary reasons is the unequal distribution of resource wealth, where the benefits of mining and

industrial activities are concentrated among corporations and certain sections of society, while local communities receive limited advantages and often face displacement. Another major factor is the continued dependence on agriculture, which suffers from low productivity due to inadequate irrigation, reliance on monsoon rainfall, and traditional farming practices. Regional disparities further aggravate the situation, as coastal districts have developed faster compared to interior and tribal regions that lack infrastructure and economic opportunities. Frequent natural disasters such as cyclones and floods disrupt economic activities and push vulnerable populations into poverty. Governance challenges, including inadequate policy implementation and a historical focus on industrial growth rather than human development, have also limited the effectiveness of economic progress. Moreover, weak linkages between industries and the local economy have restricted employment generation and reduced the broader impact of industrialization.

8. Human Capital, Nutrition, and Lifestyle Factors

Human capital plays a crucial role in determining the productivity and economic performance of a region. In Odisha, limitations in education and healthcare have historically affected labor efficiency and income generation. An additional dimension that deserves attention is dietary patterns and nutrition. In many parts of the state, the diet is predominantly rice-based, often consumed multiple times a day with limited diversification. While rice provides energy, excessive dependence on carbohydrate-rice diets with lower intake of proteins, vitamins, and micronutrients may lead to nutritional imbalance. From a human capital perspective, inadequate nutrition can result in fatigue, reduced physical efficiency, and lower cognitive performance, thereby affecting productivity. In comparison, regions with more diversified diets that include cereals, pulses, dairy, fruits, and vegetables may experience better nutritional outcomes. However, it is important to recognize that dietary habits alone cannot explain economic differences and should be considered as a supplementary factor. Lifestyle practices, including excessive alcohol consumption in certain areas, may also impact health and working hours, thereby influencing productivity. These aspects require careful and evidence-based analysis within the broader socio-economic context.

9. Recent Development Trends

In recent years, Odisha has made significant progress in economic growth and poverty reduction. Investments in infrastructure, expansion of industries, and implementation of social welfare programs have improved living conditions. The state has also gained recognition for its effective disaster management strategies, which have reduced the impact of natural calamities. Despite these achievements, challenges remain in ensuring that growth is inclusive and benefits all sections of society, particularly those in backward regions.

10. Policy Recommendations:

Addressing the development paradox in Odisha requires a comprehensive and inclusive policy approach. It is essential to ensure that the benefits of natural resources are equitably shared with local communities through effective implementation of revenue-sharing mechanisms. Agricultural development must be strengthened through improved irrigation, modern technology and diversification. Investment in human capital, particularly education and healthcare, is crucial for long-term development. Promoting nutritional awareness and dietary diversification can support productivity improvements. Regional disparities should be addressed through targeted development programs for backward districts, while governance must be

strengthened through transparency and accountability. Finally, sustainable development practices should be adopted to balance economic growth with environmental conservation.

11. Conclusion

The case of Odisha demonstrates that natural resource wealth alone is insufficient to ensure economic prosperity. The persistence of poverty alongside resource abundance is the result of structural inequalities, governance challenges, and limitations in human capital development. While recent progress is encouraging, the transformation of Odisha into a truly prosperous state requires a shift towards inclusive and sustainable development strategies. By effectively managing its resources and investing in its people, Odisha has the potential to overcome its development paradox and achieve balanced economic growth.

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