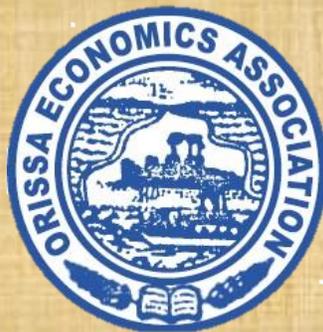


June, 2020

COVID-19 AND THE ECONOMY OF ODISHA

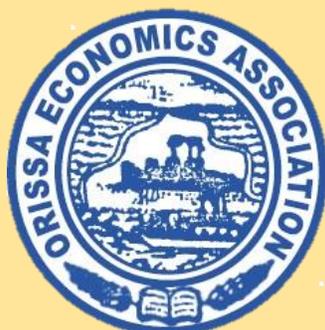
CHALLENGES AND THE WAY FORWARD



Orissa Economics Association
BHUBANESWAR, ODISHA

COVID-19 AND THE ECONOMY OF ODISHA

CHALLENGES AND THE WAY FORWARD



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BHUBANESWAR**

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Views expressed by the authors in the Report are their own and do not represent the views of the Orissa Economics Association. Usual disclaimers apply.

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Message from the President, Orissa Economics Association

Dear friends,

You will be glad to know that the Orissa Economics Association is bringing out a special report on the impact of COVID-19 on the economy of Odisha and suggesting remedial measures for putting the economy back on track.

The COVID-19 pandemic has not only brought about a health disaster but also economic disaster to the world. Almost after one century of the great depression of 1929, most of the national economies are going to record contraction in the output in 2020-21. Millions of people around the world are losing jobs due to shutdown of factories and businesses. Governments are losing revenue and facing severe fiscal crisis to pay the salary of employees and run day to day activities. Odisha Economy is no different from other national and sub-national economies. In this time of crisis, it is pertinent to understand the nature and magnitude of the crisis and take appropriate measures to revive the economy and save the lives and livelihood of millions of people.

In this context, I am delighted to see the commitment of the members of Orissa Economics Association for coming together to analyse the economic consequences of COVID-19 on the economy of Odisha and provide constructive suggestions for reviving the state economy. I am sure that this document will serve as an important input for policy makers, researchers and practitioners working in the development sector. I congratulate the Secretary of the Orissa Economics Association Dr. Amarendra Das for the painstaking efforts to compile all the suggestions of the members of the Association. I also express my deep sense of gratitude to all the members who were prompt in providing their suggestions for preparing this report.

Bhabesh Sen

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Preface

COVID-19 is an existential threat to millions of people all over the world. Not only are their health and life at risk, but their livelihood is also affected drastically because of the economic downturn resulting from the virus. While the suffering caused by the virus is universal, the strategy for combating the problem cannot be uniform everywhere since there are huge differences between the social and economic conditions of different countries and even between the conditions of different regions of a large and diverse country such as India. It is, therefore, very appropriate that the Orissa Economics Association has prepared this report, *COVID-19 and the Economy of Odisha: Challenges and the Way Forward*, which focuses specifically on the negative economic impact of COVID-19 in Odisha and the policy measures that can be taken to mitigate it. The document, which is the product of painstaking effort of a large group of economists, deserves to be read carefully by all who have serious interest in the economy of Odisha; in particular it is a must-read for everybody involved in the formulation and implementation of government policies relating to COVID-19 in Odisha. Among other things, it presents a wealth of factual information and analysis regarding the economic effects of COVID-19 in Odisha, provides growth forecasts for the state for 2020-21, discusses the policy measures already taken by the Government of Odisha, and proceeds to outline further steps that should be taken.

COVID-19 has been devastating in so many ways, but history shows that, with adequate insight and careful choice of policies, societies can overcome even devastating disasters to a great extent. Open discussion based on facts and professional analysis is essential for the emergence of effective public policies in a society. I believe that this document will contribute substantially to policy debates and discussions in Odisha in the context of COVID-19. Our thanks are due to all the scholars who have contributed to this project. Dr. Amarendra Das, the Secretary of the Orissa Economics Association, is to be lauded for putting in the vast amount of time and effort required to bring together and integrate the contributions of so many scholars, which have gone into this valuable report.

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Acknowledgements

The world is going through an unprecedented health and economic crisis which calls for extraordinary response from the national and subnational governments. The Government of India and Government of Odisha have been taking best possible measures to fight against the spread of the COVID-19 pandemic. Both the central and state governments have also announced a slew of economic measures to save the lives and livelihood of millions of people who have been losing jobs and finding their families in penury. Nonetheless, the threat of a deep economic contraction is looming large. The need of the hour is to initiate open debate and discussions amongst academics and policy makers to devise the best possible economic policy to save the economy from a great depression. In this context, the members of the Orissa Economics Association have come together to suggest appropriate economic policy measures for the Government of Odisha to save the economy from the potential massive slump, unemployment, hunger, and social unrest.

The report is a joint effort of several scholars who have shared their thoughts. By mid-April, 2020, all the Life Members of the OEA were communicated about contributing to this collective initiative and by end- April a total of 27 members sent their suggestions. It took some time to do the growth forecast for the state and infer possible fiscal implications for the state. I would like to thank all the members of OEA who provided their valuable suggestions for the preparation of this report. We have made a list of contributors who have provided substantial inputs for the preparation of this report. I also place on record, the brief inputs provided by the members, namely, Shri Ashutosh Dash, Shri Bijay Kumar Bose, Shri Biswajit Bhoi, Dr. Gitanjali Panda, Ms. Itishree Choudhury, Shri Khirod Kumar Chaudhury, Ms. Madhusmita Kanungo, Dr. Minaketan Behera, Professor Sanjukta Das, Ms. Subhra Parida, and Dr. Swapnamoyee Palit. I extend my deep sense of gratitude to the senior members of OEA (Professor Nirmal C. Sahu, Professor Keshab Das, Dr. Rabi Narayan Patra, Professor Mitali Chinara, Professor Pulin B. Nayak and Professor Udaya S. Mishra) who provided moral support and guidance in the preparation of the report. I am also indebted to Professor Tara Nair and Shri Anshuman Kamila for their valuable feedback on the report. I am also thankful to my students, Shri Laxmikanta Gual and Ms. Suvangi Rath for their timely help in compiling this report. I hope this report will be useful to researchers, policy makers and intellectuals of the state and beyond in furthering debates on policy response of Odisha in times of COVID-19.

Amarendra Das
Secretary, OEA

List of Abbreviations

ABADHA	Augmentation Basic Amenities and Development of Heritage and Architecture
ADB	Asian Development Bank
AH	Animal Husbandry
ASHA	Accredited Social Health Activist
ATM	Automated Teller Machine
ATMA	Agricultural Technology Management Agency
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China and South Africa
CD	Credit Deposit
CHC	Community Health Center
CII	Confederation of Indian Industry
CM	Chief Minister
CMIE	Centre for Monitoring Indian Economy
CMRF	Chief Minister's Relief Fund
COVID-19	Corona Virus Disease 2019
CPR	Common Property Resource
CSR	Corporate Social Responsibility
DIC	District Industries Center
DRDA	District Rural Development Agency
EDO	Enterprise Development Organization
EKAMRA	Ekamra Kshetra Amenities and Monuments Revival Action
ESI	Employee's State Insurance
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FPO	Farmer Producer Organization
FRBM	Fiscal Responsibility and Budget Management
FY20	Fiscal Year 2020
GDP	Gross Domestic Product
GP	Gram Panchayat
GSDP	Gross State Domestic Product
GST	Goods & Services Tax
GVA	Gross State Value Added
IAS	Indian Administrative Service
ICAR	Indian Council of Agricultural Research
ICU	Intensive Care Unit
ID	Identity Document
IIT	Indian Institute of Technology
IMF	International Monetary Fund
IT	Information Technology
ITI	Industrial Training Institute

KALIA	Krushak Assistance for Livelihood and Income Augmentation
KASAM	Kandhamal Apex Spices Association for Marketing
KPO	Knowledge Process Outsourcing
KVIC	Khadi and Village Industries Commission
M.V. Tax	Motor Vehicles Tax
MFI	Microfinance Institution
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MKCG	Maharaja Krushna Chandra Gajapati
MLA	Member of the Legislative Assembly
MSMEs	Micro, Small & Medium Enterprises
MUDRA	Micro Units Development and Refinance Agency
NABARD	National Bank for Agriculture & Rural Development
NDDP	Net District Domestic Product
NDMA	National Disaster Management Authority
NDRF	National Disaster Response Force
NGOs	Non-Governmental Organizations
NITI	National Institution for Transforming India
ODRAF	Odisha Disaster Rapid Action Force
OEA	Orissa Economics Association
OECD	Organization for Economic Co-operation and Development
OHEPEE	Odisha Higher Education Programme for Equity and Excellence
ORSAC	Odisha Space Applications Centre
OSDMA	Odisha State Disaster Management Authority
OTC	Over the Counter
OTOP	One Tambon One Product
OUAT	Odisha University of Agriculture and Technology
OVOP	One Village One Product
PF	Provident Fund
PM	Prime Minister
PMJAY	Pradhan Mantri Jan Arogya Yojana
PPP	Public Private Partnership
PRI	Panchayati Raj Institution
PSU	Public Sector Undertaking
PVTG	Particularly Vulnerable Tribal Groups
RBI	Reserve Bank of India
RMRC	Regional Medical Research Centre
RRB	Regional Rural Bank
S&P	Standard & Poor's
SDG	Sustainable Development Goal
SDMA	State Disaster Management Authority

SGST	State Goods and Service Tax
SHG	Self Help Group
SOP	Standard Operating Procedure
TMS	Trivial Many Sector
TV	Television
UGC	University Grants Commission
ULB	Urban Local Body
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
VFS	Vital Few Sectors
VIMSAR	Veer Surendra Sai Institute of Medical Science and Research
VTP	Virtual Tutorial Project
WALMI	Water and Land Management Institute
WSHG	Women Self Help Group

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Executive Summary

1. From less than 100 COVID-19 cases by April 24, 2020, **as on June 12, 2020, Odisha had 3498 confirmed cases with 1011 active, 2474 recovered and ten deaths.** With the return of migrant workers to the state, the number of cases started to rise exponentially. However, most of the positive cases have been traced and being attended to in the quarantine centres. This has helped the state to delay the community spread. By June 5, 2020 the virus had reached all the 30 districts of the state.
2. Odisha was the first to announce COVID-19 as a state disaster even before it was announced as a national disaster by the PM. Similarly, Odisha has been the first in announcing a number of innovative policy interventions like imposing lockdown in the entire state, opening COVID-19 special hospitals with public-private-partnership and providing ₹50 lakh insurance cover to all health workers engaged in the fight against COVID-19. It was also announced that in case of death in harness the state would honour the health workers as martyrs.
3. The COVID-19 pandemic has dealt a severe blow to both the state and national economies and the economy is set to brace a major contraction. The forecast on the magnitude of contraction of India's GDP varies across agencies ranging from around 1 percent to 23 percent. The **Odisha economy is set to contract by 13 to 16.6 percent in 2020-21.**
4. The pandemic has put the state administration in a war-like emergency. Due to limited monetary resources and manpower, the state needs to reprioritize policy responses. **While the first priority definitely concerns saving human lives from the COVID-19 infection, the subsequent one relates to ensuring food security for all, specifically, the poor and the returnee-migrants who have lost jobs and income.**
5. Around 20 lakh migrant workers are expected to return to the state within one or two months. It directly implies that the livelihood of at least 20 lakh families in the state are going to be affected. If we assume every migrant worker used to send on an average ₹ 10,000 per month, then **the state used to receive at least ₹ 24,000 crore as remittance income annually. This amounts to 4.2% of the GSDP of Odisha.** This would be the quantum of loss that the state would incur in 2020-21. This will have significant impact on the local economy in terms of contraction in demand, production and growth of the state economy.
6. Migrant workers have returned home endowed with a variety of skills and work experience. It might take some time before some or most get back to their work outside the state. Those who would not would need to be engaged here based on skill mapping and retraining through state support. **Some of the unskilled migrant workers along with the locally available labour**

would have to be provided employment under MGNREGS. The state should immediately start planning towards creating bases for rural enterprises at the Panchayat level. The capital and skill available with the migrant workers can be invested in these enterprises.

7. The **state government should create an online database on the** nature, extent, skill profile, place (city/town/state) of work and native area in Odisha of all **migrant workers**. System should be created to register all workers at the Panchayat level before moving to the work place outside the Panchayat. All migrant workers should be entitled to avail all social security benefits at the work sites.
8. The agriculture sector, on which nearly half the population depend for livelihood in the state, needs major policy attention in terms of provision of **timely supply of all farm inputs and marketing support so that farmers** could look forward to a bumper kharif harvest.
9. The state government should **create a conducive business environment to attract private capital set to withdraw their investment from China** and move to India. As MSMEs has huge potential to create employment opportunities, the state government needs to devise special policy measures to enhance their base and save the enterprises from folding up.
10. **Credit deposit ratio (excluding advance sanctioned in other state and utilised in our state) in Odisha was only 39 percent against the national average of 76 per cent in 2019-20.** It seems that the semi-urban people in Odisha are in a much more disadvantageous position than even the rural and urban areas. The CD ratio is only 33 per cent in semi-urban Odisha, 36 per cent in rural Odisha and 43 per cent in urban Odisha. The abysmally low CD ratio in the state speaks volumes about both the demand and supply side of the credit. **The state government needs to explore the reasons behind the perpetual low rate of CD ratio and take necessary measures to increase the credit offtake.**
11. The state budget 2020-21 had given thrust on the development of **tourism sector in the state. All new projects announced in the budget 2020-21 should be put on hold for this year.** Same money may be invested in health sector and ensuring food security and livelihood support. The tourism sector is going to be severely affected in 2020-21. To remain in business, **the hospitality industry may need tax relief during 2020-21.**
12. The COVID-19 **pandemic has exposed the limited health capacity of the state.** While people were provided special care for COVID-19, there were instances of death due to non-COVID-19 diseases owing to lack of adequate healthcare facilities. **The state needs to increase the spending on healthcare to at least 4 percent of GSDP. Free access to basic healthcare should be seen as a fundamental right of every citizen of the state.** The state should have a medical college or multi-specialty hospital in every district with all modern health infrastructure and adequate manpower.

13. The COVID-19 pandemic has also exposed the ill-preparedness of the public education system in the state to cope with the new generation challenges. Very few government schools, colleges and universities are equipped to provide online education which is the need of the hour. The state government needs to invest more resources in filling up vacancies and creating infrastructure for online teaching and learning processes. **The digital divide, unwittingly, may widen the learning divide in the society. The state government needs to provide tablets preloaded with learning materials for uninterrupted learning.**
14. Due to the lockdown, while the state's own revenue is set to decline significantly the flow of funds from the Union Government would likely to fall. During April and May, although the aggregate flow of funds from the Union to state has increased compared to that of last year under share tax has declined by 7 per cent. Similarly, the state's collection of own revenue in the first quarter is going to contract by at least 70 to 75 per cent. Except for the revenue from mining and quarrying and land revenue, revenue from all other sources will certainly fall significantly. We estimate a **total shortfall of ₹ 11,313 crore revenue from the Budget estimates of 2020-21**. In order to spend the budgeted amount of ₹ 1,50,000 crore during 2020-21, **the state needs to borrow ₹ 35,763 crore which will be around 6.3 per cent of the GSDP. Due to lockdown the GSDP of Odisha is also set to contract by 13 per cent. The total additional liability of the state for the year 2020-21 would be around 8 percent of the GSDP.**
15. The **state government needs to submit a fresh memorandum to the Union Government and the 15th Finance Commission to increase the borrowing limit up to 8 per cent of the GSDP and relax the FRBM norms** altogether for at least two years.
16. In a historic decision, the CM has given the **power of the district collector to Sarpanchs** so that the quarantine centres would be managed effectively and the fight against COVID-19 would be comprehensive. As this **has created faith in the Panchayati Raj Institutions there is a need to transfer all the powers enlisted in the 73rd and 74th Constitutional Amendments to PRIs and ULBs to render them local self-governments**. The PRIs and ULBs needs more functions, functionaries and funds for this purpose.
17. The fight against COVID-19 has convinced observers that disasters could be managed effectively in a decentralized manner. Therefore, **in line with the National Disaster Relief Fund and State Disaster Relief Fund, PRIs and ULBs should also have access to special funds for disaster management.**

1

Fighting COVID-19

In the fight against COVID-19, Odisha is leading from the front along with a few other states. The state has received compliments from the national government, and national and international media. Odisha's per capita income is only around ₹ 1,05,000 against the national average of ₹ 1,35,000. In spite of the low level of economic and human development, Odisha has always drawn global attention in disaster management; be it a natural disaster or a public health disaster like COVID-19. The first confirmed case of coronavirus in India was reported on January 30, 2020, in the southern state of Kerala; the patient was a female student at the Wuhan University in China. Odisha reported the first confirmed coronavirus case on March 16, 2020. The patient was a 33-year old researcher who returned from Italy to Delhi on March 6 and travelled to Bhubaneswar by train on March 12.

The experience of Odisha in disaster management provides a built-in advantage to respond swiftly to any kind of disasters. For example, Odisha has been the first to impose lockdown in the state and restrict public gatherings by invoking powers under the Epidemic Diseases Act, 1897 and the Code of Criminal Procedure, 1973. Odisha was also the first state to declare COVID-19 as a "state disaster" under the provisions of the Disaster Management Act 2005 before it was declared as a "national disaster". Similarly, Odisha has been the first state in setting up exclusive COVID-19 hospitals in a public-private-partnership (PPP) mode, announcing special financial benefits for all social security beneficiaries, releasing three months' salary of all health workers engaged in the war against COVID-19 and announcing to confer martyrs' honour to all health workers in case of death on duty. Odisha is readying 35 exclusive COVID-19 hospitals in 30 districts of the state with 5671 beds.

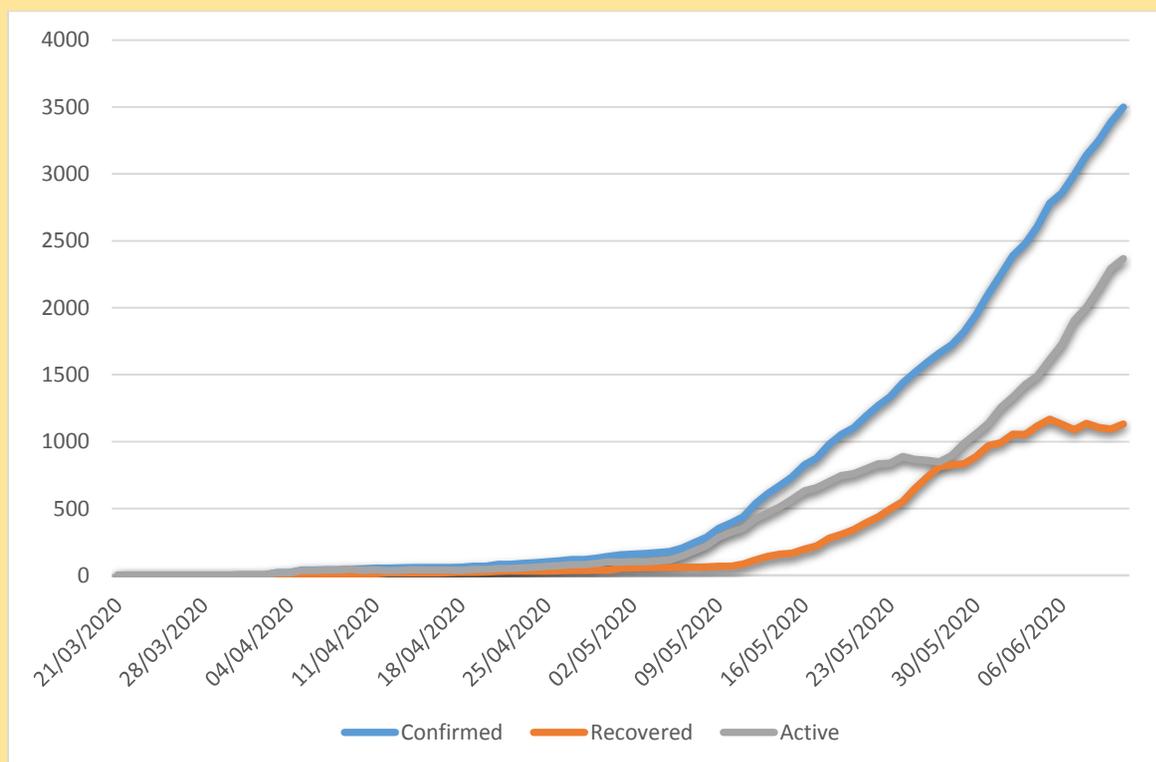
Table 1 provides the status of COVID-19 in Odisha, India and the world total as on June 12, 2020. Odisha had 3498 confirmed cases out of which 1011 cases were active and 2474 people had recovered and 10 people have died. The mortality rate due to COVID-19 in Odisha is far below the national and global average. By this date, a total of 1,92,576 sample tests had been conducted in Odisha.

Table 1 Situation of COVID-19 in Odisha, India and World as on June 12, 2020

	Confirmed	Active	Recovered	Deceased
Odisha	3,498	1,011	2,474	10
India	2,97,534	1,41,842	1,47,194	8,498
World [2]	7,635,485	3,345,026	3,865,743	4,24,716
Source: [1]				

Figure 1 shows the cumulative number of confirmed cases, cases recovered and active cases and the number of persons died due to COVID-19. Up to the first week of May the number of COVID-19 cases in Odisha was quite low. With the return of migrant labourers, the number of cases has gone up rapidly. However, most of these cases are found in the quarantine centers. This has helped the state to avoid the challenge of community spread.

Figure 1 Cumulative Confirmed, Recovered and Active COVID-19 Cases in Odisha

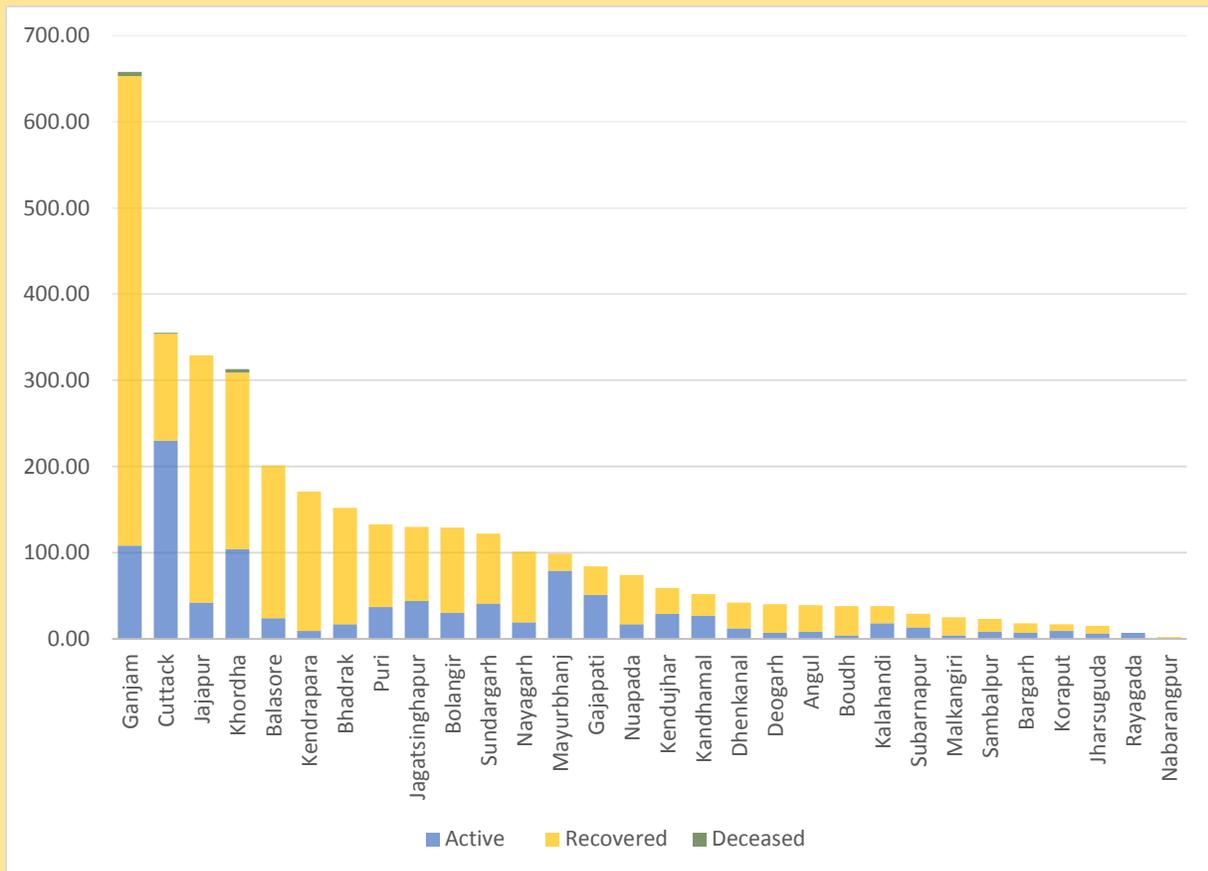


Source: [1]

Figure 2 shows the distribution of positive cases across the 30 districts of the state. Maximum number of cases has been reported in Ganjam followed by Jajpur, Khordha, Balasore, Kendrapara and Cuttack. As on June 2, 2020, five

districts were under red zones, and 12 districts were under yellow zones. The remaining 13 districts were under green zones. By that date, Rayagada district did not have any COVID-19 cases.

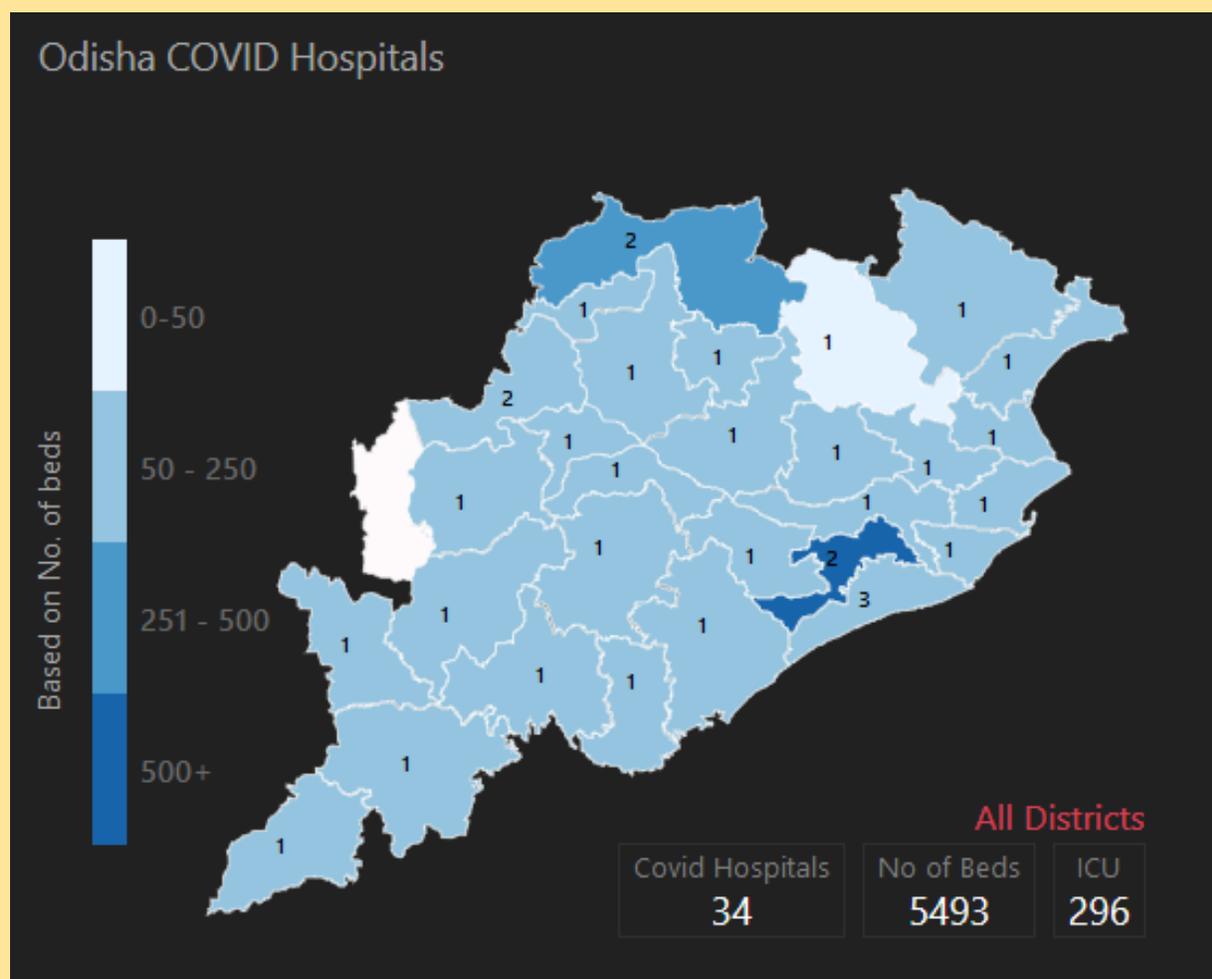
Figure 2 District Wise Active, Recovered and Diseased Cases as on June 12, 2020



Source: [1]

Odisha was the first state to set up exclusive COVID-19 hospitals in a PPP mode. The state has tapped the corporate social responsibility (CSR) funds from both national and state PSUs and also private companies. As on June 2, 2020, except Nuapada district, the state government had set up COVID-19 hospitals in all the 29 districts. Figure 3 shows the number of COVID-19 hospitals based in different districts of Odisha. A total of 34 COVID-19 hospitals with 5493 beds and 296 ICU beds

Figure 3 District wise availability of COVID-19 hospitals and number of beds in Odisha



Source: [1]

Odisha's Comparative Advantage in Managing Disaster

Odisha's frequent encounter with various natural disasters has made the state resilient. The management of cyclones and other natural disasters, such as heat wave, floods and lightning, has improved the skills of the state administration. The state is in a position to comprehend and assess the risks of a disaster much better. The state administration takes a zero-casualty approach to any kind of disaster and gears up the entire state administrative machinery in a mission mode. Although the state has created a specialised disaster mitigation force namely, the Odisha Disaster Rapid Action Force (ODRAF), for the mitigation of natural disasters, the state government engages almost all the government officials, including the fire brigade, police personnel, and teachers, in various capacities. This mutuality in facing a crisis has been a major strength of the state's strategy to combat disasters.

The 1999 super-cyclone of Odisha, which took more than 10,000 lives, taught many lessons to the state administration and also the people of Odisha. Soon after this calamity the state government founded an autonomous institution - Orissa State Disaster Management Authority (OSDMA) on December 28, 1999. Taking a lesson from Odisha, the Government of India enacted the Disaster Management Act on December 23, 2005, which envisaged the creation of the National Disaster Management Authority (NDMA), headed by the PM, and State Disaster Management Authorities (SDMAs) headed by the CMs, to spearhead and implement a holistic and integrated approach to disaster management in India. Following the enactment of the NDMA, disaster management plans have become mandatory at the national, state and district levels. States like Odisha are also preparing disaster management plans for cyclone-prone towns and villages. Based on past learnings, people, in general, also extend their cooperation to the administration for effective management of disasters.

The state government has been continuously strengthening its capacity to manage every known and unknown disaster effectively. Although every disaster poses a new challenge before the state administration, the institutional memory in managing past disasters comes in handy. The state government is continuously investing in building up technological capability and capacity-building of government officers, non-governmental organisations, local communities, students and youth volunteers to mitigate the disruptive effects of disasters. Similarly, the state has not only formulated disaster management plans at state, district and village levels, but also meticulously revises all these plans at regular intervals keeping in view the dynamic nature of social, economic, technological and political contexts at the local, national and global levels.

Odisha's Response to COVID-19

Even before the first confirmed coronavirus case in Odisha was reported on March 16, 2020, by March 09, 2020, the state government had already established its first testing facility for COVID-19 at the Regional Medical Research Centre (RMRC) in Bhubaneswar. The government had started publicising safety measures on SARS COV 2 in print, electronic and social media.

As advance preparedness, before any COVID-19 case was identified, the state had taken several measures as follows:

- The state convened an emergency meeting on March 13, 2020 of the state-level Natural Calamity Committee under the chairmanship of the CM and declared COVID-19 as a 'state disaster' under the provisions of Disaster

Management Act 2005. Following the announcement of 'Janta Curfew' by the PM, the Government of Odisha announced 'Lockdown to Knock Down' from March 22 to March 31. It became one of the first states to do so. Following this, the PM announced lockdown of the country for three weeks starting from March 24, 2020.

- The state continued to approve of the COVID-19 Odisha Regulations 2020 (March 13, 2020) and authorized competent officers to impose required restrictions on assemblies, congregations, institutions and establishments aiming at social distancing by invoking powers under the Epidemic Diseases Act, 1897 and the Code of Criminal Procedure, 1973. An empowered Group of Ministers was constituted, and a Committee of Secretaries under the Chairmanship of the Chief Secretary was constituted to evaluate the emerging situation and take all necessary steps for preventing, containing and mitigating the spread of COVID-19 in the state. The state sanctioned ₹ 200 crore to augment the Public Health Response Fund in order to combat the threat of the pandemic. The state announced the closure of all educational institutions, cinema halls, swimming pools, gyms, etc.; cancelled all non-essential official gatherings, such as seminars, workshops, conferences, etc.; and regulated all social gatherings and assemblies, like religious functions, marriage receptions and other events by the local authorities.
- Using social media, several communication tools, such as posters and videos, were shared among people to adopt proper hygiene practices to fight against COVID-19. The CM along with the ministers and MLAs demonstrated the process of handwashing to spread the message of the importance of doing it at regular intervals. The communications were so well thought-out that the CM even appealed to all Odias to stop spitting *paan (betel)*.
- The CM appealed to people to practise social distancing along with handwashing and proper sanitization of the self and the surrounding.
- The state launched a toll-free number 104 and a web portal for those who had travelled outside of the state to register within 24 hours of their arrival. Government officials established contact with the registered persons for detail enquiry and medical examination if required. The state also announced a cash incentive of ₹ 15,000 (US 200 \$) and medical care at home for persons registered for quarantine at home. People spreading rumours or false information were warned that they would be taken into police custody. The state also made it mandatory for people returning from abroad to register and non-compliance was made punishable under the provisions of the Indian Penal Code and Criminal Procedure Code. As on April 1, 2020, 15895 people had registered using the helpline number 104.

Out of these, 4666 people had travel history abroad. In all, 245 cases have been lodged against violators of the lockdown.

With the first COVID-19 confirmed case, from March 16, the state government started special press briefings every afternoon to keep the public informed about the status of COVID-19 in the state and the measures taken. The state government also appointed a special spokesperson for this purpose. Following it, the CM wrote to the PM to defer the enumeration work of Census 2021.

Even though the total number of COVID-19 cases identified was below five then, on March 21, the CM announced a near-total lockdown of five districts with a relatively high number of foreign returnee migrants, namely Khordha, Ganjam, Cuttack, Kendrapara and Angul and eight towns (Sambalpur, Jharsuguda, Balasore, Rourkela, Bhadrak, Puri, Jajapur Road and Jajapur Town). Seventy per cent of the 3200 foreign returnees belonged to these districts. People were allowed to go out only for essential purchases or services. Buses, trains, flights, grocery shops, vegetable shops, shops selling fish, eggs, chicken, petrol pumps, medicine stores, hospitals banks, ATMs, police, fire service, ODRAF, drinking water and power supply were excluded from the lockdown. Private companies were directed to allow work from home.

On March 23, the state government launched a toll-free number 'Sadhan' in order to ensure the supply of essential commodities and services. The CM appealed to people to donate generously to the CM's Relief Fund (CMRF). He donated his three months' salary to the CMRF. The lockdown was extended from 5 to 14 districts. The CM evoked an emotional response when he requested everyone in the state to take oath in the name of their children and parents not to go out of home and strictly obey the lockdown.

On March 24, in order to boost the morale of health professionals engaged in the fight against COVID-19, in Odisha, the CM announced four months advance salary for doctors, nurses and other paramedical staff. He also appealed to the people to treat the health professionals with respect and affection and warned that those misbehaving with them would be penalized.

By the second week of identification of the first COVID-19 case in the State, on March 27, the government opened a helpline number for Odia people stranded in different states of the country. The state government announced a package of ₹ 2200 crore for the food security and social welfare of poor people and construction workers. This included advance distribution of rice for three months, ₹ 1000 each to 94 lakh families, advance payment of pension to 48 lakh beneficiaries under different social security schemes, disbursement of financial assistance worth ₹ 1500 per person to 22 lakh construction workers. The CM sought the cooperation of the senior professionals in different health and allied fields to extend their support to assist the government at the senior management level. Odisha was the first state to announce that it would

take care of Odia returnee-migrant workers from all other states and that services (food, stay, healthcare and some transport) during the COVID-19 emergency would be provided free of cost.

Further, on March 29, the government signed a Memorandum of Understanding (MoU) with two private hospitals to open dedicated COVID-19 hospitals with 650 beds. These facilities have been created with CSR funds of the Odisha Mining Corporation in partnership with private hospitals. The state was the first to do so and a day after, the Government of India requested all states to start setting up dedicated COVID-19 hospitals/wards.

By the beginning of April, the total identification of COVID-19 positive cases grew to five. With the fifth case with no travel history and sixth case with the history of participation in the Tablighi Jamaat's Markaz (the congregation held at Delhi's Nizamuddin West), the state intensified its fight against COVID-19. The state government clamped 48-hour complete shutdown or curfew in Bhubaneswar, Cuttack and Bhadrak cities to control the spread of the disease. During this shutdown, all services were suspended, excluding a few select medical stores. Police teams in these three cities patrolled each locality intensely to ensure nobody came out and broke the curfew. During this complete shutdown, people were asked to call the police for any help, including the need for an ambulance. Post this complete shutdown, the state government identified pockets in these cities which were home to the most number of COVID-19 cases and declared these as 'containment zones'. These containment zones were fully sealed, and no person was allowed to come out or go in. The fire brigade along with the police started sanitization of these localities.

As the lockdown got stiffer, the state government started serving fresh meals to the sick, destitute, and indigent villagers across 1359 GPs of the state. Self-Help Groups (SHGs) are engaged in serving the food, preparing masks and providing rations to households. While serving the needy, the state ensured that social distancing was maintained. This was monitored by the local police. The state has created quarantine facilities in all Panchayats. ASHA and Anganawadi workers have been keeping track of returnee-migrants and monitoring their home quarantine.

In order to keep the school-going children engaged in creative activities during this lockdown period, the departments of sports, women and child welfare, Mission Shakti, along with UNICEF, launched a competition, '*Mo Pratibha*'. Children in the age group of 5 to 18 years could participate in it by writing short stories, slogans, poems, making posters, drawings and paintings.

By April 4, the 4th COVID-19 hospital was made operational at Rourkela in Sundargarh district with a 200-bed capacity. The Ministry of Petroleum and

Natural Gas, Government of India, provided support to open another 500-bed COVID-19 hospital.

Self-Help Groups under Mission Shakti took up the initiatives of running mobile dry ration and vegetable supply in different parts of Odisha. During the lockdown, the Government of Odisha ensured around 3.3 crore beneficiaries covered under the Food Security Schemes are provided 5.65 mt of rice and wheat in advance for April, May and June. During the second and third weeks of April, the significant steps taken by the state government were:

- April 7: The CM launched a telemedicine helpline number 14410 and appealed to doctors to volunteer for this purpose. Sarpanchs in tribal areas went door to door to demonstrate proper handwashing.
- April 7: The Indian Air Force airlifted personnel and medical equipment from Delhi to set up medical labs and other facilities in Odisha.
- April 9: The Cabinet decided to extend the lockdown period up to April 30 and recommended the Union Government to do so too. Odisha was the first state to do this.
- April 10: The CM advised all private educational institutions to be sympathetic in considering the reduction/deferment of school fees from April to June.
- April 10: The MKCG Medical College and Hospital, Berhampur was permitted by the ICMR to conduct COVID-19 testing.
- April 15: The CM announced the setting up of COVID-19 hospitals in every district with a plan to set up 36 hospitals with a combined bed capacity of 6000. Testing at VIMSAR, Burla was commenced.
- April 16: To address the drinking water crisis during summer, toll-free helpline numbers were launched for urban and rural areas.
- April 16: The School and Mass Education department ensured doorstep delivery of textbooks for students of classes I to VIII.
- April 16: The Commissionerate of Police, Bhubaneswar and Cuttack shared contact directory of police officials for home delivery of essential goods in these two cities.
- April 18: A ₹ 100-crore Urban Wage Employment Initiative was launched to generate employment for the urban poor. This would benefit 4.5 lakh

families in 114 Urban Local Bodies (ULBs). Under this initiative, various labour-intensive works would be undertaken in ULBs till September. The work would be undertaken in collaboration with Mission Shakti and dues would be credited to beneficiary accounts directly, every week.

- April 19: The CM addressed the plight of migrant workers stranded outside Odisha and announced a proactive, humane and scientific approach to facilitate the return of people of Odisha after restrictions are lifted. This would be done through community-based monitoring systems involving GPs and ULBs. To implement this effectively and humanely, in a historic decision, the Government of Odisha delegated the powers of the district collectors to sarpanchs in GPs within their jurisdiction. Returnee-migrants were required to register before they return. Relatives and friends could register with the GP. Returnees would stay free of cost in quarantine facilities for 14 days. On completion of the quarantine period, they would be given ₹ 2000 as an incentive.
- Amid the COVID-19 lockdown, the Government of Odisha cleared 6 investment proposals worth ₹9,100 crore which would generate more than 6525 jobs. The approved projects spread across steel, cement, chemical, metal and metal downstream, textile and apparel, logistics and infrastructure. The CM also announced to set up an inter-ministerial committee to address issues faced by industries and MSMEs in the current situation and recommend appropriate mechanisms for bringing them back on track.
- The state was able to set up five standalone COVID-19 hospitals with a combined bed capacity of 825, readied in record 30 days by April 20. Odisha became the first state to have dedicated COVID-19 hospitals in every district with a cumulative 5100+ beds by April 22.
- To cover the life risks of health workers fighting COVID-19, the CM announced to pay ₹ 50 lakh compensation in case of death during duty. Besides, the state decided to consider them as martyrs and give them state honour. Odisha is the first state in the country to do so. This announcement came a day after people threw stones on an ambulance carrying the dead body of a doctor in Tamil Nadu, who had died while treating COVID-19 patients. Also, the media personnel engaged in covering COVID-19 related events were being provided with a cover of ₹ 15 lakh compensation if there was a loss of life.
- Realising the extensive reach of WhatsApp as a social media platform, on April 22, the Government of Odisha launched a WhatsApp helpdesk for disseminating information on various measures taken by the

government to contain the pandemic. It can be activated by sending *Hi* on the number 9337929000.

- Odisha became the first state to make its post-lockdown plan. The state estimated that nearly 5 lakh migrant workers who are stranded in different states would return home once the lockdown was lifted. Considering this, the state decentralized its functioning and activated the PRI machinery and involved all sarpanchs in planning. On April 22, nearly 6700 sarpanchs were asked to take an oath to take care of migrant labourers on their return. Also, the Odisha Livelihood Mission banking correspondents reached out to remote villages to provide banking services during the lockdown.
- With an increase in testing, new cases started to get identified and the state extended complete shutdown to more locations. On April 23, the government announced a 60-hour complete shutdown in Baleswar, Bhadrak and Jajapur to keep COVID-19 in abeyance. It remained in force from 10 pm on April 23 till 10 am of April 26. During the shutdown, all GPs and ULBs launched a massive operation to enlist people who might have travelled from outside the state. During the shutdown, all offices, shops and establishments remained closed except essential services.
- To handle the migrant workers' issue, on April 27, the state government assigned senior IAS officers to all districts as observers for the effective management of their return. It should be noted that since the announcement of the COVID-19 as a state disaster, the executive has been taking up the responsibility and all officers are deployed to manage COVID-19 as a priority assignment. The CM requested the PM to announce a standard operating procedure for the movement of migrant workers.
- Keeping in mind the upcoming Kharif season, on April 28 the state government announced the provision of ₹ 7500 crore agricultural loans with priority to marginal and small farmers. The amount would be transferred directly to the beneficiaries' accounts.
- During the COVID-19 lockdown, the state government ensured the wellbeing of every guest worker stranded in the state. About 90,000 workers from other states sheltered in 2700 camps were provided food, healthcare and psycho-social counselling. The state also redressed the grievances through the helpline.

- The CM talked to the CMs of Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu for facilitating the return of migrant workers stranded in these states.
- On May 4, the state government appointed a 3-member committee headed by the State Development Commissioner to coordinate safe return of workers, pilgrims, tourists and students from other states amid lockdown.
- On May 10, as the first instance, the sarpanch of Manitara Panchayat, Ganjam district imposed shutdown in her Panchayat.
- Creating an opportunity during necessity, the Ganjam Administration started training quarantined migrant workers as community health workers to play a key role in fighting COVID-19. They are also engaged in immunity-building exercises on a routine basis.
- The CM announced to recast its Industrial Policy Resolution for attracting investments after COVID-19 outbreak is contained. The revisions would bring in tax concessions and employment-linked incentives to boost investments in a post-Covid world.
- With the help of district administration the Kandhamal Apex Spices Association for Marketing (KASAM) procured turmeric from thousands of farmers of Kandhamal district.
- On May 15 the CM accorded frontline warrior status to sarpanchs for their dedication in managing the COVID-19 facilities and strengthening Odisha's fight against the pandemic at grassroots. The CM also announced their eligibility for ₹ 50 lakh compassionate assistance.
- On May 17, the CM reviewed the preparedness of the state to face the cyclone Amphan and directed officials to prepare plan to relocate people living in vulnerable areas to safer places along with early restoration of affected road communication, drinking water and electricity infrastructure and uninterrupted power supply to hospitals. Officials informed that 567 cyclone shelters and 7000 pucca buildings have been identified to accommodate about 11 lakh people while 3 NDRF, 12 ODRAF, 355 Fire Service Units have been deployed to deal with cyclonic situation. Fishermen have been advised not to venture into the sea.
- After taking good care of stranded guest workers the state government also facilitated the return of more than 25,000 workers to their home states. Taking care of pedestrian migrant workers transiting through the

state, the Government of Odisha provided transportation for them to drop them at inter-state borders, nearer to their destination.

- The state government partnered with Facebook and IIT Tirupati to analyse physical distancing in red zones and where more stringent enforcement needs to be deployed.
- In order to boost job creation for workers returning home amid COVID-19 lockdown, on May 26, the state government made a provision of ₹900 crore to extend short term credit for undertaking economic activities.
- The CM appealed all Odias across the world to recite *Bande Utkal Janani* on May 30 at 5.30 pm to boost the morale of the COVID-19 warriors.
- On May 30, the Cabinet approved ₹17000 crore Special Livelihood Intervention Plan to generate employment and boost income affected by COVID-19. The plan would increase income opportunities in sectors like agriculture, fisheries, animal husbandry, forests, handlooms and handicrafts. The plan includes ₹9,700 crore support to 68 lakh farmers in terms of loan, interest subvention and insurance; ₹200 crore support to 24.56 lakh farmers by providing farmers quality seeds, support to betel vine farms, support for mushroom farming and flower cultivation. An amount of ₹111.47 crore has been earmarked to be spent to support 38,900 farmers in the fisheries sector which includes creation of 2000 hectares of new fish ponds, input assistance to 1500 WSHGs, livelihood support to marine fishermen, setting up of 4,500 new broiler farms and 750 layer farms in cage system. The plan includes ₹6,640 crore spending to generate employment for 46.45 lakh through MGNREGS. New textile park in Dhamra and medical park in Dhenkanal would be set up while ₹140 crore would be spent on skill development of 40,000 migrant workers.

Odisha's model of dealing with the pandemic, which has kept the death rates lower than national average, recovery rate and testing rates better, is being lauded all across the country as an effective model. No doubt there are a lot of roads to cover, given the constraints of the state and the availability of resources, yet, the proactive disaster response that the administration has exhibited is praiseworthy. It has sought the cooperation of all stakeholders in successful implementation of the restrictions while addressing their concerns empathetically.

2

Impact on the Economy of Odisha

The COVID-19 pandemic has dealt a severe blow to the economies at all levels - global, national and regional. The International Monetary Fund (IMF) [3] forecasts that the global output is to contract sharply by -3 percent in 2020, much worse than that during the 2008-09 financial crisis. The advanced economies are set to witness a much larger contraction in output by -6.1 percent and emerging and market economies by -1 percent. It further warns that the risks would be severe and substantial. For India, different agencies have provided varying growth estimates for 2020-21. The IMF has projected it to be 1.9 percent; Fitch Ratings [4] has forecast 0.8 per cent growth. In early April, the Asian Development Bank (ADB) [5] had forecast a 4 per cent growth for India. Rangarajan and Srivastav [6] have estimated 4.4 per cent growth for India in 2019-20 and 2.94 per cent in 2020-21. The professional forecasters' projection of real GDP growth given in the monetary policy report of the Reserve Bank of India (RBI) [7] released in April 2020 reports 4.6 per cent growth in the last quarter of 2019-20, 4.7 per cent in the first quarter, 5.3 per cent in the second quarter, 5.7 per cent in third quarter and 6.1 per cent in the fourth quarter. However, given the length of complete lockdown in India and suspension of most of the economic activities in the first quarter, it is hard to believe that the Indian economy would be able to achieve any growth in 2020-21. There is serious apprehension that the total national output would contract drastically in the first quarter, although there could be some improvement in the subsequent quarters; growth of total output would not be higher than that in the last year. Therefore, the fear of a double digit contraction in the output looms large.

Odisha started imposing partial lockdown from March 21 and by March 22 it was extended to the entire state. With the assumption that the lockdown would be relaxed from early June, two months of the first quarter were to fall under the lockdown. Although the state and national governments have relaxed some selected economic activities in the lockdown 3.0 (starting from May 4), the operation of those sectors is far from normal. Even if the lockdown has been relaxed from mid-May, there would be a lot of restrictions in most of the economic activities. Therefore, the effect of COVID-19 would continue in the second and third quarters. We would expect normal activities towards the fourth quarter. If we look at each sector independently during this fiscal year, agriculture is the least affected compared to all other sectors. The

manufacturing and service sectors have emerged the worst-hit sectors due to lockdown. Odisha's export to the world amounts to around 16 per cent of the GSDP. Due to the pandemic this export would be badly affected. The massive unemployment and return of migrant workers from within the country and outside would pull down the purchasing power of the people in the state. Thus, the aggregate demand (internal + external) would decline significantly. In this context, an attempt has been made to calculate the GSVA for Odisha for the fiscal year 2020-21.

Table 2 Growth Forecast for India and Odisha during 2020-21 by Different Agencies

Sl No	Agency/Authors	Growth Forecast (%)
1	IMF [3]	1.9
2	Fitch Ratings [4]	0.8
3	ADB [5]	4
4	Rangarajan and Srivastava [6]	4.4
5	Goldman Sachs [8]	-5
6	Moodys [9]	0.2
7	Standard & Poor's (S&P) [10]	0.3
8	Barclays [10]	0
9	CII [10]	-0.9 to 1.5
10	Sahoo and Ashwani [11]	0.5 to -3 to -7
11	Das and Mishra [12]	-25
12	Das [13] for Odisha	-13 to 16.6

The lockdown suspended almost all economic activities including those concerning factories, construction and transport (rail, road and aviation). There are many signals of the fall in the output in the first quarter. The total power consumption of the country in April 2020 has declined by 22.75 per cent as compared to that in April last year [14]. The core sector output fell by 6.5 per cent in March 2020 with just one week of lockdown in the country [15]. The Gross Direct Tax collection in April had declined by 5.4 per cent [16]. The tax collection by the Income Tax Department in April is the tax collected by the employers for the income of March. Therefore, the income tax collection for the month of April (that would be reflected in May) would show a significant decline in the direct tax collection. This is indicated by the fact that most of the private companies have slashed the salary of employees up to 50 per cent. Even in the public sector, the Union government has frozen the Dearness Allowances for one year. Many state governments have slashed the salary of government employees. The GST collection of states has declined by more than 75 per cent [17]. The Union government has deferred the release of the GST collection data for the month of April. Further, the CMIE data shows that the unemployment rate in the first week of May has gone up to 23.8 percent [18]. Most of the metros in India have come under the red

zones, where more than one third of the total output is produced. Due to the massive movement of migrant workers, the number of districts coming under red zones have increased by the day. In this context, it would be unwise to expect any normal operation of economic activities soon.

The exponential growth of number of COVID-19 positive cases after the return of migrant workers from other states also indicates that the restrictions may continue in different parts of the state. As per the information provided by the Government of Odisha, as on May 16, around 15 lakh people from Odisha stranded in other states had already registered to return to their native places. On this date 1,33,245 people had already returned to the state. Out of this, more than 55000 workers had returned to Ganjam district alone, mostly from Surat, Gujarat. On May 16 alone, a total of 17855 people had returned to the state [19]. Twenty lakh migrant workers implies approximately those many families in Odisha are going to be affected due to loss of employment and income. With a very conservative estimate, if we assume that all these migrant workers used to send remittances of minimum ₹ 10000 (average of both migrants working abroad and in other Indian states) per month, then remittances worth ₹1500 crore would stop flowing to the state every month; or, in a year ₹18000 crore (which amounts to 3.7 per cent of the GSDP or 12 per cent of the state's total budget). Stoppage of flow of this remittance would drastically reduce the demand in the local economy and, hence, slow down growth of the economy. All these signal a drastic fall in the total output and income in the country during the first quarter of 2020-21. Therefore, we strongly presume that instead of any growth the Indian economy would witness a slump in the total output.

Growth Forecast for 2020-21

The growth forecast for Odisha for 2019-20 and 2020-21 has been provided in Figure 1 and Table 3. It is estimated that the GSVA of Odisha may contract between 13 per cent and 16.6 per cent during 2020-21.

Figure 4 Odisha's Growth Forecast for 2019-20 and 2020-21

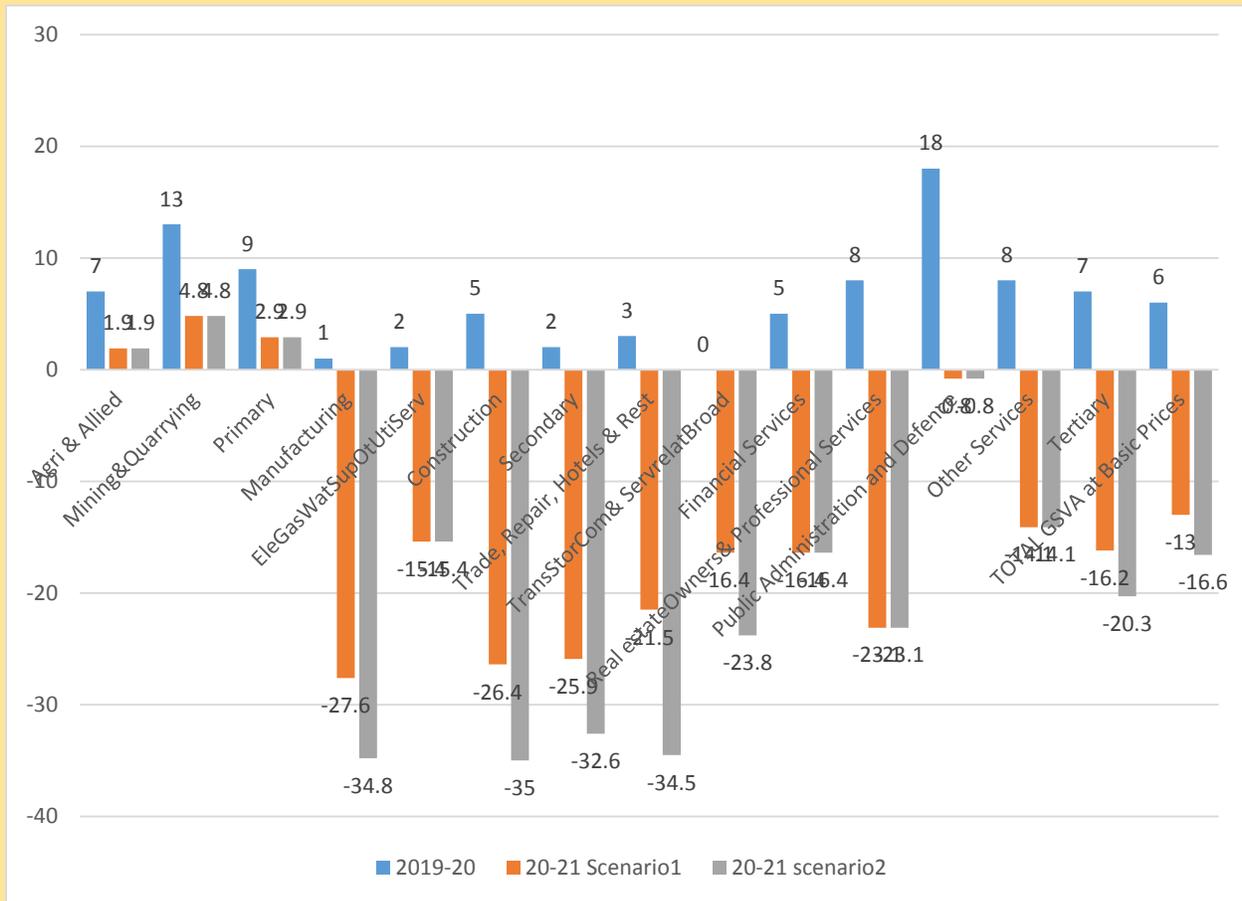


Table 3 Odisha's GSVA and Growth Forecast for 2019-20 and 2020-21

Sl. No.	Economic Activity	GSVA ₹ thousand	Growth	GSVA ₹ thousand	Growth	GSVA ₹ thousand	Growth
		2019-20		Scenario 1 for 2020-21		Scenario 2 for 2020-21	
1.	Agriculture, Forestry and Fishing	9561156	7	9743112	1.9	9743112.0	1.9
2.	Mining and Quarrying	5220712	13	5469046	4.8	5469045.7	4.8
	Primary	14781869	9	15212158	2.9	15212157.7	2.9
3.	Manufacturing	8536424	1	6178561	-27.6	5565539.5	-34.8
4.	Electricity, Gas, Water Supply & Other Utility Services	1544922	2	1307275	-15.4	1307275.3	-15.4

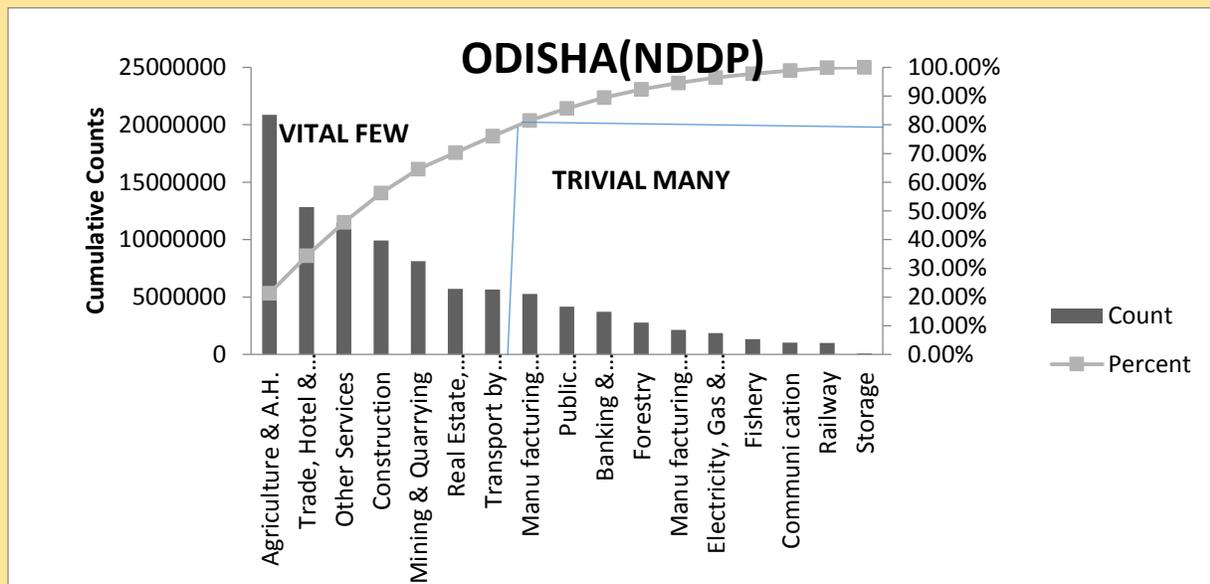
5.	Construction	3409785	5	2510032	-26.4	2216849.8	-35.0
	Secondary	1349113 1	2	9995868	-25.9	9089664.7	-32.6
6.	Trade, Repair, and Hotels and Restaurants	4470527	3	3510495	-21.5	2929838.6	-34.5
7.	Transport, Storage, Communication & Services related to Broadcasting	2904291	0	2428793	-16.4	2214296.0	-23.8
8.	Financial Services	1635191	5	1366795	-16.4	1366794.5	-16.4
9.	Real estate, Ownership of Dwelling & Professional Services	3427935	8	2635782	-23.1	2635782.5	-23.1
10.	Public Administration and Defence	2576234	18	2555147	-0.8	2555147.0	-0.8
11.	Other Services	4150861	8	3566854	-14.1	3566854.3	-14.1
	Tertiary	1916503 9	7	1606386 6	-16.2	15268712. 8	-20.3
12	TOTAL GSVA at Basic Prices	4743803 9	6	4127189 1	-13.0	39570535. 2	-16.6

Source: [13]

Core Sectors of Odisha

Chand [20] uses Pareto Optimality Law with Juran's 80/20 rule to find out the major sectors of Odisha economy. Pareto analysis which is a statistical technique in decision making is used for the selection of a limited number of sectors i.e., Vital Few Sectors (VFS) that produce significant effect. It uses the Pareto principle (also known as the Juran's 80/20 rule) the idea that efforts may be focused on these VFS that contribute 80 per cent of total net district domestic product (NDDP) so that the remaining Trivial Many Sectors (TMS) having contribution of 20 percent can automatically be benefitted in terms of raising the NDDP level. Secondary data for the state of Odisha relating to NDDP at current prices (Source: Directorate of Economics and Statistics, Govt. of Odisha) has been used for the period (1999-2000 to 2010-11) for the analysis. Juran's 80/20 rule has been adopted to identify the VFS and the TMS arising out of 17 sectors contributing to NDDP for the state of Odisha as a whole. A Pareto Curve demarcates the VFS and TMS.

Figure 5 Pareto Curve of Odisha



Source: [20]

Figure 4, which presents the results of Pareto analysis, shows that out of the total of 17 sectors contributing to NDDP, four sectors, namely, Agriculture & Animal Husbandry, Trade, Hotel & Restaurant, Other Services, and Construction are the major sectors and need greater attention [20]. Therefore, in order to revive the state economy, these sectors would need more attention.

3

A Policy Framework for Economic Revival

Going by the intensity, amplitude and impact of the current pandemic (called now as the 'Great Lockdown' or the 'Great Covid Crisis') it has been compared by informed observers to similar catastrophic events in the global history - the Great Depression of the 1930s and the Great Recession of 2008. In the past, for such economic disasters causes had to be discovered and there emerged several theories, and to some extent that delayed managing and resolving the crises. In case of the COVID-19 pandemic the core of the crisis is identified as an unprecedented public health emergency, and the consequences have been severe damage to well-being, employment and income across nations. Long-term solution depends on how and when we come out of the emergency with a vaccine, available over the counter (OTC) everywhere that restrains COVID-19 as any other flu. It is now clear that this is not going to be very soon or even in the near future. Meanwhile, we will have to build a socially-distanced, mask-wearing economy wherein people are employed to produce output from the existing capacity and they are given sufficient income to consume the same output. The principles we know from macroeconomics are clear. It is the fiscal policy that should come to the rescue. Monetary policy should support and become conducive, rather than take the lead. Secondly, the crisis should be appreciated as a true unprecedented uncertainty, warranting principles of 'uncertainty management', rather than 'risk management'. No insurance company could have saved us, and people and economies just do not have a coping mechanism. It is a novel phenomenon and we are all taken by surprise. The response, therefore, should be that of a massive compensation to the poor and job losers for the loss of their income and employment, and widespread bailout of the enterprises, particularly the MSMEs, both in the public and private sectors, in Odisha and elsewhere. However, those should not reduce our abilities now and act as roadblocks on our path of restoring the economy and rebuilding the trust and confidence of people with socio-economic institutions. Once we stand confidently with good health and income in the near term, we can always bend to apply balms on the wounds. Scars are, of course, permanent and will ever remain, and the economy will never be the same again.

The responses should have different time horizons. The short-term measures should be able to restore the economy. In the medium-term we must repair and in the long-run we must revitalize the economy of Odisha. It should be

noted that the fiscal and monetary policy response of a State is different from that of a country in a federal set-up.

Near-term response

As the responsive and well-prepared state government has recognized it early on, the crucial policy issue would be to develop mechanisms to accelerate provision of basic healthcare services to these workers and also carrying out necessary tests to rule out infections due COVID-19. Health concerns would have to take precedence over employment and income generation approaches by the State.

The Government of Odisha should first prevail upon the Union government to convene a virtual meeting of the Union Finance Minister and RBI Governor with the CMs and State Finance Ministers. Odisha should demand and the central authorities should permit a higher fiscal deficit target. In other words, we may miss the targets for some years. Odisha should be permitted to borrow liberally from the RBI. The State should have permission to arrange/negotiate for loan/ aid from international agencies. There should be clear delineation of activities, schemes and bailouts of the centre and the states, and all overlapping spending should be carefully avoided. Odisha should also examine the possibility of increasing State taxes (like State Excise) right from the current year depending on the elasticity and strength of the tax bases. In any case, the value of the money saved by not paying the taxes will automatically be lost in due course to inflation, which is hidden taxation. The money borrowed and resources mobilised should be liberally spent to compensate at least 70 per cent of loss of income of wage-earners, farmers, small businesses, self-help groups and self-employed people in the next three months. The delivery of these compensations through quick-response schemes/packages should be the next most important activity of the district administrations. If necessary, some quick surveys may be undertaken within a fortnight.

Medium-term measures

The Government of Odisha should demand COVID-19 Surcharges on income tax, mineral royalty and railway transportation of minerals for the next five years. The 15th Finance Commission should be urged to examine and appreciate the efforts and requirements of the different states. It is important to maintain and promote the emergency health infrastructure created to deal with COVID-19.

Long-term vision

This is not the appropriate time to plan for a long-term future of the post-COVID-19 society of Odisha. However, it is difficult to avoid some reflection on the long-term vision. Health, education, people's security through policing, environment and other social sectors are issues of primary focus of a modern

welfare state. The future political attention of Odisha should be on these deserving sectors.

As per the NITI Aayog Sustainable Development Goals (SDG) India Index Baseline report [21], 32.59 per cent of population in Odisha is below the poverty line as against the national average of 21.92 per cent. The COVID-19 pandemic has accentuated the economic crisis in the State where a large segment of its population has been deprived of employment and income opportunities and have exhausted their savings.

The Scheduled Tribe population constitutes about 23 per cent of the total population of Odisha and they have been marginalized and poor. They have been deprived of or have limited access to their vital source of livelihood, namely, the land, forests and common property resources (CPR). It is suggested that ownership and control of land by the rural poor is indispensable not only for enhancing their livelihood, food security and social status, but also for improving access to credit markets and security. The Government needs to ensure effective implementation and strict enforcement of land reform measures of re-distributing the surplus lands among the landless tribes. This would encourage local tribes to pursue various natural resource-based activities as livelihood pursuits.

Consequent upon job losses and a complete shutdown of economic activities, it is essential to provide for food supply and basic necessities for survival and ensure cash transfers to the vulnerable poor, tribes, migrants, landless manual workers. The most important driving force of an economy is to generate aggregate effective demand of non-food items so as to generate productive activities in industries and services sector. Expedient implementation of the PM-JAY or Ayushman Bharat scheme, claiming of speedy release of the pending Goods and Services Tax (GST) to Odisha, assisting the underprivileged self-employed to kick-start their enterprises and (ii) reviving MSMEs, hospitality, transport and other industries soon will go a long way to mitigate the adverse effects of the pandemic.

The Government of Odisha -- recognized at the international arena for its distinctive crisis management -- has moved ahead with investment plans to generate employment with maximum linkage effects. A total of six investment proposals amounting to ₹ 9,100 crore were cleared by the Government of Odisha to bring the battered economy back on track amid the COVID-19 pandemic which is expected provide employment to over 6,500 people in the state having its multiplier effects on employment and income too.

As we were pushed into the crisis, it was 'life' that took a priority and rightly so. But after three months it is equally important to reconstruct and revive livelihoods to sustain lives, while not ignoring the health issues. The governments step to rev up the health care issues and ensure that all rural

households and all households from urban slums will be visited by ASHA workers and ANM workers from 16 June to 31 July 2020 is a welcome step in the direction. And simultaneously efforts to kick start the economy must be prioritised.

4

Migrant Workers and Employment

Providing Employment to the Migrant Workers

The extraordinary and massive inflow of returnee-migrant workers to their native places in the wake of the imposition of lockdown across the country has brought about a major challenge for ensuring their health, safety and means of livelihood. Although of diverse nature, these workers do possess skills and work experience which could be harnessed through them training their peer group in the rural and semi-urban areas of the state. Similarly, it could be reasonably expected that some returnee-migrants, especially from industrially dynamic states like Maharashtra, Gujarat and Rajasthan, would have imbibed the quality of entrepreneurship which could be supported by the Government of Odisha to create employment opportunities. Emphasis may be given to activities which would have good demand, as for instance, food processing, stitching, sewing face mask, gloves, etc. Provision may also be made to help create platforms where migrant workers with knowledge/exposure in digital/mobile banking could pass on the skills to those illiterate and/or unfamiliar with the digital technology in local areas. This would encourage digital payment of dues to farmers, MGNREGS workers and other beneficiaries and would reduce transaction time as also corrupt practices.

Government of Odisha is using the cross platform application, developed by professors and students of IIT, Bhubaneswar, some entrepreneurs and corporate professionals, 'MoSahay', to capture information on migrant workers on two fronts – namely their skillsets and their basic health information. It has collaborated with industry bodies like CII and FICCI and it captures 308 skills demanded across 24 industries. The migrant worker, looking for work, can register himself/herself after completing the quarantine. The app is accessible in three languages – English, Hindi and Odia. During registration the person can give his/her skill details, education details and experience in the field along with the preferred place of work. Registration gives him/her an enrollment ID, using which he/she can check the status of his/her status. The purpose is to bridge the gap between the industries which want to start operation after lockdown and the workers who are looking for work. This will help in kick-starting the economy and providing livelihood to the migrant workers.

Besides, the other major focus must be on creating job opportunities in rural areas through MGNREGS work; wage rate could be raised to at least ₹ 350 per day. As MGNREGS works are stopped mostly for one month, the job card holders may be given unemployment allowance. Wage employment programmes may be increased to create community assets and local income generation.

SHGs in rural areas may be motivated to take up local resource-based production or processing activities, for instance, growing mushrooms or certain vegetables or undertaking agro-based or forest-based food processing activities. The state government could provide them with input and marketing support. Identification of constraints (for instance, credit, skill, inputs or marketing) facing handloom and handicrafts sectors would have to be done through state sponsored rapid assessment studies. Enterprise Development Organizations (EDOs) with skilled manpower should be promoted, in line with the Jana Seva Kendras, for guiding self-employment activities. The State Government may provide interest-free long term loans to microfinance institutions/SHGs/ cooperatives for promoting village/ small-town level income generating activities.

Creation of a database for the migrant workers

The crisis of migrant workers during the COVID-19 has now exposed the absence of comprehensive official statistics about the migrant workers by state and their contribution to their state of origin. There is an urgent need to create a database for the migrant workers. At panchayat level, a system should be created for the registration of every migrant worker. This would, inter alia, help the government to extend benefits to the workers during any crisis like the COVID-19.

The contribution of the migrant workers at their destination in terms of their involvement in production process and at their source in terms of the remittances should not get clouded in the current situation. They have migrated in the first place because of lack of job opportunities at their source. Some of them may still opt to return to their destination after the movement becomes more or less normal and the firms where they were employed restarts. The government can also try to push through the 'One nation one ration card' endeavour of Central government to ensure the food security of these people in the future.

5

Agriculture and Allied Activities

Odisha is an agrarian economy with more than 70 per cent of its population dependent on agriculture directly or indirectly for their livelihood. The farm sector has been subject to pre-existing vulnerabilities such as poor infrastructure (mainly, irrigation), smaller farm size, non-remunerative crops, and shortage of farm hands. The current pandemic has hit this sector hard by disrupting supply chains and marketing options. Most of the farmers in the state are small or marginal ones with less than two hectares of land with them. Demarcating boundaries of every plot of land through digitization would confer a sense of security amongst the farming community who could pool the inputs and other support services towards enhancing the efficiency of both land and labour. Cooperative irrigation infrastructure managed by farmers themselves may be encouraged as these could lessen the burden on both the farmers as well as the government and stabilize the economic condition. Similarly, integrating pre-sowing activities, input handling and marketing at the farm gate level can ensure better prices and livelihood opportunities to the farmers. Processing of farm products at the farm gate level to increase the shelf life and promote value addition can enhance the scope of marketing and supply of quality goods to the consumers at a fair price.

Rather than focusing on short-term mono-cropping, long-term diversified crops would be a sustainable approach to face unforeseen crisis and can enhance the scope of export to other states as well. A sustainable agriculture would dissuade distress migration to urban areas. Cold storage chains and strengthening of distribution system of the farm products would have a stabilizing effect on those engaged in the supply chain management.

Cultivation of vegetables is emerging as a mode of commercialisation in many districts of Odisha. However, many of the vegetable farmers take tied loans from traders to meet the operating costs and hence do not get the profit that they deserve. Moreover, much of the supply chains linking farmers to the bigger cities have been disrupted. There is a need to design a specific scheme to encourage vegetable farmers, focusing on production, storage and marketing of vegetables. The same could be applicable to allied sectors like fruits, poultry, fisheries and dairy where fresh investment needs to be made for storing/preserving perishable produce.

Tenants are typically excluded from benefits targeted at farmers, as most of them do not have written contracts. The Government of Odisha has tried to include sharecroppers and other tenants in the KALIA [Krushak Assistance for Livelihood and Income Augmentation] scheme. However, coverage is still inadequate. There is a need to relax the norms for identification of tenants so that emergency help reaches them. This will help them to start operations in the Kharif season. Efforts should be made to help the share-croppers to take advantage of the Minimum Support Price so that people having no land of their own would be attracted towards cultivation as a profitable occupation. Agriculture can be economically viable and environmentally sustainable by adopting multi-cropping and inter-cropping in place of monoculture. Practices such as mulching, making farmyard manure/ remnants and application of integrated pest management need to be encouraged.

Agricultural zone system may be adopted to check land transfers for non-agricultural purposes. Tail-end area of canal may be newly constructed for proper water coverage and to check wastage. Agricultural ITIs should be established at the district level to impart training in agricultural and related activities.

Agriculture Development through FPO in GP Level.

Promoting agriculture and allied activities through active engagement of all the 6799 Farmer Producer Organisations (FPOs) at the panchayat level would be both timely and beneficial to the small farmers and artisans. NABARD could play an important role in approving these local level institutions facilitating production, processing, storing, packaging, marketing and availing of credit. The benefits of FPOs include low transaction costs, greater networking with relevant stakeholders and better prices for farmers and artisans.

Briefly, focus must be laid on ensuring recognition of property rights as well as engendering cooperative organisations to boost the bargaining power of agriculturists in India. Experts are also of the opinion that the long forgotten land reform measures should be taken up earnestly and completed in time bound manner. Emphasis on localized food processing units and their integration with wider value chains holds the key to robust agriculture sector for Odisha.

6

Industry and MSMEs

After agriculture, the micro, small and medium enterprises (MSMEs) are the second most employment generating sector in the state. Being typically labour intensive in nature, in the present economic crisis this sector is expected to solve poverty, unemployment and displacement problems in Odisha. But, it was noticed that, around 80 percent of the MSMEs in the state have stopped operation due to absence of the employees and workers during temporary shutdown and enforcement of lockdown by the government. Without any manufacturing products, it is a great problem for the enterprises to pay rent, electricity bill, wages of labourers, service loans and other charges. It was noticed that, micro units are mostly affected due to the outbreak of SARS COV 2. In the present circumstances, to restart the closed units, it is necessary for the government to provide better quality of raw material at lower cost in time, reduce electricity charges and tax rate. Financial support is highly necessary to run a business. Banks should encourage the entrepreneurs to take loan without any collateral security. They should be given sufficient time for the repayment of loan without charging any interest. This process should continue with effect from lockdown period till the time these units resume their normal production. After that, government can impose taxes. Banks can also charge interest to the entrepreneur. It is also necessary to carry out a comprehensive bailout package for the revival of the closed MSME units. Besides that, there is a need of innovative use of manpower, technology, diversification of products for the sustainable development of MSME sector. Our government should take the advice of MSME department, other countries for solving the present crisis.

Foreign companies should be encouraged to get established in Odisha. Our government should also encourage foreign investment and technology so that more industries can be developed. A large number of unemployed youth can get benefit out of it. Skill development program has to be conducted from time to time at the local level, so that production can be increased. Simply introducing different policy measures and schemes, government can't solve the problems of MSME entrepreneurs. The problems of MSME sector cannot be solved completely at the top level. It is highly essential that, at the village level, proper awareness

is to be created and the entrepreneurs should be motivated to continue their business without any harassment. They should be rewarded accordingly. A strong moral support is necessary for them. In the grass root level, gram panchyats, DRDA, DICs should conduct meeting from time to time. If possible, Trade fair should be organized at the village level. So that the entrepreneurs will develop a strong will power and competitive spirit in their business. If they feel any harassment, they can't develop. Besides that, the educated young people should be encouraged to start the business.

As SARS COV 2 is a long term problem, after lockdown, the MSME sector should not be allowed to function without proper sanitisation and face mask. So that, the workers will not fear to join in their duty. If lockdown will continue, then selected manufacturing and service sector in green zone areas should be allowed to function with social restrictions. It is the need of the hour to give immediate attention to MSME sector. Otherwise a lot of problems will arise in future. If unemployment problems will not be solved, crimes will definitely increase.

Importance of MSMEs cannot be overemphasized. Production of consumer goods and intermediate-substitutes to be encouraged, inter-alia, to move away from Chinese goods. DICs may be revamped to play effective role.

In proposing policy mechanisms to rev up the MSME sector in the State and creating a substantial opportunity for employment for the workers who have been adversely affected by the pandemic, one must be conscious of the following ground realities:

The so called MSME sector in Odisha (as in several states of India) is predominantly constitutive of micro enterprises (defined as those with investment in plant and machinery worth less than ₹ 25 lakh) which account for a whopping over 97 per cent of MSMEs in the State. Importantly, over 91 per cent of MSMEs have investment limit below ₹ 5 lakh, suggesting these are tiny enterprises many of these located in rural areas, operating from homestead and often without access to electricity.

The MSMEs in the State (as in most other states) are overwhelmingly informal both in the labour and production processes. This indicates that most of these workers would not have formal skill training or access to benefits as may be available through state schemes, including ESI, PF and maternity leave. With a weak MSME base, as an important initial step, the State needs to strengthen or build up an entrepreneurial environment focusing on business infrastructure. Only then large scale employment generation possibilities could fructify.

The MSME sector needs careful and inclusive policy attention through institutional innovations addressing pre-existing vulnerabilities (push factors) to accommodate the concerns of the vast number of informal enterprises vital to the sector. These suggestions go beyond the Covid-19 exigencies. With this backdrop, here are a few policy suggestions:

i. An inclusive and responsive move would be to earmark a fund to pay for the travel and incidental expenses of migrant-returnees and provide a wage allowance/ guarantee for the income lost due to the pandemic. Being often informal (unaccounted for) and migrant workers most MSMEs would not have paid their wages due and, hence, the state must share the burden, at least partially.

ii. In order to improve product quality and enhance market access in both domestic and global spheres, it is useful to prepare a taluka level product/service mapping of MSMEs including details such as skill sets, resource endowments and infrastructure available.

iii. In the absence of comprehensive and credible data on MSME clusters, an important step is to create a database at the cluster level. An online-portal template – Cluster Grid - developed by Das [22, pp 32-34] may be useful in this effort. The basic frame of this portal is provided at the end of this note.

iv. Instead of creating new departments/offices at the sub-district level, a complete revamping of District Industries Centres (DICs) including operationalising an interactive app (more in the spirit and line of *BHULEKH*) may be worked on fast.

v. The state government may convince the Central Government for 1-3 per cent subvention on GST for small and medium enterprises and complete GST write-off for the micro enterprises. This process of subvention/waiver may be made simpler by basing the assessment on the firm details already available through the registration under the GST; there is no need to fill in other new forms for the purpose.

vi. For the small and medium enterprises, a concession in power tariff and surface transportation of inputs/finished goods for a period of two months would not only buttress the enterprises with loss of business but also activate both backward and forward linkages.

vii. An expert committee may be set up to look into the extent of formal credit available (including through the MUDRA Scheme) but not accessed by the MSMEs in the State. Pragmatic ways may be suggested by the committee as to how the state government could negotiate with the concerned Central

Ministries to obtain a reduction in lending rates and facilitate easier terms of repayment of loans following the moratorium period.

viii. Building up what are described as 'Real Services' (or, infrastructure both internal and external to industrial clusters or hubs) has to be paid immediate attention. Consulting stakeholders including business associations (at the subsector/cluster level) in identifying specific gaps in infrastructure (including, transport, warehousing, raw material banks, easy access to internet, water and so on) is an important manner of addressing this crucial issue.

ix. A special mention must be made of what we term as *empowering enterprises* (or, ensuring reliable and reasonably-priced supply of electricity to enterprises as distinct from electricity connection to households). This would be the single-most vital infrastructure to rev up MSMEs in the State which has enjoyed excess power availability due to natural endowments.

x. While preserving and encouraging traditional skills and crafts at the micro enterprise or household level, ways to enhance enterprises' access to a broader (beyond the local) market must be charted out as an important policy mechanism. Such an initiative would involve product diversification through technological and/or skill formation. State's role in creating relevant infrastructure is crucial towards activating the innovation systems [23]. Major clues of potential 'business models' are existing in the very successful institutional innovations effected in several east and south-east Asian as also African nations pursuing One Village One Product (OVOP) and One Tambon One Product (OTOP) approaches to enhance exports of traditional craft products. A vigilant policy apparatus to ensure adherence to both product and process standards would be an important requirement for the local enterprises to participate in a competitive trading world.

xi. While clusters can be the focus of such interventions innovative elements in policy must address intrinsic challenges facing craft activities. It would be important to classify crafts broadly on the basis of type of constraints faced. These could be (i) raw material-centric (in terms of, for instance, dwindling supply, or, cheaper alternatives being available threatening the craft); (ii) market-centric (inability to access potential higher echelons of costumers); and institution-centric (that is if due to their informal status these are excluded from the benefits made available through formal institutions, mainly, state agencies).

Cluster Grid: Basic Portal Frame

Table 4 Cluster Grid-I: (Identification)

<i>Unique Identification Code</i>													
Sector						Space				Support System			
Market	Informalisation			Macro Policy	Technology Level	Location	Regional Policy		Infrastructure		Own Groups	Other Clusters	Specialised Agencies
L/R/N/G	Lb	T	RC	L/N	H/Lw/NI	R/Tn/C	A	P	Transport	Power	List	List	List
Major Products:													
Source and Basis / Criteria for Defining the Cluster:													
Emergence / History:													
Turning Points:													

Source:[22, p. 34]

Notes: L- Local, R- Regional, N- National, G- Global, Lb- Labour, T- Technology, RC- Regulatory Compliance, H- High, Lw- Low, NI- Nil, Ru- Rural, Tn- Town, C- City, A- Active, P- Passive

Table 5 Cluster Grid-II: (Intervention/Initiatives)

<i>Unique Identification Code</i>										
Sector				Space				Support System		
Credit	Technology	Marketing	Trade/IPR	Infrastructure	Entrepreneurship	Regional Policy		Groups/Associations	Related Clusters	Specialised Agencies
						A	P			
Existing Policies:										
Existing Database:										

Source:[22, p. 34]

Notes: A- Active, P- Passive

Given the pivotal position of MSMEs in Odisha's economy, it is imperative to leverage the potential of returnee migrant workers to boost the MSME sector in Odisha, with salubrious impacts on manufacturing output and employment. Facilitative roles by government agencies in upskilling of MSME workers, expanding market linkages of MSMEs and upgrading of their technical know-how, coordinated through an all-of-government approach will pave the path to a glorious future.

7

Banking Sector

The banking sector fuels the engine of regional economic growth. A developed and broad-based banking network not only promotes financial inclusion, but also enables diversification of economic activities, productive investment and, importantly, catalyses entrepreneurship and innovative pursuits at a micro level. It shoulders the responsibility for mobilising public savings. As the state strives to deal with the economic consequences of the pandemic, banks will have a critical role to play in expanding the monetary base of the state through loans and advances, especially to MSMEs. In this it is important to assess the current structure of Odisha's banking sector and distribution of banking services across the state.

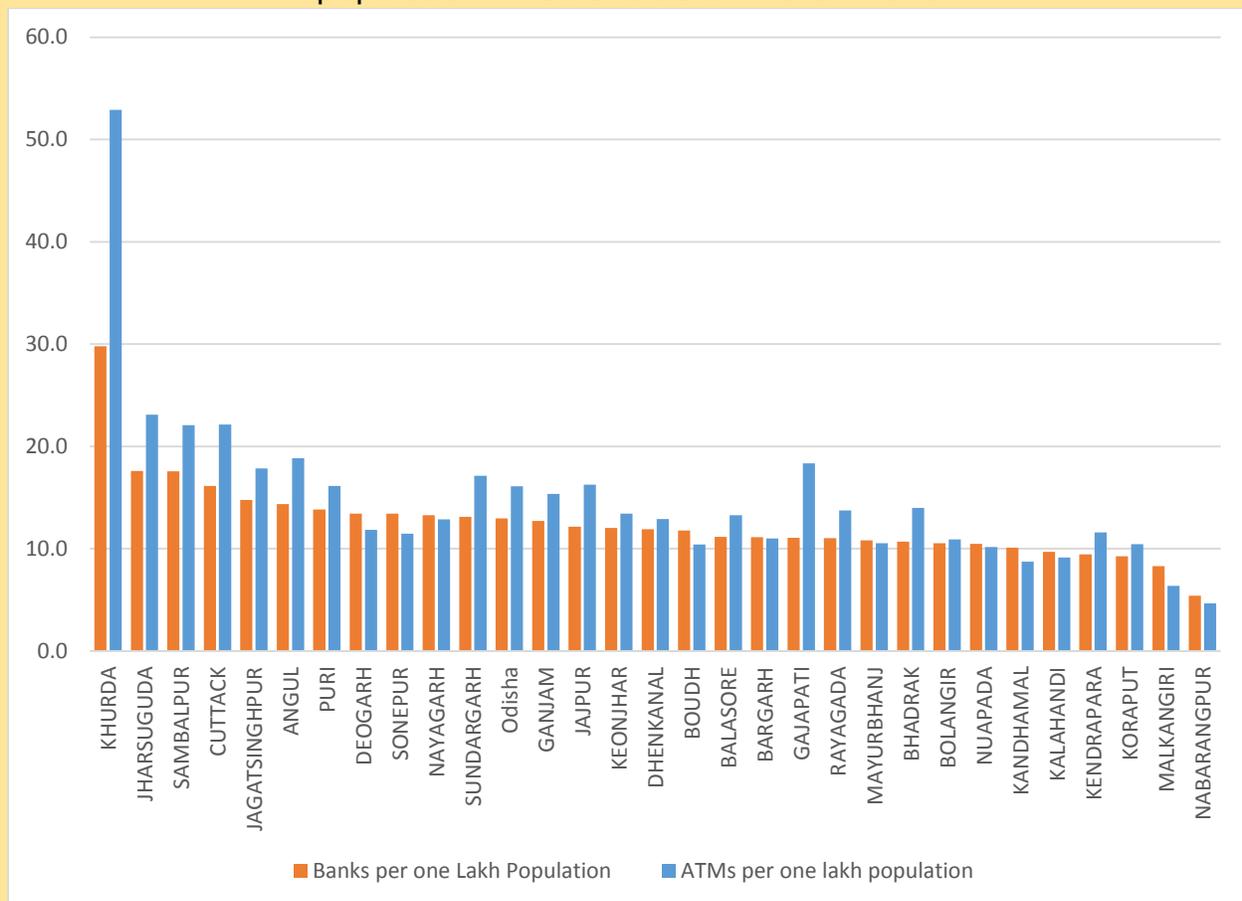
As on March 2020, there are 5450 bank branches in Odisha, about 57 per cent of which are of public sector banks. About half all the branches cater to rural population groups that constitute about 82 per cent of total population. The distribution of bank branches is, thus, skewed. The average population served by a bank branch is 8,562 [24].

The distribution of bank branches is uneven across districts too. Figure 6 shows that Khordha district has largest number of bank branches and ATMs per one lakh population, followed by Jharsuguda, Sambalpur, Cuttack and Jagatsinghpur districts. The districts in the western part of the state - Kalahandi, Kendrapara, Koraput, Malkangiri and Nabarangapur - have least number of bank branches and ATMs for every one lakh population.

Faster economic growth of the state needs the creation of an entrepreneurial class with easy access to credit. However, the data does not give a very rosy picture on this. The credit-deposit (CD) ratio is the proportion of loan created by banks from deposits it receives. A high ratio indicates banks are generating more credit from its deposits and vice versa. "Currently penetration of banking services one of the lowest in Odisha. There has been a consistent decline in the credit-deposit ratio since the mid-2000s clearly suggesting that the banks in the state are not lending out the deposits they have mobilized from it. Odisha has also not done well in financial inclusion, especially in the backward districts of the state" [25]. In 2019-20 CD ratio (excluding advance sanctioned in other state and utilised in the state) in Odisha was only 39 per

cent as against the national average of 76 per cent. It seems that the semi-urban people in Odisha are in a much more disadvantageous position than even the rural and urban areas. The CD ratio is only 33 per cent in semi-urban Odisha, 36 per cent in rural Odisha and 43 per cent in urban Odisha. The abysmally low CD ratio in the state speaks volumes about both the demand and supply side of the credit. Due to lack of an entrepreneurial class in Odisha demand for credit might be low. The other reason could be banks are reluctant to provide credit to the people in Odisha. It needs further research to understand the reasons behind the perpetual low level of CD ratio in Odisha.

Figure 6 District wise presence of bank branches and ATMs per one lakh population in Odisha as on March 2020



Source: [26]

Table 6 Table Credit Deposit Ratio in Odisha and India in 2019-20

Regions of Odisha	Total Deposit in 2019-20 ₹ crore	Total Credit in 2019-20 ₹ Crore	CD Ratio in percentage
Rural	309177.6	110464.8	36
Semi-urban	338289.6	112881.3	33
Urban	656623.9	280678.9	43
All population	1304091	504025	39
All India	52755843	40095285	76
Source:[27]			

In order to realize the dream of an industrial and prosperous Odisha, the state needs to explore the low CD ratio in the state take up prompt measures to increase the credit offtake in the state. A special drive to improve 'financial literacy' - towards familiarizing users of the various products, modalities and technology involved - across the state needs to be planned prudently.

8

Hospitality Industry

Known for its temples, beaches, historical monuments, lakes, wildlife sanctuaries, arts, crafts, cuisine, and much more, Odisha has a lot to offer to tourists. Hospitality industry is a vital part of the state's development process. Sectors such as tourism have long-term multiplier effects on the output and employment in an economy. The sector is highly labour intensive and generates employment through forward and backward linkages [24]. Nevertheless, the state has not been able to harness the potential in attracting tourists to Odisha. The state received only 1.05 per cent of the foreign tourists that the country as a whole received during 2018. Table 7 shows the annual growth in the arrival of the domestic and foreign tourists to India between 2009 and 2018. In the recent years a faster growth in the arrival of foreign tourists to Odisha has been noticed as compared to that of domestic tourists.

Odisha has emerged as the Sports Capital of India. It has played host to several national and international sports events, particularly in the past two years. The Hockey World Cup 2018 was the latest mega sporting event hosted by the state. The influx of tourists during these events contribute significantly to the rise in tourism output for the state. The state has seen an increase in revenue from 'Leisure and Tourism'.

Table 7 Arrival of Domestic and Foreign Tourists to Odisha during 2009-2018

Year	Domestic	% Change	Foreign	% Change	Total	% Change
2009	68,91,510	8.38	45,684	3.9	69,37,194	8.35
2010	75,91,615	10.16	50,432	10.39	76,42,047	10.16
2011	82,71,257	8.95	60,722	20.4	83,31,979	9.03
2012	90,53,086	9.45	64,719	6.58	91,17,805	9.43
2013	98,00,135	8.25	66,675	3.02	98,66,810	8.21
2014	1,07,90,622	10.1	71,426	7.13	1,08,62,048	10.08
2015	1,17,86,117	9.2	66,971	-6.24	1,18,53,088	9.12
2016	1,28,42,899	8.97	76,361	14.02	1,29,19,260	9
2017	1,40,11,229	9.1	1,00,014	30.98	1,41,11,243	9.23
2018	1,52,08,540	8.55	1,10,818	10.8	1,53,19,358	8.56

Source: [28]

The contribution of the tourism sector to state economy can be indirectly measured from the contribution of hotel and restaurants (H&R) to the gross

state value addition (GSVA). Table 8 shows the percentage contribution of H&R to the GSVA of Odisha during 2011-20 which has remained a meagre around 0.8 per cent. The annual growth rate reported by this industry is also not very high as compared to the overall economy of the Odisha. The H&R industry has grown less than 13 per cent per annum during 2011-20.

Table 8 Contribution of Hotels & Restaurants to Gross State Value Addition in Odisha

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (RE)	2017-18 (RE)	2018-19 (RE)	2019-20 (A)
Percentage contribution to GSVA	0.89	0.87	0.84	0.84	0.89	0.84	0.85	0.83	0.81
Annual Growth Rate		10.21	8.78	4.86	9.15	10.16	10.41	13.19	4.13

Source:[24]

In order to promote tourism in Odisha, the state government had given thrust in the budget 2020-21 with a focus on spiritual tourism and eco-tourism. For this purpose the state had announced the following schemes:

1. To transform Puri into a world heritage city with projects like Shree Setu, Jagannath Ballav Pilgrim Centre, multilevel car parking, redevelopment of the Municipal Market, beach front vending zone, redevelopment of Swargadwar with a total investment plan of ₹ 3208 crore under the ABADHA Scheme. The finance minister had allocated ₹ 695 crore in the budget 2020-21 for ABADHA scheme.
2. For the development of temples in Bhubaneswar 'Ekamra Kshetra Amenities and Monuments Revival Action (EKAMRA) Plan' was announced. The state government has worked out total investment of about ₹ 700 crore for the comprehensive EKAMRA Plan and an allocation of ₹150 crore was proposed in the budget 2020-21.
3. For the beautification of Cuttack, the millennium city of the state which hosts a number of historical events like *Bali Yatra*, the state government had announced a slew of policy measures in the budget 2020-21.
4. The government had also made provisions for the overall development of Samaleswari Mandir, Hirakud Dam, Bhitarkanika, Talasari and other iconic sites having tourism potential.

Due to COVID-19 and lockdown the entire hospitality industry, which includes hotel, restaurants and the tourism sector, has been severely affected. Odisha has not yet allowed the entry of devotees into the big temples. Similarly, the

international flights are not allowed to come to the state. Therefore, the entire tourism and hospitality sector is going to be affected at least in the first and second quarters of 2020-21. Towards the third quarter, some tourists may start coming to Odisha, assuming a decline in the intensity of COVID-19. The chances of receiving international tourists during the entire year are very low. Odisha receives the maximum number of tourists at all eco-tourism destinations during October and March. If the situation improves, the state may receive at least some domestic tourists to these locations. However, the state needs to take enough precaution for this purpose. All eco-tourism destinations need to develop a standard operating practice (SOP) to follow good hygienic practices. This would also require handholding of tour operators, tourism site managers and hotel operators followed by monitoring and supervision at regular interval. These practices adopted at tourist sites need to be made public for the information of potential tourists.

The hospitality industry would suffer massive loss during this fiscal year. Therefore, the industry may be provided tax exemptions, at least for the smaller units, for the current fiscal.

Keeping in view the fiscal stress on the state during 2020-21, the new projects announced in the budget 2020-21 could be put on hold and the same money can be re-appropriated for building up capacity in the health sector and providing livelihood support to the vulnerable sections of the society.

The tourism and hospitality is a sunrise sector for Odisha that promises immense employment opportunities, with knock-on effects being felt across multiple sectors of the economy. While a long term vision has been developed and is currently underway, the current focus needs to be on providing fiscal incentives for small units of the sector, while strategically postponing planned outlays in view of the more urgent calls on the public purse.

9

Social Sector

Health

In Odisha both the infrastructure and persons engaged in the health sector are highly inadequate. With the current intense engagement of a large number of health professionals and support staff to attend to COVID-19 exigencies, patients suffering from chronic diseases and other ailments are deprived of healthcare facilities. There have been media reports of people dying without receiving proper medical attention in hospitals whether in the public or private sectors. It is imperative that the state government increases the human-power in the health sector and broad-base improved health infrastructure. With a poor record on health spending in India (compared to several developing and developed economies), a specific suggestion is to enhance the share of health expenditure to about 4 per cent of the GDP and, for Odisha, of its GSDP. Insurance-based health schemes needs to be dissuaded. This enhanced budgetary allocation would strengthen the public health system in the state, as it has happened in the state of Kerala.

Education

The severe impact of COVID-19 has led to temporarily closing down of educational institutions in an attempt to contain the spread of the virus. As part of the nationwide lockdown, all educational institutions have been closed in Odisha and this has deeply affected learners at all levels - schools, colleges, universities and various professional and training centres.

A UNESCO report [29] estimates that nationwide closure of educational institutions have affected over 63.3 per cent of the enrolled learners (about 111 crore) across 129 countries and the figure for India stands at about 32 crore. When the educational institutions in our state were closed down, sessions at all levels were on and there was no preparation time for the closure. Gradually, as the closure persisted, many technical and private institutions shifted to an online mode. The transition was easier for institutions where online transactions were already in place. Many private institutions adapted to this technological change within a short period of time. However, for public schools, colleges and universities, the outcome was limited and patchy in spite of attempts. As neither the teachers nor the learners had any

previous exposure to this digital approach to learning this has adversely affected accessing, preparing and engaging with the courses in a systematic and incremental manner.

As a part of the package announced by Government of India to adapt to the COVID 19 shock, it was conveyed that the top 100 universities in the country would be able to start online courses via radio and television for students who did not have constant access to the internet amid the corona virus lockdown. It was proposed to add 12 channels for the purpose and the UGC has advised universities to initiate a blended mode for course delivery. But the question remains as to the suitability of the new approach to Indian conditions. Despite several advantages digital learning is impersonal in nature; in India, digital learning is not yet seen as mainstream education. The digital platforms floated for different levels of education have seen little success. Moreover, it has mostly been confined to urban areas. Most rural based students do not have either the required infrastructure or the finance to avail the resources required for digital education. Remote learning relies on a reliable and steady power supply and ubiquitous internet connectivity; these facilities still remain a distant dream even in Tier 2 and Tier 3 cities in India, not to mention rural and remote areas. The 75th round data of National Sample Survey Office shows that only 11 per cent of households in India have access to computers and 24 per cent have access to the internet. The rural-urban divide is much higher in the country. While in rural areas only 4.4 per cent households have access to computers and 15 per cent have to internet, these proportions are 23.4 per cent and 42 per cent, respectively, in urban areas. Further, only 16.5 per cent of people above five years of age have the skill to use computers and 20 per cent to use the internet. In rural India the tele-density is 57.47 per cent which is far less compared to 155.50 per cent in urban areas. Even if many people have mobile phones, many of these are not smartphones. Concerns regarding continuous internet connectivity and affordability to recharge high value data packs have been seen as major drawbacks of a shift to online education. Given the level of internet penetration at present, which is less than 50% at the national level, with only 33 % share for the women users, there is a probability that e-learning would accentuate the gender bias and other societal exclusions.

The digital divide might result in a learning divide, challenging the 'equity' objective of the Higher Education programme of the Government of Odisha. Also, a higher dropout rate is expected due to the lack of supervision and peer pressure.

However, learning being a continuous and ever-evolving process the current adversity may be converted into an opportunity by gradually adapting digital education as part of the learning process for all learners in the future. While reopening of the campuses would be an administrative decision depending on the evolving ground situation, there are certain issues which have to be kept in perspective, both by the government and the institutions for being better prepared for the future.

What most institutions have done at the most is an 'emergency online teaching', and not an 'effective online teaching'. To make the digital teaching-learning process 'effective', as distinct from the current 'emergency' approach, the teachers need to be trained and the learners should have access to the technology. Towards this end, the Government of Odisha may train teachers on delivering courses online and developing e-content under the World Bank assisted Odisha Higher Education Programme for Equity and Excellence (OHEPEE). Investment in infrastructure to prepare institutions for online teaching needs to be made, for all state universities, autonomous colleges and cluster of colleges in certain geographical area. The Virtual Tutorial Project (VTP), another initiative of Government of Odisha for ensuring equity, needs to be pushed forward vigorously. These initiatives would help enhance the *complementary* (to conventional face-to-face interactive mode) role of online teaching programmes across space. Besides, online teaching will, to an extent, bridge the gap between the actual and desired availability of teachers at various levels of education and make it possible for the student to avail the best teacher in a particular subject and / or paper. Governments may provide smartphones to students who cannot afford these. Similarly, special data packs may be launched for the students on the production of ID cards. Government should set up mobile towers in remote areas wherever internet connectivity is weak. Tuition fee/ development fee for one year may be waived; this would increase the disposable income of their families and will have positive effects on demand.

Time has come to take cognizance of the importance of social sector investment in building a more resilient economy, prepared to rise to the challenges of the future. The pandemic has exposed the inadequacy of our health care facilities and the need to enhance public investment in the sector. Furthermore, the education infrastructure, specifically in the public sector, also needs to be boosted up for all levels of education if the state is to retain its emerging image as an educational hub in the country.

10

Fiscal Management

The state government had presented a budget worth ₹ 1,50,000 crore for the year 2020-21. Out of this the state had proposed to raise ₹ 1,24,550 crore revenue from own sources (tax and non-tax) and transfers from the Union government (Table 9). However, in the post-COVID-19 scenario the state may not be able to mobilise the same revenue and transfers of revenue from the centre may not come through. In this context there is a need to rework the budget estimates both on revenue and expenditure sides. The expenditure priorities of the state now needs switching in which the health sector would call for the maximum attention followed by food security and livelihood of migrant workers. The state would not be able to effect major changes to the committed expenditures, namely, salary, pension, and debt servicing (interest payments plus repayment of loans). The state may be able to halt the fresh recruitment in some sectors, and stop taking up new projects. However, to avoid cost escalation, it would not be wise to stop the ongoing capital projects.

Due to lockdown in the first quarter of 2020-21 the revenue collection from state GST, Motor Vehicle taxes, State excise and stamp and registration fees are worst affected. The revenue fall from all these heads might be in the range of 70 per cent to 75 per cent in the first quarter. The mining sector would come to the rescue of the state; although mining operations continued during lockdown period, it has been marginally affected. However, the intensity of disruption of mining activities has been much less as compared to that in many other sectors. Nonetheless, we assume that the revenue collection would become normal from the second quarter onwards. The fiscal transfers from the Union government might also be adversely affected. The revenue flow from the Union government to Odisha for the months of April and May 2020 (Table 12) suggest a 7 per cent decline in the transfer of funds from the Union to state under share tax. We assume that the flow of funds under share tax may fall to 7 percent in 2020-21. Keeping those assumptions in mind we have done a revised estimation of the revenue projection for 2020-21 (Table 10 and 11). We estimate shortfall in own revenue to the tune of ₹ 7492 crore during 2020-21 as compared to the budget estimate of ₹38350 crore. Similarly, the shortfall in own non-tax revenue would be around ₹ 1280 crore. The shortfall in the share tax would be around ₹ 2541 crore. Thus, in total the shortfall in the total revenue of the state as compared to the budget estimate would be ₹ 11313 crore. The state government had proposed to borrow ₹

24450 crore during 2020-21. Given the shortfall in revenue due to lockdown caused by COVID-19, if the state wants to keep the total expenditures constant as proposed in the budget the state needs to borrow an additional amount of ₹ 11313 crore. If we take the state's growth estimates for 2020-21 at the rate of 7 per cent and calculate the nominal GSDP for 2020-21 from the GSDP of 2019-20, then the total borrowing proposed by the state in the budget was 4.3 per cent. However, if we factor in the shortfall in revenue due to COVID-19, and the state wants to keep the budgeted expenditure intact, the state will have to borrow a total of ₹ 35763 crore. Including the liability of provident funds and other funds the state's total additional liability in 2020-21 would be ₹36763.09 crore, which is 6.3 per cent of the GSDP. However, we have also estimated that the GSDP in 2020-21 will not grow at 7 per cent, rather contract by a minimum of 13 per cent. In this case, the additional liability of the state to GSDP ratio will be about 7.7 percent in 2020-21. The Union Finance minister has announced relaxation in the borrowing limit for the states from 3 per cent of GSDP to 5 percent. However, our estimates show that this is not going to be sufficient. Therefore, the state should submit a memorandum to the Union Government and the 15th Finance Commission to increase the borrowing limit for the year 2020-21 to a minimum of 8 percent of the GSDP.

Table 9 Major Expenditures Proposal of the State Government for 2020-21

Sl No	Sources	Amount (₹ in crore)	Share (%)
1	Salary, Pension and Other Revenue Expenditure	97285.86	64.86
2	Debt Servicing (Interest payment)	7160.00	4.77
3	Debt servicing (Repayment of Loans)	7572.00	5.05
4	Total Committed Expenditure	112017.86	74.68
5	Expenditure in Capital Sector (Other than Repayment of Loans)	26513.14	17.68
6	Disbursement of Loans (Administrative)	1124.00	0.75
7	Disaster Response Funds	3200.00	2.13
8	Transfer from State	7145.00	4.76
9	Total	150000.00	100

Source: [30]

Table 10 Major Revenue Proposals for 2020-21

Sl. No	Source	Amount (₹ in crore)	Share	Revenue Forecast after COVID-19	Short fall
1	States's Own Tax	38350.00	25.57	30858.06	7491.94
2	State's Own Non-Tax	17650.00	11.77	16369.83	1280.17
3	Shared Tax	36299.74	24.20	33758.76	2540.98
4	Grants-in-Aid from Centre	32000.26	21.33	32000.26	0
5	Recovery of Loans and Advances	250.00	0.17	250.00	0
	Total Revenue Receipts	124550		113236.91	11313.09
6	Loans from different sources	24450.00	16.30		
7	Provident Fund and Other Funds and Deposits (Net)	1000.00	0.67		
8	Total	150000.00	1000.00		Borrowing as % of GSDP
9	Budget Provision for Borrowing			24450.00	4.3%
	Total Additional Borrowing Requirement would be			36763.09	
	Total Borrowing need during 2020-21			36763.09	
	Nominal GSDP of 2019-20			533822.45	
	Nominal GSDP of 2020-21 with assumption of 7% growth			571190.027	6.3%
	Nominal GSDP of 2020-21 with 13% contraction			464425.536	7.7%

Source: [30]

Table 11 State's Own Tax Revenue Proposals 2020-21

Sl. No.	Source	Amount (₹ In Crore)	Share in %	Revenue Forecast after Corona	Short fall
1	State Goods and Service Tax (SGST)	15469.00	40.34	11795.11	3673.888
2	Sales Tax	8750.00	22.82	6671.875	2078.125
3	M. V. Tax	2000.00	5.22	1525	475
4	Land Revenue	510.00	1.33	510	0
5	Stamp and Registration Fee	3000.00	7.82	2325	675
6	Taxes and Duties on Electricity	3150.00	8.21	2992.5	157.5
7	State Excise	5250.00	13.69	4856.25	393.75
8	Other Taxes and Duties	221.00	0.58	182.325	38.675
9	Total	38350.00	100	30858.06	7491.938
State's Own Non-Tax Revenue 2020-21					
10	Interest Receipt	1836.17	10.40	1836.17	0
11	Dividends and Profits	1025.00	5.81	704.6875	320.3125
12	Mining Royalty (Non-Ferrous mining and metallurgical industries)	12500.00	70.82	11718.75	781.25
13	Major and Medium Irrigation	860.00	4.87	860	0
14	Other Receipts	1428.83	8.10	1250.226	178.6038
	Total	17650	100	16369.83	1280.166

Source: [30]

Table 12 Funds flow from Union Govt. to Odisha during April and May 2020 (in ₹ crore)

Year	Amount of Receipt	Grant	Loan	Share Tax	Total Annual Transfer	Share of Share Tax in Annual Transfer
2020-21	9785.38	5410.21	112.91	4262.26	36299.74	11.7
2019-20	9387.31	4704.81	82.87	4599.62	30453.25	15.1
Growth or fall in percentage	4	15	36	-7		

Source: [31]

11

Role of Local Governments

In a historic decision, the CM of Odisha has authorized the sarpanchs of Odisha with the power of a District Collector to manage the spread of COVID-19 including managing the quarantine centres in their respective Panchayats. Every Panchayat has been asked to use ₹5 lakh for this purpose from the funds they already have. Given the magnitude of the problem, handling of the COVID-19 cases in a decentralized manner appears to be the most appropriate step.

Many sarpanchs have well exercised their power and imposed shutdown whenever necessary. There has been popular adherence to restrictions thus imposed. This is a positive development as it reposes faith in the Panchayati Raj institutions (PRIs) both by the state government and local people.

Odisha can learn from Kerala to empower the Panchayats by transferring all the functions enlisted in the 73rd Constitutional Amendment, engaging more functionaries to execute those powers and providing adequate funds to finance the same. Kerala's effective management of COVID-19 has been possible mainly because of the proactive role of the Panchayats and local communities. For instance, every sarpanch has been keeping a record of all migrants and how many have returned due to the spread of COVID-19. These practices could be emulated by PRIs in Odisha to get a realistic picture of the nature, scale and direction of migration from rural Odisha. Creating a comprehensive database on migrants can be best done at the PRI level.

Due to climate change the frequency of natural disasters in Odisha has been on the rise. From the COVID-19 crisis we have learnt that that disasters can be better managed in a decentralized manner. Therefore, in line with the National Disaster Relief Fund and State Disaster Relief Fund, all Panchayats in Odisha should have a Panchayat Disaster Relief Fund. This will help the Panchayats respond to the natural disasters promptly and effectively.

In order to make rural Odisha self-reliant every panchayat should establish an enterprise through the support of PRIs. The Government of Odisha should set up a nodal agency to spearhead the rural industrialization; as a first step the nodal agency should do a mapping of the resources and skills available at every Panchayat. Based on this at every Block level a cluster may be created. The state government should provide about ₹ 25 lakh to every Panchayat for

setting up an enterprise by identifying entrepreneurs from the villages. The interested entrepreneurs would join the enterprise as shareholders and together they need to mobilise another ₹ 25 lakh. With a total of ₹ 50 lakh a small rural enterprise can start functioning and it could be managed jointly by the shareholders and the representative of the Panchayat and the concerned Block Development Officer. An online marketing platform should be created for the sale of these products. A couple of Panchayats in every cluster can be assigned the responsibility of marketing only. In urban areas also under the leadership of the Urban Local Bodies similar production units can be established. Enterprises in the urban areas can be engaged in inter-state sales of their products and even in export and import of products made at the Panchayat level. The shareholders of the enterprise will take decision on the production, employment and marketing. All the shareholders may be provided training by the Skill Development Authority of the State.

The current crisis has shone a bright light on the latent capabilities of PRIs. The pioneering role of several PRIs in achieving a high degree of efficiency in planning and implementing public policy responses makes a strong case for their greater empowerment, by giving full effect to the spirit of 73rd and 74th Amendments to the Constitution. As an interim measure, PRIs must be endowed with funds and functionaries to function as entrepreneurship incubation centres at the grassroots of our democracy.

12

Summary and Conclusion

The Government of Odisha has been successful in controlling the spread of COVID-19 in the state by taking various proactive policy measures. Since the last week of April, with the return of migrant workers, the number of confirmed cases of COVID-19 has spiked in the state. However, most of these cases have been found in the quarantine centers. The State is gradually moving towards community spread of the virus. At this stage the sarpanchs and elected representatives of ULBs can play a very important role in educating the local people.

The State is gradually opening up the economy to save livelihoods and generate income for its citizens. The government has announced a slew of packages for the returnee-migrant workers, farmers and wage earners in urban areas. However, this will not be sufficient to revive the economy and generate employment opportunities for the unemployed youth. The State Government should design special policy measures to create employment opportunities for the semi-skilled and skilled youths by setting up rural enterprises in every Panchayat and ULB.

The COVID-19 crisis has exposed the limited capacity of the healthcare infrastructure in the State, which needs to at least double the spending in the health sector. Every district of Odisha should have a medical college with sufficient manpower and adequate infrastructure. Recent times have shown that virus generated pandemics are affecting the humanity with alarming frequency. Hence testing facilities must be made available at least at CHCs to help control and contain the situation.

The education system of the state is not equipped to face the challenges of the digital and knowledge economy. All schools, colleges and universities need to be equipped with IT infrastructure for online learning. All teachers from schools, colleges and universities need to be trained to generate online study materials.

For reopening schools and colleges, the State needs to move with caution. Most of the educational institutions in several advanced countries have announced their closure till the end of 2020. Given the fact that the number of positive cases are spiking in the State and will continue for some more time, there should not be any hurry to reopen schools, colleges and universities.

The state government can start classes through TV channels and radios which can reach maximum number of students.

For the effective management of the COVID-19 crisis decentralized efforts are needed. All the PRIs and ULBs of the state need to be empowered with more funds, functions and functionaries. In line with the NDRF and SDRF, all PRIs and ULBs should have a disaster relief fund for swiftly responding to the disasters.

Due to lockdown, the global GDP and the GDP of India is set to contract. Many agencies have also warned for a double digit contraction in India's GDP. Odisha's GSDP may also contract between 13 to 16 percent during 2020-21. Agriculture and allied activities and mining activities would be the savior for the State during 2020-21. Therefore, the State Government needs to provide all inputs free of cost for the kharif season.

Due to the lockdown, the revenue collection of the State may decline, so also the transfer of funds from the Union Government under share taxes to the tune of ₹11313 crore. While at the same time the State cannot contract the expenditures because the economy has to be revived. Some amount of capital expenditure can be shifted towards health sectors. The State Government may consider not starting new schemes and, instead, redirect those funds towards providing income and livelihood support. In this context, if the State aims to spend at least the amount proposed in the budget, it needs to increase the borrowing limit to between 6 and 8 per cent of the GSDP. Therefore, the state needs to submit a memorandum to the Union Government and the 15th Finance Commission to relax the FRBM limits for at least two years.

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COVID-19 is an existential threat to millions of people all over the world. Not only are their health and life at risk, but their livelihood is also affected drastically because of the economic downturn resulting from the virus. While the suffering caused by the virus is universal, the strategy for combating the problem cannot be uniform everywhere since there are huge differences between the social and economic conditions of different countries and even between the conditions of different regions of a large and diverse country such as India. It is, therefore, very appropriate that the Orissa Economics Association has prepared this report, **COVID-19 and the Economy of Odisha: Challenges and the Way Forward**, which focuses specifically on the negative economic impact of COVID-19 in Odisha and the policy measures that can be taken to mitigate it. The document, which is the product of painstaking effort of a large group of economists, deserves to be read carefully by all who have serious interest in the economy of Odisha; in particular it is a must-read for everybody involved in the formulation and implementation of government policies relating to COVID-19 in Odisha.

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Orissa Economics Association

The Orissa Economics Association was founded in 1968 and was accorded the status of a learned registered society by the Government of Orissa under the Societies Registration Act, 1868. It is one of the oldest regional academic associations in the country. The Association works as a think tank in Odisha to debate and discuss socio-economic development policies of the state and continuously engage with the academic community to improve the quality of Economics teaching and research in the state. The OEA, has been publishing **Orissa Economic Journal** from its inception. This 52-year old journal has ISSN and is included in the UGC CARE list. For more information about the Association and OEJ please visit the website www.orissaea.in.



For any query on this report or about the OEA, please email (orissaea@gmail.com) to the Secretary, Dr. Amarendra Das.