



## Political economy of an Indian state of Odisha

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**Abstract:** Poverty is spatially and socially concentrated in Odisha. Poverty in coastal Odisha has declined to comparatively low levels while that in the north and south Odisha continue to remain high. Regional and social concentration of poverty reinforce each other- SC and STs have higher rates of poverty than others, but ST/SCs of interior Odisha have a remarkably higher probability of being poor than their counter parts in coastal Odisha. After independence, a number of development projects were launched by the government in this area.

**Key words:** Political economy, discrimination, exclusion

### Introduction

Offering a conceptual point of view, a dictionary meaning of the term tells us that "political economy is the science of wealth" and "deals with efforts made by man to supply wants and satisfy desires."<sup>[1]</sup> Writing fifteen years before Smith's Wealth of Nations, <sup>[2]</sup> Steuart (1967: 2) made the connection by noting that "What economy is in a family, political economy is in a state." Political economy is the interplay between economics, law and politics, and how institutions develop in different social and economic systems, such as capitalism, socialism and communism. <sup>[3]</sup> In this context political economy of Odisha refers to the study of production, distribution, exchange and trade, and their relations with law, custom, and government, as well as with the distribution of national/states income and wealth. Odisha is not only the poorest state in India; it is at the bottom in terms of many indicators of social and economic development.

### Why is odisha a state with more poor?

Odisha has rich mineral resources, a coastline, and, a rich

heritage, mangrove forests, deep jungles. So why has Odisha not really been able to exploit the resources it has, remaining one of the more backward states of India. Why is it that many people from Odisha migrate to other states for livelihood? Even though progress has been made in Odisha in last decade, the state still has a long way to go.

Poverty is spatially and socially concentrated in Odisha. Poverty in coastal Odisha has declined to comparatively low levels while that in the north and south Odisha continue to remain high. Regional and social concentration of poverty reinforce each other- SC and STs have higher rates of poverty than others, but ST/SCs of interior Odisha have a remarkably higher probability of being poor than their counter parts in coastal Odisha. <sup>[4]</sup> This spatial and social concentration of poverty in Odisha is rooted in the historical processes of economic transformation and stagnation. The structural inequalities in the distribution of assets and entitlements mirror the underlying processes of social hierarchies, discrimination and exclusion. The agrarian economy of Odisha and the way



it has been transformed since the colonial period provides clues to the regionally and socially differentiated poverty regime in rural Odisha.

It is precisely in the Northern and Southern regions of Odisha, where an overwhelming majority of Scheduled Tribe and Scheduled Caste population lives are very poor. For Odisha as a whole, the incidence of poverty among the ST and the SC is higher than that among the others. This spatial and social concentration of poverty among the tribals and dalits living in interior districts of Odisha is the outcome of the historical processes of exclusion and discrimination that have been among the pronounced features of the social economy of the region. But the exclusion from and unequal access to state-initiated anti-poverty measures also has significant bearing on such outcomes.<sup>[5]</sup>

Historically, the regions of northern and southern Odisha were ruled by small princely states under the patronage of the British colonial government, while much of coastal Odisha was under the direct rule of the British government. While migration of the people from the plains to these hinterlands had a long history, during the colonial period, the rulers of these tribal dominated states, in an effort to raise more revenue, started providing incentives to cultivators and traders to settle in their kingdoms. The feudal rulers of the princely states simply reinvented themselves as leaders of their erstwhile subjects and started controlling political power in this region for many decades. In more than one sense, this continuity of political leadership has been influencing the political developments of this region till date.<sup>[6]</sup>

Simultaneously, there was a gradual attempt to change the property rights structures over land, forest, water bodies etc., in favour of the state. Access to forests and other Common Property Resources were restricted and regulated. Gradually, the upper castes started taking control from the tribal chieftains. The response of the tribals took various forms, from rebellion to gradual submission. During the colonial period, there were a series of tribal rebellions in these princely states, which were basically protest against encroachments by the state and outsiders upon what the tribals thought as their traditional sources of livelihoods.

After independence, a number of development projects were launched by the government in this area. It was expected that these projects, through various forward and backward linkages, would create prosperity in this backward region. To a limited extent, it did act as the catalyst for agricultural and industrial development in parts of the state, but for the people who lost their land these projects became symbols of domination of the state and outsiders. Factories and roads came up, but a large section of the local inhabitants, particularly tribals, continued to remain as victims rather than participants in the onward march of development. Forests, which were so central to the livelihood security of the people automatically, disappeared. Thus, displacement for 'development projects' of diverse kinds have a long history in Odisha. The varied kinds of state intervention, in favour of capital, and against the poor and marginalized have been mediated through unequal power relations at the grassroots.<sup>[7]</sup> The development projects, because of their very nature, have not



been able to create alternative sources of livelihood for the majority of those who were displaced. Again, whatever traditional means of survival the poor had, those sources have been snatched away, destroyed and polluted by the more powerful sections of the society. It is this combination of these two processes, which have created the current crisis in Odisha. Another important dimension is that, because the majority of displaced persons were politically marginalized, the rehabilitation and compensation efforts in Odisha, like many other areas, were clearly dismal. If today the commitments of the government to provide adequate compensation to the displaced persons are met with a great deal of mistrust, the reason is that past experience of people in various parts of the state has taught them not to take these assurances seriously. Some, like the tribals, without having a patta, were even otherwise excluded from the rehabilitation packages. Thus, Odisha still remains as a poorest state in India.

In the economy system of Odisha, the cycle of poverty is the "set of factors or events by which poverty, once started, is likely to continue unless there is outside intervention". The cycle of poverty has been defined as a phenomenon where poor families become impoverished for at least three generations, i.e. for enough time that the family includes no surviving ancestors who possess and can transmit the intellectual, social, and cultural capital necessary to stay out of or change their impoverished condition. In calculations of expected generation length and ancestor lifespan, the lower median age of parents in these families is offset by the shorter life spans in many of these groups.<sup>[8]</sup>

Such families have either limited or no resources. There are many disadvantages that collectively work in a circular process making it virtually impossible for individuals to break the cycle. This occurs when poor people do not have the resources necessary to get out of poverty, such as financial capital, education or connections. In other words, impoverished individuals do not have access to economic and social resources as a result of their poverty. This lack may increase their poverty. This could mean that the poor remain poor throughout their lives. This cycle has also been referred to as a "pattern" of behaviors and situations which cannot easily be changed.<sup>[9]</sup>

The poverty cycle can be called the "development trap" when it is applied to countries. Ruby K. Payne<sup>[10]</sup> author of A Framework for Understanding Poverty, distinguishes between situational poverty, which can generally be traced to a specific incident within the lifetimes of the person or family members in poverty, and generational poverty, which is a cycle that passes from generation to generation, and goes on to argue that generational poverty has its own distinct culture and belief patterns.

It is said that "a country is poor because it is poor." This idea has come down from Ragnar Nurkse who pinpointed the problem of the vicious circle of poverty. Low level of saving reduces the scope for investment; low level of investment yields low income and thus the circle of poverty goes on indefinitely. Just as keeping your wealth under your mattress will not cause it to grow, not using your potential will not cause any growth / development. Rural poverty in Odisha is a multi-dimensional



social problem. Its causes are varied. They are as follows:

1. **Very poor political leadership of the peasantry Community:**

Very poor political leadership in Indian national scene, was not able to make space in the nor attract serious investment for many decades after independence. Political instability till 1980 has not helped. Nor has Naxalite action which can be arguably because of political ineffectiveness and under development. By the mid-80s, the rich peasantry had grown further in political power at state levels, having captured most of the benefits of the institutional strategy. The proportion of agriculturists in parliament/assembly was on the rise. Chaudhary Charan Singh, leader of Bharatiya Lok Dal, a party with a strong following among the peasant castes of North India, emerged as a central figure among the farmers. The politics of commodity-producing rich peasantry was to demand higher agricultural prices and greater subsidies. The mobilizing ideology was populist, captured by the compelling imagery of a Bharat – India divide relentlessly propagated by its leaders, notably Sharad Joshi (who coined the slogan) of Shetkari Sanghatana in Maharashtra, and Mahinder Singh Tikait of Bharatiya Kisan Union (BKU) in Punjab and Western Uttar Pradesh. With this sectoral appeal, they could transcend the class and other cleavages that would otherwise work against such large-scale collective action, including among its supporters small and marginal farmers whose gains from the demands were questionable.<sup>[11]</sup> Although the organizations leading these mobilizations were on the whole non-party and refrained from contesting elections, these

mobilizations were so powerful that they rocked the politics of many states in the 80s like Tamil Nadu, Karnataka, Maharashtra, Gujarat, Punjab and Uttar Pradesh. All political parties felt compelled to reformulate their programmes in support of these demands and the national media acknowledged the strength of the new peasant leaders.<sup>[12]</sup>

But in Odisha, contenders for power are often from the same community or from the higher castes. A long stretch of the state's post-Independence history has seen titanic clashes between the Karans-Brahmins-Khyatriyas. No politicians/political parties succeed in forging the Khandayats/Chasas, the single largest caste, into a political community. Concentrated in the coastal districts and in some pockets in central Orissa, the traditional agricultural community has moved up with its forays into professions by taking advantage of the educational opportunities after Independence. But the Khandayats/who constitute a majority of cultivator class has not been able to convert its numerical strength into political power.

The upper caste always dominated the state politics and bureaucracy. Scheduled Castes and Scheduled Tribes together they constitute about 40 per cent of the population. Orissa also had the privilege of one Scheduled Tribe chief minister holding office twice, though briefly. Hemand Biswal first became chief minister only to face the election and lose office to Biju Patnaik on March 4, 1990. Giridhari Gomang had been picked up as a stop-gap arrangement, just for the sake of tokenism. At least, the SCs and STs are recognizable faces in state politics, though not pre-eminent ones. But the political forces that are virtually invisible are those belonging to



the intermediate caste groups (Other Backward Classes). If we take the official statistics about the strength of the upper castes as 10 per cent, then the OBCs constitute about 50 per cent of the state's population. But their representation in the state's politics and bureaucracy is marginal. Even after the Mandal commission was implemented backward caste hegemony could not be established in Odisha. Upper castes continued to maintain their dominance over the political process. The lower caste organizations of the cultivator classes could not be mobilised as a political vote bank to put pressure for agriculture development. No political party could afford to alienate the agrarian interest. But the crisis in agriculture today would suggest a clear marginalization of the agrarian interest in the states policy agenda.<sup>[13]</sup>

## 2. Climatic factors:

Climatic conditions constitute an important cause of poverty. The hot climate of Odisha reduces the capacity of people especially the rural masses to work for which production severely suffers. Frequent flood, famine and cyclone in Odisha cause heavy damage to agriculture. Moreover, absence of timely rain, excessive or deficient rain affect severely country's agricultural production. Look at the annual flooding in the coastal districts which cuts off access for 3-4 months every year and ruins livelihoods of people. Problem is that this has been largely due to faulty management (rather tampering) with the Mahanadi river system. Add to that the regular droughts and famines in the Kalahandi - Bolangir-Koraput belt amongst others.

## i. Demographic factors:

### i. Rapid growth of population:

Rapid growth of population aggravates the poverty of the people. The growth of population exceeds the rate of growth in national income. Population growth not only creates difficulties in the removal of poverty but also lowers the per capita income which tends to increase poverty. The burden of this reduction in per capita income is borne heavily by the poor people. Population growth at a faster rate increases labour supply which tends to lower the wage rate.

### i. Size of family:

Size of the family has significant bearing on rural poverty. The larger the size of family, the lower is the per capita income, and the lower is the standard of living. The persistence of the joint family system in rural Odisha has contributed to the health and earning capacity of the ruralites.

## 4. Personal causes:

### i. Lack of motivation:

Lack of motivation is an important cause of rural poverty. Some ruralites do not have a motive to work hard or even to earn something. This accounts for the poverty of the ruralites.

### ii. Idleness:

Most of the rural people in Odisha are lazy, dull and reluctant to work. Hence they rot in poverty. Impact of RS.2 per KG Rice is heavy on agriculture sector. Few days of work will feed his family for the whole year. Given that the staple is taken care of, there is little incentive for the villager to work to earn more. And so there is a severe shortage of farm labourers, other rural



workers, etc. People do not want to get out of poverty. Imagine if poverty brings me food, shelter, electricity etc would I ever try to get rid of the BPL card? I would like my next generation to have their BPL cards as well rather than thinking the other way round.

### 5. Economic causes:

#### i. Low agricultural productivity:

Poverty and real income are very much interrelated. Increase in real income leads to reduction of the magnitude of poverty. So far as agricultural sector is concerned, the farmers even today are following the traditional method of cultivation. Hence there is low agricultural productivity resulting in rural poverty.

#### ii. Unequal distribution of land and other assets:

Land and other forms of assets constitute sources of income for the ruralites. But, unfortunately, there has been unequal distribution of land and other assets in our economy. The size-wise distribution of operational holdings indicates a very high degree of concentration in the hands of a few farmers leading to poverty of many in the rural sector.

#### iii. Decline of village industries:

At present consequent upon industrialization new factories and industries are being set up in rural areas. Village industries fail to compete with them in terms of quality and price. As a result they are closed down. The workers are thrown out of employment and lead a life of poverty.

#### iv. Immobility of labour:

Immobility of labour also accounts, for rural poverty. Even if higher wages are

offered, labourers are not willing to leave their homes. The joint family system makes people lethargic and stay-at-home.

The ruralites are mostly illiterate, ignorant, conservative, superstitious and fatalistic. Poverty is considered as god-given, something preordained. All these factors lead to abysmal poverty in rural India.

#### v. Lack of employment opportunities:

Unemployment is the reflection of poverty. Because of lack of employment opportunities, people remain either unemployed or underemployed. Most of these unemployed and underemployed workers are the small and marginal farmers and the landless agricultural labourers.

#### vi. Poor infrastructure: roads, electricity, health centres (much needed in a State that has huge malarial tracts)

### 6. Social causes:

#### i. Education:

Education is an agent of social change and egalitarianism. Poverty is also said to be closely related to the levels of schooling and these two have a circular relationship. The earning power is endowed in the individual by investment in education and training. But this investment in people takes away money and lack of human investment contributes to the low earning capacity of individuals.

In this way people are poor because they have little investment in themselves and poor people do not have the funds for human capital investment.

#### ii. Caste system:



Caste system in Odisha has always been responsible for rural poverty. The subordination of the low caste people by the high caste people caused the poverty of the former. Due to rigid caste system, the low caste people could not participate in the game of economic progress. A Shudra was not allowed to become a Hotel Owner and a Vaisya could earn his bread only by trade. Birth would decide their occupation and their economic fate.

<sup>[14]</sup> K. V. Verghese rightly observes, "Caste system acted as a springboard for class exploitation with the result that the counterpart of the poverty of the many is the opulence of the few. The second is the cause of the first."

**iii. Joint family system:**

The joint family system provides social security to its members. Some people take undue advantage of it. They live upon the income of others. They become idlers. Their normal routine of life consists in eating, sleeping and begetting children.

In this way poverty gets aggravated through joint family system.

**iv. Social customs:**

The ruralites spend a large percentage of annual earnings on social ceremonies like marriage, death feast etc. As a result, they remain in debt and poverty. Most of the Odias are Lazy, Lethargic without any ambition, objective or a goal, forget about being visionary. They just believe in "Saga pakhala" (Watered rice). When you are getting your basic bread and butter, just be happy with that, why to aim high or work towards betterment. The food habits of Odia's are very peculiar. They eat a huge heap of rice with similar quantities of dal and curry. One member of family earns and rest of

the family depend on him for their survival. It is contrary to the food habits and work culture of other states in India where almost all the members of the family are engaged and they spent a little amount for food. They also perform 13 festivals in 12 months that makes a negative impact on the economic life of the people

**v. Growing indebtedness:**

In the rural sector most of the ruralites depend on borrowings from the money-lenders and land-lords to meet even their consumption expenses. Moneylenders, however, exploit the poor by charging exorbitant rates of interest and by acquiring the mortgaged land in the event of non-payment of loans.

Indebted poor farmers cannot make themselves free from the clutches of moneylenders. Their poverty is further accentuated because of indebtedness. Such indebted families continue to remain under the poverty line for generations because of this debt-trap.

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