Chapter III

SOCIO-ECONOMIC SCENARIO
Along with the history, familiarity of the context at present is also essential to assess the relevance of the issue and for its understanding. This paper gives the socio-economic scenario of Orissa in general and that of Cuttack town in particular in the following two sections respectively.

SOCIO-ECONOMIC SCENARIO OF ORISSA

It is an irony that despite plenty of natural resources, Orissa has remained one of the most backward states of the country. Prior to 1936 it had been part of various provinces under the British rule. Being the tailpiece of provinces such as Madras, Bihar, Central Provinces and West Bengal it did not get due importance as far as development was concerned. Only on 1st April 1936 Orissa got its identity as a separate political and administrative entity. The present state of Orissa was actually formed after the merger of 24 feudatory states in 1948.

Before independence nothing much favourable can be said about the state of affairs in the state. It had a "feudal land system characterised by absentee landlordism, hardly any irrigation, extremely backward system of cultivation, little power, practically no industry,
The Scheduled Castes and Scheduled Tribes who form the backward segment of the population constitute 38.2 per cent and 37.1 per cent according to the census of 1971 and 1981 respectively. The Scheduled Tribes are found living in the hill forest areas while the Scheduled Castes live on the plains. Scheduled Castes are found in all the districts and the Scheduled Tribes are generally predominant in the districts of Koraput, Mayurbhanj, Sundergarh, Keonjhar and Kalahandi. The maximum concentration of Scheduled Caste population is in Cuttack district. Both the Scheduled Castes and Scheduled Tribes population live separately in scattered villages segregated from the rest of the population and are more or less cut off from the mainstream of economic activities. Being left behind from the mainstream, they live in utter poverty, illiteracy and cultural backwardness which weigh heavily against them for their proper integration into the main economic activity and their social upliftment.

With the growth of population, the population density in Orissa has increased to 169 persons per square kilometre (1981) as against 113 in 1961 and 141 during the 1971 census. Cuttack district is most densely populated among the districts, having 414 persons per sq. kilometre. The portion of the total population that lives in the rural areas constitute 88.18 per cent and most of the villages (about 71 per cent) are very tiny ones with less than 500 people.
According to the 1981 census it is observed that the state has only 11.82 per cent of its population living in its 108 urban agglomerations. It is much below the national average which is 23.7 per cent. Orissa has a meagre share of 1.99 per cent in the total urban population of the country. Out of 108 urban agglomerations about 68 are no better than big villages with a somewhat greater density of population, without much diversification of the economic base. Most of the towns have primarily an agricultural economic base. The manufacturing activity is limited to the unorganised sector of household industries or small organised industries which have come up recently.

Orissa as a whole is also backward in terms of literacy. The literacy rate is 34.12 per cent while the national average is 36.2 per cent. The literacy rate among the males is 47.10 per cent and that among the females is 21.12 per cent. The low rate of literacy is not only a sign of backwardness but it tends to perpetuate it. Not even 40 per cent of the boys and girls complete their education upto class VIII which is crucial for any kind of manpower training in various skills required for industrial activity. The national average is 53.07 per cent.

In Orissa, 32 per cent of its total population work while the rest live on them. That is why the dependency ratio is as high as 68.32 which means that one worker not only supports himself
but two others. The dependency ratio being high, even if there is a marginal increase in income it is dissipated by sharing. Thus the per capita income continues to remain low.

The gap between the per capita income of the population of Orissa and the national average has widened from Rs.154.7 in 1969-71 to Rs.214.7 in 1976-77 and Rs. 204.0 (quick estimate) in 1982-83. Primarily because the people in Orissa depend on agriculture the condition becomes worse during the years of drought. The per capita income goes down, widening the gap further.

In Orissa, 77 per cent of its working population is engaged in agriculture. About 9 to 10 per cent are occupied in mining and manufacturing activities which includes small scale industries as well as the household industries. The remaining 13 per cent are into trade and commerce, transport, storage and other services.

In Orissa though the majority of the people are engaged in agriculture it is characterised by extreme backwardness and stagnation. About two-thirds of the sown land is under mono-crop cultivation, rice being the foremost in terms of production. The productivity of agricultural produce in Orissa is lower than that of most of the other states in the country.

The natural and social circumstances together are not in favour of agriculture in Orissa. It depends primarily on the monsoon. If
the monsoon gets delayed or there is untimely rain or the duration shortens or increases it consequently affects agriculture adversely. During the Kharif season only 19.55 per cent of the total net cultivable area is under some kind of irrigation and in the Rabi season only 10 per cent is irrigated.

The other reason for lack of productivity is that very traditional methods are adopted in cultivation even after four decades of independence. This is chiefly due to the concealed tenancy practiced by the landlords which has in a way prevented technological revolution in agriculture. Nothing much has been achieved as far as land reforms in the state are concerned, in the real sense, to check absentee landlordship. Absentee landlordship remains the main reason behind the lack of initiative (of those who actually hold land that could yield excess surplus) to adopt improved technology and materials in agriculture. This is primarily because their income from land is more or less an extra income, it is a botheration for them to personally supervise agricultural activities as they are preoccupied mostly in government jobs and tend to remain aloof from active involvement. Eventually it has led to a situation where those who hold sizeable chunks of land are not only not interested in actively participating in agriculture but also not interested in investing, as the returns are shared between the tenant and the landlord. It is left to the mercy of the tenants, who being financially weak and not acquainted with the modern
methods, adopt the age old traditional methods which do not give them higher yields and consequently higher income.

Apart from the farmers a large section of the population engaged in agriculture are landless labourers. With the growth of the population the supply of such labourers is on the increase while the demands seem to shrink. Such a situation has created an unwanted rural workforce who are an extra burden on agriculture. As a result, many of those engaged in agriculture are actually underemployed. If with the meagre scientific methods adopted, the productivity per hectare increases, it is dissipated because there are far too many to consume the surplus. For realisation of industrial development, growth in agriculture is a must, both to meet its supply and demand requirements.

According to the Revenue records of the government of Orissa, the state has about 43.5 per cent of its total area under forest cover. It has great economic potential as source of raw material for various industries. It is a source of livelihood for the tribals. Excessive deforestation has led to an adverse situation. Efforts are being made by the government to recover the forest cover. Much is yet to be achieved in the real sense.

Of the total 6100 kms of the country's coastline 7 per cent, that is 432 Kms. belongs to Orissa. Having such a long coastline
naturally offers vast potential for exploitation of its massive marine wealth. These are minerals like manganese nodules from the sea bed, common salt, magnesium, calcium salt from sea water, agar, iodine and medicinal and organic chemicals from plants and animals of the sea. Fish is another important resource from which many people make a living and the state earns a lot of revenue. The country earns an appreciable amount of foreign exchange by exporting sea food from Orissa. Many people make a living out of it at Chilka, Paradip and Chandbali. There seems to be good prospects especially for the small scale industries utilising the various available marine resources.

There is also great potential for industries based on various mineral deposits in the state. Much of the country's mineral deposits lie in the state of Orissa. It is abundantly endowed with mineral resources such as iron ore, manganese, bauxite, graphite, chromite, lime, dolomite, fire clay, China clay, white clay, nickel, copper, lead, mineral bearing sands, different types of stones and precious stones. One third of the country's total iron ore reserves lie in the state. It has 90 per cent of the country's bauxite and 40 per cent of the country's manganese deposits.

Till the seventies the state was surplus in power. Recently the state is undergoing power crisis due to increase in demands in
domestic, commercial, agricultural and industrial sectors. For rapid strides in the development of the state, greater supply of power is of utmost importance. About 60 per cent of the power is supplied by the hydel projects. While almost all over the country hydel projects are supplemented by thermal projects to the extent that the national trend of hydel thermal mix has changed to 40:60, in Orissa it remains just the other way round, that is 60:40. With the rising demand from all the sectors the state is experiencing acute shortage of power. Unless something is done about it, it is going to be one of the major hurdles for development.

The transport and communications system in the state is amongst the least developed in the country. In the sphere of railways, apart from the Howrah-Madras line which passes through the state along the coastal region and the Howrah-Bombay line which connects the steel belt of Bihar, Madhya Pradesh and Orissa, the interior of Orissa is far from well connected by railway network. Similarly, as far as roadways is concerned, the condition is in no way better. In Orissa, the surfaced road length was 10.6 Kms per 100 Sq. Km while the national average was 21.1 Kms in 1980-81. Over the years the inland waterways have deteriorated because most of the rivers in Orissa are rainfed. Massive deforestation has led to untimely monsoons, floods and erosion which have been
detrimental to the waterways system. Thus transport and communications system which is one of the most important infrastructures for the movement of raw materials, finished products and people, vital prerequisites for any industrial activity, is lacking substantially. Without an effective transport system connecting the interior with the main centres of economic activity the integration of the market is not possible. Besides, it stands as a big barrier against setting up industries in the interiors of the state which would reduce the overheads of production.

Another prerequisite for rapid industrialisation is the development of banking and other financial institutions. For the mobilisation of savings, liquidity and investment, an efficient system of banks and promotion of other financial agencies is of paramount importance. Earlier, the banks were limited to the urban areas with only 100 banks prior to June 1969. After nationalisation the number of banks increased by many times all over the state. As a result of this, the population per bank reduced to 21 thousand from 112 thousand between June ending 1969 to June ending 1983. During the same period the deposits increased from Rs. 35.9 crores to Rs. 627.4 crores, which is a rise by more than sixteen times. There has been an increase in bank advances by twenty-nine times from 17.8 crores to 533.4 crores. Apart from the commercial banks there are other financial institutions meant to provide the long term loans for fixed assets in industries.
The balance of trade between Orissa and the rest of the country puts Orissa in an unfavourable position. Apart from its mineral and natural resources very little of the finished products goes out of the state. Even in agriculture the state is not self-sufficient as most often due to bad monsoons the state becomes a net importer of agricultural products. On the whole, the net value of items that come into the state is much more than that which go out. It means siphoning of capital from the state to other places, checking investments within the state. Moreover, the general public is psychologically so used to products from other states that there is an inhibition on their part to accept local products for some time. Calcutta being close to Orissa is a threat to manufacturing activity in Orissa because of its age old infrastructural facilities, expertise, and financial soundness.  

SOCIO-ECONOMIC SCENARIO OF CUTTACK TOWN

Cuttack being the most important business centre is also the most populated town of Orissa. It is a very old town, recently

To commemorate the expeditions of the merchants the Balijatra is being held since time immemorial, with much gusto, which begins on the 'Kartik Purnima' day some time in the month of November. That day, the children along with elders go to the river Mahanadi near Gada Gadia Ghat to take a bath and float paper boats which symbolise the boats that once upon a time sailed from the same place for business expeditions.

The Balijatra these days is actually a big mela which is held for about a week on the open grounds between the river and the Barabati stadium. It draws a large number of people not only from the town but also from the neighbouring villages and nearby towns. Balijatra is a unique festival of which Cuttack can boast at least in the state.

The majority of the population of Cuttack is obviously Oriya speaking people. But a sizeable portion also constitutes the Bengalis, Marwaris, Gujaratis, Telugus and some Punjabis. The Hindus constitute the majority followed by the Muslims, Christians, Sikhs and other communities. People belonging to a particular religious community, linguistic group, caste or occupation tend to be localised in a particular area.

The occupational structure is quite diversified as in other important towns in the country. The Oriyas and Bengalis are more
diversified as far as occupations are concerned. The Marwaris, Gujaratis, and Punjabis are into business. These three communities control the trading and transport business in the town or for that matter in the state. A large proportion of the Telugu menfolk are rickshaw-pullers. Most of the bidi makers, butchers, cobblers belong to the Muslim community.

Cuttack is situated on the Southeastern part of the state, about 90 odd kilometres from the sea coast. The main railway line and the National Highway connecting the two metropolitan cities of Calcutta and Madras pass through the town. Cuttack lies in between 415 Kms from Calcutta and 1254 Kms from Madras. Though it does not find a place in the airlines map, it is just 26 Kms away from the airport at Bhubaneswar. There are other important highways running through the district like the NH-42 connecting NH-5 and NH-6 and another from Daitari to Paradeep port. Besides, the state highways and other major district roads connect Cuttack to all important places in the state. In Cuttack district itself the total road length is 2221 Kms.

Apart from the rail and roadways, Cuttack town is connected to different places in the district and the state by the waterways formed by the rivers and the canal system.
There are a number of educational institutions within Cuttack and the neighbouring towns of Choudwar and Bhubaneswar. Besides the general schools, colleges for arts, science, and commerce, there is a medical college, vocational training and technical training institutes. At Choudwar, there is the higher secondary technical school. At Bhubaneswar apart from the Utkal University there is an Agricultural university too. Recently an Engineering College has come up at Bhubaneswar. Besides, there are institutes offering short term courses in various other applied fields. The literacy rate of Cuttack town is very high in comparison to most other places in the state. The literacy rate of Cuttack Tahsil according to the 1981 census is as follows:

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<thead>
<tr>
<th></th>
<th>Persons</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>55.89</td>
<td>66.20</td>
<td>43.90</td>
</tr>
<tr>
<td>Rural</td>
<td>46.79</td>
<td>59.58</td>
<td>33.35</td>
</tr>
<tr>
<td>Urban</td>
<td>63.03</td>
<td>70.97</td>
<td>53.01</td>
</tr>
</tbody>
</table>

While the literacy rate of the district and the state is as follows:
Table - 2

Literate to total population in Cuttack district and the state of Orissa

<table>
<thead>
<tr>
<th></th>
<th>Persons</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuttack</td>
<td>45.43</td>
<td>58.12</td>
<td>32.37</td>
</tr>
<tr>
<td>district</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orissa</td>
<td>34.23</td>
<td>47.10</td>
<td>21.12</td>
</tr>
<tr>
<td>state</td>
<td></td>
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</tr>
</tbody>
</table>


The commercial banks have their branches in the town and all over the district. There are special branches for the industrial estates. Cuttack has the head offices of the Directorate of Industries, Orissa State Financial Corporation, Orissa Small Industries Corporation and the Industrial Development Corporation. The District Industries Centre and the Small Industries Service Institute are also located at Cuttack.

The five industrial estates in the district are Madhupatna, Jagatpur (both come under Cuttack urban agglomeration), Choudwar, Kendrapada and Paradeep. The entrepreneurs selected for the study have their industrial units in the industrial estates of Madhupatna and Jagatpur. Both the estates are located towards the eastern part
of the town, one to the south, beyond the railway line and the national highway near the bank of Katjuri and the other to the north on the other side of Mahanadi that is beyond Cuttack town proper.

Cuttack district enjoys better power supply than other districts in the state. There are two high tension sub-stations at Choudwar having a capacity upto 35 MVA to supply power. The E.H.T. substation at Jajpur Road has capacity upto 20 MVA. All the eight towns in the district and one third of the villages are electrified. Cuttack town enjoys better power supply than other places in the district.