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Odisha: The Quiet Achiever

by Deepak Mishra

If India is the Goldilocks economy of the world, Odisha has quietly emerged as the Goldilocks story within India. Economists use the term “Goldilocks” to describe an economy that is “just right”—strong growth combined with macroeconomic stability—echoing the balance in the fairy tale *Goldilocks and the Three Bears*. The Government of Odisha’s latest Economic Survey, released on February 19, suggests that the state’s remarkable development story has continued unabated—following a historic election and a new government taking the helm.

The latest Economic Survey is significant for several reasons. First, it represents the first substantive assessment of the state’s economic performance under the new regime. Second, having voted for a “double-engine” government in the last national elections, the people of Odisha are eager to see whether their political choice will deliver tangible benefits. Finally, in light of generous welfare programmes announced before the elections—especially for women voters—there is legitimate concern about whether these measures have weakened the state’s fiscal discipline, one of the most important legacies of the previous government.

The Overachiever

The good news for Chief Minister Majhi’s government is that Odisha continued to outperform most Indian states in 2025–26. A range of macroeconomic indicators shows how the state has quietly earned a reputation as an overachiever:

Eleventh richest major state. Odisha’s economy is estimated to have grown by 7.9 per cent in 2025–26, outperforming both its historical growth rate of 7.0 per cent and the national average of 7.4 per cent. Per capita income has also risen faster than the all-India average,



reaching about 85 per cent of the national level in 2025–26, up from just 68 per cent a decade ago. As a result, Odisha has climbed to become the eleventh richest major state in the country—no small feat for a state once described as backward, *bimaru*, and poverty-stricken.

A leader in gender-inclusive job opportunities. Odisha has witnessed a remarkable transformation in the fortunes of its youth. Once marked by widespread idleness and underemployment, young people in the state are now increasingly finding productive work in industry and services. In 2025–26, Odisha recorded a labour force participation rate of 64.5 per cent—an increase of more than six percentage points in just two years and nearly five points above the national average. Even more striking is women’s participation: the female labour force participation rate reached 48 per cent, compared with about 40 per cent nationally, placing Odisha among India’s frontrunners in inclusive growth.

A model of sustainable public finance. While populist giveaways elsewhere are straining public finances, Odisha is quietly demonstrating that welfare programmes and fiscal responsibility need not be in conflict. In 2025–26, its capital outlay reached 6.6 per cent of GSDP—the highest among major states—while development expenditure climbed to 21.3 per cent of GSDP, well above the national average. At the same time, the state’s debt-to-GSDP ratio remained a modest 13.6 per cent, and interest payments absorbed just 2.8 per cent of revenue receipts—the lowest among major states and far below FRBM thresholds. That such discipline has been maintained alongside generous cash transfer programmes like Subhadra makes Odisha stand out at a time when “freebie politics” is pushing many state budgets to the brink.

The double engine bonanza. It is rare for a Union Budget—outside an election year—to contain so many Odisha-specific announcements, but this year was an exception. Proposals such as a dedicated rare earth corridor, expanded highways and waterways linking industrial hubs to major ports, and the launch of ‘Turtle Trails’ for eco-tourism point to a renewed focus on strengthening Odisha’s strategic, logistical, and tourism potential. Initiatives on skills and climate-resilient agriculture further promise direct benefits for workers and households. For a state that has often complained of step-motherly treatment by the Union, this Budget marks a welcome shift toward greater recognition and engagement.

Well-Begun but Not Yet Done

The new government could hardly have hoped for a stronger start. For a party that had never previously held power in Odisha—and for a Chief Minister with limited name recognition beyond his constituency—to steer the economy as effectively as the previous regime, renowned for its stable, technocratic, and steady governance, is no small accomplishment. The solid performance in the first nine months should embolden the government to think big and pursue the tougher structural reforms without hesitation.

However, a strong start does not guarantee a strong finish—especially when the ambition is to turn Odisha into a \$500-billion economy by its centenary in 2036. Getting there will require

three decisive breakthroughs. First, Odisha must accelerate structural transformation by moving from mineral extraction to large-scale processing and by rapidly expanding into modern services such as technology, banking, finance, and education. Second, it must create more high-paying jobs, not just more jobs, to stem the outflow of skilled Odias and attract talent from across the country including the Odia diaspora. Third, it needs to fast-track urbanisation and sharply improve living standards so that its cities and towns become engines of productivity. With a promising beginning, Chief Minister Majhi's government has the opportunity—and the responsibility—to turn today's Goldilocks moment into a lasting development legacy.

** The author is a Distinguished Professor (Visiting) at ICRIER.*