

## **Application of 'Multiplier' as a Tool for Unraveling the Potential of a Sector in the Regional Economic Development: A Case Study of Orissa**

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*This paper is an effort to understand the inter-dependence of different sectors of the economy of Orissa in an input-output framework. The economy is divided into 23 sectors and the technology matrix is obtained for the state. With the help of this matrix, an attempt is made to identify the sector with maximum potential to generate a sequence of development. There are different types of multiplier impact, which an investment can generate. These are output multiplier, income multiplier and employment multiplier. The specific requirement of a plan may need emphasis on a particular type of multiplier. A composite index of multiplier can also be computed to know the overall impact. The output multiplier reveals the importance of industrial sectors in general; the employment multiplier laid importance on food processing industries and the employment multiplier emphasizes the importance of basic chemical and chemical product industry.*

Orissa continues to be one of the most backward states in the country. Although it is endowed with rich natural resources a major segment of its population is reeling under acute poverty. The state appears to be suffering from the vicious circle of poverty. The lop-sided development in Orissa and inhuman misery of the people in the interior region has caused widespread condemnation. In spite of liberal financial assistance from the central government, the socio-economic variables in the state have not undergone any significant change. The tempo of industrialization has not set in and the employment prospect in the non-government sector has not increased much. All these mean that the planning process in the state requires serious restructuring on the basis of interdependence of various sectors of the state economy. Till now, the preparation of state plan is based on qualitative judgment of the planners. The quantitative analysis is very often relegated to background and not taken seriously. To achieve better result, the techno-economic analysis of the economy based on quantitative techniques is essential. Here, we prefer input-output technique to identify the interdependence of different sectors of the economy.

The inter-industry model serves as a useful device for economic analysis and policy. The economic analysis has two aspects. One is to understand the