

# Odisha Budget Analysis 2022-23

The Finance Minister of Odisha, Mr. Niranjan Pujari presented the Budget for the state for the financial year 2022-23 on July 2, 2022.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Odisha for 2022-23 (at current prices) is projected to be Rs 7.2 lakh crore, a growth of 12.6% over the revised estimate of GSDP for 2021-22 (Rs 6.4 lakh crore). In 2021-22, GSDP is estimated to grow at 17.6% over the previous year.
- **Expenditure (excluding debt repayment)** in 2022-23 is estimated to be Rs 1,85,999 crore, a 28% increase over the revised estimates of 2021-22 (Rs 1,45,246 crore). In addition, debt of Rs 14,001 crore will be repaid by the state. In 2021-22, expenditure (excluding debt repayment) is estimated to be 1% lower than the budget estimate.
- **Receipts (excluding borrowings)** for 2022-23 are estimated to be Rs 1,64,411 crore, an increase of 15% over the revised estimates of 2021-22 (Rs 1,42,791 crore). In 2021-22, receipts (excluding borrowings) are estimated to be higher than the budget estimate by Rs 16,777 crore (13% higher). This is mainly owing to substantially higher non-tax revenue from non-ferrous mining and metallurgical industries than budgeted.
- **Fiscal deficit** for 2022-23 is targeted at Rs 21,588 crore (3% of GSDP). In 2021-22, as per the revised estimates, fiscal deficit is expected to be 0.38% of GSDP, significantly lower than the budget estimate of 3.49% of GSDP.
- **Revenue surplus** for 2022-23 is estimated to be Rs 18,239 crore, which is 2.54% of the GSDP. In 2021-22, the state is estimated to observe a revenue surplus of 3.29% of GSDP as per revised estimates, higher than revenue surplus of 1.03% of GSDP estimated at the budget stage.

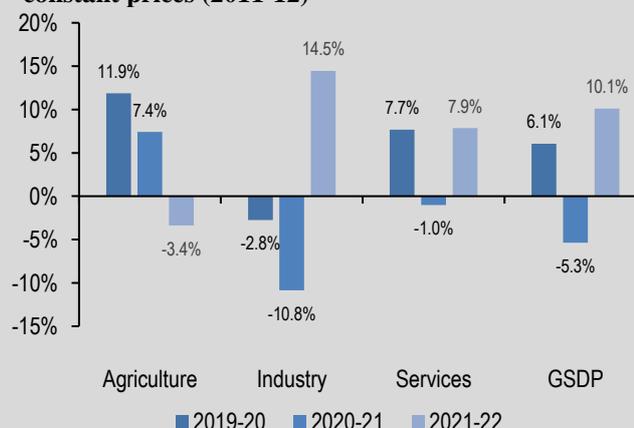
## Policy Highlights

- **Budget Stabilisation Fund:** To neutralise the risk of price shock of metals on the state budget, a Budget Stabilisation Fund will be set up. A certain portion of revenue surplus in a year will be set aside in this fund for times of unexpected revenue shortfall or fiscal deficit.
- **Irrigation:** During 2022-23, 2.8 lakh hectares of agricultural land will be brought under irrigation coverage. The state government will spend Rs 10,759 crore on mega lift irrigation projects over the next five years, to provide irrigation to additional 2.63 lakh hectares.

## Odisha's Economy

- **GSDP:** Odisha's GSDP (at constant prices) is estimated to grow by 10.1% in 2021-22 over the low base of the previous year (5.3% contraction in 2020-21). In comparison, the national GDP is estimated to grow by 8.7% in 2021-22. National GDP had registered a contraction of 6.6% in 2020-21.
- **Sectors:** In 2021-22, at current prices, agriculture, industry (including mining), and services sectors are estimated to contribute 21%, 40%, and 40% to the economy, respectively.
- **Per capita GSDP:** The per capita GSDP of Odisha in 2021-22 (at current prices) was Rs 1,44,723, lower than the per capita GDP at the national level (Rs 1,72,913) in the same year.

**Figure 1: Growth in GSDP and sectors in Odisha at constant prices (2011-12)**



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation. Industry includes Mining. Sources: MoSPI; PRS.

## Budget Estimates for 2022-23

- **Expenditure (excluding debt repayment)** in 2022-23 is targeted at Rs 1,85,999 crore. This is an increase of 28% over the revised estimate of 2021-22 (Rs 1,45,246 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,64,411 crore and **net borrowings** of Rs 21,588 crore. Receipts (excluding borrowings) in 2022-23 are expected to register an increase of 15% over the revised estimate of 2021-22. In 2021-22, receipts are estimated to be 13% higher than the budget estimates. This is mainly owing to substantially higher non-tax revenue from non-ferrous mining and metallurgical industries than budgeted, on account of fees, rents, and royalties (higher by Rs 26,300 crore).
- In 2022-23, the state is estimated to observe a **revenue surplus** of Rs 18,239 crore, which is 2.54% of GSDP. As per the revised estimates, in 2021-22, revenue surplus is estimated at 3.29% of GSDP.
- **Fiscal deficit** in 2022-23 is estimated to be 3% of GSDP, which is within the limit of 4% of GSDP permitted by the central government (of which, 0.5% of GSDP will be made available upon undertaking power sector reforms). In 2021-22, the state has estimated a fiscal deficit of 0.38% of GSDP at the revised stage, significantly lower than the limit of 4.5% of GSDP permitted by the central government (of which, 0.5% of GSDP becomes available only upon undertaking power sector reforms).

**Table 1: Budget 2022-23 - Key figures (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21- 22 to RE 21- 22	2022-23 BE	% change from RE 21- 22 to BE 22- 23
Total Expenditure	1,24,109	1,70,000	1,65,000	-3%	2,00,000	21%
(-) Repayment of debt	9,252	23,521	19,754	-16%	14,001	-29%
<b>Net Expenditure (E)</b>	<b>1,14,857</b>	<b>1,46,479</b>	<b>1,45,246</b>	<b>-1%</b>	<b>1,85,999</b>	<b>28%</b>
Total Receipts	1,25,389	1,67,000	1,57,905	-5%	1,89,000	20%
(-) Borrowings	20,318	40,986	15,114	-63%	24,589	63%
<b>Net Receipts (R)</b>	<b>1,05,071</b>	<b>1,26,014</b>	<b>1,42,791</b>	<b>13%</b>	<b>1,64,411</b>	<b>15%</b>
<b>Fiscal Deficit (E-R)</b>	<b>9,786</b>	<b>20,465</b>	<b>2,455</b>	<b>-88%</b>	<b>21,588</b>	<b>779%</b>
as % of GSDP	1.80%	3.49%	0.38%		3.00%	
<b>Revenue Surplus</b>	<b>9,076</b>	<b>6,033</b>	<b>21,031</b>	<b>249%</b>	<b>18,239</b>	<b>-13%</b>
as % of GSDP	1.67%	1.03%	3.29%		2.54%	
<b>Primary Deficit</b>	<b>3,142</b>	<b>12,465</b>	<b>-3,575</b>	<b>-129%</b>	<b>13,121</b>	<b>-467%</b>
as % of GSDP	0.58%	2.13%	-0.56%		1.82%	

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Odisha Budget Documents 2022-23; PRS.

## Expenditure in 2022-23

- **Revenue expenditure** in 2022-23 is estimated to be Rs 1,45,727 crore, which is an increase of 21% over the revised estimate of 2021-22 (Rs 1,20,365 crore). This expenditure includes the payment of salaries, pensions, interest, and subsidies.
- **Capital outlay** in 2022-23 is estimated to be Rs 38,732 crore, which is an increase of 66% over the revised estimate of 2021-22. Capital outlay comprises expenditure towards the creation of assets. This includes expenditure on building schools, hospitals, and roads and bridges. Sectors with the highest increase in allocation (in terms of rupees) include: (i) transport (by Rs 5,852 crore) and (ii) irrigation (by Rs 2,700 crore).

**Table 2: Expenditure budget 2022-23 (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
Revenue Expenditure	95,311	1,19,567	1,20,365	1%	1,45,727	21%
Capital Outlay	17,949	25,788	23,269	-10%	38,732	66%
Loans given by the state	1,597	1,124	1,612	43%	1,539	-4%
<b>Net Expenditure</b>	<b>1,14,857</b>	<b>1,46,479</b>	<b>1,45,246</b>	<b>-1%</b>	<b>1,85,999</b>	<b>28%</b>

Sources: Odisha Budget Documents 2022-23; PRS.

**Committed expenditure:** Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as developmental schemes and capital outlay. In 2022-23, Odisha is estimated to spend Rs 60,971 crore on committed expenditure items, which is

37% of its revenue receipts. This comprises spending on salaries (21% of revenue receipts), pension (11%), and interest payments (5%). In 2022-23, expenditure towards pension is estimated to increase by 14% whereas interest payments are estimated to increase by 40%, over the revised estimates of 2021-22.

**Table 3: Committed Expenditure in 2022-23 (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
Salaries	NA	NA	NA	-	34,283	-
Pension	13,629	17,200	15,950	-7%	18,221	14%
Interest	6,644	8,000	6,030	-25%	8,467	40%
<b>Committed Expenditure</b>	<b>20,272</b>	<b>25,200</b>	<b>21,980</b>	<b>-13%</b>	<b>60,971</b>	<b>-</b>

Sources: Odisha Budget Documents 2022-23; PRS.

**Sector-wise expenditure:** The sectors listed below account for **66%** of the total expenditure on sectors by the state in 2022-23. A comparison of Odisha's expenditure on the key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Odisha Budget 2022-23 (in Rs crore)**

Sectors	2020-21 Actuals	2021-22 BE	2021-22 RE	2022-23 BE	% change from RE 21-22 to BE 22-23	Budget Provisions 2022-23
Education, Sports, Arts, and Culture	17,824	21,591	22,241	24,994	12%	Rs 3,581 crore has been allocated towards Samagra Shiksha Abhiyan. Mo School Abhiyan and Odisha Adarsh Vidyalaya programme has been allocated Rs 646 crore and Rs 420 crore, respectively.
Transport	8,928	12,007	9,424	15,509	65%	Rs 11,484 crore has been allocated towards capital outlay on roads and bridges.
Rural Development	11,361	10,850	12,238	14,298	17%	Rs 5,906 crore has been allocated towards Pradhan Mantri Awas Yojana-Gramin. Rs 1,550 crore has been allocated towards Pradhan Mantri Gram Sadak Yojana.
Health and Family Welfare	7,875	9,340	11,383	12,490	10%	Rs 2,664 crore has been allocated towards the Biju Swasthya Kalyan Yojana. Rs 2,156 crore has been allocated towards National Health Mission.
Agriculture and allied activities	8,892	10,705	10,897	12,128	11%	Rs 1,874 crore has been allocated towards the KALIA (Krushak Assistance for Livelihood and Income Augmentation) scheme. Rs 893 crore has been allocated towards interest subvention for farmers.
Social Welfare and Nutrition	8,092	9,709	10,690	11,341	6%	Rs 2,397 crore has been allocated for the Saksham Anganwadi and Poshan 2.0 scheme. Rs 2,017 crore has been allocated towards Madhubabu Pension Yojana.
Water Supply and Sanitation	4,480	10,686	10,024	11,048	10%	Rs 6,000 crore has been allocated towards the Jal Jeevan Mission. Rs 1,850 crore has been allocated towards the BASUDHA scheme to provide potable water to rural areas.
Irrigation and Flood Control	4,794	8,300	7,851	10,896	39%	Rs 7,882 crore has been allocated towards capital outlay on irrigation projects.
Urban Development	2,554	2,209	1,931	4,580	137%	Rs 601 crore has been allocated towards the AMRUT scheme. Rs 334 crore has been allocated towards new city development.
Police	3,359	4,141	4,419	4,360	-1%	Rs 2,038 crore has been allocated to the district police.
<b>% of total expenditure on all sectors</b>	<b>69%</b>	<b>68%</b>	<b>70%</b>	<b>66%</b>	<b>-6%</b>	

Sources: Odisha Budget Documents 2022-23; PRS.

## Receipts in 2022-23

- **Total revenue receipts** for 2022-23 are estimated to be Rs 1,63,967 crore, an increase of 16% over the revised estimate of 2021-22. Of this, Rs 94,200 crore (57%) will be raised by the state through its **own resources**, and Rs 69,767 crore (43%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (23% of revenue receipts) and grants (20% of revenue receipts).
- **Devolution:** In 2022-23, the state estimates to receive Rs 36,978 crore in the form of share in central taxes, an increase of 10% over the revised estimates of 2021-22.
- **State's own tax revenue:** Total own tax revenue of Odisha is estimated to be Rs 46,000 crore in 2022-23, an increase of 11% over the revised estimate of 2021-22. Odisha's own tax revenue as a percentage of GSDP in 2022-23 is estimated to increase from 6.3% of GSDP in 2020-21 to 6.4% of GSDP in 2022-23.
- **State's non-tax revenue:** In 2022-23, the state is estimated to earn Rs 48,200 crore in the form of state's own non-tax revenue, an increase of 8% over the revised estimates of 2021-22. In 2021-22, state's own non-tax revenue is estimated to be 123% higher than the budget estimate (by Rs 24,585 crore). This is mainly owing to substantially higher non-tax revenue from non-ferrous mining and metallurgical industries than budgeted, on account of fees, rents, and royalties (higher by Rs 26,300 crore). In 2022-23, the state is estimated to receive Rs 43,444 crore on this account.

**Table 5: Break-up of the state government's receipts (in Rs crore)**

Sources	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
State's Own Tax	34,258	37,500	41,467	11%	46,000	11%
State's Own Non-Tax	19,518	20,000	44,585	123%	48,200	8%
Share in Central Taxes	27,543	30,137	33,697	12%	36,978	10%
Grants from Centre	23,068	37,963	21,647	-43%	32,789	51%
<b>Revenue Receipts</b>	<b>1,04,387</b>	<b>1,25,600</b>	<b>1,41,396</b>	<b>13%</b>	<b>1,63,967</b>	<b>16%</b>
Non-debt Capital Receipts	684	414	1,395	237%	444	-68%
<b>Net Receipts</b>	<b>1,05,071</b>	<b>1,26,014</b>	<b>1,42,791</b>	<b>13%</b>	<b>1,64,411</b>	<b>15%</b>

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Odisha Budget Documents 2022-23; PRS.

- In 2022-23, **SGST** is estimated to be the largest source of own tax revenue (42%). SGST revenue in 2022-23 is estimated to increase by 14% over the revised estimates of 2021-22.
- In 2022-23, revenue from taxes and duties on electricity and stamps duty and registration fees are estimated to decline by 2% and 12%, respectively.

### GST Compensation ends in June 2022

When GST was introduced, the central government guaranteed states a 14% compounded annual growth in their GST revenue for a period of five years. Any shortfall in a state's GST revenue from this level is covered by the Centre by providing compensation grants to the state. This guarantee ends in June 2022. During 2018-22, Odisha has relied on GST compensation grants to achieve the guaranteed SGST revenue level. In 2021-22, Odisha is estimated to receive Rs 7,635 crore on account of GST compensation grants, which is about 18% of its own tax revenue. Hence, beyond June 2022, Odisha might see a decline in the level of revenue receipts. The FRBM statement presented as part of the State Budget 2022-23 observed that as per the trend over the last five years, GST collection is lower by about 1% of GSDP as compared to the pre-GST regime.

**Table 6: Major sources of state's own-tax revenue (in Rs crore)**

Taxes	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
State GST	13,043	15,000	17,078	14%	19,479	14%
Sales Tax/ VAT	7,777	9,000	9,898	10%	11,208	13%
State Excise	4,053	5,400	5,635	4%	6,496	15%
Taxes and Duties on Electricity	3,938	3,300	3,850	17%	3,789	-2%
Taxes on Vehicles	1,526	2,100	1,795	-15%	2,103	17%
Stamps Duty and Registration Fees	2,942	1,800	2,283	27%	2,010	-12%
Land Revenue	603	600	600	0%	610	2%
GST Compensation Grants	4,362	9,253	1,205	-87%	6,226	417%
GST Compensation Loans	3,822	-	6,430	-	-	-

Sources: Odisha Budget Documents 2022-23; PRS.

## Deficits, Debt, and FRBM Targets for 2022-23

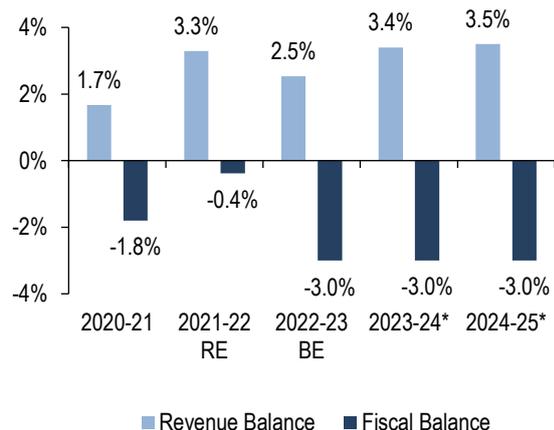
The Odisha Fiscal Responsibility and Budget Management (FRBM) Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

**Revenue Surplus:** It is the difference of revenue receipts and revenue expenditure. A revenue surplus implies that the government's revenue is sufficient to cover the revenue expenditure, and the surplus can be spent on creating assets or reducing liabilities. In 2022-23, Odisha is estimated to observe a revenue surplus of Rs 18,239 crore, which is 2.54% of GSDP. Revenue surplus in 2022-23 is expected to be lower than the revenue surplus of 3.29% of GSDP in 2021-22 (as per revised estimates).

**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities of the state government. In 2022-23, the fiscal deficit is estimated to be Rs 21,588 crore (3% of GSDP). It is within the limit of 4% of GSDP permitted by the central government in 2022-23 as per the Union Budget (of which, 0.5% of GSDP will be made available only upon undertaking power sector reforms). In 2021-22, the fiscal deficit is estimated to be 0.38% of GSDP at the revised stage. A lower than usual fiscal deficit has been made possible owing to non-tax revenue from mining being significantly higher than the budget estimate. In 2021-22, the state has estimated a receipt of Rs 40,000 crore of non-tax revenue from non-ferrous mining and metallurgical industries at the revised stage, as compared to a budget estimate of Rs 13,700 crore.

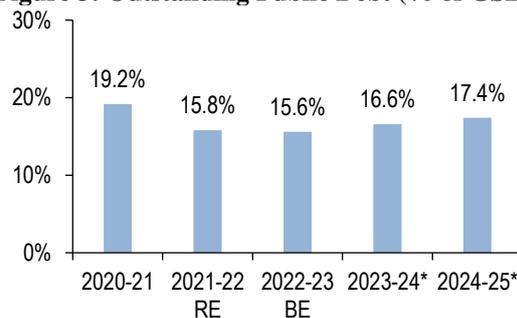
**Outstanding Public Debt:** Outstanding Public Debt is the accumulation of total borrowings at the end of a financial year. It does not include other liabilities such as those on public accounts. At the end of March 2023, the outstanding public debt of the state is estimated to be 15.6% of GSDP. It is expected to rise to 17.4% of GSDP in 2024-25.

**Figure 2: Revenue and Fiscal Balance (% of GSDP)**



Note: RE is Revised Estimates; BE is budget estimates. A positive figure means a surplus, a negative figure means a deficit. \*Figures for 2023-24 and 2024-25 are projections.  
Sources: Odisha Budget Documents 2022-23; PRS.

**Figure 3: Outstanding Public Debt (% of GSDP)**



Note: RE is Revised Estimates; BE is budget estimates. \*Figures for 2023-24 and 2024-25 are projections.  
Sources: Odisha Budget Documents 2022-23; PRS.

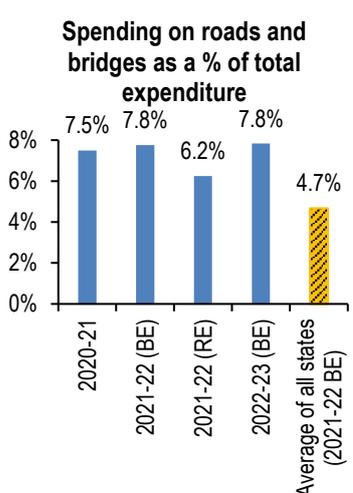
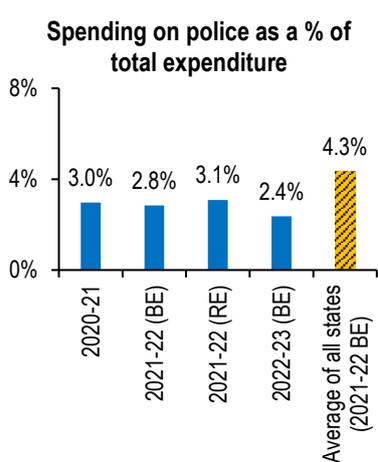
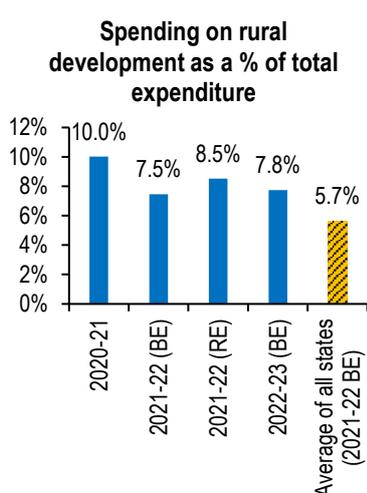
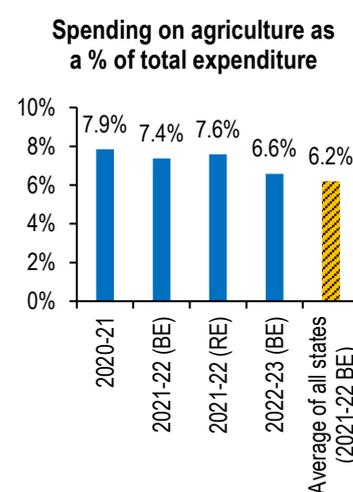
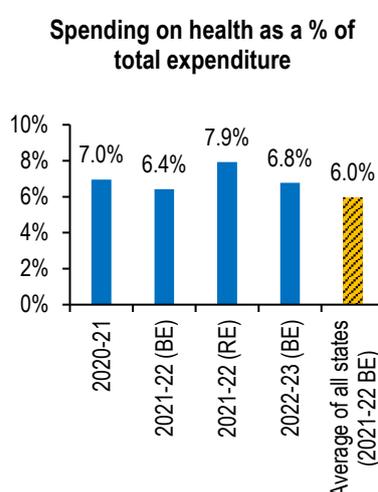
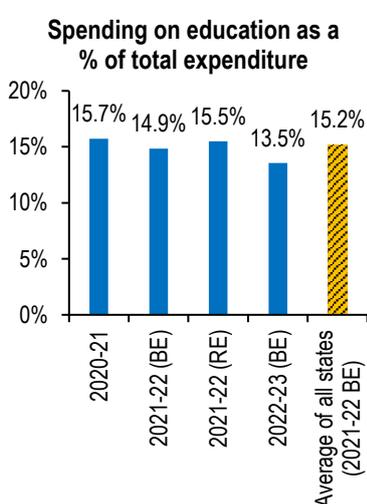
**Outstanding Government Guarantees:** Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of 2021-22, the outstanding guarantee of the state is estimated to be Rs 6,141 crore, about 1% of GSDP.

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## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Odisha's expenditure on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 30 states (including Odisha) as per their budget estimates of 2021-22.<sup>1</sup>

- **Education:** Odisha has allocated 13.5% of its total expenditure for education in 2022-23. This is lower than the average allocation (15.2%) for education by all states (2021-22 BE).
- **Health:** Odisha has allocated 6.8% of its total expenditure on health, which is higher than the average allocation for health by states (6%).
- **Agriculture:** The state has allocated 6.6% of its total expenditure towards agriculture and allied activities. This is higher than the average allocation for agriculture by states (6%).
- **Rural development:** Odisha has allocated 7.8% of its expenditure on rural development. This is higher than the average allocation for rural development by states (5.7%).
- **Police:** Odisha has allocated 2.4% of its total expenditure on police, which is significantly lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Odisha has allocated 7.8% of its total expenditure on roads and bridges, which is significantly higher than the average allocation by states (4.7%).



Note: 2020-21, 2021-22 (BE), 2021-22 (RE), and 2022-23 (BE) figures are for Odisha.  
Sources: Odisha Budget Documents 2022-23; various state budgets; PRS.

<sup>1</sup> The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

## Annexure 2: Comparison of 2020-21 Budget Estimates and Actuals

The following tables compare the actuals of 2020-21 with budget estimates for that year.

**Table 7: Overview of Receipts and Expenditure (in Rs crore)**

Particular	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
<b>Net Receipts (1+2)</b>	<b>1,24,850</b>	<b>1,05,071</b>	<b>-16%</b>
1. Revenue Receipts (a+b+c+d)	1,24,300	1,04,387	-16%
a. Own Tax Revenue	38,350	34,258	-11%
b. Own Non-Tax Revenue	17,650	19,518	11%
c. Share in central taxes	36,300	27,543	-24%
d. Grants-in-aid from the Centre	32,000	23,068	-28%
Of which GST compensation grants	6,200	4,362	-30%
2. Non-Debt Capital Receipts	550	684	24%
3. Borrowings	24,450	20,318	-17%
Of which GST compensation loan	-	3,822	-
<b>Net Expenditure (4+5+6)</b>	<b>1,42,428</b>	<b>1,14,857</b>	<b>-19%</b>
4. Revenue Expenditure	1,14,791	95,311	-17%
5. Capital Outlay	26,513	17,949	-32%
6. Loans and Advances	1,124	1,597	42%
7. Debt Repayment	7,572	9,252	22%
Revenue Surplus	9,509	9,076	-5%
<b>Revenue Surplus (as % of GSDP)</b>	<b>1.59%</b>	<b>1.7%</b>	
Fiscal Deficit	17,878	9,786	-45%
<b>Fiscal Deficit (as % of GSDP)</b>	<b>3.00%</b>	<b>1.80%</b>	

Source: Odisha Budget Documents of various years; PRS.

**Table 8: Key Components of State's Own Tax Revenue (in Rs crore)**

Particular	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Taxes on Vehicles	2,000	1,526	-24%
State Excise Duty	5,250	4,053	-23%
SGST	15,469	13,043	-16%
Sales Tax/VAT	8,750	7,777	-11%
Stamps Duty and Registration Fees	3,000	2,942	-2%
Land Revenue	510	603	18%
Taxes and Duties on Electricity	3,150	3,938	25%

Source: Odisha Budget Documents of various years; PRS.

**Table 9: Allocation towards Key Sectors (in Rs crore)**

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Water Supply and Sanitation	10,465	4,480	-57%
Irrigation and Flood Control	9,309	4,794	-49%
Welfare of SC, ST, OBC, and Minorities	3,608	2,382	-34%
Agriculture and Allied Activities	11,911	8,892	-25%
Transport	10,854	8,928	-18%
Police	3,941	3,359	-15%
Education, Sports, Arts, and Culture	20,640	17,824	-14%
Rural Development	11,322	11,361	0%
Health and Family Welfare	7,727	7,875	2%
Social Welfare and Nutrition	7,849	8,092	3%

Source: Odisha Budget Documents of various years; PRS.