

Executive Summary

Snapshot of Finances of the State

Odisha's economy recorded a moderate growth (11.40 *per cent*) in FY 2024-25 compared to previous year. The Gross State Domestic Product (at current prices) grew at a Compound Annual Growth Rate of 13.30 *per cent* from ₹ 5,40,185 crore in 2020-21 to ₹ 8,90,038 crore in 2024-25.

During the year 2024-25, the State recorded a Revenue Surplus of ₹ 22,651 crore (2.54 *per cent* of GSDP). The Fiscal Deficit of the State was ₹ 25,042 crore (2.81 *per cent* of GSDP), which was well within the stipulated ceiling of 3 *per cent* of GSDP. Total liabilities stood at 15.48 *per cent* of GSDP in 2024-25, significantly below the prescribed limit of 25 *per cent*.

Overall, the State's fiscal position remained stable with controlled deficits, manageable debt and sustained Revenue Surplus. However, the risk of fiscal stress due to under-realisation of Revenue Receipts, low own-tax mobilisation, poor collection of dividends, long outstanding loans, concentrated short to medium term repayment obligations, *etc.* could constrain the State's capacity for developmental and Capital spending, if left unaddressed.

Revenue Receipts

Revenue Receipts (₹ 1,83,963 crore) grew by 2.43 *per cent* in 2024-25, with revenue buoyancy and State's own revenue buoyancy declining to 0.21 and 0.02 respectively, despite higher Union Tax devolution and GSDP growth exceeding 11 *per cent* in the last two years. The State generated higher Own Tax Revenue (₹ 56,516 crore) in absolute terms, compared to previous year (₹ 54,427 crore) but could not keep pace with the GSDP growth of 11.40 *per cent*. Further, Non-Tax Revenue (₹ 51,221 crore) also decreased by ₹ 1,790 crore over the previous year (₹ 53,011 crore) and consequently its share in GSDP (5.75 *per cent*) declined.

Revenue Expenditure

During FYs 2020-21 to 2024-25, Revenue Expenditure consistently accounted for over 82 *per cent* of Revenue Receipts (except in 2021-22), peaking at 87.69 *per cent* in 2024-25, indicating a high proportion of receipts being absorbed by routine spending. However, the share of Committed Expenditure within Revenue Expenditure has gradually declined from 43.31 *per cent* in 2020-21 to 36.44 *per cent* in 2024-25, and as a proportion of Revenue Receipts it has declined from 39 *per cent* to 32 *per cent* over the same period. The reduction in Committed Expenditure as percentage of Revenue Expenditure and Revenue Receipts provided some fiscal space for development-oriented spending.

The total Subsidy expenditure of Odisha in 2024-25 rose sharply to ₹ 9,134 crore, exceeding the original budget of ₹ 8,068 crore and increasing by ₹ 5,011 crore (121.54 *per cent*) compared to the previous year. This was mainly due to grant of ₹ 5,848.70 crore as input assistance to the farmers under a new scheme "Samrudh Krushak Yojana" with the intended outcome of enhancement of farmers' income, improvement of production and productivity of paddy in the State.

Thus, during 2024-25, nearly 37 *per cent* of Revenue Receipts were absorbed by committed expenditure and subsidies, leaving only 63 *per cent* fiscal space for developmental and capital spending.

Capital Expenditure

The share of Capital Expenditure showed marginal but positive shift towards asset creation and developmental spending from 16 *per cent* of Total Expenditure in 2020-21 to 22 *per cent* in 2024-25. The Capital Expenditure as per the Accounts of the State was ₹ 45,481 crore. Audit found that, during 2024-25, the State Government misclassified, ₹ 721 crore of expenditure of Revenue nature as Capital Expenditure, which inflated the Capital Expenditure to that extent. Further, test-check of sanction orders revealed that ST & SC Development, Minorities & Backward Classes Welfare Department transferred ₹ 586.62 crore of Capital nature to the Personal Ledger Accounts of ITDAs in the months of February and March 2025, which inflated the reported Capital Expenditure, as in such cases the actual expenditure may occur much later, leading to misrepresentation of the fiscal position of the State.

Liabilities

As of March 2025, overall outstanding liability of the State stood at ₹ 1,37,784 crore. There was decline in the Debt-GSDP ratio from 22.02 *per cent* in 2020-21 to 15.48 *per cent* in 2024-25. The interest payments relative to revenue fell from 6.36 *per cent* to 2.87 *per cent* during the period, aided by higher Revenue Receipts and lower effective interest rates. However, absolute interest obligations remained substantial.

A high concentration of liabilities maturing in the short to medium term further heightens risk, with ₹ 76,642 crore (56 *per cent* of total borrowings) due over the next seven years, creating potential refinancing and liquidity pressures. Overall, the Debt sustainability showed improvement until 2022-23, supported by declining liabilities and Primary Surplus in 2021-22, but weakened thereafter with rising debt and persistent Primary Deficits. While economic growth generally exceeded borrowing costs, the recent surge in debt during 2023-24 and 2024-25 and concentrated repayment obligations underscore the need for fiscal prudence, alignment of debt growth with GSDP and adequate Primary Surplus to ensure long-term sustainability.

Ten-year Trend Analysis of Major Fiscal Parameters

Ten-year trend analysis, covering the period from 2015-16 to 2024-25, of major fiscal and economic parameters of the State showed a consistent upward trend of Revenue Receipts over the past ten years, with a CAGR of 11.52 *per cent*. Revenue Expenditure grew at a CAGR of 11.86 *per cent* during 2015-25. However, the State was able to maintain Revenue Surplus during the ten-year period. Subsidies grew at a CAGR of 15.07 *per cent*, notably spiking to ₹ 9,134 crore in 2024-25, while as Interest payments remained relatively stable during the decade, ranging between ₹ 3,343 crore and ₹ 6,644 crore. Fiscal Deficit expanded sharply at a CAGR of about 15.10 *per cent*, however, the Fiscal Deficit as percentage of GSDP was well within the targets prescribed in FRBM Act, during the decade.

Budgetary Management

The Total Budget (TB) of Odisha increased by 71.64 *per cent* from ₹ 1,67,663 crore in 2020-21 to ₹ 2,87,770 crore in 2024-25. The savings during the same period remained between 17.70 *per cent* and 25.98 *per cent*. During FY 2024-25, against the total budget provision of ₹ 2,87,770 crore, the State incurred an expenditure of ₹ 2,31,613 crore, resulting in an overall savings of ₹ 56,157 crore (19.50 *per cent*). Large savings out of the allotted funds indicated inaccurate assessments of requirements as well as inadequate capacity to utilise the funds for intended purposes, which was substantiated during the comprehensive review of two grants *i.e.* Grant No. 15 - Sports and Youth Services (S&YS) and Grant No. 17 - Panchayati Raj and Drinking Water (PR&DW). Instances of inflated budget provisions due to submission of erroneous proposal, arbitrary enhancement of budget provision without any recorded justifications, poor budget planning / unrealistic budgeting, resulting in underutilisation and surrender of funds, were noticed in Audit.

Single Nodal Agency (SNA) and SNA-SPARSH

During FY 2024-25, the State Government received ₹ 9,643.97 crore, being the Central share, in its Treasury Accounts. As per VLC database, the State Government transferred ₹ 19,576.86 crore (Central Share ₹ 9,051.72 crore and State share ₹ 10,525.14 crore) to the SNAs. However, as per SNA PFMS report, the State Government transferred ₹ 19,270.79 crore (Central Share of ₹ 9,561.02 crore and State share of ₹ 9,709.77 crore) to the SNAs. This difference in two databases (VLC and PFMS) needs reconciliation.

The Government of India decided to onboard 22 schemes on the SNA-SPARSH platform from 1 June 2024, in addition to five CSS schemes which were to be on-boarded during the pilot phase. As of October 2025, only 19 out of the 27 schemes were onboarded. As per the guidelines of the Department of Expenditure (July 2023), upon onboarding, SNA accounts should be closed and unspent Central and State shares should be returned to the Consolidated Funds of India and the State. However, ₹ 2,499.76 crore remained in SNA bank accounts of the onboarded schemes. The delay in onboarding schemes and refunding unutilised funds undermines the objective of SPARSH to streamline fund flow, transparency and effective financial management.

Financial Reporting Practices

The State Government accumulated un-discharged liabilities of ₹ 911.97 crore during 2024-25, which included un-discharged interest of ₹ 397.84 crore towards Interest bearing Deposits, short/non-transfer of Government's contribution of ₹ 271.71 crore to the National Pension System, non-transfer of ₹ 1.88 crore Labour Welfare Cess to the Building and Other Construction Worker's Board, non-transfer of ₹ 122.81 crore of Cess on Land Revenue to Urban and Local bodies and non-recoupment of ₹ 117.73 crore towards Contingency Fund.

Utilisation Certificates

As of 2024-25, 12,050 Utilisation Certificates (UCs) involving ₹ 16,585.45 crore were pending, of which 6,363 crore UCs (₹ 5,622.03 crore) related to the period from 2003-04 to 2019-20,

indicating long-standing delays. Despite repeated audit observations, pending UCs increased by 34 *per cent* from ₹ 12,361.26 crore in 2023-24 to ₹ 16,585.45 crore in 2024-25, reflecting weak financial accountability, poor monitoring and risk of misutilisation.

Further, it was found that Utilisation Certificates were not being uploaded by any department in the UC module of IFMS, resulting in non-utilisation of the module even after lapse of seven years from the scheduled implementation timeline, indicating significant gap between system development and its operational use.

DC bills against AC Bills

As of 31 March 2025, 1,490 AC/DC bills amounting to ₹ 221.47 crore remained pending adjustment, which included 452 AC bills (₹ 37.53 crore) drawn in 2024-25. A significant portion of AC bills (₹ 5.01 crore, 11.16 *per cent*) was drawn in March 2025, indicating year-end rush to exhaust budget provisions. Outstanding DC bills have increased by 171 *per cent* over five years, reflecting persistent non-compliance, weak monitoring and risk of misappropriation.

Further, Audit found that only one DC bill had been submitted to the Principal Accountant General (A&E), during 2023-24 through the AC/DC bill module of IFMS, despite the development and deployment of the AC/DC bills module. Thus, the module remained largely unutilised even after lapse of seven years from the scheduled implementation timeline impeding timely submission and monitoring of pending AC/DC Bills.

Operation of Personal Deposit Account

There was a balance of ₹ 11,417.84 crore in the Personal Deposit (PD) Account of 392 Administrators, as of March 2025. During test-check of sanction orders, it was found that the ST & SC Development, Minorities & Backward Classes Welfare Department issued nine sanction orders in February/March 2025, amounting to ₹ 647.52 crore, directing to transfer funds to PD Accounts of Integrated Tribal Development Agencies and District Welfare Officers without immediate requirement. This indicated deliberate parking of funds in PD Accounts to avoid budgetary lapses, which was substantiated by a balance of ₹ 1,545.59 crore in PD Accounts of the ITDAs at the year-end. Such actions undermine financial propriety, legislative oversight and transparency and can misrepresent the State's fiscal position as the actual expenditure may occur later.