

Chapter-I: Overview of Finances of the State

This Chapter provides a snapshot of Odisha's finances for 2024-25, covering demographics, economic indicators and the State's fiscal structure. It analyses trends in revenue and expenditure, sectoral allocation of expenditure, debt levels, and fiscal deficits. It further examines revenue buoyancy and the capacity of the State to mobilise resources in line with economic growth. The analysis highlights key risks such as rising liabilities and subsidies, and non-receipt of dividends from SPSEs. Overall fiscal sustainability is assessed in terms of debt management, expenditure prioritisation, and adherence to fiscal targets, providing a comprehensive picture of the State's financial health.

1.1 Profile of the State

Odisha, a state on the eastern coast of India, covers 1,55,707 sq. km. and comprises 30 districts. According to the 2011 census of India, its population stood at 4.20 crore (3.47 per cent of India's total), with a density of 270 persons per sq. km. This section provides an overview of the State's demography, GSDP and per capita GSDP of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in **Table 1.1**.

Table 1.1: Demographic profile of the State

	Odisha	National average
Rural Population (<i>per cent</i>) (<i>Census of India, 2011</i>)	83.31	68.86
Urban Population (<i>per cent</i>) (<i>Census of India, 2011</i>)	16.69	31.14
Population density (<i>Census of India, 2011</i>)	270	382
Sex Ratio per 1,000 Males (<i>Census of India, 2011</i>)	979	943
Infant Mortality Rate per 1,000 Live births (<i>Sample Registration System, Statistical Report, 2023</i>)	30	25
Maternal Mortality Rate per lakh women in the age group of 15-49 years (<i>SRS Bulletin on Maternal Mortality 2025</i>)	9	5
Total Fertility Rate (<i>NFHS-5, 2019-21</i>)	1.82	1.99
Life Expectancy at Birth (<i>SRS Based Abridged Life Tables, 2019-23</i>)	70.5	70.3
Population below Poverty Line (<i>per cent</i>) (<i>Multi-dimensional Poverty Index, 2023, NITI Aayog</i>)	15.68	14.96
Literacy Rate (<i>per cent</i>) (<i>Periodic Labour Force Survey report, 2023-24</i>)	79.0	80.9

1.1.2 Economy of the State

Gross State Domestic Product (GSDP) and per capita GSDP are important indicators of the State's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per Capita GSDP

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP are given in **Table 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP of India (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP of Odisha (₹ in crore)	5,40,185	6,95,530	7,15,262	7,98,969	8,90,038
Per Capita GDP of India (in ₹)	1,46,480	1,72,422	1,94,451	2,15,935	2,34,859
Per Capita GSDP of Odisha (in ₹)	1,18,586	1,51,647	1,54,966	1,72,021	1,90,439

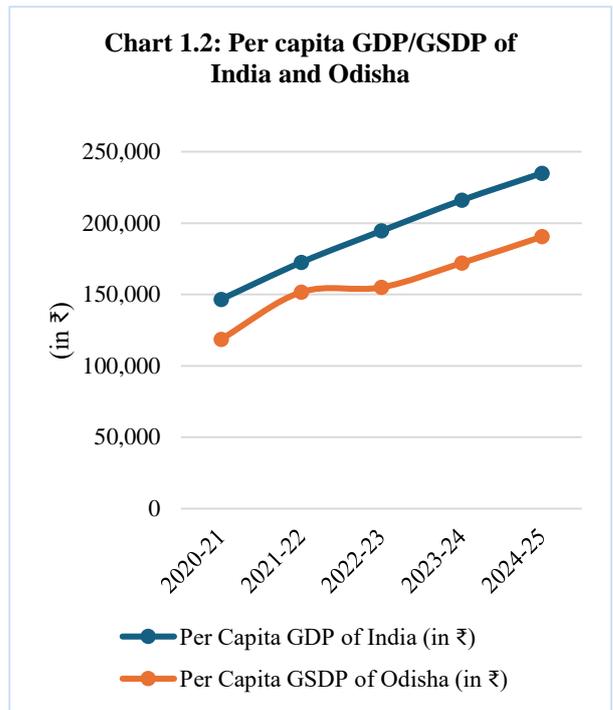
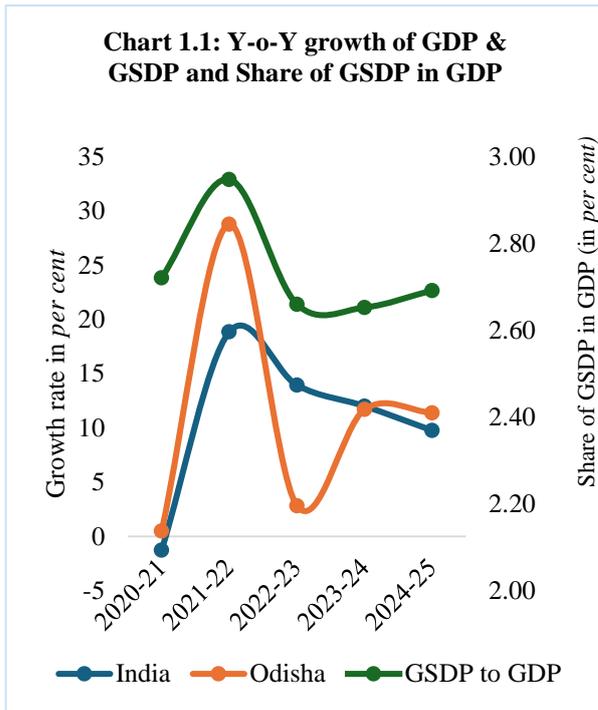
GSDP: Provisional Estimates for 2022-23, Quick Estimates for 2023-24 and Advance Estimates for 2024-25; GDP: First Revised Estimates for 2023-24 and Provisional Estimates for 2024-25

Source: Ministry of Statistics and Programme Implementation, GoI

As can be seen from the table, GSDP of Odisha increased steadily from ₹ 5,40,185 crore in 2020-21 to ₹ 8,90,038 crore in 2024-25, registering a growth of about 64.77 *per cent* during the last five years, which was broadly comparable with the growth in India's GDP (66.56 *per cent*) during the same period.

Despite this expansion in aggregate State output, the growth in per capita GSDP did not keep pace with the national trend. The per capita GSDP gap between Odisha and the national average widened from ₹ 27,894 in 2020-21 to ₹ 44,420 in 2024-25. This indicated that GSDP growth in the State did not translate proportionately into individual income gains, indicating weaker transmission of aggregate economic growth to per capita outcomes.

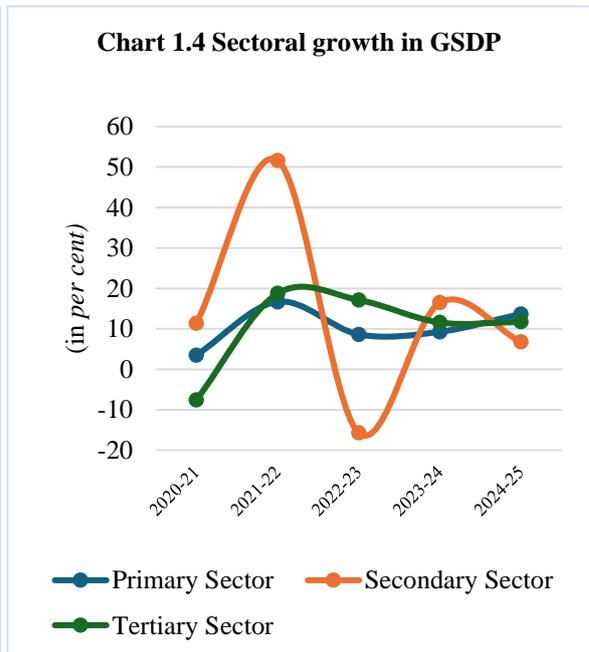
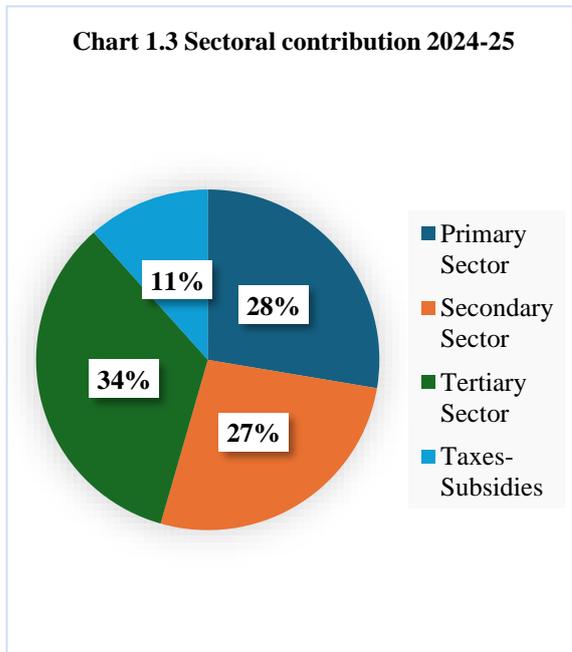
Year on year growth of GSDP and GDP and contribution of GSDP in GDP, is given in **Chart 1.1** and per capita GDP of the country and per capita GSDP of the State is depicted in **Chart 1.2**.



Source: Ministry of Statistics and Programme Implementation, GoI

1.1.2.2 Sectoral contribution to GSDP

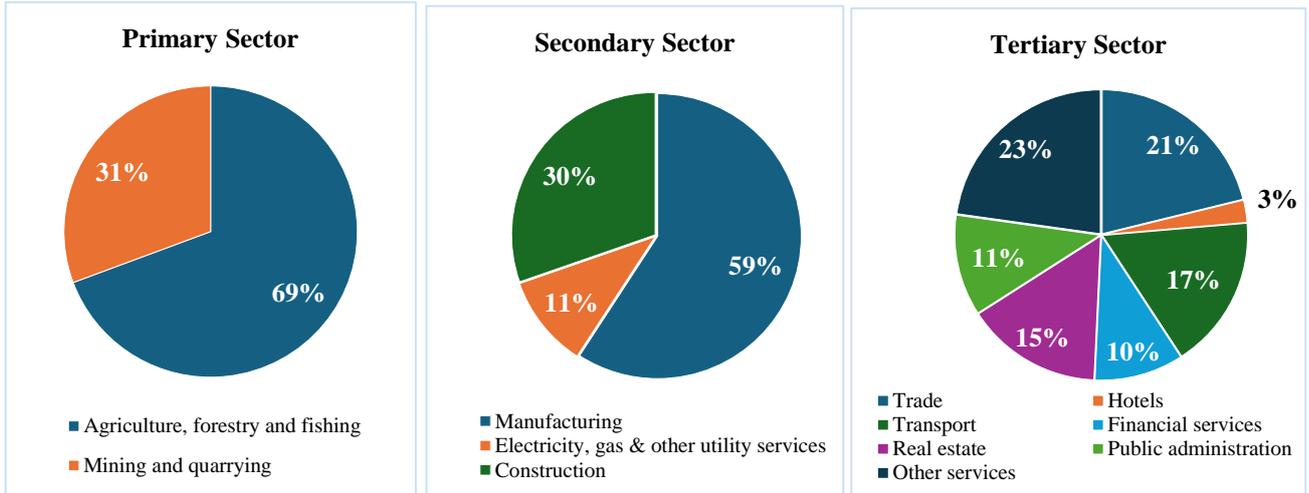
The sectoral contribution by various sectors during 2024-25 and sectoral growth in GSDP during the last five years are depicted in **Chart 1.3** and **Chart 1.4** respectively.



Source: Ministry of Statistics and Programme Implementation, GoI

Chart 1.5 shows the composition of each sector in GSDP during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Ministry of Statistics and Programme Implementation, GoI.

The analysis of sectoral share from **Chart 1.3** indicate that the contribution of tertiary sector was nearly 34 per cent of GSDP in 2024-25, while the primary and secondary sectors accounted for 28 and 27 per cent each.

A closer look at sectoral composition, presented in **Chart 1.5**, shows that the primary sector is dominated by agriculture, forestry and fishing (69 per cent), while the secondary sector is led by manufacturing (59 per cent) and construction (30 per cent). The tertiary sector is more diversified with major contributions from (i) trade, (ii) transport, (iii) real estate and (iv) public administration.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of State Government of Odisha for the years 2023-24 and 2024-25 vis-à-vis Budget Estimates (BE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1.	Tax Revenue	1,05,571	1,14,232	1,14,786	100.48	12.90
(i)	Own Tax Revenue	54,427	59,000	56,516	95.79	6.35
(ii)	Share of Union taxes/duties	51,144	55,232	58,270	105.50	6.55
2.	Non-Tax Revenue	53,011	56,000	51,221	91.47	5.75
3.	Grants-in-aid and Contributions	21,011	33,768	17,956	53.17	2.02
4.	Revenue Receipts (1+2+3)	1,79,593	2,04,000	1,83,963	90.18	20.67
5.	Recovery of Loans and Advances	559	485	665	137.11	0.07
6.	Other Receipts	0.00	0.00	0.00	0.00	0.00
7.	Borrowings and other liabilities*	14,743	27,749	25,042	90.24	2.81
8.	Capital Receipts (5+6+7)	15,302	28,234	25,707	91.05	2.89
9.	Total Receipts (4+8)	1,94,895	2,32,234	2,09,670	90.28	23.56

10.	Revenue Expenditure	1,48,832	1,66,923	1,61,312	96.64	18.12
11.	Interest payments	5,181	7,566	5,281	69.80	0.59
12.	Capital Expenditure	43,273	62,676	45,481	72.57	5.11
13.	Loans and advances	2,790	2,635	2,877	109.18	0.32
14.	Total Expenditure (10+12+13)	1,94,895	2,32,234	2,09,670	90.28	23.56
15.	Revenue Surplus (+)/Deficit ¹ (-) (4-10)	(+) 30,761	(+)37,077	(+)22,651	61.09	2.54
16.	Fiscal Surplus (+)/Deficit (-) {(4+5+6)-14}	(-) 14,743	(-) 27,749	(-) 25,042	90.24	(-) 2.81
17.	Primary Deficit ² (-)/ Surplus (+) (16-11)	(-) 9,562	(-) 20,183	(-) 19,761	97.91	(-) 2.22

Source: Finance Accounts of respective years, Budget at a Glance 2024-25, GoO, GSDP: MoSPI, GoI

* Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

Note: There may be difference of ₹ 1-2 crore across the report due to rounding-off of the figures.

The fiscal management of Odisha in 2024-25 reflects an imbalance between receipts and expenditure. Revenue Receipts fell short of BE by 10 per cent, primarily due to a sharp shortfall in Grants-in-aid and underperformance of Non-Tax and Own Tax revenues, though higher receipts of Share in Union tax and duties partly offset the decline. On the expenditure side, while Revenue Expenditure was largely on target (97 per cent of BE), Capital Expenditure which is critical for infrastructure and future growth was only 73 per cent of BE, despite the availability of both Revenue Surplus and borrowings. The details of State Government's Finances for the FY 2020-21 to 2024-25 are given in **Appendix 1.1**.

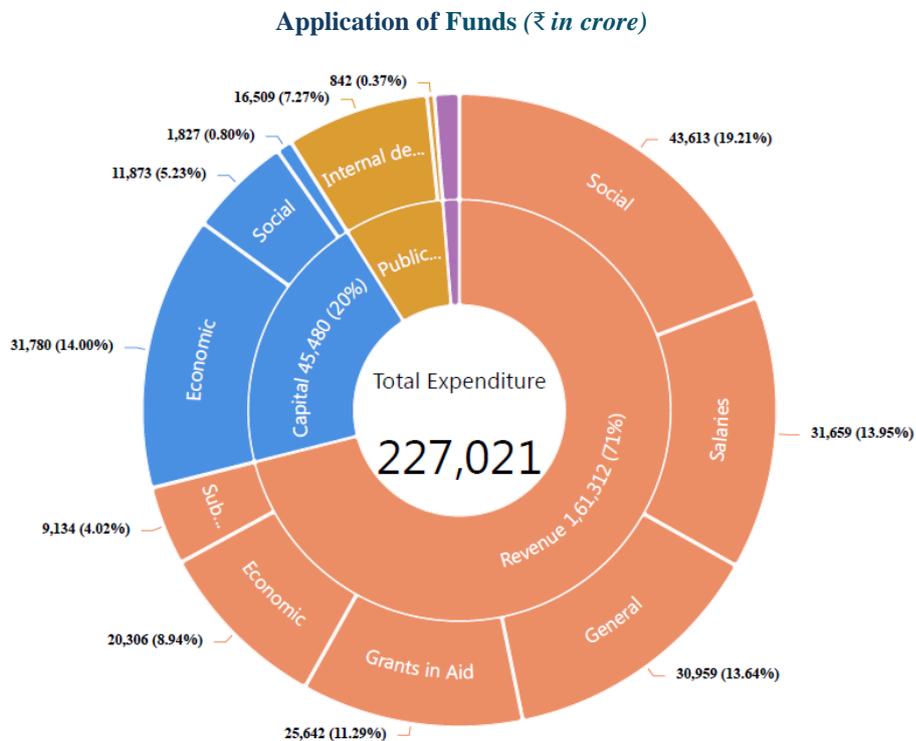
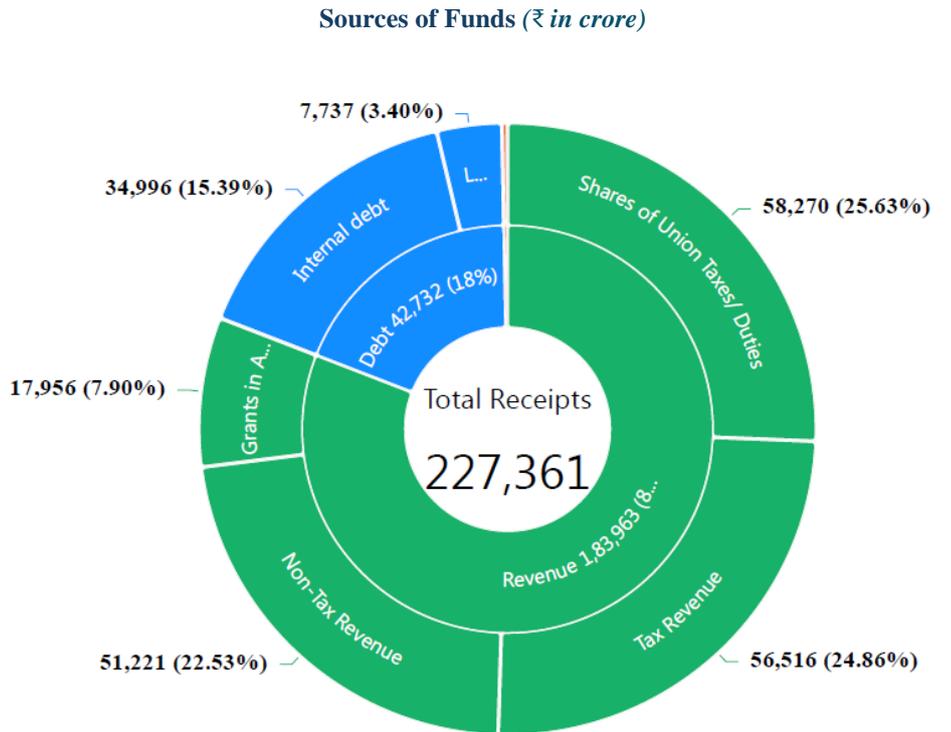
1.1.4 Sources and Application of Funds

Components of the sources and application of funds of the State during the current year are given in **Chart 1.6**.

¹ Post Audit adjusted Revenue Surplus is ₹ 21,930 crore

² Post Audit adjusted Primary Deficit is ₹ 20,482 crore

Chart 1.6: Details of sources and application of funds during 2024-25



Source: Finance Accounts for FY 2024-25

Appendix 1.2 provides details of receipts and disbursements and the overall fiscal position of the State during the current year as well as the previous year.

1.1.5 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.3* gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, loans and advances given by the State Government and cash balances. A summarised position of assets and liabilities for the financial years 2023-24 and 2024-25, is given in **Table 1.4**.

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)

Liabilities					Assets				
		2023-24	2024-25	Per cent increase/decrease		2023-24	2024-25	Per cent increase/decrease	
Consolidated Fund									
A	Internal Debt	50,985.33	69,471.87	36.26	A	Gross Capital Expenditure	2,79,033.06	3,24,513.67	16.30
B	Loans and Advances from GoI*	21,808.04	21,180.71	(-) 2.88	B	Loans and Advances	12,742.11	14,954.02	17.36
Contingency Fund		400	400	0.00		274.34	117.73	(-)57.09	
Public Account									
A	Small Savings, Provident Funds, etc.	23,955.45	22,924.81	(-) 4.30	A	Advances with Departmental officers	18.23	19.19	5.27
B	Deposits	25,430.26	25,746.13	1.24	B	Remittances	18.05	15.23	(-)15.62
C	Reserve Funds	50,168.01	52,946.34	5.54	C	Suspense and Miscellaneous	-	-	-
D	Remittances	--	--			Cash balance (including investment in Earmarked Funds)	54,805.37	57,284.54	4.52
E	Suspense and Miscellaneous	332.05	249.55	(-) 24.85		Total	3,46,891.16	3,96,904.38	14.42
F	Cumulative excess of receipts over expenditure	1,73,113.87	2,03,286.82	17.43					
G	Miscellaneous Capital Receipts	698.15	698.15	0.00					
Total		3,46,891.16	3,96,904.38	14.42					

Source: Finance Accounts of the respective years

* Includes back-to-back loans of ₹ 2,730 crore in lieu of GST compensation, after adjustment of ₹ 7,522 crore during FY 2024-25

1.1.6 Ten-year Trend Analysis of Major Fiscal Parameters

A comprehensive ten-year trend analysis covering the period from 2015-16 to 2024-25 of the major fiscal and economic parameters of the State (*Appendix 1.4*), has been carried out to provide a long-term perspective on the State's fiscal sustainability. The analysis includes calculation of the Compound Annual Growth Rate (CAGR) for each component over the ten-year period. It enables an assessment of the structural strengths and weaknesses of the State's finances, identifies emerging risks and highlights systemic trends that have influenced the fiscal position over the decade.

- **Revenue Receipts**

Revenue Receipts have shown a consistent upward trend over the past ten years, with a CAGR of 11.52 *per cent*. A significant jump was observed between 2020-21 and 2021-22, when revenue receipts rose from ₹ 1,04,387 crore to ₹ 1,53,059 crore, with an increase of 46.63 *per cent* and have remained at relatively high levels since then. This steady growth in Revenue Receipts contributed to Revenue Surplus throughout the ten-year period.

- **Own-Tax Revenue**

Own Tax Revenue grew at a CAGR of 10.76 *per cent*, showing steady and consistent growth over the ten-year period. This growth was supported by improvement in SGST collection, higher collections from State Excise and Taxes on vehicles. However, on the other hand, Stamp Duty and Registration fees declined marginally from ₹ 2,157 crore in 2015-16 to ₹ 1,987 crore in 2024-25, recording a negative growth over the period, with collections showing sharp year-to-year fluctuations and a one-time spike in 2020-21, which did not sustain thereafter. Land revenue increased modestly from ₹ 589 crore to ₹ 785 crore, reflecting low and uneven growth. The significantly lower growth of Stamp Duty and Land Revenue compared to overall Revenue Receipts indicates that these taxes did not keep pace with the expansion of the State's revenue base, resulting in a declining relative contribution to total Revenue Receipts.

- **Non-Tax Revenue**

Non-Tax Revenue grew from ₹ 8,711 crore in 2015-16 to ₹ 51,221 crore in 2024-25, showing significant increase in 2021-22. Growth of Revenue Receipts since 2021-22 was primarily driven by higher Non-Tax revenue, as the Government auctioned mines (iron ore, manganese, bauxite and dolomite mines) following the Mines and Minerals (Development and Regulation) Amendment Act, 2015, which required the Government to auction all new mines and those with expired leases, resulting in high collection of mining revenue.

- **Revenue Expenditure**

Revenue Expenditure grew at CAGR of 11.86 *per cent* during 2015-25. Its growth accelerated notably after 2018-19, with a temporary moderation in 2020-21. Revenue Expenditure remained consistently higher than Revenue Receipts in growth terms in certain years, exerting pressure on revenue balances. However, the State was able to maintain revenue surplus during the ten-year period.

- **Subsidies**

Subsidies grew at a CAGR of 15.07 *per cent*, notably spiking to ₹ 9,134 crore in 2024-25. Rising subsidies were a key contributor to the pressure on Revenue Expenditure, during 2015-25.

- **Interest Payments**

Interest payments remained relatively stable during the decade, ranging between ₹ 3,343 crore to ₹ 6,644 crore. As a proportion of Revenue Expenditure, interest payments have declined, giving the State some fiscal space.

- **Net Capital Receipts**

Capital Receipts grew at a CAGR of 15.03 *per cent*, mainly because of increased borrowings. Non-debt Capital Receipts, such as recoveries of Loans and Advances, however remained minimal.

- **Capital Expenditure**

Capital Expenditure grew at a CAGR of around 12.47 *per cent* but showed significant fluctuations, ranging between ₹ 17,090 crore to ₹ 45,481 crore during 2015-2025. The growth in Capital Expenditure post 2020-21 indicated focus on stimulating economic activity and long-term development.

- **Fiscal Deficit**

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.

- **Outstanding Liabilities**

Outstanding liabilities increased from ₹ 59,753 crore in 2015-16 to ₹ 1,37,784 crore in 2024-25, reflecting a rising debt burden. Although this level of debt remained manageable in relation to the State's GSDP, it requires close monitoring to ensure long-term sustainability. However, liabilities saw a decline from ₹ 1,26,084 crore in 2019-20 to ₹ 1,01,700 crore in 2022-23, largely due to the repayment of Market Loans, loans from Special Securities issued to the NSSF of the Central Government and loans from financial institutions. Notably, during FY 2022-23 and 2023-24, the Government of Odisha did not undertake any market borrowing, focusing on repaying

outstanding market loans, thereby consolidating the State's overall debt position.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans form part of the Consolidated Fund of the State.

1.2.1 Revenue Receipts

Trend and growth of Revenue Receipts with respect to GSDP over the five-year period (2020-25) are shown in **Table 1.5**.

Table 1.5: Trends of Revenue Receipts

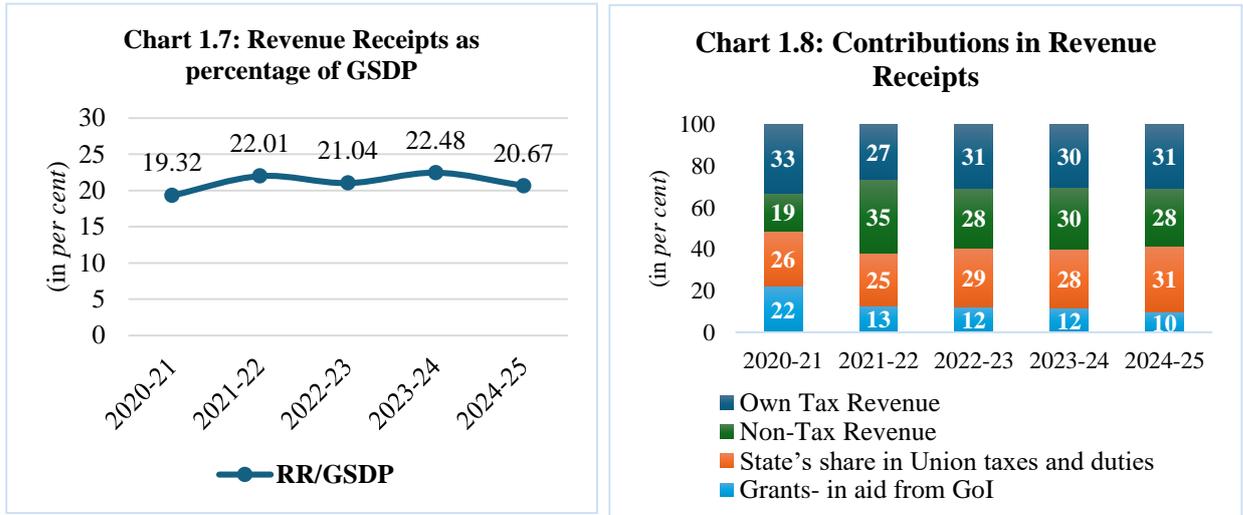
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	1,04,387	1,53,059	1,50,462	1,79,593	1,83,963
Tax Revenue	61,801	78,892	89,543	1,05,571	1,14,786
<i>Own Tax Revenue</i>	34,258	40,748	46,554	54,427	56,516
<i>State's share in Union taxes and duties</i>	27,543	38,144	42,989	51,144	58,270
Non-Tax Revenue	19,518	54,257	42,720	53,011	51,221
Grants-in-aid from GoI	23,068	19,910	18,199	21,011	17,956
State's Own Revenue (Own Tax and Non-Tax Revenue)	53,776	95,005	89,274	1,07,438	1,07,737
GSDP (2011-12 series)	5,40,185	6,95,530	7,15,262	7,98,969	8,90,038
State's Own Tax to GSDP	6.34	5.86	6.51	6.81	6.35
Year-on-year growth rates (in per cent)					
Revenue Receipts	2.78	46.63	-1.70	19.36	2.43
State's Own Revenue	14.51	76.67	-6.03	20.35	0.28
GSDP	0.50	28.76	2.84	11.70	11.40
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	5.56	1.62	-*	1.65	0.21
State's Own Revenue Buoyancy w.r.t GSDP	29.02	2.67	-*	1.74	0.02

Source: Finance Accounts for Revenue Receipts and MoSPI, GoI for GSDP figures

* Buoyancy ratio was not calculated as growth of Revenue Receipts and State's own revenue were negative.

³ Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Revenue Receipts as percentage of GSDP and contribution from various sources in Revenue Receipts is given in **Chart 1.7** and **Chart 1.8**.



Source: Finance Accounts of respective years for Revenue Receipts and its components; and MoSPI, GoI for GSDP figures

As can be seen from **Table 1.5**, despite continuous growth in the union tax devolution during the last five years and GSDP growth of over 11 per cent in last two FYs 2023-24 and 2024-25, Revenue Receipts grew only by 2.43 per cent, with revenue buoyancy collapsing to 0.21 in 2024-25. This indicates that the State was unable to increase its tax revenue potential in line with the nominal growth rate. The State's Own tax-to-GSDP ratio remained below seven per cent over the past five years, highlighting the need for consistent efforts to improve the State's Own tax revenue, raising capacity and make the tax system more resilient.

C&AG's Report on Performance Audit of Systems and Controls in Assessment and Collection of Revenue from Major Minerals for the year ended March 2022 (Report No. 6 of 2024), of Government of Odisha highlighted major weaknesses in Odisha's revenue mobilisation, particularly undervaluation of iron-ore grades, misreporting of production and extraction beyond approved plans, leading to significant royalty losses. It recommended stronger monitoring, strict compliance with mining plans and technology-based oversight.

Similarly, *C&AG's Report on Performance Audit of Systems and Controls in Assessment and Collection of Revenue from Minor Minerals for the year ended March 2022 (Report No. 12 of 2024)*, highlighted issues like application of pre-revised rates of rents and royalty in the assessment of mineral revenue, even after revision by Government of Odisha; non-adoption of system of taking measurements of sources before commencement of quarrying and after closure of lease periods, etc. resulting in loss of revenue.

Further, *C&AG's Compliance Audit Report for the year ended March 2022 (Report No. 3 of 2024) on Government of Odisha included a compliance audit of 'Revision of Market Value Guidelines for urban plots and buildings'*, which highlighted issues like outdated property valuation practices, absence of expert

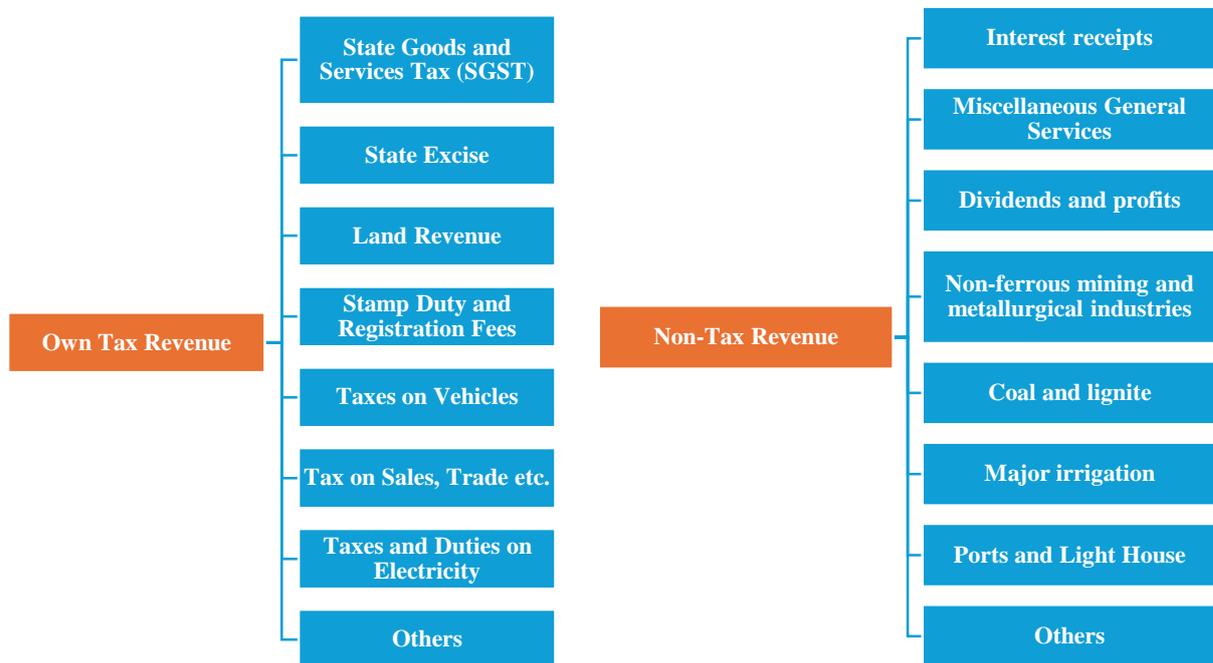
valuers, non-collection and compilation of relevant data like average value of sale of properties, auction value of Government land, non-revision of values in high-growth areas *etc.*, resulting in revenue leakage from stamp duty and registration.

Addressing these systemic gaps may align revenue mobilisation with economic growth. The State may also broaden its tax base, enforce dividend policies rigorously and strengthen recovery of tax arrears to improve revenue mobilisation.

A. State's Own Resources

The State's Own Revenue comprises of Own Tax revenue and Non-Tax Revenue, details of which are shown in **Chart 1.9**.

Chart 1.9: Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes, which it is empowered to levy under the Constitution. Details of Budget Estimate (BE), Revised Estimate (RE) and Actuals for Own Tax Revenue of the State for the FY 2023-24 and 2024-25 are given in **Table 1.6**.

Table 1.6: State's Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE RE, and Actuals)

(₹ in crore)

Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actual)
State's Goods and Services Tax (SGST)	23,896	25,177	26,073	25,061
State Excise	7,215	8,680	8,680	8,195
Land Revenue	1,123	928	960	785
Stamp Duty and Registration Fees	2,127	2,417	2,417	1,987
Taxes on Vehicles	2,478	2,622	2,700	2,669

Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actual)
Tax on Sales, Trade etc.	12,714	14,212	14,212	13,089
Taxes and Duties on Electricity	4,474	4,252	4,252	4,340
Taxes on Goods and Passengers	112	215	215	72
Other Taxes on Income and Expenditure	288	350	350	317
Others ⁴	0	147	141	0
Total	54,427	59,000	60,000	56,516[#]

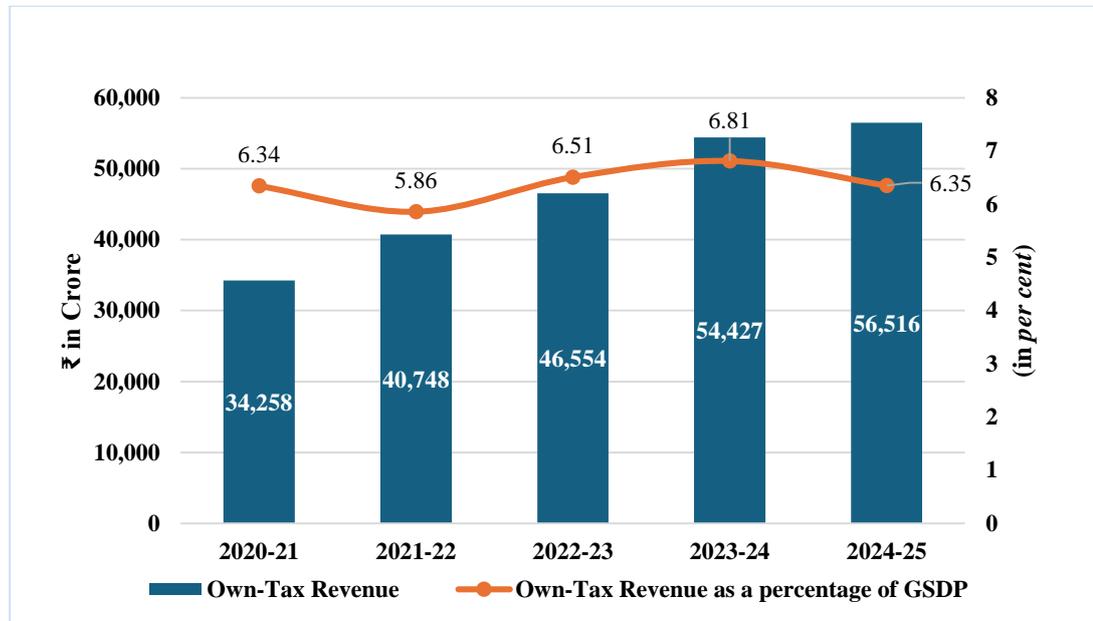
Source: Finance Accounts of the respective years and Budget documents of the State

Difference of 1 crore is due to rounding off.

During FY 2024-25, the State’s Own Tax Revenue grew by 3.84 per cent compared to previous year but fell short of the BE and RE by 4.21 per cent and 5.81 per cent respectively.

Trends of Own Tax Revenue and analysis of its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11**.

Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25

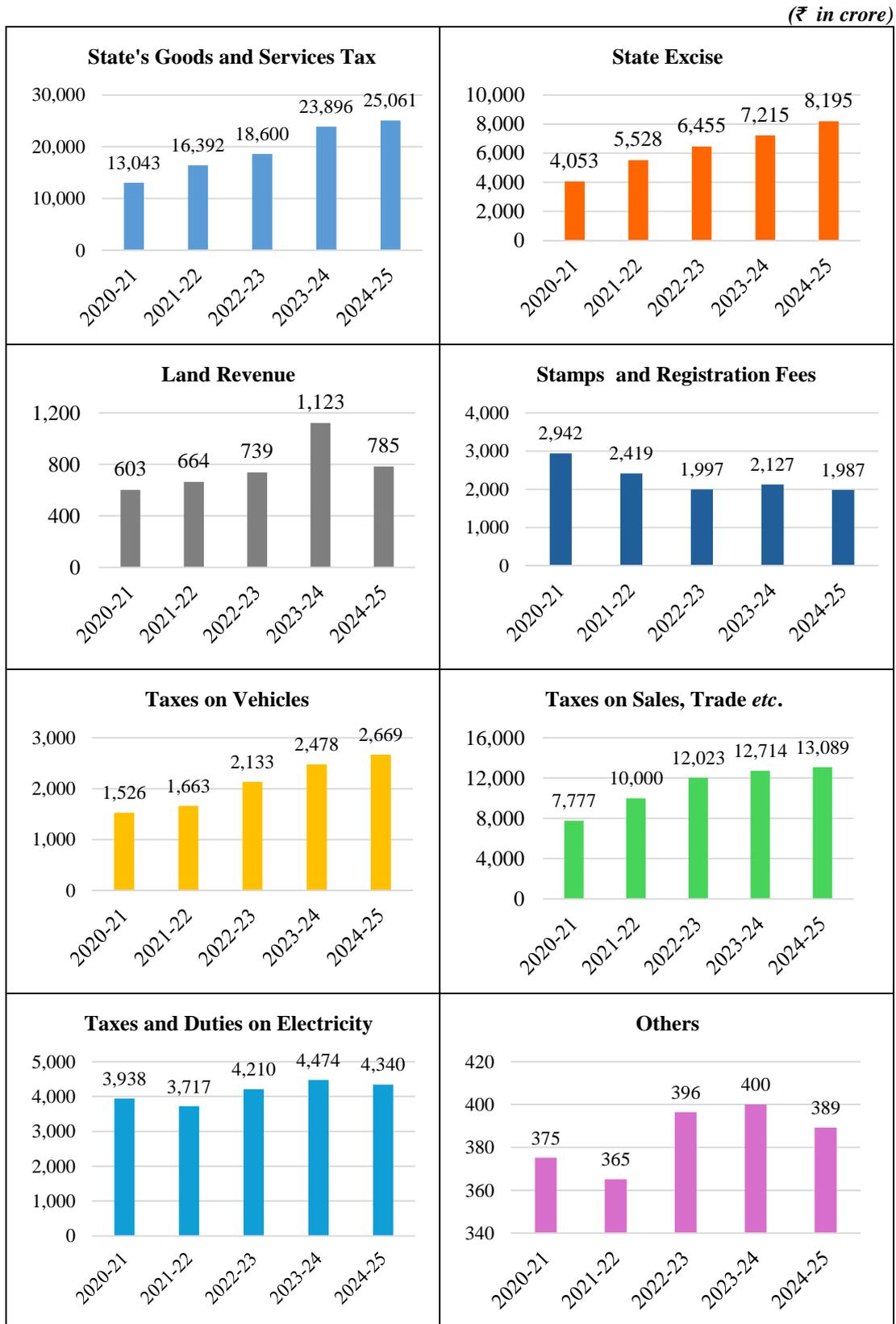


Source: Finance Accounts of respective years for Revenue Receipts and its components; and MoSPI, GoI for GSDP figures

Chart 1.10 highlights that although the State generated higher Own Tax Revenue in absolute terms, the growth rate with respect to GSDP fluctuated during the last five years and declined marginally in 2024-25 compared to the previous year.

⁴ Entertainment Tax of ₹ 0.17 crore (2024-25 - Actual)

Chart 1.11: Trends of various components of State's Own Tax Revenue during the last five years



Source: Finance Accounts of the respective years

Chart 1.11 shows SGST as the largest contributor (44.34 per cent), followed by Taxes on Sales, Trade etc., and State Excise. During 2020-2025, an upward trend was seen

in case of SGST, State Excise, Taxes on vehicles and Taxes on Sales, Trade *etc.*, while it decreased in case of Stamps and Registration fees, Land Revenue, Taxes and Duties on Electricity and Others. Higher tax revenue on State Excise was mainly due to collection of higher excise duties on malt liquor, foreign liquor and spirits during the last five years.

(ii) Non-Tax Revenue

Non-Tax Revenue of a State refers to the rent, fees, royalties and other receipts of the State Government from sources other than taxes.

Details of BE, RE and Actuals for major components of Non-Tax Revenue of the State for the FYs 2023-24 and 2024-25 are given in **Table 1.7**.

Table 1.7: Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

Non-Tax Revenue	(₹ in crore)			
	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actual)
Interest Receipts	921	1,580	1,580	501
Dividends and Profits	1,800	1,124	3,000	4,523
Miscellaneous General Services	1,889	1,096	1,096	1,683
Non-Ferrous mining and Metallurgical industries	45,046	48,600	46,600	41,052
Coal and Lignite	1,351	832	2,560	1,015
Major irrigation	680	750	750	749
Ports and Light Houses	210	375	380	409
Others ⁵	1,115	1,643	2,034	1,290
Total	53,011[#]	56,000	58,000	51,221[#]

Source: Finance Accounts of the respective years and Budget documents of the State

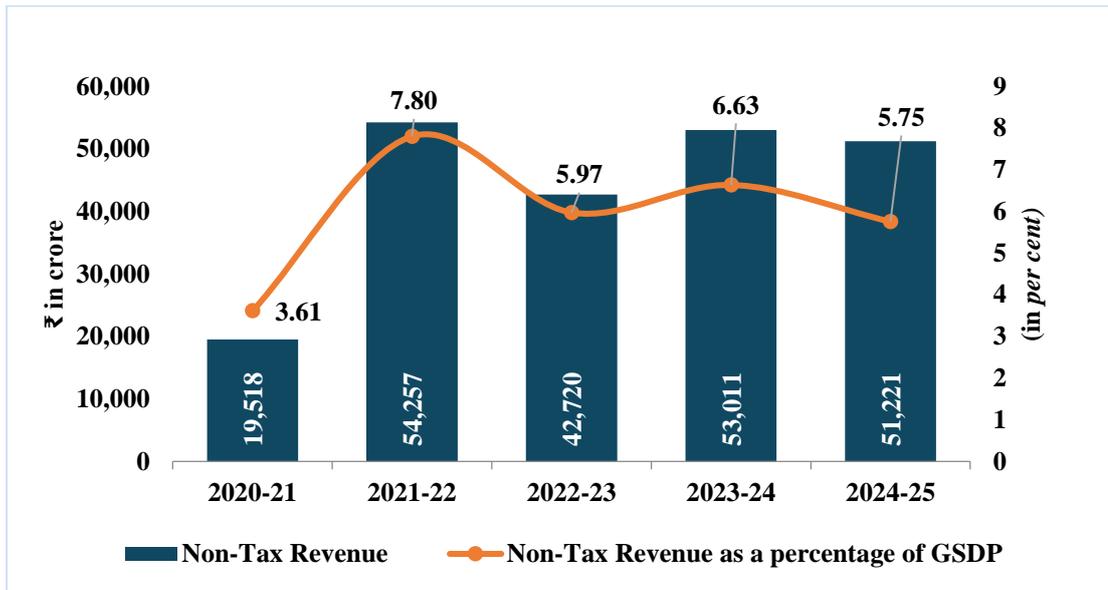
[#] Difference of 1 crore is due to rounding off.

In FY 2024-25, the State's Non-Tax Revenue declined by 3.38 *per cent* compared to the previous year, falling short of the BE (₹ 56,000 crore) and RE (₹ 58,000 crore) approximately by 9 and 12 *per cent*, respectively.

Trends of components of State's Non-Tax Revenue and its percentage to GSDP during 2020-25 are shown in **Chart 1.12** and **Chart 1.13**.

⁵ Medium Irrigation, Medical and Public Health, Education, Sports, Art and culture *etc.*

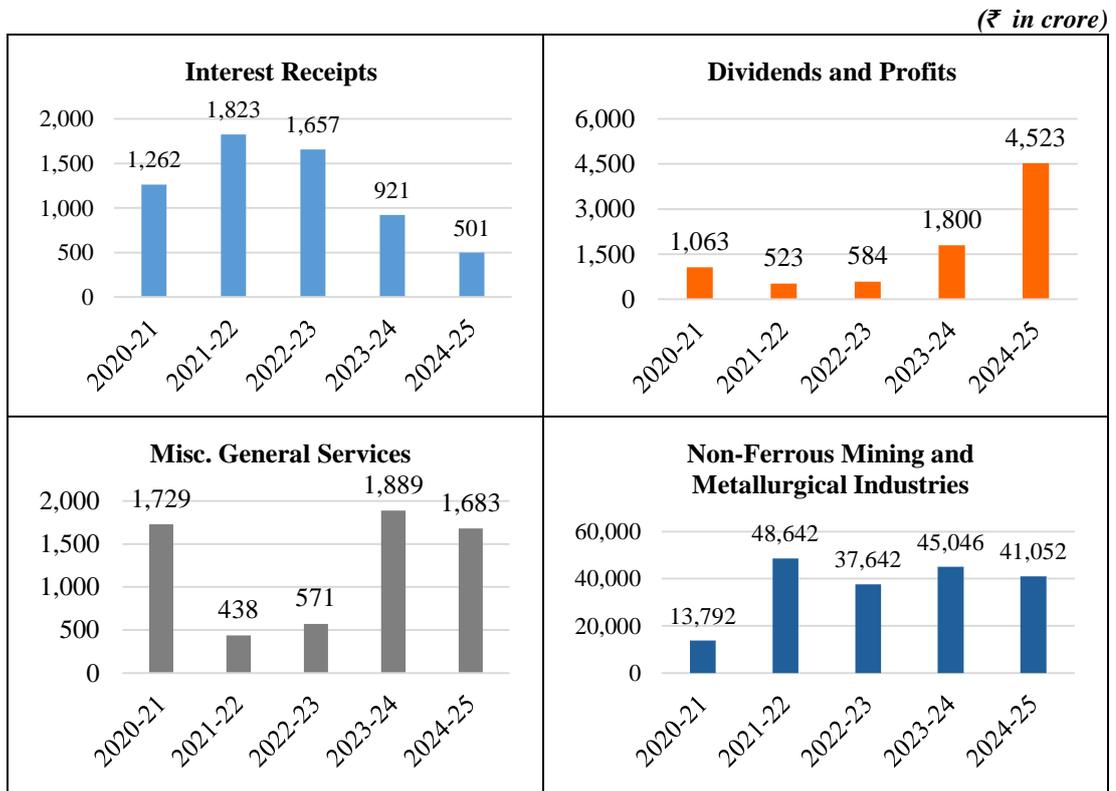
Chart 1.12: Trends of Non-Tax Revenue and its share in GSDP

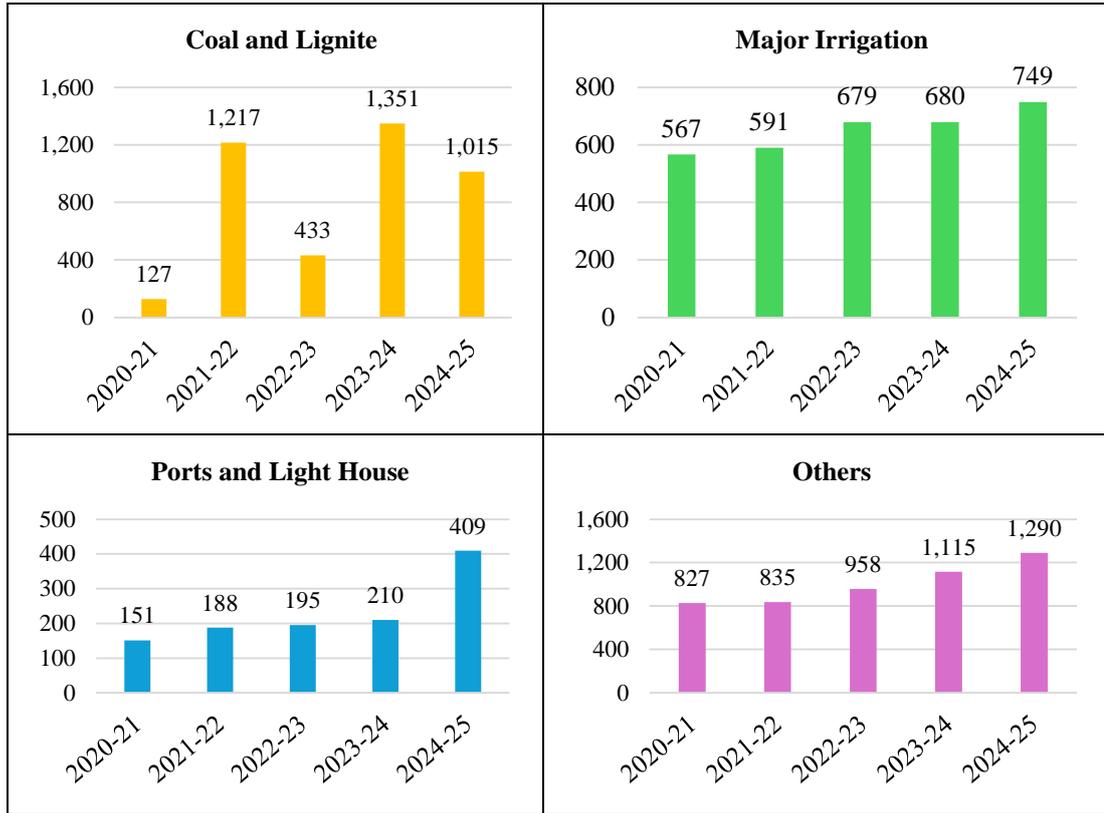


Source: Finance Accounts of the respective years

Chart 1.12 highlights that the Non-Tax Revenue decreased by ₹ 1,790 crore in 2024-25 over the previous year and consequently its share in GSDP also declined. This decrease was primarily due to less realisation of Interest Receipts on account of investment of cash balances and decrease in collection of fees, rent and royalties from non-ferrous mining and metallurgical industries. This was however, partially offset by higher-than-estimated dividends and profits from Odisha Mining Corporation.

Chart 1.13: Trend of various components of State’s Non-Tax Revenue during last five years





Source: Finance Accounts of the respective years

Major reasons for substantial increase or decrease in the components of Non-Tax Revenue are as follows:

- Interest receipts decreased mainly due to less receipt of interest on account of investment of cash balances, as the interest on cash balances decreased from ₹ 621.11 crore in 2023-24 to ₹ 189.33 crore in 2024-25.
- Dividends from State’s Public Sector Entities (SPSEs) increased mainly due to receipts of higher dividend from Odisha Mining Corporation Limited, from ₹ 1,420 crore in 2023-24 to ₹ 4,233 crore in 2024-25.
- Non-Tax Revenue under Miscellaneous General Services declined primarily due to decrease in receipts under Minor Head 800-Other Receipts from ₹ 1,582 crore in 2023-24 to ₹ 954 crore in 2024-25.
- Receipts under non-ferrous mining and metallurgical industries and coal and lignite decreased due to less realisation of concession fees, rents and royalties on major minerals and concession fees and royalties on coal.

B. State’s share in Union Taxes and Duties

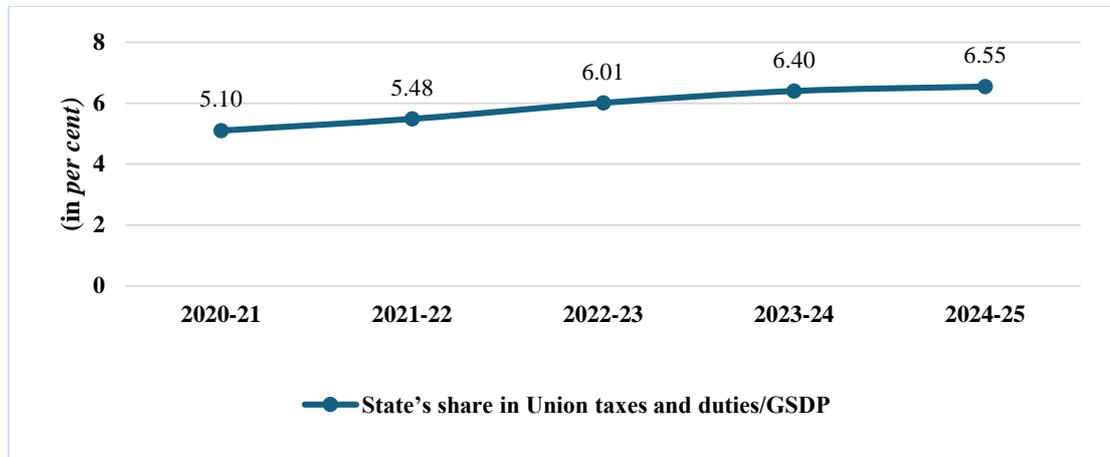
Trends in components of State’s share in Union taxes and duties are shown in Table 1.8.

Table 1.8: State's share in Union Taxes and Duties

Head	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	8,160	11,434	12,150	15,522	17,018
Corporation Tax	8,328	9,583	14,407	15,351	16,534
Taxes on Income other than Corporation Tax	8,540	11,743	14,074	17,728	21,086
Customs	1,447	3,031	1,690	1,792	2,965
Union Excise Duties	923	1,719	530	678	571
Service Tax	124	589	67	10	2
Other Taxes ⁶	21	45	71	63	94
Total	27,543	38,144	42,989	51,144	58,270

Source: Finance Accounts of the respective years

Percentage of State's share in Union taxes and duties to GSDP is given in **Chart 1.14**.

Chart 1.14: Percentage of State's share in Union taxes and duties to GSDP

Source: Finance Accounts of the respective years

C. Grants-in-aid from Government of India

Trend of Grants-in-aid from GoI and its components are shown in **Table 1.9**.

Table 1.9: Grants-in-aid from Government of India

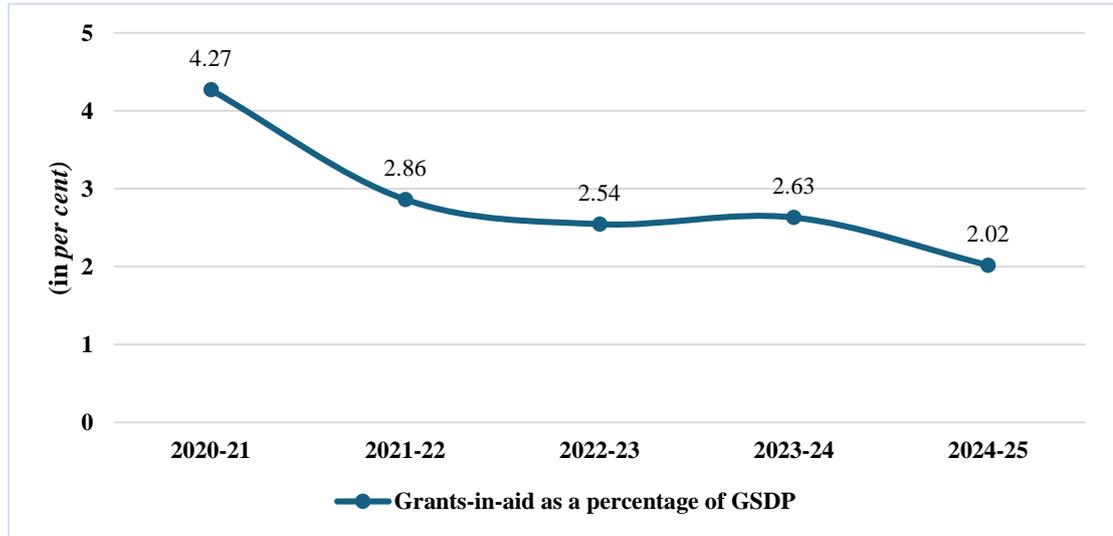
Head	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Schemes	12,698	11,820	11,741	15,685	11,385
Finance Commission Grants	4,949	4,557	4,221	4,867	5,450
Other transfers/Grants to States/Union Territories with Legislature	5,421	3,533	2,238	459	1,121
Total	23,068	19,910	18,200	21,011	17,956

Source: Finance Accounts of the respective years

⁶ Include other Taxes and Duties on Commodities and Services.

Percentage of Grants-in-aid from Government of India to GSDP is given in **Chart 1.15**.

Chart 1.15: Percentage of Grants-in-aid from Government of India to GSDP



Source: Finance Accounts of the respective years

(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 11,384.60 crore for Centrally Sponsored Schemes during 2024-25, the schemes receiving the major grant amounts are shown in **Table 1.10**.

Table 1.10: Schemes receiving major amount of grants

Name of the Scheme	₹ in crore)		
	2024-25	2023-24	Percentage change over previous year
Samagra Shiksha	1,672.35	1,236.61	(+) 35.24
Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission	1,388.11	1,275.64	(+) 8.82
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	1,110.16	974.01	(+)13.98
Saksham Anganwadi and Poshan 2.0 (Umbrella ICDS-Anganwadi Services Poshan Abhiyan Scheme for Adolescent Girls National Creche Scheme)	948.16	968.81	(-) 2.13
Pradhan Mantri Awas Yojana (PMAY)	825.05	4,310.71	(-) 80.86
Pradhan Mantri Gram Sadak Yojana (PMGSY)	712.39	1,262.55	(-) 43.58
National Rural Livelihood Mission/AAJEEVIKA (NRLM)	588.44	763.08	(-) 22.89

Source: Finance Accounts for the years 2023-24 and 2024-25

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (15th FC) grants were provided to the States for Local Bodies, State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and Health sector. Details of grants provided to the State by GoI are given in **Table 1.11**.

Table 1.11: Recommended amount, actual release and transfers of Grant-in-aid
(₹ in crore)

Transfers	Recommendation of 15 th FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to Panchayati Raj Institutions (PRIs)	1,851.00	1,851.00	1,851.00 (100)
(a) Performance/Tied Grants #	1,110.60	1,110.60	1,110.60(100)
(b) Untied Grants	740.40	740.40	740.40(100)
(ii) Grants to Urban Local Bodies (ULBs)	953.00	800.73	800.73(100)
(a) Non-Million Plus Cities (Performance/Tied Grant) #	571.80	480.44	480.44(100)
(b) Non-Million Plus Cities (General Basic/Untied Grant)	381.20	320.29	320.29(100)
(iii) Grants for Health Sector	510.00	941.33	941.33 (100)
Total for Local Bodies (i+ii+iii)	3,314.00	3,593.06	3,593.06(100)
State Disaster Response Fund (SDRF)	Central Share	1,485.60	1,485.60(100)
	State Share	495.20	495.20(100)
State Disaster Mitigation Fund (SDMF)	Central Share	371.40	371.40(100)
	State Share	123.80	123.80(100)
Total for State Disaster Response and Mitigation Fund (SDRMF)	2,476.00	2,476.00	2,476.00(100)

Source: Finance Accounts for the FY 2024-25 and 15th FC Recommendations

For drinking water, rainwater harvesting, sanitation etc.

As can be seen from **Table 1.11**, there was no shortfall in release of 15th FC grants by the State Government.

1.2.2 Capital Receipts

Capital Receipts comprise miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Trends of various components of Capital Receipts during 2020-21 to 2024-25 are shown in **Table 1.12**.

Table 1.12: Trends in growth and composition of Capital Receipts

(₹ in crore)

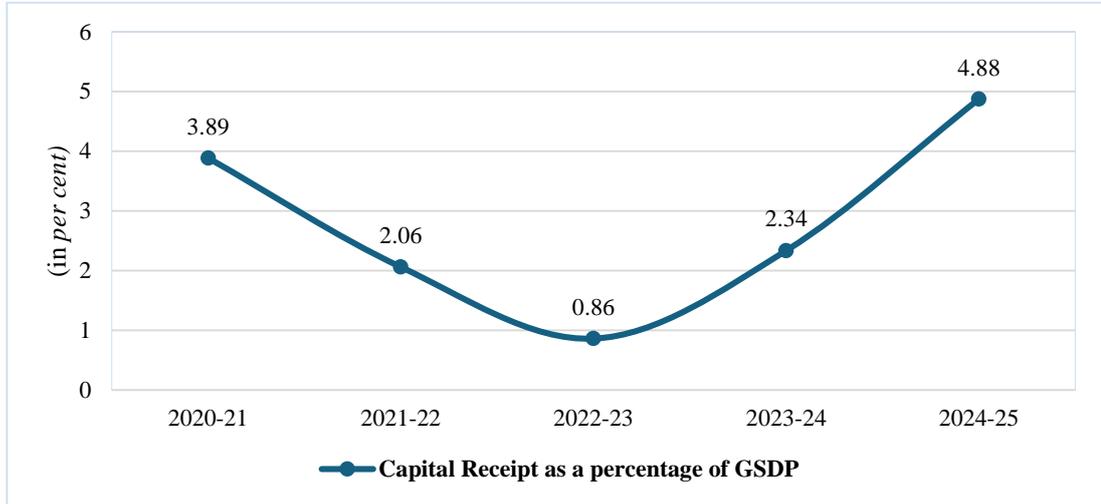
Sources of State's Capital Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	21,002	14,346	6,179	18,682	43,398
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	684	1,566	832	559	665
Public Debt Receipts	20,318	12,780	5,347	18,123	42,732
Internal Debt	15,191	5,174	4,328	13,821	34,996
Loans and advances from GoI#	5,127	7,606	1,019	4,302	7,736
Year-on-Year growth rates (in per cent)					
GSDP	0.50	28.76	2.84	11.70	11.40
Capital Receipts	40	(-32)	(-57)	202	132
Public Debt Receipts	38	(-37)	(-58)	239	136
Internal Debt	11	(-66)	(-16)	219	153
Loans and advances from GoI	435	48	(-87)	322	80

Source: Finance Accounts of the respective years

For FYs 2020-21 and 2021-22, the figure includes debt of ₹ 3,822 crore and ₹ 6,430 crore respectively, as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**.

Chart:1.16 Capital Receipts as percentage of GSDP



Source: Finance Accounts of the respective years; and MoSPI, GoI for GSDP

While GSDP growth has remained relatively stable (between 11-12 per cent in last two years), Public Debt Receipts have grown disproportionately (239 per cent in 2023-24 and 136 per cent in 2024-25). This abrupt surge in Public Debt Receipts resulted in a steep rise in Capital Receipts as percentage of GSDP from 0.86 per cent in 2022-23 to 4.88 per cent in 2024-25. Thus, the increase in borrowings is not directly aligned with economic expansion, pointing to fiscal stress and potential challenges in debt servicing capacity.

1.2.3 Finance Commission Projections and Actuals

This paragraph analyses the deviations between the projections of the 15th FC and the State’s actual fiscal and economic performance during the period 2020-21 to 2024-25.

The revenue and GSDP projected by the 15th FC and actuals are given in **Table 1.13**.

Table 1.13: 15th FC Projection vis-à-vis actuals

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual								
GSDP (2011-12 Series - Current Prices)	5,86,647	5,40,185	5,53,246	6,95,530	5,96,222	7,15,262	6,47,312	7,98,969	7,05,403	8,90,038
Own Revenue Receipts	55,971	53,776	49,466	95,005	54,030	89,274	59,529	1,07,438	65,877	1,07,737
State’s Own Tax Revenue	44,686	34,258	33,238	40,748	36,415	46,554	40,254	54,427	44,699	56,516

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual								
State's Own Non-Tax Revenue	11,286	19,518	16,228	54,257	17,615	42,720	19,275	53,011	21,178	51,221
State's share in Union Taxes/Duties	39,586	27,543	29,821	38,144	33,173	42,989	37,328	51,144	42,408	58,270
Fiscal Deficit as percentage of GSDP	--	1.81	4.00	2.97	3.50	2.13	3.00	1.85	3.00	2.81

Source: Finance Accounts of respective years and 15th Finance Commission Report

1.2.4 Expenditure

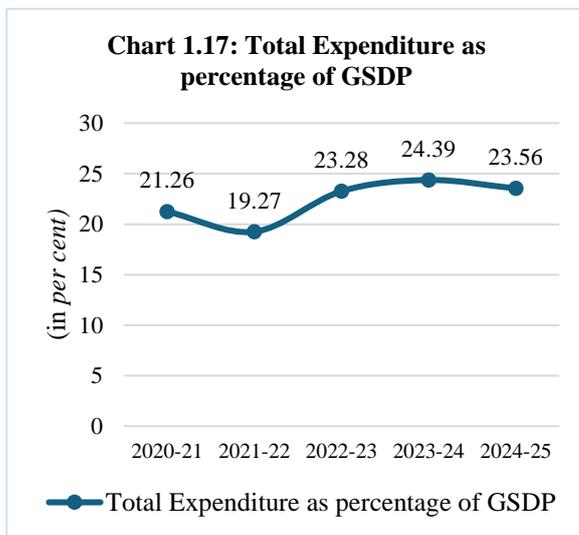
Government expenditure is classified into Revenue Expenditure, Capital Expenditure and Loans and Advances. Revenue Expenditure includes costs for maintenance, repairs and day-to-day functioning of departments, including administrative and establishment expenses. Capital Expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and Advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share components of Total Expenditure are given in **Table 1.14**, **Chart 1.17** and **Chart 1.18** respectively.

Table 1.14: Total Expenditure and its composition

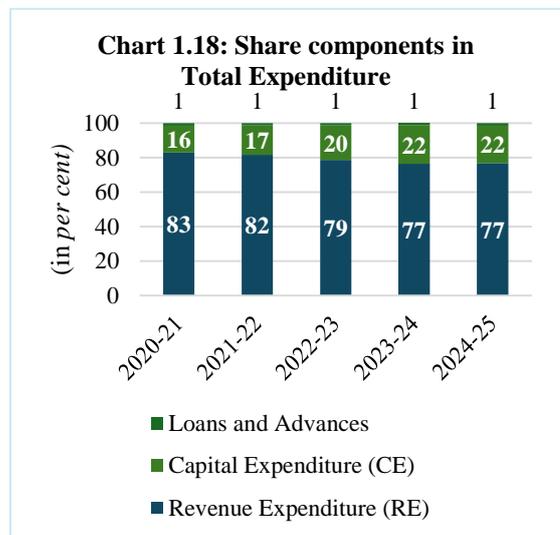
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,14,857	1,34,000	1,66,513	1,94,895	2,09,670
Revenue Expenditure (RE)	95,311	1,09,588	1,31,006	1,48,832	1,61,312
Capital Expenditure (CE)	17,949	22,726	33,349	43,273	45,481
Loans and Advances	1,597	1,686	2,158	2,790	2,877
Appropriation to contingency fund	0	0	0	0	0

(₹ in crore)

Source: Finance Accounts of the respective years



Source: Finance Accounts of the respective years



Out of the total expenditure of ₹ 2,09,670 crore incurred by the State during the financial year 2024-25, a portion of ₹ 5,450.06 crore pertained to pass-through transactions such as Finance Commission grants *etc.*

The State’s expenditure profile revealed that Revenue Expenditure continued to dominate the total expenditure during 2020-21 to 2024-25, while the share of Capital Expenditure has gradually increased since 2020-21. Thus, there is a marginal but positive shift towards asset creation and developmental spending, though overall expenditure remains largely consumption oriented.

Sector-wise Expenditure

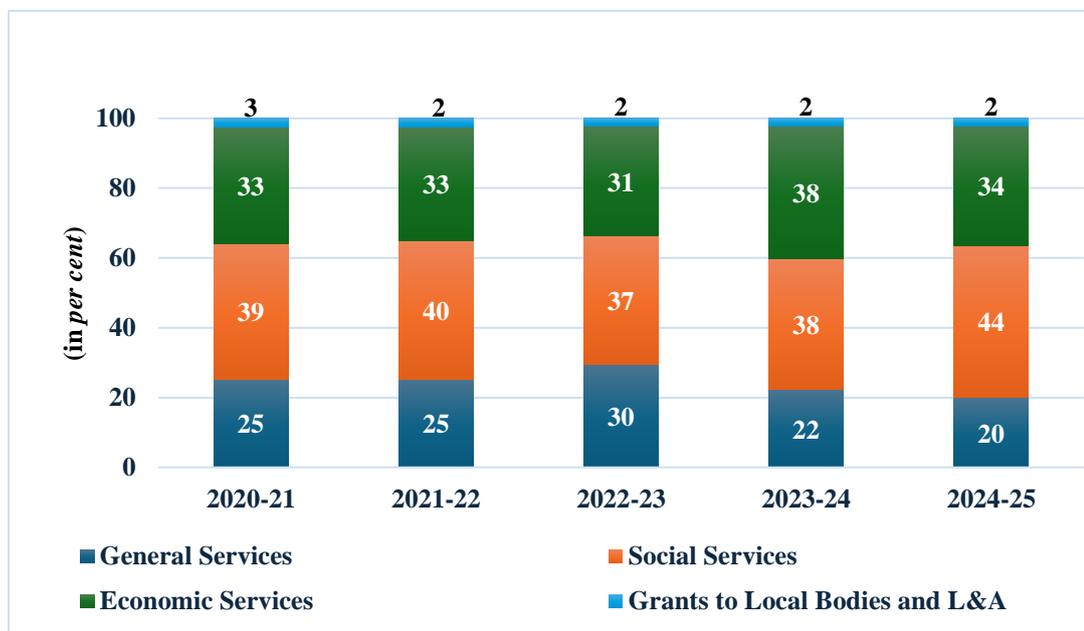
Sector-wise composition of Total Expenditure is given in **Table 1.15** and its share in total expenditure is depicted in **Chart 1.19**.

Table 1.15: Sector-wise composition of Total Expenditure

Parameters	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	29,139	33,838	49,268	43,591	41,831
Social Services	44,424	53,315	61,061	72,954	91,404
Economic Services	38,367	43,647	52,442	74,010	71,744
Others (Grants to Local Bodies and Loans and Advances)	2,927	3,200	3,742	4,340	4,691

Source: Finance Accounts of the respective years

Chart 1.19: Relative share of various sectors in Total Expenditure



Source: Finance Accounts of the respective years

Analysis of sectoral composition of total expenditure shows that the share of Social Services has steadily increased during last five years, except in 2022-23, indicating a rising emphasis on welfare-related and human development sectors (Education, health, nutrition *etc.*). Expenditure on Economic Services, however, exhibited fluctuations,

which is indicative of inconsistent prioritisation of developmental and infrastructure related activities. Overall, the trend highlights a shift in focus towards social sector spending, with relatively low and uneven allocations to economic development and local bodies.

1.2.4.1 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth of Revenue Expenditure, its ratio to total expenditure, GSDP and Revenue Receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)					
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,14,857	1,34,000	1,66,513	1,94,895	2,09,670
Revenue Expenditure (RE)	95,311	1,09,588	1,31,006	1,48,832	1,61,312
RE as percentage of Revenue Receipts	91.31	71.60	87.07	82.87	87.69
RE as percentage of TE	82.98	81.78	78.68	76.37	76.94
RE/GSDP (<i>per cent</i>)	17.64	15.76	18.32	18.63	18.12
Year-on-year growth (<i>in per cent</i>)					
Revenue Expenditure	(-)3.86	14.98	19.54	13.61	8.39
GSDP Growth	0.50	28.76	2.84	11.70	11.40

Source: Finance Accounts of the respective years

Analysis of Revenue Expenditure reveals that it continues to dominate the expenditure profile of the State, accounting for more than three-fourths of the Total Expenditure during the last five years. Further, Revenue Expenditure as percentage of Revenue Receipts consistently remained high, ranging between 71.60 *per cent* and 91.31 *per cent* during the FYs 2020-25. This high dependency on Revenue Receipts for current consumption limits the fiscal space for capital investments and poses risks to revenue balance.

A. Sector-wise Revenue Expenditure

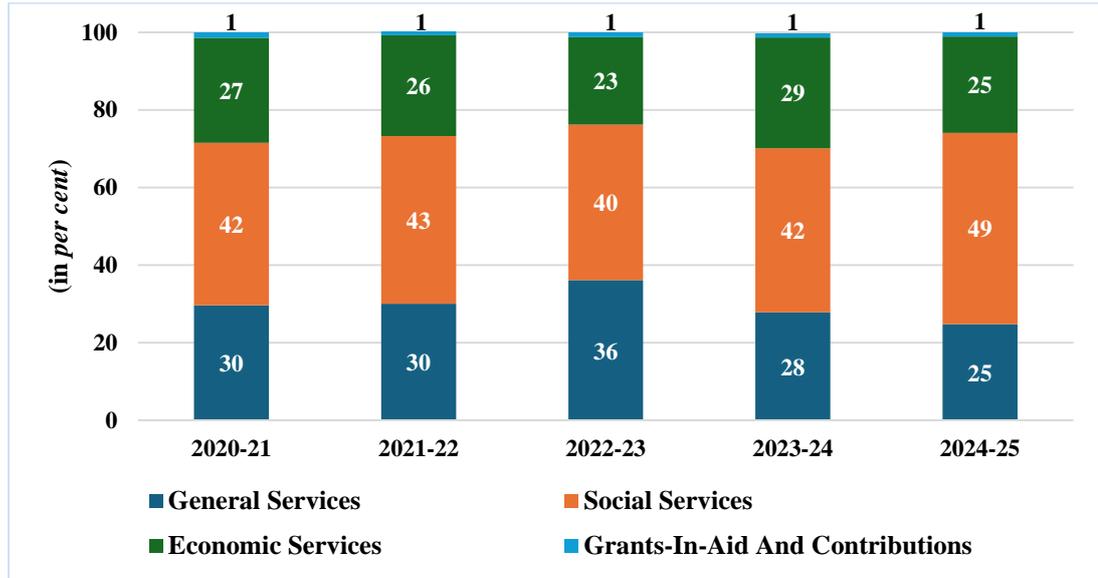
Sector-wise composition of Revenue Expenditure is given in **Table 1.17** and Relative share of various sectors in Revenue Expenditure is shown in **Chart 1.20**.

Table 1.17: Sector-wise composition of Revenue Expenditure

(₹ in crore)					
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	28,271	32,970	47,321	41,479	40,004
Social Services	39,901	47,312	52,498	63,348	79,531
Economic Services	25,809	27,792	29,603	42,455	39,963
Grants-In-Aid And Contributions	1,330	1,514	1,584	1,550	1,814

Source: Finance Accounts of the respective years

Chart 1.20: Relative share of various sectors in Revenue Expenditure



Source: Finance Accounts of the respective years

The sectoral analysis of Revenue Expenditure reveals reduced prioritisation on General Services during 2023-24 and 2024-25. In contrast, Social Services consistently registered a growth, highlighting the State’s growing emphasis on welfare and human development, during 2023-25.

However, at the same time, allocations towards Economic Services have remained inconsistent, indicative of uneven prioritisation of infrastructure-related activities.

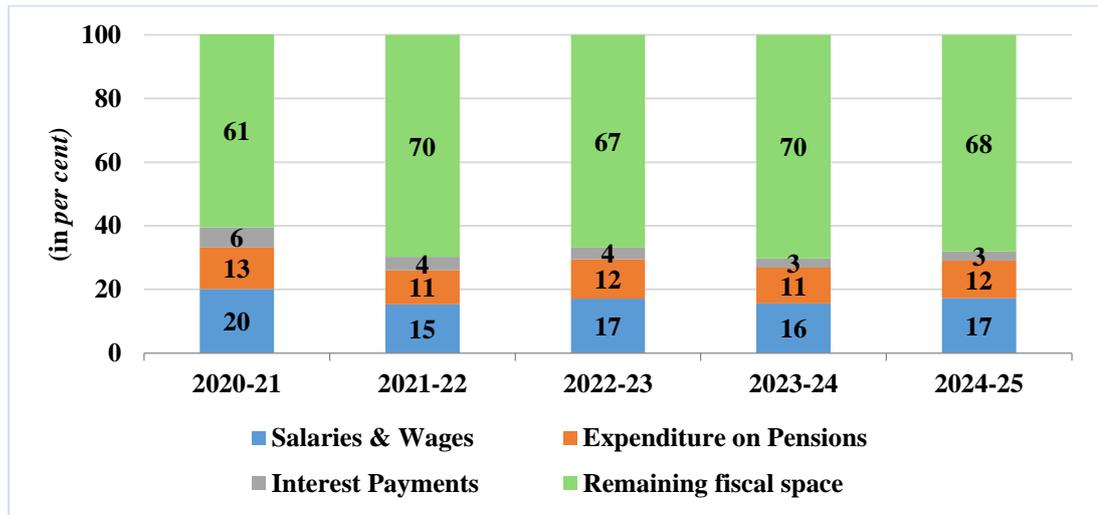
B. Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has the first charge on Government resources. The components of committed expenditure are given in **Table 1.18** and committed expenditure as percentage of receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

Table 1.18: Components of Committed Expenditure

Components of Committed Expenditure	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages	21,003	23,456	25,770	28,121	31,659
Expenditure on Pensions	13,629	16,459	18,596	20,108	21,849
Interest Payments	6,644	6,342	5,502	5,181	5,281
Total	41,276	46,257	49,868	53,410	58,789
Committed Expenditure as percentage of Revenue Expenditure	43.31	42.21	38.07	35.89	36.44

Source: Finance Accounts of the respective years

Chart 1.21: Committed Expenditure as percentage of Revenue Receipts and remaining fiscal space

Source: Finance Accounts of the respective years

Table 1.18 shows that Committed expenditure as a proportion of Revenue Expenditure has shown positive changes during 2020-25, showing an overall improvement in fiscal space. However, the rising obligations of salaries (from ₹ 21,003 crore in 2020-21 to ₹ 31,659 crore in 2024-25) and pensions (₹ 13,629 crore in 2020-21 to ₹ 21,849 crore in 2024-25) continues to exert structural pressure on the State's finances, limiting flexibility in allocation towards developmental and Capital Expenditure.

C. Subsidies

The Subsidies during the current year (2024-25) increased by ₹ 5,011 crore (121.54 per cent) compared to the previous year. This increase 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.

Department-wise major Subsidies for FYs 2020-21 to 2024-25 are shown in **Table 1.19**.

Table 1.19: Department-wise Subsidies during FYs 2020-21 to 2024-25

Sl. No.	Department	2020-21	2021-22	2022-23	2023-24	2024-25
1	Food Supplies & Consumer Welfare	2,085	2,058	1,170	1,185	375
2	Co-operation	1,269	1,451	1,388	1,791	1,430
3	Agriculture & Farmers' Empowerment	301	329	679	218	6,013
4	Revenue & Disaster Management	224	470	274	36	352
5	Other Departments ⁷	409	387	468	893	964
Total Subsidy		4,288	4,695	3,979	4,123	9,134

Source: Finance Accounts of the respective years

⁷ Other Departments include (i) ST&SC Development, Minorities & Backward Classes Welfare, (ii) Transport, (iii) Industries, (iv) Water Resources, (v) Handlooms, Textiles & Handicrafts, (vi) Women & Child Development (vii) Mission Shakti (viii) Panchayati Raj and Drinking Water (ix) Micro, Small & Medium Enterprises

The total original budget for Subsidies was ₹ 8,067.84 crore, while the actual expenditure was ₹ 9,133.55 crore, showing an overall increase of ₹ 1,065.71 crore over the original provision as shown in **Table 1.20**.

Table 1.20: Budget vis-à-vis expenditure of Subsidy schemes

(₹ in crore)

Scheme name	Budget (O)	Suppl.	Re-app (-)	Re-app (+)	Surrender	Expenditure
Samrudha Krushak Yojana	5,000.00	0.00	0.00	848.70	0.00	5,848.70
Interest Subvention to the Co-op. Banks/ PACs for providing Crop Loan to the Farmers	830.00	0.00	0.00	0.00	0.00	830.00
Pradhan Mantri Fasal Bima Yojana (PMFBY)	600.00	0.00	0.00	0.00	0.00	599.84
Public Distribution System	364.72	40.92	0.00	0.00	31.20	374.44
Subsidy for Agricultural inputs	57.00	0.00	0.00	350.00	54.66	352.34
Mission Shakti Programme	300.00	0.00	0.00	0.00	0.03	299.97
Implementation of Electric Vehicle Policy	150.00	0.00	0.00	0.00	0.14	149.57
Subsidies to Medium and Large Industries	136.00	0.00	1.00	2.03	0.00	137.03
Construction of Aerodromes	157.00	0.00	19.09	0.00	1.03	136.88
Farm Mechanisation & Agriculture Entrepreneurship	117.30	0.00	0.00	0.00	0.46	116.84
Others	355.82	37.67	14.38	8.20	99.79	287.94
TOTAL	8,067.84	78.59	34.47	1,208.93	187.31	9,133.55

Source: Finance Accounts of the respective years

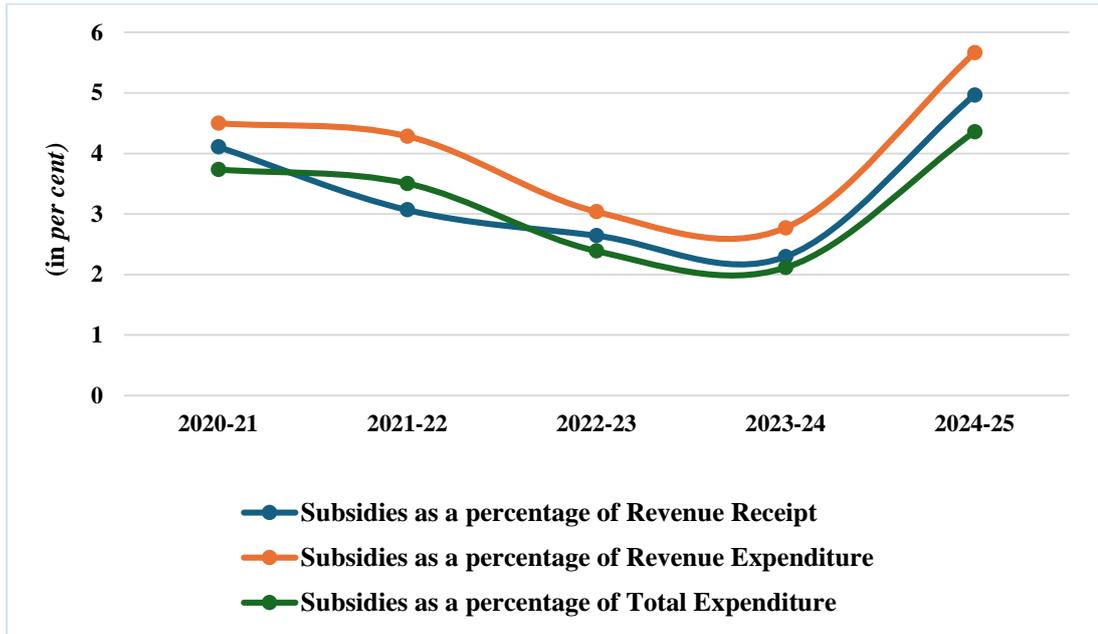
Table 1.21: Sector-wise analysis of Subsidies

Sectors	2020-21	2021-22	2022-23	2023-24	2024-25
Economic	3,876	4,032	3,469	3,708	8,309
Social	412	658	502	340	675
General	0	5	8	75	150
Total	4,288	4,695	3,979	4,123	9,134

Source: Finance Accounts of respective years, Government of Odisha

Sector-wise analysis of subsidies during 2020-21 to 2024-25 shows a continued dominance of subsidy under economic sector with a steep rise in 2024-25. This was primarily due to substantial input assistance provided to farmers under the Samrudh Krushak Yojana, resulting in nearly 91 per cent of the total subsidy outlay in the Economic Sector. Social Sector subsidies, though fluctuated over the years, increasing from ₹ 340 crore in 2023-24 to ₹ 675 crore during 2024-25. This was mainly due to increase in Subsidy for agricultural inputs under Disaster Management. Though relatively small, the allocation for General Services doubled from ₹ 75 crore in 2023-24 to ₹ 150 crore in 2024-25, primarily on account of the subsidy provided by the Transport Department for the implementation of the Electric Vehicle Policy. The sectoral pattern indicates that the exceptional increase in total subsidies from ₹ 4,123 crore in 2023-24 to ₹ 9,134 crore in 2024-25 was driven overwhelmingly by agriculture and allied activities.

Chart 1.22: Trend analysis of subsidies

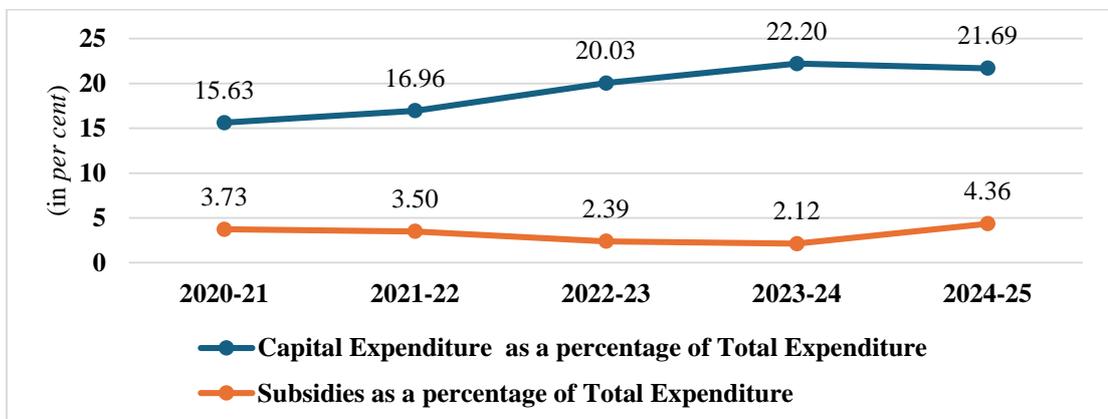


Source: Finance Accounts of the respective years

While subsidies declined in 2022-23 compared to 2021-22, the trend reversed sharply thereafter. In 2024-25, subsidy expenditure almost doubled to ₹ 9,134 crore compared to the previous year and its share in Revenue Receipts, Revenue Expenditure and Total Expenditure peaked over the five-year period. This sudden escalation not only offset the earlier gains in rationalising subsidies but also reduced the fiscal space available for developmental and capital spending.

As can be seen from **Chart 1.23**, there is an inverse trade-off. The sharp increase in Subsidies (more than double from 2.12 *per cent* to 4.36 *per cent* of Total Expenditure) was accompanied by a decrease in Capital Expenditure (from 22.20 *per cent* to 21.69 *per cent* of Total Expenditure) from 2023-24 to 2024-25. This indicates that the substantial increase in welfare spending may have crowded out some portion of the capital spending, affecting long term growth.

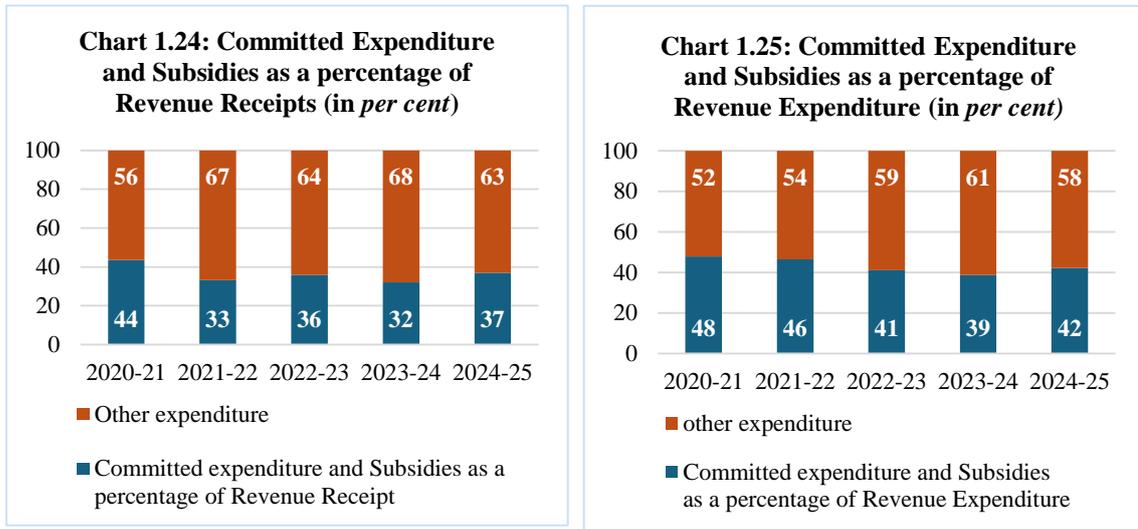
Chart 1.23: Capital Expenditure and Subsidies as percentage of Total Expenditure



Source: Finance Accounts of the respective years

D. Fiscal stress from committed expenditure and subsidies

Chart 1.24 and Chart 1.25 depict the Committed expenditure and subsidies as percentage of Revenue Receipts and Revenue Expenditure during the FYs 2020-25.



Source: Finance Accounts of the respective years

In 2024-25, the State’s committed expenditure of ₹ 58,789 crore comprising salaries (₹ 31,659 crore), pensions (₹ 21,849 crore) and interest payments (₹ 5,281 crore) accounted for approximately 32 per cent of the Revenue Receipts. In addition, subsidies amounted to ₹ 9,134 crore, bringing the total committed expenditure (including subsidies) to ₹ 67,923 crore, which was nearly 37 per cent of the State’s Revenue Receipts.

Thus, the high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State’s ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent primary deficits, constrains long-term fiscal sustainability and reduces the government’s capacity to respond to emergent socio-economic challenges.

Thus, to avoid future fiscal risks, there is an urgent need for expenditure reform through rationalisation of subsidies, improved targeting and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

E. Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period from 2020-21 to 2024-25 is presented in **Table 1.22**.

Table 1.22: Financial assistance to Local Bodies and other institutions

Institutions	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations and Municipalities	2,661.52	1,992.35	1,811.96	3,419.27	2,179.14
Grants-in-aid for creation of Capital assets to Municipal Corporations and Municipalities	525.43	463.05	573.70	1,676.07	1,172.46
Zilla parishads and other Panchayati Raj Institutions	2,508.08	1,906.85	1,809.56	5,638.61	2,894.41
Grants-in-aid for creation of Capital assets to Local Bodies	475.75	385.64	977.30	3,518.38	1,505.21
Total (A)	5,169.60	3,899.20	3,621.52	9,057.88	5,073.55
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	6,632.48	6,028.73	5,903.00	8,859.77	6,710.71
Development Authorities	1,483.12	1,612.69	1,085.73	2,933.11	2,735.92
Hospitals and Other Charitable Institutions	-	1,561.05	800.07	2,537.35	3,363.38
Other Institutions	13,984.16	12,829.30	7,673.97	4,466.20	7,758.10
Total (B)	22,099.76	22,031.77	15,462.77	18,796.43	20,568.11
Total (A+B)	27,269.36	25,930.97	19,084.29	27,854.31	25,641.66
Grants-in-aid for creation of Capital assets	8,567.39	5,387.86	4,229.43	8,276.12	5,345.04
Revenue Expenditure	95,311	1,09,588	1,31,006	1,48,832	1,61,312
Assistance as percentage of Revenue Expenditure	28.61	23.66	14.57	18.72	15.90

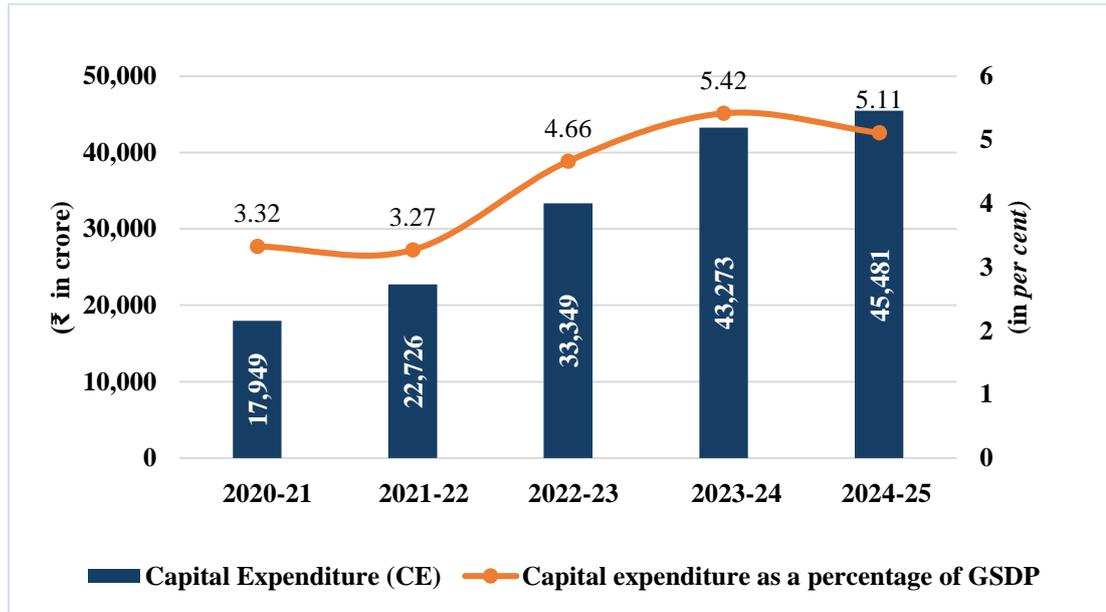
Source: Finance Accounts of the respective years

As can be seen from **Table 1.22**, Grants-in-aid to Zila Parishads and other Panchayati Raj institutions and Municipal Corporations and Municipalities decreased by 44 per cent over the previous year. This was mainly due to decrease in Grants-in-aid to PRIs and ULBs for creation of Capital assets.

1.2.4.2 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Capital Expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget. It also includes investments made by the State Government in Companies/Corporations. Trend of Capital Expenditure in the State over the last five years *i.e.*, 2020-25 is given in **Chart 1.26**.

Chart 1.26: Capital Expenditure in the State



Source: Finance Accounts of the respective years

Apart from Capital Expenditure of ₹ 45,481 crore, State Government also transferred ₹ 5,345 crore as Grant-in-aid for creation of capital assets to the Local Bodies and other institutions. However, it was found during test-check of sanction orders that an amount of ₹ 586.62 crore of capital nature was transferred to the Personal Ledger accounts of ITDAs, which inflated the actual Capital Expenditure as discussed in **Paragraph 3.6 of Chapter III**.

Audit observed that the Government had enhanced prioritisation of developmental spending during the last five years, but there is a need for sustained efforts to maintain capital outlay at a high level to support long-term growth.

A. Sector-wise Capital Expenditure

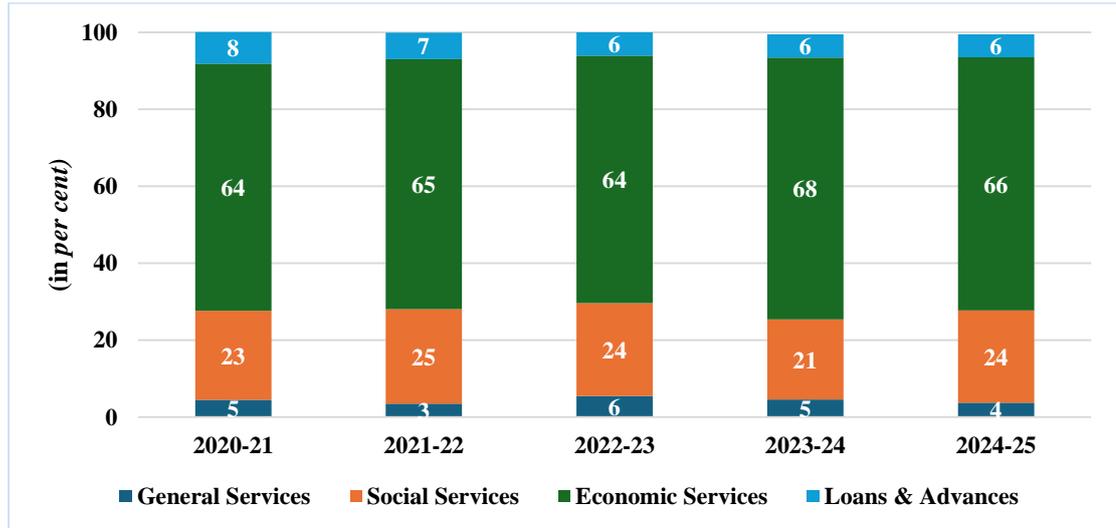
Sector-wise composition of Capital Expenditure is given in **Table 1.23**. Detailed Sector-wise expenditure is given in **Appendix 1.2**.

Table 1.23: Relative share of various sectors of expenditure

Parameters	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	868	868	1,947	2,112	1,827
Social Services	4,523	6,003	8,563	9,606	11,873
Economic Services	12,558	15,855	22,839	31,555	31,781
Loans & Advances	1,597	1,686	2,158	2,790	2,877

Source: Finance Accounts of the respective years

Chart 1.27: Relative share of various sectors in Capital Expenditure



Source: Finance Accounts of the respective years

As can be seen from **Chart 1.27**, during 2020-25, Capital expenditure was consistently dominated by Economic Services (64 per cent to 68 per cent), reflecting a focus on development and growth, while Social Services accounted for 21 per cent to 25 per cent of total capital expenditure, indicating steady prioritisation in Social Sector.

B. Quality of investments in companies, corporations and other bodies

There were a total of 152 entities, out of which 72 entities were defunct and investment of ₹ 68.52 crore therein remained un-recovered. Of the remaining 80 active entities, only nine entities had paid dividends. These included seven Government companies⁸ (which included two power sector companies), one statutory corporation⁹ and one co-operative society¹⁰.

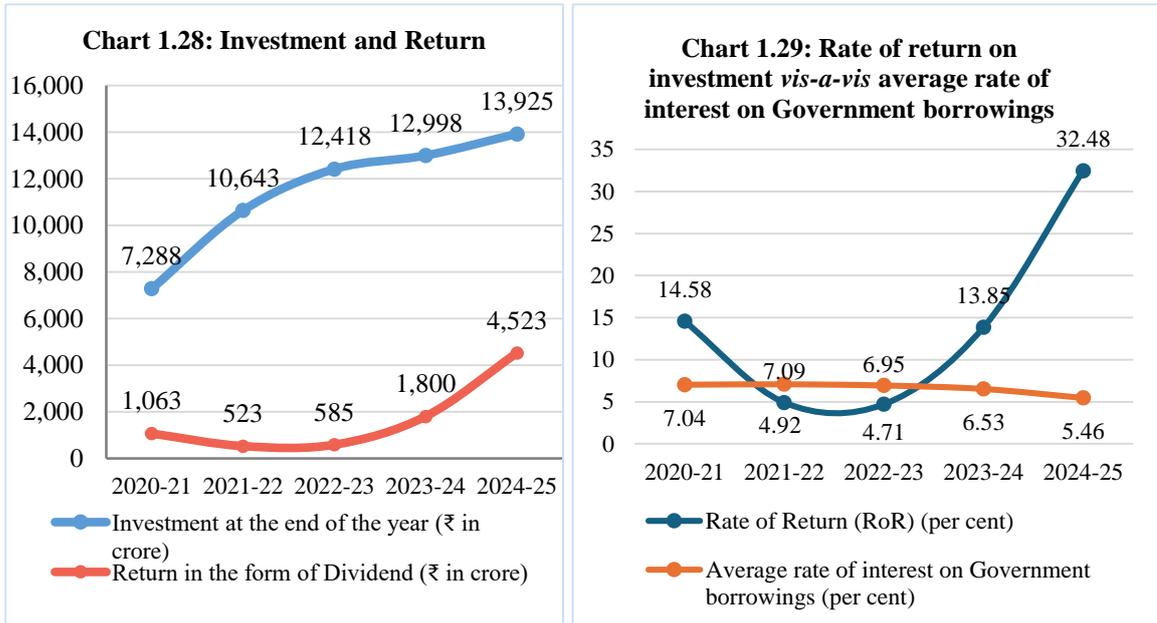
As of 31 March 2025, the State Government's investment in companies, corporations and other bodies stood at ₹ 13,925 crore, comprising Government Companies (₹ 10,992 crore), Co-operative Societies (₹ 1,570 crore), Statutory Corporations (₹ 805 crore), Other Joint Stock Companies and Partnerships (₹ 539 crore) and Rural Banks (₹ 19 crore).

⁸ Government Companies: (1) Agricultural Promotion and Investment Corporation Limited: ₹ 0.11 crore (2) Odisha Bridges and Construction Corporation Limited: ₹ 34.29 crore (3) Odisha State Police Housing and Welfare Corporation: ₹ 16.13 crore (4) Odisha Mining Corporation Limited: ₹ 4,223 crore (5) Odisha State Beverages Corporation Limited: ₹ 39.64 crore (6) Odisha Hydro Power Corporation Limited: ₹ 92.22 crore (7) Odisha Power Generation Corporation Limited: ₹ 111.82 crore

⁹ Odisha State Warehousing Corporation: ₹ 4.36 crore

¹⁰ Credit Co-operatives: ₹ 0.90 crore

Trends of investment at the end of the year in companies, corporations, co-operative banks and societies, and return on this investment during the last five years are depicted in **Chart 1.28**. Rate of return on investment made *vis-à-vis* average rate of interest on Government borrowings¹¹ is depicted in **Chart 1.29**.



Source: Finance Accounts of the respective years

The investment consistently increased during 2020-25. However, returns initially declined but saw a sharp rise in the last two years. This increase in return was primarily due to increase of receipt of dividend from the Odisha Mining Corporation (OMC) (₹ 4,223 crore in 2024-25 and ₹ 1,420 crore in 2023-24). Throughout the period, the average interest rate on government borrowings remained almost stable. The sharp rise in RoR on investment compared to average interest rate on Government borrowings showed improved investment efficiency.

Dividend Policy and its impact

A well-defined dividend policy mandating a minimum return from profit-making enterprises, enables the State Government to optimise its returns from investments in SPSEs and enhances monitoring of the SPSEs financial performance. It was observed that the State has enforced a dividend policy for its State Public Sector Undertakings (SPSUs) to pay an annual dividend to the State Government calculated as 30 per cent of either the Profit After Tax (PAT) or the State Government's equity, whichever is higher. This directive aligns with the guidelines issued by the GoI for Central Public Sector Enterprises.

Audit analysed the PAT data from the annual accounts submitted by the SPSUs to the Accountant General for the last 4-5 years, on test-check basis and compared it with the dividends actually paid and recorded in the Finance Accounts of the State over the

¹¹ Average interest rate on Government borrowings (internal debt) = (Interest paid on internal debt ÷ average of opening and closing balances of internal debt) × 100

years. It was found that 27 SPSUs, despite reporting PAT, did not remit the required dividends to the State Government as mandated by the Finance Department. As a result, a significant amount of ₹ 5,146.76 crore remained unpaid by these SPSE in the form of outstanding dividends. The Finance Department also failed to raise the necessary demand for these dividends. Further, it was also noticed that the annual accounts of 35 entities were not submitted (as on 30 September 2025) to the Accountant General, with delays ranging from one to 15 years, due to which the actual dividends required to be paid to the Government could not be assessed.

The Government replied (November 2025) that not all SPSEs were required to pay dividends and that it had been decided not to collect dividends from Odisha Power Generation Corporation and Odisha Hydro Power Corporation, as these entities utilise their surpluses for expansion activities. However, the reply is not acceptable, since the existing dividend guidelines which prescribe payment of annual dividend to the State Government, calculated as 30 *per cent* of either the Profit After Tax (PAT) or the State Government's equity, whichever is higher, do not provide any such exemption.

Also, the Finance Department issued (November 2025) guidelines directing the Public Enterprises Department and other concerned administrative departments to review the financial performance of State PSUs under their control and ensure the payment of outstanding dividends. As per the information furnished by the Odisha State Warehousing Corporation to the Office of the Principal Accountant General (Audit-I), the Corporation had remitted ₹4.23 crore towards dividend for FYs 2021-22 and 2022-23 in November/ December 2025. Dividends due from the remaining SPSEs were still pending.

The fact however, remains that the Finance Department, being the nodal Department had not maintained any centralised system to track collection of outstanding dividends or recovery of the same.

C. Loans and Advances by State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/organisations. **Table 1.24** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.24: Quantum of loans disbursed and recovered during 2020-25

(₹ in crore)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	8,163	9,066	9,185	10,511	12,742
Amount disbursed during the year	1,597	1,685	2,158	2,790	2,877
Amount recovered during the year	684	1,566	832	559	665
Closing Balance of the loans outstanding	9,066 [#]	9,185	10,511	12,742	14,954
Net addition	913	119	1326	2,231	2,212
Interest received	316	1,315	297	300	311

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Average interest rate on Loans and Advances given by the Government ¹²	3.67	14.41	3.02	2.58	2.25
Average rate of interest on Government Borrowings ¹³ (per cent)	7.04	7.09	6.95	6.53	5.46
Difference between the rate of interest received and interest paid (per cent)	-3.37	7.32	-3.93	-3.95	-3.21

Source: Finance Accounts of the respective years

Difference of ₹ 10 crore is due to proforma transfer of ₹ 9.51 crore from the loan head to the capital expenditure head.

Out of the total loans and advances disbursed during 2024-25, ₹ 846 crore was disbursed to the Government employees. Further, GRIDCO was granted loans of ₹1,001 crore by the Government as a soft loan to meet its financial requirement. Out of this amount, ₹ 480 crore was offered at an annual interest rate of 5.25 per cent while the remaining ₹ 521 crore was provided at an annual interest rate of 5 per cent.

Other loans extended during the year were: interest free loans to (i) Indian Oil Corporation Limited (₹ 700 crore) as a part of an agreement with it, for providing a fiscal incentive of ₹ 10,500 crore interest free Viability Gap Funding (VGF) loan, over a period of 15 years, for the Paradeep Refinery Project, (ii) Odisha State Seeds Corporation Limited (₹ 100 crore), (iii) Odisha State Co-operative Marketing Federation Limited (₹ 150 crore), (iv) Odisha State Handloom Weavers Co-operative Society (₹ 20 crore), (v) Sambalpuri Bastralaya Handloom Co-operative Society (₹20 crore) and (vi) Odisha State Co-operative Marketing Federation Limited (₹ 40 crore).

Further, Finance Accounts for the year 2024-25 revealed that terms and conditions of the loans granted to three institutions during 1982-2014, were yet to be settled.

Audit analysed the status of outstanding loans from 2020-21 to 2024-25 and it was observed that principal amount of ₹ 73.85 crore outstanding for repayment at the end of March 2021 remained unrecovered till the end of March 2025, though these loans were sanctioned between 1954-55 and 2005-06, indicating poor loan recovery. Since the loan amounts remained outstanding for long period, the interest due also rose from ₹ 72.13 crore in March 2021 to ₹ 81.25 crore in March 2025. Thus, the department concerned failed to recover the loan amounts or write them off in case of non-feasibility of recovery.

In reply, the Finance Department stated (April 2025) that the matter was communicated to the Departments concerned and they were instructed to reconcile with Accountant General (A&E). The reply was not acceptable as the Finance Department, being the controlling department did not maintain any centralised system

¹² Average interest rate on loans and advances = (Interest receipts on loans and advances given) ÷ average of opening and closing balances of outstanding loans and advances) × 100

¹³ Average rate of interest on Government borrowings (internal debt) = (Interest paid on internal debt ÷ average of opening and closing balances of internal debt) × 100

for tracking receivables (principal and interest) and also failed to recover the old outstanding loans.

During the Exit Conference (November 2025) the Finance Department stated that some loans had been converted into equity. The reply is not acceptable, as no evidence of such loan-to-equity conversion was found in the State's Finance Accounts.

1.3 Contingency Fund

The Contingency Fund of the Government of Odisha is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 400 crore.

During 2023-24, ₹ 274.34 crore had been withdrawn from the fund under various budgetary heads. However, it was noticed that out of the total amount withdrawn, ₹ 117.73 crore had not been recouped by the end of the FY 2024-25. As on 31st March 2025, Contingency Fund had a balance of ₹ 282.27 crore only.

Details of expenditure incurred from the Contingency Fund are discussed in Paragraph 2.7 of Chapter-II.

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances *etc.*, which do not form part of the Consolidated Fund are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in Public Account of the State are given in **Table 1.25**.

Table 1.25: Component-wise net balances in Public Account

(₹ in crore)

Sector	Sub-Sector	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	612	308	-502	-800	-1,031
Reserve Funds	(a) Reserve Funds bearing Interest	178	444	485	3,457	2,650
	(b) Reserve Funds not bearing Interest	-1,207	3,106	15,030	7,313	129
Deposits and Advances	(a) Deposits bearing Interest	-19	2	21	3	742
	(b) Deposits not bearing Interest	-13,013	751	2,783	5,645	-426
	(c) Advances	-5	-1	-1	0	1
Suspense and Miscellaneous	(a) Suspense	26	188	177	-151	-83
	(b) Other Accounts	0	0	0	0	0

Sector	Sub-Sector	2020-21	2021-22	2022-23	2023-24	2024-25
	(c) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(d) Miscellaneous	2,500	0	-6	0	0
Remittances	(a) Money Orders, and other Remittances	24	18	16	25	-2
	(b) Inter - Governmental Adjustment Account	-6	-1	5	2	0
Total		-10,910	4,815	18,008	15,494	1,980

Source: Finance Accounts of the respective years

Note: +ve figures denote debit balances and -ve figures denote credit balances.

The net balances in the Public Account during FY 2024-25 declined compared to FY 2023-24. This was mainly attributable to the non-transfer of funds to the Revenue Reserve Fund (Budget Stabilisation Fund) by the State Government during 2024-25, whereas an amount of ₹5,000 crore had been transferred in the previous year. In addition, the decline was influenced by a negative net balance under Major Head 8443-106 (Personal Deposits) under Deposits not bearing interest.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met out of contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing Reserve Funds and Reserve Funds not bearing interest.

There were three interest bearing Reserve Funds and nine Reserve Funds not bearing interest, as on 31 March 2025. The available balances in these major Reserve Funds as on 31 March 2025 are given in **Table 1.26**.

Table 1.26: Details of Reserve Funds

(₹ in crore)

Sl. No..	Name of Reserve Fund	Opening Balance	Receipts during the year	Repayments during the year	Balance as on 31 March 2025
A	Reserve Funds bearing Interest	11,211.08	4,549.92	1,900.22	13,860.78
1	State Disaster Response fund	5,214.71	2,173.57	853.41	6,534.87
2	State Disaster Mitigation Fund	1,286.91	528.00	30.49	1,784.42
3	State Compensatory Afforestation Fund	4,709.46	1,848.35	1,016.32	5,541.49
B	Reserve Funds not bearing Interest	38,956.92	131.88	3.24	39,085.56
1	Consolidated Sinking Fund	17,135.66	117.50	0.00	17,253.16
2	Odisha Famine Relief Fund	3.94	0.00	0.00	3.94
3	Revenue Reserve Funds	19,574.87	0.00	0.00	19,574.87
4	Development Funds for Educational Purposes	12.47	1.63	0.00	14.10
5	Development Funds for Agricultural Purposes	0.01	0.00	0.00	0.01
6	Consumer Welfare Fund	0.28	0.00	0.00	0.28
7	Other Development and Welfare Fund	0.22	12.75	0.00	12.97
8	Guarantee Redemption Fund	1,926.82	0.00	0.00	1,926.82

Sl. No..	Name of Reserve Fund	Opening Balance	Receipts during the year	Repayments during the year	Balance as on 31 March 2025
9	Other Funds - Fund for Protection of Interest of Depositors	302.65	0.00	3.24	299.41
	Grand Total	50,168.00	4,681.80	1,903.46	52,946.34

Source: Finance Accounts for the year 2024-25

Out of the gross accumulated balance of ₹ 52,946.34 crore lying in these Funds, as on 31 March 2025, ₹ 51,755.81 crore had been invested in Government Stocks by the Reserve Bank of India, leaving a total net accumulated balance of ₹ 1,190.53 crore remaining un-invested, as on 31 March 2025.

1.4.3 Cash Balances

As per the agreement with RBI, State Governments must maintain a minimum daily cash balance (₹ 1.28 crore) with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

It is undesirable for the State Government to raise market loans while holding large unutilised cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2024-25 are given in **Table 1.27**.

Table 1.27: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Deposits with Reserve Bank of India	-1.07	2.53
Investments held in Cash Balance Investment Account	15,525.93	5,503.78
Total (A)	15,524.86	5,506.31
B. Other Cash Balances and Investments		
Cash with departmental officers viz. Forest and Public Works	22.05	22.07
Permanent advances with departmental officers for contingent expenditure	0.34	0.35
Investment of earmarked funds	39,258.12	51,755.81
Total (B)	39,280.51	51,778.23
Total (A + B)	54,805.37	57,284.54
Interest realised	3,329.02	3,415.09

Source: Finance Accounts of the respective years

The closing cash balance increased by ₹2,479.17 crore. The cash balance included investment of ₹ 51,778.23 crore from earmarked funds. The State Government maintained the minimum cash balance of ₹ 1.28 crore throughout the year.

Balances in Reserve funds are either held in cash or are required to be invested in various securities stipulated in the respective fund guidelines. Investments of State

Disaster Response Fund (SDRF) of ₹ 6,091.23 crore, State Disaster Mitigation Fund (SDMF) of ₹ 1,522.81 crore, State Compensatory Afforestation Fund (SCAF) of ₹ 5,386.92 crore, Consolidated Sinking Fund (CSF) of ₹ 17,253.16 crore, Odisha Budget Stabilisation Fund (BSF) of ₹ 19,574.87 crore and Guarantee Redemption Fund (GRF) of ₹ 1,926.82 crore were made as on 31 March 2025. On investment of Earmarked Funds, interest amounts of ₹ 3,225.76 crore (SDRF: ₹132.66 crore, SDMF: ₹ 32.80 crore, SCAF: ₹ 308.56 crore, CSF: ₹ 1,290.25 crore, BSF: ₹ 1,315.36 crore, GRF: ₹ 146.13 crore), were realised during the FY and were invested by the RBI. Further, ₹ 189.33 crore was received by the Government from RBI on interest realised on investment of cash balance.

Other than the Earmarked Funds, the Government invested surplus general cash balances throughout the year, in GoI Stock and GoI Treasury Bills. As of 31 March 2025, an amount of ₹ 5,503.78 crore remained invested in GoI Treasury Bills. On such investments, the Government earned an interest of ₹ 189.33 crore during the year.

Details of Cash Balance Investment Account during the last five years are given in **Table 1.28**.

Table 1.28: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

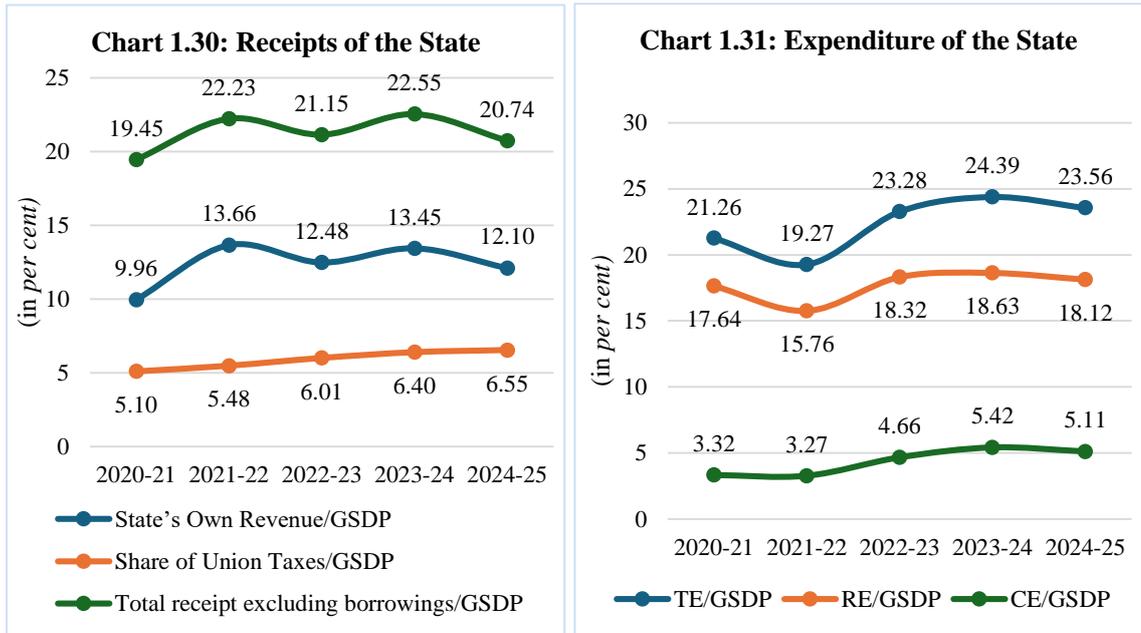
Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	24,865.00	14,351.36	(-) 10,513.64	945.88
2021-22	14,351.36	32,701.46	(+)18,350.10	508.08
2022-23	32,701.46	9,529.43	(-)23,172.03	1,359.34
2023-24	9,529.43	15,525.93	(+) 5996.50	621.11
2024-25	15,525.93	5,503.78	(-)10,022.15	189.33

Source: Finance Accounts of the respective years

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt.

It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.30** and **Chart 1.31** show percentages of various receipts and expenditure of the State to GSDP during FYs 2020-25.



Source: Finance accounts of the respective years; and MoSPI, GoI for GSDP figures

1.5.1 Public Liability Management

Outstanding liabilities of the State along with percentage to GSDP for the last ten years i.e., 2015-16 to 2024-25 are depicted in Chart 1.32.

Chart 1.32: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts of the respective years

Note: For the year 2020-21, overall liabilities exclude ₹ 3,822 crore and during 2021-22, 2022-23 and 2023-24 it excludes ₹10,252 crore which was received from GoI in lieu of GST compensation shortfall. Out of this, ₹ 7,522 crore was adjusted in back-to-back loan in lieu of GST by proforma correction during the year 2024-25, leaving unadjusted amount of ₹ 2,730 crore. Therefore, liabilities for the FY 2024-25 exclude the remaining unadjusted amount of ₹ 2,730 crore as back-to-back loans in lieu of GST compensation.

Outstanding total liabilities increased from ₹ 59,753 crore in 2015-16 to ₹ 1,37,784 crore in 2024-25. Although liabilities as a percentage of GSDP peaked to 23 *per cent* in 2019-20, it declined thereafter and stabilised at about 14 to 15 *per cent* during 2022-23 to 2024-25, indicating relatively improved debt sustainability due to higher GSDP growth. However, the continued rise in absolute liabilities indicated increasing reliance on borrowings, which may pose risks to future fiscal space and debt servicing capacity, if not managed prudently.

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitute internal Debt of the State (market loans, special securities issued to National Small Savings Fund and loans from financial institutions *etc.*), loans and advances from the Central Government and Public Account Liabilities. The component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in **Table 1.29**.

Table 1.29: Component-wise liability trends

(₹ in crore)					
Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability*	1,18,952[#]	1,09,888	1,01,700	1,22,837	1,37,784
Public Debt	75,681	62,233	53,653	62,541	87,923
<i>Internal Debt</i>	67,521	53,977	45,532	50,985	69,472
<i>Loans from GoI*</i>	8,160	8,256	8,121	11,556	18,451
Public Account Liabilities	43,270	47,655	48,047	60,296	49,861
<i>Small Savings, Provident Funds, etc.</i>	24,949	25,258	24,756	23,956	22,925
<i>Reserve Funds bearing Interest</i>	1,805	5,134	3,200	5,590	860
<i>Reserve Funds not bearing Interest</i>	291	285	309	5,320	331
<i>Deposits bearing Interest</i>	24	26	47	50	791
<i>Deposits not bearing Interest</i>	16,201	16,952	19,735	25,380	24,954
Rate of growth of outstanding total liability (<i>per cent</i>)	(-) 5.66	(-)7.62	(-)7.45	20.78	12.17
Gross State Domestic Product (GSDP)	5,40,185	6,95,530	7,15,262	7,98,969	8,90,038
Outstanding Total Liability/GSDP (<i>per cent</i>)	22.02	15.80	14.22	15.37	15.48
Borrowings and Other Liabilities					
<i>Total Receipts</i>	56,827	58,613	66,466	91,995	1,21,529
<i>Total Repayments</i>	63,960	67,677	74,654	70,858	1,06,582
<i>Net funds available</i>	(-)7,133	(-)9,064	(-)8,188	21,137	14,947
<i>Repayments/ Receipts (per cent)</i>	112.55	115.46	112.32	77.02	87.70

Source: Finance Accounts of the respective years

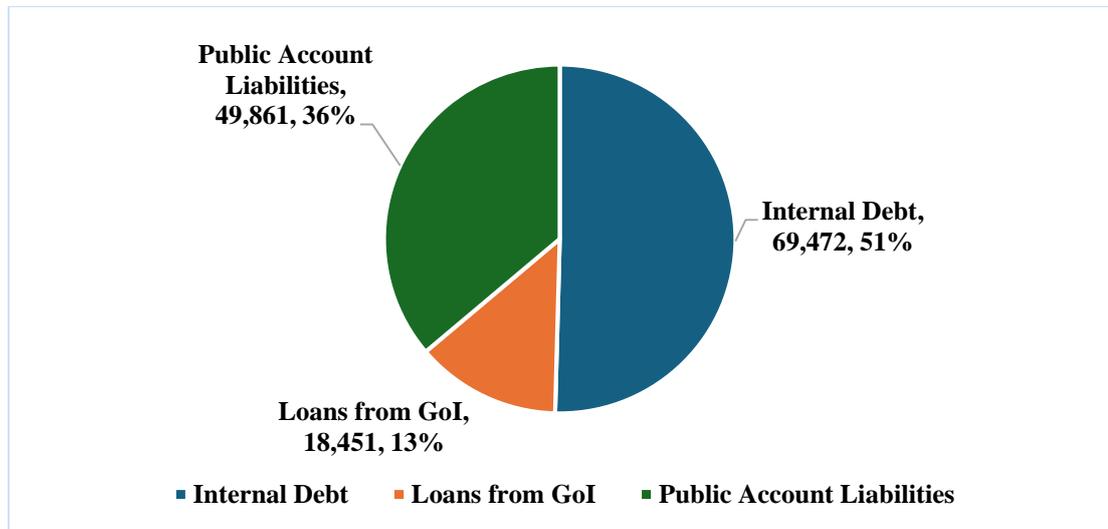
* For the year 2020-21, overall liabilities exclude ₹ 3,822 crore and during 2021-22, 2022-23 and 2023-24 it excludes ₹10,252 crore which was received from GoI in lieu of GST compensation shortfall. Out of this ₹ 7,522 crore was adjusted in back-to-back loan in lieu of GST by proforma correction during the year leaving unadjusted amount of ₹ 2,730 crore. Therefore, liabilities of the FY 2024-25 exclude the remaining unadjusted amount of ₹ 2,730 crore as back-to-back loans in lieu of GST compensation. Further, it includes debt stock of 50 years' interest free central assistance to State for Capital Expenditure received during last five years i.e. 2020-21: ₹ 471.50 crore, 2021-22: ₹ 517.12 crore, 2022-23: ₹ 75 crore, 2023-24: ₹ 3,532.14 crore and 2024-25: ₹ 6,943.55 crore.

Difference of 1 crore is due to rounding off.

State’s outstanding total liability declined consistently between 2020-21 and 2022-23, but rose sharply to ₹1,37,784 crore in 2024-25, reversing the earlier trend. This increase was mainly due to significant increase in public debt, particularly internal debt (from ₹45,532 crore in 2022-23 to ₹69,472 crore in 2024-25) and significant surge in loans from Government of India, which increased more than two-fold in two years. Despite this, the liability-to-GSDP ratio remained stable at around 15 *per cent*, due to a strong rise in GSDP. Notably, net funds available from borrowings turned positive from 2023-24 after being negative for three years, indicating that prior borrowings were mostly used for repayments rather than fresh spending.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.33**.

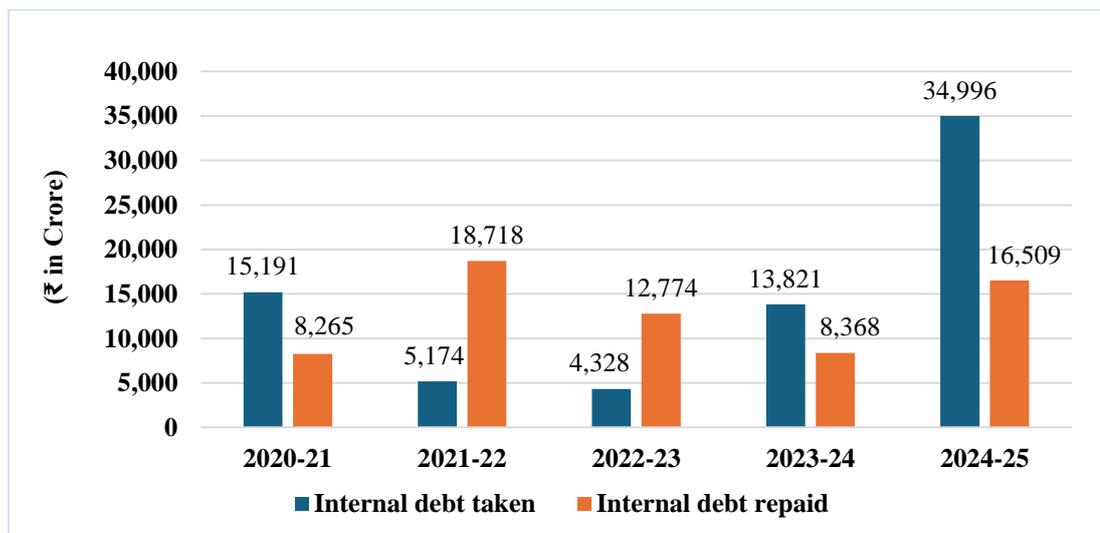
Chart 1.33: Break-up of outstanding total liabilities at the end of 2024-25



Source: Finance Accounts for the year 2024-25

Chart 1.34 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years *i.e.* 2020-25.

Chart 1.34: Internal debt taken *vis-à-vis* repaid



Source: Finance Accounts of the respective years

Internal debt taken by the government during 2024-25, increased by ₹21,175 crore

compared to the previous year, out of debt taken 47 *per cent* was utilised for repayment of the previous debt. An amount of ₹ 3,291 crore was paid towards interest on internal debt.

1.5.1.2 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 1.30** depicts utilisation and trends of borrowed funds during 2020-21 to 2024-25.

Table 1.30: Utilisation of borrowed funds

(₹ in crore)

Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings*	20,318	12,780	5,347	18,123	42,732
2.	Repayment of earlier borrowings (Principal)	9,252	19,798	13,927	9,235	17,351
3.	Net Capital Expenditure	17,949	22,726	33,349	43,273	45,481
4.	Net loans and advances	913	120	1,326	2,231	2,212
5.	Portion of Revenue Expenditure met out of net available borrowings	-	-	-	-	-

Source: Finance Accounts of the respective years.

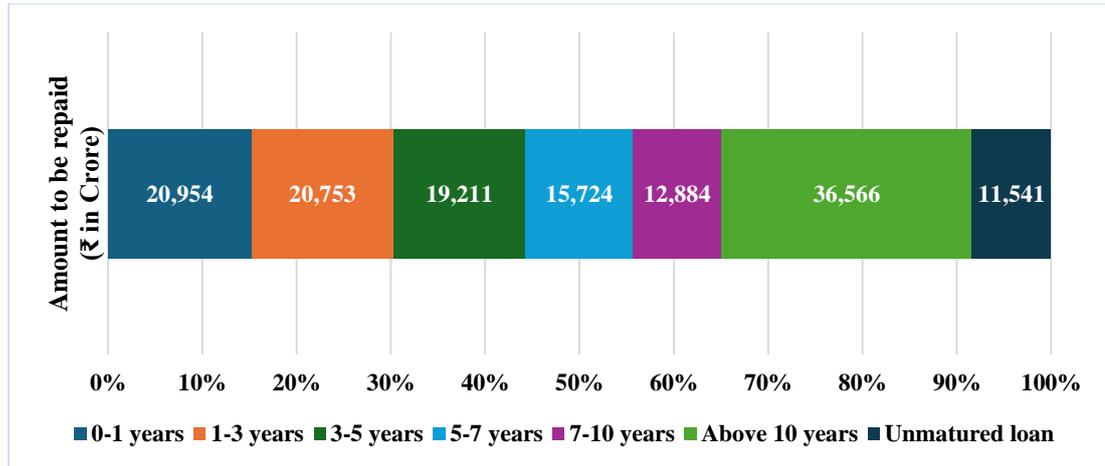
** Only Principal part of the borrowings has been taken. As the Interest part of the borrowings was being serviced through Revenue Receipts of the State.*

The State did not utilise borrowings for any Revenue Expenditure, as it was Revenue Surplus since enactment of FRBM Act in 2005. **Table 1.30** shows that State's major part of total borrowings (41 *per cent* in 2024-25 to 261 *per cent* in 2022-23) had been spent for repayment of earlier borrowings. After utilising the Revenue Surplus of ₹22,651 crore and amount left after the repayment of earlier borrowings, *i.e.*, ₹ 25,381 crore for Capital Expenditure and giving loans and advances, an amount of ₹ 339 crore (0.79 *per cent* of total borrowings during the year) remained unspent, which enhanced the Cash Balance of the State to that extent.

1.5.1.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.35**.

Chart 1.35: Maturity Profile of Public Debt



Source: Finance Accounts

* Excluding ₹ 2,729.82 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall received during 2020-22, which is not to be repaid by the State from its sources.

Approximate interest calculated at the average interest rate of 5.98 per cent (average of interest rates on Public Debt for the last five years)

A concentrated short to medium term maturity profile indicates potential rollover risks and liquidity pressure. A high concentration of liabilities maturing within the short to medium term (0-7 years) indicates potential debt bunching, increasing refinancing and liquidity pressure on the State. Analysis of maturity profile revealed that ₹ 76,642 crore is to be paid by the State in upcoming seven years, which is almost 56 per cent of the total borrowings.

1.5.1.4 Financing Pattern of Fiscal Deficit

Table 1.31 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.31: Components of fiscal deficit and its financing pattern

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		9,786	(-)20,625	15,219	14,743	25,042
1	Revenue Deficit*	(-)9,076	(-)43,471	(-)19,456	(-)30,761	(-)22,651
2	Net Capital Expenditure	17,949	22,726	33,349	43,273	45,481
3	Net loans and advances	913	120	1,326	2,231	2,212
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	500	-6,473	-7,500	-4,657	17,780
2	Loans from GoI	4,139	6,526	-134	3,435	6,895
3	Special Securities issued to NSSF	-883	-883	-883	-883	-883
4	Loans from Financial Institutions and other loans	7,310	-6,188	-63	10,993	1,589
5	Small Savings, PF etc.	611	308	-502	-800	-1,031
6	Reserve Funds	-1,029	3,550	15,515	10,770	2,779
7	Deposits and Advances	-13,037	752	2,803	5,648	315
8	Suspense and Miscellaneous	2,526	188	171	-151	-83
9	Remittances	18	17	21	27	3
10	Contingency fund	-171	171	--	-274	157
11	Overall Deficit	-16	-2,032	9,428	24,108	27,521
12	Increase (-)/Decrease (+) in cash balance	9,802	-18,593	5,791	-9,365	-2,479
13	Gross Fiscal Deficit	9,786	-20,625	15,219	14,743	25,042

Source: Finance Accounts of the respective years

* (-) shows Surplus

Analysis of **Table 1.31** revealed that during 2024-25, the State Government resorted to market borrowings after three years (*i.e.*, after 2020-21) to finance its deficit.

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the FY 2024-25, the Revenue Surplus of the state was ₹ 22,651 crore (2.54 *per cent* of GSDP), fiscal deficit was ₹ 25,042 crore (2.81 *per cent* of GSDP) whereas primary deficit was ₹ 19,761 crore (2.22 *per cent* of GSDP). However, Audit found that, during 2024-25, the State Government had misclassified, ₹ 721 crore of Revenue nature as Capital Expenditure (Details discussed in **Paragraph 2.5.6** of Chapter-II). This resulted in overstatement of Revenue Surplus and understatement of Primary Deficit to that extent and thus, the Revenue Surplus and Primary Deficit worked out to be ₹ 21,930 crore (2.46 *per cent* of the GSDP) and ₹ 20,482 crore (2.30 *per cent* of the GSDP) respectively after audit.

1.5.3 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the FRBM Act of Odisha and its amendments aligned with the 15th Finance Commission, State aims to:

- eliminate revenue deficit and maintain the fiscal deficit within the ceiling of 3 *per cent* of GSDP, with an additional 0.5 *per cent* permitted on fulfilling reform milestones.
- The outstanding debt-to-GSDP ratio is to be contained below 25 *per cent*.
- Interest payments are capped at 15 *per cent* of Revenue Receipts.
- Salary expenditure should not exceed 80 *per cent* of the State's Own Revenue Receipts.
- Odisha also follows a Medium-Term Fiscal Plan (MTFP) and is required to disclose contingent liabilities and off-budget borrowings.

Achievements *vis-à-vis* the fiscal targets, prescribed in the State FRBM Act for the FYs 2020-21 to 2024-25, post Audit are detailed in **Table 1.32**.

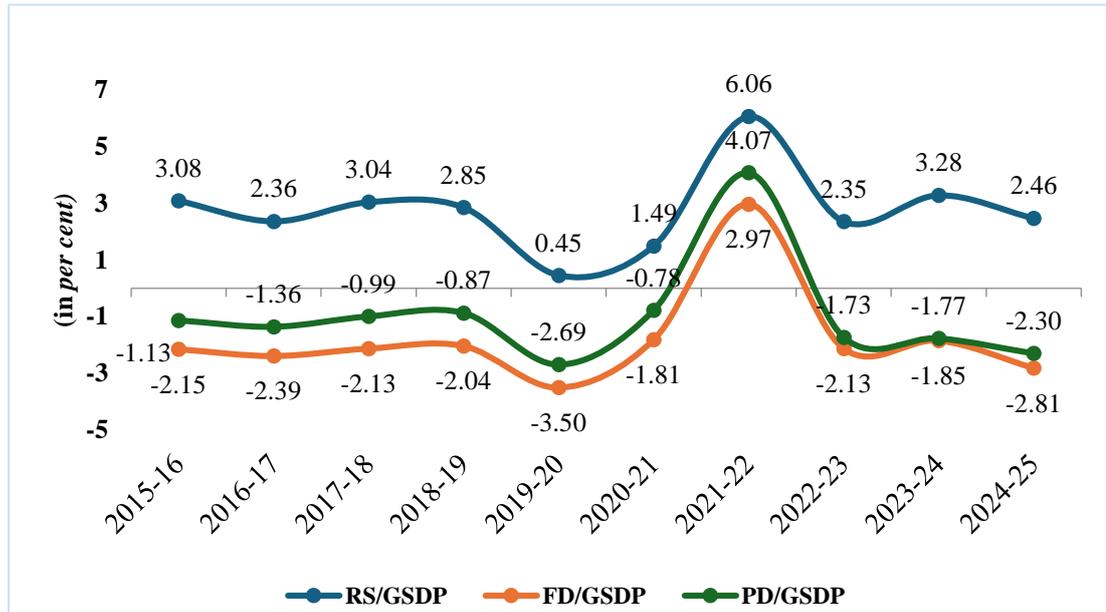
Table 1.32: Compliance with provisions of State FRBM Act post Audit

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets set in the FRBM Act				
		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	≥0	≥0	≥0	≥0	≥0
	A	8,029	42,133	16,804	26,196	21,930
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	T	(-)5.00	(-)3.00	(-)3.00	(-)3.00	(-)3.00
	A	(-)1.81	2.97	(-)2.13	(-)1.85	(-)2.81
Ratio of total outstanding liability to GSDP (in <i>per cent</i>)	T	25.00	25.00	25.00	25.00	25.00
	A	22.02	15.80	14.22	15.37	15.48
Interest payment as percentage of Revenue Receipts	T	15.00	15.00	15.00	15.00	15.00
	A	6.36	4.14	3.66	2.88	2.87

Source: Finance Accounts of the respective years; and for GSDP: MoSPI, GoI

Trend analysis of deficits/ surplus during the last ten years is depicted in **Chart 1.36**.

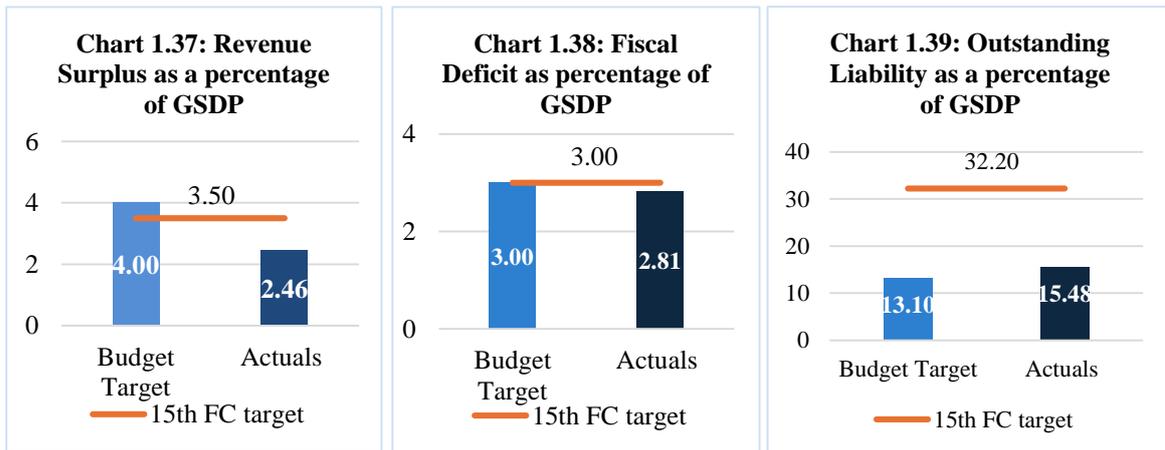
Chart 1.36: Trend analysis of deficits/surplus post audit



Source: Finance Accounts of the respective years; and for GSDP: MoSPI, GoI

The State largely met the FRBM targets, maintaining revenue surplus, while fiscal deficit stayed within the limits and even showed a surplus in 2021-22. Although primary balance turned negative from 2022-23, debt and interest payments remained well below the prescribed ceilings.

The targets set by 15th FC and those projected in the State budget *vis-à-vis* achievements (post Audit) in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.37**, **Chart 1.38** and **Chart 1.39**.



Source: Finance Accounts and budget documents

Note: Outstanding liability excludes unadjusted amount of ₹ 2,730 crore received as back-to-back loans from GoI in lieu of GST compensation during FY 2020-22, which are not to be repaid by the State from its sources.

Revenue surplus fell short of both the budget and FC targets, though the State managed to keep fiscal deficit within the limit prescribed in FRBM Act. Outstanding liabilities remained within the FC ceiling but exceeded the State’s own budget projection.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation in present and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.33**.

Table 1.33: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt	1,18,952	1,09,888	1,01,700	1,22,837	1,37,784
2	Rate of Growth of Overall Debt (<i>per cent</i>)	-5.66	-7.62	-7.45	20.78	12.17
3	GSDP (in nominal terms)	5,40,185	6,95,530	7,15,262	7,98,969	8,90,038
4	Nominal GSDP growth (<i>per cent</i>)	0.50	28.76	2.84	11.70	11.40
5	Overall Debt/GSDP (<i>per cent</i>)	22.02	15.80	14.22	15.37	15.48
6	Repayment to Gross Borrowings (<i>per cent</i>)	112.55	115.46	112.32	77.02	87.70
7	Net borrowings available as a percentage of Gross Borrowings	-12.55	-15.46	-12.32	22.98	12.30
8	Interest payments on Overall Debt	6,644	6,342	5,502	5,181	5,281
9	Effective rate of interest on Overall Debt¹⁴ (<i>per cent</i>)	6.69	6.55	6.39	6.16	5.60
10	Interest payment to Revenue Receipts (<i>per cent</i>)	6.36	4.14	3.66	2.88	2.87
11	Revenue Deficit/Surplus	9,076	43,471	19,456	30,761	22,651
12	Primary Revenue Balance (PRB)	15,720	49,813	24,958	35,942	27,932
13	Primary Balance (PB)	-3,142	26,967	-9,717	-9,562	-19,761
14	PB/GSDP (<i>per cent</i>)	-0.58	3.88	-1.36	-1.20	-2.22
15	Difference between RoI ¹⁵ and effective rate of interest on Overall Debt	-3.02	7.86	-3.37	-3.58	-3.36
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	Nil	Nil	Nil	Nil	Nil
17	Debt Stabilisation (Quantum spread ¹⁶ + Primary balance)	-9,458	47,323	-12,579	-4,712	-13,905
18	Domar gap					
a	GSDP (in constant terms)	3,88,979	4,52,836	4,51,785	4,83,509	5,16,575
b	Real Growth (in constant terms)	-2.13	16.42	-0.23	7.02	6.84
c	Inflation based on CPI (<i>per cent</i>)	7.10	3.72	6.00	6.55	5.97
d	Effective Rate of interest	6.69	6.55	6.39	6.16	5.60
e	Real effective rate of interest (Effective rate of interest-Inflation) (d-c)	-0.41	2.83	0.39	-0.39	-0.37
f	Growth Interest Differential (Real growth-Real effective rate of interest) (b-e)	-1.72	13.59	-0.62	7.41	7.21
g	Primary Balance (PB)	-3,142	26,967	-9,717	-9,562	-19,761

Source: Finance Accounts of the respective years

Note: During the year 2020-21, overall liabilities exclude ₹ 3,822 crore and during 2021-22, 2022-23 and 2023-24 it excludes ₹ 10,252 crore which was received from GoI in lieu of GST compensation shortfall. Out of this ₹ 7,522 crore was adjusted in back-to-back loan in lieu of GST by proforma correction during the year. Therefore, liabilities of the FY 2024-25 exclude only unadjusted amount of ₹ 2,730 crore as back-to-back loans in lieu of GST compensation. Further, it includes debt stock of 50 years' interest free central assistance to State for Capital Expenditure received during last five years i.e. 2020-21: ₹ 471.50 crore, 2021-22: ₹ 517.12 crore, 2022-23: ₹ 75 crore, 2023-24: ₹ 3,532.14 crore and 2024-25: ₹ 6,943.55 crore.

¹⁴ Effective rate of interest on Overall Debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest and 50 years' interest free Central assistance to State for Capital Expenditure.

Effective Rate of Interest = Interest Payment/Average of Opening and Closing Stock of Debt (excluding non-interest-bearing liabilities) * 100

¹⁵ Return on Investment (RoI) as measured by effective rate of interest receipts.

RoI = Interest Receipts/Average of Opening & Closing Stock of Loans and Advances Disbursed * 100

¹⁶ Quantum Spread = Interest Spread x Debt (excluding non-interest-bearing liabilities and 50 years interest free loans).

Audit observed that:

- Although the Debt-GSDP ratio declined from 22.02 *per cent* in 2020-21 to 15.48 *per cent* in 2024-25, showing an apparent improvement in debt sustainability. However, the absolute debt stock first decreased from ₹ 1,18,952 crore in 2020-21 to ₹ 1,01,700 crore in 2022-23 and then increased sharply to ₹ 1,37,784 crore by 2024-25. This decline in the Debt-GSDP ratio was largely driven by robust nominal GSDP growth rather than effective debt control, masking the underlying rise in liabilities. The sharp growth of debt in 2023-24 (20.78 *per cent*) and 2024-25 (12.17 *per cent*) highlights a reversal of the earlier declining trend, indicating that the State's fiscal position remains vulnerable to any slowdown in economic growth.
- The ratio of interest payments to Revenue Receipts is an important indicator of debt sustainability. Interest payments as a percentage of Revenue Receipts have declined from 6.36 *per cent* in FY 2020-21 to 2.87 *per cent* in FY 2024-25. This decline indicates an improvement in fiscal health, as a smaller proportion of revenue is being absorbed by interest obligations, potentially freeing up resources for other essential and productive expenditures. However, this decline is primarily driven by increasing Revenue Receipts and a reduction in effective interest rates (from 6.69 *per cent* to 5.60 *per cent*) rather than a significant reduction in absolute interest payments, which remain substantial (₹ 5,281 crore in 2024-25).
- From the point of view of the revenue account, the primary deficit should be declining and sufficient surplus should be generated to repay the existing debt stock. Debt sustainability improved from FY 2020-21 to FY 2022-23 with declining overall liability and a primary surplus in FY 2021-22, but deteriorated since FY 2023-24, with increasing overall liability and persistent primary deficits.

1.5.5 Status of Guarantees - Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies and co-operative institutions. The Finance Department, Government of Odisha instructed (November 2022) that the total outstanding guarantees, as on 1st April of every year, should not exceed hundred per cent of the State's Revenue Receipts (excluding Grants-in-Aid) of the 2nd preceding year. The trends in Outstanding Guarantees for FYs 2020-21 to 2024-25 are shown in **Table 1.34**.

Table 1.34: Guarantees given by the State Government

Guarantees	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees (100 per cent of Revenue Receipts of 2 nd preceding year)	79,948	77,416	81,319	1,33,149	1,32,263
Outstanding amount of guarantees at the beginning of the year	3,532	7,086	6,160	5,111	3,435
Outstanding guarantees at the end of the year	7,086	6,160	5,111	3,435	2,078

Source: Finance Accounts and Annual Financial Statements

Out of the total outstanding loans guaranteed by the Government at the end of the year (₹ 3,435 crore), 98.86 per cent (₹ 3,396 crore) pertained to the Grid Corporation of Odisha Limited (GRIDCO). The Government gave guarantees within the prescribed limits.

In consideration of the guarantees given by the Government, the institutions, in some cases, are required to pay Guarantee Commission at rates varying from 0.01 per cent to one per cent. During the year 2024-25, as against the receivable Guarantee Commission of ₹ 37.57 crore, only ₹ 12.71 crore was received from GRIDCO. The balance guarantee commission of ₹ 24.86 crore was yet to be received majorly from GRIDCO (₹ 7.70 crore), Odisha Rural Housing Development Corporation Limited (₹ 8.56 crore), Odisha State Housing Board (₹ 3.77 crore), Odisha Textile Mills (₹ 1.24 crore), etc.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalising expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges and monetising idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth and ensuring proper classification of expenditure are key factors. Prioritising productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery and suboptimal returns on public assets and investments also impede the fiscal space. Timely realisation of pending arrears (tax and non-tax) is another step towards enhancing the fiscal space.

Audit requisitioned for comprehensive data on revenue arrears, tax assessments, detected tax evasion, refund cases and other relevant details across all revenue heads. However, despite multiple reminders, the Department provided data only for Taxes/VAT on Sales, Trade *etc.*, and Goods and Services Tax. On analysis of data, Audit observed that:

A. Arrears of revenue

As on 31 March 2025, the arrears of revenue in respect of two principal heads of revenue were ₹ 14,752.61 crore, of which ₹ 5,979.66 crore was outstanding for more than five years, as depicted in **Table 1.35**.

Table 1.35: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2025	Amount outstanding for more than five years as on 31 March 2025
1.	Taxes/VAT on Sales, Trade, etc.	6,176.84	5,731.75
2.	Goods and Services Tax	8,575.77	247.91
Total		14,752.61	5,979.66

Source: Information furnished by Commissionerate of CT & GST, Odisha

The long-standing arrears pertaining to Taxes/VAT on Sales, Trade *etc.* (₹ 5,731.75 crore), indicated persistent delays in collection, whereas GST arrears were predominantly recent, indicating the need for strengthened mechanisms to ensure timely revenue realisation.

B. Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year, as furnished by Commissionerate of CT & GST is depicted in **Table 1.36**.

Table 1.36: Arrears of assessment

Sl. No.	Head of Revenue	Cases pending at the beginning of 2024-25	New cases due for assessment during 2024-25	Total cases due for assessment	Cases disposed of during 2024-25	Balance at the end of the year	Percentage of disposal
1.	Taxes/VAT on Sales, Trade <i>etc.</i>	315	257	572	346	226	60.49
2.	Goods and Services Tax	49,646	34,669	84,315	30,744	53,571	36.46
TOTAL		49,961	34,926	84,887	31,090	53,797	36.63

Source: Information furnished by Commissionerate of CT & GST, Odisha

As can be seen from the table, disposal was relatively better for Taxes/VAT on Sales, Trade *etc.* (60.49 per cent), whereas GST cases showed a much lower disposal rate of 36.46 per cent, resulting in 53,797 cases pending at the end of the year, indicating significant backlog in assessment.

As such, there is need for implementation of timely follow-up mechanisms and enhanced monitoring including deployment of additional staff and periodic review of pending cases, to accelerate disposal and reduce arrears.

C. Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The details of cases of evasion of tax detected by the Commissionerate of CT&GST, Odisha, cases finalised and the demand for additional tax raised during the year 2024-25, as reported by the departments concerned, are depicted in **Table 1.37**.

Table 1.37: Evasion of tax detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2025
					No. of cases	Amount of demand (₹ in crore)	
1.	Goods and Services Tax	207	405	612	190	58.80	422
2.	Taxes/VAT on Sales, Trade, etc.	10	4	14	7	4.42	7
Total		217	409	626	197	63.22	429

Source: Information furnished by Commissionerate of CT & GST, Odisha

1.5.6.2 Un-discharged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, these liabilities impair the State’s ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several undischarged liabilities during the year 2024-25, which have significant implications for fiscal sustainability. These include:

- Un-discharged interest liabilities totalling ₹ 397.84 crore.
- Short/non-transfer of State Government’s contribution to the National Pension System (NPS) amounting to ₹ 271.71 crore.
- ₹ 1.88 crore of labour welfare cess collected, but not transferred 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 as per the Odisha Cess Act.

- Non-recoupment of Contingency fund amounting to ₹ 117.73 crore during the year.

The cumulative value of these un-discharged liabilities amounted to ₹ 911.97 crore, which is equivalent to 0.10 *per cent* of the GSDP and 3.64 *per cent* of the Fiscal Deficit for the year 2024-25.

1.5.7 Comparative analysis across States

Fiscal health of Odisha compared to General Category States¹⁷ is given in **Table 1.38**.

Table 1.38: Comparative analysis of fiscal health of Odisha with General Category States

Sl. No.	Indices	Odisha	General Category States
1	Capital Expenditure/GSDP	5.11	2.27
2	State Own Revenue/ GSDP	12.10	7.34
3	State Own Revenue/ Total Expenditure	51.38	47.78
4	Gross Fiscal Deficit/ GSDP	2.81	3.18
5	Revenue Deficit/ GSDP	2.54 (Surplus)	0.72
6	Interest Payments/Revenue Receipts	2.87	13.88
7	Outstanding Liabilities/ GSDP	15.48	27.73

Source: *Finance Accounts*

1.6 Conclusion

The fiscal assessment of Odisha for 2024-25 highlights persistent weaknesses despite compliance with FRBM targets and robust GSDP growth of 11.40 *per cent*. Revenue Receipts fell short of the Budget Estimates by 10 *per cent*, increasing only by 2.43 *per cent* against double-digit GSDP growth, with revenue buoyancy collapsing to 0.21 and Own Revenue growing by a meagre 0.28 *per cent*. Non-Tax Revenue declined by 3.38 *per cent* (₹ 1,790 crore), mainly due to lower mining royalties and interest receipts, reflecting weak revenue mobilisation.

On the expenditure side, Revenue Expenditure consumed 87.69 *per cent* of Revenue Receipts, while Capital Expenditure (₹ 45,481 crore) was 73 *per cent* of BE (₹ 62,677 crore). The expenditure profile further revealed rising Committed Expenditure on salaries (₹ 31,659 crore), pensions (₹ 21,849 crore) and interest (₹ 5,281 crore), reaching ₹ 58,789 crore, *i.e.*, 32 *per cent* of Revenue Receipts and 36 *per cent* of Revenue Expenditure.

Subsidy outgo doubled to ₹ 9,134 crore in 2024-25, reversing earlier rationalisation efforts and pushing the total rigid expenditure to ₹67,923 crore (37 *per cent* of Revenue Receipts and 42 *per cent* of Revenue Expenditure).

Debt sustainability appears comfortable at a Debt-GSDP ratio of 15.48 *per cent*, but the absolute debt stock surged from ₹ 1,01,700 crore in 2022-23 to ₹ 1,37,784 crore in 2024-25, with 87.70 *per cent* of new borrowings used for repayments and ₹ 76,642 crore (56 *per cent*) of public debt maturing within the next seven years, raising refinancing risks. Moreover, un-discharged liabilities of ₹ 911.97 crore

¹⁷ States other than North-Eastern & Himalayan States

including short transfers to NPS (₹ 271.71 crore), unpaid interest (₹ 397.84 crore), non-transfer of cess (₹ 122.81 crore), non-recouplement of Contingency Fund to the tune of ₹ 117.73 crore and non-transfer of labour cess of ₹ 1.88 crore, indicates weaknesses in fiscal discipline and transparency.

To safeguard fiscal sustainability, the State needs to broaden its tax base, strengthen mining and non-tax revenues, enforce dividend compliance from SPSEs, rationalise subsidies and adopt a prudent debt management strategy aligned with GSDP growth.

1.7 Good practices

- In collaboration with the International Monetary Fund (IMF), Odisha has developed a robust Fiscal Risk Analysis Framework. This framework involves identifying, quantifying and classifying fiscal risks, such as those arising from state-owned enterprises (SOEs), natural disasters and macroeconomic shocks, and implementing appropriate mitigation measures. This proactive approach enhances the State's ability to manage potential fiscal challenges effectively.
- The Budget Stabilisation Fund (BSF) is a pioneering fiscal instrument introduced by the Government of Odisha to mitigate the impact of revenue volatility, particularly from the mining sector (non-tax revenue), on the State's budget. Recognising the susceptibility of mining revenues to global price fluctuations, the BSF serves as a financial buffer, ensuring that the State can maintain consistent public expenditure even during periods of revenue shortfall.

1.8 Recommendations

- The State may take steps to enhance non-tax revenues, particularly dividends, mining royalties and interest receipts to address the weak revenue growth and low tax buoyancy.
- The State may rationalise Revenue Expenditure through control of committed liabilities, better targeting of subsidies to create greater fiscal space for developmental priorities.
- The State may improve the quality and focus of capital spending by prioritising infrastructure sectors, preventing misclassification of expenditures and ensuring that capital outlay grows in line with the pace of economic expansion.
- The State may make efforts to maximise returns on public investments by strictly enforcing dividend pay-outs from profit-making PSUs and strengthening oversight of loans and advances to ensure financial discipline and accountability.
- The State may address all un-discharged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

