



**Report of the  
Comptroller and Auditor General of India  
State Finances Audit Report  
for the year ended March 2020**



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Odisha**  
*Report No.4 of the year 2021*



**Report of the Comptroller and Auditor General of India**  
**State Finances Audit Report**  
for the year ended March 2020

**Government of Odisha**  
**Report No. 4 of 2021**



## Table of Contents

<i>Paragraph No.</i>	<i>Contents</i>	<i>Reference Page No.</i>
	Preface	<i>vii</i>
	Executive Summary	<i>ix-xiv</i>
<b>CHAPTER I: Overview</b>		
1.1	Profile of Odisha	1
1.2	Basis and Approach to State Finances Audit Report	1
1.3	Report Structure	2
1.4	Overview of Government Account Structure and Budgetary Process	3
1.4.1	Gross State Domestic Product of the State	4
1.4.1.1	Sectoral Composition	5
1.4.2	Snapshot of Finances	6
1.5	Fiscal Balance: Achievement of Deficit and Total Debt Targets	7
1.5.1	Fiscal parameters	9
1.6	Deficits and Total Debt After Examination by Audit	11
1.6.1	Post Audit Surplus/Deficit	11
<b>CHAPTER II: Finances of the State</b>		
2.1	Major Changes in Key Fiscal Aggregates vis-à-vis 2018-19	13
2.2	Sources and Application of Funds	13
2.3	Resources of the State	14
2.3.1	Receipts of the State	14
2.3.2	State's Revenue Receipts	15
2.3.2.1	Trends and Growth of Revenue Receipts	16
2.3.2.2	State's Own Resources	17
2.3.2.3	Transfers from the Centre	22
2.3.3	Receipts under Capital Section	26
2.3.4	State's performance in mobilisation of resources	26
2.4	Application of Resources	27
2.4.1	Growth and Composition of Expenditure	27
2.4.2	Revenue Expenditure	31
2.4.2.1	Major changes in Revenue Expenditure	31
2.4.2.2	Committed Expenditure	32
2.4.2.3	National Pension System	33
2.4.2.4	Subsidies	34
2.4.2.5	Financial Assistance to Local Bodies and other	36

<i>Paragraph No.</i>	<i>Contents</i>	<i>Reference Page No.</i>
	institutions	
2.4.3	Capital Expenditure (CE)	36
2.4.3.1	Major changes in Capital Expenditure	38
2.4.3.2	Quality of Capital Expenditure in PSUs and Corporations	39
2.4.4	Expenditure Priorities	41
2.4.5	Object head-wise expenditure	42
2.5	Public Accounts Receipts	43
2.5.1	Net Public Account Balances	43
2.5.2	Reserve Funds	44
2.5.3	Position of loans and advances and interest received/ paid by the State Government	48
2.6	Debt Management	50
2.6.1	Debt profile: Components of Outstanding Liabilities/Debt	51
2.6.1.1	Composition and Financing pattern of Fiscal Deficit	53
2.6.2	Debt profile, Maturity and Repayment	55
2.6.3	Net availability of borrowed funds	55
2.7	Debt Sustainability Analysis	56
2.7.1	Debt Stabilisation- Debt Sustainability Indicators	56
2.7.2	Utilisation of borrowed funds	57
2.7.3	Status of Guarantees- Contingent Liabilities	58
2.7.4	Cash Balance	59
2.8	Conclusion and Recommendations	62
<b>CHAPTER III: Budgetary Management</b>		
3.1	Budget Process	65
3.1.1	Summary of total provisions, actual disbursements and savings during 2019-20	66
3.1.2	Charged and voted disbursements	67
3.2	Appropriation Accounts	67
3.3	Comments on Integrity of Budgetary and Accounting Process	68
3.3.1	Misclassification of capital expenditure as revenue expenditure and charged expenditure & voted expenditure and vice versa	68
3.3.2	Supplementary grants	68
3.3.2.1	Unnecessary or excessive supplementary grants	68
3.3.2.2	Excessive supplementary grants	69
3.3.3	Un-necessary or excessive re-appropriation	69
3.3.4	Savings/Surrenders	69

<i>Paragraph No.</i>	<i>Contents</i>	<i>Reference Page No.</i>
3.3.4.1	Trends in Utilization of Budgeted Funds	71
3.3.5	Substantial surrender	71
3.3.5.1	Surrender in excess of savings	71
3.3.5.2	Anticipated savings not surrendered/partially surrender	72
3.3.6	Regularization of excess expenditure of previous financial years	73
3.3.7	Grant-in-aid for creation of capital assets	73
3.4	Comments on Effectiveness of Budgetary and Accounting Process	74
3.4.1	Major policy pronouncements in budget and their actual funding for ensuring implementation	75
3.5	Cash Management System and Rush of Expenditure	76
3.5.1	Rush of expenditure	78
3.6	Review of Selected Grants	78
3.6.1	Grant No.11-Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare Department (ST& SCD, M&BCW)	78
3.6.1.1	Budget and Expenditure	79
3.6.1.2	Savings	79
3.6.1.3	Unnecessary Supplementary Grant	79
3.6.1.4	Programme implementation	79
3.6.2	Grant No-28-Rural Development Department	83
3.6.2.1	Budget and Expenditure	84
3.6.2.2	Savings	84
3.6.2.3	Unnecessary Supplementary Grant	84
3.6.2.4	Programme implementation	84
3.7	Release of Funds at the Fag End of the Financial Year	87
3.8	Recommendations	87
<b>CHAPTER IV: Quality of Accounts &amp; Financial Reporting Practices</b>		
4.1	Funds Outside Consolidated Fund or Public Account of the State	89
4.2	Funds Transferred Directly to State Implementing Agencies	89
4.2.1	Trends in direct transfers to implementing agencies	90
4.3	Delay in Submission of Utilisation Certificates (UCs)	91
4.3.1	Delay in implementation of IFMS UC module	92
4.4	Recording of Grantee Institution as “Others”	93
4.5	Abstract Contingent Bills	93
4.5.1	Non implementation of DC Bill functionality under “Online Bill Preparation and Submission” module in IFMS	95

<i>Paragraph No.</i>	<i>Contents</i>	<i>Reference Page No.</i>
4.6	Personal Deposit (PD) Accounts	95
4.6.1	Personal Deposit Account framework	95
4.6.2	In-operative PD Accounts and Non-reconciliation of PD Account balances	97
4.7	Indiscriminate Use of Minor Head 800	97
4.8	Outstanding Balance Under Major Suspense Heads	99
4.8.1	Pay and Accounts Office (PAO) Suspense (Minor Head 101)	100
4.9	Non-reconciliation of Departmental Figures	100
4.10	Reconciliation of Cash Balances	100
4.10.1	Discrepancy of ₹14.08 crore due to non-reconciliation between bank balance and cash book balance	101
4.11	Non-compliance with Accounting Standards	101
4.12	Non-submission of Annual Accounts/Separate Audit Reports of Autonomous Bodies	101
4.13	Departmental Commercial Undertakings	102
4.14	Non-submission of Details of Grants/Loans Given to Bodies and Authorities	102
4.15	Timeliness and Quality of Accounts	103
4.16	Misappropriations, Losses, Thefts etc.	104
4.17	Follow up Action on State Finances Audit Report	104
4.18	Conclusion and Recommendations	104
<b>Appendices</b>		
1.1	A brief profile of Odisha	107
1.2	Structure and Form of Government Accounts	108
2.1	Abstract of receipts and disbursements for the year 2019-20	109
2.2	Time Series data on the State Government Finances	112
2.3	Summarised financial position of the Government of Odisha as on 31 March 2020	114
3.1	Details of cases where supplementary provisions (₹ one crore or more in each case) proved unnecessary	116
3.2	Excessive Supplementary Provision during 2019-20(₹ one crore or more in each case)	117
3.3	Unnecessary/Excessive re-appropriation of funds during 2019-20	119
3.4	Re-appropriation of funds on 31st March 2020	121
3.5	List of grants having large savings (savings above ₹100	122

<i>Paragraph No.</i>	<i>Contents</i>	<i>Reference</i>
		<i>Page No.</i>
	crore) during the year	
3.6	Surrenders of 100 per cent of total provisions made during the year 2019-20	123
3.7	Statement showing details of savings of ₹ one crore and above and partially	125
3.8	Details of the schemes for which provision (say ₹ 1 crore and above) was made but no expenditure was incurred	126
3.9	Rush of Expenditure during last month of 2019-20 (₹10 crore or more)	127
3.10	Release of money at the fag end of the Financial Year 2019-20 amounting to ₹ 321.34 crore	128
4.1	Statement showing details of GIA for which utilisation certificates are pending for receipt by different Departments of the State Government at the end of 2019-20	129
4.2	Statement showing details of GIA for which UCs are pending for more than ten years as on 31-03-2020	130
4.3	Department wise Outstanding Report of AC/DC Bills as on 31 March 2020	131
4.4	Department wise Outstanding Report of AC/DC Bills during the year 2019-2020	132
4.5	Statement showing details of inoperative PD Account as on 31 March 2020	133
4.6	Statement of Major Head-Wise Receipts booked under Minor Head-800- (other receipts) 2019-20	134
4.7	Statement of Major Head-Wise Expenditure booked under Minor Head-800- (other expenditure) 2019-20	135
4.8	Discrepancies between Cash Book and Pass Book balance as on 31 March 2020	136
4.9	Pending cases of misappropriation, losses, theft, etc.	137
5.1	Glossary of Important budget related Terms	138



# *Preface*

This Report has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution.

The State Finances Audit Report of the Government of Odisha intends to assess the financial performance of the State during 2019-20 and to provide the State Legislature with inputs based on audit analysis of financial data. The Report attempts to analyse the financial performance against the targets envisaged by the Odisha Fiscal Responsibility and Budget Management (Amendment) Act, 2016, the Fourteenth Finance Commission Report and Budget Estimates of 2019-20. The Report contains four Chapters.

**Chapter I Overview:** This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/ surplus.

**Chapter II Finances of the State:** This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

**Chapter III Budgetary Management:** This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

**Chapter IV Quality of Accounts & Financial Reporting Practices:** This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various Departmental officials of the State Government.

Exit Conference with Principal Secretary, Finance Department, Government of Odisha was held in May 2021 through Video Conferencing, wherein the issues taken up for review in the State Finances Audit Report were discussed. Responses of the Government, wherever received, are suitably incorporated in the Report.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



# **EXECUTIVE SUMMARY**



# Executive Summary

## Chapter I: Overview

### *Gross State Domestic Product and Sectoral Composition*

The Gross State Domestic Product (GSDP) of Odisha in 2019-20 at current prices was ₹ 5,33,822 crore and at constant prices was ₹4,11,265 crore, registering a growth rate of 7.66 per cent and 6.16 per cent respectively over the previous year. In 2019-20, Service Sector was the biggest contributor to the GSDP with 36.47 per cent followed closely by Industry Sector at 35.65 per cent while Agriculture Sector and Taxes on Product less Subsidy contributed 17.91 per cent and 9.98 per cent respectively.

### *Fiscal Position of the State*

The State recorded a Revenue Surplus of ₹2,430 crore and Fiscal Deficit of ₹18,819 crore. Revenue Surplus (₹ 2,430 crore) of the State in 2019-20 was significantly at variance (-83 per cent) from the Revenue Surplus for the previous year (₹14,190 crore). This Revenue Surplus was also at significant variance (- 63 per cent) from the projected Revenue Surplus of ₹ 6,528 crore as per the MTFP of the State. The State achieved the target of being a Revenue Surplus State as laid out in the Odisha FRBM (Amendment) Act, 2016.

Fiscal Deficit (₹18,819 crore) was 3.53 per cent of GSDP (₹ 5,33,822 crore). It was higher than the fiscal target set out in its FRBM (Amendment) Act, 2016 and 14<sup>th</sup> Finance Commission recommendation of 3.50 per cent of GSDP.

Primary Deficit (₹ 12,756 crore) in 2019-20 increased significantly (193 per cent) compared to 2018-19 (₹ 4,357 crore). This indicated that the Non-debt Receipts were not sufficient to meet the Primary Expenditure.

As per the FRBM (Amendment) Act, 2016, **Debt to GSDP** ratio (in per cent) was to be maintained at less than or equal to 25 per cent for the years 2015-16 to 2019-20. Outstanding debt to GSDP ratio at 23.62 per cent in 2019-20 was meeting the fiscal target set out in the State's FRBM (Amendment) Act, 2016 and was in compliance of the ceiling of 25 per cent fixed by 14<sup>th</sup> Finance Commission.

*(Paragraph 1.5 and 1.6)*

## Chapter II: Finances of the State

### *Snapshot of State Finances*

Revenue Receipts (₹ 1,01,568 crore) of the Government constituted 19.03 *per cent* of the Gross State Domestic Product (GSDP) (₹ 5,33,822 crore) during 2019-20. Revenue Expenditure (₹ 99,137 crore) of the State was 18.57 *per cent* of GSDP during 2019-20. Capital Expenditure (CE) (₹ 20,277 crore) during 2019-20 constituted 16.80 *per cent* of Total Expenditure (₹ 1,20,673 crore).

(Paragraph 2.2, 2.3.2 & 2.4.1)

### *Sources and application of Resources*

Revenue Receipts (₹ 1,01,568 crore) in 2019-20 grew by ₹2,022 crore (2.03 *per cent*) over 2018-19 (₹ 99,546 crore). These were, however, lower than the budget estimates (₹1,15,266 crore) by ₹13,698 crore.

(Paragraph 2.3.2)

Own Tax Revenue (₹32,315 crore) increased by 6.59 *per cent* over the previous year and was also less than the budget estimates (₹33,000 crore) by ₹685 crore. Non-Tax Revenue (₹ 14,647 crore) increased by 2.59 *per cent* over the previous year, and was higher than the budget estimates (₹14,277 crore) by ₹370 crore.

(Paragraph 2.3.2)

Revenue Expenditure (₹ 99,137 crore) for the year 2019-20 increased by ₹13,781 crore (16.14 *per cent*) over 2018-19 (₹ 85,356 crore) and was less than the budget provision (₹ 1,08,738 crore) by ₹9,601 crore.

(Paragraph 2.4.2)

Capital Expenditure (₹20,277 crore) during 2019-20 decreased by ₹3,205 crore (13.65 *per cent*) over the previous year (₹23,482 crore). Capital Expenditure relative to GSDP was 3.80 *per cent* in 2019-20. The Capital Expenditure during 2019-20 was less than Budget Estimate (₹ 24,343 crore) by ₹4,066 crore.

(Paragraph 2.4.3)

### *Expenditure Priorities*

Total Expenditure relative to GSDP in Odisha was better than the General Category States. Odisha fared favourably in its focus on Development Expenditure, Social Services Expenditure, Economic Services Expenditure and Capital Expenditure *vis-à-vis* General Category States. The State, however, lagged behind General Category States in the area of Education and Healthcare Expenditure.

(Paragraph 2.4.4)

### ***Committed Expenditure***

Committed Expenditure of the Government consists of interest payments (₹ 6,063 crore), salaries and wages (₹20,683 crore) and pensions (₹ 14,273 crore). The Committed Expenditure in 2019-20 was ₹ 41,019 crore and constituted 41.38 per cent of Revenue Expenditure (₹99,137 crore).

***(Paragraph 2.4.2.2)***

### ***National Pension System***

State Government employees recruited on or after 01 January 2005 are covered under National Pension System (NPS), which is a defined contributory pension scheme. Though the State Government started collecting pension contribution from the employees from 2006-07, it started transferring the funds accumulated under NPS to the National Securities Depository Limited (NSDL) only in 2010-11. An amount of ₹ 0.01 crore only was transferred to NSDL thereby, leaving a balance of ₹ 39.62 crore to be transferred to NSDL as on 31 March 2011. Similarly, every year thereafter, there was a short transfer to NSDL. As on 31 March 2020, there was a total short transfer of ₹ 24.18 crore to NSDL.

***(Paragraph 2.4.2.3)***

### ***Investment in Public Sector Undertakings***

As of 31 March 2020, the State Government's investment in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative societies stood at ₹ 5,699 crore. The Return on Investment from Corporations/ Companies was 5.64 per cent, which was less than the average rate of interest on Government borrowings (7.09 per cent).

***(Paragraph 2.4.3.2)***

### ***State Disaster Response Fund (SDRF)***

State Government has charged ₹1,041.24 crore expenditure to SDRF for 2019-20 against which Utilisation Certificates are yet to be obtained to provide assurance that the moneys have actually been utilised fully and the expenditure is on permitted activities.

***(Paragraph 2.5.2)***

### ***Loans and Advances given by the State Government***

As of 31 March 2020, Loans and Advances given by the Government to Public Sector Companies, Autonomous Bodies and Corporations were ₹ 8,163 crore.

Loans and advances outstanding rose from ₹4,558 crore in 2015-16 to ₹8,163 crore in 2019-20. Major portion of loans advanced during 2019-20 was to Indian Oil Corporation Limited (₹ 700 crore).

***(Paragraph 2.5.3)***

### ***Debt Sustainability***

Outstanding debt (₹68,438 crore) increased by 17.48 *per cent* in 2019-20 over the preceding year (₹58,253 crore), at a rate higher than the growth of GSDP. Interest payment relative to revenue receipts at 5.97 *per cent* was, however, well below the target of 15 *per cent* fixed by Odisha FRBM (Amendment) Act, 2016 and in compliance of ceiling laid down by 14<sup>th</sup> Finance Commission.

*(Paragraph 2.7)*

### ***Cash Balance***

The cash balance at the end of March 2020 was ₹ 42,437.50 crore. The closing cash balances in the years 2016-17, 2017-18 and 2018-19 were ₹ 14,601.11 crore, ₹ 30,848.11 crore and ₹ 38,134.48 crore respectively. The State Government was maintaining large cash balance on a regular basis, while being a fiscal deficit State. Besides, the 13<sup>th</sup> Finance Commission had recommended that the States with large cash balances should make efforts to utilise their cash balances before resorting to fresh borrowings. Out of a General Cash Balance of ₹ 25,107.18 crore, there was an untied Cash Balance of ₹ 4,309.22 crore. The State, however, resorted to market borrowings of ₹ 7500.00 crore at interest rates ranging from 7.55 to 8.79 *per cent*, contrary to the Finance Commission recommendation.

*(Paragraph 2.7.4)*

## **Chapter III: Budgetary Management**

### ***Savings***

In 2019-20, the total savings were ₹24,777.71 crore. Of this, ₹12,522.59 crore (50.54 *per cent*) pertained to 11 grants, in which, savings were more than ₹100 crore and above 20 *per cent* of the total provision of the grants concerned.

*(Paragraphs 3.3.4)*

### ***Re-appropriations***

There were 18 cases of re-appropriation orders amounting to ₹ 4,343.11 crore (₹one crore and above in 12 cases) issued on 31 March 2020, for which there was no scope for expenditure during 2019-20.

*(Paragraph 3.3.3)*

### ***Substantial surrenders***

Surrenders of 100 *per cent* of total provision of ₹1,201.45 crore were made under 24 sub heads (₹10 crore or more in each case) under 13 grants. These represented different schemes/ programmes/ projects and activities. The surrenders were mainly attributed to non-release of Central share, dropping of projects, non-sanction of projects, delay in approval of Expenditure Finance Committee, *etc.*

*(Paragraph 3.3.5)*

### *Surrender in excess of savings*

In two cases (one grant and one appropriation), the amount surrendered (ten lakh or more in each case), were in excess of savings, indicating inadequate budgetary control in these Departments. As against savings of ₹867.44 crore, the amount surrendered was ₹ 868.26 crore, resulting in excess surrender amounting to ₹ 0.82 crore.

(Paragraph 3.3.5.1)

### *Cash Management System and Rush of Expenditure*

Pursuant to the provisions of sub-section (1-a) of Section 8 of the Odisha FRBM (Amendment) Act, 2016, Government of Odisha laid down guidelines for timely spending of Budgetary grants through Cash Management System in 20 departments during 2019-20. As per this, the level of expenditure at the end of the third quarter should not be less than 60 *per cent* and during the month of March, the same should not be more than 15 *per cent* of the gross budget provision. Out of 20 departments, only seven departments had followed the guidelines for timely spending of budgetary grants as per the Cash Management System.

(Paragraph 3.5)

## **Chapter IV: Quality of Accounts and Financial Reporting Practices**

### *Personal Deposit (PD) Accounts*

There were 830 PD Accounts with a closing unspent balance of ₹20,899.85 crore as of 31 March 2020. There was a 19.40 *per cent* increase in outstanding balances of PD accounts over previous year mainly due to increase in the balance of PD Account of Odisha Mineral Bearing Areas Development Corporation (OMBADC) from ₹14,328.50 crore in 2018-19 to ₹16,758.29 crore in 2019-20 *i.e.*, an increase of 16.96 *per cent*.

Further, contrary to Odisha Treasury Code, Government of Odisha failed to close nine PD accounts with a closing balance of ₹ 6.10 crore where there had been no transactions for over three financial years.

(Paragraph 4.6.1 and 4.6.2)

### *Delay in submission of Utilisation Certificates (UCs)*

During the year 2019-20, Government released ₹28,465.46 crore as Grants-in-Aid (38,987 vouchers). Out of this amount, UCs were not received in respect of ₹16,301.68 crore (57.27 *per cent*) (2,622 vouchers). There is, therefore, no assurance that the expenditure of ₹16,301.68 crore had actually been incurred for the purposes for which it was authorised. Further, UCs for an amount aggregating

₹36,193.89 crore remained outstanding against 36 Departments of the State as of March 2020 from 2003-04 onwards.

*(Paragraph 4.3)*

***Outstanding Detailed Contingent bills***

It was observed that during the year 2019-20, 17 Departments had drawn an amount of ₹ 23.95 crore through 735 Abstract Contingent (AC) bills. However, only an amount of ₹ 2.12 crores was adjusted by furnishing Detailed Contingent (DC) Bills, against the above advances drawn (8.89 *per cent*). Thus, DC bills amounting to ₹ 21.83 crore pertaining to 14 Departments were not submitted, as of 31 March 2020. There is, therefore, no assurance that this amount of ₹ 21.83 crore had actually been utilised for the purpose for which it was sanctioned.

Advances drawn but not adjusted indicated the possibility of diversion of end use of funds/ misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. This is a possible overstatement of expenditure in the year 2019-20.

*(Paragraph 4.5)*

**Chapter-I**

**Overview**



## 1.1 Profile of Odisha

Odisha, a State on the eastern coast of India, is divided into 30 administrative geographical districts. It is the ninth largest State of India in terms of geographical area (1,55,707 sq. km) having 4.87 *per cent* of total area of the nation. According to the 2011 census of India, the total population of Odisha is 4.20 crore (11<sup>th</sup> largest State), of which 2.12 crore (50.54 *per cent*) are male and 2.08 crore (49.46 *per cent*) are female. The percentage of population below the poverty line was 32.59 *per cent*, which was higher than the national average of 21.9 *per cent*. Odisha has a lower literacy rate, lower life expectancy at birth and higher infant mortality rate, when compared to the all-India average. The State has shown a higher economic growth in the past decade as the compound annual growth rate of its Gross State Domestic Product (GSDP) for the period 2011-12 to 2019-20 has been 11.19 *per cent* as compared to 10.07 *per cent* in General Category States. A profile of the State with demographic and other details is at **Appendix 1.1**.

The structure of Government Accounts is explained in **Part A** of **Appendix-1.2** and the layout of Finance Accounts of Government of Odisha is given in **Part B**.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG) relating to the Accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

The Office of the Accountant General (Accounts & Entitlements), Odisha prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These Accounts are audited independently by the Office of the Accountant General (Audit-I), Odisha and the Accounts are certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various Audit Reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XIV Finance Commission (FC), State Financial Responsibility and Budget Management Act, best practices and guidelines of the Government of India. An exit conference was held in May 2021 with State Finance Department, wherein the audit approach is explained and the draft Report was forwarded to the State Government for comments. Replies of the Government, where received, are incorporated in this Report at appropriate places.

### 1.3 Report Structure

The State Finances Audit Report is structured into the following four Chapters-

<b>Chapter – 1</b>	<b>Overview</b>  This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State’s fiscal position including the deficits/ surplus.
<b>Chapter – II</b>	<b>Finances of the State</b>  This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
<b>Chapter – III</b>	<b>Budgetary Management</b>  This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
<b>Chapter – IV</b>	<b>Quality of Accounts &amp; Financial Reporting Practices</b>  This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various Departmental officials of the State Government.

## 1.4 Overview of Government Account Structure and Budgetary Processes

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

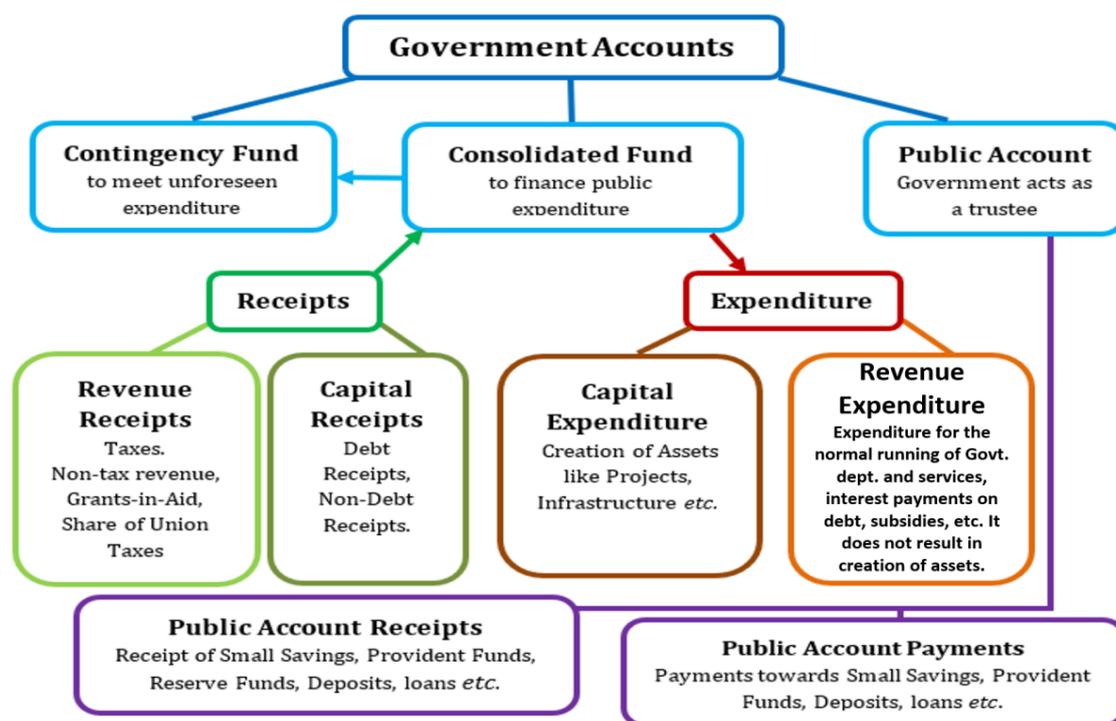
**Revenue Receipts consist** of Own Tax Revenue, Non-Tax Revenue, share of Union Taxes/ Duties, and Grants-in-Aid from Government of India.

**Revenue Expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and Grants-in-Aid given to various institutions (even though some of the grants may be meant for creation of assets).

The main items of **Capital Receipts** are loans raised by the Government called market borrowings, borrowings by the Government from the Reserve Bank and commercial banks and other financial institutions through the sale of treasury bills, and recoveries of loans granted by the Government. Other items include small savings (Post-Office Savings Accounts, National Savings Certificates, *etc.*), provident funds and net receipts obtained from the sale of shares in Public Sector Undertakings (PSUs).

**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to PSUs and other parties.

### Structure of Government Accounts



The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India.
2. Contingency Fund of the State constituted under Article 267(2) of the Constitution of India.
3. Public Account of the State constituted under Article 266(2) of the Constitution.

At present, we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in LMMH by CGA	Function- Education, Health, <i>etc.</i> / Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/ Activity	Object Head-salary, minor works, <i>etc.</i> (2-digit)

The functional classification lets us know the department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 are for revenue receipts, 2 and 3 for revenue expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, while “salary” object head is revenue expenditure, “construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

### Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year, in the form of an **Annual Financial Statement**. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget – there could be sub-budgets like Child Budget, Agriculture Budget, Weaker sections (SC/ST) Budget, Disability Budget *etc.*

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter III** of this Report.

#### 1.4.1 Gross State Domestic Product of the State

Gross Domestic Product (GDP) and Gross State Domestic Product (GSDP) refer to the market value of all officially recognised final goods and services produced within the Country and the State respectively in a given period of time, accounted without

duplication and are important indicators of the Country and State's economy. The Gross State Domestic Product (GSDP) of Odisha in 2019-20 at current prices was ₹ 5,33,822 crore. The trends in annual growth of Gross Domestic Product (GDP) of India and GSDP of the State at current prices and constant prices (Base year: 2011-12) are in **Table 1.1**. Growth in Odisha was higher than the all-India average at both current and constant prices during 2018-19 and 2019-20.

**Table 1.1: GDP of India and GSDP of the State**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Current Prices</b>					
India's GDP (₹ in crore)	137,71,874	153,91,669	170,98,304	189,71,237	203,39,849
Growth rate ( <i>per cent</i> )	10.46	11.76	11.09	10.95	7.21
State's GSDP (₹ in crore)	3,28,549	3,93,562	4,34,769	4,95,840	5,33,822
Growth rate ( <i>per cent</i> )	4.55	19.79	10.47	14.05	7.66
<b>Constant Prices (Base year 2011-12)</b>					
India's GDP (₹ in crore)	113,69,493	123,08,193	131,75,160	139,81,426	145,65,951
Growth rate ( <i>per cent</i> )	8.00	8.26	7.04	6.12	4.18
State's GSDP (₹ in crore)	2,92,229	3,37,696	3,59,050	3,87,403	4,11,265
Growth rate ( <i>per cent</i> )	7.97	15.56	6.32	7.90	6.16

*Source: GDP- Central Statistical Office (2015-16: Third Revised, 2016-17: Second Revised, 2017-18: First Revised, 2018-19: First Revised and 2019-20: Advance)*

*GSDP- Directorate of Economics & Statistics, Odisha (2015-16: Third Revised, 2016-17: Third Revised, 2017-18: Second Revised, 2018-19: First Revised and 2019-20: Advance)*

#### 1.4.1.1 Sectoral Composition

In respect of sectoral composition of GSDP, the share of Agriculture and Allied Activities Sector declined from 18.76 *per cent* in 2015-16 to 17.91 *per cent* in 2019-20, due to natural calamities such as drought, flood and cyclone.

The Industry Sector had an increase in contribution towards the State's GSDP over the period 2015-16 to 2019-20, with current share at 35.65 *per cent* of GSDP. This Sector comprises (i) Mining & Quarrying (ii) Manufacturing (iii) Electricity, Gas & Water-supply and (iv) Construction activities. Manufacturing is the leading sub-sector, with a 45.59 *per cent* share under Industry Sector.

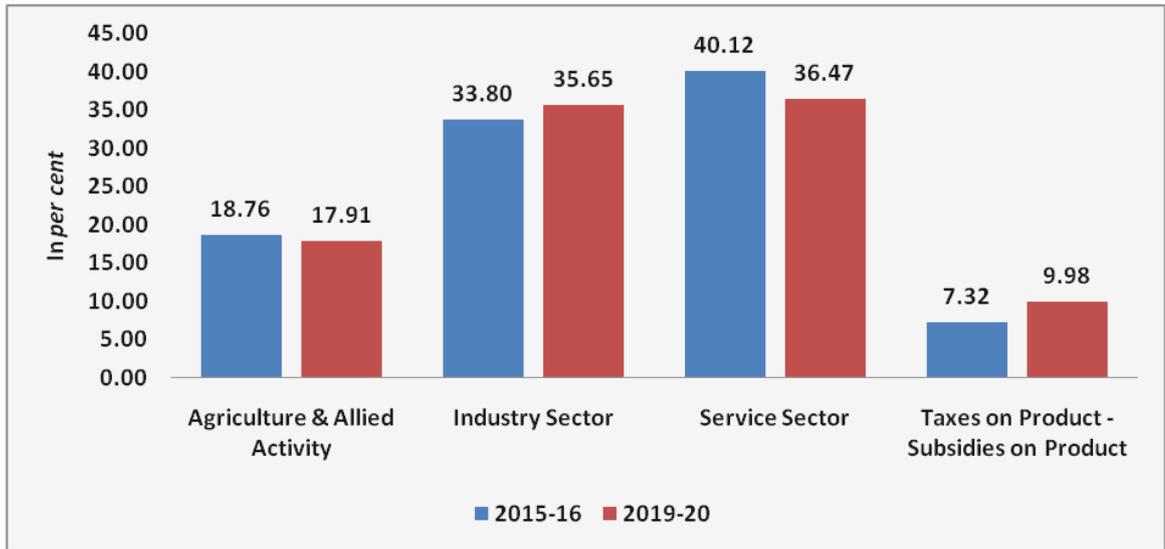
Share of Services Sector was higher than both Industry Sector and Agriculture & Allied Activities Sector, at 36.47 *per cent* of GSDP. This Sector comprises (i) Trade, Repair, Hotels and Restaurants (ii) Transport, Storage, Communication *etc.* (iii) Financial Services (iv) Real estate, OD Professional Services (v) Public Administration and Defence and (vi) Other Services. Trade, Repair, Hotels and Restaurants is the leading sub-sector with 23.35 *per cent* share under Services Sector.

The share of Taxes on Product (less subsidy) showed an increase from 7.32 *per cent* in 2015-16 to 9.98 *per cent* share of GSDP in 2019-20.

*Overview*

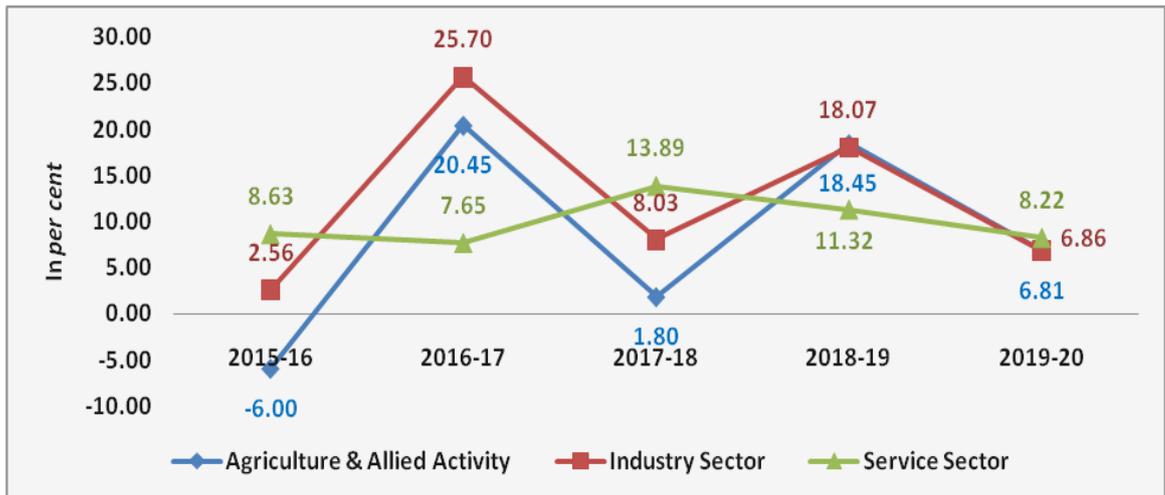
The changes in sectoral contribution to GSDP and trends in sectoral growth of GSDP over the years 2015-16 to 2019-20 are detailed in **Charts 1.1 and 1.2** below.

**Chart 1.1: Change in Sectoral Contribution to GSDP (2015-16 to 2019-20)**



Source: Directorate of Economics & Statistics, Government of Odisha

**Chart 1.2: Sectoral Growth in GSDP (Over Previous Year)**



Source: Directorate of Economics & Statistics, Government of Odisha

The Sectoral growth rate of all three sectors during 2019-20, has shown a decreasing trend as compared to the previous year with agriculture and allied activities showing the steepest decline in comparison to 2018-19.

**1.4.2 Snapshot of Finances**

The following table provides the details of actual financial results *vis-à-vis* Budget Estimates for the year 2019-20 *vis-à-vis* actuals of 2019-20.

Table 1.2: Actual Financial Results *vis-à-vis* Budget Estimates

Sl. No	Components	(₹ in crore)				
		2018-19 Actual	2019-20 Actual	2019-20 B.E.	Percentage of Actual to B.E.	Percentage of Actual to GSDP
1	Tax Revenue	30,318	32,315	33,000	97.92	6.05
2	Non Tax Revenue	14,276	14,647	12,500	117.18	2.74
3	Share of Union taxes / duties	35,354	30,454	39,207	77.67	5.70
4	Grants-in-Aid and Contributions	19,598	24,152	30,559	79.03	4.52
<b>5</b>	<b>Revenue Receipts (1+2+3+4)</b>	<b>99,546</b>	<b>1,01,568</b>	<b>1,15,266</b>	<b>88.12</b>	<b>19.03</b>
6	Recovery of Loans and Advances	305	287	150	191.33	0.05
7	Other Receipts	--	--	--	--	--
8	Borrowings and other Liabilities (a)	10,157	18,818	18,877	99.69	3.53
<b>9</b>	<b>Capital Receipts (6+7+8)</b>	<b>10,462</b>	<b>19,105</b>	<b>19,027</b>	<b>100.41</b>	<b>3.58</b>
<b>10</b>	<b>Total Receipts (5+9)</b>	<b>1,10,008</b>	<b>1,20,673</b>	<b>1,38,000</b>	<b>84.44</b>	<b>22.61</b>
11	Revenue Expenditure of which	85,356	99,137	1,08,738	91.17	18.57
12	Interest payments	5,800	6,063	6,500	93.28	1.14
13	Grant in Aid for creation of capital assets	8,507	7,487	9,172	81.63	1.40
14	Capital Expenditure of which (b)	24,652	21,536	25,555	84.27	4.03
15	Capital Outlay	23,482	20,277	24,323	83.37	3.80
16	Loan and advances	1,170	1,259	1,232	102.19	0.24
<b>17</b>	<b>Total Expenditure (11+14)</b>	<b>1,10,008</b>	<b>1,20,673</b>	<b>1,34,293</b>	<b>89.86</b>	<b>22.61</b>
<b>18</b>	<b>Revenue Surplus (5-11)</b>	<b>14,190</b>	<b>2,430<sup>#</sup></b>	<b>6528</b>	<b>37.22</b>	<b>0.46</b>
<b>19</b>	<b>Effective Revenue Surplus (18+13)</b>	<b>22,697</b>	<b>9,917</b>	<b>9,171</b>	<b>108.13</b>	<b>1.86</b>
<b>20</b>	<b>Fiscal Deficit {17-(5+6+7)}</b>	<b>10,157</b>	<b>18,819<sup>#</sup></b>	<b>18,877</b>	<b>99.69</b>	<b>3.53</b>
<b>21</b>	<b>Primary Deficit (20-12)</b>	<b>4,357</b>	<b>12,756</b>	<b>12,377</b>	<b>103.06</b>	<b>2.39</b>

Source: Finance Accounts & Budget at a Glance

<sup>#</sup> Difference of ₹ 1 crore is due to rounding off.

(a) 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

(b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed

## 1.5 Fiscal Balance: Achievement of deficit and total debt targets

The Central and individual State Governments have passed Fiscal Responsibility and Budget Management (FRBM) Act with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium term framework. In this context, the Act provides quantitative targets to be adhered to by the State with regard to deficit measures and debt level.

Achievements *vis-à-vis* fiscal targets prescribed in the State FRBM Act for the year 2015-20 is detailed in **Table 1.3** and comparison of targets for fiscal parameters projected in

Medium Term Fiscal Plan (MTFP), 2019 presented to the State Legislature with actual for the current year is presented in **Table 1.4**.

**Table 1.3: Compliance with provisions of State FRBM Act**

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	10,135	9,258	13,367	14,190	2,430
		√	√	√	√	√
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	3.50 per cent	2.15	2.38	2.15	2.05	3.53
		√	√	√	√	×
Ratio of total outstanding debt to GSDP (in per cent)	25 per cent	18.19	18.20	22.35	21.83	23.62
		√	√	√	√	√
Interest payment as percentage of Revenue Receipts	15 per cent	4.85	5.43	5.85	5.83	5.97
		√	√	√	√	√
Ratio of Salary to State's Own Revenue	80 per cent	45.42	49.13	48.74	43.50	44.39
		√	√	√	√	√

Source: FRBM Act and Finance Accounts of respective years, Government of Odisha

The State was able to achieve all the fiscal parameters set out in FRBM Act during 2015-16 to 2019-20 except the Fiscal Deficit Targets of 2019-20 due to less receipts of Share of Central Taxes and Grants in aid from GoI.

Government stated (May 2021) that Fiscal Deficit as percentage of GSDP during the year has marginally breached the target of 3.5 per cent, mainly due to short realisation of Central transfers and downward revision of the estimate of GSDP in Advance Estimates, compared to the value considered while formulating 2019-20 (BE) based on the formula recommended by the 14th Finance Commission. Further, Government of India allowed (February 2020) additional borrowing of up to ₹2,732 crore during 2019-20, due to short release of share in Central Taxes, which implies a relaxation in the Fiscal Deficit target.

The response from the State Government was not tenable, since

- Additional borrowing does not impact the Fiscal Deficit computation<sup>1</sup>.
- The Fiscal Deficit target, as specified in the State FRBM Act was not amended, which was stated in the communication from Government of India. In the absence of a formal amendment to the target, the State Government should have reduced expenditure, if it wanted to achieve its Fiscal Deficit target for 2019-20.
- The Advance Estimates (AE) for GSDP of a year are available by the end of the financial year, and the actual Fiscal Deficit for the year has consistently been computed with the AE of the concerned financial year as the basis. So, the

<sup>1</sup> Fiscal Deficit = Revenue Receipts + Non Debt Capital Receipts – Total Expenditure

explanation that the target was breached due to the AE of GSDP being used, is not tenable.

**Table 1.4: Actuals vis-à-vis projection in MTFP for 2019-20**

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2019-20)	Variation (in per cent)
1	Own Tax Revenue	33,000	32,315	(-)2.08
2	Non Tax Revenue	12,500	14,647	(+) 17.18
3	Share of Central Taxes	39,207	30,454	(-) 22.33
4	Grants-in-Aid from GoI	30,559	24,152	(-) 20.97
5	Revenue Receipts (1+2+3+4)	<b>1,15,266</b>	<b>1,01,568</b>	(-) 11.88
6	Revenue Expenditure	1,08,738	99,137	(-) 8.83
7	Revenue Deficit (-) / Surplus (+) (5-6)	<b>6528</b>	<b>2,430</b>	(-) 62.78
8	Fiscal Deficit (-) / Surplus (+)	<b>(-) 18,877</b>	<b>(-) 18,819</b>	(-)0.31
9	Debt-GSDP ratio (per cent)	19.70	23.62	(-) 19.90
10	GSDP growth rate at current prices (per cent)	11.28	7.66	(-) 32.09

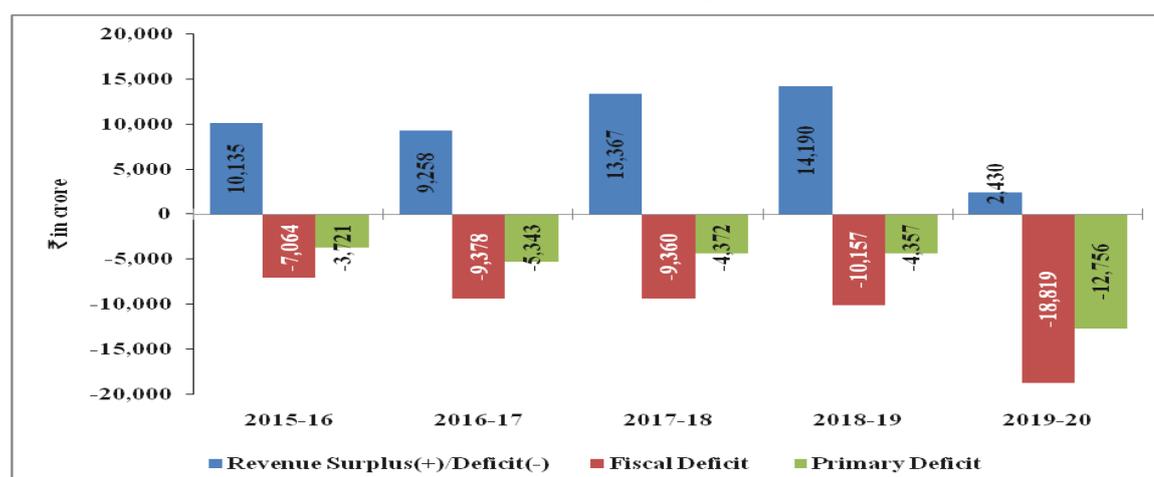
Source: Medium Term Fiscal Plan 2019 and Finance Accounts 2019-20, Government of Odisha.

It is evident from the above table that the State Government did not achieve its MTFP target for Revenue Surplus, but achieved the target for Fiscal Deficit.

### 1.5.1 Fiscal parameters

Three key fiscal parameters viz., (i) Revenue Surplus/Deficit<sup>2</sup>, (ii) Fiscal Deficit<sup>3</sup> and (iii) Primary Deficit<sup>4</sup> help in assessing the fiscal situation of the Government. The way these deficits are financed assist in assessing the fiscal health of the Government. Trends in fiscal parameters are shown in **Chart 1.3** and **Chart 1.4**. Trends in Debt Sustainability (i.e., Ratio between Debt and GSDP in per cent) are shown in **Chart 1.5**.

**Chart 1.3: Trends of Fiscal parameters**



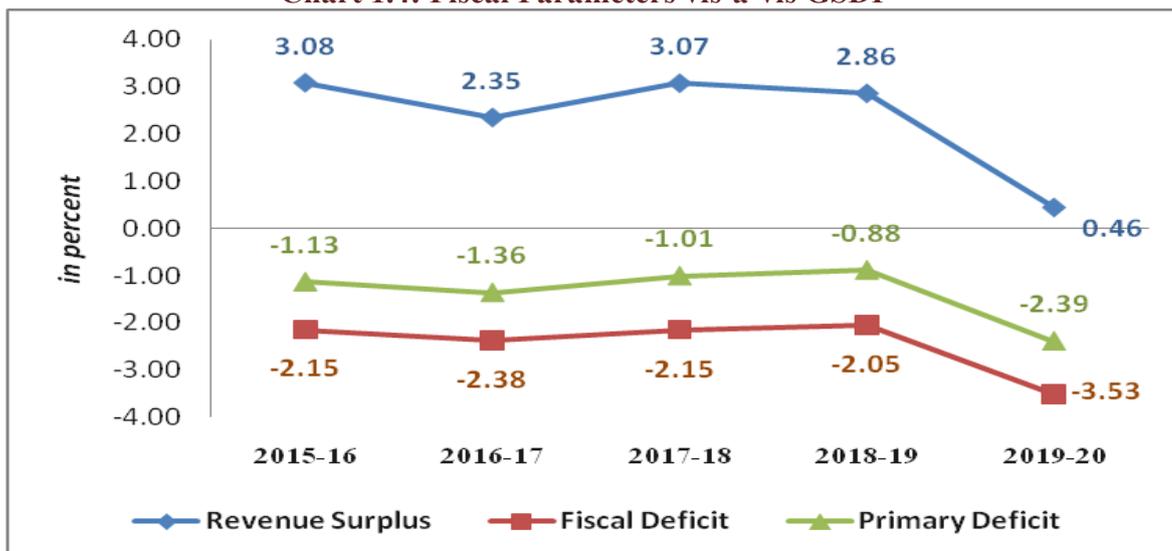
Source: Finance Accounts 2019-20, Government of Odisha

<sup>2</sup> Revenue Deficit = Revenue Expenditure - Revenue Receipts

<sup>3</sup> Fiscal Deficit = Revenue Expenditure + Capital Expenditure + Net Loans and Advances (-) Revenue Receipts (-) Miscellaneous Capital Receipts

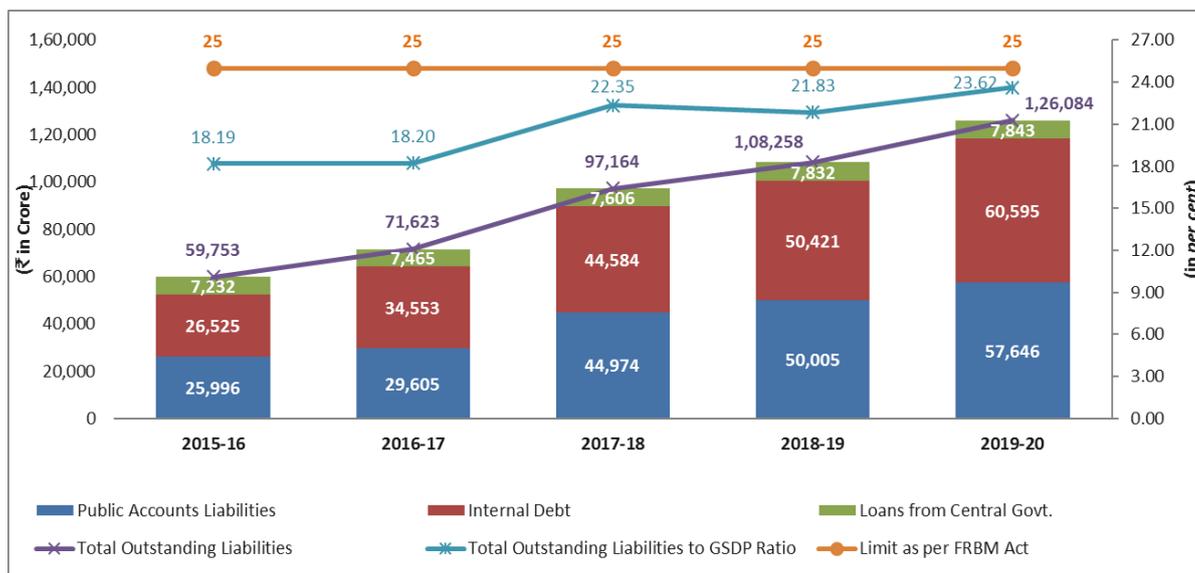
<sup>4</sup> Primary Deficit = Fiscal Deficit - Interest Payments.

**Chart 1.4: Fiscal Parameters vis-à-vis GSDP**



Source: Finance Accounts 2019-20, Government of Odisha

**Chart 1.5: Trends in Fiscal Liabilities and GSDP**



Source: Finance Accounts 2019-20, Government of Odisha

# Debt includes Internal Debt, Loans and Advances from Government of India & Public Accounts Liabilities.

Some important deficit parameters are discussed below:

- Revenue Surplus** (₹ 2,430 crore) of the State in 2019-20 was significantly at variance (-83 per cent) from the Revenue Surplus for the previous year (₹14,190 crore). This Revenue Surplus was also at significant variance (- 63 per cent) from the projected Revenue Surplus of ₹ 6,528 crore as per the MTFP of the State. However, the State achieved the target of being a Revenue Surplus State as laid out in the State’s FRBM (Amendment) Act 2016. The main reason for the decreasing Revenue Surplus was the shortfall in receipt of Share of Central Taxes.
- Fiscal Deficit** (₹ 18,819 crore) in 2019-20 increased significantly (85 per cent) compared to 2018-19 (₹ 10,157 crore). Fiscal Deficit as a percentage of GSDP was 3.53 per cent and breached the fiscal target set out in its FRBM (Amendment) Act

2016 of maintaining the Fiscal Deficit within 3.5 *per cent* of the GSDP. The non-achievement of targeted Revenue Surplus laid down in MTFP had an adverse impact on target of limiting Fiscal Deficit to what is set in the State's FRBM Act.

- **Primary Deficit** (₹ 12,756 crore) in 2019-20 increased significantly (193 *per cent*) compared to 2018-19 (₹ 4,357 crore). This indicated that the Non-debt Receipts<sup>5</sup> were not sufficient to meet the Primary Expenditure.

As per the FRBM (Amendment) Act 2016, Debt to GSDP ratio (in *per cent*) was to be maintained at less than or equal to 25 *per cent* for the years 2015-16 to 2019-20. It was noted that the same was 23.62 *per cent* for the year 2019-20. The Debt-GSDP ratio (23.62 *per cent*), increased slightly as compared to 2018-19 (21.83 *per cent*) and the State Government achieved the fiscal target set out in the State's FRBM (Amendment) Act, 2016.

## 1.6 Deficits and Total Debt after examination by Audit

After examination by Audit, there may be identification of certain financial transactions of the State Government whose corresponding accounting entries have resulted in misclassification of expenditure between revenue and capital heads of account. The following section describes such identified financial transactions.

### 1.6.1 Post audit Surplus/ Deficit

Misclassification of revenue expenditure as capital expenditure impacts revenue surplus figure. Besides, ineligible expenditure met out of State Disaster Response Fund, non credit of interest to Deposits and Reserve Fund bearing interest, not depositing cess/royalty to Consolidated Fund and short contribution to New Pension Scheme, *etc.* also impact the revenue surplus and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities need to be reversed.

Audit noticed overstatement of Revenue Surplus by ₹2,002.48 crore and understatement of Fiscal Deficit by ₹273.22 crore for 2019-20, as detailed in **Table 1.6**:

**Table 1.6: Impact of Audit**

Particulars	Impact on Revenue Surplus (₹ in crore)		Impact on Fiscal Deficit (₹ in crore)	
	Over Statement	Under Statement	Over Statement	Under Statement
Misclassifications between Revenue and Capital Expenditure	1,729.26	--	--	--
Short matching contribution of the Government towards Employer Contribution to Defined Contribution Pension Scheme	4.96	--	--	4.96
Non Credit of Interest to Deposits (bearing	3.07	--	--	3.07

<sup>5</sup> Non-debt receipts = Revenue receipts + Miscellaneous Capital receipts + Recoveries of Loans and Advances.

## Overview

Particulars	Impact on Revenue Surplus (₹ in crore)		Impact on Fiscal Deficit (₹ in crore)	
interest)				
Interest on SDRF pertaining to 2018-19 credited in 2019-20	--	7.62	7.62	--
Ineligible amount met from State Disaster Response Fund (SDRF)	8.95	--	--	8.95
Non-payment of Interest on un-invested amount of SDRF balance	150.11	--	--	150.11
Non-payment of Interest on un-invested amount of State Compensatory Afforestation Fund	26.04	--	--	26.04
Labour Welfare Cess collected but not transferred to Board's Account	4.60	--	--	4.60
Non transfer of Land Revenue Cess to Local Bodies	36.60	--	--	36.60
Non-transfer of 14 <sup>th</sup> Finance Commission Grants to Local Bodies	24.25	--	--	24.25
Non-transfer of Grants received under Proviso to Article 275(1) of the Constitution of India	22.26	--	--	22.26
<b>Total</b>	<b>2,010.10</b>	<b>7.62</b>	<b>7.62</b>	<b>280.84</b>
<b>Total (Net Impact)</b>	<b>2,002.48 (Over Statement)</b>		<b>273.22 (Under Statement)</b>	

*Source: Audited Finance Accounts 2019-20, Government of Odisha*

Effectively, as a result of examination of misclassification during post audit, the Revenue Surplus reduced from ₹2,430.45 crore (reported figure of Finance Account) to ₹427.97 crore (certified figure of Finance Account) and Fiscal Deficit increased from ₹18,818.98 crore (reported figure in Finance Account) to ₹19,092.2 crore (certified figure of Finance Account) in 2019-20.

Government stated (May 2021) that in case of funds transfer to distinct entities owned by it (such as PSUs), the overall intended effect is to provide equity from the State Government for creation of assets. Hence, there should be issue of equity shares against such transfer of funds, so that the correct accounting treatment as Capital expenditure results. In case of transfer of funds to other entities not owned by the State Government, the correct Object Head (GIA for creation of assets) would be used at the stage of Budget formulation itself, so that the overall expenditure can be quantified for metrics such as Effective Revenue Surplus/ Deficit. The Department-wise quantification of the misclassification for 2019-20 will be analysed, to prevent such mis-classification from arising in future.

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# **Chapter-II**

## **Finances of the State**



## 2.1 Major changes in key fiscal aggregates vis-à-vis 2018-19

This section gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2019-20, as compared to 2018-19. Each of these indicators has been analysed in the succeeding paragraphs.

**Table 2.1: Changes in key fiscal aggregates in 2019-20 compared to 2018-19**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>✓ Revenue receipts of the State increased by <b>2.03 per cent</b></li> <li>✓ Own Tax receipts of the State increased by <b>6.59 per cent</b></li> <li>✓ Own Non-tax receipts increased by <b>2.60 per cent</b></li> <li>✓ State's Share of Union Taxes and Duties decreased by <b>13.86 per cent</b></li> <li>✓ Grants-in-Aid from Government of India increased by <b>23.24 per cent</b></li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Revenue expenditure increased by <b>16.15 per cent</b></li> <li>✓ Revenue expenditure on General Services decreased by <b>18.91 per cent</b></li> <li>✓ Revenue expenditure on Social Services increased by <b>19.46 per cent</b></li> <li>✓ Revenue expenditure on Economic Services increased by <b>8.81 per cent</b></li> <li>✓ Expenditure on Grants-in-Aid increased by <b>5.21 per cent</b></li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Capital expenditure decreased by <b>13.65 per cent</b></li> <li>✓ Capital expenditure on General Services increased by <b>10.27 per cent</b></li> <li>✓ Capital expenditure on Social Services increased by <b>15.82 per cent</b></li> <li>✓ Capital expenditure on Economic Services decreased by <b>21.96 per cent</b></li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>✓ Disbursement of Loans and Advances increased by <b>7.61 per cent</b></li> <li>✓ Recoveries of Loans and Advances decreased by <b>5.90 per cent</b></li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>✓ Public Debt Receipts increased by <b>46.75 per cent</b></li> <li>✓ Repayment of Public Debt increased by <b>14.06 per cent</b></li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>✓ Public Account Receipts increased by <b>18.55 per cent</b></li> <li>✓ Disbursement of Public Account decreased by <b>25.94 per cent</b></li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>✓ Cash balance increased by ₹ 4,303 crore (11.28 per cent) during 2019-20 compared to previous year</li> </ul>

## 2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the State during the financial year 2019-20 as compared to 2018-19. The details of sources and application of funds are given in *Appendix 2.1* and *Appendix 2.2*.

**Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20**

	Particulars	2018-19	2019-20	Increase / Decrease (% of variation)
<b>Sources</b>	Opening Cash Balance	30,848	38,134	7,286 (23.62)
	Revenue Receipts	99,546	1,01,568	2,022 (2.03)
	Recoveries of Loans and Advances	305	287	(-18 (5.90))
	Public Debt Receipts (Net)	6,063	10,185	4,122 (67.99)
	Public Account Receipts (Net)	12,821	11,497	(-1,324 (10.33))
	<b>Total</b>	<b>1,49,583</b>	<b>1,61,671</b>	<b>12,088 (8.08)</b>
<b>Application</b>	Revenue Expenditure	85,357	99,137	13,780 (16.14)
	Capital Expenditure	23,482	20,277	(-3,205 (13.65))
	Disbursement of Loans and Advances	1,170	1,259	89 (7.61)
	Contingency Fund (Net)	1,440	(-1,440)	--
	Closing Cash Balance	38,134	42,438	4,304 (11.29)
	<b>Total</b>	<b>1,49,583</b>	<b>1,61,671</b>	<b>12,088 (8.08)</b>

Source: Finance Accounts of respective years, Government of Odisha

Chart 2.1: Composition of Resources  
(in per cent)

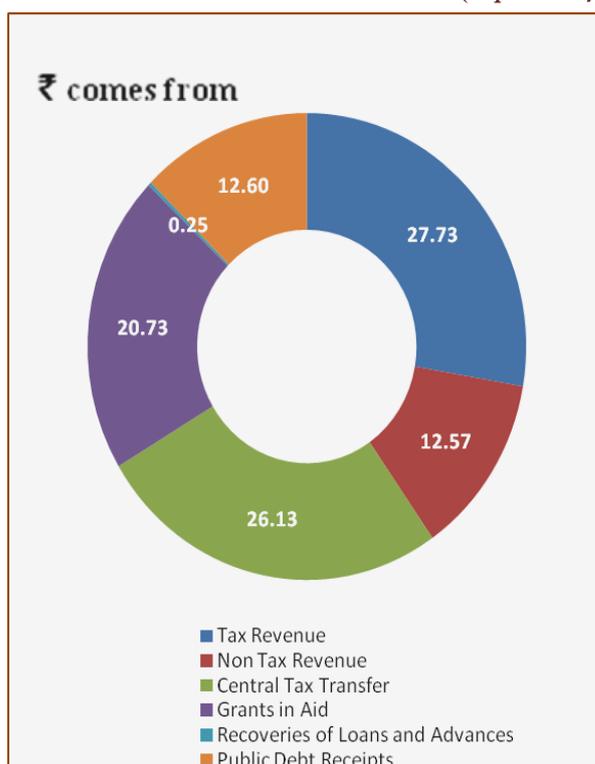
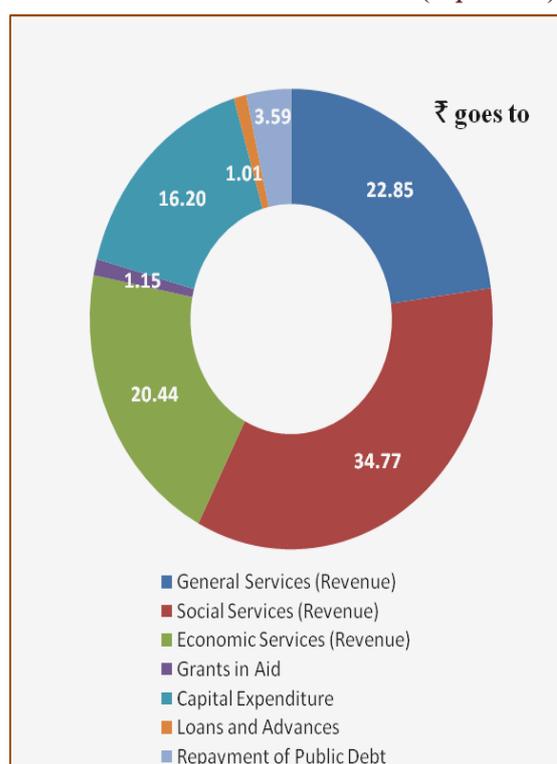


Chart 2.2: Application of Resources  
(in per cent)



Source: Finance Accounts 2019-20

## 2.3 Resources of the State

The resources of the State are described below:

**1. Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and Grants-in-Aid from the Government of India (GoI).

**2. 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.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

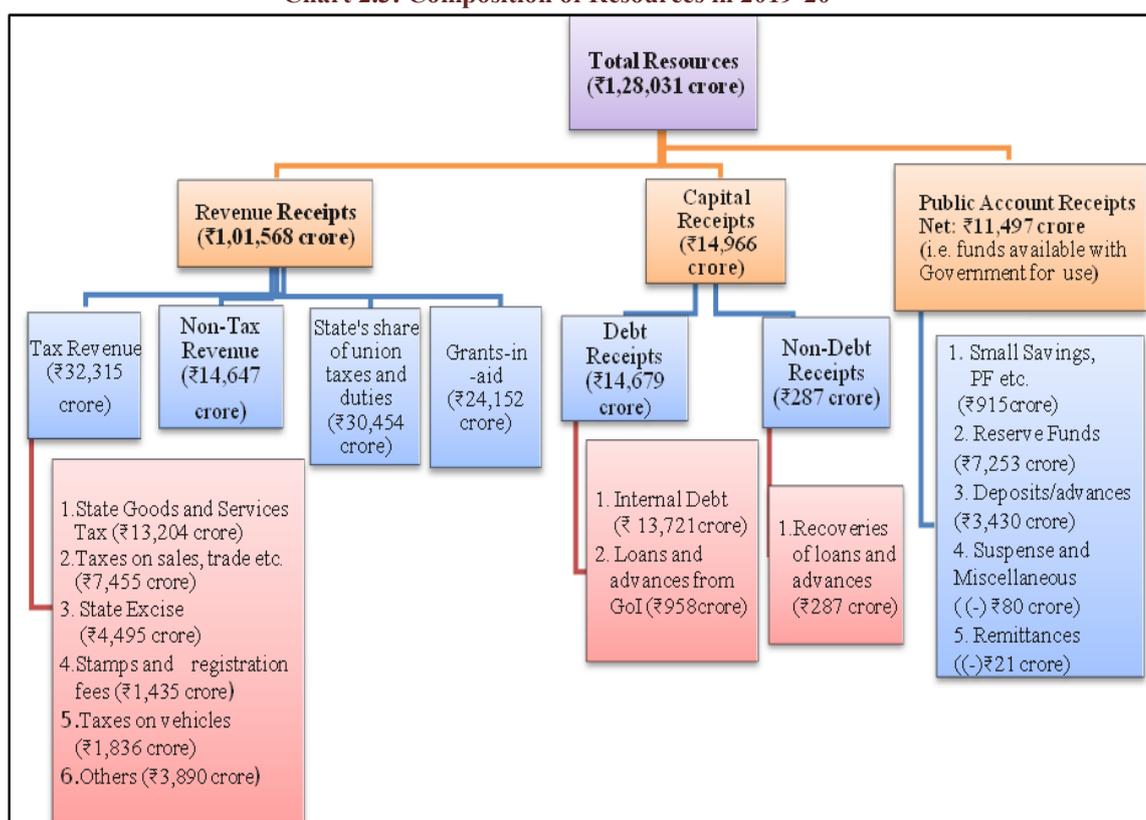
**3. Net Public Account receipts:** These are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

These 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. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the State

The overall composition of the State resources (₹ 1,28,031 crore) in 2019-20 is shown in **Chart 2.3:**

Chart 2.3: Composition of Resources in 2019-20



Source: Finance Accounts 2019-20, Government of Odisha

The above Chart shows that out of the total resources of ₹ 1,28,031 crore of the State Government during the year 2019-20, Revenue Receipts (₹ 1,01,568 crore) constituted 79.33 per cent of total resources. Capital Receipts (₹ 14,966 crore) and Public Account Receipts net (₹ 11,497 crore) constituted 11.69 per cent and 8.98 per cent of the total resources, respectively.

### 2.3.2 State's Revenue Receipts

Statement 14 of the Finance Accounts gives details of the Revenue Receipts of the Government. Revenue Receipts (₹ 1,01,568 crore) of the Government constituting 19.02 per cent of the GSDP (₹ 5,33,822 crore), increased by 2.03 per cent over the previous year (₹ 99,546 crore). Revenue Receipts were, however, lower than the budget estimates by ₹ 13,698 crore. The trends and composition of the Revenue Receipts during the years 2015-16 to 2019-20 are shown in **Chart 2.4**.

Chart 2.4: Trends of Components of Revenue Receipts



Source: Finance Accounts of respective years, Government of Odisha

As can be seen from the above Chart, Own Tax Revenue and Grants-in-Aid have been increasing over the last five years.

Central Tax Transfer followed increasing trend for the period 2015-16 to 2018-19, and decreased by ₹ 4,900 crore (13.86 per cent) during 2019-20. The BE for Central Tax Transfer was ₹ 39,207 crore, while the actual receipt was only ₹ 30,454 crore, during 2019-20. This significant shortfall in receipt of Central Tax Transfer contributed to the Fiscal Deficit being higher than expected, for the year 2019-20.

### 2.3.2.1 Trends and Growth of Revenue Receipts

This sub-paragraph provides the trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period.

The trends of Revenue Receipts relative to GSDP are presented in **Table 2.3** and **Chart 2.5**:

Table 2.3: Trends of Revenue Receipts relative to GSDP

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue Receipts (RR) (₹ in crore)</b>	<b>68,941</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>	<b>1,01,568</b>
Rate of growth of RR (per cent)	20.95	7.77	14.68	16.83	2.03
Own Tax Revenue	22,527	22,852	27,914	30,318	32,315
Non Tax Revenue	8,711	8,043	8,398	14,276	14,647
State Own Revenue (Own Tax and Non-tax Revenue)	31,238	30,895	36,312	44,594	46,962
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	11.97	(-1.10)	17.53	22.81	5.31
<b>Gross State Domestic Product (GSDP) (₹ in crore)</b>	<b>3,28,549</b>	<b>3,93,562</b>	<b>4,34,769</b>	<b>4,95,840</b>	<b>5,33,822</b>
<b>Rate of growth of GSDP (per cent)</b>	<b>4.55</b>	<b>19.79</b>	<b>10.47</b>	<b>14.05</b>	<b>7.66</b>
R R/GSDP (per cent)	20.98	18.88	19.60	20.08	19.03
<b>Buoyancy Ratio<sup>6</sup></b>					
Revenue Buoyancy with respect to GSDP	4.60	0.39	1.40	1.20	0.27
State's Own Revenue Buoyancy with respect to GSDP	2.63	-0.06	1.67	1.62	0.69

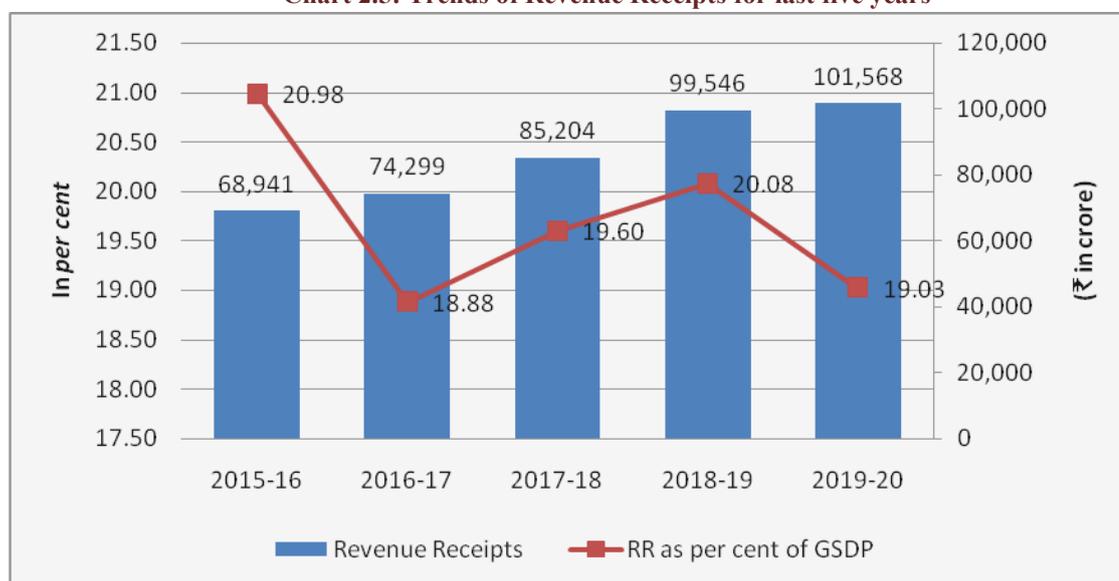
Source: GSDP- Directorate of Economics and Statistics, Government of Odisha  
Revenue Receipts- Finance Accounts of the respective years.

<sup>6</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, Revenue buoyancy at 0.72 implies that Revenue Receipts tend to increase by 0.72 percentage points, if the GSDP increases by one per cent.

From the above table, it can be inferred that:

- Revenue buoyancy as well as State's own tax buoyancy with reference to GSDP was above one during last five years, except 2016-17 and 2019-20. As was the case in 2016-17, in 2019-20 too, the main reason was that the rate of growth (5.15 per cent) of Mining Receipts under Non-Tax Revenue was below the rate of growth (7.66 per cent) of GSDP. However, the actual Mining Receipts were higher than the projected figure in the Budget Estimates.
- Revenue Receipts as a per cent of GSDP for the year 2019-20 (19.03 per cent) decreased in comparison to 2018-19 (20.08 per cent) due to less receipt of State share of Union Taxes (₹30,454 crore) as compared to previous year (₹35,354 crore).

**Chart 2.5: Trends of Revenue Receipts for last five years**



Source: GSDP- Directorate of Economics and Statistics, Government of Odisha  
Revenue Receipts- Finance Accounts of the respective years.

### 2.3.2.2 State's Own Resources

The State's performance in mobilisation of resources is assessed in terms of Tax Revenue and Non-Tax Revenue, not including the State's share in Central Taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission. State's Own Revenue (Tax Revenue and Non-Tax Revenue) grew by 5.31 per cent, which was a rate lower than the increase (7.66 per cent) in the economic base measured in terms of GSDP.

#### a) State's Own Tax Revenue

Components of State's Own Tax Revenue are shown in **Table 2.4**.

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Spark Line
State Goods and Services Tax (SGST)	0	0	6,609	11,943	13,204	
Taxes on Sales, Trade, etc	13,097	13,402	11,522	7,310	7,455	
State Excise	2,547	2,786	3,221	3,925	4,495	
Taxes on Vehicles	1,044	1,216	1,535	1,746	1,836	
Stamps and Registration fees	2,157	1,364	1,037	1,237	1,435	
Land Revenue	589	460	542	511	721	
Taxes on Goods and Passengers	1,663	1,760	1,260	182	133	
Other Taxes	1,430	1,864	2,188	3,464	3,036	
<b>Total</b>	<b>22,527</b>	<b>22,852</b>	<b>27,914</b>	<b>30,318</b>	<b>32,315</b>	

Source: Finance Accounts of respective years, Government of Odisha

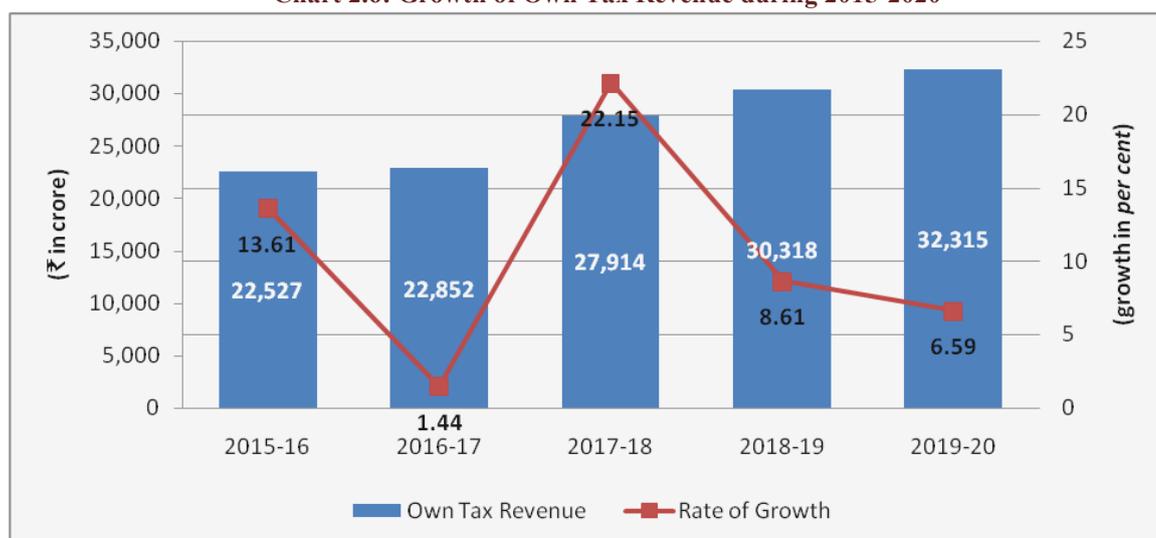
From the above table, it can be inferred that:

- State's Own Tax Revenue in 2019-20 was ₹ 32,315 crore and constituted 31.82 per cent of total Revenue Receipts. Own Tax Revenue increased by 6.59 per cent over the previous year, but was less than the Budget Estimates by ₹ 685 crore due to less receipt of SGST by ₹496 crore & Taxes on Sales, Trade, etc. by ₹ 545 crore, which was partly set off due to higher actual receipt compared to B.E. under Stamps and Registration Fee ₹ 235 crore, Land Revenue ₹ 171 crore etc.

As per the provision of Odisha Cess Act 1962, collections from Land Revenue Cess are to be distributed among Panchayati Raj Institutions (PRIs) i.e., Gram Panchayats (GPs), Panchayat Samiti (PSs) and Zilla Parishads (ZPs) in the ratio of 60:20:20. However, during 2019-20, an amount of ₹ 36.60 crore was collected towards Land Revenue Cess and not distributed to the PRIs. This had an impact of overstatement of Revenue Surplus and understatement of Fiscal Deficit by ₹36.60 crore. This had also been the case in 2018-19 when, ₹48.07 crore was collected and not transferred to PRIs.

The Own Tax revenue of the State during the years 2015-16 to 2019-20 and the decline in the growth rate is depicted in **Chart 2.6** below. As can be seen in comparison to the last financial year, the growth rate of own tax revenue of the State fell from 8.61 per cent in 2018-19 to 6.59 per cent in 2019-20.

Chart 2.6: Growth of Own Tax Revenue during 2015-2020



Source: Finance Accounts of respective years, Government of Odisha

### b) State Goods and Services Tax (SGST)

The State Government implemented the Goods and Services Tax (GST) Act from 01 July 2017. According to GST (Compensation to States) Act, 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years starting from 2017-18. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. The protected revenue for any year of a State shall be calculated applying the projected growth rate (14 per cent per annum) over the base year revenue of that State. The base year for calculation of revenue figures of taxes subsumed under GST was fixed as 2015-16.

In case of Odisha, the revenue in the base year (2015-16) was ₹ 11,049.34 crore. The protected revenue for the year 2019-20 assessed with respect to base year was ₹ 18,661.89 crore. In 2019-20, the State's receipt of GST (SGST) was ₹13,203.52 crore.

Details of SGST, pre-GST taxes and compensation received by the State during 2019-20 are given in Table 2.5:

Table 2.5: Details of SGST, pre-GST taxes and compensation received by the State during April 2019 to March 2020

Particulars	Amount (₹ in crore)
Revenue to be Protected (A)	18,661.89
State Goods & Services Tax (including IGST advance apportionment of ₹136.62 crore) (B)	13,203.52
Collection of pre-GST Taxes (April 2019 to March 2020) (C)	126.45
Total Collection (D) = (B+C)	13,329.97
Compensation received (E)	3,928.78

Source: Finance Accounts, Commercial Tax & GST wing of the Finance Department

**c) Analysis of arrears of revenue and arrears of assessment**

The area of revenue indicates delayed realisation of revenue due to the Government. Similarly, arrear of assessment indicates potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and affect ultimately the revenue deficit.

The details of cases pending for assessment as on 31 March 2020 is detailed in **Table 2.6**.

**Table 2.6: Arrears in Assessment of Tax**

Head of Revenue	Opening Balance	New cases due for assessment during 2019-20	Total assessment due	Cases disposed off during 2019-20 (per cent)	Balance at the end of the year
Goods & Services Tax	0	1,764	1,764	1,128 (63.95)	636
Odisha Sales Tax	1,394	111	1,505	254 (16.88)	1,251
Central Sales Tax	292	204	496	244 (49.19)	252
Value Added Tax	444	159	603	522 (86.57)	81
Entry Tax	306	143	449	410 (91.31)	39
Professional Tax	34,471	52,063	86,534	41,600 (48.07)	44,934
Entertainment Tax	98	2	100	12 (12)	88
<b>Total</b>	<b>37,005</b>	<b>54,446</b>	<b>91,451</b>	<b>44,170</b>	<b>47,281</b>

*Source: Commercial Tax & GST wing of the Finance Department*

The arrears in assessment of taxes increased by 27.77 per cent from 37,005 cases as of 31 March 2019 to 47,281 cases as of 31 March 2020. The Department should expedite the process of assessment so that the assessment should be disposed within time.

**d) Details of evasion of tax detected by Department, refund cases, etc.**

The cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases indicates avoidable scope for rent seeking.

The details of cases of evasion of tax detected by the Commercial Tax wing of Finance Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the **Table 2.7** below:

**Table 2.7: Evasion of Tax Detected**

Head of Revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	Cases in which assessment / investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31-03-2020
				Number of cases	Amount of demand (₹ in crore)	
Goods & Service Tax	16	252	268	129	487.30	139
Odisha Sales Tax	26	0	26	0	0.00	26
Entry Tax	2	8	10	6	12.31	4
Value Added Tax	74	9	83	44	8.20	39

Central Sales Tax	3	1	4	1	0.04	3
<b>Total</b>	<b>121</b>	<b>270</b>	<b>391</b>	<b>180</b>	<b>507.85</b>	<b>211</b>

Source: Commercial Tax & GST wing of the Finance Department

As seen from the table above, there was an increase of 74.38 per cent in the number of cases pending finalisation at the end of 31 March 2020, as compared to the previous financial year. An amount of ₹ 507.85 crore was pending realisation at the end of 2019-20.

Table 2.8: Details of Pendency of Refund Cases

Sl No.	Particulars	₹ in crore)			
		GST/Sales Tax/VAT		Entry Tax	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	308	58.91	56	14.20
2.	Claims received during the year	2663	570.51	95	10.06
	Total (1+2)	2971	629.42	151	24.26
3.	Refunds made during the year				
	(a) Refunds granted	1744	289.03	91	15.55
	(b) Refunds rejected/adjusted	1030	249.05	48	2.27
	Total (a+b)	2274	538.08	139	17.82
4.	Balance outstanding at the end of the year	197	91.34	12	6.44

Source: Commercial Tax & GST wing of the Finance Department

As seen from the table above, there was decrease of 36.04 per cent pendency of refund cases of GST/Sales Tax/VAT as of 31 March 2020 as compared to 31 March 2019. However, the amount involved increased by 55.05 per cent during this period. Further, number of pending refund cases in Entry Tax decreased by 78.57 per cent at the end of 31 March 2020, as compared to the previous financial year with corresponding decrease of 54.65 per cent in amount involved.

#### e) Non Tax Revenue

Non-Tax Revenue (NTR) accounts for receipts of interest, dividends and profits, mining receipts and other departmental receipts. NTR received during the last five years are shown in Table 2.9:

Table 2.9: Components of State's non-tax revenue

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
Non Ferrous Mining	5799	4926	6,131	10,480	11,020
Interest Receipts	560	427	601	1,462	1,487
Dividends and Profits	553	566	66	544	321
Other Non-tax receipts	1,799	2,124	1,600	1,791	1,819
a) Major and Medium Irrigation	686	722	663	702	669
b) Road & Bridges	57	73	66	67	44
c) Education	67	31	24	26	27
d) Misc. General Services	192	384	240	419	411
e) Other or Misc.	797	914	607	577	668
<b>Total</b>	<b>8,711</b>	<b>8,043</b>	<b>8,398</b>	<b>14,277</b>	<b>14,647</b>

Source: Finance Accounts of respective years, Government of Odisha

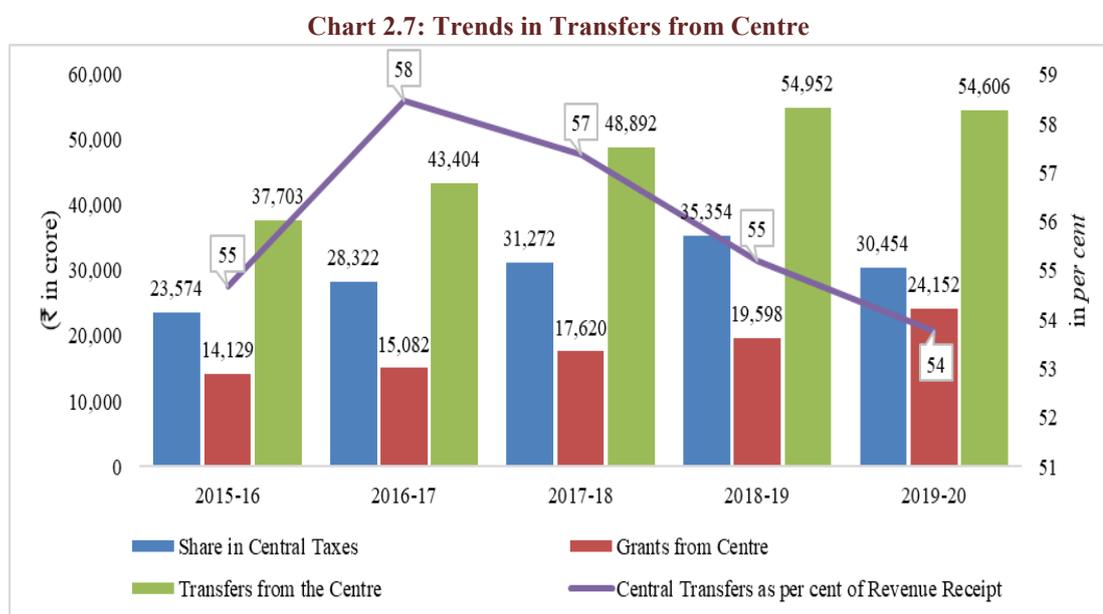
The following was observed in Audit:

The NTR in 2019-20 was ₹ 14,647 crore, which constituted 14.42 per cent of Revenue Receipts and increased by ₹ 370 crore (2.59 per cent) over previous year (₹ 14,277 crore).

- The major contributions to the increase over previous year were from Mining Receipts (₹ 540 crore), Miscellaneous Receipts (₹ 91 crore) and Interest Receipts (₹ 25 crore). These increases were partly set off by decreases under Dividends and Profit (₹ 223 crore), Major & Medium Irrigation (₹ 33 crore) and Road & Bridges (₹ 23 crore).
- The NTR collected during 2015-16 to 2019-20 ranged between 9.86 per cent in 2017-18 to 14.42 per cent in 2019-20 of Revenue Receipts of corresponding periods.

### 2.3.2.3 Transfers from the Centre

The Union Government transfers funds to States in two ways (i) Devolution of Central taxes to States and (ii) Grants in aid given by the Centre. The central taxes devolved to states are untied funds, and states can spend them according to their discretion, whereas grants given by the centre to states and local bodies are meant for specific purpose and used only for the specified scheme or purpose. The transfers to states are dependent on the tax collection of the GoI and the states get their share as per the percentage recommended by the respective Finance Commissions. Trends in transfers from Centre for last ten years are given in **Chart 2.7**.



Source: Finance Accounts of respective years, Government of Odisha

As can be seen from the above Chart, Central transfers constitute major share of Revenue Receipts of the State, contributing at least 54 per cent of the Revenue Receipts during the period from 2015-16 to 2019-20.

In view of this high dependence on Central transfers, the State's Revenue Receipts were adversely impacted due to the fact that Central Tax Transfer decreased by ₹ 4,900 crore (13.86 per cent) during 2019-20 over the previous year. The BE for Central Tax Transfer was ₹ 39,207 crore, while the actual receipt was only ₹ 30,454 crore during 2019-20. This shortfall in receipt of Central Tax Transfer contributed to the Revenue Surplus being lower and Fiscal Deficit being higher than expected, for the year 2019-20.

### a) State's Share of Union Taxes and Duties

State's share of Union taxes recommended by Thirteenth Finance Commission (TFC) (2010-11 to 2014-15) and Fourteenth Finance Commission (FFC) (2015-16 to 2019-20) as compared with actual devolution made by Centre are summarised in **Table 2.10**.

**Table 2.10: State's share in Union taxes and duties: Actual devolution vis-à-vis projections in Finance Commission Report (FCR)**

<i>(₹ in crore)</i>				
Year	Finance Commission Projections	Projections in FCR	Actual Tax Devolution	Difference
1.	2.	3.	4.	5. (4-3)
2010-11	4.779 per cent of net proceeds of all shareable taxes excluding service tax	9,744	10,497	753
2011-12	and 4.855 per cent of net proceeds of shareable service tax (As per recommendations of TFC)	11,429	12,229	800
2012-13		13,481	13,965	484
2013-14		15,902	15,247	(-)655
2014-15		18,758	16,181	(-)2,577
2015-16	4.642 per cent of net proceeds of all shareable taxes excluding service tax	27,001	23,574	(-)3,427
2016-17	and 4.744 per cent of net proceeds of shareable service tax (As per recommendations of FFC)	31,158	28,322	(-) 2,836
2017-18		36,005	31,272	(-) 4,733
2018-19		41,656	35,354	(-) 6,302
2019-20		48,250	30,454	(-) 17,796

*Source: Finance Commission Report, Budget at a Glance & Finance Accounts*

Thus, for the year 2019-20, the actual tax devolution was less by 36.88 per cent in comparison to the Finance Commission projection for the year.

The State's share of Union Taxes under different components during the years 2015-16 to 2019-20 are shown in **Table 2.11**.

**Table 2.11: State's share of Union Taxes under different components for last five years**

<i>(₹ in crore)</i>					
Component of State's share of Union taxes	2015-16	2016-17	2017-18	2018-19	2019-20
Corporation Tax	7,409	9,072	9,575	12,294	10,384
Customs	3,771	3,903	3,156	2,506	1,930
Income Tax	5,141	6,305	8,085	9,054	8,136
Other Taxes and Duties on commodities and services	18	--	--	18	19
Service Tax	4,086	4,564	3,561	326	--
Wealth Tax	2	21	--	5	1
Union Excise Duties	3,147	4,457	3,298	1,665	1,342
CGST	--	--	441	8,726	8,642
IGST	--	--	3,156	696	--
Other Taxes on Income and Expenditure	--	--	--	64	--
<b>Grand total</b>	<b>23,574</b>	<b>28,322</b>	<b>31,272</b>	<b>35,354</b>	<b>30,454</b>

Component of State's share of Union taxes	2015-16	2016-17	2017-18	2018-19	2019-20
Percentage of increase over previous year	45.69	20.14	10.42	13.05	-13.86
Component of State's share as percentage of Revenue Receipts of the State	34	38	37	36	30

Source: Finance Accounts of respective years, Government of Odisha

As can be seen from the above, the receipts of the State's share of Union taxes had been increasing from 2015-16 to 2018-19. However, it declined by 13.86 per cent during 2019-20 over the previous year.

### b) Grants-in-Aid from Government of India

The details of Grants-in-Aid and its composition during the years 2015-16 to 2019-20 are in **Table 2.12**.

**Table 2.12: Grants-in-Aid from Government of India**

Particulars	₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Non Plan Grants	3,063	3,248	--	--	--
State Plan Grants	10,773	11,769	--	--	--
Grants for Central Plan Schemes	293	65	--	--	--
Grants for Centrally Sponsored Plan Schemes	0.04	0.1	--	--	--
Grants for Centrally Sponsored Schemes	--	--	12,900	13,025	13,056
Finance Commission Grants	--	--	2,406	2,840	3,563
Other Transfers/Grants to States/Union Territories with Legislatures	--	--	2,314	3,733	7,533
<b>Total</b>	<b>14,129</b>	<b>15,082</b>	<b>17,620</b>	<b>19,598</b>	<b>24,152</b>
Percentage of increase over the previous year Receipts	9.37	6.74	16.83	11.23	23.24
Total grants as a percentage of Revenue Receipts	20.49	20.30	20.68	19.69	23.78

Source: Finance Accounts of respective years, Government of Odisha

The Government of India decided to give effect to the merger of plan/ non-plan provisions in the Estimates for Budget 2017-18, after conclusion of the 12<sup>th</sup> Plan period (2012-17). With the removal of the Plan and Non-Plan distinction, Grants-in-Aid from Centre comprises only (i) Finance Commission recommended grants for Local Bodies, (ii) grants for Disaster Response and (iii) grants for Central share of Central Sector and Centrally Sponsored Schemes. Percentage of Grants-in-Aid to Revenue Receipts increased from 19.69 per cent in 2018-19 to 23.78 per cent in 2019-20.

### c) Fourteenth Finance Commission Grants

The 73rd Constitutional Amendment requires both the Centre and the States to help Panchayati Raj Institutions to evolve as a unit of self-governance by assigning them funds, functions and functionaries. The Fourteenth Finance Commission Grants are the funds provided by the Centre to local bodies, state disaster relief funds and compensates any revenue loss to states after devolution of taxes. The details of FFC recommendations *vis-a-vis* actual receipts are given in **Table 2.13**.

Table 2.13 Grant-in-aid released by GoI as per recommendation of FFC

(₹ in crore)

Department	Sectors	2018-19		2019-20		Increase (+) / Decrease (-) over last year
		FCR	Actuals	FCR	Actuals	
1	2	3	4	5	6	7 (4-6)
<b>Panchayati Raj &amp; Drinking Water Department</b>						
Rural Local Bodies	Basic Grant	1,768.44	1768.44	2389.54	2389.54	621.10
	Performance Grant	223.04	--	292.05	196.40	196.40
	<b>Total</b>	<b>1,991.48</b>	<b>1768.44</b>	<b>2,681.59</b>	<b>2585.94</b>	<b>817.50</b>
<b>Housing &amp; Urban Development</b>						
Urban Local Bodies	Basic Grant	314.82	292.73	425.39	425.39	132.66
	Performance Grant	89.34	--	116.98	--	--
	<b>Total</b>	<b>404.16</b>	<b>292.73</b>	<b>542.37</b>	<b>425.39</b>	<b>132.66</b>
<b>Revenue and Disaster Management</b>						
State Disaster Response Fund (SDRF)		779.00	778.50	818.00	552.00	(-) 226.50
<b>Grand Total</b>		<b>3174.64</b>	<b>2839.67</b>	<b>4041.96</b>	<b>3563.33</b>	<b>723.66</b>

Source: Finance Accounts and Budget at a Glance and Finance Commission Recommendations (FCR)

The Performance Grant has been designed to serve the purpose of ensuring reliable audited accounts, data of receipts and expenditure and improvement in own revenues. FFC recommended performance grants to address the following issues: (i) making available reliable data on local bodies' receipt and expenditure through audited accounts and (ii) improvement in own revenues. In addition, the urban local bodies will have to measure and publish service level benchmarks for basic services. During 2018-20, Rural Local Bodies lost ₹ 318.69 crore and Urban Local Bodies ₹206.32 crore of Performance Grants due to not meeting the performance benchmark set by FFC.

#### d) Non Transfer of Finance Commission Grants to Local Bodies

During 2019-20, ₹ 3,011.33 crore has been received towards Fourteen Finance Commission Grants for Rural Local Bodies and Urban Local Bodies by GoO, which was required to be transferred to local bodies within 7 days of the receipt. However, ₹24.25 crore has not been transferred to Urban Local bodies. This had an impact on overstatement of revenue surplus and understatement of fiscal deficit to the tune of ₹24.25 crore. These funds are required to be transferred along with interest.

#### e) Non Transfer of Grants Under Proviso to Article 275(1) of the Constitution of India to Implementing Agency

Grants-in-Aid under Proviso to Article 275(1) of the Constitution of India are 100 per cent annual grants from Government of India to States and are an additive to State initiatives and efforts for tribal development. As per para 12 of the Guidelines of Grants, the State Government shall ensure that the funds provided under the scheme are transferred to the implementing agencies. During 2019-20, Government of Odisha received ₹168.92 crore (including ₹36.65 crore received in the month of February and March 2020) out of which ₹146.66 crore has been transferred to

implementing agencies resulting in short transfer of ₹22.26 crore. This had an impact on overstatement of revenue surplus and understatement of fiscal deficit.

### 2.3.3 Receipts under Capital Section

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 Government of India (GoI). The details of Capital Receipts and their composition for the years 2015-16 to 2019-20 are given in **Table 2.14**:

**Table 2.14: Trends in Growth and Composition of Capital Receipts**

(₹ in crore)					
Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Capital Receipts (CR)</b>	<b>10,018</b>	<b>11,312</b>	<b>13,119</b>	<b>10,308</b>	<b>14,966</b>
Miscellaneous Capital Receipts	--	--	--	--	--
Recovery of Loans and Advances	228	89	257	305	287
Public Debt Receipt	9,790	11,223	12,862	10,003	14,679
<b>Net Public Debt Receipts</b>	<b>6,909</b>	<b>8,261</b>	<b>10,172</b>	<b>6,063</b>	<b>10,185</b>
Internal Debt	6,797	8,028	10,031	5,837	10,174
Growth Rate	NA	18.11	24.95	-41.81	74.30
Loans and Advances from GoI	111	233	141	226	11
Growth rate	NA	109.91	-39.48	60.28	-95.13
Rate of growth of debt Capital Receipts	28.04	14.64	14.60	-22.23	46.75
Rate of growth of non-debt Capital Receipts	147.83	-60.96	188.76	18.68	-5.90
Rate of growth of GSDP	4.55	19.79	10.47	14.05	7.66
Rate of growth of Capital Receipts ( <i>per cent</i> )	29.46	12.92	15.97	-21.43	45.19

Source: Finance Accounts of respective years, Government of Odisha

During 2019-20, Capital Receipts (₹14,966 crore) constituted 11.69 *per cent* of the total receipts (₹ 1,28,031 crore) of the State. The State Government borrowed ₹ 13,721 crore from open market and other financial institutions and took loans of ₹ 958 crore from GoI. As can be seen from **Table 2.14**, Public Debt receipts constituted major component of Capital Receipts (98.08 *per cent*).

### 2.3.4 State's performance in mobilisation of resources

Mobilisation of resources allows governments to ensure sustainable funding for social programmes and for public investments to promote economic growth and development. As the State Government does not have control over receipt of Grants in Aid from Government of India and Share of Central Taxes, State Government's own resources (tax and non-tax) are necessary to sustain its institutions and programmes. Tax and non-tax receipts *vis-a-vis* projections are given in **Table 2.15**.

**Table 2.15: Tax and non-tax receipts vis-à-vis projections**

	FFC projections	Budget Estimates	Actual	Percentage of variation of actual over	
				Budget Estimates	FFC projections
Own Tax Revenue	52,467	33,000	32,315	-2.08	-38.41
Non Tax Revenue	11,737	12,500	14,647	+17.18	+24.79

Source: Finance Accounts, Budget at a Glance of GoO and FFC Report

During 2019-20, the receipts under State's Own Tax Revenue were less than the assessment of FFC and MTFP by 38.41 per cent and 2.08 per cent respectively. However, the State's non-tax revenue was higher than the assessment made in FFC and MTFP by 24.79 per cent and 17.18 per cent respectively.

## 2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

### 2.4.1 Growth and Composition of Expenditure

The total expenditure in 2019-20 was ₹ 1,20,673 crore. **Table 2.16** presents the trends and composition of total expenditure during 2015-16 to 2019-20.

**Table 2.16: Total Expenditure and its Composition**

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	76,233	83,766	94,821	1,10,008	1,20,673
Revenue Expenditure (RE)	58,806	65,041	71,837	85,356	99,137
Capital Expenditure (CE)	17,090	18,471	21,109	23,482	20,277
Loans and Advances	337	254	1,875	1,170	1,259
<b>As a percentage of GSDP</b>					
TE/GSDP	23.20	21.28	21.81	22.19	22.61
RE/GSDP	17.90	16.53	16.52	17.21	18.57
CE/GSDP	5.20	4.69	4.86	4.74	3.80
Loans and Advances/GSDP	0.10	0.06	0.43	0.24	0.24

Source: Finance Accounts of respective years, Government of Odisha

As can be seen from the above table, there has been a decline in the Capital Expenditure as a percentage of the GSDP from 2017-18 to 2019-20. In parallel, revenue expenditure as percentage of GSDP has risen during the same period.

The share of various sectors in the overall expenditure of the State is detailed in **Table 2.17**.

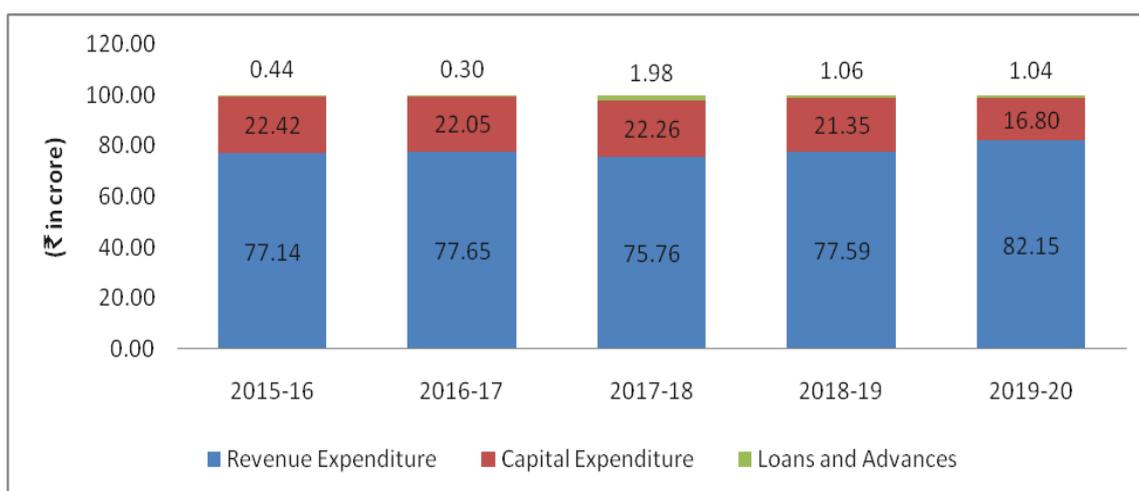
**Table 2.17: Relative share of various sectors of expenditure**

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	15,484	17,089	22,126	25,483	30,106
Social Services	27,572	30,603	33,758	40,972	48,781
Economic Services	32,167	34,972	37,595	42,081	40,244
Others (Grants to Local Bodies and Loans and Advances)	1,011	1,102	1,343	1,472	1,542

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Share of Total Expenditure (in per cent)</b>					
General Services	20.31	20.40	23.33	23.16	24.95
Social Services	36.17	36.53	35.60	37.24	40.42
Economic Services	42.20	41.75	39.65	38.25	33.35
Others (Grants to Local Bodies and Loans and Advances)	1.33	1.32	1.42	1.34	1.28

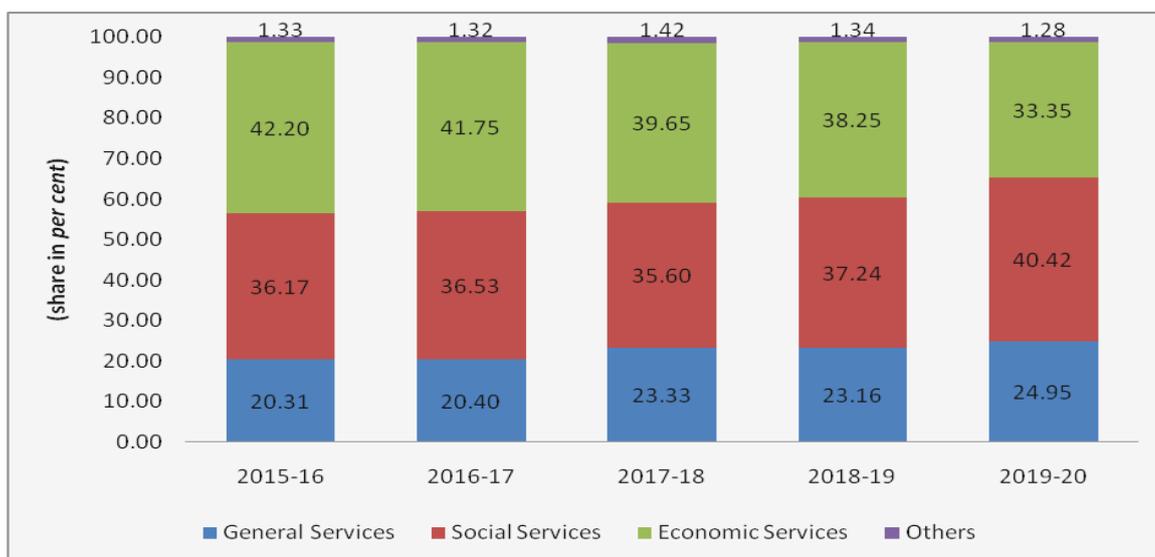
Source: Finance Accounts of respective years, Government of Odisha

Chart 2.8: Relative share of various sectors of expenditure



Source: Finance Accounts of respective years, Government of Odisha

Chart 2.9: Share of Expenditure by Activities



Source: Finance Accounts of respective years, Government of Odisha

Based on the table and charts above, it is noted that around 82 per cent of the total expenditure in 2019-20 was Revenue Expenditure as compared to 78 per cent during

2018-19. Social Services<sup>7</sup> Expenditure took precedence with 43.90 per cent over General Services (28.85 per cent), Economic Services<sup>8</sup> (25.80 per cent) and Grants to Local Bodies (1.45 per cent) in the total Revenue Expenditure (₹99,137 crore). Capital Expenditure (₹20,277 crore), targeted towards creation of assets, constituted 16.80 per cent of the total expenditure, as compared to 21.35 per cent during 2018-19.

Component-wise major expenditure incurred under Revenue and Capital sections during 2018-19 and 2019-20 are shown in **Table 2.18**.

**Table 2.18: Major expenditure components under Revenue and Capital**

(₹ in crore)

Revenue				Capital			
Component	Sector	2018-19	2019-20	Component	Sector	2018-19	2019-20
Education, Sports, Art and Culture	Social	16,196	17,228	Transport	Economic	8,962	6,466
Rural Development	Economic	9,933	9,737	Irrigation and Flood Control	Economic	5,707	4,748
Agriculture and Allied Activities	Economic	7,843	10,992	Water Supply, Sanitation, Housing and Urban Development	Social	2,627	3,592
Social Welfare and Nutrition	Social	6,719	10,861	Energy	Economic	1,736	2,134
Water Supply, Sanitation, Housing and Urban Development	Social	5,109	6,844	Rural Development	Economic	1,250	348
Health and Family Welfare	Social	5,084	5,681	Health and Family Welfare	Social	620	504
Welfare of SCs, STs, Minorities and OBCs	Social	2,747	2,458	Welfare of SCs, STs, Minorities and OBCs	Social	373	153
Transport	Economic	1,926	1,889	Education, Sports, Art and Culture	Social	824	759
Irrigation and Flood Control	Economic	1,679	1,305				

*Source: Finance Accounts of respective years, Government of Odisha*

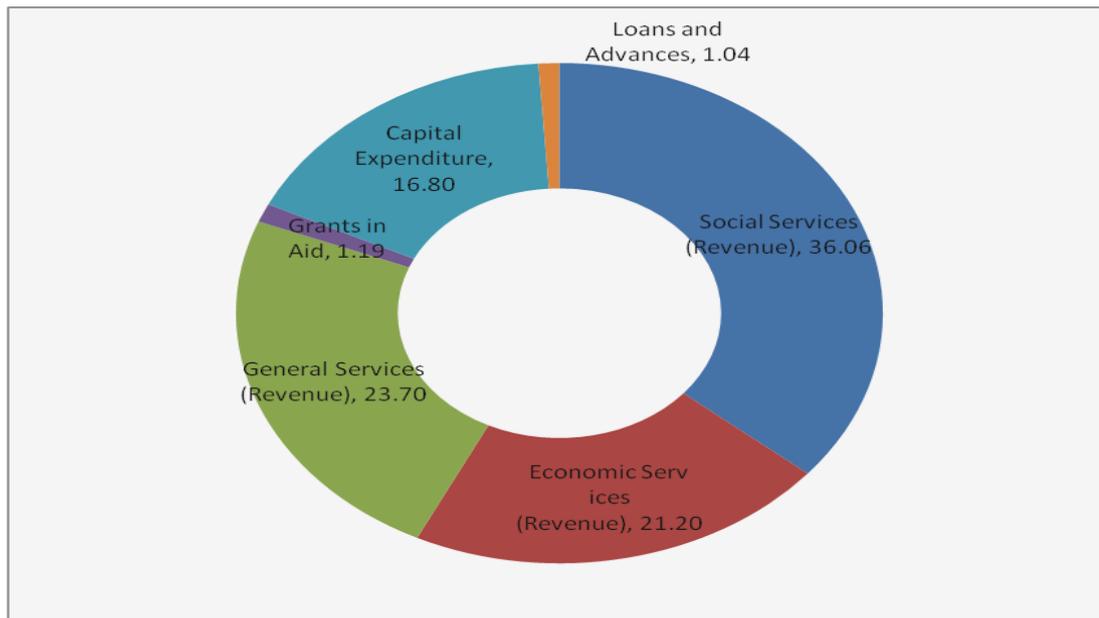
<sup>7</sup> Refers to welfare activities of the Government and includes (i) Education, Sports, Art and Culture, (ii) Health and Family Welfare, (iii) Water Supply, Sanitation, Housing and Urban Development, (iv) Information and Broadcasting, (v) Welfare of Scheduled Castes, Scheduled Tribes and Backward Classes, (vi) Labour and Labour Welfare, (vii) Social Welfare and Nutrition and (viii) Others.

<sup>8</sup> Refers to economic development activity sectors of the Government and includes (i) Agriculture and allied services, (ii) Irrigation and Flood Control, (iii) Energy, (iv) Industries and Minerals, (v) Transport, (vi) Science, Technology and Environment and (vii) General Economic Services.

From the above table, it can be inferred that:

- Revenue Expenditure (₹ 99,137 crore) was higher than the previous year (₹ 85,356 crore) by 16.14 per cent. The increase over previous year was mainly due to higher outgo on Education, Sports, Art and Culture (₹ 1,032 crore), Agriculture and Allied activities (₹ 3,149 crore), Social Welfare and Nutrition (₹ 4,142 crore), Water Supply, Sanitation, Housing and Urban Development (₹ 1,735 crore) and Health and Family Welfare (₹ 597 crore) which was partly set off by decrease in Rural Development (₹196 crore), Welfare of SCs, STs, Minorities and OBCs (₹ 289 crore) and Irrigation and Flood Control (₹ 374 crore).
- Capital Expenditure during the current year (₹ 20,277 crore) was lower than the previous year (₹ 23,482 crore) by 13.65 per cent. This was mainly due to decrease under Transport (₹ 2,496 crore), Irrigation and Flood Control (₹ 959 crore) and Rural Development (₹ 902 crore). The decrease was partly set off by increase under Water Supply, Sanitation, Housing and Urban Development (₹ 965 crore) and Energy (₹ 398 crore).

**Chart 2.10: Composition of Expenditure**



Source: Finance Accounts 2019-20, Government of Odisha

Government stated (May 2021) that Capital Expenditure is contingent on the priorities of the Government which varies from time to time with change in socio-economic needs. Higher Revenue Expenditure is mainly due to focus on critical services like Social Welfare & Nutrition, Welfare of Farmers, Housing & Urban Development, Education, Sports, Art & Culture and Health & Family Welfare, etc.

## 2.4.2 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.

Revenue expenditure during 2019-20 (₹ 99,137 crore) was 18.57 per cent of GSDP. The Revenue Expenditure during the year increased by 16.14 per cent from 2018-19 (₹85,356 crore). It was, however lower than the budget estimates (₹ 1,08,738 crore) by ₹ 9,601 crore.

**Table 2.19: Revenue Expenditure - Basic Parameters**

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	76,233	83,766	94,821	1,10,008	1,20,673
Revenue Expenditure (RE)	58,806	65,041	71,837	85,356	99,137
Rate of Growth of RE ( <i>per cent</i> )	15.00	10.60	10.45	18.82	16.14
RE as percentage of TE	77.14	77.65	75.76	77.59	82.15
RE/GSDP ( <i>per cent</i> )	17.90	16.53	16.52	17.21	18.57
RE as percentage of RR	85.30	87.54	84.31	85.75	97.61
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	3.30	0.54	1.00	1.34	2.11
Revenue Receipts (ratio)	0.72	1.36	0.71	1.12	7.95

*Source: Finance Accounts of respective years, Government of Odisha*

The State Government stated (May 2021) that Revenue Expenditure is critical to maintain the current level of services and payment for the past obligation and it cannot be avoided. Implementation of new welfare measures and schemes by the State Government during the year has caused higher increase in Revenue Expenditure over the previous year.

### 2.4.2.1 Major changes in Revenue Expenditure

Significant variations under various Heads of Account with regard to Revenue expenditure of the State during the current year and the previous year are detailed in **Table 2.20**.

**Table 2.20: Variation in Revenue Expenditure during 2019-20 compared to 2018-19**

(₹ in crore)			
Major Heads of Account	2018-19	2019-20	Increase (+) / Decrease (-)
2071- Pension and Other Retirement Benefits	10,520	14,273	3,753
2245 - Relief on account of Natural Calamities	1,277	4,290	3,013
2401 - Crop Husbandry	4,147	7,032	2,885
2202 - General Education	15,599	16,733	1,134
2235 - Social Security and Welfare	5,434	6,565	1,131
2215 - Water Supply and Sanitation	2,963	3,974	1,011

Major Heads of Account	2018-19	2019-20	Increase (+) / Decrease (-)
2217 - Urban Development	1,889	2,603	714
2210 - Medical and Public Health	4,697	5,275	578
2505 - Rural Employment	5,485	4,596	(-)889

Source: Finance Accounts of respective years, Government of Odisha

The major variations were under MH 2071- Pension and Other Retirement Benefits due to revision of pension as per 7<sup>th</sup> Pay Commission recommendation, MH 2245- Relief on account of Natural Calamities due to release of Central grants under NDRF to undertake rehabilitation work of super cyclonic storm FANI, MH 2401- Crop Husbandry due to increase in expenditure against Farmers' Welfare scheme – KALIA Yojana and expenditure for Jalanidhi *etc.*

#### 2.4.2.2 Committed Expenditure

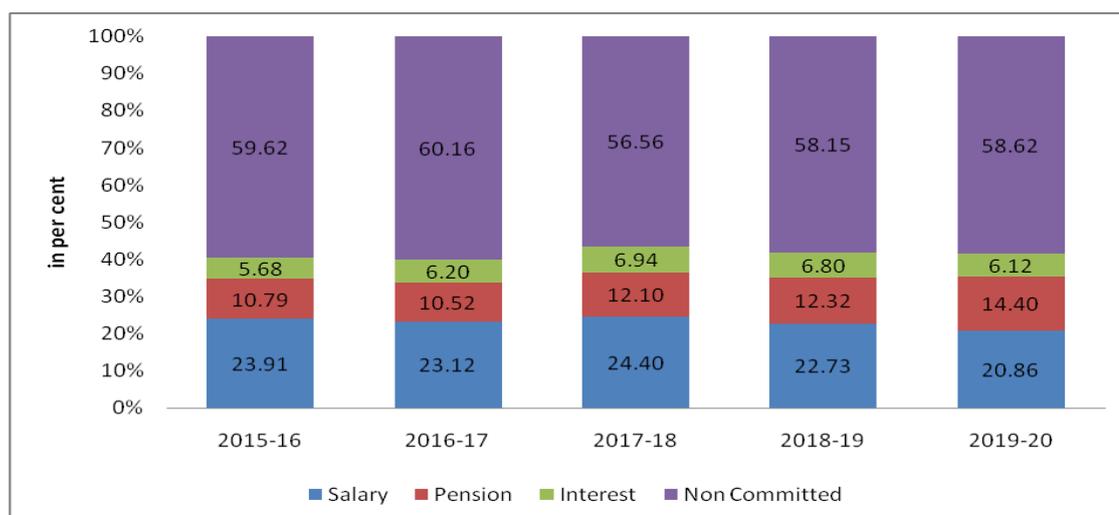
Committed Expenditure of Government on revenue account consists of interest payments (₹ 6,063 crore), salaries and wages (₹ 20,683 crore) and pensions (₹ 14,273 crore). It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. The Committed Expenditure in 2019-20 was ₹ 41,019 crore and constituted 41.38 *per cent* of Revenue Expenditure (₹ 99,137 crore), as compared to ₹ 35,719 crore (41.85 *per cent* of Revenue Expenditure) during 2018-19. The details are shown in **Table 2.21**.

Table 2.21: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages	14,058	15,035	17,527	19,399	20,683
Expenditure on Pensions	6,346	6,843	8,693	10,520	14,273
Interest Payments	3,343	4,035	4,988	5,800	6,063
<b>Total</b>	<b>17,401</b>	<b>25,913</b>	<b>31,208</b>	<b>35,719</b>	<b>41,019</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	20.39	20.24	20.57	19.49	20.36
Expenditure on Pensions	9.20	9.21	10.20	10.57	14.05
Interest Payments	4.85	5.43	5.85	5.83	5.97
<b>Total</b>	<b>34.44</b>	<b>34.88</b>	<b>36.62</b>	<b>35.89</b>	<b>40.38</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	23.91	23.12	24.40	22.73	20.86
Expenditure on Pensions	10.79	10.52	12.10	12.32	14.40
Interest Payments	5.68	6.20	6.94	6.80	6.12
<b>Total</b>	<b>40.38</b>	<b>39.84</b>	<b>43.44</b>	<b>41.85</b>	<b>41.38</b>

Source: Finance Accounts of respective years, Government of Odisha

Chart 2.11: Share of Committed Expenditure in total Revenue Expenditure



Source: Finance Accounts of respective years, Government of Odisha

From the above table and chart, it can be inferred that:

- **Table 2.21** shows that three items of expenditure *i.e.*, salary, pension and interest payment make up 40 to 43 *per cent* of the committed expenditure of the State Government during last five years. Since these expenditures are non-development in nature, it could be seen that barely 57 to 60 *per cent* is left over for development purpose out of Revenue Expenditure.
- Committed expenditure during 2019-20 increased by ₹ 5,300 crore (14.84 *per cent*) over previous year. However, measured as a percentage of Revenue Expenditure of the State, it was noted that its share was decreasing since 2017-18.
- Expenditure on payment of pension during 2019-20 increased by ₹ 3,753 crore (35.67 *per cent*) over previous year. It may be seen that the pension obligation of the State is steadily increasing. It increased from 10.79 *per cent* in 2015-16 to 14.40 *per cent* in 2019-20 of Revenue Expenditure.
- Interest payment (₹ 6,063 crore) as a percentage of Revenue Expenditure constituted 6.12 *per cent* in 2019-20, which was 6.80 *per cent* during 2018-19. In absolute terms, interest payment increased by ₹ 2,720 crore from ₹3,343 crore in 2015-16 to ₹6,063 crore in 2019-20. Interest payment relative to Revenue Receipts (₹ 1,01,568 crore) was however, 5.97 *per cent*, which was well below the fiscal target of 15 *per cent* set out in the Odisha FRBM (Amendment) Act, 2016.

#### 2.4.2.3 National Pension System

State Government employees recruited on or after 1 January 2005 are covered under National Pension System (NPS), which is a defined contributory pension scheme. It is mandatory for employees to contribute 10 *per cent* of basic pay and dearness

allowance every month. The State Government has to make equal contribution. The Government has to transfer these contribution amounts along with details to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the NPS Trust, respectively. Though the State Government started collecting pension contribution from the employees from 2006-07, it transferred to the NSDL only in 2010-11, an amount of ₹ 0.01 crore, leaving a balance of ₹ 39.62 crore to be transferred to NSDL as on 31 March 2011. Similarly, every year thereafter, there was a short transfer to NSDL, last being ₹ 17.44 crore in 2018-19. As of 31 March 2020, there was a total short transfer of ₹ 24.18 crore to the NSDL and the current liability thus stands deferred to future year(s). Further, the State Government has created interest liability on the amount not transferred to NSDL, incorrectly used the funds that belongs to its employees and created uncertainty in respect of benefits due to the employees affected/avoidable financial liability to Government in future.

It was observed that during 2019-20, under the NPS, State Government collected from its employees an amount of ₹ 597.94 crore. The State Government contributed ₹ 592.98 crore and transferred ₹ 1,184.18 crore to NSDL. Therefore, the State Government made a short contribution of ₹ 4.96 crore during the current financial year, impacting the Revenue Surplus and Fiscal Deficit to that extent.

The State Government stated (May 2021) that there are operational constraints such as DDOs not being in a position to draw salary bills without obtaining Income Tax deduction related information from each Government personnel in their Offices before the second half of March of the financial year. The delay in drawing salary bills results in some amount of funds not being transferred to NSDCL by end of the year. This amount is transferred and reconciled during the next financial year. The fact, however, remains that as on March 2020, there was a cumulative short transfer of ₹24.18 crore to NSDL.

#### **2.4.2.4 Subsidies**

The State Government in its Medium Term Fiscal Plan (MTFP) for 2007-08, had aimed at rationalisation of general subsidies and reduction at a rate of 10 *per cent* per annum beginning 2005-06. On the contrary, subsidies have increased and during the years 2015-20, general subsidy increased from ₹ 2,581 crore to ₹ 3,366 crore. The growth of subsidies from 2005-06 to 2019-20 is shown in **Chart 2.12** and details of Department-wise subsidies for 2018-19 and 2019-20 are shown in **Table 2.22**:

Chart 1.12: Growth of Subsidies from 2005-06 to 2019-20



Source: Finance Accounts of respective years, Government of Odisha

Table 2.22: Department-wise Subsidies during 2015-16 to 2019-20

		(₹ in crore)				
Sl. No.	Departments	2015-16	2016-17	2017-18	2018-19	2019-20
1	Food Supplies & Consumer Welfare	1123	970	886	981	1,088
2	Revenue & Disaster Management	743	363	754	468	312
3	Co-operation	323	726	697	1,185	1,344
4	Agriculture & Farmers' Empowerment	212	203	203	207	307
5	Industries	65	27	170	200	178
6	Fisheries & Animal Resources Development	5	10	56	50	50
7	Handlooms, Textiles & Handicrafts	55	46	50	50	42
8	Others	55	41	14	27	45
<b>Total Subsidy</b>		<b>2,581</b>	<b>2,386</b>	<b>2,830</b>	<b>3,168</b>	<b>3,366</b>
<b>Total Revenue Expenditure (RE)</b>		<b>58,806</b>	<b>65,041</b>	<b>71,837</b>	<b>85,356</b>	<b>99,137</b>
<b>Subsidy as a percentage of RE</b>		<b>4.39</b>	<b>3.67</b>	<b>3.94</b>	<b>3.71</b>	<b>3.39</b>
<b>Revenue Receipts (RR)</b>		<b>68,941</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>	<b>1,01,568</b>
<b>Subsidy as a percentage of RR</b>		<b>3.74</b>	<b>3.21</b>	<b>3.32</b>	<b>3.18</b>	<b>3.31</b>

Source: Finance Accounts of respective years, Government of Odisha

From the above table, it can be seen that during 2019-20, Subsidies for Department of Co-operation (₹ 1,344 crore) which accounted for 39.93 per cent of the total subsidies, increased by ₹ 159 crore as compared to previous year due to increase in subsidy under Pradhan Mantri Fasal Bima Yojana and Interest subsidy / subvention to the Co-operative Banks for providing crop loan. Subsidies for Department of Food

Supplies & Consumer Welfare increased by ₹ 107 crore due to increase in subsidies under Public Distribution System.

#### 2.4.2.5 Financial Assistance to Local Bodies and other institutions

Financial assistance to the tune of ₹ 28,465 crore was provided by the State Government to local bodies and other institutions by way of grants and loans in 2019-20, as shown in **Table 2.23**.

**Table 2.23: Financial Assistance to Local Bodies and other institutions**

	(₹ in crore)	
	2018-19	2019-20
Educational institutions (Aided Schools, Aided Colleges, Universities, etc.)	6,112	6,707
Municipal Corporations and Municipalities	1,432	1,886
Zilla Parishads and other Panchayati Raj Institutions	3,223	4,415
Development Agencies	3,626	2,154
Other institutions	11,564	13,303
<b>TOTAL</b>	<b>25,957</b>	<b>28,465</b>
<b>Assistance as a percentage of Revenue Expenditure</b>	30	29

Source: Finance Accounts of respective years, Government of Odisha

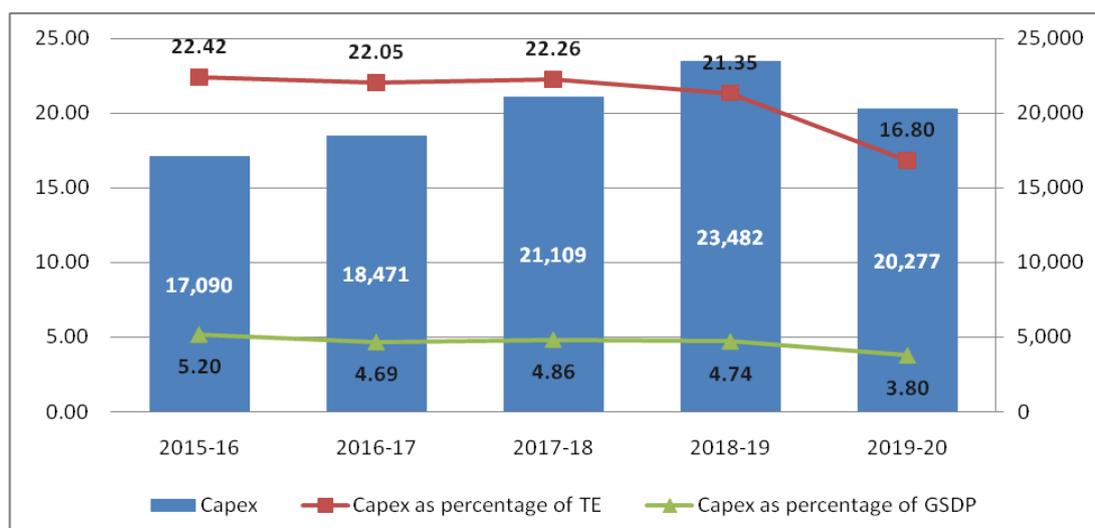
From the above table, it can be seen that the grants extended to local bodies and other institutions had increased by ₹ 2,508 crore (9.66 per cent) from ₹ 25,957 crore in 2018-19 to ₹ 28,465 crore in 2019-20. This increase was mainly due to increase in assistance to Rural Local Bodies (₹ 1,192 crore), Educational Institutions (₹ 595 crore), Urban Local Bodies (₹ 454 crore) and Other Institutions (₹ 1,739 crore) which was partly set off by decrease in Development Agencies (₹ 1,472 crore).

#### 2.4.3 Capital Expenditure (CE)

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex in both Centre and State is being met from budgetary support and extra budgetary resources/off budget. Of late, the infrastructure requirements have increased manifold and SPVs have been set up to carry out bulk of Capex. Consequently, it is important to analyse the budget documents and scan the environment to arrive at figures of exactly how much capex is in fact through the budget and how much is outside budget.

The State Government's Capital Expenditure has slowed down during 2019-20 fiscal year. During the year, the Capital Expenditure was ₹20,277 crore, which was nearly 83.37 per cent of Budget Estimate (₹24,323 crore). It decreased both in terms of absolute numbers as well as percentage of the total expenditure over 2018-19. Capex relative to Total Expenditure (₹ 1,20,673 crore) and GSDP (₹5,33,822 crore) during 2019-20 decreased to 16.80 per cent and 3.80 per cent respectively, which was 21.35 per cent and 4.74 per cent in 2018-19. High Capital Expenditure is considered essential for achieving a faster economic growth as it goes into asset creation. However, higher growth of revenue expenditure as compared to lower growth of revenue receipts resulted in lower revenue surplus. Capital expenditure as part of total expenditure/GSDP, is detailed in **Chart 2.13**.

Chart 2.13: Capital Expenditure as a percentage of GSDP and Total Expenditure



Source: Finance Accounts of respective years, Government of Odisha

The State Government stated (May 2021) that decrease in Capital Expenditure of the State Government during the year 2019-20 is primarily due to the change in priorities of the Government during the year. However, there has been increase in Revenue Expenditure in ensuring better delivery of public services. The reply is not acceptable as the Government has not detailed the ‘change in priorities’. Also, higher Capital Expenditure is essential for achieving a faster economic growth.

### Misclassification of Revenue Expenditure as Capital Expenditure

During the year 2019-20, the State Government had booked ₹20,277.28 crore as Capital Expenditure. Audit examined Sanction Orders and expenditure vouchers from the Office of the Accountant General (A&E) related to this amount and noticed that out of the amount of ₹20,277.28 crore, ₹1,729.26 crore pertained to maintenance, repair and other purposes, which should have been classified as Revenue Expenditure. Thus, there was mis-classification of ₹1,729.26 crore which resulted in overstatement of Revenue Surplus to that extent. The resulting Capital Expenditure after Audit for the year 2019-20 was ₹18,548 crore (Chart 2.14).

The details of the Departments and Capital/ Loan Major Heads under which mis-classification was noticed and the amount of expenditure mis-classified are given in Table 2.24.

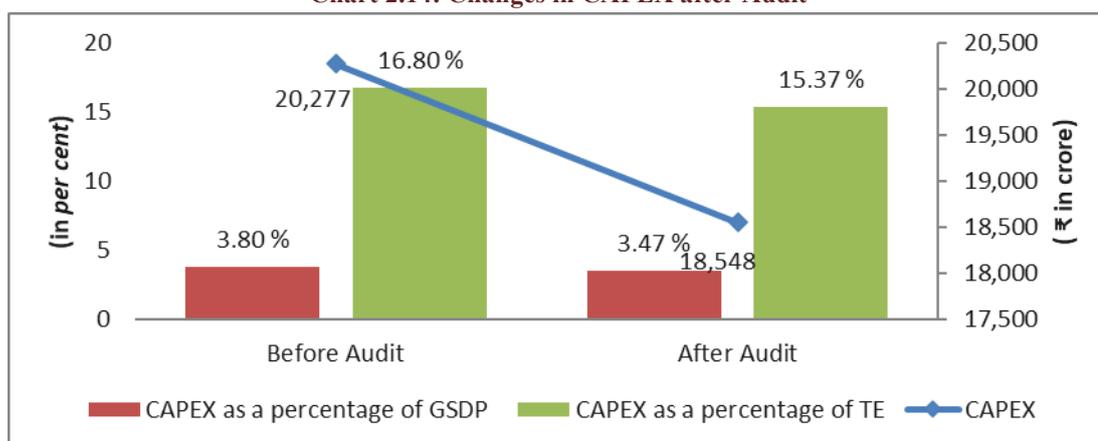
Table 2.24: Department-wise details of misclassification during 2019-20

Department	Major Heads under which misclassification of expenditure noticed	Amount (₹ in crore)
Panchayati Raj and Drinking Water	4515, 4216, 4215 & 4059	743.46
Housing and Urban Development	4217 & 4215	220.00
ST & SC Development, Minorities and Backward Classes Welfare Department	4225	124.52

Department	Major Heads under which misclassification of expenditure noticed	Amount (₹ in crore)
Commerce & Transport	5075 & 5055	37.11
Rural Development	5054	167.76
Planning and Convergence	5475, 4575 & 4059	156.12
Energy	4801	232.89
Tourism	5452	18.56
Sports and Youth Services	4202	28.84
		<b>1,729.26</b>

Source: Audit Notes on Finance Accounts

Chart 2.14: Changes in CAPEX after Audit



Source: Audited Finance Accounts 2019-20, Government of Odisha

The State Government stated (May 2021) that the Department-wise quantification of the mis-classification for 2019-20 will be analysed to prevent such mis-classification from arising in future.

### 2.4.3.1 Major changes in Capital Expenditure

Capital Expenditure during 2019-20 decreased by ₹3,205 crore over previous year, which is detailed in Table 2.25.

Table 2.25: Variation in Capital Expenditure under various Major Heads during 2019-20 compared to 2018-19

Major Heads of Account	2018-19	2019-20	Increase (+) / Decrease (-)
4215 - Capital Outlay on Water Supply and Sanitation	2,133.10	3,126.41	993.31
4801 - Capital Outlay on Power Projects	1,735.83	2,134.40	398.57
5075 - Capital Outlay on Other Transport Services	41.02	196.78	155.76
4250 - Capital Outlay on Social Services	80.22	231.84	151.62
5054 - Capital Outlay on Roads and Bridges	8,809.98	6,123.63	(-)2,686.35
4515 - Capital Outlay on Other Rural Development Programmes	1,250.00	348.46	(-)901.54

Major Heads of Account	2018-19	2019-20	Increase (+) / Decrease (-)
4701- Capital Outlay on Medium Irrigation	1,094.68	607.86	(-)486.82
4700 - Capital Outlay on Major Irrigation	1,796.13	1,505.01	(-)291.12
4225 - Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	373.47	153.30	(-)220.17
4702 - Capital Outlay on Minor Irrigation	1,770.72	1,655.10	(-)115.62
4210 - Capital Outlay on Medical and Public Health	619.57	504.09	(-)115.48

Source: Finance Accounts of respective years, Government of Odisha

### 2.4.3.2 Quality of Capital Expenditure in Public Sector Companies and Corporations

Investments by the State Government in Public Sector Units (Corporations and Companies) which result in equity infusion are classified as Capital expenditure. Such equity infusion is intended for procurement and use of fixed assets such as land, buildings, plant and machinery, equipment and other infrastructure by these PSUs. Such Capital expenditure in the form of investments by the Government is expected to give rise to income in the form of dividends or capital gains in future periods. Capital expenditure in the companies and corporations, which are loss making and whose net worth is completely eroded, is not sustainable. Return on investment in share capital invested in PSUs is therefore, an important determinant of quality of capital expenditure.

#### Investment in Public Sector Undertakings

As of 31 March 2020, the State Government's investment stood at ₹ 5,698.65 crore in Public Sector Undertakings (PSUs) comprising Government Companies (₹ 4,278.88 crore), Co-operative Societies (₹ 763.57 crore), Statutory Corporations (₹ 654.05 crore) and others<sup>9</sup> (₹ 2.15 crore). Of this investment, ₹ 4,720.84 crore or 83 per cent of the total investment fetched no return by way of dividend. Details of investment for years 2015-20 are given in **Table 2.26**:

Table 2.26: Return on Investment

Sl. No.	Details	2015-16	2016-17	2017-18	2018-19	2019-20
1	Investment at the end of the year (₹ in crore)	3,881.32	4,423.02	4,974.21	5,353.76	5,698.65
2	Return in the form of Dividend (₹ in crore)	553.36	566.04	66.22	543.94	321.38
3	Rate of Return (RoR) (per cent)	14.26	12.80	1.33	10.16	5.64
4	Average rate of interest on Government borrowing (per cent)	6.06	7.62	7.58	7.74	7.09

<sup>9</sup> Joint Stock Companies & Partnerships and Rural Banks

Sl. No.	Details	2015-16	2016-17	2017-18	2018-19	2019-20
5	Difference between RoR ( <i>per cent</i> ) and interest rate (3-4)	8.20	5.18	(-) 6.25	2.42	(-)1.45
6	Difference between interest on Government borrowings and return on investment (₹ in crore) <sup>#</sup>	318.27	229.11	(-) 310.89	129.56	(-)82.63

Source: Finance Accounts of respective years, Government of Odisha

<sup>#</sup> Investment at the end of the year\*Difference between interest rate and return

The above table shows that only ₹ 321.38 crore was received as dividend against total investment of ₹5,698.65 crore during 2019-20.

- It was observed that out of 147 entities, only 10 entities had paid dividend. These included one Co-operative Society<sup>10</sup> and nine Government Companies<sup>11</sup> (which included one Power Sector Company).
- Out of the total investment of ₹ 5,698.65 crore, ₹ 3,075.47 crore (54 *per cent*) was invested in four<sup>12</sup> Power Sector Companies. Out of these, only one<sup>13</sup> company paid dividend of ₹ 31.58 crore (9.83 *per cent*).
- The return on investment was mainly dependent on Odisha Mining Corporation (OMC). OMC paid ₹ 250 crore dividend in 2019-20, which was 50 *per cent* less than the previous year (₹ 500 crore) 2018-19. As a result, return on investment decreased from ₹ 544 crore during 2018-19 to ₹ 321 crore during 2019-20. OMC was the highest contributor of dividend in 2015-16: ₹500 crore, 2016-17: ₹ 500 crore, 2018-19: ₹ 500 crore.
- Out of 147 entities, 72 were inactive. Of the remaining 75 entities, 65 had not paid dividend in 2019-20.

The State Government stated (May 2021) that lower Return on Investment during 2019-20 was primarily because of less dividend paid by OMC during the year and majority of Government investment in PSUs is concentrated in Power Sector PSUs, which are incurring losses.

### Financial Results of Irrigation Works

The construction of irrigation works involves considerable expenditure by the State. Once these projects are constructed, their upkeep is essential for their effectiveness. As a result, the financial liabilities may reasonably be passed on by the State to those who are benefited by such works. In addition, as irrigation facility is a service it is

<sup>10</sup> Co-operative Society: Credit Co-operatives ₹1.02 crore

<sup>11</sup> Government Companies: Agricultural Promotion and Investment Corporation Limited (APICOL): ₹ 0.02 crore, Odisha State Cashew Development Corporation Limited (OSCDC): ₹ 0.47 crore, Odisha Forest Development Corporation Limited: ₹ 2.29 crore, Odisha Construction Corporation Limited (OCC) ₹ 20.16 crore, Odisha Bridge and Construction Corporation Limited (OBCC) ₹1.72 crore, Odisha State Police Housing and Welfare Corporation: ₹ 5.13 crore, Odisha Mining Corporation Limited (OMC) ₹250.00 crore, Odisha State Beverage Corporation Limited: ₹ 9.00 crore and Odisha Hydro Power Corporation (OHPC): ₹31.58 crore.

<sup>12</sup> OPGC: ₹1,130.46 crore, OPTCL: ₹859.77 crore, GRIDCO: ₹573.44 crore and OHPC: ₹511.80 crore.

<sup>13</sup> OHPC: ₹31.58 crore

reasonable that it should be paid for by those who derive advantages there from. The financial results of irrigation works are analysed below as per the recommendation of Fourteenth Finance Commission. The Fourteenth Finance Commission has recommended cost recovery of the irrigation projects at 35 per cent of the non-Plan revenue expenditure under irrigation Major Heads 2701 and 2702. The commercial viability of these irrigation projects in the state for the period 2015-20 is analysed in **Table 2.27**.

**Table 2.27: Return on Investment from Irrigation Projects**

Year	Administrative Revenue Expenditure (MH 2701 & 2702)	Revenue Receipts (MH 0701 & 0702)	Cost recovery assessment of FFC (2015-20)	Actual Cost recovery (Revenue Receipts to Revenue Expenditure)	Gap in cost recovery
	(₹ in crore)		(in per cent)		
2015-16	370.96	233.81	35	63	+ 28
2016-17	379.57	630.60	35	166	+ 131
2017-18	419.96	561.55	35	134	+ 99
2018-19	371.24	295.28	35	80	+ 45
2019-20	350.52	236.25	35	67	+ 32

*Source: Finance Accounts of respective years, Government of Odisha*

It may be seen from the above table that the irrigation projects of Odisha are commercially viable. However, the cost recovery is decreasing since 2016-17 due to decrease of Revenue Receipts from the irrigation projects.

#### 2.4.4 Expenditure Priorities

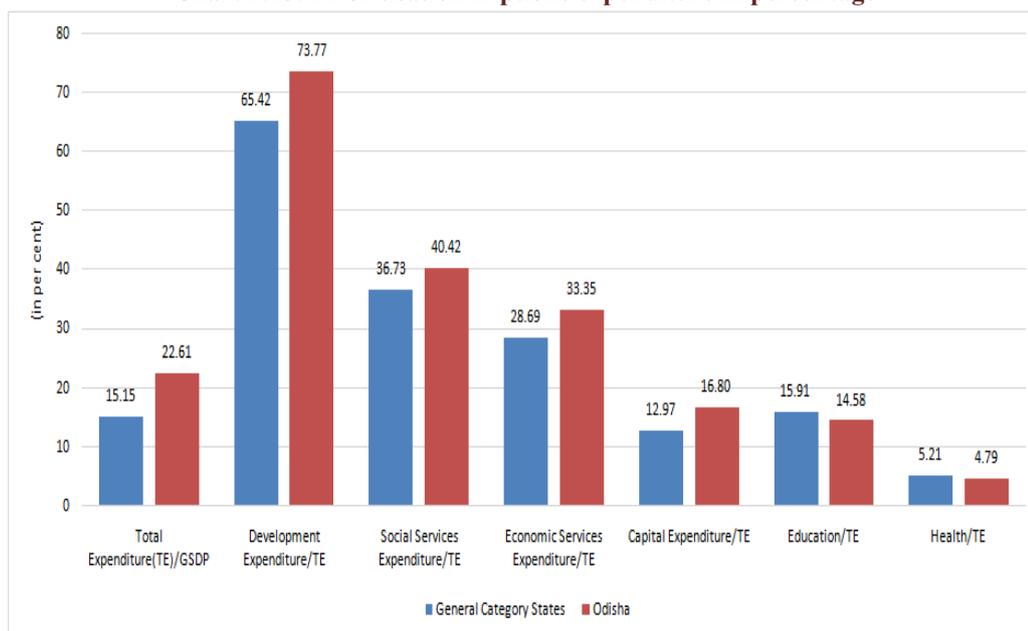
Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

**Chart 2.15** analyses the fiscal priority of the State Government with regard to Development Expenditure<sup>14</sup>, Social Services Expenditure, Economic Services Expenditure and Capital Expenditure during 2019-20, *vis-à-vis* the average of the General Category States<sup>15</sup>.

<sup>14</sup> Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans & Advance disbursed

<sup>15</sup> Andhra Pradesh, Telangana, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

**Chart 2.15: Prioritisation in public expenditure in percentage**



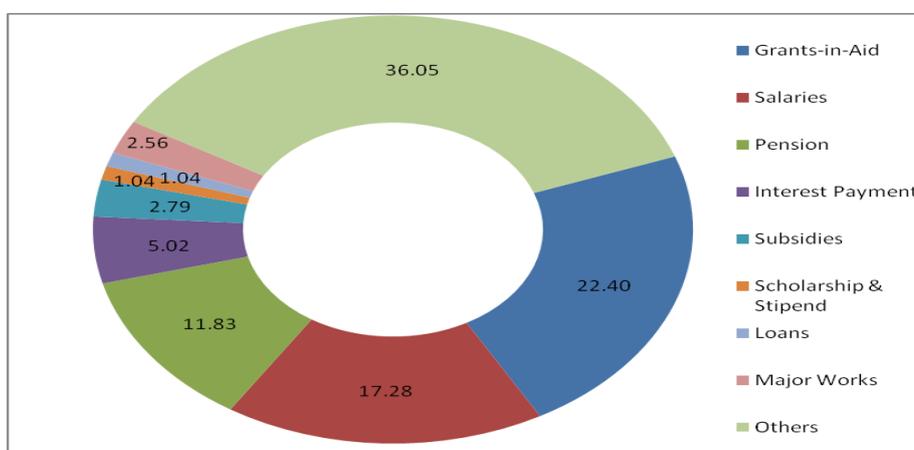
Source: Finance Accounts 2019-20, Government of Odisha

From the above **Chart**, it can be inferred that the Total Expenditure relative to GSDP in Odisha was better than the General Category States. Odisha fared favourably in its focus on Development Expenditure, Social Services Expenditure, Economic Services Expenditure and Capital Expenditure *vis-à-vis* General Category States. The State, however, lagged behind General Category States in the area of Education and Healthcare Expenditure. The State should augment its expenditure on Education and Healthcare as envisaged in National Education Policy 2019 (6 per cent of GSDP) and National Health Policy, 2017 (2.5 per cent of GSDP).

### 2.4.5 Object head wise expenditure

Finance Accounts depict transactions only up to the Minor Head level. Object head wise expenditure gives information about the object/ purpose of the expenditure. The object head wise expenditure of Odisha is depicted **Chart 2.16**.

**Chart 2.16: Object Head wise Expenditure**



Source: Finance Accounts 2019-20, Government of Odisha

Note- Object Heads contributing less than one per cent are included in Others

## 2.5 Public Account Receipts

Receipts and disbursements in respect of 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 Public Account set up under Article 266(2) of the Constitution. These are not subject to vote by the State Legislature. Government acts as a banker or trustee. The balance after disbursements during the year is the fund available with the Government for its own use.

### 2.5.1 Net Public Account Balances

Composition of Public Account receipts and disbursements is detailed in **Table 2.28:**

**Table 2.28: Component-wise net balances in Public Accounts as of 31 March 2020**

		(₹ in crore)				
Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Fund <i>etc.</i>	Small Savings, Provident Fund <i>etc.</i>	1,835	1,857	1,558	1,748	915
J. Reserve Funds	a) Reserve Funds bearing interest	285	1142	-88	-916	6,201
	b) Reserve Funds not bearing interest	0	3	2	7,828	1,053
K. Deposits and Advances	a) Deposits bearing interest	6	7	-14	-3	7
	b) Deposit not bearing interest	225	600	13,912	4,206	3,422
	c) Advances	0	0	0	0	1
L. Suspense and Miscellaneous	b) Suspense	32	-9	105	-54	-80
	c) Other Accounts	0	-1	0	0	0
	d) Accounts with Governments of Foreign Countries	0	0	0	0	0
	e) Miscellaneous	0	0	-27	0	0
M. Remittances	a) Money Orders and other Remittances	-50	-53	-7	10	-21
	b) Inter Governmental Adjustment Account	-2	0	-5	4	0
<b>TOTAL</b>		<b>2,332</b>	<b>3,547</b>	<b>15,435</b>	<b>12,821</b>	<b>11,497</b>

*Source: Finance Accounts of respective years, Government of Odisha*

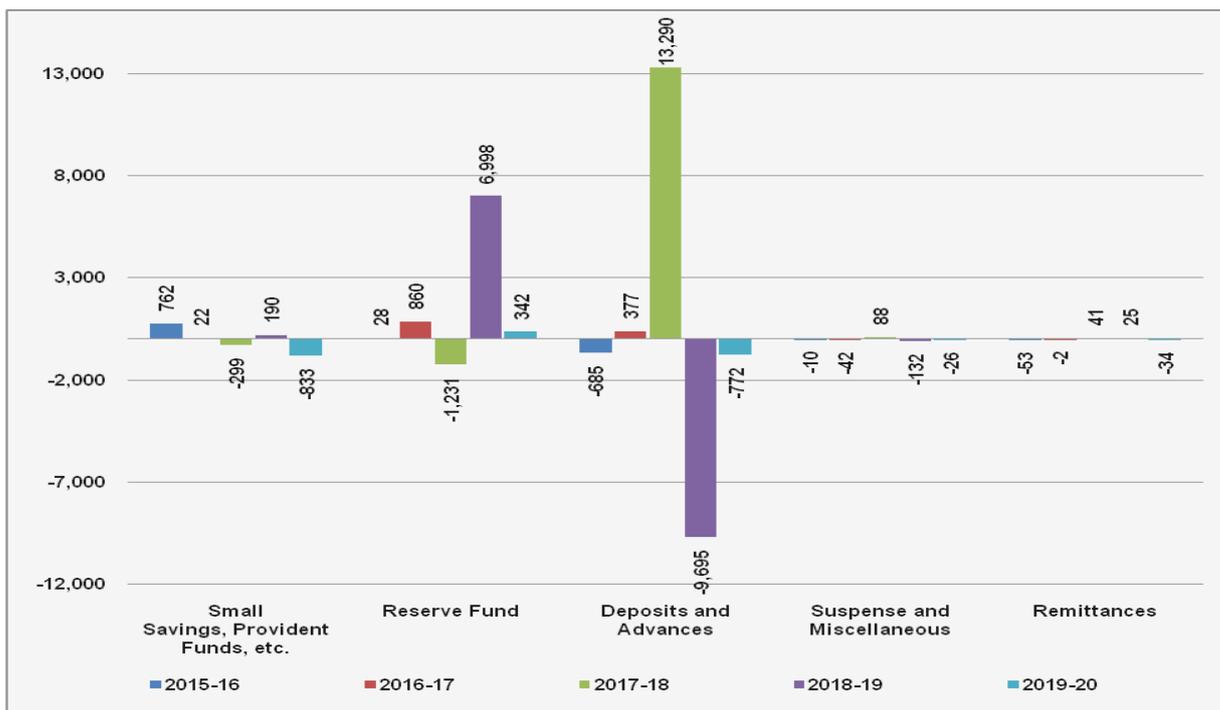
*Note: +ve denotes debit balances and -ve denotes credit balances*

From the above table, it can be seen that during the year 2019-20, net Public Account receipts (₹11,497 crore) contributed 8.98 *per cent* of the total resources (₹ 1,28,031 crore) of the State. The major source of net Public Account receipts was Reserve Fund (₹7,254 crore) due to bringing of Compensatory Afforestation Fund Management and Planning (CAMPA) Fund under the purview of Public Accounts.

Government is liable to pay/adjust interest in respect of interest-bearing Reserve Funds and Deposits. During the year 2019-20, Interest on Reserve Fund bearing interest amounting to ₹1.38 crore and Interest on Deposits bearing interest amounting to ₹1.69 crore, totalling ₹3.07 crore was not credited which impacts favourably on revenue and fiscal position of the State.

Chart 2.17: Yearly changes in composition of Public Accounts balances

(₹ in crore)



Source: Finance Accounts of respective years, Government of Odisha

### 2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the State Government. These funds are met from contribution or grants from Consolidated Fund of India or State. Out of the gross accumulated balances of ₹ 21,362 crore lying in these Funds as on 31 March 2020, ₹ 17,310 crore was invested in Government Stock by Reserve Bank of India, leaving the total net accumulated balance of ₹ 4,052 crore as on 31 March 2020.

The transactions during the year 2019-20 under major Reserve Funds are detailed below:

**i) Consolidated Sinking Fund (CSF):** As per 12<sup>th</sup> Finance Commission recommendation, GoO set up Consolidated Sinking Funds for amortisation of outstanding liabilities. The guidelines of the Reserve Bank of India, which are responsible for administering the fund, stipulate a minimum annual contribution of at least 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year to the CSF during the year. In consultation with RBI, the State Government vide notification dated November 2018 revised the scheme for Constitution and Administration of the Consolidated Sinking Fund of Government of Odisha and inserted that the State Government is at liberty of not contributing to the fund, if the balance in the fund is maintained at a level higher than 5 *per cent* of the total liability of the State Government at the end of the previous year.

As on 31 March 2020, the balance in the Consolidated Sinking Fund was ₹ 13,003.54 crore, which was 12.01 *per cent* (more than the mandated level of 5 *per cent*) of the total liability of the State Government at the end of the previous year (₹ 1,08,258 crore). Accordingly, the State Government had not made any contribution to the Consolidated Sinking Fund in 2019-20. However, interest accrued for the year 2019-20 from investment amounting to ₹950.71 crore was accounted for in the fund. The entire amount had been invested in Government of India securities by the Reserve Bank of India.

**ii) Guarantee Redemption Fund (GRF):** GRF was constituted in the year 2002-03, with the objective of meeting the payment obligations arising out of default in debt servicing of loans guaranteed by the Government. The State Government was required to contribute an amount equivalent at least to 1/5<sup>th</sup> of the outstanding invoked guarantees plus amount likely to be invoked as a result of the incremental guarantees issued during the year. No guarantees were invoked during the year 2019-20 and therefore, the Government of Odisha had not made any contributions to the Fund during 2019-20. Interest accrued for the year 2019-20 from investment amounting to ₹ 110.17 crore was accounted for in the fund. The balance at the credit of the fund as on 31 March 2020 was ₹ 1,411.58 crore, which had been invested in Government of India securities by the Reserve Bank of India.

**iii) State Compensatory Afforestation Fund Management and Planning (CAMPA) Fund:** During the year 2019-20 the State Government received ₹5,933.98 crore for credit to the State CAMPA Fund from National Compensatory Afforestation Deposits. Further, interest on investment of ₹5,156.37 crore (matured during February 2020) amounting to ₹143.63 crore was credited to CAMPA fund. The expenditure incurred out of the fund during the year was ₹421.07 crore and the balance in the State CAMPA Fund as on March 2020 remains ₹5,656.53 crore out of which ₹2,895.00 crore has been invested. Due to non investment on regular basis, State Government has to bear ₹26.04 crore (as per 364 days Treasury Bill interest) towards interest on monthly balance of CAMPA Fund. This had an impact of overstatement of Revenue Surplus and understatement of Fiscal Deficit to the tune of ₹26.04 crore.

**iv) State Disaster Response Fund (SDRF):** During the year 2019-20, Central Government contributed ₹ 552 crore and State Government contributed ₹ 357 crore to SDRF. Grants from National Disaster Response Fund (NDRF) amounted to ₹ 3294.10 crore. Total funds in SDRF amounted to ₹ 4,661.02 crore (including Opening Balance ₹447.52 crore and interest earned ₹10.40 crore). Out of this Fund, State Government incurred expenditure of ₹ 3669.18 crore during the year, leaving a balance of ₹ 991.84 crore as on 31 March 2020 as against ₹ 447.52 crore as on March 2019. Due to non investment on regular basis, State Government has to bear ₹150.11 crore (as per 364 days Treasury Bill interest) towards interest on monthly

balance of SDRF, which overstated the revenue surplus and understated the fiscal deficit to the tune of ₹150.11 crore. In addition, a low balance may result in the State seeking more Central funds under SDRF.

During the year 2019-20, Government invested an amount of ₹ 222.22 crore from the State Disaster Response Fund, which earned interest of ₹ 2.78 crore. However, during the year, Govt credited interest amounting to ₹ 10.40 crore (including ₹ 7.62 crore interest earned during 2018-19) to the SDRF. This had an impact of understatement of Revenue Surplus and overstatement of Fiscal Deficit by ₹ 7.62 crore during the year 2019-20.

State Government has released ₹1,041.24 crore to different entities for immediate repair and restoration of power supply, water supply and other infrastructure and booked as expenditure under SDRF for 2019-20 against which Utilisation Certificates are yet to be obtained to provide assurance that the moneys have actual been utilised fully and the expenditure is on permitted activities. Out of this amount ₹8.95 crore paid towards salaries, pension, travel allowances and office expense which was inadmissible under SDRF. This had an impact on overstatement of revenue surplus and understatement of fiscal deficit.

Government stated (May 2021) that the accounts of the State Government are prepared on cash basis. Hence, any amount drawn from the Consolidated Fund is booked as expenditure for accounting purpose as per the prevalent accounting procedure.

### **Box 2.1**

Section 48 1(a) of the Disaster Management (DM) Act 2005 prescribes establishing State Disaster Response Fund (SDRF). Keeping in view the DM Act, 2005 and the recommendations of FFC, Disaster Management Division, Ministry of Home Affairs (MHA), Government of India (GoI) had framed (July 2015) guidelines for administration of National Disaster Response Fund at the National level and for SDRF at the State level. The GoI had also prescribed (April 2015) items and norms of assistance from the SDRF and National Disaster Response Fund (NDRF) for the period from 2015-2020.

Audit examined, on test check basis, records in the Office of Special Relief Commissioner, Odisha and the following implementing agencies viz., Bhubaneswar Municipal Corporation, three Tahasils (Balipatna, Jatni, Khordha), three Block Development Offices (Baliana, Balipatna, Bhubaneswar) and correspondence from Energy Department on utilisation of SDRF funds.

Audit noticed that:

#### **a) Utilisation of SDRF funds of ₹ 5.27 crore on inadmissible activities**

The Special Relief Commissioner (SRC) sanctioned (11 November 2019) ₹20.94 crore to H&UD Department for repair of roads and culverts damaged due to

extremely severe cyclonic storm FANI.

The H&UD Department sanctioned (28 November 2019) funds of ₹8.50 crore to Bhubaneswar Municipal Corporation (BMC). However, Utilisation Certificates for ₹6.60 crore only in respect of 135 projects/ works were submitted.

Out of the utilisation amount of ₹6.60 crore, the details of works undertaken by BMC were as follows:

Type of project executed	No. of Works	Expenditure in ₹
New Construction	49	3,22,54,902
Improvement	20	1,42,13,313
Reconstruction	6	26,71,565
Repair of roads/ culverts	43	1,33,01,122
Restoration	11	20,42,611
Work at religious place	6	15,21,948
<b>Grand Total</b>	<b>135</b>	<b>6,60,05,461</b>

Audit examined 53<sup>16</sup> out of 135 works by BMC for which amounts had been stated to have been utilised for repair of damages due to FANI:

- In 33 works, the Administrative approval had been accorded prior to the occurrence of cyclone FANI. Of these, execution of 25 works had been completed prior to occurrence of Cyclone FANI.
- The balance 12 works, were not for the purpose of repair of damage caused by Cyclone FANI. Instead, the purposes ranged from public demand to repair of Puja Mandap for Dussehra to repair of damage due to local rainfall in October 2019 to recommendation of local Corporator. There was no linkage or evidence on record to indicate that these works/ projects were related to repair of damages due to Cyclone FANI.

**b) Submission of inflated Utilisation Certificates for ₹4.94 crore by three Tahasils**

Audit noticed that out of ₹109.81 crore received in 2019-20, for 'FANI House Building Assistance', the Collector Khordha had submitted Utilisation Certificate for ₹106.00 crore to SRC as of 28 January 2021, as below:

(₹ in crore)				
Name of Tahsil	Amount provided excluding refunded amount	Amount for which UC submitted	Balance with the Tahsildars as per UC	Actual balance with the Tahsildars as per records
Balipatna	32.92	32.50	0.42	0.42
Jatni	8.73	8.73	0	1.76
Khordha	16.08	16.08	0	3.18
<b>Total</b>	<b>57.73</b>	<b>57.31</b>	<b>0.42</b>	<b>5.36</b>

As may be seen from above table, amount of ₹4.94 crore is pending with the

<sup>16</sup> Number of records made available by BMC; remaining 82 files were not produced to Audit

Tahsildars of Jatni and Khordha, even though the UCs indicated zero balance retained by them in their Bank Accounts. As such, the Tahsildars had submitted inflated Utilisation Certificates, which was highly irregular.

**c) Retention of unutilised funds of ₹5.94 crore (BMC: ₹ 2.84 crore and three BDOs: ₹ 3.10 crore)**

The SRC had clearly instructed all end utilisation agencies and Offices (2 December 2020) to refund unspent funds released under CRF/SDRF/NCCF/NDRF.

Audit noticed that as of January 2021, *i.e.*, more than 18 months after the occurrence of Cyclone FANI:

- ₹ 2.84 crore of unutilised SDRF funds were retained by BMC in two banks
- ₹ 3.10 crore of unutilised SDRF funds were retained by the following three BDOs:

Name of the Unit	Amount lying unutilised (₹ in lakh)
BDO, Bhubaneswar	85.82
BDO, Balipatna	163.37
BDO, Baliana	61.22
<b>Total</b>	<b>310.41</b>

**d) Non refund of interest of ₹1.06 crore by BMC and three BDOs**

As per SRC's instructions (December 2020), interest accrued on deposits made in the banks was to be refunded.

Audit noticed that:

- Interest of ₹29.49 lakh earned on unutilised SDRF funds had been retained by BMC.
- DRDA Khurdha was to release funds received from SRC for end utilisation by BDOs. Due to delay in release and non-refund of unutilised funds, interest of ₹76.56 lakh earned on unutilised SDRF funds had been retained by the following Offices, as detailed below:

Name of the Unit	Accrued interest (₹ in lakh)
DRDA, Khordha	60.85
BDO, Bhubaneswar	8.72
BDO, Balipatna	2.40
BDO, Baliana	4.59
<b>TOTAL</b>	<b>76.56</b>

**2.5.3 Position of loans and advances and interest received/ paid by the State Government**

In addition to investments in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to Public Sector Undertakings and autonomous bodies such as Universities, Local Bodies and Urban Development Authorities and Corporations *etc.* **Table 2.29** shows the details of outstanding Loans and Advances for the years 2015-20:

Table 2.29: Position of loans and advances

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Opening Balance (₹ in crore)</b>	<b>4,449</b>	<b>4,557</b>	<b>4,708</b>	<b>6,326</b>	<b>7,191</b>
Amount advanced during the year (₹ in crore)	337	254	1,875	1,170	1,259
Amount recovered during the year (₹ in crore)	228	89	257	305	287
<b>Closing Balance (₹ in crore)</b>	<b>4,558</b>	<b>4,708*</b>	<b>6,326</b>	<b>7,191</b>	<b>8,163</b>
Net addition (₹ in crore)	(+)109	(+)151	(+)1,618	(+) 865	(+) 972
Interest Receipts (₹ in crore)	181	36	41	35	64
Interest Receipts as a percentage of outstanding loans and advances (in per cent)	3.97	0.76	0.65	0.49	0.78
Interest Payments (₹ in crore)	3,343	4,035	4,988	5,800	6,063
Outstanding Liabilities/ Debt (₹ in crore)	59,753	71,623	97,164	1,08,258	1,26,084
Interest Payments as percentage to total outstanding Liabilities of the State Government (in per cent)	5.59	5.63	5.13	5.36	4.81
Difference between Interest Receipts and Interest Payments (in per cent)	(-)1.62	(-) 4.87	(-) 4.48	(-) 4.87	(-) 4.03

\*4722-4708 Difference of ₹14 crore was due to conversion of loan to Share Capital Investment

Source: Finance Accounts of respective years, Government of Odisha

From the above table, it can be inferred that:

- Loans and advances extended by the State Government increased nearly four times from ₹ 337 crore in 2015-16 to ₹ 1259 crore in 2019-20. Outstanding Loans and Advances rose from ₹4,558 crore in 2015-16 to ₹ 8,163 crore in 2019-20. Major portion of loans advanced during 2019-20 was to Indian Oil Corporation Limited (₹ 700 crore), Odisha Power Transmission Corporation Limited (₹188 crore), Odisha State Co-operative Marketing Federation (₹ 115 crore), GRIDCO (₹ 63 crore) and Odisha State Seeds Corporation (₹ 60 crore). Government of Odisha had entered into an agreement with Indian Oil Corporation Limited for providing fiscal incentive of ₹10,500 crore interest free loan over a period of 15 years for Paradeep Refinery Project, as Viability Gap Funding (VGF<sup>17</sup>). As a part of it, State Government disbursed ₹1,400 crore in 2017-18 and ₹ 700 crore each in 2018-19 and 2019-20.
- The current recovery of loan (₹ 287 crore) was 22.79 per cent of the advances (₹ 1,259 crore) made during the year and was less than previous year's (₹ 305 crore) recovery. The actual recovery (₹ 287 crore) for 2019-20 was however, more than what was estimated in the Budget for recovery (₹ 150 crore) by 91.33 per cent.

<sup>17</sup> Viability Gap Funding means a grant to support projects that are economically justified but not financially viable.

- Interest receipts decreased from ₹181 crore in 2015-16 to ₹64 crore in 2019-20, with percentage of interest received to total outstanding loans and advances decreasing from 3.97 per cent in 2015-16 to 0.78 per cent in 2019-20. Interest payment on the other hand (₹6,063 crore) during 2019-20 was 4.81 per cent of its total outstanding liabilities (₹1,26,084 crore). As a result, interest spread of Government borrowings was negative (- 4.03 per cent) during the year which meant that the State's borrowings are more expensive than the loans advanced by it.

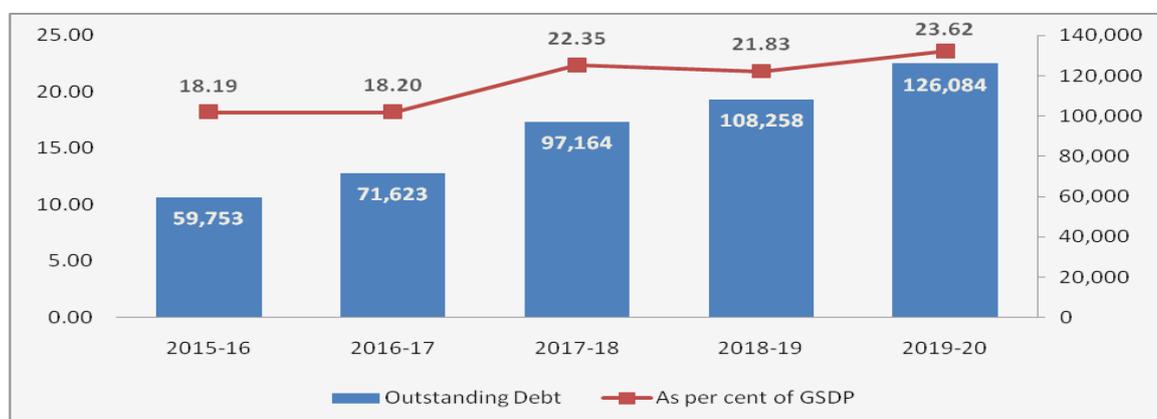
Government stated (May 2021) that most of the loans and advances which are extended by government are part of a policy decision and, therefore, a separate rate of interest is charged. Interest free loans extended to IOCL, OMFED, Seed Corporation and Co-operative Societies are meant for implementation of different schemes for the benefit of people. Hence, interest received and interest payment by the Government cannot be compared.

## 2.6 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcement.

Outstanding Debt of the State Government (Internal Debt, Loans and Advances from GoI and Public Account Liabilities) as of 31 March 2020 stood at ₹1,26,084 crore. The Outstanding debt increased by 16.47 per cent over the preceding year, at a rate higher than the growth of GSDP (7.66 per cent). Out of ₹1,26,084 crore of Outstanding debt, ₹29,513 crore carried no interest obligations (Deposits not bearing interest ₹29,214 crore and Reserve Fund not bearing interest ₹299 crore), of which ₹25,107 crore of Cash Balance was available with the State Government. An abstract of liabilities and assets as on 31 March 2020 compared with corresponding position of last year is given in **Appendix 2.3**.

Chart 2.18: Outstanding Debt vis-à-vis GSDP



Source: Finance Accounts of respective years, Government of Odisha

### 2.6.1 Debt profile: Components of Outstanding Liabilities/Debt

The components of Outstanding Liabilities are given in **Chart 2.19**.

**Chart 2.19: Components of outstanding liabilities of the State Government**

Outstanding Liabilities (₹ 1,26,084 crore)		
<b>Internal Debt from Market, financial institutions, etc (₹ 60,595 crore)</b>	<b>Loans and Advances from Government of India (₹ 7,843 crore)</b>	<b>Public Account Liabilities where Government acts as a banker (₹ 57,646 crore)</b>
Market Loans (₹ 34,531 crore)	Loans for Plan Schemes (₹7,830 crore)	Small Savings, Provident Fund, etc. (₹ 24,338 crore)
Loans from Financial Institutions (₹ 14,589 crore)	Non Plan Loans (₹ 13 crore)	Reserve Funds bearing Interest (₹3,753 crore)
Special Securities issued to NSSF (₹ 8,290 crore)		Reserve Funds not bearing interest (₹ 299 crore)
Other Loans (₹ 3,185 crore)		Deposits bearing interest (₹ 42 crore)
		Deposits not bearing interest (₹29,214 crore)

Source: Finance Accounts, Government of Odisha.

- During the year, Market Loans increased by ₹ 6,500 crore from ₹ 28,031 crore in 2018-19 to ₹ 34,531 crore in 2019-20. Similarly, Loans from Financial Institutions increased by ₹ 1,483 crore from ₹ 13,106 crore in 2018-19 to ₹14,589 crore in 2019-20.
- Fourteenth Finance Commission recommended that the involvement of the States in the National Small Savings Fund (NSSF) scheme should be excluded with effect from 1 April 2015. However, role of States may be limited solely to discharging the debt obligation already incurred by them till date. This has resulted in decrease of liabilities from Special Securities issued to NSSF gradually.

Debt Sustainability is defined as the ability of the State to service its debt in future. **Table 2.30** analyses the debt sustainability of the State during the five-year period 2015-20.

**Table 2.30: Debt sustainability: Indicators during 2015-20**

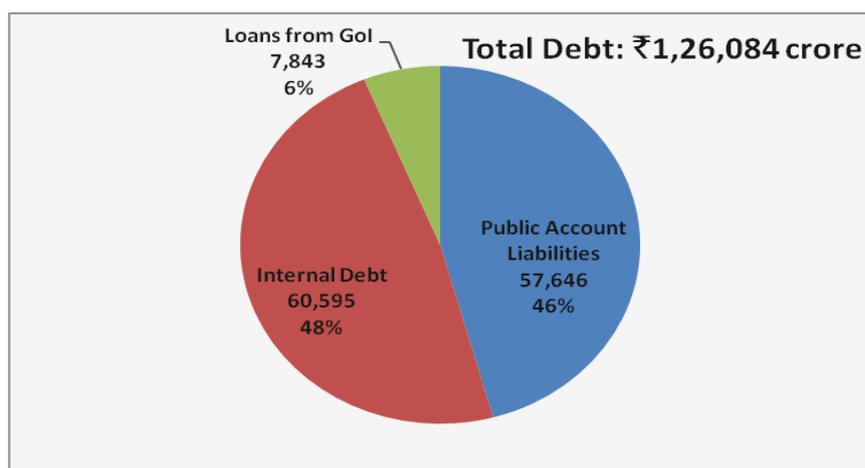
Indicators of Debt* Sustainability	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Debt (₹ in crore)	59,753	71,623	97,164	1,08,258	1,26,084
Public Debt - Internal Debt	26,525	34,553	44,584	50,421	60,595
Public Debt - Loans from Government of India	7,232	7,465	7,606	7,832	7,843
Public Accounts Liabilities	25,996	29,605	44,974	50,005	57,646
Rate of growth of Outstanding Debt (in per cent)	18.34	19.87	35.66	11.42	16.47
GSDP (at current prices) (₹ in crore)	3,28,549	3,93,562	4,34,769	4,95,840	5,33,822
Rate of growth of GSDP	4.55	19.79	10.47	14.05	7.66

Indicators of Debt* Sustainability	2015-16	2016-17	2017-18	2018-19	2019-20
Debt/GSDP ratio (in per cent)	18.19	18.20	22.35	21.83	23.62
Total Debt Receipts (₹ in crore)	22,787	33,782	61,698	48,103	60,314
Total Debt Repayment (₹ in crore)	13,527	21,912	36,157	37,009	42,487
Net availability of Debt (after payment of interest)	5,917	7,835	20,553	5,294	11,764
Debt Repayment/ Debt Receipts (in per cent)	59.36	64.86	58.60	76.94	70.44

Source: Finance Accounts of respective years, Government of Odisha.

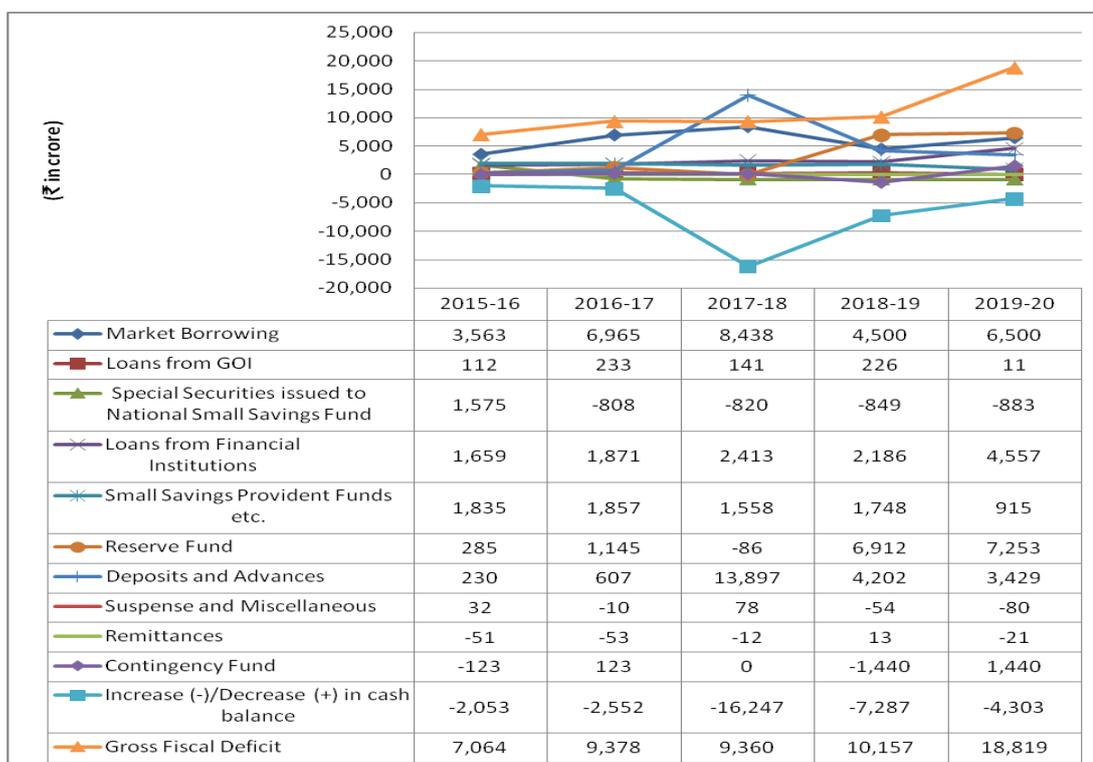
\*Internal Debt, Loans from GoI and Public Account Liabilities

Chart 2.20: Break up of Outstanding Debt at the end of 2019-20



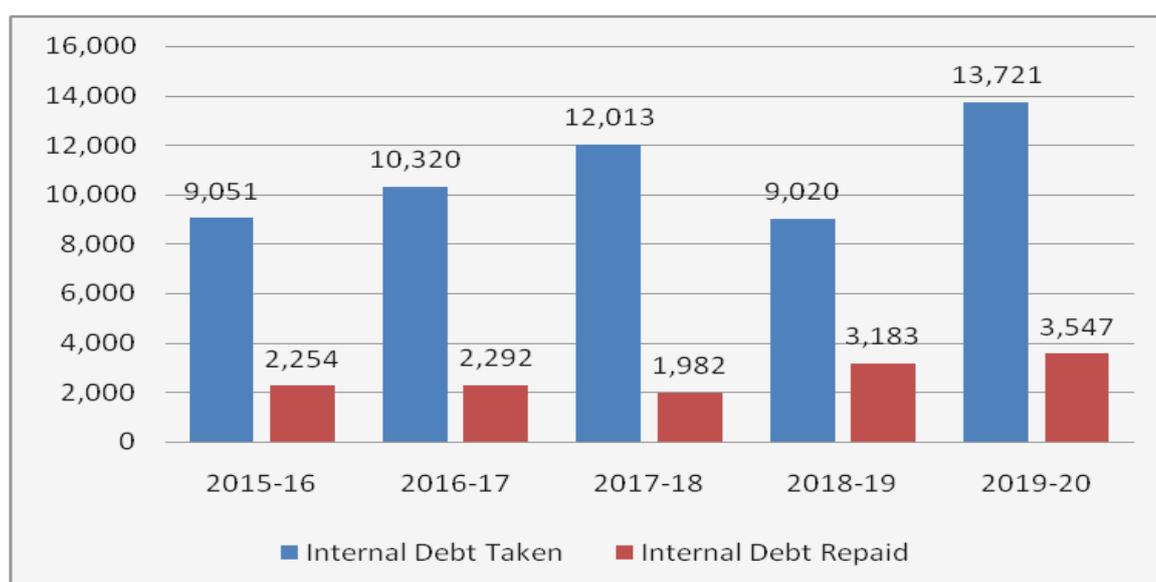
Source: Finance Accounts 2019-20, Government of Odisha.

Chart 2.21: Components wise Debt Trends



Source: Finance Accounts of respective years, Government of Odisha.

Chart 2.22: Internal debt taken vis-à-vis repaid



Source: Finance Accounts of respective years, Government of Odisha.

### 2.6.1.1 Composition and Financing pattern of Fiscal Deficit

Fiscal deficit represents the total financing the State requires (predominantly by drawing on its cash and investment balances with the RBI and by borrowing) to meet the excess of the revenue and capital expenditure (including loans and advances) over revenue and non-debt receipts. The composition and financing pattern of fiscal deficit are in **Table 2.31**.

Table 2.31: Components of Fiscal Deficit and their financing pattern

		(₹ in crore)				
Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
		Net	Net	Net	Net	Net
<b>A.</b>	<b>Composition of Fiscal Deficit (1 to 3)</b>	<b>(-7,064)</b>	<b>(-9,378)</b>	<b>(-9,360)</b>	<b>(-) 10,157</b>	<b>(-) 18,819<sup>@</sup></b>
1	Revenue Surplus	10,135	9,258	13,367	14,190	2,430
2	Capital Expenditure	(-)17,090	(-)18,471	(-)21,109	(-) 23,482	(-)20,277
3	Net Loans and Advances	(-) 109	(-)165	(-)1,618	(-) 865	(-)971
<b>B.</b>	<b>Financing Pattern of Fiscal Deficit</b>					
1	<b>Net Borrowings</b>	<b>6,909</b>	<b>8,261</b>	<b>10,172</b>	<b>6,063</b>	<b>10,185</b>
a	Market Borrowings	3,563	6,965	8,438	4,500	6,500
b	Special Securities issued to NSSF	1,575	-808	-820	-849	-883
c	Loans from Financial Institutions	1,659	1,871	2,413	2,186	4,557
d	Loans from GoI	112	233	141	226	11

Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
		Net	Net	Net	Net	Net
<b>2</b>	<b>Net Public Account</b>	<b>2,331</b>	<b>3,546</b>	<b>15,435</b>	<b>12,821</b>	<b>11,496</b>
a	Small Savings, Provident Fund etc.	1,835	1,857	1,558	1,748	914
b	Reserve Funds	285	1,145	(-)86	6,912	7,254
c	Deposits and Advances	230	607	13,897	4,202	3430
d	Suspense and Miscellaneous	32	(-)10	78	(-) 54	-80
e	Remittances	(-) 51	(-) 53	(-) 12	13	-22
<b>3</b>	<b>Contingency Fund</b>	<b>(-) 123</b>	<b>123</b>	<b>--</b>	<b>(-) 1,440</b>	<b>1,440</b>
<b>4</b>	<b>Total (1 to 3)</b>	<b>9,117</b>	<b>11,930</b>	<b>25,607</b>	<b>17,444</b>	<b>23,121</b>
<b>5</b>	<b>(-) Increase / (+) Decrease in Cash Balance</b>	<b>(-) 2,053</b>	<b>(-) 2,552</b>	<b>(-)16,427</b>	<b>(-) 7287</b>	<b>(-) 4,303</b>
<b>6</b>	<b>Overall Surplus/ Deficit (4+5)</b>	<b>7,064</b>	<b>9,378</b>	<b>9,360</b>	<b>10,157</b>	<b>18,819@</b>

Source: Finance Accounts of respective years, Government of Odisha.

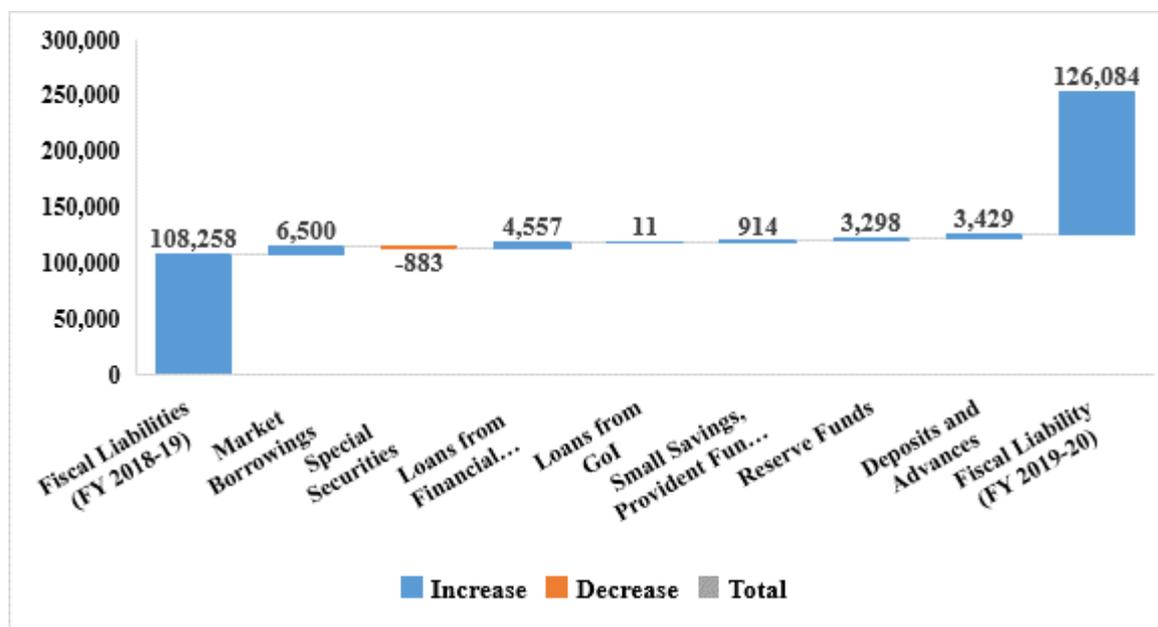
# Includes market borrowings & borrowings from other institutions also

\*All these figures are net of disbursements/outflows during the year

@ difference of ₹one crore due to rounding off

Chart 2.23: Growth of Fiscal Liabilities from 2018-19 to 2019-20

(₹ in crore)



Source: Finance Accounts 2019-20, Government of Odisha.

### 2.6.2 Debt profile, Maturity and Repayment

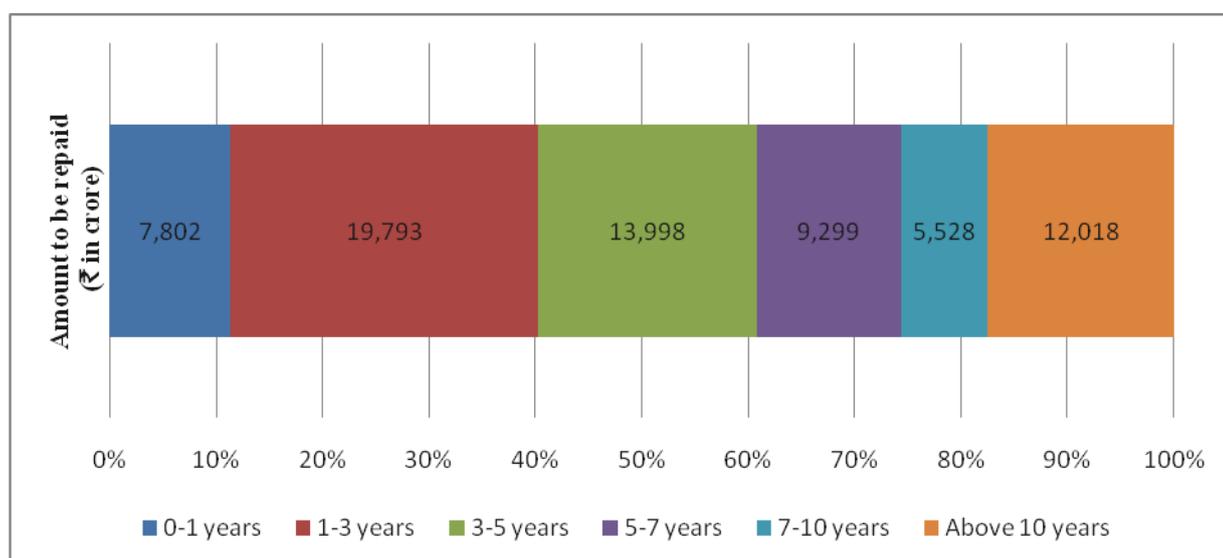
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

Table 2.32: Debt Maturity Profile of repayment of State Debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public Debt)
0-1	7,802	11.40
1-3	19,793	28.92
3-5	13,998	20.45
5-7	9,299	13.59
7-10	5,528	8.08
Above 10	12,018	17.56
<b>Total</b>	<b>68,438</b>	<b>100</b>

Source: Finance Accounts 2019-20, Government of Odisha.

Chart 2.24: Debt Maturity Profile



Source: Finance Accounts, Government of Odisha.

### 2.6.3 Net availability of borrowed funds

The Net availability (₹11,764 crore) of borrowed funds (₹60,314 crore) after providing for interest payments (₹6,063 crore) and repayment of borrowings (₹42,487 crore), was positive (19.50 per cent). However, net availability of borrowed funds was insufficient to fund developmental purposes. Due to consistent increase in outstanding debt over the years, the interest payment on debt was increasing consistently.

## 2.7 Debt Sustainability Analysis

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Debt Sustainability Analysis (DSA) considers the feasibility of meeting debt related financial obligations during a period beginning with the present and is a crucial aspect for assessing financial health of an economy. The cornerstone of DSA is the Debt GSDP ratio. The Debt to GSDP ratio rises mainly because higher levels of debt lead to higher net interest expenditures, and in turn to higher deficits and debt. A sustainable fiscal policy is one where the debt to GSDP ratio is stable or declining over the long term. The sustainability of the debt of the State is analysed through Debt Sustainability Indicators.

### 2.7.1 Debt Stabilisation- Debt Sustainability Indicators

Trends in fiscal variable indicating the progress towards the debt stabilisation are indicated in **Table 2.33**.

**Table 2.33: Trends in debt Sustainability Indicators**

Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Outstanding Public Debt<sup>18</sup></b>	33,757	42,018	52,190	58,253	68,438
Rate of Growth of Outstanding Public Debt	25.73	24.47	24.21	11.62	17.48
GSDP	3,28,549	3,93,562	4,34,769	4,95,840	5,33,822
Rate of Growth of GSDP	4.55	19.79	10.47	14.05	7.66
Public Debt/GSDP	10.27	10.68	12.00	11.75	12.82
Debt Maturity profile of repayment of State Debt					
Interest paid on Public Debt	2,066	2,663	3,318	3,986	4,226
Average interest Rate of Outstanding Public Debt <sup>19</sup> (per cent)	6.82	7.03	7.04	7.22	6.67
Percentage of Interest payment to Revenue Receipt	4.85	5.43	5.85	5.83	5.97
Percentage of Debt Repayment to Debt Receipt	29.43	26.39	20.91	39.39	30.62
Net Debt available to the State <sup>20</sup>	4,843	5,598	6,854	2,077	5,959
Net Debt available as per cent of Debt Receipts	49.47	49.88	53.29	20.76	40.60
Interest Spread*	-2.27	12.76	3.43	6.83	0.99
Quantum Spread <sup>21</sup>	-765	5362	1789	3980	677
Primary Deficit	-3,721	-5,343	-4,372	-4,357	-12,756
Debt Stabilisation (Quantum spread + Primary Deficit)	-4,486	19	-2,583	-377	-12,078

*Source: Finance Accounts of respective years, Government of Odisha.*

\* *Rate of Growth of GSDP – Average interest rate of outstanding Public Debt.*

<sup>18</sup> Outstanding Public Debt is the sum of outstanding balances under the heads 6003- Internal Debt and 6004- Loans and Advances from the Central Government.

<sup>19</sup> Average interest rate - Interest paid / (OB of Public Debt + CB of Public Debt)/2

<sup>20</sup> Net debt available to the State Government is calculated as excess of Public Debt receipts over Public debt repayment and interest payment on Public Debt.

<sup>21</sup> Quantum Spread = Outstanding Public Debt X Interest Spread/100

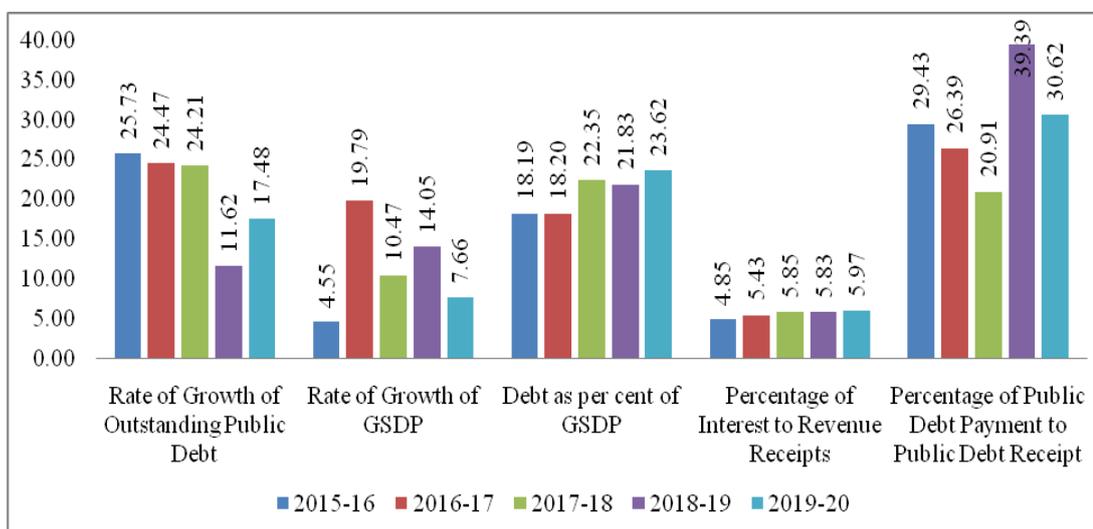
A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth – interest rate) and quantum spread (Debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

It can be seen from **Table 2.33** that during last five years, except 2015-16, all the four years rate of growth of economy (rate of growth of GSDP) exceeds the interest rate or cost of public borrowings. However, primary balances (primary deficit) remained negative resulting in non-fulfilment of necessary condition of debt stabilisation.

The primary deficit, the sum of quantum spread and Primary Deficit and Public debt to GSDP ratio were highest in 2019-20, which is a matter of concern. If the quantum spread *vis-à-vis* primary deficit continued to be negative, it might result in debt un-stabilisation in ensuing years.

Government stated (May 2021) that as the current level of debt-GSDP ratio of the State is low, the State Government is adopting an expansionary policy to foster higher growth till the ratio within the sustainable level is maintained.

**Chart 2.25: Trends in debt Sustainability Indicators**



Source: Finance Accounts of respective years, Government of Odisha.

### 2.7.2 Utilisation of borrowed funds

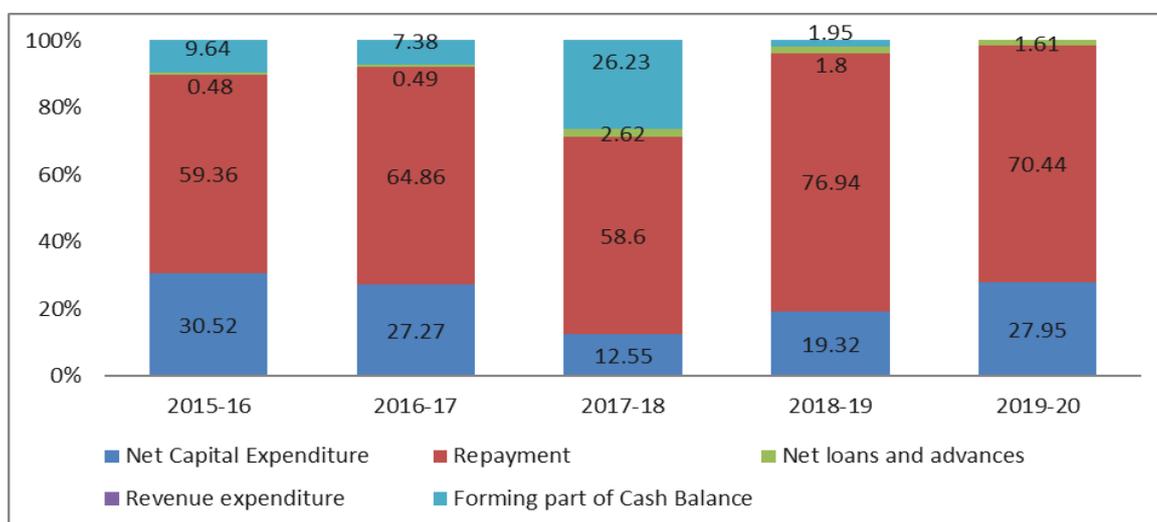
Borrowed funds should be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

**Table 2.34: Utilisation of borrowed funds**

Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Total borrowings (₹ in crore)	22,787	33,782	61,698	48,103	60,314
Repayment of earlier borrowings (Principal) (₹ in crore)	13,527	21,912	36,157	37,009	42,487
Repayment of earlier borrowings (Principal) (Percentage)	59.36	64.86	58.60	76.94	70.44
Net Loans and Advances (Percentage)	0.48	0.49	2.62	1.80	1.61
Net Capital Expenditure (Percentage)	30.52	27.27	12.55	19.32	27.95
Revenue expenditure met out of net available borrowings (Percentage)	--	--	--	--	--
Surplus of borrowing as Cash Balances (Percentage)	9.64	7.38	26.23	1.95	--

Source: Finance Accounts of respective years, Government of Odisha.

**Chart 2.26: Trends of Utilisation of borrowed funds**



Source: Finance Accounts of respective years, Government of Odisha.

It is evident from **Table 2.34** and **Chart 2.26** that out of the total borrowed funds, only 30.56 per cent (₹ 17,827 crore) were left with State to utilise for development purposes, after repayment of loans. State is required to augment its Revenue Receipts, so that the dependency on borrowed funds was curtailed.

### 2.7.3 Status of Guarantees- Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. Finance Department, Government of Odisha instructed (12 November 2002) that the total outstanding guarantee as on 1st April every year should not exceed hundred per cent of the State's Revenue Receipts (excluding Grants-in-Aid) of the 2<sup>nd</sup> preceding year. The trends of Outstanding Guarantees for the years 2015-16 to 2019-20 are shown in **Table 2.35**. The outstanding guarantees (₹ 3,532 crore) at the end of 2019-20 stood at 5.22 per cent of total Revenue Receipts less grants in aid of the second preceding

year (₹67,584 crore) and was within the ceiling (100 per cent) laid down in the said resolution.

Government categorised the guarantees as 100 per cent risk weighted *i.e.*, the risk of default was borne by the State Government. During the year 2019-20, Government did not extend guarantees to any entities. On the other hand, guarantee amounting to ₹636.62 crore of Grid Corporation of Odisha Limited (GRIDCO) was withdrawn. Out of the total loans guaranteed by the Government, 97 per cent (₹3,432.25 crore) pertained to Grid Corporation of Odisha Limited (GRIDCO). Details of the guarantees given by the Government are in **Table 2.35** below.

**Table 2.35: Guarantees given by the Government**

Guarantees	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	40,518	44,080	54,812	59,217	67,584
Outstanding guarantees at the beginning of the year	1,672	1,290	2,256	1,711	4,170

*Source: Finance Accounts 2019-20, Government of Odisha.*

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. As per Finance Accounts, the State received ₹ 307.57 crore as Guarantee Commission or fee against the receivable amount of ₹ 371.19 crore as on 31 March 2020. The balance guarantee commission of ₹ 63.62 crore is yet to be received. Details are shown in **Table 2.36**.

**Table 2.36: Guarantee Commission received/receivable by the Government**

Name of the Sector	No. of entities	(₹ in crore)		
		Commission receivable	Commission received	Commission yet to be received
Power	4	300.54	269.60	30.94
Co-operatives	42	4.45	2.16	2.29
State Financial Corporation	7	8.55	2.89	5.66
Housing and Urban Development	86	41.16	26.83	14.33
Roads and Transport	2	1.84	1.84	0.00
Other Infrastructure	15	13.39	4.25	9.14
Others	4	1.26	0.00	1.26
<b>TOTAL</b>	<b>160</b>	<b>371.19</b>	<b>307.57</b>	<b>63.62</b>

*Source: Finance Accounts 2019-20, Government of Odisha.*

#### 2.7.4 Cash Balance

As per an agreement with the Reserve Bank of India State Governments have to maintain a minimum daily cash balance with the Bank.

State Governments invest their surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited

as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting to productive use.

The cash balance at the end of March 2020 was ₹ 42,437.50 crore. Cash balances and investments thereof made by the State Government during 2019-20 are given in **Table 2.37**.

**Table 2.37: Cash Balance and Investment of Cash Balance**

(₹ in crore)		
	Closing balance on 31/3/2019	Closing balance on 31/3/2020
<b>(a) General Cash Balance -</b>		
Cash in Treasuries	--	--
Deposits with Reserve Bank	1,624.56	242.18
Deposits with other Banks	--	--
Remittances in transit - Local	--	--
Investments held in Cash Balance investment account	23,135.59	24,865.00
<b>Total (a)</b>	<b>24,760.15</b>	<b>25,107.18</b>
<b>(b) Other Cash Balances and Investments</b>		
Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	19.75	19.86
Permanent advances for contingent expenditure with departmental officers	0.33	0.33
Investment in earmarked funds (Consolidated Sinking Fund- ₹13,003.54 crore, Guarantee Redemption Fund- ₹1,411.58 and State Compensatory Afforestation Fund ₹ 2,895.00 crore as on 31 March 2020)	13,354.25	17,310.13
<b>Total (b)</b>	<b>13,374.33</b>	<b>17,330.32</b>
<b>Grand total (a)+ (b)</b>	<b>38,134.48</b>	<b>42,437.50</b>
<b>Interest realised</b>	<b>1,427.13</b>	<b>1,422.96</b>

Source: Finance Accounts 2019-20, Government of Odisha.

The balances under Cash Balance Investment Account of the State Government for the last five years are given in **Table 2.38**.

**Table 2.38: Cash Balance Investment Account (Major Head 8673)**

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2015-16	3,870.55	5,836.24	(+) 1,965.69	365.34
2016-17	5,836.24	8,738.10	(+) 2,901.86	391.09
2017-18	8,738.10	24,747.97	(+) 16,009.87	559.32
2018-19	24,747.97	23,135.59	(-) 1,612.38	1,427.13
2019-20	23,135.59	24,865.00	(+) 1,729.41	1,422.96

Source: Finance Accounts of respective years, Government of Odisha.

The closing cash balances in the years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were ₹12,047.68 crore, ₹14,601.11 crore, ₹ 30,848.11 crore, ₹ 38,134.48 crore and ₹ 42,437.50 respectively. This indicates that the State Government

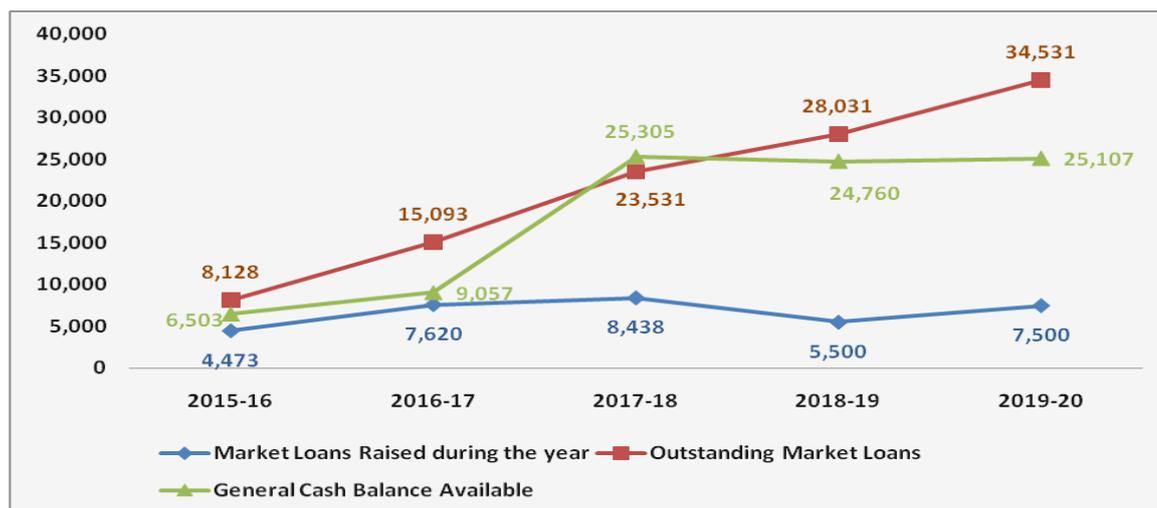
maintained large cash balance on a regular basis, while being a fiscal deficit State at the same time.

- As per the Finance Accounts, the general cash balance of ₹ 25,107.18 crore included an amount of ₹ 16,758.14 crore relating to Odisha Mineral Bearing Areas Development Corporation (OMBADC) account. Scrutiny of records revealed that Hon'ble Supreme Court of India had directed (02 August 2017) the State Government to keep the compensation recoverable in respect of the illegally mined ore under Section 21(5) of the Mines and Minerals (Development & Regulation) (MMDR) Act with OMBADC, a SPV (Special Purpose Vehicle) for undertaking tribal welfare and area development work.
- During the year 2019-20, an amount of ₹950.71 crore interest accrued towards investment of Consolidated Sinking Fund, ₹110.18 crore interest accrued towards investment of Guarantee Redemption Fund and ₹143.63 crore interest accrued towards investment of SCAF were credited in the respective funds.
- During the year, State Government received ₹5,933.98 crore for credit to the State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) from National Compensatory Afforestation Deposits, which resulted in substantial increase of cash balance.
- The Government invested cash balances amounting to ₹ 24,865.00 crore in GoI Treasury Bills (TB) and GoI Stocks. On these investments, the Government earned interest of ₹ 1,422.96 crore during the year.
- The 13<sup>th</sup> Finance Commission had recommended that the States with large cash balances should make efforts to utilise their cash balances before resorting to fresh borrowings. Out of a General Cash Balance of ₹25,107.18 crore, there was an untied Cash Balance of ₹ 4,309.22 crore. The State, however, resorted to market borrowings of ₹ 7,500.00 crore at interest rates ranging from 7.55 to 8.79 *per cent*, contrary to the Finance Commission recommendation.

Government stated (May 2021) that a new mechanism has been put in place under which State Government is now able to avail loan from the surplus cash balance at the rate equivalent to 364 days ATB. This reduces its reliance on Open Market Borrowing by availing short-term borrowing facility from the OMBADC and CAMPA fund. This effort has substantially reduced the cash balance. The State Government is clear that a minimum cash balance has to be maintained at all times, in order to avoid availing Ways and Means Advances from RBI. However, a prudential norm, which covers one month's estimated expenditure can be adopted, so that the cash balance is not in excess of such a norm.

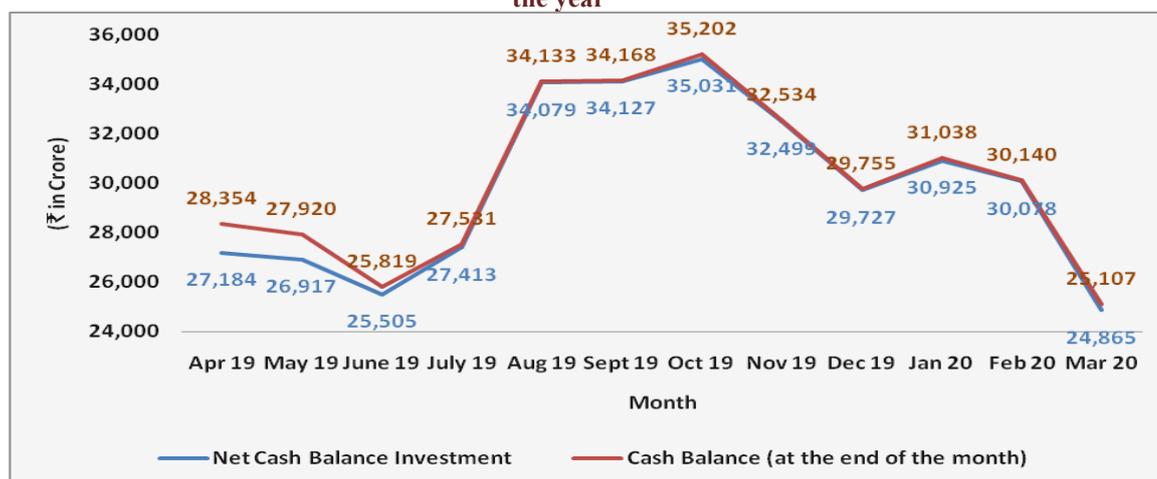
Year wise Market loan raised *vis-à-vis* cash balance available in cash balance investment account for the year 2015-16 to 2019-20 is compared in **Chart 2.27** and month wise cash balance available *vis-à-vis* cash balance invested in cash balance investment account 3.3.is shown in **Chart 2.28**

Chart 2.27: Market Loans vis-à-vis Cash Balance Investment Account (Major Head 8673)



Source: Finance Accounts of respective years, Government of Odisha.

Chart 2.28: Month wise movement of Cash Balances and net cash balance investments during the year



Source: Monthly Civil Accounts, Government of Odisha.

It can be seen from the above chart that government maintained large (more than ₹25,000 crore) general cash balances throughout the year. The net cash balance investment is moving along with cash balance, which shows that almost all of the funds were invested in cash balance investment account.

## 2.8 Conclusion and Recommendation

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. On the basis of fiscal performance of the State, Positive Indicators and Deficit Indicators (i.e., parameters requiring close watch) are categorised, as shown in Table 2.39.

Table 2.39: Key Parameters

Positive Indicators	Parameters requiring close watch
✓ Increasing trends of Non-Tax Revenue	✓ Fiscal Deficit more than 3.50 per cent
✓ Interest Payment to Revenue Receipt less than 15 per cent	✓ Increasing Debt to GSDP ratio

Positive Indicators	Parameters requiring close watch
✓ Proper investment of General Cash Balances	✓ Increasing of Primary Deficit
✓ Containing outstanding guarantees within limit.	✓ Short realisation of Revenue as compared to BE
✓ Committed Liabilities within limit set out in FRBM Act	✓ Increasing Revenue Expenditure
✓ Maintained Revenue Surplus as per FRBM target	✓ Decreasing Capital Expenditure
	✓ Hoarding of Cash Balances
	✓ Increasing subsidy
	✓ Classification of Grants in Aid as per IGAS-2
	✓ Utilisation of State Disaster Response Fund for establishment expenditure
	✓ Non-credit of interest to Reserve Fund/Deposit bearing interest

### Recommendations

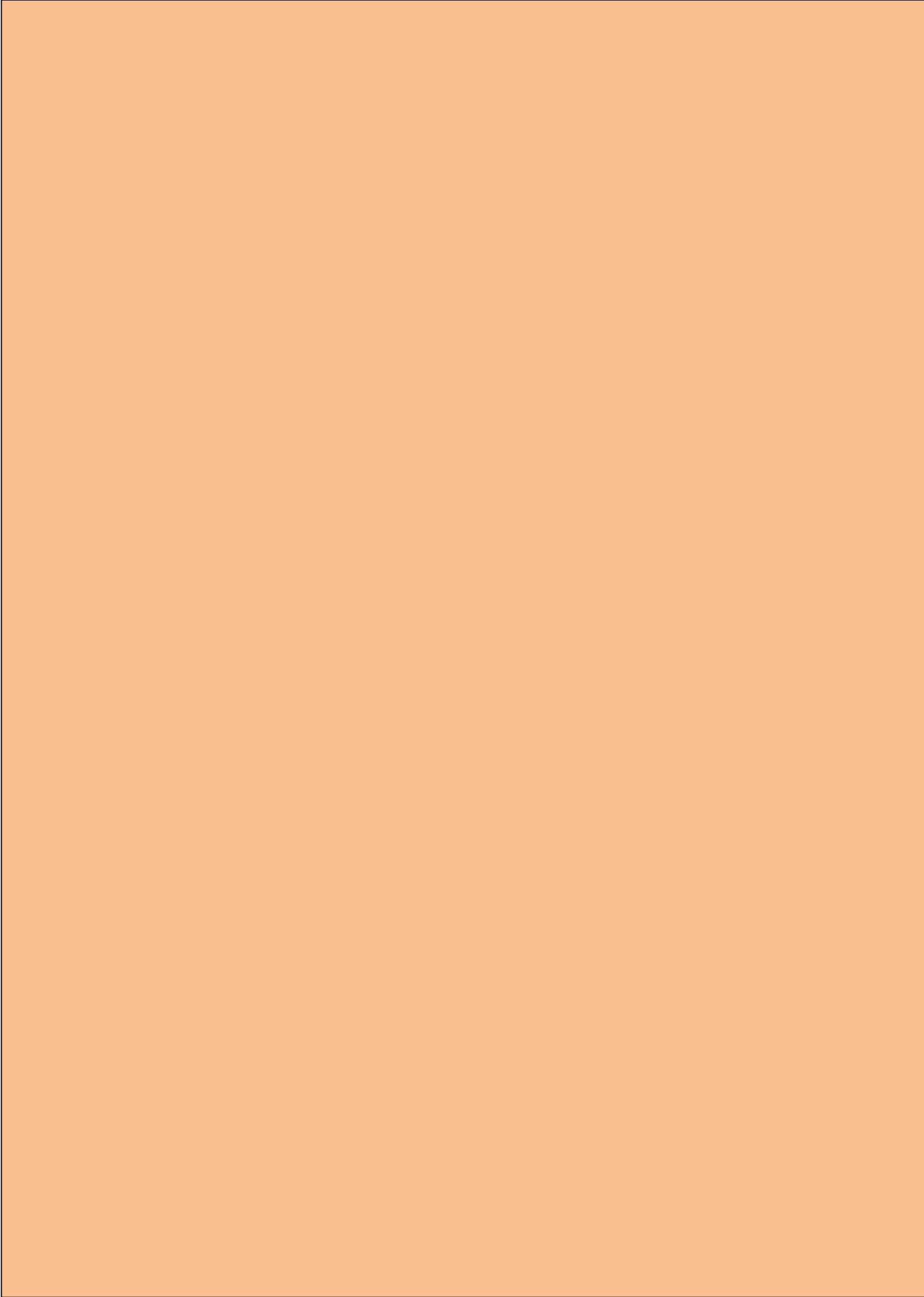
- The State Government should ensure that employees' contribution is transferred to NSDL along with a matching contribution in a timely manner. Steps should be taken to transfer the balance amount of ₹24.18 crore immediately to NSDL (*Paragraph 2.4.2.3*).
- The State Government should ensure compliance with norms for assistance and admissible items for SDRF expenditure, and ensure that unutilised amounts are refunded to Government Account along with interest (*Paragraph 2.5.2*).
- The State Government, before resorting to fresh borrowings should examine whether it is necessary to borrow funds at higher rates of interest when there are large cash balances available with them earning lower interest rates. GoO should adopt a prudential norm for monthly cash balance, to avoid large cash balances resulting in avoidable interest burden (*Paragraph 2.7.4*).

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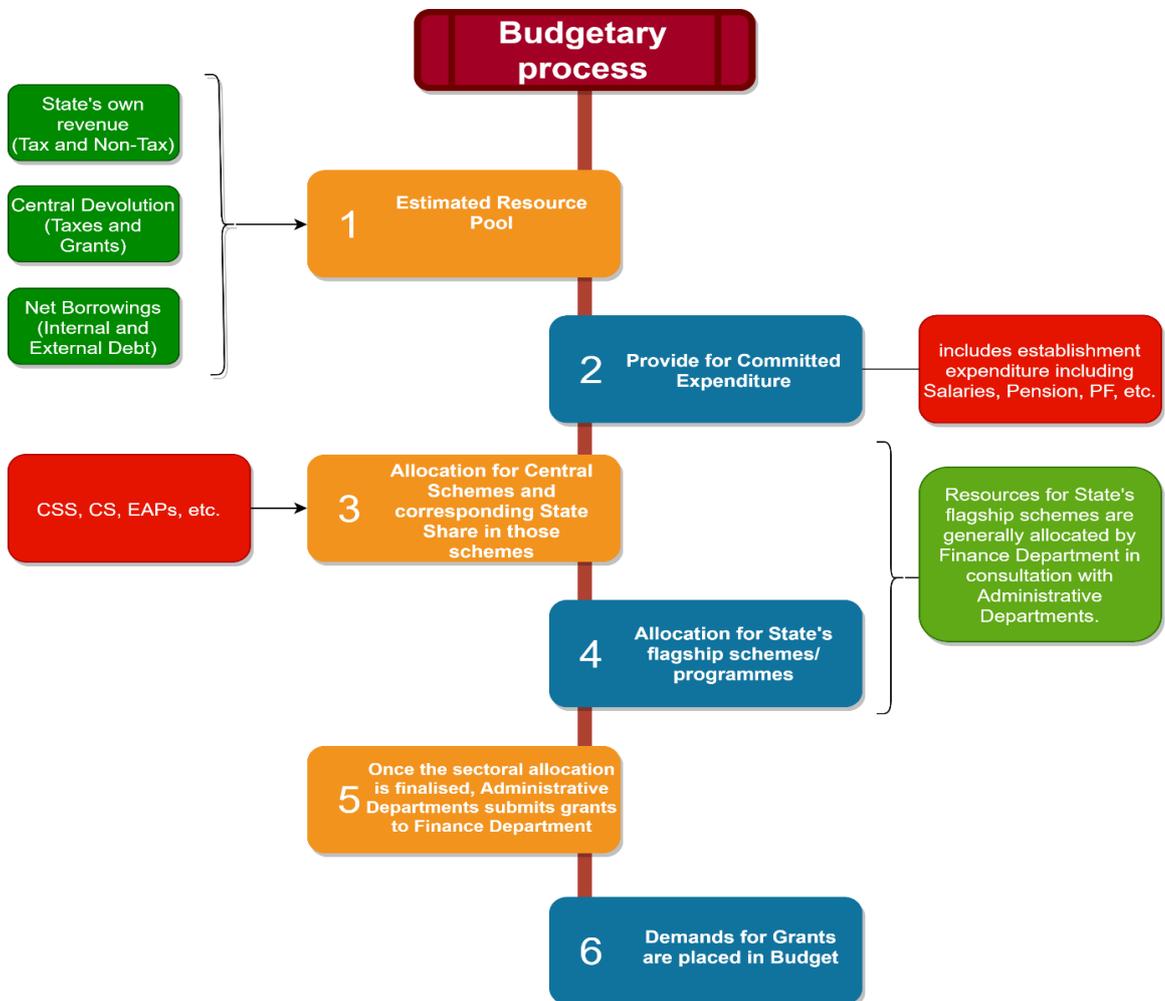
## **Chapter-III**

# **Budgetary Management**



## 3.1 Budget Process

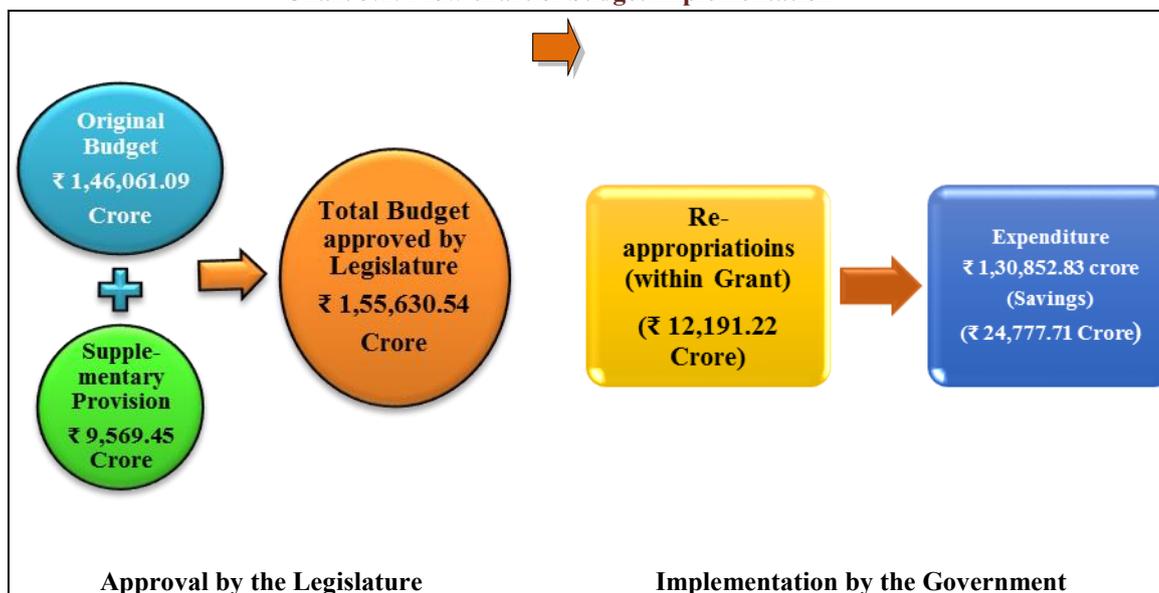
The Budget process commences with the issue of the Budget circular, normally in August each year, providing guidance to Departments in framing their estimates, for the next financial year. The Budget of the State is based on the Departmental estimates submitted by the controlling officers and these Departmental estimates are themselves mostly based on the estimates submitted by the District officers of the departments. Budget preparation process in the State is given in the **chart 3.1**:



The annual financial statement also called general budget is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The State Legislature initially approves the annual Budget. When the initial allocation is found to be inadequate or expenditure has to be

incurred on a new item, the Government presents supplementary demands (Para 166 of the Budget Manual) before the Legislature. Further, re-appropriation is a mechanism, which allows the State Government to transfer savings from one sub-head (usually a scheme) to another, provided such transfers occur within the same grant<sup>22</sup> and under the same section<sup>23</sup>. Appropriation Accounts captures the data along the entire process of budget formulation and implementation as shown in **Chart 3.2**.

Chart 3.2: Flow chart of budget implementation



Source: Appropriation Accounts 2019-20, Government of Odisha

### 3.1.1 Summary of total provisions, disbursements and savings during 2019-20

The annual financial statement or Budget, should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure. A summarised position of total Budget provision, disbursement and savings/ excess during 2019-20 with its further bifurcation into voted/charged is given below:

Table :3.1 Summarised position of Expenditure vis-à-vis Budget provision.

(₹ in crore)

Total Budget (O+S) Provision		Total	Disbursements		Total	Savings		Total
Voted	Charged		Voted	Charged		Voted	Charged	
1,44,222.36	11,408.18	1,55,630.54	1,20,176.20	10,676.63	1,30,852.83	24,046.16	731.55	24,777.71

Source: Appropriation Accounts 2019-20, Government of Odisha

As can be seen from the table, that utilisation (gross) of budgeted funds was 84.08 per cent in 2019-20. It was two per cent less than the utilisation of budgeted funds in 2018-19.

<sup>22</sup> Grant means the amount voted by the Legislative Assembly in respect of a demand for grant.

<sup>23</sup> Capital, Revenue or Loans.

### 3.1.2 Charged and voted disbursements

Break-up of total disbursement into charged and voted during the year 2019-20 with trend analysis during the last five years (2015-20) is given in the **Table** below.

**Table: 3.2 Break-up of total disbursement into charged and voted during 2015-20**  
(₹ in crore)

Year	Disbursements		Total	Savings/ Excess		Total
	Voted	Charged		Voted	Charged	
2015-16	74,315.61	6,320.09	80,635.7	15,105.56 (20.33)	1,611.80 (25.50)	16,717.36
2016-17	80,704.34	7,109.33	87,813.67	15,916.53 (19.72)	700.79 (9.86)	16,617.32
2017-18	89,635.62	9,186.48	98,822.1	20,405.17 (22.76)	801.31 (8.72)	21,206.48
2018-19	1,06,767.30	9,850.56	1,16,617.86	18,577.34 (17.40)	318.40 (3.23)	18,895.74
2019-20	1,20,176.20	10,676.63	1,30,852.83	24,046.16 (20.01)	731.55 (6.85)	24,777.71 (18.94)

*Source: Appropriation Accounts of the respective years. Figures inside the bracket denote percentage of corresponding disbursement.*

As can be seen from the table above, the percentage of savings under 'Voted' ranged between 17.40 per cent to 22.76 per cent and under 'Charged' it ranged between 3.23 per cent to 25.50 per cent during 2015-20. The overall savings of ₹24,777.71 crore during 2019-20 was more than twice the size of the supplementary budget of ₹9,569.45 crore obtained during the year, which raises questions about the budget formulation process.

Large amount of savings in allotted funds indicate both inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purpose.

### 3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. It facilitates understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriation by the C&AG seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

### **3.3 Comments on integrity of budgetary and accounting process**

#### **3.3.1 Misclassification of capital expenditure as revenue expenditure and charged expenditure & voted expenditure and vice versa**

Odisha financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. However, there are instances where object heads of revenue nature are incorrectly operated with capital major heads and vice-versa for example Grants-in-Aid.

Misclassification of expenditures and receipts has a great impact on the integrity of the financial statements. An amount of ₹ 1,729.26 crores, extended as Grants-in-Aid for both revenue purposes and for creation of assets by companies, other bodies and authorities, has been classified as Capital Expenditure for the year 2019-20 by the State Government. According to established accounting rules and standards, the amount should be classified as Revenue Expenditure (**paragraph 2.4.3** refers).

#### **3.3.2 Supplementary grants**

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year, can be made during the current financial year but, not after the expiry of the current financial year, as is necessary to meet-

- i. Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- ii. Inadequacy of provision.
- iii. Fresh expenditure but not technically “Schemes of New Expenditure.”
- iv. Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. Audit analysis of utilisation of these supplementary allocations is mentioned below:

##### **3.3.2.1 Unnecessary or excessive supplementary grants**

Audit analysis showed that supplementary grant<sup>24</sup> (₹ one crore and above) of ₹4,117.46 crore *i.e.*, 43.03 *per cent* of total supplementary grant was entirely unnecessary in 31 cases relating to 24 grants (**Appendix 3.1**), as the expenditure did not even reach the threshold of original provision. This indicated wrong estimation of Budget.

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<sup>24</sup> *Supplementary grant means a grant voted by the Legislative Assembly on a supplementary statement of expenditure presented to it within a financial year under Article 205 of the Constitution.*

### 3.3.2.2 Excessive supplementary grants

Supplementary provision (₹ one crore and above) aggregating ₹9,506.24 crore proved excessive by ₹19,973.18 crore in 53 cases under 35 grants (*Appendix 3.2*).

### 3.3.3 Un-necessary or excessive re-appropriation

By definition, Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans). During 2019-20, re-appropriation orders amounting to ₹ 12,191.22 crore (716 cases) were issued.

Audit analysis of Re-appropriation Orders showed that the Re-appropriation of funds proved excessive in 18 cases, since the amounts were not fully utilised, resulting in less expenditure of ₹ 710.37 crore. Re-appropriation proved insufficient in six cases, since the amount of expenditure incurred exceeded the amount available under the sub-heads by ₹ 104.24 crore as detailed in *Appendix 3.3*.

The Finance Department informed (06 February 2020) that the deadline of the re-appropriations was 28 February 2020. Despite that, 18 cases of re-appropriation orders amounting to ₹4,343.11 crore (₹one crore and above in each case) were issued by three Departments on 31 March 2020 as detailed in *Appendix 3.4*.

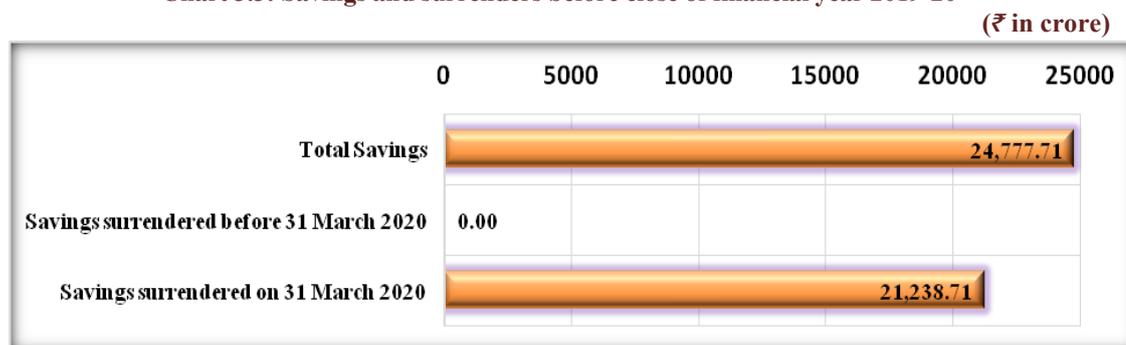
This indicates that the expenditure control mechanism was not adequate and that re-appropriation was not done on the basis of realistic estimates.

The State Government stated (May 2021) that in certain cases of Centrally Sponsored Schemes, funds were released by Government of India very late in the year and there was mismatch between budgetary allocation and funds released in various components of the schemes. This necessitated re-appropriation of funds at the fag-end of the financial year in order to ensure release of fund to the scheme account as per the scheme guidelines.

### 3.3.4 Savings/ Surrenders

Against the overall savings of ₹24,777.71 crore, ₹21,238.71 crore (85.72 per cent) was surrendered on the last day of the year *i.e.*, 31 March 2020. The remaining savings of ₹3,539 crore (14.28 per cent) were not surrendered during 2019-20. The details are shown in *Chart 3.3*:

**Chart 3.3: Savings and surrenders before close of financial year 2019-20**

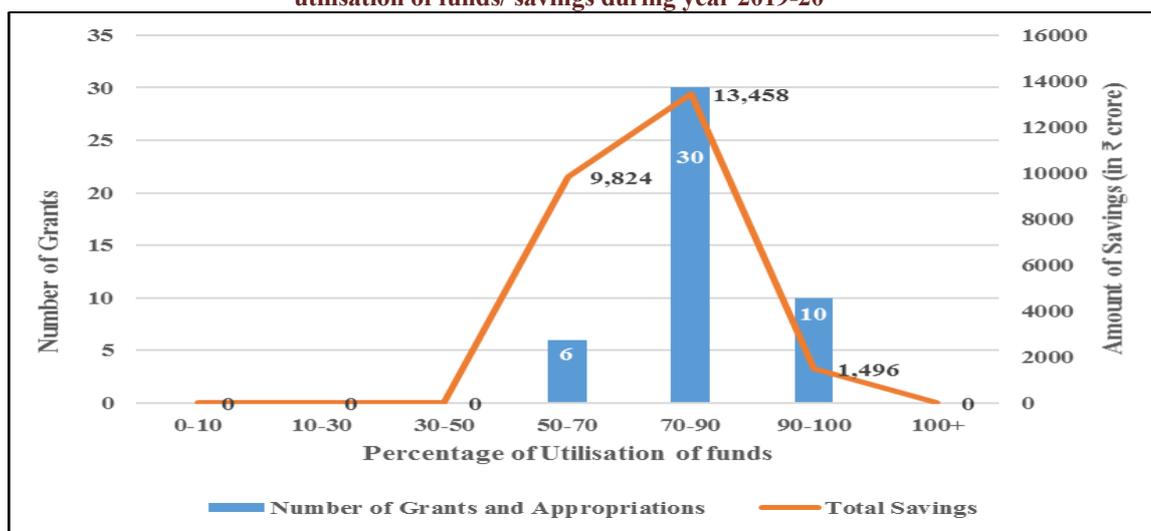


Source: Appropriation Accounts 2019-20, Government of Odisha

Of these overall savings, ₹ 12,522.59 crore (50.54 per cent) pertained to 11 grants with savings of more than ₹100 crore each and by more than 20 per cent of the total provision (*Appendix 3.5*). The main Departments with substantial savings were Agriculture and Farmers Welfare, Water Resources and Rural Development. Such large savings indicated poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls under these departments.

The distribution of the number of Grants/ Appropriations grouped by the percentage of savings along with total savings in each group is details in **Chart 3.4**.

**Chart 3.4: Distribution of number of Grants/Appropriation grouped by the Percentage of utilisation of funds/ savings during year 2019-20**



Source: Appropriation Accounts 2019-20, Government of Odisha

As can be seen from **Chart-3.4** above, out of 46 grants (43 grants and three appropriations) relating to the budget of the State, there were only eight grants and two appropriations where the utilisation of funds was more than 90 per cent. Cooperation (92.71 per cent), Public Enterprise (95.17 per cent), Science & Technology (96.78 per cent), Works (96.84 per cent), Food Supplies & Consumer Welfare (97.49 per cent) and Electronic & Information Technology (99.16 per cent) were the major Departments where more than 90 per cent of allotted funds were utilised.

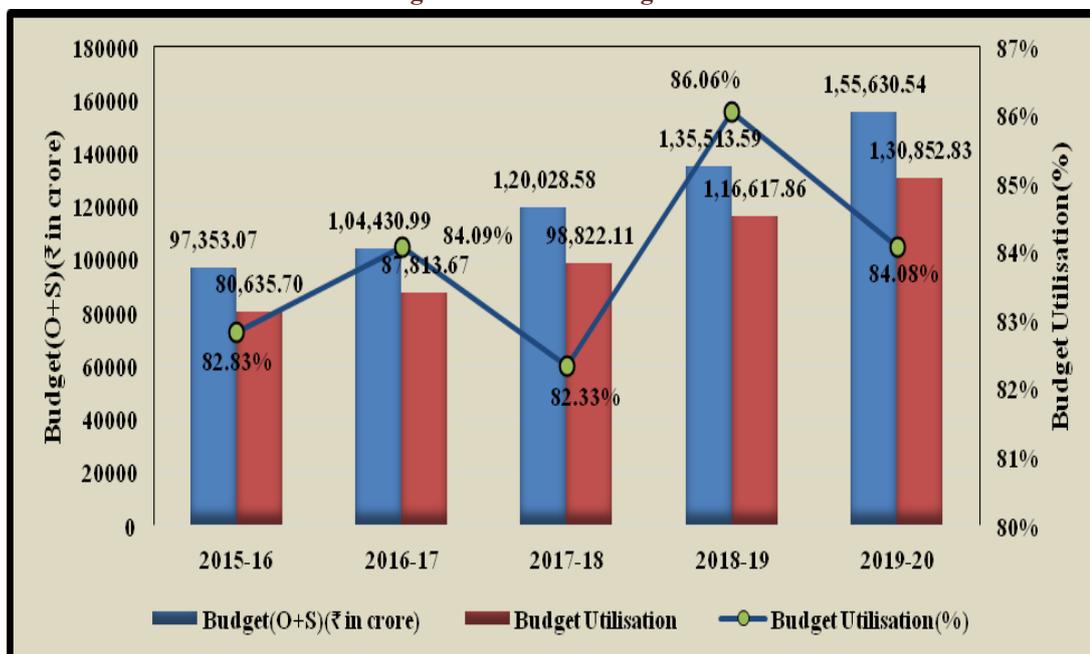
Rural Development (59.52 per cent), Water Resources (62.69 per cent) and Transport (63.60 per cent), Agriculture & Farmer’s Empowerment (69.23 per cent) are amongst the Departments where utilisation of funds was less than 70 per cent.

The State Government stated (May 2021) that large savings were due to non-receipt of Central Assistance under CSS schemes provided in the Budget Estimates, due to which State share also could not be released. It was also stated that as part of a control mechanism, Chief Secretary reviews the expenditure in the All Secretaries’ Meeting on monthly basis. Necessary instructions are also issued from time to time by Finance Department to expedite (or curtail) expenditure depending on the prevailing priorities and realistic estimates.

### 3.3.4.1 Trends in Utilisation of Budgeted Funds

The extent of utilisation of budget during the five-year period from 2015-16 to 2019-20 is given in chart below:

Chart 3.5: Budget Utilisation during 2015-16 to 2019-20



Source: Appropriation Accounts 2019-20, Government of Odisha

Large amount of savings in allotted funds indicated both inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

### 3.3.5 Substantial surrenders

Surrenders of 100 *per cent* of total provision of ₹ 1,201.45 crore were made in 24 cases (₹ ten crore or more in each case) under 13 grants. These represented different schemes/ programmes/ projects and activities (*Appendix 3.6*). The surrenders were mainly attributed to non-release of Central share, dropping of projects, non-sanction of projects, delay in approval of Expenditure Finance Committee (EFC), COVID-19 *etc.* In five cases, no reasons were furnished for surrender of provisions. However, no specific reasons for non-release of Central share, dropping of projects *etc.* were furnished. Surrender of funds due to COVID-19 is not tenable in Audit as COVID-19 related lockdown was declared in the last week of the financial year 2019-20.

Accepting the Audit observation, the State Government stated (May 2021) that the Controlling Officers should make use of the IFMS facility to ensure that the anticipated savings are surrendered before the closure of financial year.

#### 3.3.5.1 Surrender in excess of savings

In two cases (one grant and one appropriation), the amount surrendered (ten lakh or more in each case), were in excess of savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 867.44 crore, the amount

surrendered was ₹ 868.26 crore, resulting in excess surrender amounting to ₹ 0.82 crore. The details are given in **Table 3.3**.

**Table 3.3: Surrender of funds in excess of savings**

(₹in crore)

Sr. No.	Grant Number	Original	Supple-mentary	Total Provisions	Savings(-)/ Excess(+)	Amount Surrendered	Excess surrender
<b>Revenue (Charged)</b>							
1	2049-Interest Payment (All Charged)	6500.00	0.00	6500.00	437.44	438.15	0.71
<b>Capital (Voted)</b>							
2	12-Health and Family Welfare Department	972.00	0.00	972.00	430.00	430.11	0.11
<b>Total</b>					<b>867.44</b>	<b>868.26</b>	<b>0.82</b>

*Source: Appropriation Accounts 2019-20, Government of Odisha*

The State Government accepted (May 2021) the fact of surrender of funds in excess of savings and stated that in order to address the issue of generation of correct surrender statement, a system-based monitoring of reconciliation and generation of surrender statement has now been developed in the Budget application of the State Government.

### **3.3.5.2 Anticipated savings not surrendered/partially surrender**

As per Rule 146 of OBM, the spending Departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Finance Department instructions also stipulated that the surrender of unutilised funds should be made on or before 28 February 2020. A review of savings of grants and appropriations and surrender thereof showed the following:

- Out of total savings of ₹24,777.71 crore, only ₹21,238.71 crore was surrendered. All the surrender was made on 31 March 2020.
- Some instances where savings were only partially surrendered are detailed in **Appendix 3.7**. The major Departments where savings were partially surrendered were Water Resources (₹1,655.49 crore) and Agriculture and Farmers Empowerment (₹1,007.37 crore). This is indicative of inadequate financial control and resultant blocking of funds.

In response to Paragraph No. 2.3.10 of the Audit Report on State Finances for the year ended March 2015, the Government had stated (November 2015) that surrender of anticipated savings would be ensured through stabilisation of the expenditure reconciliation module of Integrated Financial Management System (IFMS). However, even after five years of implementation of IFMS, these irregularities still persist.

The IFMS was introduced in Odisha in 2013 with the aim of monitoring expenditure with reference to approved budget provision for better financial management. The persistent irregularities, however, indicated that the envisaged benefits from IFMS had not been fully realised so far.

### 3.3.6 Regularisation of excess expenditure of previous financial years

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get excess expenditure over a grant/ appropriation regularised by the State Legislature. The excess expenditure needs to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

The State Government, however, failed to get the excess expenditure amounting to ₹253.02 crore over and above the allocation, pertaining to the years 2013-14 to 2018-19, regularised as of March 2020 which are given below in **Table 3.4**.

**Table 3.4: Excess Expenditure of previous years**

(₹ in crore)

Year	Grant No./ Appropriation	Grant/ Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2013-14	22	Forest and Environment	0.29	Not yet regularised
	26	Excise	0.27	-do-
	31	Handlooms, Textile and Handicrafts	18.00	-do-
2015-16	22	Forest and Environment	0.25	-do-
	26	Excise	0.01	-do-
2016-17	6003	Internal Debt	56.63	-do-
	13	Housing and Urban Development	3.63	-do-
2017-18	8	Odisha Legislative Assembly incurred expenditure	0.52	-do-
2018-19	7	Works	169.77	-do-
	8	Odisha Legislative Assembly incurred expenditure	3.65	-do-
Total			<b>253.02</b>	

Source: Appropriation Accounts 2019-20, Government of Odisha

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive.

The State Government stated (May 2021) that steps were being taken for regularisation of the instances of excess expenditure incurred during the previous years.

### 3.3.7 Grant-in-aid for creation of capital assets

Grants-in-Aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-Aid are given for specified purpose of supporting an institution including construction of assets. As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-Aid are to be spent by the grantee, except in

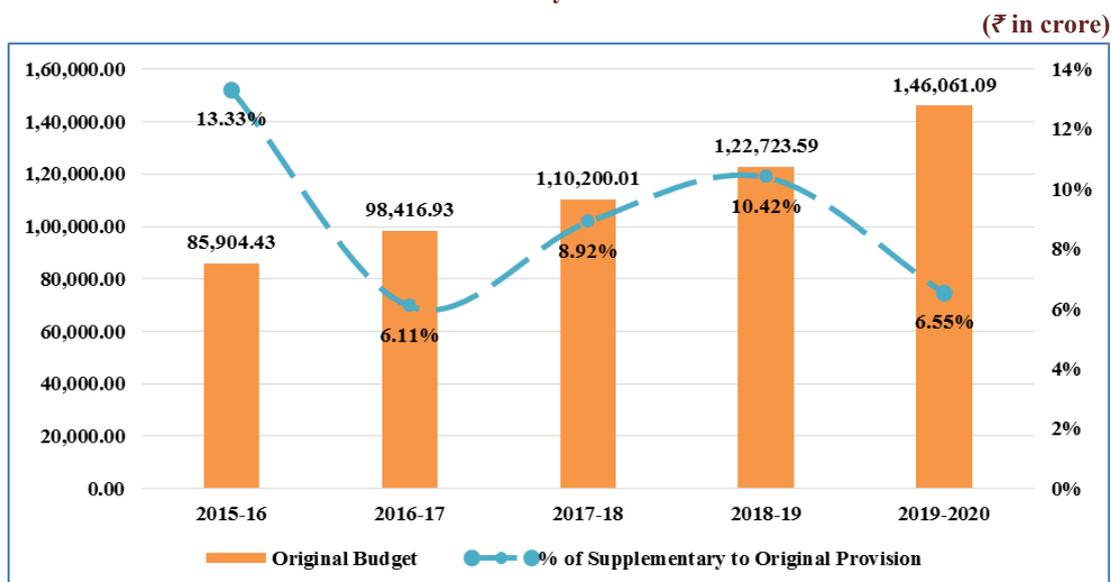
cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India.

As per Appendix-III of Finance Accounts 2019-20, total funds released as Grants-in-Aid during 2019-20 was ₹28,465.46 crore, of which, funds allotted for creation of Capital Assets was ₹7,487.47 crore (26 per cent).

### 3.4 Comments on effectiveness of budgetary and accounting process

Efficient management of tax administration/ other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some Departments deprives other Departments of the funds which they could have utilised. Trends in percentage of supplementary provision to the original provisions for the last five years are as given in **Chart 3.6**.

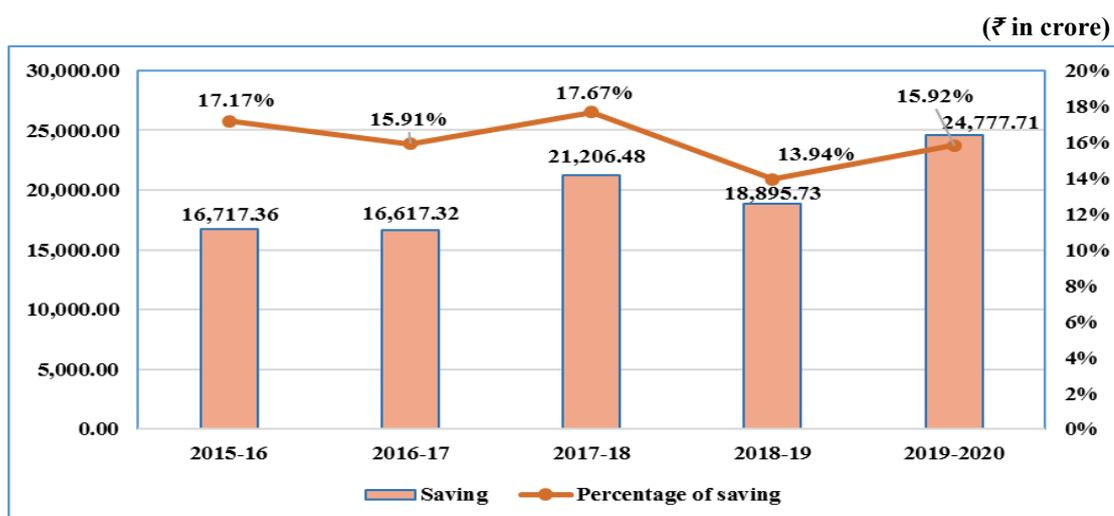
**Chart: 3.6 Trends in percentage of supplementary provision to the original provision during last five years**



Source:-Appropriation Accounts 2019-20, Government of Odisha

As can be seen from the **Chart** above, supplementary budget as a percentage of original budget provision ranged between 6.11 per cent and 13.33 per cent during 2015-20. Trends in percentage of overall savings against overall provision in the budget is given in **Chart 3.7**.

Chart: 3.7 Trends in percentage of overall savings against overall provision in the budget.



Source: Appropriation Accounts 2019-20, Government of Odisha

As can be seen from **Chart-3.7**, percentage of overall savings to overall provision of the budget remained between 14 to 18 per cent during the period 2015-20, which indicated deficiencies in budget estimation mechanism of the State.

### 3.4.1 Major policy announcements in budget and their actual funding for ensuring implementation

Several policy initiatives/ schemes (₹ one crore and above) were initiated by the State Government during 2019-20 and it was seen that these were either partially executed or not executed. Details of some Schemes are given below:

Table:3.5 New Schemes partially executed or not executed by State Government during the year 2019-20

Sl. No.	Name of the scheme	Grant No. & Department	Budget provision, 2019-20 (₹ in lakh)	Expenditure (₹ in lakh)
1	Compensatory Afforestation Fund	22 - Forest & Environment	60,000.00	42,107.57 less utilised due to imposition of State lock down for COVID 19
2	Construction and Renovation of Forest buildings - State Forest Academy	22 - Forest and Environment	200.00	The entire provision was surrendered without assigning any reason.
3	JalaDhara Construction of Dugwell and Farm Pond	23 - Agriculture & Farmer's Empowerment	1,550.03	The entire provision was surrendered due to non approval of the scheme
4	Establishment of Institute for Training of Trainers (IToT) at Bhubaneswar	39 - Skill Development & Technical Education (SDTE)	196.01	196.00
5	Establishment of Skill Development Centre by CIPET at Balasore	39 - SDTE	200.01	200.00
6	SANKALPA under PMKVY scheme	39 - SDTE	100.00	Not executed

Sl. No.	Name of the scheme	Grant No. & Department	Budget provision, 2019-20 (₹ in lakh)	Expenditure (₹ in lakh)
7	STRIVE under PMKVY scheme	39 - SDTE	1,192.00	273.00 (Poor utilisation due to non release of funds by GoI)
8	Micro and Small Enterprises Cluster Development Programme	40 - MS&ME	150.01	Not executed (due to non sanction of central share for new Common Facility Centers.)
9	Ama Ghare LED Light	30 - Energy	12,500.00	Not executed
10	KHUSHI Scheme	12 - H & F W	1,000.00	Not executed

Source: Budget Speech and Odisha Budget 2019-20

Further, Audit noticed that under nine existing sub-schemes approved outlay /revised outlay involving an amount of ₹163.51 crore (**Appendix 3.8**) remained completely unutilised during the year 2019-20 as no expenditure was incurred.

This not only deprived beneficiaries of the intended benefits of these schemes, but also deprived other Departments of the funds, where these could have been utilised.

### 3.5 Cash Management System

Pursuant to the provisions of sub-section (1-a) of Section 8 of the Odisha Fiscal Responsibility and Budget Management Act, 2016, Government of Odisha laid down guidelines for timely spending of Budgetary grants through Cash Management System in 20 Departments during 2019-20.

As per the regulation of expenditure 2019-20 in Cash Management System, the flow of expenditure should be evenly placed. In terms of Finance Department instructions dated 30 April 2018, the level of expenditure at the end of the third quarter should not be less than 60 per cent and during the month of March, the same should not be more than 15 per cent of the gross budget provision.

During 2019-20, cash management system was implemented in 20 Departments. Out of these 20 Departments, eight Departments had spent minimum 60 per cent of the original budget provision by the end of third quarter. The Rural Development Department utilised only 21.34 per cent of the original provision by the end of third quarter. Similarly, 12 Departments exceeded expenditure of 15 per cent of the original budget provision in the month of March 2020 (the excess ranged from 15.19 to 26.06 per cent) as indicated in table below.

Table 3.6: Analysis of Cash Management System

Sl. No.	Grant No/ Department	Original Budget Provision	December 2019		March 2020 (Pre)	
			Expenditure during first three quarters	Percent age of Expenditure	Expenditure during the month	Percent age of Expenditure
<b>The following Departments have followed the guidelines</b>						
1	School and Mass Education	16,467.00	10,591.12	64.32	1,570.73	9.54
2	Panchayati Raj and Drinking Water	18,934.03	11,903.59	62.87	2,335.74	12.34

Sl. No.	Grant No/ Department	Original Budget Provision	December 2019		March 2020 (Pre)	
			Expenditure during first three quarters	Percent age of Expenditure	Expenditure during the month	Percent age of Expenditure
3	Agriculture and Farmers' Empowerment	8,874.52	5,757.00	64.87	881.78	9.94
4	Energy	2,250.88	1,435.72	63.78	134.27	5.97
5	Fisheries & Animal Resources Development	898.59	598.68	66.62	49.19	5.47
6	Women & Child Development and Mission Shakti	3,458.78	2,206.66	63.80	338.70	9.79
7	Social Security & Empowerment of Persons with Disability	3,166.67	2,549.25	80.50	206.63	6.53
The following Departments have not followed the guidelines						
8	Works	4,059.55	3,616.27	89.08	716.89	17.66
9	Food Supplies and Consumer Welfare	1,135.36	902.22	79.47	186.54	16.43
10	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	3,624.84	1,427.93	39.39	736.06	20.31
11	Health and Family Welfare	6,804.85	4,005.37	58.86	966.27	14.2
12	Housing and Urban Development Department	5,591.70	2,870.49	51.33	1,457.24	26.06
13	Industries	262.25	112.06	42.73	61.05	23.28
14	Water Resources	9,738.42	3,691.42	37.91	1,150.86	11.82
15	Forest & Environment	1,509.77	667.52	44.21	277.96	18.41
16	Rural Development	5,532.09	1,180.45	21.34	617.41	11.16
17	Handlooms, Textiles & Handicrafts	183.82	99.65	54.21	13.89	7.56
18	Higher Education	2,377.84	1,221.51	51.37	351.03	14.76
19	Skill Development & Technical Education	719.04	416.88	57.98	109.19	15.19
20	Micro, Small & Medium Enterprises	193.47	108.33	56.00	21.86	11.3

*Source: Monthly Appropriation Reports for December 2019 and March (Pre) 2020.*

It is evident from the above table that out of 20 Departments only seven Departments (Sl. No.01 to 07) had followed the guidelines for timely spending of budgetary grants through the Cash Management System.

Thus, contrary to the spirit of financial regulation, a substantial quantum of expenditure was incurred by the Government at the fag end of the year, indicating failure of the cash Management System and inadequate control over the expenditure.

The State Government stated (May 2021) that overall expenditure of Departments in the last quarter and last month of the financial year covered under the Cash Management System in the FY 2019-20 is well within the bench mark level of 40 per cent and 15 per cent respectively.

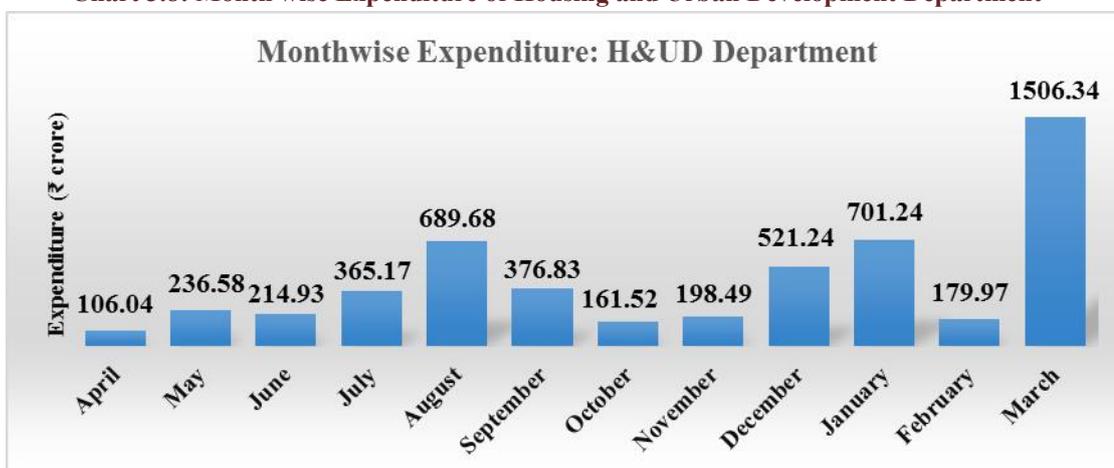
Response of the Government was not tenable, due to the fact that out of 20 Departments listed above, 13 Departments had not followed the benchmark level, as indicated in **Table 3.6** above.

### 3.5.1 Rush of expenditure

In terms of Rule 147 of OBM, rush of expenditure in the closing month of the financial year is a breach of financial regularity, which should be avoided. Contrary to this, there were 13 schemes (sub-heads) in five Departments, where 100 per cent of the total expenditure was incurred (₹684.37crore) in March 2020 as detailed in *Appendix 3.9*.

High percentage of expenditure in March indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained. This also indicates failure of Cash Management System in these Departments. As an example, month-wise expenditure incurred by the Housing and Urban Development (H&UD) Department, being the department with the highest percentage of expenditure (26.06 per cent) incurred during March 2020, is given below:

**Chart 3.8: Month wise Expenditure of Housing and Urban Development Department**



Source: Records of the Office of the Principal Accountant General (A&E), Odisha

As seen from the chart above, during April 2019 to February 2020, the percentage of expenditure ranged between 02 to 13 per cent of the total expenditure (₹5,258.03 crore) while 29 per cent was incurred during the last month of the financial year, indicating poor budgetary and expenditure controls.

### 3.6 Review of selected grants

A detailed scrutiny of two grants, viz., (i) Grant No. 11 – Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare Department and (ii) Grant No. 28 – Rural Development Department, was conducted in Audit. Outcome of the Audit is discussed in the succeeding paragraphs.

#### 3.6.1 Grant No-11-Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare Department (ST& SC D, M&BCW)

The broad objectives of the Department are improving the socio-economic conditions of ST, SC, OBC and Minority communities, by increasing their access to education, health, housing and other public services. The policies, programmes and schemes of the Department are implemented through District Rural Development Agencies, Block Development Offices, Integrated Tribal Development Agencies.

Five Major Heads viz., 2059-Public Works, 2216-Housing, 2225-Welfare of SC, ST, OBC & Minorities, 2251-Secretariat- Social Services, and 4225- Capital Outlay on Welfare of SC, ST, OBC & Minorities, are operated under this Grant.

### 3.6.1.1 Budget and Expenditure

The overall position of budget provision, actual expenditure and savings under this Grant during the last three years, i.e., 2017-20 is given below.

**Table 3.7: Budget provision vis-à-vis Expenditure**

		(₹ in crore)		
	Particulars	2017-18	2018-19	2019-20
Revenue (voted & Charge)	Original budget (O)	2,486.63	3,009.17	3,125.91
	Supplementary budget (S)	119.18	415.39	144.41
	Total Budget Provision(O+S)	2,605.81	3,424.56	3,270.32
	Expenditure	2,324.48	2,847.21	2,596.48
	Savings	281.33	577.35	673.84
	Surrender	268.73	577.07	673.61
	Percentage of savings to total provision	10.80	16.86	20.60
Capital (voted & Charge)	Original budget (O)	463.74	405.87	498.93
	Supplementary budget(S)	118.28	20.07	0.84
	Total Budget Provision(O+S)	582.02	425.94	499.77
	Expenditure	527.36	373.47	168.44
	Savings	54.66	52.47	331.33
	Surrender	67.11	52.47	277.33
	Percentage of savings to total provision	9.39	12.32	66.30

Source: Appropriation Accounts 2017-18 to 2019-20, Government of Odisha

As can be seen from the above table, savings as a percentage of total budget provision ranged between 10.80 per cent and 20.60 per cent during the period 2017-20 under Revenue section and between 9.39 per cent and 66.30 per cent under Capital section. Persistently large savings is indicative of incorrect assessment of actual needs and calls for a critical review of budget preparation exercise of the Department. The Department attributed savings to non-receipt of Central Assistance, and constraints in the functioning of implementing agencies.

### 3.6.1.2 Savings

Out of total budget provision of ₹499.77 crore under Capital section during 2019-20, there were substantial savings of ₹331.33 crore (66.30 per cent). The savings were mainly under sub-head 0649-Hostel (₹80.00 crore), sub-head 3383 - Solar Energy based Electrification in the Tribal Residential Schools and Tribal villages in TASP Areas (₹55.50 crore), without citing any specific reasons.

### 3.6.1.3 Unnecessary Supplementary Grant

Table 3.7 revealed that the entire supplementary provisions during 2017-20 were unnecessary, as the actual expenditure did not come up to the level of original provision except during 2017-18 under Capital section.

### 3.6.1.4 Programme implementation

The details of financial and physical targets and achievements under the following Schemes were test checked:

Table 3.8: Achievement against financial and physical targets

Sl No.	Name of the Scheme	Financial Target (₹in Crore)			Physical Achievements (Nos.)			Reason for Not achieving intended target
		Fund allotted	Funds utilised	Funds remaining un-utilised	Target	Achievement	Shortfall	
1(i)	4225-01-277-0649-Hostel (SC)	90.00	0.00	90.00	Data not available with the Department			Due to non-submission of complete proposal by the District Authorities the funds could not be released.
(ii)	4225-02-277-0649-Hostel (ST)	124.35	0.63	123.72	114 Composite Modern Urban Hostels	Nil	Nil	Due to acute resource constraint for 2019-20, Finance Department asked for surrender of budget provision.
(iii)	4225-03-277-0649-Hostel (OBC)	52.80	24.97	27.83	100	74	26	Land dispute and land ₹25 crore surrendered as required by P&C Department and Finance Department and ₹2.80 crore surrendered due to non-receipt of the Central Assistance
(iv)	4225-04-277-0649-Hostel (Minorities)	12.88	0.00	12.88	Data not available with the Department			₹12.88 crore meant recurring cost not released due to non-completion of hostels.
2	2225-(02)-794-0670-(Income Generating & Infrastructure Development Programme under Integrated Development Project	200.00	78.71	121.29	66,666 beneficiaries	26,236 beneficiaries	40,430 beneficiaries	The anticipated funds were not received from Ministry of Tribal Affairs (MoTA). However, reason of non-receipt of fund not furnished by the Department.
3	2225-02-794-0222-Creation of infrastructure in Tribal Sub-Plan Area under 1st Proviso of Article 275(1) of Constitution.	248.39	146.66	101.74	Data not available with the Department			No specific reasons for shortfall were provided

Sl No.	Name of the Scheme	Financial Target (₹in Crore)			Physical Achievements (Nos.)			Reason for Not achieving intended target
		Fund allotted	Funds utilised	Funds remaining un-utilised	Target	Achievement	Shortfall	
4	2225-01-793-0671- Implementation of Income generating scheme for SCs	83.43	0.00	83.43	21,000 Beneficiaries	0	21,000 Beneficiaries	No funds were received from the Ministry of Social Justice & Empowerment (MoSJ&E), GoI. Reasons for non-receipt of funds were not furnished.
5	2225-04-800-3383- Pradhan Mantri Jana Vikash Karyakram	3.92	0.00	3.92	Data not available with the Department			Due to non receipt of Grant-in-aid from Ministry of Minority Affairs, GoI. Reasons for non-receipt of funds were not furnished.
6	4225-04-800-3383)- Pradhan Mantri Jana Vikash Karyakram	67.54	12.04	55.50	02 Numbers	0	02 Numbers	Land alienation issues
7	2225-01-793-2991- Pradhan Mantri Adarsha Gram Yojana (PMAGY)	51.71	0.00	51.71	196 Villages	0.00	196 Villages	Since no funds have been received from the Ministry of Social Justice & Empowerment, GoI for these villages, works have not been taken up. Reasons for non-receipt of funds were not furnished.
8	2225-01-277-2365- Scholarship and Stipend for SC Students (Pre-Matric)	107.60	85.62	21.98	508311 Number of students	487815 Number of students	20496 Number of students	Due to (i) incorrect data received from some districts (ii) Delay in receipt of requirement from some districts.
9	2225-02-277-3053-Umbrella Scheme <sup>25</sup> for Education of ST Students.(Pre Matric)	75.45	75.45	0.00	237794 students	219875 students	17919 students	No reasons for shortfall of target furnished.
10	2225-02-277-	277.48	244.44	32.99	Data not available with the Department			Expenditure

<sup>25</sup> It is a scholarship scheme to ST student prosecuting studies at Pre-Matric, Post Matric, Post-secondary and Post graduate stages to enable them to complete their studies in recognized educational institutions inside as well as outside the State.

Sl No.	Name of the Scheme	Financial Target (₹in Crore)			Physical Achievements (Nos.)			Reason for Not achieving intended target
		Fund allotted	Funds utilised	Funds remaining un-utilised	Target	Achievement	Shortfall	
	0633-High School (Salary Component)							incurred as per requirement.
11	2225-02-796-0412- Establishment of Micro Project for Primitive Tribes (under ITDP)	30.00	9.76	20.24	Data not available with the Department			No specific reasons given
12	4225-04-800-2255- Multi-Sector Development Programme	19.93	0.74	19.19	100 units of library-cum-reading rooms and 300 Indira Awas Yojana (IAY) house	Nil	Nil	Due to non-receipt of Grant-in-aid from Ministry of Minority Affairs, GoI. Reasons for non-receipt of funds were not furnished.
13	2225-01-277-1274- Sevashrams (Salary Component)	201.03	185.23	15.80	Data not available with the Department			No specific reasons given

*Source: ST&SC Development, Minorities & Backward Classes Welfare Department, Government of Odisha.*

As can be seen from the table above, out of 13 test checked schemes, utilisation of funds under five schemes<sup>26</sup> was nil during the financial year while Central funds were not received, under four schemes<sup>5</sup>.

- Reason cited by the Department against the scheme “4225-01-277-0649 Hostel (SC)” that due to non-submission of complete proposal by the District Authorities the funds could not be utilised, is not tenable because allotment of funds is required to be preceded by receipt of proposal from the District administrations. This indicated that funds provision was made without pre budget exercise violating the Odisha Budget Manual.
- Hostel (ST): Under the Scheme “4225-02-277-0649 Hostel (ST)” less than one *per cent* of allotted funds was utilised. The reasons given by the Department that entire provision was surrendered as per instruction of the Finance Department, is not tenable because provision was made by the Finance Department on the basis of requirement/proposal of the Department. Further, as can be noted from table above, physical progress of the targeted 114 hostels was nil, leading to non-utilisation of funds.
- Hostel (Minorities): Funds under the Scheme “4225-04-277-0649-Hostel (Minorities)” were not utilised and surrendered without citing any specific

<sup>26</sup>(i)-Hostel (SC), (ii)-Hostel (Minorities), (iii)-Implementation of Income generating scheme for SCs, (iv)-Pradhan Mantri Jana Vikash Karyakram and (v)-Pradhan Mantri Adarsha Gram Yojana (PMAGY)

reasons. This indicated deficient budgeting and monitoring mechanism of the Department.

- Income Generating & Infrastructure Development Programme under Integrated Development Project: Under the scheme less than 40 *per cent* of the allotted funds (₹200 crore) were utilised. The anticipated funds were not received from the Ministry of Tribal Affairs. However, reasons for non-receipt of funds were not furnished by the Department.
- Creation of infrastructure in Tribal Sub-Plan Area under 1st Proviso of Article 275(1) of Constitution of India: Under the Scheme 59 *per cent* of the allotted funds of ₹248.39 crore were utilised. Balance funds of ₹101.74 crore were surrendered without citing any specific reasons. Thus, the intended benefit could not be achieved.
- Pradhan Mantri Jana Vikash Karyakram: Out of total provision of ₹67.54 crore for construction of two Common Service Centers, ₹12.04 crore was stated to have been utilised. However, construction of both the Common Service Centers had not started due to non-alienation of land.
- Pradhan Mantri Adarsh Gram Yojana (PMAGY): Due to non-receipt of funds from the Ministry of Social Justice & Empowerment, Government of India (GoI), the budgeted provision of ₹51.71 crore was surrendered. The reasons of non receipt of funds from GoI were not furnished.
- Scholarship and Stipend for SC Students (Pre-Matric): During 2019-20 under the scheme, ₹107.60 crore was provided, to disburse Scholarship and Stipend to 5,08,311 SC students (Pre-matric). Of this, ₹85.62 crore was disbursed to 4,87,815 students (Pre-matric). The balance of ₹21.98 crore for remaining 20,496 students could not be disbursed due to delayed receipts/ errors in data received from some districts.
- Umbrella Scheme for Education of ST Students (Pre-Matric): 17,919 students were not benefited by the Scheme even after spending all allotted funds of ₹75.45 crore. Reasons for shortfall in providing scholarships, when the full quantum of funds were available, were not made available to Audit.
- The Department did not maintain data on physical achievements in respect of the schemes mentioned at Sl. No. 1(i), (iv), 3, 5, 10, 11 & 13 in **Table 3.9**, even though expenditure of ₹586.09 crore was incurred. This indicated poor oversight and monitoring by the Department.

### 3.6.2 Grant No. 28-Rural Development Department

Rural Development Department is the nodal department for providing connectivity to unconnected rural habitations in rural areas and maintains the rural roads and government buildings in rural areas. The programmes of the Department are being implemented by the Rural Works (RW) Organisation and the Odisha State Rural Road Agency. Ten Major Heads *viz.*, 2059-Public Works, 2215-Water Supply & Sanitation, 2216-Housing, 2230-Labour & Employment, 3054-Roads & Bridges, 3451-Secretariat –Economic Services, 4059-Capital Outlay on Public Works, 4215-Capital Outlay on Water Supply and Sanitation, 4216-Capital Outlay on Housing and 5054-Capital Outlay on Roads and Bridges are operated under this Grant.

### 3.6.2.1 Budget and Expenditure

The budget provision, actual expenditure and savings under this Grant during the three-year period 2017-20 is given below.

**Table 3.9: Budget provision vis-à-vis Expenditure incurred during 2017-20**

		(₹ in crore)		
		2017-18	2018-19	2019-20
Revenue (Voted & Charged)	Original budget (O)	2914.62	1173.26	1271.8
	Supplementary budget (S)	2.71	104.24	5.35
	Total budget provision (O+S)	2917.33	1277.5	1277.15
	Expenditure	2455.34	1224.09	926.32
	Savings	461.99	53.41	350.83
	Surrender	476.58	51.98	349.51
	Percentage of savings to total provision	15.84	4.18	27.47
Capital Expenditure (Voted & Charged)	Original (O)	4459.73	4411.2	4260.3
	Supplementary(S)	721.99	2165.31	50
	Total budget provision (O+S)	5181.72	6576.51	4310.3
	Expenditure	4936.98	6065.7	2399.46
	Savings	244.74	510.81	1910.84
	Surrender	244.66	511.04	1910.84
	Percentage of savings to total provision	4.72	7.77	44.33

Source: Appropriation Accounts 2017-18 to 2019-20, Government of Odisha.

### 3.6.2.2 Savings

During 2017-20, unutilised provision as a percentage of total provision ranged between 4.18 per cent and 27.47 per cent under Revenue Section, and between 4.72 per cent and 44.33 per cent under Capital Section.

There were persistent savings under both Revenue and Capital Section during 2017-20 which is indicative of poor budgetary monitoring or shortfall in performance or both.

### 3.6.2.3 Unnecessary Supplementary Grant

The entire supplementary provisions proved unnecessary during 2017-18 and 2019-20 under Revenue section and during 2019-20 under Capital section as the actual expenditure during those years did not reach the threshold of original provision itself.

### 3.6.2.4 Programme implementation

Some important schemes being implemented by the department during 2019-20 are as follows:

**Pradhan Mantri Gram Sadak Yojana (PMGSY):** This is a GoI sponsored scheme with sharing pattern of 60:40 between GoI and State Government. This scheme aims to provide all-weather connectivity to all unconnected habitations in rural areas of the State.

**Biju Setu Yojana (BSY):** The objective of the scheme is construction of new bridges to provide all-weather connectivity to the rural areas of the State.

**Mukhya Mantri Sadak Yojana:** This scheme is meant for providing all weather connectivity to the unconnected habitations not covered under PMGSY or any other scheme.

**Rural Infrastructure Development Fund (RIDF):** Objective of the scheme is to improve rural road infrastructure like roads, bridges *etc.* in the State.

The details of achievement of financial and physical targets of test checked schemes are summarised in **Table 3.11**.

**Table 3.10: Achievement against financial and physical targets.**

SI No.	Name of Scheme	Financial (₹ in Crore)			Physical (roads/lengths)		
		Funds allotted	Funds utilised	Balance	Target	Achievement	Shortfall
1	5054-04-337-1077-PMGSY	2,900.00	1,123.07	1,776.93	2550 roads	1706 roads	844 roads
2	5054-04-800-2161-RIDF	576.00	566.04	9.96	434 roads	212 roads	222 roads
3	5054-04-789-2161-RIDF	17.00	10.62	6.38			
4	5054-04-796-2161-RIDF	23.00	22.77	0.23			
5	5054-80-789-2161-RIDF	149.50	149.19	0.31			
6	5054-80-796-2161-RIDF	204.7	195.36	9.34			
7	5054-04-800-1230-Rural Roads	172.50	171.57	0.93			
8	5054-80-789-1230-Rural Roads	32.60	31.19	1.41			
9	5054-80-796-1230-Rural Roads	37.60	33.68	3.92			
10	3054-04-337-1230-Rural Roads	445.39	270.47	174.92	6232.10 kms	2726.45 kms roads	3505.65 kms
11	3054-80-190-1230-Rural Roads	85.00	0.47	84.53	5714 roads	2361 roads	3353 roads

Source: Records of RD Department, Government of Odisha

**Rural Infrastructure Development Fund (RIDF):** As against the budget allocation of ₹970.20 crore, an amount of ₹ 943.98 crore (97.30 per cent) was expended under the scheme heads of account during 2019-20. Although the financial utilisation was 97.30 per cent, Audit noticed that the following works, as detailed in table below, were not executed during the year 2019-20.

**Table 3.11: Instances of Incomplete Roads under 5054-(04 & 80)- (789,796, 800)-2161-RIDF**  
(₹in lakh)

Sl. No.	District/ Division	Name of the Road/ Work	Awarded cost	Financial outlay 2019-20	Expenditure as on 31-03-2020
1	Nayagarh/ Nayagarh-I	Patia to Gachhapatra Via (Randa, Gadasahi, Grinda)	240.66	100.00	0
2	Jajpur-I	Bridge over river Kharasrota at 0.00 Km. on Kamalpurghat to Dhaudibandha ghat	2,043.66	100.00	0
3	Malkanagiri-II	Construction of HL Bridge over Tamasanallah at 1st KM on Kamaliguda to Pitagetta road	527.22	100.00	0

Sl. No.	District/ Division	Name of the Road/ Work	Awarded cost	Financial outlay 2019-20	Expenditure as on 31-03-2020
4	Keonjhar-II	Bridge over river Baitarani on Uchabali-Uttarposi road	2060.3	100.00	0
5	Keonjhar-II	H. L. Bridge over river Baitarani at 1.50km on Patua Kandra-Basantpur road	992.85	100.00	0
6	Bhadrak-I	H. L. Bridge over Nua Mantei river at 3rd K.M on Nischintapur to Padmapur Birasa P.W.D. Road via Madhupur	543.38	100.00	0
7	Cuttack-II	HL bridge over river Rana at 3.200 K.M on Haldipada to Karabar Road	572.84	100.00	0
8	Cuttack-II	H.L. Bridge over river Sapua near Regadapada at 3/50 km on Nuabandha (PWD road) to Sankarpur Chhak	678.43	250.00	0
9	Cuttack-II	HL bridge over Khali Nallah at 1.100 km on Ekdal-Ganagana Road	576.92	100.00	0
10	Ganjam-II	Bridge over Nandini Nallah on Kurula Chaka to Gothagam via Mahurikana road	629.4	100.00	0

Source: Records of RD Department, Government of Odisha

This indicates that while expenditure was booked on the basis of transfer of funds out of Government Account into accounts of Implementing agencies, end utilisation of the funds as intended has not yet been achieved.

**Rural Roads (RD) scheme:** Under the scheme heads of account, “5054-(04 & 80)-(789, 796,800) - 1230-Rural Roads”, 97 per cent of the allotted fund of ₹242.70 was utilised. Although the financial utilisation was 97 per cent, Audit noticed that the following works were not executed during the year 2019-20.

Table 3.12: Instances of Incomplete Roads under 5054-(04 & 80)-(796,800,796)-1230-Rural Roads

Sl. No.	District/ Division	Head of Account	Name of the Road/ Work	Awarded cost	Financial outlay 2019-20	Expenditure as on 31-03-2020
1	Boudh/ Boudh	5054-80-General - 800-Other Exp-1230	Approach road of Laxminallah bridge on Boudh-Dhalpur road	40.85	20.00	0
2	Kendrapara/ Kendrapara-I	5054-04- DOR-800- Other Exp-1230	Nuapada to Garadpur	75.74	40.00	0
3	Ganjam/ Ganjam-II	5054-80-General - 800-Other Exp-1230	Impvt. To Sikiri (MDR-64) to Ramchandrapur road (Balance length)	56.05	50.00	0

Source: Records of RD Department, Government of Odisha

Table 3.12 indicated that while expenditure was booked on the basis of transfer of funds outside Government Account, end utilisation of the funds as intended has not yet been achieved.

The Department attributed non-achievement of both financial and physical targets under the schemes to the imposition of Covid-19 related lockdown. The reply is not

tenable, due to the fact that the lockdown was imposed only in March 2020. The actual reasons for shortfall in financial and physical targets during the period April 2019 to March 2020 were not furnished by the Department.

### 3.7 Release of funds at the fag end of the financial year

Timely release of funds to the implementing agencies has a direct bearing on successful implementation of the schemes and avoidance of rush of expenditure. As per Finance Department instructions (06 February 2020), the process of issuance of sanction order for release of funds as well as surrender of provision should be completed by 28 February 2020 in order to avoid rush of expenditure in the last month of the financial year.

An examination of sanction orders issued during the financial year 2019-20 revealed that the Government released ₹321.34 crore for implementation of different schemes in three Departments in the last week of March 2020 (*Appendix 3.10*). Of this, ₹236.17 crore was released on 31 March 2020 (**Table 3.13**). As such, there was no possibility of proper utilisation of these funds during the financial year 2019-20.

**Table 3.13: Department-wise amount released on 31/03/2020**

(₹ in crore)

Sl. No	Name of Department	Purpose	Sanction order No.	Date	Amount released	Total
1	Horticulture	Under Krishionnati Yojana	6542	31/03/2020	29.48	48.33
			6552	31/03/2020	8.22	
			6547	31/03/2020	10.63	
2	Health and Family Welfare	For continuance of NRHM	9402	31/03/2020	0.63	1.26
			9398	31/03/2020	0.63	
3	Housing & Urban Development	14 <sup>th</sup> FC basic grants for Water supply, Sanitation, etc.	8140	31/03/2020	28.85	186.58
			8134	31/03/2020	80.28	
			8128	31/03/2020	75.90	
			8146	31/03/2020	0.35	
			8146	31/03/2020	0.83	
<b>Total</b>					<b>236.17</b>	<b>236.17</b>

*Source: Sanction orders received from respective Departments*

As evident from the above table, Housing & Urban Development Department accounted for 79 per cent (₹186.58 crore) of the total amount released on the last day of the financial year. Release of funds on the last day indicated that the amount thus released was primarily to exhaust the budget provision.

### 3.8 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/ excess expenditure.
2. Government should enforce its commitment to achieve its promised/intended objectives for overall development of the State through improved execution, monitoring and financial management of schemes/projects.

3. State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources.

**Chapter-IV**  
**Quality of Accounts &**  
**Financial Reporting Practices**







A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

#### **4.1 Funds outside Consolidated Fund or Public Account of the State**

Article 266 (1) subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be titled “the Consolidated Fund of the State”. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

It has been observed that funds meant to be credited to the Consolidated Fund or the Public Account were instead credited to Bank Accounts as discussed below:

Labour Cess collected by various agencies were sent through cheques/ drafts to the Odisha Building and Other Construction Workers Welfare Board (OB&OCWWB) or deposited in the Savings Bank Account of the Board opened for this purpose, through District Labour Offices. The Cess amounting to ₹ 408.60 crore collected during 2019-20 was kept outside the Government Account in the shape of Savings Bank Account and Fixed/ Term Deposit receipts, in violation of constitutional provisions and Sub Section (2) of the Section 3 of the Building and Other Construction Workers (BOCW) Act, 1996.

The Labour Cess amounting to ₹ 4.60 crore collected through treasuries was not transferred to the Workers’ Welfare Board by the Government during the year 2019-20. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit by the same amount.

#### **4.2 Funds transferred directly to State Implementing Agencies**

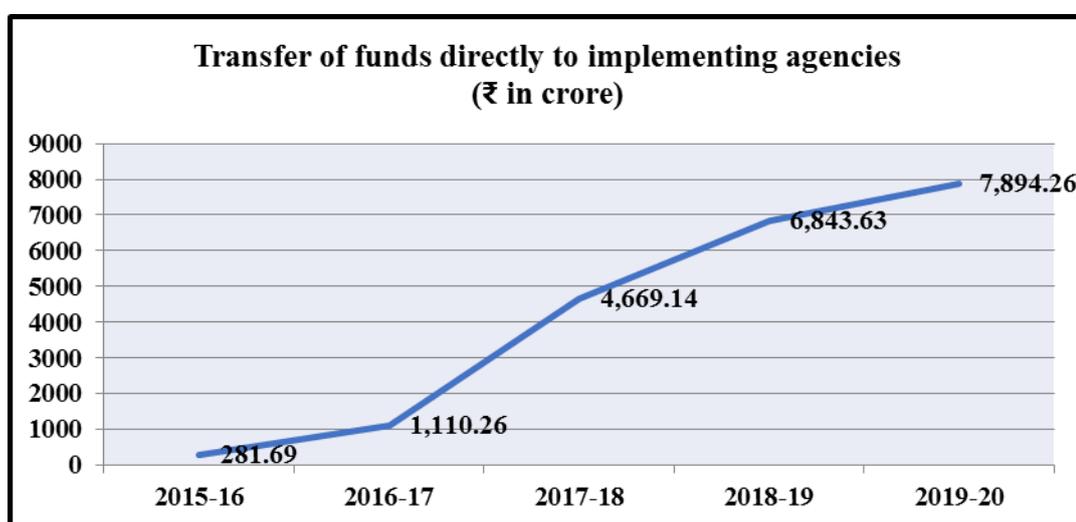
The Union Government transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organisations for implementation of various schemes

and programmes. Since these funds are not routed through the State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts 2019-20.

#### 4.2.1 Trends in direct transfers to implementing agencies

With effect from 01 April 2014, GoI decided to release all assistance related to the Centrally Sponsored Schemes/Additional Central Assistance to the State Government and not directly to implementing agencies. During 2019-20, the GoI, however released ₹7,894.26 crore directly to the implementing agencies. Trends of such transfer directly to implementing agencies and under major schemes during the last five years are given in **Chart 4.1**.

**Chart 4.1: Transfer of funds directly to implementing agencies during 2015-20**



Source: Finance Accounts 2019-20 – Appendix VI, Government of Odisha.

As can be seen from the Chart above, the transfer of funds increased by 28 times during the last five years from ₹281.69 crore in 2015-16 to ₹7,894.29 crore in 2019-20. The major agencies that have received funds directly from the GoI during 2017-20 for implementing various developmental schemes and the quantum of such funds are given in **Table 4.1**.

**Table 4.1: Major implementing agencies that received funds directly from GoI during 2017-20 (₹ in crore)**

Name of the Schemes of Government of India	Name of the Implementing Agencies	Year of transfer		
		2019-20	2018-19	2017-18
Food Subsidy	Odisha State Civil Supplies Corporation Limited, Bhubaneswar	4,148.50	4,651.01	3,029.95
National Rural Employment Guarantee Scheme (MGNREGA)	Odisha Rural Development and Marketing Society Bhubaneswar	1,660.17	1,624.85	1,013.23
Pradhan Mantri Kisan Samman Nidhi	Director of Agriculture & Farmer's Empowerment, Odisha	1,634.11	170.33	Launched on 24th February, 2019
Member of Parliaments Local Area Development Scheme	District Collectors	137.50	135.00	132.50

Source: Finance Accounts, 2019-20 – Appendix VI, Government of Odisha.

Direct transfer of funds to implementing agencies is fraught with the risk of non-monitoring and mis-utilisation of funds.

### 4.3 Delay in submission of Utilisation Certificates (UCs)

Rule 173, Odisha General Financial Rules (OGRF) provides that every order sanctioning a grant would specify its objective clearly and time limit within which the grant is to be spent. The Departmental Officers drawing Grants-in-Aid would be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attached to the grant and submission of Utilisation Certificate (UC) in such form as may be agreed between the Accountant General (Accounts and Entitlement) (AG(A&E)) and the Head of the Department concerned, by 30<sup>th</sup> June of the next financial year.

Non submission of the UCs means that there is administrative failure and authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

During the year 2019-20, Government released ₹28,465.46 crore as Grants-in-Aid (38,987 vouchers). Out of this amount, UCs were not received in respect of ₹16,301.68 crore (57.27 per cent) (2,622 vouchers) by 30.06.2020. There is, therefore, no assurance that the expenditure of ₹16,301.68 crore had actually been incurred for the purposes for which it was authorised. Further, UCs for an amount aggregating ₹36,193.89 crore remained outstanding against 36 Departments of the State as of March 2020 in the books of the AG (A&E), Odisha from 2003-04 onwards (*Appendix 4.1*). Age wise break-up of pending UCs is summarised in **Table 4.2**:

**Table 4.2: Age wise arrears in submission of UCs**

Year	Opening Balance		Addition		Total		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.& percentage of outstanding UCs against Total UCs	Amount
Upto 2017-18	27,753	30,533.95	33,388	21,780.30	61,141	52,314.25	32,612	13,886.34	28,529 (46.66)	38,427.91
2018-19	28,529	38,427.91	34,317	25,957.25	62,846	64,385.16	33,708	19,044.27	29,138 (46.36)	45,340.89
2019-20	29,138	45,340.89	38,987	28,465.46	68,125	73,806.35	40,276	37,612.46	27,849 (40.88)	36,193.89

Source: Finance Account 2019-20, Government of Odisha

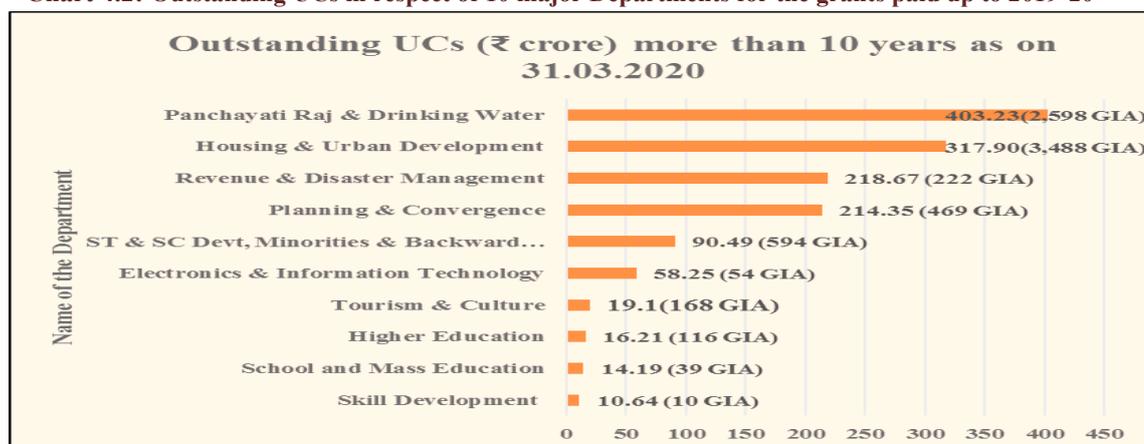
In comparison to 2018-19, the total amount for which the UCs were pending decreased by ₹9,147 crore<sup>27</sup> (20.17 per cent) in 2019-20.

Five major defaulting Departments that had not submitted UCs were Panchayati Raj and Drinking Water (₹13,753.25 crore), Housing and Urban Development (₹6,463.83 crore), Planning and Convergence (₹2,963.17 crore), School and Mass Education (₹2,961.14 crore) and Health and Family Welfare (₹2,553.17 crore).

State Government stated (May 2021) that the implementing agencies take some time for spending the money observing the required formalities and then submit the UC, which enable them to get next tranche of funds. Hence, at any point of time, there would be some pendency in submission of Utilisation Certificates. Review of Department-wise pendency of Utilisation Certificates is being made centrally at the level of Finance Secretary regularly with objective to improve the UC position. The amounts should either be utilised as intended or refunded to Government Account.

Department-wise position of UCs outstanding for more than 10 years is given in **Appendix 4.2**. Out of 17 Departments, 10 major Departments accounted for 98.15 per cent of the total amount (₹ 1,388.74 crore) for which UCs were outstanding for more than ten years as of March 2020 as detailed in **Chart 4.2**:

**Chart 4.2: Outstanding UCs in respect of 10 major Departments for the grants paid up to 2019-20**



Source: Finance Account 2019-20, Government of Odisha

#### 4.3.1 Delay in implementation of Integrated Financial Management System (IFMS) - UC module

Rule 171 (4) read with Note 2 below OGFR provides that a target date should be prescribed for submission of UCs by the grantee institutions to the Accountant General.

In order to have control on submission of UCs, the Finance Department had executed an agreement with Tata Consultancy Services (TCS) (erstwhile M/s CMC Ltd.) on 04 December 2013 to develop and implement the UC module by April 2018.

<sup>27</sup> 45,340.89 – 36,193.89

However, Audit noticed that the UC module was not made operational (December 2020) in the Integrated Financial Management System (IFMS).

The Deputy Director of Treasuries & Inspection stated (December 2020) that the UC module was being tested on pilot basis in the Higher Education and Co-operation Departments. After completion of the pilot test, steps would be taken to roll out the module across all the Departments.

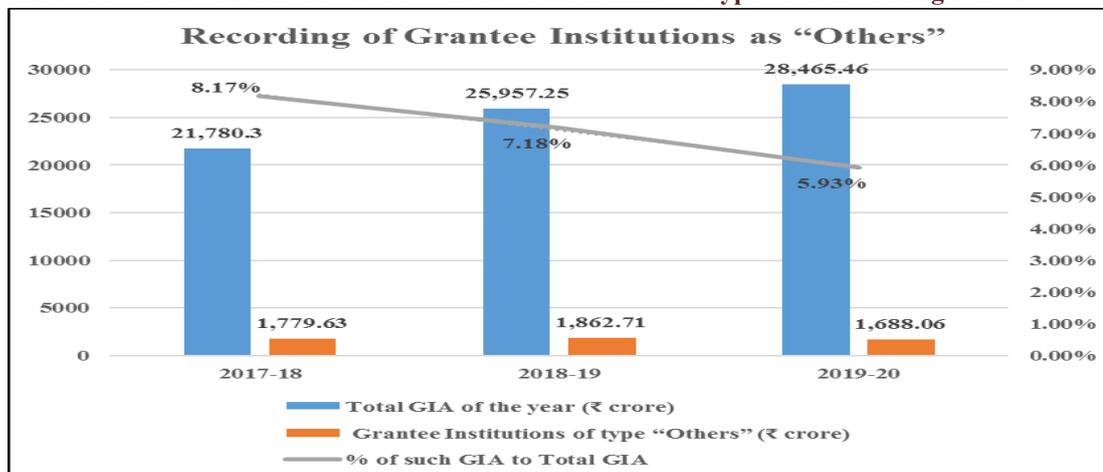
In the absence of the UC Module, IFMS is unable to assist in monitoring of pending UCs from grantee entities, by authorities at all levels in the Administrative Departments and the Finance Department of the State.

#### 4.4 Recording of Grantee Institution as “Others”

The State Government sanctions Grants-in-Aid (GIA) to various bodies and authorities. It is essential that the Government provides the details and nature of the Grantee Institution to which it is providing funds in the interest of transparency of accounts.

Out of the total Grants-in-Aid of ₹28,465.46crore during 2019-20, ₹1,688.06 crore (5.93 per cent) was shown (in Statement No. 10 and Appendix III of Finance Accounts 2019-20) as disbursed to Grantee Institutions of type “Others”. This adversely affects the transparency of accounts and monitoring of UCs against these GIA. The decreasing trend of percentage of GIA shown under type “Others” to total GIA for the last three years is shown in **Chart 4.3**.

**Chart 4.3: Grants in Aid disbursed to Grantee Institutions of type “Others” during 2017-20**



Source: Records of the Office of the Accountant General (A&E), Odisha

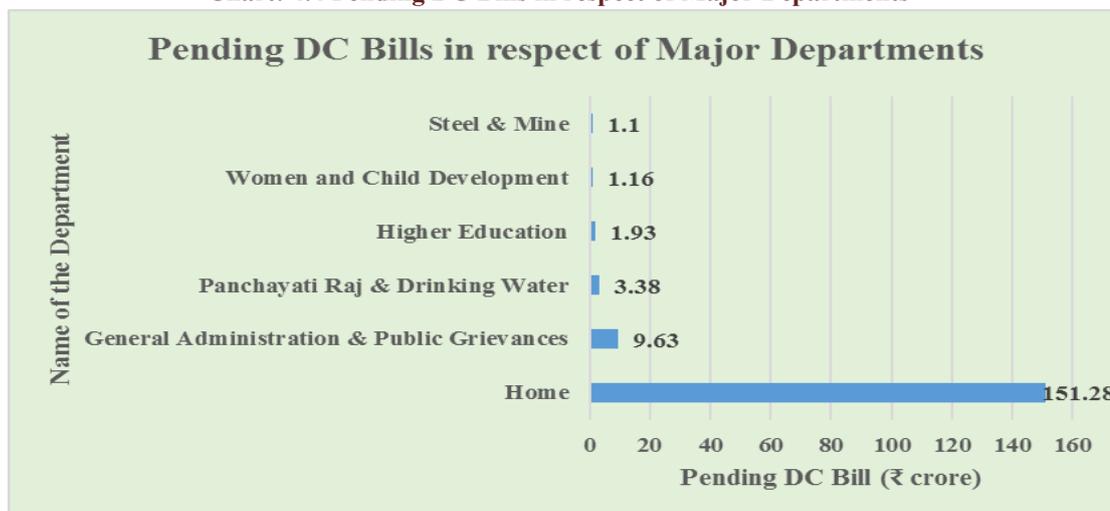
#### 4.5 Abstract Contingent bills

The Odisha Treasury Code (Rule 261) requires that advances drawn through Abstract Contingent (AC) bills are adjusted within one month through Detailed Contingent (DC) bills.

As of 31 March 2020, 17 Departments of Government of Odisha had not submitted DC bills for ₹ 169.68 crore drawn against 1439 AC Bills (**Appendix 4.3**).

The status of major six Departments which accounted for 99.29 per cent of the total outstanding DC bills is given in **Chart 4.4**.

**Chart: 4.4 Pending DC Bills in respect of Major Departments**



Source: Records of Office of the Accountant General (A&E), Odisha

Year-wise details of pendency of DC bills up to 2019-20 are given in **Table 4.3**.

**Table 4.3: Year wise progress in submission of DC bills against the AC bills**

Year	Opening Balance of AC Bills		Addition		Total		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No. & percentage against total no. of UCs	Amount
Up to 2017-18	2,536	80.20	764	17.63	3,300	97.83	2,239	60.62	1,061 (32.15)	37.21
2018-19	1,061	37.21	939	210.19	2,000	247.4	729	34.00	1,271 (63.55)	213.4
2019-20	1,271	213.4	735	23.95	2,006	237.35	567	67.67	1,439 (71.73)	169.68

Source: Finance Accounts 2019-20, Government of Odisha

It was observed that during the year 2019-20, 17 Departments had drawn 735 AC bills for an amount of ₹ 23.95 crore as advances from Government Account. However, only an amount of ₹ 2.12 crore (8.89 per cent) pertaining to three Departments was adjusted against the above advances drawn. Thus, DC bills amounting to ₹ 21.83 crore pertaining to 14 Departments were not submitted, as of 31 March 2020 (**Appendix 4.4**). There is, therefore, no assurance that this amount of ₹ 21.83 crore had actually been utilised for the purpose for which it was sanctioned. Advances drawn but not adjusted indicated the possibility of diversion of end use of funds/ misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. This is a possible overstatement of expenditure in the year 2019-20.

#### 4.5.1 Non-implementation of DC Bill functionality under “Online Bill Preparation and Submission” module in IFMS

As per the agreement signed (04 December 2013) between the Finance Department and the vendor, a module was required to be developed in IFMS for tracking and monitoring of AC/DC bills. Audit reviewed the functioning of the “On-line Bill Preparation and Submission” Module of IFMS and noticed that:

- i. Form and provision for Abstract Contingent Bill type had been implemented in IFMS as intended. However, the corresponding provision for Detailed Contingent Bill type had not yet been implemented, as of December 2020, defeating the entire purpose of the Module. The scheduled timeline for implementation of DC Bill type was April 2018, *i.e.*, the completion date of IFMS 1.0.
- ii. In the absence of DC Bill type, IFMS is unable to assist in monitoring of pending AC Bills’ status by authorities at all levels in the Administrative Departments, Treasuries and the Finance Department.

The State Government stated (May 2021) that AC Bills are mainly being drawn during conduct of exams and elections. The usage of AC Bills should be minimized to the extent possible, since bills processing in IFMS environment does not take much time now. Even where AC Bills have to be drawn, suitable provisions in the Rules will be considered for adoption, to ensure that advances which are not settled within prescribed timelines are recovered from the pay of the advance holder. DC Bill functionality in IFMS is intended to be made operational soon.

#### 4.6 Personal Deposit (PD) Accounts

Personal Deposits (PD) are maintained in the treasuries in the nature of banking accounts. These are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts. As per Subsidiary Rule 423 of OTC Volume-I, permission for opening of PD Accounts shall not be granted except after consultation with the Accountant General.

It is authorised to open PD accounts to deposit funds required for specific purposes by transfer of funds from the Consolidated Fund. Transfer of funds to PD accounts is booked as final expenditure from the Consolidated Fund under the concerned service Major Heads without any actual cash flow.

##### 4.6.1 Personal Deposit Account framework

There were 830 PD Account holders with an unspent balance of ₹20,899.85 crore as of 31 March 2020 as detailed in **Table 4.4**. There was an increase of 19.40 *per cent* in unspent balances of PD accounts over previous year mainly due to increase in the balance of PD Account of Odisha Mineral Bearing Areas Development Corporation (OMBADC) from ₹14,328.50 crore in 2018-19 to ₹16,758.29 crore in 2019-20 *i.e.*, an increase of 16.96 *per cent*.

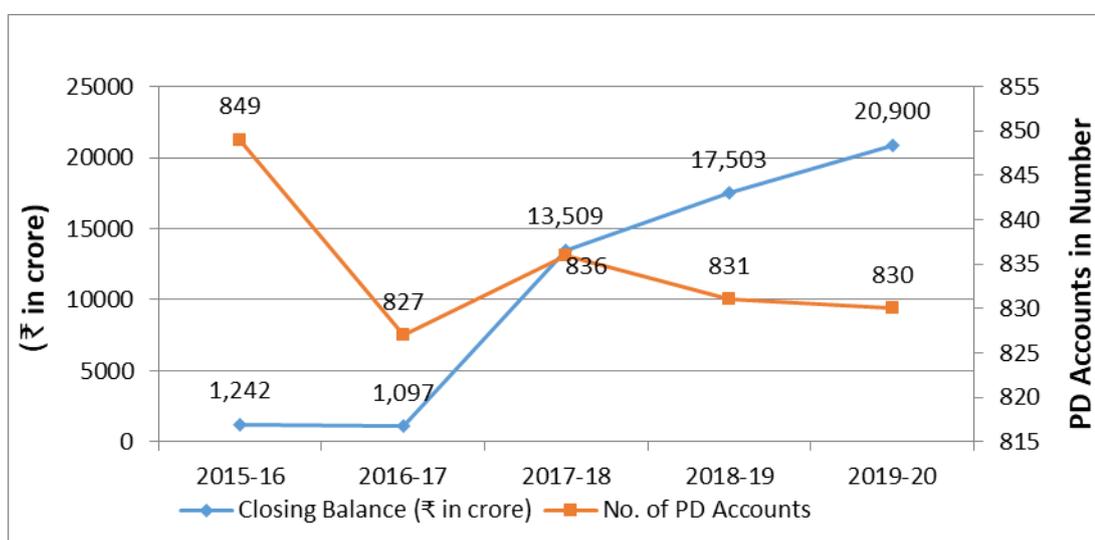
Table 4.4: Personal Deposit Account

Opening Balance as on 01/04/2019		Addition during the year 2019-20		Number of PD accounts closed	Expenditure during the year including closed PD Accounts	Outstanding Balance as on 31/ 03/2020	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
831	17,503.50	Nil	7,075.13	1	3,678.78	830	20,899.85

Source: Records of Office of the Accountant General (A&E), Odisha

It can be seen from **Table 4.4** that during the year 2019-20, no new PD Account was opened but a sum of ₹7,075.13 crore was transferred to the already existing PD Accounts. There was a net increase of ₹3,396.35 crore (19.40 per cent) in the cumulative closing balance at the end of the year 2019-20 as detailed in **Chart 4.5**:

Chart 4.5: Closing Balance in PD Accounts during 2015-20



Source: Finance Accounts of respective years

Audit analysis revealed that out of closing balance of ₹20,899.85 crore as on 31 March 2020, an amount of ₹16,758.29 crore (80.18 per cent) pertained to one PD account of Chief Executive Officer, OMBADC while the remaining balance (₹ 4,141.56 crore) pertained to (i) ₹ 1,887.90 crore in 115 PD Accounts of Urban Local Bodies, (ii) ₹648.07 crore in 314 PD Accounts of Rural Local Bodies, (iii) ₹ 80.76 crore in 296 PD Accounts of Educational Institutions; (iv) ₹11.24 crore in four PD Accounts of Medical and Charitable Institution and (v) ₹ 1,513.59 crore in 100 PD Accounts of Other Agencies or Institutions like District Rural Development Agencies, Integrated Tribal Development Agencies, etc. Non-transfer of unspent balances lying in PD Accounts to Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation.

The State Government stated (May 2021) that reconciliation of PD accounts is being taken up on regular basis to avoid any irregularity in their management. IFMS has been customised to provide a window to the office of Accountant General (A&E), Odisha to withdraw the cheque drawing facility of the PL Administrators who fail to do a timely reconciliation.

#### 4.6.2 In-operative PD Accounts and Non-reconciliation of PD Account balances

As per Subsidiary Rule 423 of OTC Vol-I, if a PD Account remains in-operative for a period of three full financial years after the year of last transaction, the account shall be closed automatically and the balance, if any, lying in the account shall lapse to Government. For this, the Treasury Officer shall submit to the Accountant General immediately after 31 March, a list of such PD Accounts indicating the balances lapsed.

During 2019-20, one PD Account with an unspent balance of ₹0.33 crore was closed. However, 19 in-operative PD Accounts, where no transaction had taken place for over three financial years after the year of last transaction, are yet to be closed. These 19 Accounts had a total unspent balance of ₹6.10 crore (*Appendix 4.5*). Out of the 19 inoperative PD Accounts, seven Accounts had zero balances. The remaining 12 Accounts had balances ranging from less than ₹one lakh to a maximum of ₹288.55 lakh. Non-closure of such inactive accounts is indicative of ineffective controls in treasury administration.

The balances in the PD accounts are required to be reconciled annually by the administrator with that of Treasury accounts. Out of a total of 830 PD accounts, 758 PD accounts (91.33 *per cent*) had been reconciled as of 31 March 2020.

Non-reconciliation of balances in PD accounts and not transferring the unspent balances lying in PD accounts to Consolidated Fund of State is fraught with risk of misuse of public funds, fraud and misappropriation.

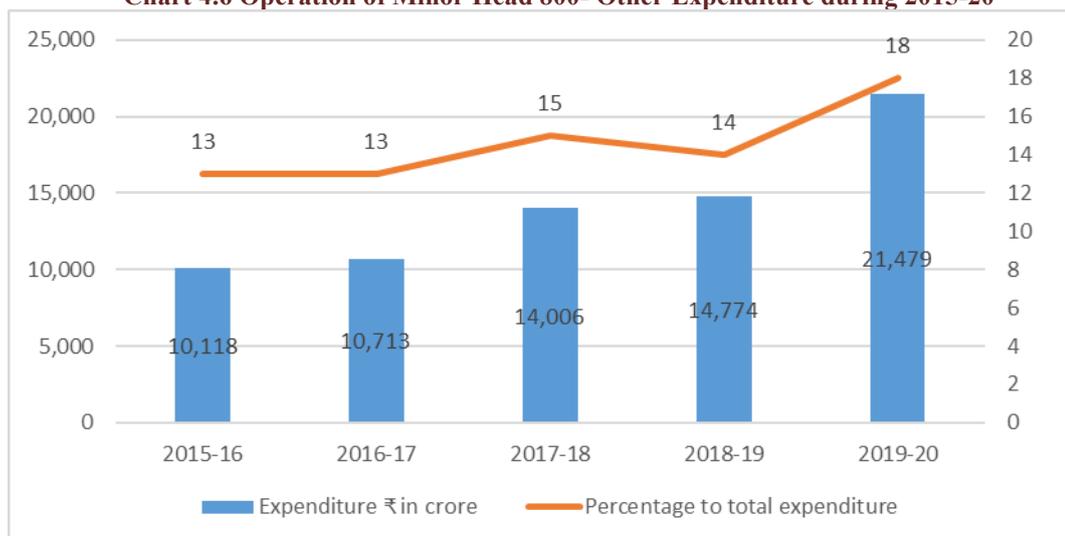
The State Government stated (May 2021) that it is continuously working with the Office of the Accountant General (A&E) Odisha to ensure due compliance in respect of operating PD accounts. Out of the 19 inoperative PD Accounts identified at the end of 2019-20, 15 PD Accounts with a balance of ₹5.86 crores have already been closed and balance transferred to the Consolidated Fund in July 2020.

#### 4.7 Indiscriminate use of Minor head 800

Minor head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided under a Major Head in the accounts. Routine operation of minor head 800 is to be discouraged, since it renders the accounts opaque.

During 2019-20, the State Government booked an expenditure of ₹21,478.74 crore under the Minor Head 800 under 61 revenue and capital Major Heads of Accounts, constituting 17.99 *per cent* of the total revenue and capital expenditure of ₹1,19,415 crore. The extent of operation of Minor Head-800 for Other Expenditure, as a percentage of Total Expenditure during 2015-20 is given in **Chart 4.6**

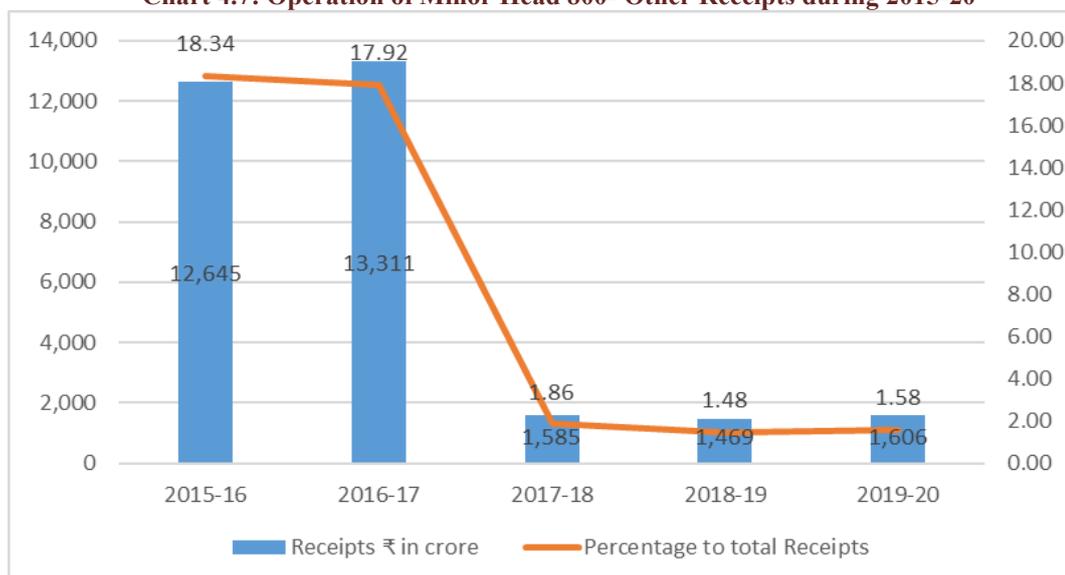
**Chart 4.6 Operation of Minor Head 800- Other Expenditure during 2015-20**



Source: Finance Accounts 2019-20, Government of Odisha.

**Chart 4.6:** shows that there has been large scale operation Minor Head- 800 for Other Expenditure, with its share in total expenditure ranging from 13 per cent to 18 per cent during the period 2015-20. Instances of substantial proportion (50 per cent or more) of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given in **Appendix 4.6**

**Chart 4.7: Operation of Minor Head 800- Other Receipts during 2015-20**



Source: Finance Accounts 2019-20, Government of Odisha

**Chart 4.7** shows that the operation of Minor Head 800-Other Receipts has been lower compared to expenditure, and ranged between 18.34 per cent of total receipts in 2015-16 to 1.58 per cent of total receipts during 2019-20. During 2019-20, the State Government classified receipts of ₹1,606.48 crore, pertaining to 55 Major Heads, under the Minor Head ‘800 - Other Receipts’. Cases where 100 per cent of receipts were classified under Minor Head 800 – ‘Other Receipts’, are given in **Appendix 4.7**.

Though the issue of classification of the receipts/ expenditure under Minor Head 800 – Other Receipts/ Expenditure had been continuously reported in the previous reports of the Comptroller and Auditor General of India, there has been little improvement. The fact that such substantial proportions of the receipts/ expenditure under the concerned Major Head are booked under Minor Head 800 is a cause for concern, since it severely impacts transparency.

The State Government accepted the Audit observation and stated (May 2021) that the cases had been reviewed and necessary corrections had been made in the 2021-22 (BE).

#### 4.8 Outstanding balance under major Suspense heads

Certain intermediary/ adjusting heads of accounts known as ‘Suspense heads’ are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/ PAOs, Non-receipt of clearance memos from RBI, non-receipt of vouchers, *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, *etc.* The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.5**.

**Table 4.5: Balances under Suspense and Remittance Heads**

Minor Head	2017-18		2018-19		2019-20	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>Major Head 8658 - Suspense</b>						
101 - PAO suspense	94.03	0.93	172.40	55.65	210.63	42.91
Net	Dr. 93.10		Dr.116.75		Dr. 167.72	
102- Suspense Account- Civil	12.58	39.82	16.50	45.94	13.07	44.12
Net	Cr. 27.24		Cr.29.44		Cr. 31.05	
110- Reserve Bank Suspense- CAO	3.44	..	9.30	..	1.88	..
Net	Dr. 3.44		Dr.9.30		Dr. 1.88	
<b>Major Head 8782- Cash Remittances and adjustment</b>						
102-P.W. Remittances	24.53	3.78	17.65	2.35	14.80	2.33
Net	Dr. 20.75		Dr. 15.30		Dr. 12.47	
103- Forest Remittances	63.45	..	59.27	0.17	83.32	..
Net	Dr. 63.45		Dr. 59.10		Dr. 83.32	

Source: Finance Accounts of respective years., Government of Odisha

Increasing accumulation of balance during 2017-20 under the suspense heads indicated inadequate accounting controls of the Government. The implications of the balance under 101-PAO suspense head is discussed in the succeeding paragraph:

#### 4.8.1 Pay and Accounts Office (PAO) Suspense (Minor Head 101)

The outstanding debit balance (31 March 2020) under this Minor Head was ₹210.63crore and the credit balance was ₹42.91crore. Major outstanding debit balances were in respect of PAO, Central Pensions, New Delhi (₹175.19crore) and PAO, Ministry of Surface Transport, Kolkata (₹34.46 crore). Major outstanding credit balances were in respect of Ministry of Shipping and Transport, New Delhi (₹1.03 crore), and others (₹42.41crore). The outstanding balances under PAO Suspense head need to be adjusted.

#### 4.9 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the OGFR (319) stipulates that receipts and expenditure during the financial year recorded in the books of Controlling Officers need to be reconciled by them every month with the records in the books of the AG (A&E).

The trend of reconciliation of last three years is shown in the table below:

**Table 4.6: Status of Reconciliation of Receipts and Expenditure figures**

(₹ in crore)

Year	Total No. of Controlling Officer	Fully Reconciled	Partially Reconciled	Not Reconciled at all	Total Receipts/ Expenditure	Reconciled Receipts/ Expenditure	Percentage of Reconciliation
<b>Receipt</b>							
2017-18	72	15	-	57	85,204.29	82,275.87	96.56
2018-19	74	42	-	32	99,546.12	97,008.58	97.45
2019-20	74	52	-	22	1,01,567.75	97,334.68	95.83
<b>Expenditure</b>							
2017-18	168	154	-	14	92,945.85	91,699.70	98.66
2018-19	170	166	-	7	1,08,838.49	1,07,656.5	98.91
2019-20	173	168	-	5	1,19,414.57	1,15,535.83	96.75

Source: Finance Accounts of respective years, Government of Odisha.

Non-reconciliation of accounts has an impact on the assurance of the completeness and correctness of the receipts and expenditure figures depicted in the accounts. Percentage of reconciliation of the receipts and disbursements are ranged between 96 per cent to 99 per cent during the last three years. Number of non-reconciled accounts has decreased over the last few years.

#### 4.10 Reconciliation of Cash Balances

As on 31 March 2020, there was a difference of ₹0.70 crore (Net debit), between the Cash Balance of the State Government, as per the books of Accounts of the AG (A&E), and the Cash Balance as reported by the Reserve Bank of India. Out of this un-reconciled cash balance, ₹ 0.62 crore (89 per cent) was due to erroneous reporting by Agency Banks while balance ₹ 0.08 crore was due to erroneous reporting by treasuries and other miscellaneous reasons.

#### 4.10.1 Discrepancy of ₹14.08 crore due to non-reconciliation between bank balance and cash book balance

Reconciliation of bank account figures with those of cash book figures is required to be done regularly at the end of each month in order to ensure accuracy of the transactions entered in the books of accounts. DDOs are required to carry out reconciliation at the end of each month to set right the mismatches, if any. In 17 sampled DDOs, it was observed that there was a difference of ₹ 14.08 crore (*Appendix 4.8*) between the balances in cash book and bank pass book as of March 2020. In absence of reconciliation of cash balances, the authenticity of accounts maintained by these DDOs could not be vouched for in audit.

#### 4.11 Non-Compliance with Accounting Standards

Government Accounting Standards Advisory Board (GASAB) set up by the Comptroller and Auditor General of India in 2002, has been formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. As of end of March 2019, three Indian Government Accounting Standards (IGAS) have been notified. The extent of non-compliance with the Standard by the Government of Odisha in its financial statements for the year 2019-20 are given below:

Table 4.7: Non-Compliance with Indian Government Accounting Standards

Sl. No.	Accounting Standards	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-2: Accounting and Classification of Grants- in- Aid</b>	Not complied	I. Certain Grants-in-Aid were classified under Capital Section (Refer Paragraph 2.4.3) II. No information was available in respect of Grants-in-Aid given in kind by the State Government.

Source: Finance Accounts & Appropriation Accounts 2019-20, Government of Odisha.

#### 4.12 Non-Submission of Annual Accounts/Separate Audit Reports of Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Sections 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971” (CAG’s DPC Act).

The ABs coming under the audit purview as per Section 19 or 20 of CAG’s DPC Act are required to submit the annual accounts to Audit before 30 June every year. In respect of 11 ABs, which were to render annual accounts to C&AG, there were delays in submission of accounts ranging from one to more than eight years as shown in **Table 4.8**.

**Table 4.8: Age-wise details of delay in submission of Annual Accounts of ABs**

Sl. No	Delay in Number of Years	No. of Bodies/ Authorities
1	1	1
2	2	1
3	8 and above	9
<b>Total</b>		<b>11</b>

*Source: Records of Finance Department, Government of Odisha*

Of these 11 bodies/ authorities, only two bodies / authorities viz. Odisha State Legal Services Authority and Odisha State Police Housing and Welfare Corporation Ltd., submitted their accounts for financial audit up to 2017-18 and 2018-19 respectively.

Annual accounts for remaining nine bodies/ authorities<sup>28</sup> due up to 2019-20 were not received as of December 2020. The accounts of these bodies/ authorities were in arrears for more than eight years.

In the absence of annual accounts, the accounting/ utilisation of the grants and loans disbursed to these bodies/ authorities could not be verified in audit.

#### **4.13 Departmental Commercial Undertakings**

Government Departments which perform activities of quasi commercial nature are required to prepare proforma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their performance. As of March 2020, out of 15 departmental undertakings/ Schemes, no Department had prepared proforma accounts.

In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay also opens the system to the risk of fraud and leakage of public money.

#### **4.14 Non submission of details of grants / loans given to bodies and authorities**

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act 1971 (C&AG’s DPC Act), the Government/ HODs are required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted and
- total expenditure of the institutions

Further, Regulation on Audit and Accounts, 2007 (Regulation 84) provides that Governments and HODs, who sanction grants and/ or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and

<sup>28</sup> (i) Bhubaneswar Development Authority, (ii) Berhampur Development Authority, (iii) Cuttack Development Authority, (iv) Kalanganagar-Jajpur Development Authority, (v) Paradip Development Authority, (vi) Puri-Konark Development Authority, (vii) Sambalpur Development Authority, (viii) Rourkela Development Authority, (ix) Talcher-Angul-Meramundali Development Authority of H&UD Department.

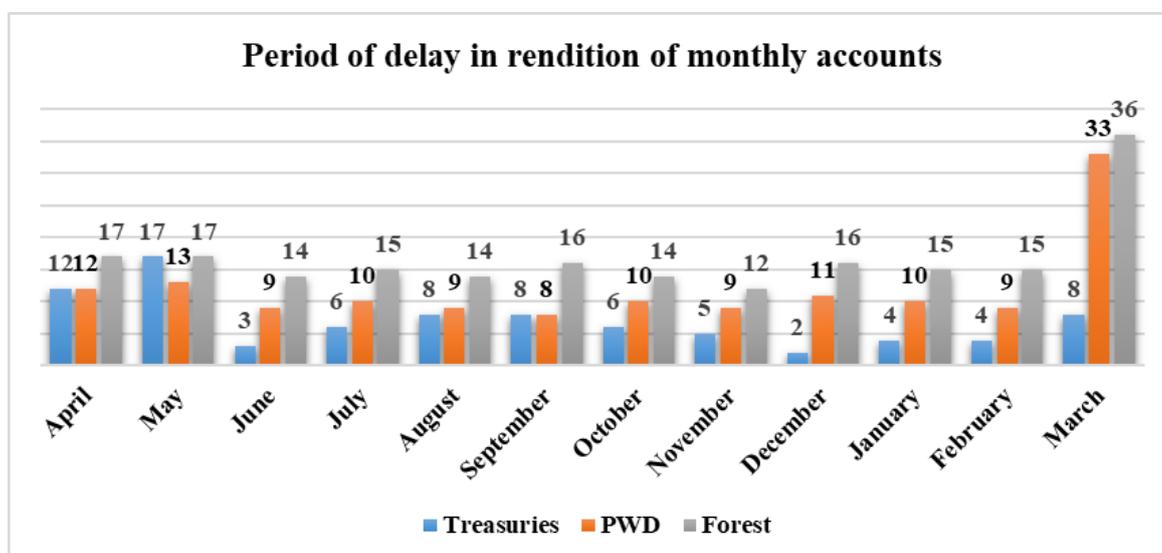
authorities to which grants and/ or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

Only 24 out of 43 Departments had furnished the details of Grants-in-Aid given to various bodies and authorities in the year 2019-20. In the absence of the information from remaining 26 Departments<sup>29</sup>, reasonable assurance could not be provided to the Legislature/ Government about the manner in which the grants sanctioned/ released by them had been utilised. This dilutes the legislative control over the Government expenditure system.

#### 4.15 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, cyber treasury, public works divisions, apart from the RBI advices. During the financial year 2019-20, there were delays in rendition of monthly accounts ranging from 02 to 17 days by treasuries, 08 to 33 days by Public Works Divisions and 12 to 36 days by Forest Divisions. Details of delay (in days) in submission of monthly Civil Accounts are given in **Chart 4.8**.

**Chart 4.8: Delay (in days) in rendition of monthly accounts by Treasuries, Public Works and Forest Divisions**



Source: Records of Office of the Accountant General (A&E), Odisha.

<sup>29</sup> General Administration and Public Grievance, Law, Finance, Odisha Legislative Assembly, ST & SC Development Minorities & Backward Classes Welfare, Housing and Urban Development, Labour & ESI, Sports & Youth services, Planning and Convergence, Panchayati Raj and Drinking Water, Public Grievance and Pension Administration, Information and Public Relations, Science and Technology, Parliamentary Affairs, Fisheries and Animal Resources, Co-operation, Women and Child Development, Skill Development and Technical Education, Social Securities and Empowerment of persons with disabilities Department and Disaster Management.

Due to the failure of the account rendering units to furnish accounts on time, 49 accounts<sup>30</sup> are excluded from the monthly Civil Accounts by the Accountant General (A&E) during 2019-20.

Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments, *etc.* during the year.

#### **4.16 Misappropriations, losses, thefts, *etc.***

As per provisions of OGFR Vol. I (Rule-19), Government Officers are empowered to report such cases of loss of money, departmental revenue, stores or other properties to immediate superior officers as well as to the Accountant General, Odisha where the amount is ₹ 500 or more. Various Departments of the State Government reported that there were 719 cases of loss, misappropriation and defalcation, *etc.*, as detailed in *Appendix 4.9*.

#### **4.17 Follow up action on State Finances Audit Report**

Separate Report on State Finances is being prepared since the year 2008-09 onwards and presented to the State Legislature. During 2019-20, one meeting was held (November 2019) to discuss pending position of paras relating to State Finances Audit Report (SFARs). As of March 2020, total 274 paragraphs related to SFARs, were pending pertaining to the period 2008-09 to 2018-19.

#### **4.18 Conclusion and Recommendations:**

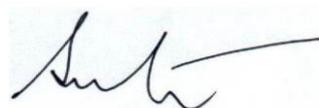
The State Government has adopted and implemented a financial reporting system which, overall, is sound and contributes to efficient and effective governance. However, there are areas for improvement on issues related to compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance. Accordingly, the following recommendations are made:

- i. The Government should bring all the funds lying outside the Consolidated Fund/ Public Accounts in breach of constitutional provisions, within the fold of Consolidated Fund/ Public Accounts.
- ii. The Government should close inoperative PD accounts and review all other PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund.
- iii. The Government may consider preparing a time bound framework for taking prompt action including lodging of FIRs in cases of misappropriation, loss, theft, *etc.*, and strengthening the internal control system to prevent recurrence of such cases.

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<sup>30</sup> 39 P.W Accounts, 10 Forest Accounts

- iv. The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.
- v. The Government should, in consultation with the Accountant General (A&E) Odisha, conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of accounts.



**Bhubaneswar**

**The 10th August, 2021**

**(SMRITI)**

**Accountant General (Audit-I), Odisha**

**COUNTERSIGNED**



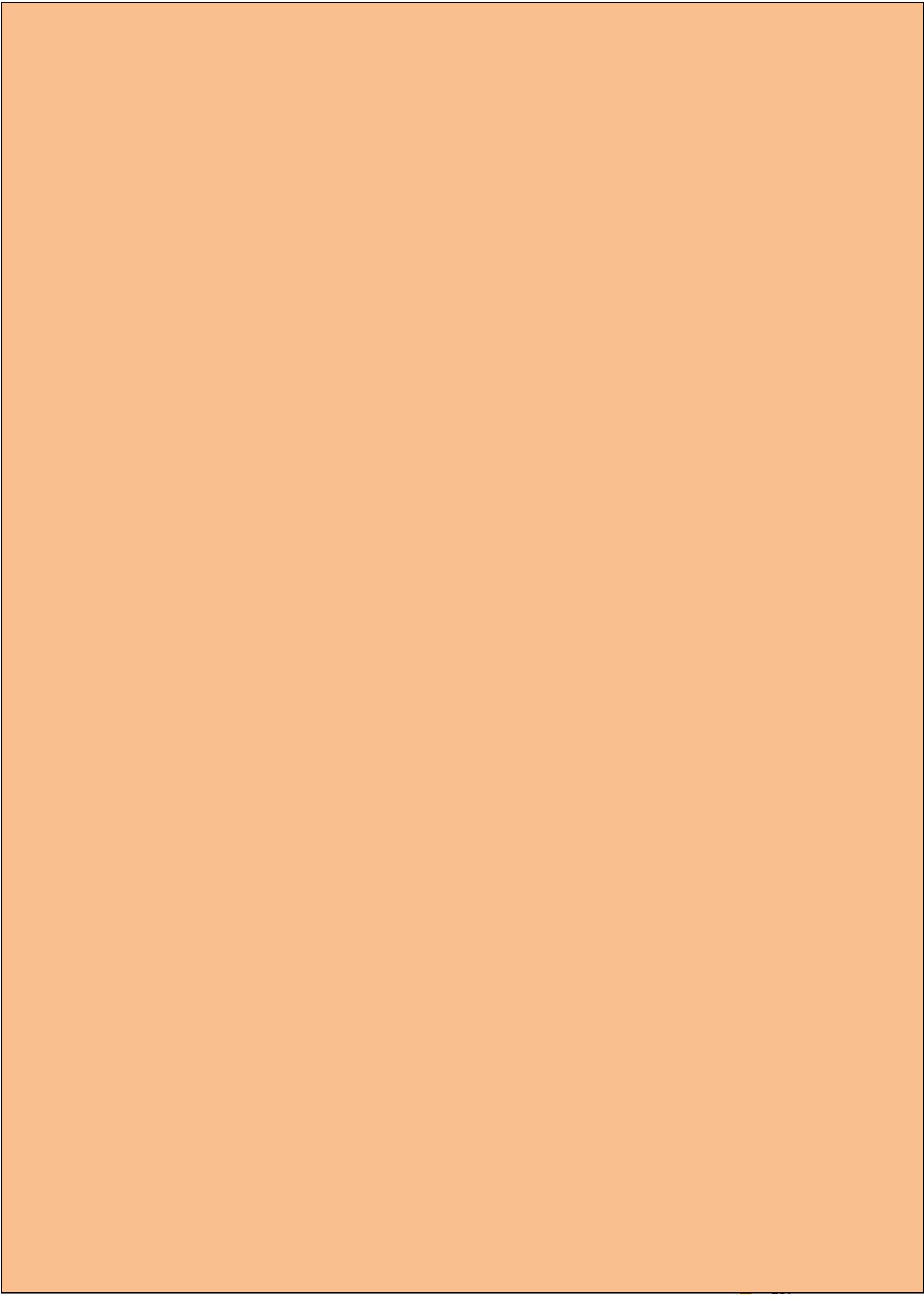
**New Delhi**

**The 23rd August, 2021**

**(GIRISH CHANDRA MURMU)**

**Comptroller & Auditor General of India**

# Appendices





## APPENDIX 1.1

(Paragraph 1.1)

## A brief profile of Odisha

A. General Data					
Particulars					Figures
1	Area				155707 Sq. Km
2	Population				
	a.	As per 2001 Census			3.68 crore
	b.	As per 2011 Census			4.20 crore
3	Density of Population <sup>31</sup> (as per 2011 Census). (All India Density = 382 persons per Sq. Km)				270 persons per Sq. Km
4	Population below poverty line <sup>32</sup> (BPL) (All India Average = 21.9 per cent)				32.59 per cent
5	Literacy <sup>33</sup> (as per 2011 Census) (All India Average = 73.0 per cent)				72.90 per cent
6	Infant mortality <sup>34</sup> (per 1000 live births) (2017 figure). (All India Average = 33 per 1000 live births)				41.00
7	Life Expectancy at birth <sup>35</sup> . (All India Average = 69.4 years)				69.3 years
8	Human Development Index				
	a.	2015 (All India = 0.627)			0.585
	b.	2018 (All India = 0.647)			0.606
9	Gross State Domestic Product (GSDP) 2019-20 at current price				₹5,33,822 crore
10	Per Capita GSDP CAGR (2011-12 to 2019-20)			Odisha	10.44
				General Category States	10.53
11	GSDP CAGR (2011-12 to 2019-20)			Odisha	10.98
				General Category States	11.98
12	Population Growth (2011 to 2020)			Odisha	4.39
				General Category States	10.98
B. Financial Data					
Particulars					
CAGR		2010-11 to 2018-19		2018-19 to 2019-20	
		General Category States	Odisha	General Category States	Odisha
(In per cent)					
a.	of Revenue Receipts.	13.65	14.68	2.08	2.18
b.	of Own Tax Revenue.	12.21	13.26	2.12	6.59
c.	of Non Tax Revenue.	11.19	14.66	23.44	3.66
d.	of Total Expenditure.	13.87	15.82	4.09	9.83
e.	of Capital Expenditure.	14.64	23.69	-3.86	-13.65
f.	of Revenue Expenditure on Education.	11.58	12.03	11.81	7.46
g.	of Revenue Expenditure on Health.	15.43	18.07	9.48	12.31
h.	of Salary and Wages.	10.78	10.24	9.51	6.54
i.	of Pension.	14.14	12.81	9.74	35.67

<sup>31</sup> Census Info India 2011 Final Population Totals

<sup>32</sup> Economic Survey 2019-20 Govt. of India

<sup>33</sup> Economic Survey 2019-20 Govt. of India

<sup>34</sup> Economic Survey 2019-20 Govt. of India

<sup>35</sup> Economic Survey 2019-20 Govt. of India

## APPENDIX - 1.2

(Paragraph 1.1)

### Structure and Form of Government Accounts

#### **Part A: Structure and Form of Government Accounts**

**Structure of Government Account:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

**Part I: Consolidated Fund:** All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

**Part II: Contingency Fund:** Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

**Part III: 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.

#### **PART B: Layout of Finance Accounts**

Statement No.	About
<b>Volume – I</b>	
1	Statement of Financial Position
2	Statement of Receipts and Disbursements Annexure A. Cash Balances and Investment of Cash Balances
3	Statement of Receipts (Consolidated Fund)
4	Statement of Expenditure (Consolidated Fund)
5	Statement of Progressive Capital Expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-Aid given by the Government
11	Statement of Voted and Charged Expenditure
12	Statement on Sources and Application of funds for expenditure other than revenue account
13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
<b>Volume – II</b>	
14	Detailed Statement of Revenue and Capital Receipts by Minor heads
15	Detailed Statement of Revenue Expenditure by Minor heads
16	Detailed Statement of Capital Expenditure by Minor heads and Sub heads
17	Detailed Statement of Borrowings and Other Liabilities
18	Detailed Statement of Loans and Advances given by the State Government
19	Detailed Statement of Investments of the Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement on Contingency Fund and Other Public Account transactions
22	Detailed Statement on Investment of Earmarked Funds

**APPENDIX – 2.1**  
(Refer paragraph 2.2)

**Abstract of receipts and disbursements for the year 2019-20**

(₹ in crore)

2018-19	Receipts	2019-20	2018-19	Disbursements	2019-20		
					Administrative	Programme	Total
<b>99,546.12</b>	<b>I. Revenue Receipts</b>	<b>1,01,567.75</b>	<b>85,356.41</b>	<b>I. Revenue Expenditure-</b>	<b>47,362.13</b>	<b>51,775.17</b>	<b>99,137.30</b>
30,318.33	Tax Revenue	32,315.18	<b>24,053.26</b>	<b>General Services</b>	<b>28,301.52</b>	<b>299.46</b>	<b>28,600.98</b>
	--		<b>36,426.55</b>	<b>Social Services-</b>	<b>14,540.52</b>	<b>28,976.14</b>	<b>43,516.66</b>
14,276.53	Non-Tax Revenue	14,647.20	16,195.74	Education, Sports, Art and Culture	10,637.29	6,590.87	17,228.16
	--		5,083.74	Health and Family Welfare	2,026.52	3,654.71	5,681.23
35,353.73	State's Share of Union Taxes	30,453.27	5,109.32	Water Supply, Sanitation, Housing and Urban Development	887.06	5,957.43	6,844.49
	--		269.14	Information and Broadcasting	31.06	58.80	89.86
--	Non-Plan Grants	--	2,747.45	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	644.33	1,813.50	2,457.83
--	Grants for State Plan Schemes	--	142.54	Labour and Labour Welfare	55.88	69.72	125.60
	--		6,719.48	Social Welfare and Nutrition	105.84	10,754.92	10,860.76
--	Grants for Central and Centrally Sponsored Plan Schemes	--	159.14	Others	152.54	76.18	228.72
	--		<b>23,513.58</b>	<b>Economic Services-</b>	<b>4,520.13</b>	<b>21,065.48</b>	<b>25,585.61</b>
13,024.85	Grants for Centrally Sponsored Scheme	13,055.62	7,842.56	Agriculture and Allied Activities	1,504.32	9,487.48	10,991.80
	--		9,932.50	Rural Development	27.29	9,709.68	9,736.97
2,839.67	Finance Commission Grants	3,563.33	15.00	Special Areas Programmes	--	2.90	2.90
	--		1,678.68	Irrigation and Flood Control	1,100.46	205.01	1,305.47
3,733.02	Other Transfer/Grants to States	7,533.15	268.09	Energy	12.10	45.00	57.10
	--		784.58	Industry and Minerals	147.14	598.96	746.11
	--		1,926.11	Transport	1,509.73	379.50	1,889.23
	--		75.95	Science, Technology and Environment	20.31	54.85	75.16
	--		990.11	General Economic Services	198.76	582.11	780.87
	--		<b>1,363.02</b>	<b>Grants-in-Aid and Contributions-</b>	<b>(-)0.04</b>	<b>1,434.09</b>	<b>1,434.05</b>
	<b>II. Revenue deficit carried over to</b>		<b>14,189.71</b>	<b>II. Revenue Surplus carried over</b>	--	--	<b>2,430.45</b>

2018-19	Receipts	2019-20	2018-19	Disbursements	2019-20		
					Administrative	Programme	Total
<b>Section B : Capital</b>							
30,848.11	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	38,134.48	--	III. Opening Overdraft from Reserve Bank of India	--	--	--
--	IV. Miscellaneous Capital Receipts	--	23,482.08	IV. Capital Outlay-	41.35	20,235.92	20,277.28
	--		729.59	General Services-	15.06	790.50	805.56
	--		4,545.07	Social Services-	4.82	5,259.02	5,263.84
	--		823.79	Education, Sports, Art and Culture	--	758.63	758.63
	--		619.57	Health and Family Welfare	--	504.09	504.09
	--		2,626.96	Water Supply, Sanitation, Housing and Urban Development	4.82	3,587.37	3592.19
	--		--	Information and Broadcasting	--	--	--
	--		373.47	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	153.30	153.30
	--		21.05	Social Welfare and Nutrition	--	23.80	23.80
	--		80.23	Others	--	231.83	231.83
	--		18,207.42	Economic Services-	21.47	14,186.40	14,207.87
	--		234.63	Agriculture and Allied Activities	--	215.05	215.05
	--		1,250.00	Rural Development	--	348.46	348.46
	--		182.73	Special Areas Programmes	--	149.37	149.37
	--		5,706.82	Irrigation and Flood Control	--	4,748.41	4,748.41
	--		1,735.83	Energy	--	2,134.40	2,134.40
	--		(-)1.89	Industry and Minerals	--	1.73	1.73
	--		8,961.95	Transport	--	6,465.83	6,465.83
	--		137.35	General Economic Services	21.47	123.15	144.62
305.30	V. Recoveries of Loans and Advances-	287.16	1,170.31	V. Loans and Advances disbursed-	107.73	1,151.58	1,259.31
150.17	From Power Projects	--	150.17	For Power Projects	--	251.39	251.39
94.25	From Government Servants	84.09	94.25	To Government Servants	107.73	--	107.73
60.88	-From Others	203.07	925.89	To Others	--	900.19	900.19
14,189.71	VI. Revenue Surplus brought down	2,430.45	--	VI. Revenue Deficit brought down	--	--	--
10,002.61	VII. Public Debt Receipts-	14,678.86	3,939.70	VII. Repayment of Public Debt-	--	--	4,493.75
--	External debt	--	--	External debt	--	--	--

2018-19	Receipts	2019-20	2018-19	Disbursements	2019-20		
					Administrative	Program	Total
9,019.54	Internal debt other than Ways and Means Advances and Overdrafts	13,720.76	3,182.76	Internal Debt other than Ways and Means Advances and Overdrafts	--	--	3,546.48
--	Net transactions under Ways and Means Advances	--	--	Net transactions under Ways and Means Advances	--	--	--
--	Net transactions under Overdraft	--	--	Net transactions under Overdraft	--	--	--
983.06	Loans and Advances from Central Government	958.11	756.94	Repayment of Loans and Advances to Central Government	--	--	947.27
--	<b>VIII. Appropriation to Contingency Fund</b>	--	--	<b>VIII. Appropriation to Contingency Fund</b>	--	--	--
--	<b>IX. Amount transferred to Contingency Fund</b>	<b>1,440.22</b>	<b>1,440.22</b>	<b>IX. Expenditure from Contingency Fund</b>	--	--	--
<b>62,906.11</b>	<b>X. Public Account Receipts-</b>	<b>74,574.89</b>	<b>50,085.04</b>	<b>X. Public Account Disbursements-</b>	--	--	<b>63,078.22</b>
5,126.00	Small Savings and Provident Funds	5,117.39	3,378.25	Small Savings and Provident Funds	--	--	4,202.61
10,672.79	Reserve Funds	16,731.87	3,760.87	Reserve Funds	--	--	9,478.27
33.91	Suspense and Miscellaneous	(-)57.88	88.32	Suspense and Miscellaneous	--	--	22.38
24,545.83	Remittance	28,674.50	24,532.35	Remittances	--	--	28,695.69
22,527.58	Deposits and Advances	24,109.01	18,325.25	Deposits and Advances	--	--	20,679.27
--	<b>XI. Closing Overdraft from Reserve Bank of India</b>		<b>38,134.48</b>	<b>XI. Cash Balance at end-</b>	--	--	<b>42,437.50</b>
	--		--	Cash in Treasuries and Local Remittances			--
	--		1,624.56	Deposits with Reserve Bank			242.18
	--		20.08	Departmental Cash Balance including permanent Advances			20.19
	--		36,489.84	Cash Balance Investment			42,175.13
<b>2,17,797.96</b>	<b>Total</b>	<b>2,34,843.07</b>	<b>2,17,797.96</b>	<b>Total</b>			<b>2,34,843.07</b>

**APPENDIX – 2.2**  
(Refer paragraph 2.2)

**Time Series data on the State Government Finances**

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>68,941</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>	<b>1,01,568</b>
(i) Tax Revenue	22,527(33)	22,852(31)	27,914(33)	30,318(30)	32,315(32)
State Goods and Services Tax (SGST)	Nil	Nil	6,609(24)	11,943(39)	13,204(41)
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc	13,097(58)	13,402(59)	11,522(41)	7,310(24)	7,455(23)
State Excise	2,547(11)	2,786(12)	3,221(12)	3,925(13)	4,495(14)
Taxes on Vehicles	1,044(5)	1,216(5)	1,535(5)	1,746(6)	1,836(6)
Stamps and Registration fees	2,157(10)	1,364(6)	1,037(4)	1,237(4)	1,435(4)
Land Revenue	589(3)	460(2)	542(2)	511(2)	721(2)
Taxes on Goods and Passengers	1,663(7)	1,760(8)	1,260(5)	182(1)	133(1)
Other Taxes	1,430(6)	1,864(8)	2,188(8)	3,464(11)	3,036(9)
(ii) Non-Tax Revenue	8,711(13)	8,043(11)	8,398(10)	14,276(14)	14,647(14)
(iii) State's share of Union taxes and duties	23,574(34)	28,322(38)	31,272(37)	35,354(36)	30,454(30)
(iv) Grants in aid from Government of India*	14,129(20)	15,082(20)	17,620(20)	19,598(20)	24,152(24)
<b>2. Miscellaneous Capital Receipts</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>3. Recoveries of Loans and Advances</b>	<b>228</b>	<b>89</b>	<b>257</b>	<b>305</b>	<b>287</b>
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>	<b>69,169</b>	<b>74,388</b>	<b>85,461</b>	<b>99,851</b>	<b>1,01,855</b>
<b>5. Public Debt Receipts</b>	<b>9,790</b>	<b>11,223</b>	<b>12,862</b>	<b>10,003</b>	<b>14,679</b>
Internal Debt	9,051	10,320	12,013	9,020	13,721
Net transactions under Ways and Means Advances and Overdrafts	Nil	Nil	Nil	Nil	Nil
Loans and Advances from Government of India	739	903	849	983	958
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>78,959</b>	<b>85,611</b>	<b>98,323</b>	<b>1,09,854</b>	<b>1,16,534</b>
<b>7. Contingency Fund Receipts</b>	<b>--</b>	<b>123</b>	<b>--</b>	<b>--</b>	<b>1,440</b>
<b>8. Public Account Receipts</b>	<b>31,098</b>	<b>41,627</b>	<b>71,874</b>	<b>62,906</b>	<b>74,575</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>1,10,057</b>	<b>1,27,361</b>	<b>1,70,197</b>	<b>1,72,760</b>	<b>1,92,549</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>58,806(77)</b>	<b>65,041(78)</b>	<b>71,837(76)</b>	<b>85,356(78)</b>	<b>99,137 (82)</b>
Plan/Programme	23,270(40)	25,331(39)	34,591(48)	43,144(51)	47,362(48)
Non-Plan/Administrative	35,536(60)	39,710(61)	37,246(52)	42,212(49)	51,775(52)
General Services (including interest payments)	15,059(26)	16,715(26)	20,261(28)	24,053(28)	28,601(29)
Social Services	24,643(42)	27,600(42)	29,557(41)	36,427(43)	43,517(44)
Economic Services	18,188(31)	19,714(30)	20,757(29)	23,513(27)	25,585(26)
Grants-in-Aid and Contributions	916(1)	1,012(2)	1,263(2)	1,363(2)	1,434(1)
<b>11. Capital Expenditure</b>	<b>17,090(22)</b>	<b>18,471(22)</b>	<b>21,109(22)</b>	<b>23,482(21)</b>	<b>20,277 (17)</b>
Plan/Program	17,076(100)	18,458(100)	21072(100)	23,439(100)	20,236(100)
Non-Plan/Administrative	14	13	37	43	41
General Services	425(3)	374(2)	465(2)	730(3)	805(4)
Social Services	2,929(17)	3,001(16)	4,201(20)	4,545(19)	5,264(26)
Economic Services	13,737(80)	15,096(82)	16,443(78)	18,207(78)	14,208(70)
<b>12. Disbursement of Loans and Advances</b>	<b>337(1)</b>	<b>254(0)</b>	<b>1,875(2)</b>	<b>1,170(1)</b>	<b>1,259(1)</b>
<b>13. Total Expenditure (10+11+12)</b>	<b>76,233</b>	<b>83,766</b>	<b>94,821</b>	<b>1,10,008</b>	<b>1,20,673</b>
<b>14. Repayments of Public Debt</b>	<b>2,881</b>	<b>2,962</b>	<b>2,690</b>	<b>3,940</b>	<b>4,494</b>
Internal Debt	2,254	2,292	1,982	3,183	3,547
Net transactions under Ways and Means Advances and Overdraft	Nil	Nil	Nil	Nil	Nil
Loans and Advances from Government of India	628	670	708	757	947
<b>15. Appropriation to Contingency Fund</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>79,114</b>	<b>86,728</b>	<b>97,511</b>	<b>1,13,948</b>	<b>1,25,167</b>
<b>17. Contingency Fund disbursements</b>	<b>123</b>	<b>Nil</b>	<b>Nil</b>	<b>1,440</b>	<b>Nil</b>

\* Excludes funds transferred directly to NGOs / VOs in the State.

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>18. Public Account disbursements</b>	28,766	38,080	56,439	50,085	63,078
<b>19. Total disbursement by the State (16+17+18)</b>	1,08,003	1,24,808	1,53,950	1,65,473	1,88,245
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (-)/Revenue Surplus (+) (1-10)</b>	10,135	9,258	13,367	14,190	2,430
<b>21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)</b>	(-7,064)	(-9,378)	(-9,360)	(-10,157)	(-18,819) <sup>36</sup>
<b>22. Primary Deficit (-)/Primary Surplus (+) (21+23)</b>	(-3,721)	(-5,343)	(-4,372)	(-4,357)	(-12,756)
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	3,343	4,035	4,988	5,800	6,063
<b>24. Financial Assistance to local bodies etc.</b>	17,779	19,348	21,780	25,957	28,465
25. Ways and Means Advances/Overdraft availed	--	--	--	--	--
Ways and Means Advances availed (days)	Nil	Nil	Nil	Nil	Nil
Overdraft availed (days)	Nil	Nil	Nil	Nil	Nil
<b>26. Interest on Ways and Means Advances/Overdraft</b>	Nil	Nil	Nil	Nil	Nil
<b>27. Gross State Domestic Product (GSDP)</b>	3,28,549	3,93,562	4,34,769	4,95,840	5,33,822
<b>28. Outstanding Fiscal liabilities (year end)</b>	59,753	71,623	97,164	1,08,258	1,26,084
<b>29. Outstanding guarantees (year end) (including interest)</b>	1,290	2,256	1,711	4,170	3,532
<b>30. Maximum amount guaranteed (year end)</b>	10,891	12,281	12,281	15,281	15,206
<b>31. Number of incomplete projects</b>	31	267	186	NA	NA
<b>32. Capital blocked in incomplete projects</b>	2,323	3,602	2,818	NA	NA
<b>Part E: Fiscal Health Indicators (in per cent)</b>					
<b>I Resource Mobilisation</b>					
Own Tax Revenue/GSDP	6.86	5.81	6.42	6.11	6.05
Own Non-Tax Revenue/GSDP	2.65	2.04	1.93	2.88	2.74
Central Transfers/GSDP	7.18	7.20	7.19	7.13	5.70
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	23.20	21.28	21.81	22.19	22.61
Total Expenditure/Revenue Receipts	110.58	112.74	111.29	110.51	118.81
Revenue Expenditure/Total Expenditure	77.14	77.65	75.76	77.59	82.15
Expenditure on Social Services/Total Expenditure	36.17	36.53	35.60	37.24	40.42
Expenditure on Economic Services/Total Expenditure	42.20	41.75	39.65	38.25	33.35
Capital Expenditure/Total Expenditure	22.42	22.05	22.26	21.35	16.80
Capital Expenditure on Social and Economic Services/Total Expenditure.	21.86	21.60	21.77	20.68	16.14
<b>III Management of Fiscal Imbalances</b>					
Revenue Deficit (Surplus)/GSDP	3.08	2.35	3.07	2.86	0.45
Fiscal Deficit/GSDP	2.15	2.38	2.15	2.05	3.53
Primary Deficit (Surplus) /GSDP	1.13	1.36	1.01	0.88	2.39
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	18.19	18.20	22.35	21.83	23.62
Fiscal Liabilities/RR	86.67	96.40	114.04	108.75	124.14
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	14.26	12.80	1.33	10.16	5.64
Balance from Current Revenue (in crore)	34,604	37,888	51,233	65,423	67,853
Financial Assets/Liabilities	1.43	1.48	1.49	1.53	1.47

<sup>36</sup> Difference of 1 crore is due to rounding off- (₹1,01,567.75 crore + ₹ 287.16 crore) - (₹99137.30 crore + ₹ 20277.28 crore + ₹ 1259.31 crore)

**APPENDIX –2.3**  
(Refer paragraph 2.6)

**Summarised financial position of the Government of Odisha as on 31 March 2020**

(₹ in crore)

As on 31 March 2019	<b>Liabilities</b>		As on 31 March 2020
<b>50,421.02</b>	<b>Internal Debt -</b>		<b>60,595.30</b>
28,030.82	Market Loans bearing interest	34,530.82	
0.08	Market Loans not bearing interest	0.08	
0.47	Loans from Life Insurance Corporation of India	0.23	
22,389.65	Loans from other Institutions	26,064.17	
--	Ways and Means Advances	--	
--	Overdrafts from Reserve Bank of India	--	
<b>7,831.72</b>	<b>Loans and Advances from Central Government</b>		<b>7,842.55</b>
0.56	Pre 1984-85 Loans	0.56	
15.44	Non-Plan Loans	13.49	
5,985.50	Loans for State Plan Schemes	5,120.15	
--	Loans for Central Plan Schemes	--	
2.37	Loans for Central Sponsored Schemes	2.35	
1,827.85	Loans for State/UTs with Legislature Schemes	2,706.00	
<b>400.00</b>	<b>Contingency Fund</b>		<b>400.00</b>
<b>23,423.06</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>24,337.84</b>
<b>25,827.26</b>	<b>Deposits</b>		<b>29,256.25</b>
<b>14,108.86</b>	<b>Reserve Funds Advances</b>		<b>21,362.47</b>
<b>171.72</b>	<b>Suspense and Miscellaneous Balances</b>		<b>91.45</b>
--	<b>Remittance Balances</b>		--
<b>698.15</b>	<b>Miscellaneous Capital Receipts</b>		<b>698.15</b>
<b>65,422.91</b>	<b>Cumulative excess of receipts over expenditure</b>		<b>67853.36</b>
<b>1,88,304.70</b>	<b>Total</b>		<b>2,12,437.36</b>
	<b>Assets</b>		
<b>1,41,449.01</b>	<b>Gross Capital Outlay on Fixed Assets -</b>		<b>1,61,726.29</b>
5,353.76	Investments in shares of Companies, Corporations, etc.	5,698.65	
1,36,095.25	Other Capital Outlay	1,56,027.64	
<b>7,190.58</b>	<b>Loans and Advances -</b>		<b>8,162.72</b>
3,643.60	Loans for Power Projects	3,894.99	
3,121.22	Other Development Loans	3,833.51	
425.76	Loans to Government servants and Miscellaneous loans	434.22	
<b>11.36</b>	<b>Advances</b>		<b>10.61</b>
<b>79.05</b>	<b>Remittance Balances</b>		<b>100.24</b>
	<b>Suspense and Miscellaneous Balances</b>		
<b>38,134.48</b>	<b>Cash -</b>		<b>42,437.50</b>
--	Cash in Treasuries and Local Remittances	--	
1,624.56	Deposits with Reserve Bank	242.18	
20.08	Departmental Cash Balance including Permanent Advances	20.19	
--	Security Deposits	--	
13,354.25	Investment of Earmarked Funds	17,310.13	
23,135.59	Cash Balance Investments	24,865.00	
<b>1,440.22</b>	<b>Deficit on Government Account -</b>		<b>--</b>
--	(i) Less Revenue Surplus of the current year	--	
1,440.22	(ii) Appropriation to Contingency Fund	--	
--	Accumulated deficit at the beginning of the year	--	
<b>1,88,304.70</b>	<b>Total</b>		<b>2,12,437.36</b>

\*\* Included under Suspense and Miscellaneous

**Note: Closing balance of the contingency fund has been taken under liabilities**

Explanatory Notes for Appendices 2.3

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 2.3, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of ₹0.70 crore (Net Debit) between the figure reflected in the Accounts ₹ 242.18 crore (Net Debit) and that intimated by the Reserve Bank of India ₹ 241.48 crore (Net Credit) relating to deposits with Reserve Bank of India included in the Cash Balance. After reconciliation and adjustment, the difference to the extent ₹ 0.05 crore (Net Debit) remains to be reconciled (June 2020).

APPENDIX – 3.1

(Refer paragraph 3.3.2.1)

Details of cases where supplementary provisions (₹one crore or more in each case)  
proved unnecessary

(₹ in crore)

Sr. No.	Grant No. & Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of provisions
<b>Revenue (Voted)</b>					
1	1-Home	4,714.29	158.93	4,328.81	385.48
2	2-General Administration & Public Grievance	216.03	14.32	192.04	23.99
3	3-Revenue & Disaster Management	1,057.82	41.2	895.73	162.09
4	4-Law	445.25	4.13	365.1	80.15
5	8-Odisha Legislative Assembly	79.91	1.94	68.87	11.04
6	10-School and Mass Education	15,979.09	841.09	14,839.58	1,139.51
7	11-ST & SC Development, Minorities & Backward Classes Welfare	3,125.91	144.41	2,596.48	529.43
8	14-Labour & Employees' State Insurance	184.97	3.22	144.29	40.68
9	16-Planning and Convergence	922.86	20.77	549.48	373.38
10	17-Panchayati Raj and Drinking Water	15,760.26	945.87	13,691.44	2,068.82
11	20-Water Resources	2,329.09	36.13	1,373.94	955.15
12	21-Transport	157.96	5.57	121.51	36.45
13	22-Forest & Environment	1,504.36	83.76	1,248.35	256.01
14	23-Agriculture and Farmers' Empowerment	8,659.58	1,244.67	6,805.3	1,854.28
15	26-Excise	121.25	3.49	92.89	28.36
16	28-Rural Development	1,271.79	5.35	926.32	345.47
17	33-Fisheries & Animal Resources Development	734.4	24.05	627.27	107.13
18	36-Women & Child Development & Mission Shakti	3,304.63	261.25	3,075.87	228.76
19	38-Higher Education	2,297.84	34.53	2,019.42	278.42
20	39-Skill Development & Technical Education	395.53	17.61	358.74	36.79
21	42-Disaster Management	9,747.88	6.52	8,490.22	1,257.66
22	43-Odia Language, Literature and Culture	162.4	3.07	148.02	14.38
	<b>Total</b>	<b>73,173.1</b>	<b>3,901.88</b>	<b>62,959.67</b>	<b>10,213.43</b>
<b>Revenue (Charged)</b>					
23	1-Home	108.05	2	75.04	33.01
24	2-General Administration & Public Grievance	19.2	1.6	12.79	6.41
	<b>Total</b>	<b>127.25</b>	<b>3.6</b>	<b>87.83</b>	<b>39.42</b>
<b>Capital (Voted)</b>					
25	10-School and Mass Education	487.73	80	452.87	34.86
26	13-Housing & Urban Development	800.85	5.51	450.94	349.91
27	16-Planning and Convergence	172.5	2	158.35	14.15
28	21-Transport	482	63.06	329.16	152.84
29	28-Rural Development	4,259.80	50	2,399.33	1,860.47
30	33-Fisheries & Animal Resources Development	164.07	10	122.07	42
	<b>Total</b>	<b>6,366.95</b>	<b>210.57</b>	<b>3,912.72</b>	<b>2,454.23</b>
<b>Capital (Charged)</b>					
31	29-Parliamentary Affairs	5	1.41	2.13	2.87
	<b>Grand Total</b>	<b>79,672.3</b>	<b>4,117.46</b>	<b>66,962.35</b>	<b>12,709.95</b>

Source: Appropriation Accounts 2019-20, Government of Odisha

**APPENDIX – 3.2**  
(Refer paragraph 3.3.2.2)

**Excessive Supplementary Provision during 2019-20**  
**(₹ one crore or more in each case)**

(₹ in crore)

Sl. No.	Grant No./Name of the Department	Original Provision	Supplementary provision	Total Provision	Actual expenditure	Excess Supplementary provision
<b>Revenue (Voted)</b>						
1	1-Home	4,714.29	158.92	4,873.21	4,328.81	544.40
2	2-General Administration Department and Public Grievance	216.03	14.32	230.35	192.04	38.31
3	3-Revenue and Disaster Management	1,057.82	41.21	1,099.03	895.73	203.30
4	4-Law	445.25	4.13	449.38	365.10	84.28
5	7-Works	1,806.33	108.45	1,914.78	1,747.59	167.19
6	8-Odisha Legislative Assembly	79.91	1.95	81.86	68.87	12.99
7	9-Food Supplies and Consumer Welfare	1,132.55	327.50	1,460.05	1,424.20	35.85
8	10-School and Mass Education	15,979.09	841.09	16,820.18	14,839.58	1,980.60
9	11-ST & SC Development, Minorities and Backward Classes Welfare	3,125.91	144.41	3,270.32	2,596.48	673.84
10	12-Health and Family Welfare	5,830.12	491.22	6,321.34	5,836.07	485.27
11	13-Housing and Urban Development	4,787.94	433.72	5,221.66	4,804.77	416.89
12	14-Labour and Employees State Insurance	184.97	3.22	188.19	144.29	43.90
13	16-Planning and Convergence	922.86	20.76	943.62	549.48	394.14
14	17-Panchyati Raj and Drinking Water	15,760.26	945.87	16,706.13	13,401.60	3,304.53
15	19-Industries	237.45	25.07	262.52	250.13	12.39
16	20-Water Resources	2,329.09	36.13	2,365.22	1,373.94	991.28
17	21-Transport	157.96	5.57	163.53	121.51	42.02
18	22-Forest and Environment	1,504.36	83.76	1,588.12	1,248.35	339.77
19	23-Agriculture and Farmers' Empowerment	8,659.58	1,244.67	9,904.25	6,805.30	3,098.95
20	25-Information and Public Relations	103.86	20.46	124.32	102.77	21.55
21	26-Excise	121.25	3.49	124.74	92.89	31.85
22	27-Science and Technology	70.15	2.19	72.34	70.01	2.33
23	28-Rural Development	1,271.79	5.36	1,277.15	926.32	350.83
24	32-Tourism and Culture	70.79	25.53	96.32	92.07	4.25
25	33-Fisheries and Animal Resources Development	734.40	24.05	758.45	627.27	131.18
26	34-Co-operation	1,356.07	191.03	1,547.10	1,483.72	63.38
27	36-Women and Child Development and Mission Shakti	3,304.64	261.25	3,565.89	3,075.87	490.02
28	37-Electronics and Information Technology	118.92	17.01	135.93	134.79	1.14

*Quality of Accounts & Financial Reporting Practices*

29	38-Higher Education	2,297.84	34.53	2,332.37	2,019.42	312.95
30	39-Skill Development & Technical Education	395.53	17.60	413.13	358.74	54.39
31	41- Social Security and Empowerment of Persons with Disability	3,166.66	673.60	3,840.26	3,450.64	389.62
32	42-Disaster Management	9,747.88	6.52	9,754.40	8,490.22	1,264.18
33	43-Odia Language, Literature and Culture	162.40	3.07	165.47	148.02	17.45
	<b>Total</b>	<b>91,853.95</b>	<b>6,217.66</b>	<b>98,071.61</b>	<b>82,066.59</b>	<b>16,005.02</b>
<b>Revenue (Charged)</b>						
34	1-Home	108.06	2.00	110.06	75.04	35.02
35	2-General Administration Department and Public Grievance	19.21	1.60	20.81	12.79	8.02
	<b>Total</b>	<b>127.27</b>	<b>3.6</b>	<b>130.87</b>	<b>87.83</b>	<b>43.04</b>
<b>Capital (Voted)</b>						
36	1-Home	575.71	96.98	672.69	549.29	123.40
37	3-Revenue and Disaster Management	101.11	20.00	121.11	117.91	3.20
38	4-Law	2.99	2.60	5.59	2.51	3.08
39	7-Works	2,246.30	1,642.98	3,889.28	3,873.75	15.53
40	8-Odisha Legislative Assembly	0.01	8.44	8.45	4.86	3.59
41	10-School and Mass Education	487.73	80.00	567.73	452.87	114.86
42	13-Housing and Urban Development	800.85	5.51	806.36	450.94	355.42
44	16-Planning and Convergence	172.50	2.00	174.50	158.35	16.15
45	17-Panchyati Raj and Drinking Water	3,167.00	376.00	3,543.00	3,164.51	378.49
46	21-Transport	482.00	63.06	545.06	329.16	215.90
47	22-Forest and Environment	5.24	1.84	7.08	4.88	2.20
48	28-Rural Development	4,259.80	50.00	4,309.80	2,399.33	1,910.47
49	30-Energy	2,200.41	850.20	3,050.61	2,385.79	664.82
50	32-Tourism and Culture	124.00	20.00	144.00	114.00	30.00
51	33-Fisheries and Animal Resources Development	164.07	10.00	174.07	122.07	52.00
52	39-Skill Development & Technical Education	323.51	53.96	377.47	345.73	31.74
	<b>Total</b>	<b>15,113.23</b>	<b>3,283.57</b>	<b>18,396.8</b>	<b>14,475.95</b>	<b>3,920.85</b>
<b>Capital (Charged)</b>						
53	29-Parliamentary affairs	5.00	1.41	6.41	2.14	4.27
	<b>Grand Total</b>	<b>1,07,099.45</b>	<b>9,506.24</b>	<b>1,16,605.69</b>	<b>96,632.51</b>	<b>19,973.18</b>

Source: Appropriation Accounts 2019-20, Government of Odisha

**APPENDIX – 3.3**  
(Refer paragraph 3.3.3)

**Unnecessary/Excessive re-appropriation of funds during 2019-20**

**(₹ in crore)**

Sr. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess /Saving	Surrender
		Original	Supple-mentary	Re-appropriation	Total			
1	1-2055-00-001-1712-Introduction of Commissionerate System in Twin Cities of Cuttack and Bhubaneswar	312.97	2.57	2.54	292.94	289.02	3.92	25.13
2	1-2055-00-104-1327-Special Police Organisation	747.24	0.0	-10.05	668.64	667.08	1.56	68.55
3	1-2055-00-109-0321-District Organisation	1,643.49	26.19	0.33	1,556.41	1,553.58	2.83	113.61
4	13-2217-05-789-3062-Smart City	68.00	0.0	-17.00	49.44	34.67	14.77	1.56
5	13-2217-05-800-3062-Smart City	240.00	0.00	-60.00	174.48	122.36	52.12	5.52
6	15-2204-00-103-2917-Promotion of Youth Activities	98.00	0.00	-20.00	76.00	16.00	60.00	2.00
7	17-2505-60-106-1872-National Rural Employment Guarantee Scheme	480.00	0.00	-64.68	415.32	395.73	4.30	15.29
8	20-2705-00-796-0595-Grants-in-Aid to Command Area Development Authority for construction of field drain	3.62	0.00	-1.53	2.09	0.00	2.09	0.00
9	20-4700-01-800-2160-Accelerated Irrigation Benefits Programme (AIBP)	249.07	0.00	-1.84	247.23	49.13	196.19	1.91
10	20-4700-01-800-2954-CAD&WM work in AIBP Projects	7.50	0.00	-2.89	4.61	2.65	1.70	0.26
11	20-4700-14-796-2160-Accelerated Irrigation Benefits Programme (AIBP)	240.68	0.00	-146.03	49.17	41.48	7.69	45.48
12	20-4701-80-800-2345-Other Plan Programmes for Medium Irrigation	209.07	0.00	-18.63	136.21	33.71	102.5	54.22

Sr. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess /Saving	Surrender
		Original	Supplementary	Re-appropriation	Total			
13	20-4702-00-800-3252-Parvati Giri Megalift Project	936.77	0.00	-371.68	414.47	288.65	125.82	150.62
14	28-5054-04-800-3226-Connecting unconnected villages	30.00	0.00	-11.80	14.41	4.71	9.7	3.79
15	38-2202-03-104-0973-Non-Government Colleges	705.00	0.00	-1.76	673.62	651.64	21.98	29.63
16	38-2202-03-107-1009-Other Educational Facilities	63.20	0.00	-10.33	30.06	18.06	12	22.81
17	41-2235-02-101-1548-Voluntary Organisation for maintenance of physically handicapped and mentally retarded children	32.50	0.00	-1.53	30.86	28.31	2.55	0.10
18	6004-02-101-0432-Back to Back Loans	580.92	0.00	-8.92	459.72	371.08	88.65	112.28
<b>Total</b>							<b>710.37</b>	
19	8-2011-02-101-0365-Emoluments of Speaker and Deputy Speaker	23.49	0.00	-1.93	12.43	16.25	-3.82	9.13
20	17-2501-06-102-2950-National Rural Livelihood Mission	322.37	89.70	71.56	479.34	483.63	-4.3	4.30
21	28-5054-04-800-1230-Rural Roads	161.00	0.00	10.5	170.57	171.57	-1	0.93
22	28-5054-80-789-1230-Rural Roads	26.20	0.00	4.5	29.29	31.19	-1.9	1.41
23	38-2202-03-102-2205-Khalikote University	3.43	0.00	1.12	4.55	9.13	-4.58	0.00
24	6004-09-101-0432-Back to Back Loans	0.00	0.00	2.84	2.84	91.48	-88.64	0.00
<b>Total</b>							<b>-104.24</b>	

*Source: Monthly Appropriation Reports, March 2020(S), Government of Odisha*

**APPENDIX – 3.4**  
(Refer paragraph 3.3.3)  
**Re-appropriation of funds on 31<sup>st</sup> March 2020**  
(₹One crore and above in each case)

(₹in crore)				
Sl No	Name of the Grant/ Name of the Department	Head	Name of the Scheme	Amount
1	05-Finance	2052-00-090-0488	Lump provision for revision of DA etc.	953.17
2		2052-00-090-0488	Contribution	2.36
3		2071-01-115-1020	Leave Salaries Encashment on Retirement	117.46
4		2071-01-107-1012	Pension and Gratuity	3.00
5		2071-01-117-1766	Teachers of Government Primary and Basic Schools	10.00
6		2071-01-106-2677	Medical Allowance	1.00
7		2071-01-106-2677	Domestic Help Allowance	2.70
8		2071-01-106-1038	Pension	6.48
9		2071-01-117-1766	Teachers of Non-Government Primary and Colleges	10.00
10		2071-01-108-1018	Contribution	1.00
11		2071-01-104-0600	Gratuity under T.B. scheme	5.71
12		2071-01-104-0600	Death cum Retirement Gratuity	5.61
13		2071-01-103-1038	Payments from Compassionate allowance	1.92
14		2071-01-101-1040	Pension to Govt. Servants	3,162.84
15		2235-60-102-1039	Pension to Freedom Fighters	5.16
16		7610-00-204-0825	Loans and advance	2.11
17	21-Transport	5075-60-800-3138	Development of Railway projects	49.65
18	22-Forest & Environment	2406-02-796-1283	Similipal Tiger Reserve	2.94
<b>Total</b>				<b>4,343.11</b>

Source: Records of Office of the Accountant General (A&E), Odisha.

**APPENDIX – 3.5**  
(Refer paragraph 3.3.4)

**List of grants having large savings (savings above ₹100 crore) during 2019-20**

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess & Percentage of savings against total Provision	Surrender	Savings excluding surrender
<b>Revenue (Voted)</b>								
1.	11-ST&SC Development, Minorities & Backward Classes Welfare	3,125.91	144.41	3,270.32	2,596.48	673.84 (20.60)	673.61	0.23
2	16-Planning and Convergence	922.86	20.77	943.63	549.49	394.14 (41.77)	393.75	0.39
3	20-Water Resources	2,329.09	36.13	2,365.22	1,373.94	991.28 (41.91)	773.62	217.66
4	22-Forest & Environment	1,504.36	83.76	1,588.12	1,248.35	339.77 (21.39)	330.40	9.37
5	23-Agriculture and Farmers' Empowerment	8,659.58	1,244.67	9,904.25	6,805.3	3,098.95 (31.29)	2,091.58	1,007.37
6	28-Rural Development	1,271.79	5.36	1,277.15	926.32	350.83 (27.47)	349.51	1.32
<b>Total</b>		<b>17,813.59</b>	<b>1,535.10</b>	<b>19,348.68</b>	<b>13,499.87</b>	<b>5,848.81</b>	<b>4,612.47</b>	<b>1,236.34</b>
<b>Capital (Voted)</b>								
7	10-School and Mass Education	487.73	80.00	567.73	452.87	114.86 (20.23)	114.86	0
8	11-ST&SC Development, Minorities & Backward Classes Welfare	498.93	0.84	499.77	168.44	331.33 (66.30)	277.33	54.00
9	12-Health and Family Welfare	972.00	0.00	972.00	542.00	430 (44.24)	430.11	(+)0.11
10	13-Housing & Urban Development	800.85	5.51	806.36	450.94	355.42 (44.08)	355.42	0
11	20-Water Resources	7,395.77	0.00	7,395.77	4,745.62	2,650.15 (35.83)	1,212.32	1,437.83
12	21-Transport	482.00	63.06	545.06	329.16	215.9 (39.61)	215.90	0
13	28-Rural Development	4,259.80	50.00	4,309.8	2,399.33	1,910.47 (44.33)	1,910.47	0
14	30-Energy	2,200.41	850.20	3,050.61	2,385.79	664.82 (21.79)	664.82	0
<b>Total</b>		<b>17,097.49</b>	<b>1,049.61</b>	<b>18,147.1</b>	<b>11,473.32</b>	<b>6,673.78</b>	<b>5,181.23</b>	
<b>Grand Total</b>		<b>34,911.08</b>	<b>2,584.71</b>	<b>37,495.79</b>	<b>24,973.20</b>	<b>12,522.59</b>		

Source: Monthly Appropriation Reports, March 2020(S), Government of Odisha

**APPENDIX – 3.6**  
(Refer paragraph 3.3.5)  
**Surrenders of 100 per cent of total provisions made during the year 2019-20**  
(₹ 10 crore or more in each case)

Sl. No.	Number and Name of the Grant	Name of the scheme	Amount of Surrender	Percentage of Surrender	Reasons for Surrender
		(Head of Account)	(₹ in crore)		
1	9-Food Supplies and Consumer Welfare	3456-00-104-2581-Relief Expenditure met from Fund	10	100	Non receipt of Central Share
2	11-ST& SC Development, Minorities & Backward Classes Welfare	4225-01-277-0649-Hostels (State Sector)	30	100	Reasons not furnished
3	12-Health and Family Welfare	2211-00-200-1131-Purchase of contraceptives, MCH Extension supplies, Education Kits	15	100	Non receipt of Central Share
4	13-Housing and Urban Development	4215-02-106-1524-Urban Sewerage Schemes	21.7	100	Dropping of Pipe line Project and Sewerage System of ULBs
5	17-Panchayati Raj and Drinking Water	2515-00-102-2946-Interest Subvention for Women SHGs	14	100	Reasons not furnished
6	20- Water Resources	2702-03-102-2161-Rural Infrastructure Development Fund (RIDF)(B-i)	200	100	Non-sanction of RIDF project by NABARD under BKVY scheme
7		2702-03-102-2425-Revival & Renovation of defunct Lift Irrigation Projects through Odisha Lift Irrigation Corporation(B-i)	59.77	100	Delay in approval of EFC memorandum for extension of LIP schemes and non finalisation of work
8		2702-03-789-2161-Rural Infrastructure Development Fund (RIDF)(B-i)	80	100	Non-sanction of RIDF project by NABARD under BKVY scheme
9		2702-03-789-2425-Revival & Renovation of defunct Lift Irrigation Projects through Odisha Lift Irrigation Corporation(B-i)	20	100	Delay in approval of EFC memorandum for extension of LIP schemes and non finalisation of work
10		2702-03-796-2161-Rural Infrastructure Development Fund (RIDF)(B-i)	120	100	Non-sanction of RIDF project by NABARD under BKVY scheme
11		2702-03-796-2425-Revival & Renovation of defunct Lift Irrigation Projects through Odisha	30	100	Delay in approval of EFC memorandum for extension of LIP

		Lift Irrigation Corporation(B-i)			schemes and non finalisation of work
12		4711-03-103-2725-Medium Irrigation Project under State Plan	10	100	Delay in tender process, non implementation of new scheme and lockdown for COVID-19
13		4711-03-789-2725-Medium Irrigation Project under State Plan	10	100	Non implementation of new scheme
14	23-Agriculture and Farmers' Empowerment	2401-00-789-2606-Sustainable Harnessing of ground water in water deficit areas	43	100	Non concurrence by the Finance Department
15		2401-00-796-2606-Sustainable Harnessing of ground water in water deficit areas	58	100	Non concurrence by the Finance Department
16		2401-00-800-2606-Sustainable Harnessing of ground water in water deficit areas	150	100	Non concurrence by the Finance Department
17		2402-00-796-2431-Integrated Watershed Management Programme(IWMP)	12	100	Non receipt of Central Share
18	28-Rural Development	3054-80-190-1230-Rural Roads	85	100	Reasons not furnished
19	30-Energy	4801-05-796-2815-Construction of Grid Substation	110	78	Reasons not furnished
20	32-Tourism	5452-01-102-1468-Tourist Accommodation	30	100	Non release of fund from Government of India
21	33-Fisheries & Animal Resources Development	4405-00-103-3265-Integrated Development and Management of Fisheries	50	100	Non sanction of fund
22	39-Skill Development & Technical Education	2230-02-800-3254-Pradhanmantri Kaushal Vikash Yojana	20	100	Non release of fund from Government of India
23		4202-02-105-2936-Rashtriya Uchhatara Sikshya Abhiyan (RUSA)	12.98	100	Non release of fund from Government of India
24	42-Disaster Management	2245-02-112-3394-Early Warning Discrimination System (EWDS)	10	100	Reasons not furnished
<b>TOTAL</b>			<b>1,201.45</b>		

Source: Appropriation Accounts 2019-20 and Monthly Appropriation Reports, March 2020(S)

## APPENDIX – 3.7

(Refer paragraph 3.3.5.2)

## Statement showing details of savings of ₹ 1 crore and above and partially surrendered during 2019-20

(₹ in crore)

Sr. No.	Grant No./ Name of the Department	Original	Supplementary	Total Provisions	Expenditure	Savings	Amount Surrendered	Savings which remained to be surrendered
<b>Revenue (Voted)</b>								
1	1-Home	4,714.29	158.93	4,873.22	4,328.82	544.40	532.46	11.94
2	7-Works	1,806.33	108.46	1,914.79	1,747.60	167.19	164.51	2.68
3	10-School and Mass Education	15,979.09	841.09	16,820.18	14,839.58	1,980.60	1,979.34	1.26
4	13-Housing and Urban Development	4,787.94	433.72	5,221.66	4,804.77	416.89	398.49	18.4
5	15-Sports and youth Services	182.40	0.06	182.46	105.59	76.87	16.86	60.01
6	17-Panchyati Raj and Drinking Water	15,760.26	945.87	16,706.13	13,691.44	3,014.69	2,473.24	541.45
7	20-Water Resources	2,329.09	36.13	2,365.22	1,373.94	991.28	773.62	217.66
8	22-Forest and Environment	1,504.36	83.76	1,588.12	1,248.35	339.77	330.40	9.37
9	23- Agriculture and Farmers' Empowerment	8,659.58	1,244.67	9,904.25	6,805.30	3,098.95	2,091.58	1,007.37
10	28-Rural Development	1,271.79	5.36	1,277.15	926.32	350.83	349.51	1.32
11	41- Social Security and Empowerment of Persons with Disability	3,166.66	673.60	3,840.26	3,450.64	389.62	386.61	3.01
12	42-Disaster Management	9,747.88	6.52	9,754.40	8,490.22	1,264.18	1,258.92	5.26
<b>Total</b>		<b>69,909.67</b>	<b>4,538.17</b>	<b>74,447.84</b>	<b>61,812.57</b>	<b>12,635.27</b>	<b>10,755.54</b>	<b>1,879.73</b>
<b>Capital (Voted)</b>								
13	11-ST & SC Development, Minorities and Backward Classes Welfare	498.93	0.84	499.77	168.44	331.33	277.33	54
14	17-Panchyati Raj and Drinking Water	3,167.00	376.00	3,543.00	3,164.51	378.49	359.82	18.67
15	20-Water Resources	7,395.77	0.00	7,395.77	4,745.62	2,650.15	1,212.32	1,437.83
<b>Total</b>		<b>11,061.7</b>	<b>376.84</b>	<b>11,438.54</b>	<b>8,078.57</b>	<b>3,359.97</b>	<b>1,849.47</b>	<b>1,510.5</b>
<b>Grand Total</b>		<b>80,971.37</b>	<b>4,915.01</b>	<b>85,886.38</b>	<b>69,891.14</b>	<b>15,995.24</b>	<b>12,605.01</b>	<b>3,390.23</b>

Source: Appropriation Accounts 2019-20 and March-2020 (S), Government of Odisha

**APPENDIX – 3.8**

(Refer paragraph 3.4.1)

**Details of the schemes for which provision (₹ 1 crore and above) was made but no expenditure was incurred**

(₹ in crore)

Sl. No.	Grant No./ Name of the Department Name	Scheme Name	Approved outlay	Revised outlay	Actual expenditure	Savings
1	1-Home	2014-00-102-0632-High Court Establishment(B-i)	2.00	0.00	0.00	2.00
2	13-Housing and Urban Development	2217-05-800-3409-Cities Investment to Innovate, Integrate and Sustain (CITIIS)	0.00	7.93	0.00	7.93
3	17-Panchayati Raj and Drinking Water	2515-00-789-1855-Gopabandhu GrameenYojana	102.60	0.00	0.00	102.60
4	20-Water Resources	2702-02-800-3403-Ground Water Recharge and Awareness Programme	20.00	0.00	0.00	20.00
5	-do-	2705-00-001-0732-Implementation of Micro Irrigation System through Command Area Development Authority	2.50	0.00	0.00	2.50
6	-do-	2705-00-789-0732-Implementation of Micro Irrigation System through Command Area Development Authority	1.90	0.00	0.00	1.90
7.	-do-	2705-00-796-0732-Implementation of Micro Irrigation System through Command Area Development Authority	5.58	0.00	0.00	5.58
8	-do-	4701-80-789,796-3302-Gangadhara Meher Lift Canal System	18.00	0.00	0.00	18.00
9	-do-	4700-62-796-2951-Water Sector Infrastructure Development Programme (WSIDP)	3.00	0.00	0.00	3.00
<b>Total</b>			<b>155.58</b>	<b>7.93</b>	<b>0.0</b>	<b>163.51</b>

Source: Appropriation Accounts 2019-20 and March-2020 (S), Government of Odisha

**APPENDIX – 3.9**

(Refer paragraph 3.5.1)

**Rush of Expenditure (100 per cent) during last month of 2019-20 (₹10 crore or more)**

Sl No	Grant No.	Name of the Department	Head of Accounts	Actual Expenditure during March (₹ in crore)
1	11	ST & SC Development, Minorities & Backward Classes Welfare	2225-03-277-2288-Pre-matric scholarship for OBC students	14.40
2	11	ST & SC Development, Minorities & Backward Classes Welfare	2225-03-277-2418-Post Matric Scholarship and stipend to OBC students	41.80
3	11	ST & SC Development, Minorities & Backward Classes Welfare	4225-04-800-3383-Solar Energy based Electrification in the Tribal Residential Schools and Tribal villages in TASP Areas.	12.04
4	13	Housing and Urban Development	2217-05-789-3359-Jaga Mission	17.00
5	13	Housing and Urban Development	2217-05-796-3359-Jaga Mission	23.00
6	13	Housing and Urban Development	2217-05-800-3218-Storm Water Drainage and Development of Water Bodies	18.00
7	13	Housing and Urban Development	2217-05-800-3359-Jaga Mission	60.00
8	13	Housing and Urban Development	3604-00-200-0164-Compensation and Assignments	80.15
9	21	Transport	5055-00-050-0189-Construction of Bus Stand	20.00
10	21	Transport	5055-00-190-1276-Share Capital Investment	103.06
11	21	Transport	5075-60-190-2827-Equity Contribution for development of commercially viable Railway projects in the State to be executed through SPVS	59.65
12	36	Women & Child Development and Mission Shakti	2235-02-103-2860-Grants to MahilaVikasSamabayaNigama (MVSN)	10.27
13	42	Disaster Management	2245-80-800-0887-Medical and Public Health	225.00
<b>TOTAL</b>				<b>684.37</b>

*Source: Appropriation Accounts 2019-20, Government of Odisha*

**APPENDIX – 3.10**

(Refer paragraph 3.7)

**Release of money at the fag end of the Financial Year 2019-20**

Sl No	Name of the Department	Sanction order No	Date	Amount (₹crore)
1	Health and Family Welfare	9351	30/03/2020	24.67
		9355	30/03/2020	0.07
		9347	30/03/2020	12.09
		9343	30/03/2020	7.4
		9339	30/03/2020	15.89
		9327	30/03/2020	0.07
		9331	30/03/2020	24.98
		9402	31/03/2020	0.63
		9398	31/03/2020	0.63
		<b>Total</b>		<b>86.43</b>
2	Horticulture	6542	31/03/2020	29.48
		6552	31/03/2020	8.22
		6547	31/03/2020	10.63
				<b>Total</b>
3	Housing & Urban Development	8140	31/03/2020	28.85
		8134	31/03/2020	80.28
		8128	31/03/2020	75.90
		8146	31/03/2020	0.35
		8146	31/03/2020	0.83
		8146	31/03/2020	0.37
		<b>Total</b>		<b>186.58</b>
		<b>Grand Total</b>		<b>321.34</b>

*Source: Records of the Respective Departments of Government of Odisha.*

**APPENDIX – 4.1**  
(Refer paragraph 4.3)

**Statement showing details of GIA for which utilisation certificates are pending for receipt by different Departments of the State Government at the end of 2019-20**

**(₹ in crore)**

Sl. No.	Name of the Department	Amount outstanding as on 31.03.2020	No. of GIA Vouchers for which UCs were awaited
1	Agriculture and Farmers' Empowerment	18.62	16
2	Co-operation	51.05	43
3	Commerce	0	1
4	Disaster Management	567.56	22
5	Electronics & Information Technology	434.84	201
6	Energy	92.16	7
7	Finance	0.3	13
8	Fisheries & Animal Resources Development	36.27	133
9	Food Supplies and Consumer Welfare	30.07	37
10	Forest & Environment	175.73	89
11	General Administration and Public Grievance	117.05	56
12	Handlooms, Textiles & Handicrafts	70.27	97
13	Health and Family Welfare	2,553.17	407
14	Higher Education	1,665.5	680
15	Home	0.54	49
16	Housing and Urban Development	6,463.83	8,515
17	Industries	70.18	31
18	Labour & Employees' State Insurance	6.23	16
19	Law	159.83	239
20	Micro, Small & Medium Enterprises	88.66	113
21	Odia Language, Literature and Culture	47.44	107
22	Panchayati Raj and Drinking Water	13,753.25	7,114
23	Parliamentary Affairs	0.94	21
24	Planning and Convergence	2,963.17	1,794
25	Revenue and Disaster Management	342.86	353
26	Rural Development	6.05	4
27	ST & SC Development, Minorities & Backward Classes Welfare	1,324.36	4216
28	School and Mass Education	2,961.14	360
29	Science & Technology	206.42	205
30	Skill Development & Technical Education	280.99	145
31	Social Security & Empowerment of Persons with Disability	197.89	1160
32	Sports & Youth Services	4.96	19
33	Tourism	145.79	534
34	Transport	69.37	4
35	Water Resources	301.36	209
36	Women & Child Development and Mission Shakti	986.04	839
<b>Total</b>		<b>36,193.89</b>	<b>27,849</b>

*Source: Records of the Office of the Accountant General (A&E), Odisha.*

\*Amount shown as ₹0.00 against Commerce Department (₹4,200) is due to rounding of the amount

**APPENDIX – 4.2**

(Refer paragraph 4.3)

**Statement showing details of GIA for which UCs are pending for more than ten years as on 31-03-2020**

(₹ in crore)

Sl.No	Department Name	Period for which UC wanting	Outstanding UC amount	No. of GIA Vouchers for which UCs were awaited
1	Co-operation	2007-2010	1.25	03
2	Electronics and information Technology	2003-2010	58.25	54
3	Fisheries and Animal Resources Development	2003-2010	1.68	48
4	General Administration	2003-2010	9.49	12
5	Higher Education	2003-2010	16.21	116
6	Housing and Urban Development	2003-2010	317.90	3,488
7	Law	2003-2010	4.43	50
8	Micro Small and Medium Enterprises	2008-2010	0.82	7
9	Panchayati Raj and Drinking Water	2003-2010	403.23	2598
10	Planning and Convergence	2003-2010	214.35	469
11	Revenue and Disaster Management	2003-2010	218.67	222
12	Rural Development	2007-2008	5.06	2
13	ST & SC Development, Minorities and Backward Classes Welfare	2006-2010	90.49	594
14	School and Mass Education	2003-2010	14.19	39
15	Science and Technology	2003-2007	2.98	5
16	Skill Development and Technical Education	2004-2010	10.64	10
17	Tourism and Culture	2003-2010	19.10	168
<b>Total</b>			<b>1,388.74</b>	<b>7,885</b>

Source: VLC database

**APPENDIX –4.3**  
(Refer paragraph-4.5)

**Department wise Outstanding Report of AC/DC Bills as on 31 March 2020**

(₹ in lakh)					
Sl. No.	Grant No.	Department Name	Outstanding	Item (Nos)	Period of pendency
1	01	Home	15128.39	743	2003-2020
2	02	General Administration and Public Grievance	962.70	63	2015-2020
3	03	Revenue and Disaster Management	0.07	2	2019-2020
4	04	Law	26.59	106	2003-2020
5	05	Finance	1.10	1	2019-2020
6	10	School and Mass Education	30.03	7	2017-2020
7	11	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	0.25	1	2019-2020
8	12	Health and Family Welfare	4.30	3	2019-2020
9	13	Housing and Urban Development	1.12	8	2005-2013
10	17	Panchayati Raj and Drinking Water	338.05	131	2004-2020
11	24	Steel & Mines	109.92	161	2017-2020
12	30	Energy	0.05	1	2019-2020
13	32	Tourism	15.00	1	2012-2013
14	34	Co-operation	6.45	1	2013-2014
15	36	Women & Child Development and Mission Shakti	115.53	11	2019-2020
16	38	Higher Education	193.01	195	2004-2020
17	42	Disaster Management	35.00	4	2019-2020
<b>Total</b>			<b>16,967.56</b>	<b>1,439</b>	

*Source: Records of the Office of the Accountant General (A&E), Odisha.*

**APPENDIX – 4.4**  
(Refer paragraph 4.5)

**Department-wise Outstanding Report of AC/DC Bills during the year 2019-20**  
(₹ in lakh)

Sl. No.	Grant No.	Department Name	Outstanding	Item (Nos)
1	01	Home	1203.70	113
2	02	General Administration and Public Grievance	501.59	26
3	03	Revenue and Disaster Management	0.07	02
4	04	Law	4.92	28
5	05	Finance	1.10	01
6	10	School and Mass Education	29.68	05
7	11	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	0.26	01
8	12	Health and Family Welfare	4.30	03
9	17	Panchayati Raj and Drinking Water	5.76	17
10	24	Steel & Mines	98.40	143
11	30	Energy	0.05	01
12	36	Women & Child Development and Mission Shakti	115.53	11
13	38	Higher Education	182.14	184
14	42	Disaster Management	35.00	04
<b>Total</b>			<b>2,182.5</b>	<b>539</b>

Source: Records of the Office of the Accountant General (A&E), Odisha.

## APPENDIX – 4.5

(Refer paragraph-4.6.2)

## Statement showing details of inoperative PD Account as on 31 March 2020

		(₹ in lakh)
Sl.No	Name of the Administrator of PD Accounts	Balance
1	Asst. Engineer, Soil Conservation, Titilagarh, Bolangir	2.26
2	Soil Conservation Officer, Regudipada, Bolangir	0.02
3	Asst. Soil Conservation Officer, Parlakemundi, Gajapati	3.62
4	Asst. Soil Conservation Officer, Sub-Division, Machhkund, Koraput	0.00
5	Principal, Soil Conservation Training Institute, Koraput	0.00
6	Asst. Soil Conservation Officer, Nayagarh	0.00
7	Soil Conservation Officer, Burla, Sambalpur	0.00
8	Asst. Soil Conservation Officer, Deogarh	0.00
9	Spl. Planning Authority, Parlakhemundi, Gajapati	0.10
10	Director, Agriculture and Food Production Odisha, Bhubaneswar	0.00
11	Principal, Women's Polytechnic Berhampur	35.40
12	Executive Officer, Notified Area Council, Burla	223.08
13	Executive Officer, Notified Area Council, Hirakud	288.55
14	Principal, Institute of Management & Information Technology, Cuttack	0.00*
15	Principal, Industrial Training Institute, Puri	28.14
16	Principal, Industrial Training Institute, Rourkela	27.00
17	Headmaster, Daspalla High School, Daspalla, Nayagarh	1.24
18	Headmaster, Government Boys High School, Chittrakonda, Malkangiri	0.73
19	Asst. Agricultural Engineer, Phulbani	0.00
<b>Total</b>		<b>610.14</b>

Source: Records of the Office of the Accountant General (A&E), Odisha.

\*Amount shown as ₹ 0.00 against Principal, Institute of Management & Information Technology, Cuttack (₹57,000) is due to rounding of the amount.

**APPENDIX – 4.6**

(Refer paragraph-4.7)

**Statement of Major Head-Wise Expenditure booked under Minor Head-800-  
(other expenditure) during 2019-20**

(₹ in crore)					
Sl. No.	Major Head	Description	Total Expr	Exp 800	Percentage
1	2013	Council of Ministers	22.34	18.92	84.69
2	2075	Miscellaneous General Services	1,002.54	1,012.03	100.95
3	2245	Relief on account of Natural Calamities	4,290.25	3,325.37	77.51
4	2701	Medium Irrigation	87.50	44.48	50.83
5	2702	Minor Irrigation	281.01	147.77	52.59
6	2711	Flood Control and Drainage	168.74	152.86	90.59
7	2801	Power	17.54	10.00	57.01
8	3055	Road Transport	1.60	1.60	100.00
9	3454	Census Surveys and Statistics	29.38	16.06	54.66
10	4217	Capital Outlay on Urban Development	121.93	72.00	59.05
11	4250	Capital Outlay on Other Services	231.84	196.22	84.64
12	4401	Capital Outlay on Crop Husbandry	54.91	32.95	60.01
13	4702	Capital Outlay on Minor Irrigation	1,655.10	1,045.09	63.14
14	4801	Capital Outlay on Power Projects	2,134.40	1,873.70	87.79
15	4852	Capital Outlay on Iron and Steel Industries	1.73	1.02	58.97
16	5075	Capital Outlay on Other Transport Services	196.78	137.12	69.68
17	5475	Capital Outlay on Other General Economic Services	9.65	8.76	90.82
<b>Total</b>			<b>10,307.24</b>	<b>8,095.95</b>	

Source: Records of the Office of the Accountant General (A&E), Odisha.

**APPENDIX – 4.7**

(Refer paragraph-4.7)

**Statement of Major Head-Wise Receipts booked under Minor Head-800-  
(other receipts) during 2019-20****(₹ in crore)**

Sl. No.	Major Head	Description	Total Receipts	Minor Head 800 Receipt	% age
1	0217	Urban Development	4.23	4.23	100
2	0506	Land Reforms	0.25	0.25	100
3	0515	Other Rural Development Programmes	0.02	0.02	100
4	0852	Industries	1.66	1.66	100
5	1051	Ports and Light Houses	115.21	115.21	100
6	1053	Civil Aviation	1.48	1.48	100
7	1055	Road Transport	0.02	0.02	100
8	1456	Civil Supplies	3.71	3.71	100
		<b>Total</b>	<b>126.58</b>	<b>126.58</b>	

*Source: Records of the Office of the Accountant General (A&E), Odisha.*

**Appendix-4.8**  
(Refer Paragraph 4.10.1)

**Discrepancies between Cash Book and Pass Book balance as on 31 March 2020**

(₹ in Crore)

Sl. No.	Name of the DDO	Balance as per Bank pass book	Balance as per Cash book	Difference
1	The Special Land Acquisition Officer, Lower Indira Irrigation Project, Khariar, Nuapada	18.80	16.55	2.25
2	The Special Land Acquisition Officer, Rengali Right Canal System, Mahisapat, Dhenkanal	121.40	117.68	3.72
3	The Special Land Acquisition Officer, Kanpur Irrigation Project, Rimuli, Keonjhar	26.00	25.29	0.71
4	The Special Land Acquisition Officer, Upper Indira Irrigation Project, Kusumkhunti, Kalahandi	0.28	0.13	0.15
5	Collector, Koraput	3.04	1.40	1.64
6	Collector, Koraput	2.03	1.84	0.19
7	Chief Resident Commissioner, OdishaBhawan, New Delhi	0.39	0.11	0.28
8	Commissionerate of Police, Bhubaneswar-Cuttack, Bhubaneswar	1.14	1.04	0.1
9	Director General and Inspector General of Police, Cuttack	1.25	0.45	0.8
10	Dean & Principal, MKCG-Medical College, Berhampur	7.40	6.88	0.52
11	Superintendent, MKCG Medical College Hospital, Berhampur	28.67	25.86	2.81
12	District Education Officer, Ganjam	11.43	10.93	0.5
13	District Education Officer, Nuapada	6.08	6.05	0.03
14	Chief District Medical & Public Health Officer (CDM& PHO), Nabarangpur	1.26	1.02	0.24
15	RTO, BBSR-I	0.13	0.12	0.01
16	RTO, BBSR-II	0.12	0.03	0.09
17	RTO, Chandikhole	3.18	3.14	0.04
<b>TOTAL</b>		<b>232.6</b>	<b>218.52</b>	<b>14.08</b>

*Source: Information received from respective Offices of Government of Odisha*

## APPENDIX – 4.9

(Refer paragraph-4.16)

## Pending cases of misappropriation, losses, theft, etc.

(₹ in lakh)

Name of Department	Cases of misappropriation/ losses/ theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting Departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery pending	
			Number	Amount	Number	Amount	Number	Amount
Finance	4	9.89	0	0	0	0	0	0
Revenue & Disaster Management	23	340.08	2	1.39	5	200.42	4	4.1
Law	1	0.16	0	0	1	0.16	0	0
Water Resources	220	263.39	109	167.31	103	84.45	4	11.11
Rural Development	53	94.4	30	77.22	22	17.18	0	0
Energy	6	243.66	1	15.98	4	226.51	0	0
Skill Development & Technical Education	7	11.8	0	0	2	2.53	2	4.39
MSME	3	11.72	1	11.59	1	0.08	1	0.05
ST&SC Development, Minorities and Backward classes Welfare	8	6.88	1	0.73	5	5.2	2	0.95
Health & Family Welfare	27	55.67	0	0	3	6.41	14	16.42
General Administration	2	0.71	0	0	0	0	2	0.71
Works	81	185.17	32	38.48	45	142.28	0	0
Commerce & Transport	8	9.27	4	6.18	2	1.04	1	0.75
School & Mass Education	11	36.67	5	10.65	1	1.31	0	0
Higher Education	5	14.55	2	3.29	0	0	1	0.08
Fisheries & ARD	19	75.39	0	0	6	53.36	9	5.74
Agriculture & Farmers' Empowerment	64	105.94	5	13.5	19	61.16	13	4.79
Co-Operation	3	4.19	0	0	1	0.94	0	0
Panchayati Raj and Drinking Water	18	33.99	10	21.11	4	10.97	3	1.51
Home (B) Police	2	14.47	0	0	0	0	0	0
Food Supplies & Consumer Welfare	3	3.04	0	0	0	0	1	0.1
Housing & Urban Development	47	68.91	24	39.41	21	26.22	0	0
Information & Public Relations	59	6.32	49	5.53	8	0.64	0	0
Forest & Environment	45	250.88	7	80.66	29	146.78	3	21.04
<b>TOTAL</b>	<b>719</b>	<b>1,847.15</b>	<b>282</b>	<b>493.03</b>	<b>282</b>	<b>987.64</b>	<b>60</b>	<b>71.74</b>

Source: Information received from respective Offices of Government of Odisha

Note: Out of 719 cases 89 cases are sub-judice and 6 certificate cases are pending.

**APPENDIX –5.1**  
**Glossary of important Budget related terms**

<b>Terms</b>	<b>Basis of Calculation</b>
Accounts’ or ‘actuals’ of a year.	Accounts’ or ‘actuals’ of a year. - are the amounts of receipts and disbursements for the financial year beginning on April 1st and ending March 31st following, as finally recorded in the Accounting authority’s books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
Administrative approval’ of a scheme, proposal or work	Administrative approval’ is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issue.
Annual financial statement	Annual financial statement means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
Appropriation Accounts	Appropriation Accounts present the total amount of funds (Original and Supplementary) authorised by the Legislative Assembly in the budget grants under each voted grants and charged appropriation vis-à-vis the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires authorisation by the Legislature.
Controlling Officer (budget)	Controlling Officer means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue.
Drawing and Disbursing Officer’ (DDO)	Drawing and Disbursing Officer’ (DDO) means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government.
Public Account	Public Account means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issue out of the Consolidated Fund of India/State.
Major Head	Major Head means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a ‘function’ of Government such as Agriculture, Education, Health, etc.

Minor Head	Minor Head means a head subordinate to a Major Head or a Sub- Major Head. A Minor Head subordinate to a Major Head identifies a “programme” undertaken to achieve the objectives of the function represented by the Major Head.
Sub Major Head	Sub Major Head means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
Sub-Head	Sub-Head means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100.$
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt.
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth Rate.
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\text{Rate of Growth of parameter (X)} / \text{Rate of Growth of parameter (Y)}.$
Committed Expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the present executive has limited control.
Consolidated Fund of the State	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingency Fund	Legislature Assembly has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Legislative Assembly by law under Article 115 or Article 116 of the Constitution.
Contingent Liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.

Debt Stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be rising and in case it is positive, Debt-GSDP ratio would eventually be falling.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Development	Social Services + Economic Services.
Escrow Account	In order to ensure fiscal discipline in public sector undertaking/Urban Local Bodies/Co-operative Institutions and State-owned Companies etc., and to ensure minimising the default on payment of Government guaranteed loans the Government in Finance Department vide their Resolution No.11311/F dated 19 March 2004 have issued instructions that all Public Sector Undertakings/ Urban Local Bodies/ Co-operative Institutions and State-owned Companies etc. who have borrowed against Government guarantee will open an Escrow Account in a nationalised bank for timely repayment of guaranteed loans. The proceeds of this account shall first be utilised for payment of dues of the financial Institutions and it is only after meeting such payments that the surplus amount shall be diverted for other payments including salaries.
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts.
Guarantee Redemption Fund	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. Government of Odisha has constituted a guaranteed redemption fund during the year 2002-2003 with the objective of meeting the payment obligations arising out of the default in discharging the debt servicing for the loans guaranteed by Government.

Internal Debt	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received/ [(Opening balance + Closing balance of Loans and Advances)/2]*100.
Primary Deficit	Fiscal Deficit – Interest payments.
Primary Revenue Expenditure	Primary revenue expenditure means revenue expenditure excluding interest payments.
Public Accounts Committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India relating to the appropriation accounts of the State, the annual financial accounts of the State or such other accounts or financial matters as are laid before it or which the Committee deems necessary to scrutinise.
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]*100
Re-appropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Revenue Deficit	Revenue Receipt – Revenue Expenditure.
Sinking Fund	A Fund into which the Government sets aside money over time, in order to retire its debt.
Sufficiency of Non-debt Receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Supplementary Grants	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution of India to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution of India.
Surrender of unspent provision	Departments of the State Government are to surrender to the Finance Department, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Department is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the closing of the financial year.

State Implementing Agency	State Implementing Agency includes any Organisation/Institution including Non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for Sarva Siksha Abhiyan and State Health Mission for National Rural Health Mission, etc.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head “8658-Suspense Account” in the sector “L. Suspense and Miscellaneous” of the Accounts, (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance). A service receipt of which full particulars are not given must not be taken to the head “Suspense Account” but should be credited to the minor head “Other Receipt” under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars.

Acronyms	Full Form
AC	Abstract Contingency
AE	Aggregate Expenditure
BE	Budget Estimates
BOO	Built, Own and Operate
BOOST	Built, Own, Operate, Share and Transfer
BOOT	Built, Own, Operate and Transfer
BOT	Built, Operate and Transfer
CAG	Comptroller and Auditor General of India
CE	Capital Expenditure
CFS	Consolidated Fund of the State
DBFOT	Design, Built, Finance, Operate and Transfer
DBOO	Design, Built, Own and Operate
DBOOT	Design, Built, Own, Operate and Transfer
DBT	Design, Built and Transfer
DCC	Detailed Countersigned Contingent
DDO	Drawing and Disbursing Officer
DE	Development Expenditure
DRDA	District Rural Development Agency
FCP	Fiscal Correction Path
FC XIV	Fourteenth Finance Commission
FRBM	Fiscal Responsibility and Budget Management
GDP	Gross Domestic Product
GIA	Grants-in-Aid
GoI	Government of India
GSDP	Gross State Domestic Product
H&UDD	Housing and Urban Development Department
ITDA	Integrated Tribal Development Agency
JSSK	Janani Shishu Surakshya Karyakram
MTFP	Medium Term Fiscal Plan
NPRE	Non-Plan Revenue Expenditure
NSSF	National Small Savings Fund
O&M	Operation and Maintenance
OB&OCWWB	Odisha Building and Other Construction Workers Welfare Board
OMBADC	Odisha Mineral Bearing Areas Development Corporation
OBM	Odisha Budget Manual
OGFR	Odisha General Financial Rules
ONTR	Own Non Tax Revenue
OTC	Odisha Treasury Code
OTR	Own Tax Revenue
OTS	One Time Settlement
PIA	Project Implementing Agencies
PSU	Public Sector Undertakings

QEA	Quarterly Expenditure Allocation
RE	Revenue Expenditure
RR	Revenue Receipts
S&W	Salaries and Wages
SFC	State Finance Commission
SSE	Social Sector Expenditure
SDTE	Skill Development & Technical Education
ST&SCD, M&BCW	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare
TE	Total Expenditure
UC	Utilisation Certificates
VLC	Voucher Level Computerisation
W&CD	Women & Child Development





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