



**Report of the Comptroller and Auditor General of India**  
**State Finances Audit Report**  
**for the year ended March 2019**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public  
Interest



**Government of Odisha**  
*Report No.4 of the year 2020*



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## *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 2018-19 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 2018-19. The Report contains three Chapters.

**Chapter I** is based on the audit of the Finance Accounts and makes an assessment of the Odisha Government's fiscal position as on 31 March 2019. It provides an insight in to the trends in revenue, expenditure, repayment of debt and borrowing patterns.

**Chapter II** is based on the audit of the Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

**Chapter III** is an inventory of Government of Odisha's compliance to various reporting requirements and financial rules.

Exit Conference with Principal Secretary, Finance Department, Government of Odisha was held in May 2020 wherein the issues taken up for review in the State Finances Audit Report were discussed. Responses of the Government, wherever received, are suitably incorporated.

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





# **EXECUTIVE SUMMARY**



# Executive Summary

## Finances of the State Government

### *Fiscal situation of the State*

Revenue Receipts (₹ 99,546 crore) of the Government constituting 20.51 *per cent* of the Gross State Domestic Product (GSDP) (₹ 4,85,376 crore), increased by 16.83 *per cent* over the previous year (₹ 85,204 crore). The corresponding increase in the Revenue Expenditure during the year 2018-19 (₹ 85,356 crore) was 18.82 *per cent* over 2017-18 (₹ 71,837 crore) and was 17.59 *per cent* of GSDP. Capital Expenditure (CE) (₹ 23,482 crore) during 2018-19, increased by ₹ 2,373 crore (11.24 *per cent*) over the previous year (₹ 21,109 crore). CE relative to GSDP was 4.84 *per cent* in 2018-19. Revenue Surplus as a percentage of Revenue Receipts decreased to 14.25 *per cent* in 2018-19 from 15.69 *per cent* in 2017-18.

*(Paragraph 1.4.2, 1.5.3 & 1.5.4)*

The State registered a Revenue Surplus of ₹14,190 crore. The Fiscal Deficit was ₹ 10,157 crore. The Revenue Surplus, however, was overstated by ₹1,494.89 crore and the Fiscal Deficit was understated by the same amount on account of (i) Excess contribution of the Government towards New Pension System, (ii) Non Credit of interest to Deposits, (iii) Non Credit of Interest to State Disaster Response Fund, (iv) Un-recouped balance of Odisha Contingency Fund, (v) Labour Welfare Cess not transferred to Welfare Board and (vi) Land Revenue Cess not transferred to Panchayati Raj Institutions (PRIs). Effectively, the Revenue Surplus and Fiscal Deficit of the State in 2018-19 was ₹12,695 crore and ₹11,652 crore respectively.

The effective Fiscal Deficit (₹11,652 crore) was 2.40 *per cent*<sup>1</sup> of GSDP (₹ 4,85,376 crore). It was meeting the fiscal target set out in its FRBM (Amendment) Act 2016, which was to maintain the fiscal deficit within 3.5 *per cent* of the GSDP and was in compliance of the ceiling of 3.5 *per cent* fixed by 14<sup>th</sup> Finance Commission.

As per the FRBM (Amendment) Act 2016, **Debt to GSDP** ratio (in *per cent*) was to be maintained less than or equal to 25 *per cent* for the years 2015-16 to 2019-20. Debt to GSDP ratio at 22.30 *per cent* in 2018-19 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 1.3.1)*

<sup>1</sup> The Fiscal Deficit as reported by the State Government, ₹ 10,157 crore, was 2.09 *per cent* of GSDP

***Mobilization and application of Resources***

Revenue Receipts (₹ 99,546 crore) in 2018-19 grew by ₹14,342 crore (16.83 per cent) over 2017-18. These were, however, lower than the budget estimates (₹1,00,200 crore) by ₹ 654 crore.

*(Paragraph 1.4.2)*

Own Tax Revenue (₹30,318 crore) increased by 8.61 per cent over the previous year and was also higher than the budget estimates (₹28,550 crore) by ₹1,768 crore. Non Tax Revenue (₹14,276 crore) increased by 69.99 per cent over the previous year and was higher than the budget estimates (₹10,300 crore) by ₹3,976 crore.

*(Paragraph 1.4.2.1 and 1.4.2.4)*

Revenue Expenditure (₹ 85,356 crore) for the year 2018-19 increased by ₹13,519 crore (18.82 per cent) over 2017-18 (₹ 71,837 crore) and was within the budget provision (₹ 90,220 crore) made for the year 2018-19.

*(Paragraph 1.5.3)*

Capital Expenditure (₹ 23,482 crore) during 2018-19, constituted 21.35 per cent of total expenditure (₹ 1,10,008 crore) and increased by ₹ 2,373 crore (11.24 per cent) over the previous year (₹ 21,109 crore). It was, however, less than the budget estimates by ₹ 2,169 crore. CE relative to GSDP was 4.84 per cent in 2018-19 and during the past five years, it has remained around 5 per cent of GSDP.

*(Paragraph 1.5.4)*

***Recommendation:*** *The Finance Department should rationalise the budget preparation exercise, so that the gap between the budget estimates and actual is abridged. For effective budgetary process, estimation may be undertaken with due diligence based on more realistic revenue and need projections.*

***Efficiency in Tax Collection***

The cost of collection on Sales, Trade etc., State Excise and Taxes on Vehicle decreased during 2018-19 as compared to previous year, indicating greater efficiency.

*(Paragraph 1.4.2.2)*

***Adequacy of public expenditure***

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, Capital Expenditure and Education vis-à-vis General Category States. The State, however, lagged behind General Category States in the area of Healthcare Expenditure.

*(Paragraph 1.5.5)*

### ***Committed Expenditure***

Committed Expenditure of Government consists of interest payments (₹5,800 crore), salaries and wages (₹19,567 crore), pensions (₹10,520 crore) and subsidies (₹3,168 crore). The committed expenditure in 2018-19 was ₹39,055 crore and constituted 45.75 per cent of Revenue Expenditure (₹85,356 crore) as compared to ₹ 34,208 crore (47.62 per cent of Revenue Expenditure) during 2017-18.

***(Paragraph 1.5.3.1)***

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

As of 31 March 2019, the State Government's investment in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative societies stood at ₹ 5,354 crore. The Return on Investment from Corporations/Companies was 10.16 per cent, which was more than the average rate of interest on Government borrowing (7.74 per cent).

***(Paragraph 1.6.1.1)***

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

As of 31 March 2019, Loans and Advances given by the Government to Public Sector Companies, Autonomous Bodies and Corporations were ₹ 7,191 crore.

Outstanding Loans and advances rose from ₹4,449 crore in 2014-15 to ₹ 7,191 crore in 2018-19. Major portion of loans advanced during 2018-19 was to Indian Oil Corporation Limited (₹ 700 crore).

***(Paragraph 1.6.1.2)***

### ***Cash Balance***

The cash balance at the end of March 2019 was ₹ 38,134.48 crore. The closing cash balances in the years 2016-17 and 2017-18 were ₹ 14,601.11 crore and ₹ 30,848.11 crore respectively. The State Government was maintaining large cash balance on a regular basis, while being a fiscal deficit State. As against the mandated minimum Cash Balance of ₹1.28 crore, the State Government's balance with Reserve Bank of India was ₹1,624.56 crore as on 31 March 2019.

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 ₹ 24,760.15 crore, there was an untied Cash Balance of ₹9,889.37 crore. Instead of utilising the Cash Balance, the State resorted to market borrowings of ₹9,019.54 crore at interest rates ranging from 7.55 to 8.79 per cent, contrary to the Finance Commission recommendation.

***Recommendation:*** 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. Government should avoid large cash balances resulting in avoidable interest burden.*

*(Paragraph 1.6.1.3)*

### ***Debt Management***

Total outstanding Debt (₹ 1,08,258 crore) increased from 22.27 *per cent* of Gross State Domestic Product in 2017-18 to 22.30 *per cent* of GSDP in 2018-19. Interest payment relative to revenue receipts at 5.83 *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. The ratio of Debt repayment to Tax Revenue decreased from 129.53 *per cent* in 2017-18 to 122.07 *per cent* in 2018-19.

*(Paragraph 1.7)*

## **Financial Management and Budgetary Control**

### ***Excess expenditure requiring regularisation***

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. State Government did not get excess expenditure of ₹ 79.60 crore, pertaining to the years 2013-14 to 2017-18 and ₹ 173.42 crore pertaining to 2018-19, regularised as of March 2019.

***Recommendation:*** *All the existing cases of excess expenditure are required to be regularised at the earliest and, in future, such excess expenditure may be completely stopped.*

*(Paragraph 2.2.2.1 & 2.2.2.2)*

### ***Savings***

In 2018-19, the total savings were ₹18,895.73 crore. Of this, ₹7037.92 crore (37.25 *per cent*) pertained to seven grants, in which savings were more than ₹100 crore and above 20 *per cent* of the total provision.

***Recommendation:*** *All anticipated savings should be surrendered in time so that the funds can be utilised for other development purposes.*

*(Paragraphs 2.2.2.3)*

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

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). The Finance Department had informed (February 2019) that the deadline for the re-appropriations was 26-02-2019. Despite that, there were 21 cases of re-appropriation orders amounting to ₹ 3,404.79 crore (₹one crore and above in 12

cases) issued on 30 March 2019, for which there was no scope for expenditure during 2018-19.

**Recommendation:** *Leveraging advancements in Information Technology, State Government may issue re-appropriations on the basis of real-time data on committed expenses and actual receipts.*

(Paragraph 2.2.4)

### **Substantial surrenders**

Surrenders of 100 *per cent* of total provision of ₹1,304.17 crore were made under 27 sub heads (₹10 crore or more in each case) under 13 grants. These represented different schemes / programmes / projects and activities. Similarly, surrenders of ₹ 1,788.12 crore (15 grants) and ₹ 2,686.12 crore (17 grants) were made during the years 2016-17 and 2017-18 respectively.

(Paragraph 2.2.5)

### **Surrender in excess of savings**

In three cases (three grants), there were savings of ₹ 590.48 crore. The amount surrendered was ₹ 624.21 crore, resulting in excess surrender (₹ one crore or more in each case), amounting to ₹ 33.73 crore.

(Paragraph 2.2.6)

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

Pursuant to the provisions 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 2018-19. 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 10 departments had followed the guidelines for timely spending of budgetary grants as per the Cash Management System.

**Recommendation:** *The State Government should enforce rules to ensure that budget provisions are fully utilised and prevent rush of expenditure during fag end of the financial year.*

(Paragraph 2.4)

## **Financial Reporting**

### **Personal Deposit (PD) Accounts**

There were 831 PD Account holders with a closing unspent balance of ₹17,503.50 crore as of 31 March 2019. Of this, an amount of ₹14,328.50 crore (81.86 *per cent*) related to one PD account of Odisha Mineral Bearing Areas Development Corporation (OMBADC), which was opened on the directions of the Hon'ble Supreme Court. The amount related to the compensation recovered in respect of

illegally mined ores and was meant to be utilised for the benefit of the tribal people in the affected districts and for area development work.

Further, contrary to Odisha Treasury Code, Government of Odisha failed to close 15 PD accounts with a closing balance of ₹ 5.86 crore where there had been no transactions for over three financial years.

***Recommendation:*** *The Finance Department is required to review all PD Accounts and ensure that all amounts unnecessarily lying in these accounts are immediately remitted to the Consolidated Fund and all inoperative PD Accounts are closed.*

***(Paragraph 3.1.1 and 3.1.3)***

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

During the year 2018-19, Government released ₹ 25,957.25 crore as Grants-in-Aid, for which UCs have not been received in respect of ₹ 19,371.21 crore (75 per cent). There was therefore, no assurance that the expenditure of ₹ 19,371.21 crore had actually been incurred for the purposes for which it was authorised. UCs for an amount aggregating ₹ 45,340.89 crore remained outstanding against 37 departments of the State as of March 2019 in the books of the Principal Accountant General (A&E), Odisha.

***Recommendation:*** *The Finance Department should develop a mechanism to ensure submission of UCs which have become due without delay and review all UCs pending for submission before release of fresh grants.*

***(Paragraph 3.4)***

### ***Outstanding Detailed Contingent bills***

During the year 2018-19, 15 Departments had drawn 939 Abstract Contingent bills for an amount of ₹210.19 crore from Government accounts and submitted only 214 Detailed Contingent (DC) Bills for an amount of ₹11.46 crore. Thus, 725 DC bills amounting to ₹198.73 crore were not submitted by 12 departments before the close of the financial year. There is, therefore, no assurance that the amount of ₹198.73 crore had actually been incurred during the year for the purpose for which it was sanctioned/ authorised by the Legislature. This is a possible overstatement of expenditure in the year 2018-19.

Non-submission of DC bills within the prescribed time is a breach of financial discipline and enhances risk of misappropriation of public money.

***Recommendation:*** *Finance Department may ensure that all Controlling Officers submit the required DC bills to adjust all pending AC bills in a time-bound manner.*

***(Paragraph 3.5)***



# **Chapter-I**

## **Finances of the State Government**



This Chapter provides an audit perspective on finances of the State Government during 2018-19 and analyses changes in major fiscal aggregates relative to 2017-18, keeping in view overall trends during the last five years.

The analysis is based on the details contained in the Finance Accounts of the Government of Odisha (GoO). A profile of the State with demographic and other details is in *Appendix 1.1*. The structure of Government Accounts is explained in *Part A* and the layout of Finance Accounts is given in *Part B* of the *Appendix-1.2*.

### 1.1 Gross State Domestic Product (GSDP)

The Gross State Domestic Product (GSDP)<sup>2</sup> of Odisha in 2018-19 at current prices was ₹ 4,85,376 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. However, it was lower than all-India average in 2017-18.

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

Year	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Current Prices</b>					
India's GDP (₹ in crore)	124,67,959	137,71,874	153,62,386	170,95,005	190,10,164
Growth rate (per cent)	10.99	10.46	11.55	11.28	11.20
State's GSDP (₹ in crore)	3,14,250	3,28,550	3,93,808	4,36,374	4,85,376
Growth rate (per cent)	6.00	4.55	19.86	10.81	11.23
<b>Constant Prices (Base year 2011-12)</b>					
India's GDP (₹ in crore)	105,27,674	113,69,493	122,98,327	131,79,857	140,77,586
Growth rate (per cent)	7.41	8.00	8.17	7.17	6.81
State's GSDP (₹ in crore)	2,70,665	2,92,229	3,38,170	3,60,772	3,90,574
Growth rate (per cent)	1.80	7.97	15.72	6.68	8.26

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

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

<sup>2</sup> 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.

## 1.2 Summary of Fiscal Transactions

**Table 1.2** presents a summary of fiscal transactions of the State Government during 2018-19 vis-à-vis 2017-18 and 2016-17. Further details of receipts and disbursements as well as the overall fiscal position during 2018-19 are in **Appendix-1.3**. Time series data of Government Finances for the years 2014-19 is in **Appendix-1.4**.

**Table 1.2: Summary of Fiscal Transactions**

(₹ in crore)

Receipts				Disbursements			
	2016-17	2017-18	2018-19		2016-17	2017-18	2018-19
<b>Section A – Revenue Account<sup>3</sup></b>							
Tax Revenue	22,852	27,914	30,318	General Services	16,715	20,261	24,053
Non-Tax Revenue	8,043	8,398	14,276	Social Services	27,600	29,557	36,427
Share of Union Taxes/ Duties	28,322	31,272	35,354	Economic Services	19,714	20,757	23,513
Grants from Government of India	15,082	17,620	19,598	Grants-in-Aid and Contributions	1,012	1,262	1,363
<b>Total Revenue Receipts</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>	<b>Total Revenue Expenditure</b>	<b>65,041</b>	<b>71,837</b>	<b>85,356</b>
<b>Section B- Capital Account<sup>4</sup> &amp; Others</b>							
Miscellaneous Capital Receipts	--	--	--	Capital Outlay	18,471	21,109	23,482
Recoveries of Loans and Advances	89	257	305	Loans and Advances Disbursed	254	1,875	1,170
Public Debt <sup>5</sup> Receipts	11,223	12,862	10,003	Repayment of Public Debt	2,962	2,690	3,940
Contingency Fund	123	--	--	Contingency Fund	--	--	1,440
Public Account Receipts	41,627	71,874	62,906	Public Account Disbursement	38,080	56,439	50,085
Opening Cash Balance	12,048	14,601	30,848	Closing Cash Balance	14,601	30,848	38,135
<b>Grand Total</b>	<b>1,39,409</b>	<b>1,84,798</b>	<b>2,03,608</b>	<b>TOTAL</b>	<b>1,39,409</b>	<b>1,84,798</b>	<b>2,03,608</b>

*Source: Finance Accounts of respective years*

Composition of resources and application of funds of the Consolidated Fund of the State in the year 2018-19 is in **Appendix 1.5**.

## 1.3 Review of Fiscal Situation

### 1.3.1 Fiscal parameters

Three key fiscal parameters viz., (i) Revenue Surplus<sup>6</sup> / Deficit, (ii) Fiscal Deficit<sup>7</sup> and

<sup>3</sup> Revenue Account is the account of the current income and expenditure of the State. The income is derived mainly from taxes and duties, fees for services rendered, fines and penalties, revenue from Government estates such as forests and other miscellaneous items

<sup>4</sup> Capital Account is the account of expenditure of a capital nature such as construction of buildings, laying of roads, irrigation and electricity projects. Such expenditure is met from sources other than current revenues, e.g. loans, surplus revenue of previous years, if any, and capital receipts

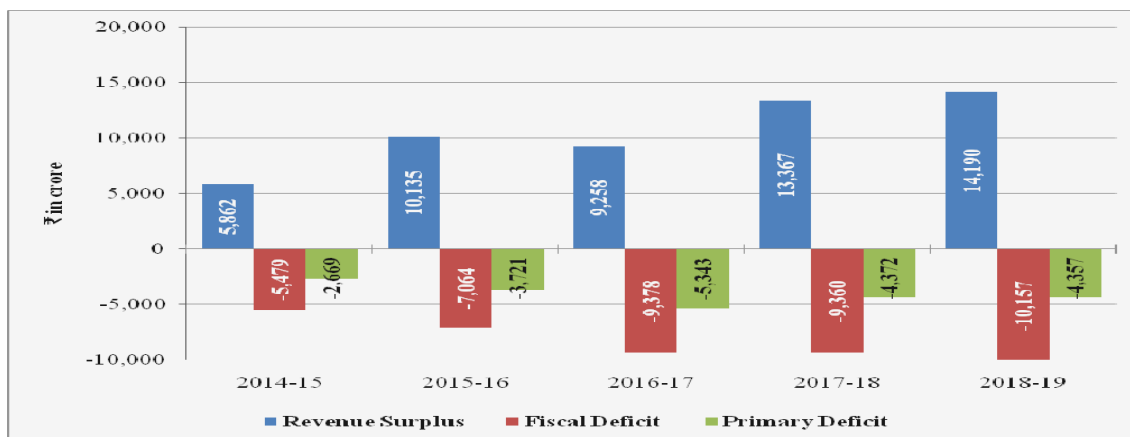
<sup>5</sup> Comprises loans raised by Government such as market loans, loans from the Life Insurance Corporation of India, etc., and the borrowings from the Central Government

<sup>6</sup> Revenue Surplus = Revenue Receipts – Revenue Expenditure

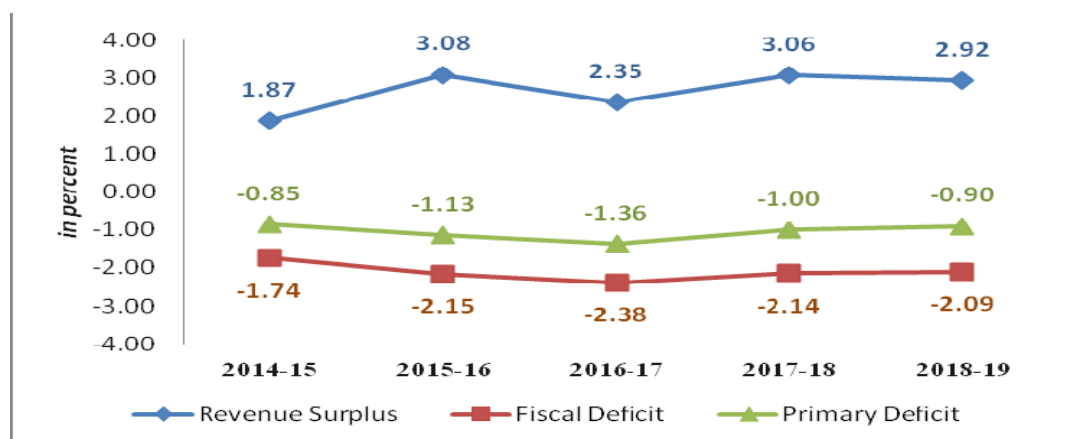
<sup>7</sup> Fiscal Deficit = Revenue Expenditure + Capital Expenditure + Net Loans and Advances (-) Revenue Receipts (-) Miscellaneous Capital Receipts

(iii) Primary Deficit<sup>8</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 1.1** and **Chart 1.2**. Trends in Debt Sustainability (i.e., Ratio between Debt and GSDP *per cent*) is shown in **Chart 1.3**.

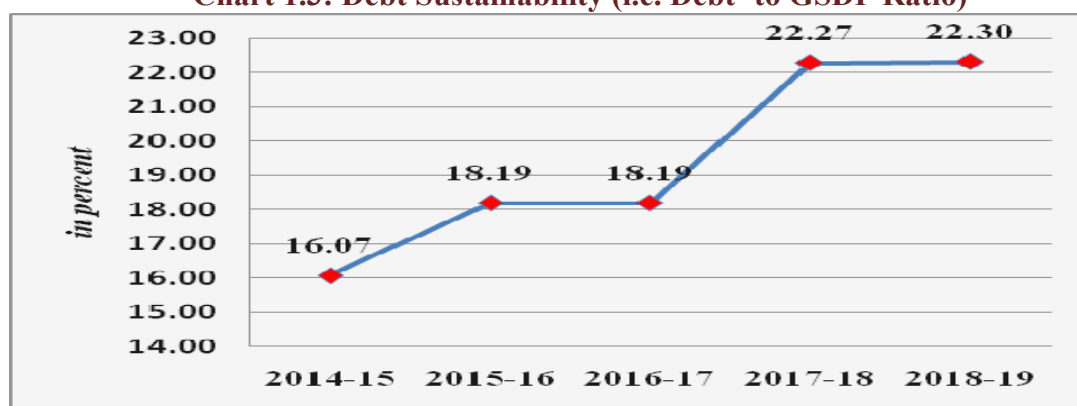
**Chart 1.1: Trends of Fiscal parameters**



**Chart 1.2: Fiscal Parameters vis-à-vis GSDP**



**Chart 1.3: Debt Sustainability (i.e. Debt<sup>#</sup> to GSDP Ratio)**



Source: Finance Accounts

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

<sup>8</sup> Primary Deficit = Fiscal Deficit – Interest Payments.

Some important trends are discussed below:

- **Revenue Surplus** (₹ 14,190 crore) of the State in 2018-19 increased over previous year (₹ 13,367 crore) by ₹823 crore as per Finance Accounts. The State has been a Revenue Surplus State since 2005-06 when after a gap of 22 years, the State was able to achieve Revenue Surplus of ₹ 481 crore. In 2018-19, in spite of the fact that the growth of Revenue Receipts (16.83 *per cent*) was lower than the growth of Revenue Expenditure (18.82 *per cent*) over the previous year, the Revenue Surplus had marginally increased over the last year. This achievement was in line with the State's FRBM (Amendment) Act 2016 which had prescribed reduction of Revenue Deficit to zero from 2011-12 onwards. Revenue Surplus as a percentage of Revenue Receipts decreased to 14.25 *per cent* in 2018-19 from 15.69 *per cent* in 2017-18.
- **Fiscal Deficit** (₹10,157 crore) in 2018-19, increased by ₹797 crore in comparison to preceding year (₹ 9,360 crore). Fiscal Deficit as a percentage of GSDP was 2.09 *per cent* and was meeting the fiscal target set out in its FRBM (Amendment) Act 2016 to maintain the Fiscal Deficit within 3.5 *per cent* of the GSDP. This was, however achieved by reduction in expenditures.
- **Primary Deficit** (₹ 4,357 crore) in 2018-19, decreased marginally by ₹ 15 crore in comparison to preceding year (₹ 4,372 crore). Though Primary Deficit decreased, it was evident that the non-debt receipts<sup>9</sup> (₹ 99,851 crore) were insufficient to meet the Primary Expenditure (₹ 1,04,208 crore).
- As per the FRBM (Amendment) Act 2016, **Debt to GSDP** ratio (in *per cent*) was to be maintained less than or equal to 25 *per cent* for the years 2015-16 to 2019-20. It was 22.30 *per cent* for the year 2018-19. The Debt-GSDP ratio (22.30 *per cent*), increased slightly as compared to 2017-18 (22.27 *per cent*) and was meeting the fiscal target set out in the State's FRBM (Amendment) Act, 2016.
- It was observed that the Revenue Surplus was overstated by ₹1,494.89 crore and Fiscal Deficit was understated by the same amount on account of the following: (i) Excess contribution of the Government towards New Pension System, (ii) Non Credit of interest to Deposits, (iii) Non Credit of Interest to State Disaster Response Fund, (iv) Un-recouped balance of Odisha Contingency Fund, (v) Labour Welfare Cess not transferred to Welfare Board and (vi) Land Revenue Cess not transferred to Panchayati Raj Institutions (PRIs), as detailed in **Table 1.3**:

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<sup>9</sup> Non-debt receipts = Revenue receipts + Miscellaneous Capital receipts + Recoveries of Loans and Advances.

**Table 1.3: Impact on Revenue Surplus and Fiscal Deficit**

Particulars	Impact on Revenue Surplus (₹ in crore)		Impact on Fiscal Deficit (₹ in crore)	
	Over Statement	Under Statement	Over Statement	Under Statement
Excess contribution of the Government towards Employer Contribution to Defined Contribution Pension Scheme ( <i>Paragraph 1.5.3.3</i> )	--	6.33	6.33	--
Non Credit of interest to Deposits (interest bearing) ( <i>Paragraph 1.6.2.2</i> )	2.93	--	--	2.93
Non Credit of Interest to State Disaster Response Fund ( <i>Paragraph 1.6.2.2</i> )	7.62	--	--	7.62
Un-recouped balance of Odisha Contingency Fund ( <i>Paragraph 2.3</i> )	1,440.22	--	--	1,440.22
Labour Welfare Cess not transferred to Welfare Board ( <i>Paragraph 3.6.3</i> )	2.38	--	--	2.38
Land Revenue Cess not transferred to PRIs ( <i>Paragraph 1.4.2.1</i> )	48.07	--	--	48.07
<b>Total (Net Impact)</b>	<b>1,494.89 (Overstatement)</b>		<b>1,494.89 (Understatement)</b>	

Source: Finance Accounts

Effectively, the Revenue Surplus and Fiscal Deficit of the State in 2018-19 was ₹ 12,695 crore and ₹ 11,652 crore respectively.

### 1.3.1.1 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 1.4**.

**Table 1.4: Components of Fiscal Deficit and their financing pattern**

Particulars		(₹ in crore)						
		2014-15	2015-16	2016-17	2017-18	2018-19		
		Net	Net	Net	Net	Receipts	Disbursements	Net
<b>A.</b>	<b>Decomposition of Fiscal Deficit (1 to 3)</b>	<b>(-) 5,479</b>	<b>(-)7,064</b>	<b>(-)9,378</b>	<b>(-)9,360</b>	<b>99,851</b>	<b>1,10,008</b>	<b>(-) 10157</b>
1	Revenue Surplus	5,862	10,135	9,258	13,367	99,546	85,356	14,190
2	Capital Expenditure	(-) 11,075	(-) 17,090	(-) 18,471	(-) 21,109	--	23,482	(-) 23,482
3	Net Loans and Advances	(-) 266	(-) 109	(-)165	(-)1,618	305	1170	(-) 865
<b>B</b>	<b>Financing Pattern of Fiscal Deficit*/Surplus</b>							
1	<b>Net Borrowings</b>	<b>3,534</b>	<b>6,909</b>	<b>8,261</b>	<b>10,172</b>	<b>10,003</b>	<b>3,940</b>	<b>6,063</b>
a	Internal Borrowings <sup>#</sup>	3,655	6,797	8,028	10,031	9,020	3,183	5837

## Finances of the State Government

Particulars		2014-15	2015-16	2016-17	2017-18	2018-19		
		Net	Net	Net	Net	Receipts	Disbursements	Net
b	Loans from GoI	(-)121	112	233	141	983	757	226
<b>2</b>	<b>Net Public Account</b>	<b>2,054</b>	<b>2,331</b>	<b>3,546</b>	<b>15,435</b>	<b>62,906</b>	<b>50,085</b>	<b>12,821</b>
a	Small Savings, Provident Fund etc.	1,073	1,835	1,857	1,558	5,126	3,378	1,748
b	Reserve Funds	(-)35	285	1,145	(-)86	10,673	3,761	6,912
c	Deposits and Advances	915	230	607	13,897	22,527	18,325	4,202
d	Suspense and Miscellaneous	99	(-) 32	(-)10	78	34	88	(-) 54
e	Remittances	2	(-) 51	(-) 53	(-) 12	24,546	24,533	13
<b>3</b>	<b>Contingency Fund</b>	<b>150</b>	<b>(-) 123</b>	<b>123</b>	<b>--</b>	<b>--</b>	<b>(-)1,440</b>	<b>(-) 1,440</b>
<b>4</b>	<b>Total (1 to 3)</b>	<b>5,738</b>	<b>9,117</b>	<b>11,930</b>	<b>25,607</b>	<b>72,909</b>	<b>54,025</b>	<b>17,444</b>
<b>5</b>	<b>(-) Increase / (+) Decrease in Cash Balance</b>	<b>(-) 259</b>	<b>(-) 2,053</b>	<b>(-) 2,552</b>	<b>(-) 16,247</b>	<b>--</b>	<b>--</b>	<b>(-) 7287</b>
<b>6</b>	<b>Overall Surplus/ Deficit (4+5)</b>	<b>5,479</b>	<b>7,064</b>	<b>9,378</b>	<b>9,360</b>	<b>--</b>	<b>--</b>	<b>10,157</b>

Source: Finance Accounts of respective years

# Includes market borrowings & borrowings from other institutions also

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

### 1.3.1.2 Quality of Deficit / Surplus

In order to understand the quality of deficit/ surplus, it is important to ascertain the Primary Expenditure. The bifurcation of Primary Deficit, as detailed in Table 1.5 indicates the extent to which deficit has been on account of enhancement of Capital Expenditure, which may be desirable to improve productive capacity of the Government.

**Table 1.5: Primary deficit/surplus – bifurcation of factors**

(₹ in crore)

Years	Non-debt receipts	Primary Revenue Expenditure <sup>10</sup>	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Surplus <sup>11</sup> (+)	Primary deficit (-) / surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2014-15	57,090	48,326	11,075	358	59,759	8,765	(-)2,669
2015-16	69,169	55,463	17,090	337	72,890	13,706	(-)3,721
2016-17	74,388	61,006	18,471	254	79,731	13,382	(-)5,343
2017-18	85,461	66,849	21,109	1,875	89,833	18,612	(-)4,372
2018-19	99,851	79,556	23,482	1,170	1,04,208	20,295	(-)4,357

Source: Finance Accounts of respective years

As can be seen from the above table, Non-debt receipts were insufficient to meet the Primary Expenditure. The trend of last five years shows that though the Non-debt receipts

<sup>10</sup> Primary Revenue Expenditure = Revenue Expenditure – Interest payments

<sup>11</sup> Primary Revenue Surplus = Non-Debt Receipts (Revenue Receipts + Miscellaneous capital Receipts + Recovery of Loans and advances) - Primary Revenue Expenditure

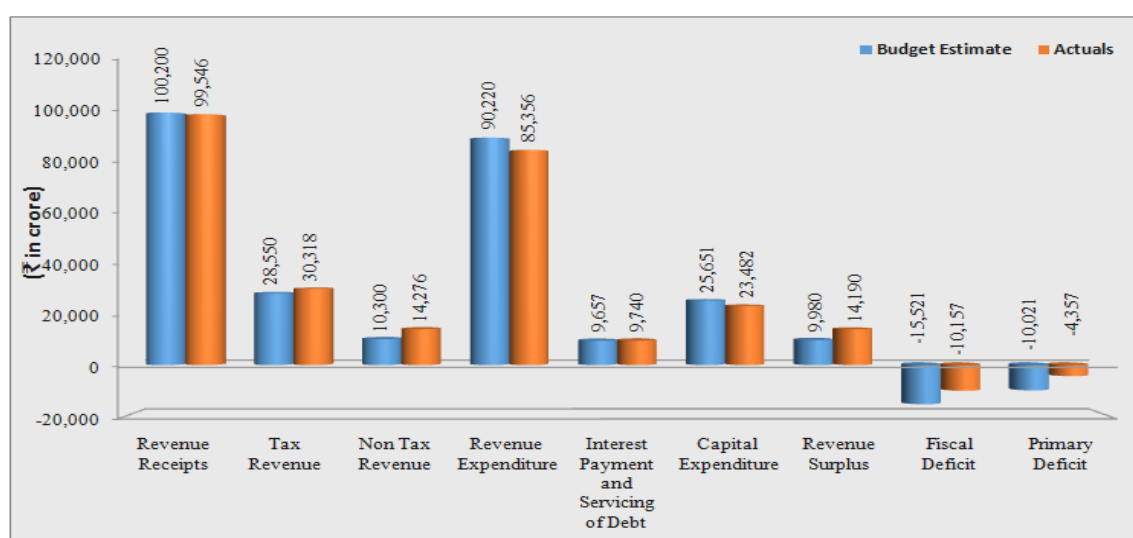


were sufficient to meet Primary Revenue Expenditure, however, these fell short of meeting the Capital Expenditure.

### 1.3.2 Budget Estimates and Actuals

Shortfall of actual receipts and expenditure against budget estimates, either due to unanticipated and unforeseen events or under/over estimation of expenditure or revenue at the stage of budget preparation, adversely impacts the desired fiscal objectives. Actuals *vis-à-vis* Budget Estimates of selected fiscal parameters for 2018-19 are shown in **Chart 1.4**.

**Chart 1.4: Budget Estimates and Actuals for the year 2018-19**



Source: Finance Accounts and Budget at a Glance 2018-19.

From the above Chart, it can be seen that:

- Revenue Receipts fell short of Budget Estimates by ₹654 crore. The State collected Own Tax Revenue and Non Tax Revenue higher than the estimation by ₹ 1,768 crore and ₹ 3,976 respectively. However, the State received less than the estimation from Grant-in-aid from Centre and State Share of Union Taxes by ₹ 5,166 crore and ₹ 1,232 crore respectively.
- Revenue Expenditure was less than the BE by 5.39 *per cent* mainly due to less spending under General Sector by ₹ 2,669 crore and Social Sector by ₹ 1,992 crore.
- Fiscal Deficit was less than the BE by 34.56 *per cent* due to reduction in expenditure.

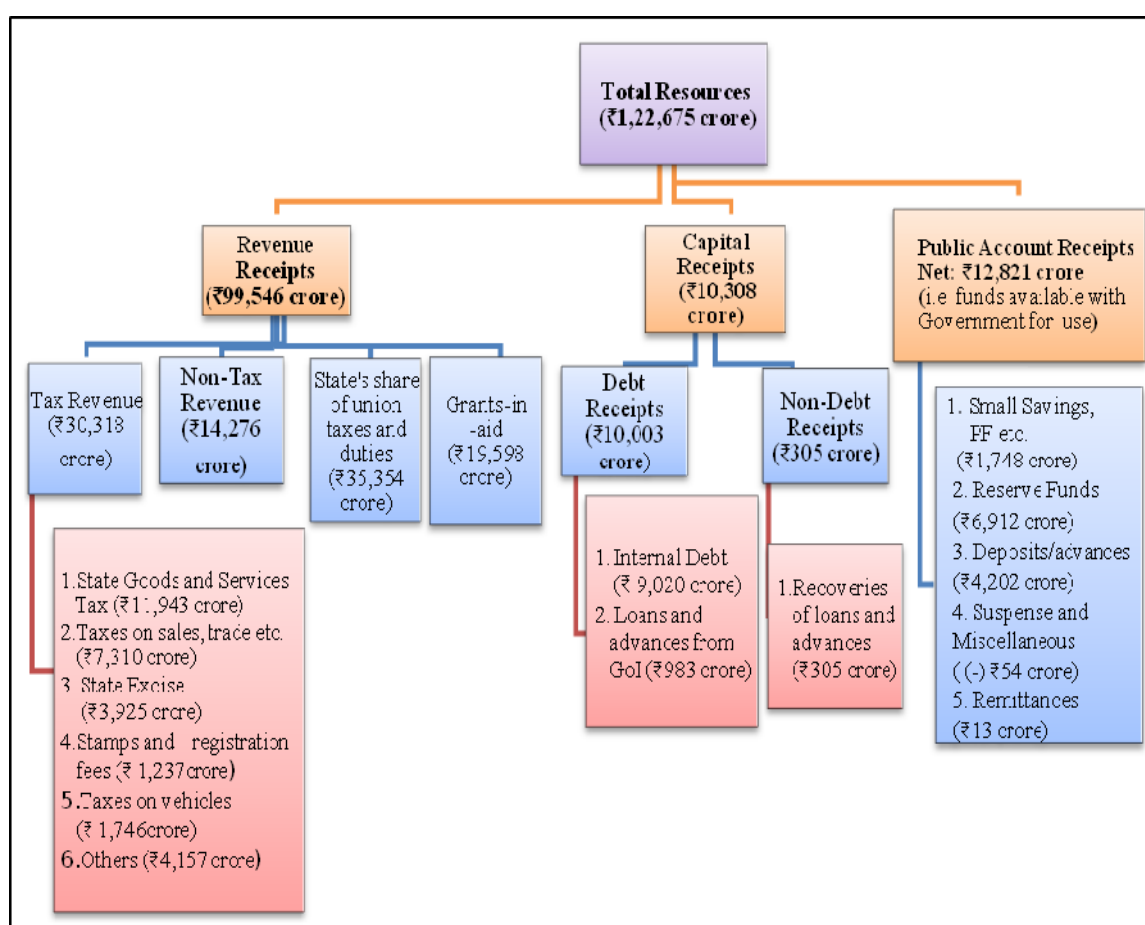
**Recommendation 1:** The Finance Department should rationalise the budget preparation exercise, so that the gap between the budget estimates and actual is abridged. For effective budgetary process, estimation may be undertaken with due diligence based on more realistic revenue and need projections.

## 1.4 Financial Resources of the State

### 1.4.1 Resources of the State as per Annual Finance Accounts

Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, State's share of union taxes and duties and Grants-in-Aid from Government of India. Receipts under Capital comprise recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The net of Public Account Receipts comprises the balance after disbursements in small savings, provident funds, reserve funds, deposits, suspense and remittances, etc. The balance, after disbursements in the Public Account is the fund available with the Government for use. The overall composition of the State resources (₹ 1, 22,675 crore) in 2018-19 is shown in **Chart 1.5**:

**Chart 1.5: Composition of Resources in 2018-19**

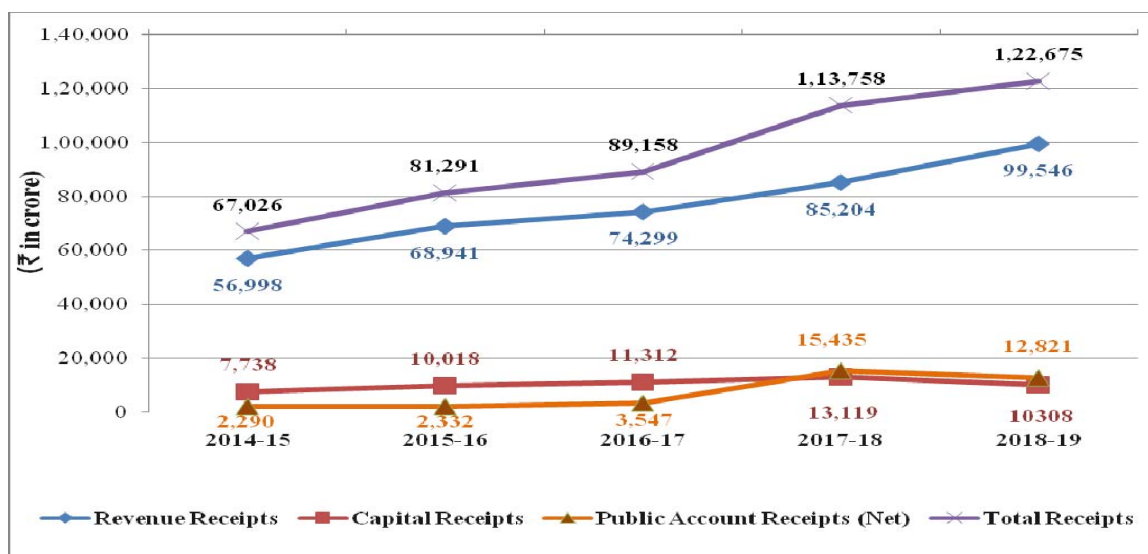


Source: Finance Accounts

The above Chart shows that out of the total resources of ₹ 1,22,675 crore of the State Government during the year 2018-19, Revenue Receipts (₹ 99,546 crore) constituted 81.15 per cent of total resources. Public Account Receipts net (₹ 12,821 crore) and Capital Receipts (₹ 10,308 crore) constituted 10.45 per cent and 8.40 per cent of the total resources, respectively.

**Chart 1.6** depicts the details under various components of the total resources of the State during the years 2014-19.

**Chart 1.6: Resources of the State during 2014-19**

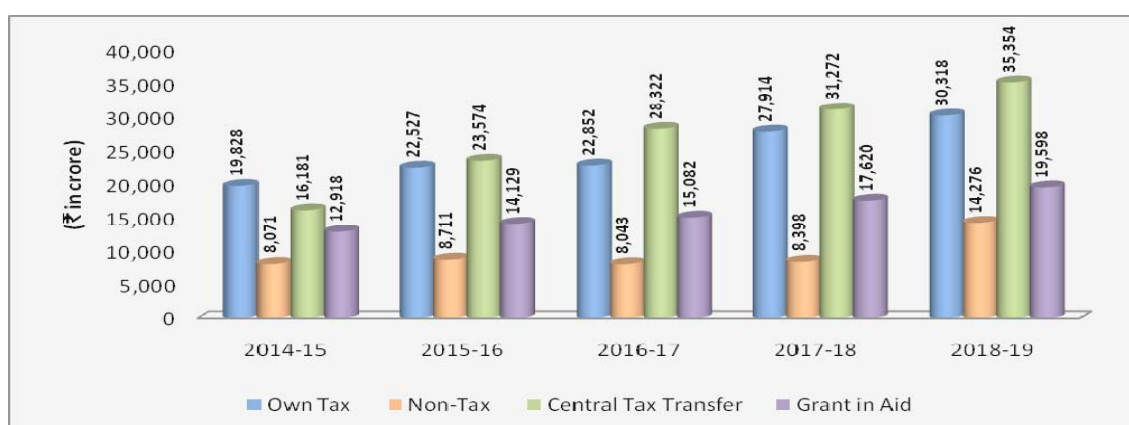


Source: Finance Accounts of respective years

### 1.4.2 Revenue Receipts

Statement 14 of the Finance Accounts gives details of the Revenue Receipts of the Government. Revenue Receipts (₹ 99,546 crore) of the Government constituting 20.51 per cent of the GSDP (₹ 4,85,376 crore), increased by 16.83 per cent over the previous year (₹ 85,204 crore). Revenue Receipts were, however, lower than the budget estimates by ₹ 654 crore. The trends and composition of the Revenue Receipts during the years 2014-15 to 2018-19 are shown in **Chart 1.7**.

**Chart 1.7: Composition of Revenue Receipts during the years 2014-15 to 2018-19**



Source: Finance Accounts of respective years

As can be seen from the above Chart, the own tax revenue, Central tax transfer and Grants-in-Aid have been increasing over the period of last five years, whereas non tax revenue has remained more or less constant during 2014-15 to 2017-18. However, it surged by ₹ 5,878 crore (69.99 per cent increase over previous year) during the year

2018-19. The surge was mainly due to increase in collection under Non-ferrous Mining and Metallurgical Industries (₹ 4,349 crore), apart from increase in Interest Receipts (₹ 861 crore) and Dividends and Profit (₹ 478 crore). The trends in Revenue Receipts relative to GSDP are presented in **Table 1.6**:

**Table 1.6: Trends in Revenue Receipts relative to GSDP**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Gross State Domestic Product (GSDP) (₹ in crore)</b>	<b>3,14,250</b>	<b>3,28,550</b>	<b>3,93,808</b>	<b>4,36,374</b>	<b>4,85,376</b>
<b>Rate of growth of GSDP</b>	<b>6.00</b>	<b>4.55</b>	<b>19.86</b>	<b>10.81</b>	<b>11.23</b>
<b>Revenue Receipts (RR) (₹ in crore)</b>	<b>56,998</b>	<b>68,941</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>
Rate of growth of RR ( <i>per cent</i> )	16.45	20.95	7.77	14.68	16.83
R R/GSDP ( <i>per cent</i> )	18.14	20.98	18.87	19.52	20.51
Rate of growth of State's own tax	17.38	13.61	1.44	22.15	8.61
<b>Buoyancy Ratios<sup>12</sup></b>					
Revenue Buoyancy with respect to GSDP	2.74	4.60	0.39	1.36	1.50
State's Own Tax Buoyancy with respect to GSDP	2.90	2.99	0.07	2.04	0.77

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

From the above table, it can be inferred that:

- Revenue buoyancy with reference to GSDP was above one during last five years except 2016-17. It indicates that the growth rate of Revenue Receipts was better than the growth rate of GSDP during those years.
- The State's own tax buoyancy with respect to GSDP was also more than one during 2014-15, 2015-16 and 2017-18, but during 2016-17 and 2018-19 it came down to below one, indicating less than optimum growth in Own Tax Revenue compared to the growth in GSDP.

#### **1.4.2.1 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 grew by 22.81 *per cent* at a rate higher than the increase (11.23 *per cent*) in the economic base measured in terms of GSDP.

#### **State's Own Tax Revenue**

Components of State's Own Tax Revenue are shown in **Table 1.7**.

<sup>12</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*.

Table 1.7: Components of State's Own Tax Revenue

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	
	Actuals	Actuals	Actuals	Actuals	Budget Projections	Actuals
State Goods and Services Tax	--	--	--	6,609	12,000	11,943
Taxes on Sales, Trades etc.	11,817	13,097	13,402	11,522	6,880	7,310
State Excise	2,035	2,547	2,786	3,221	3,800	3,925
Taxes on Vehicles	910	1,044	1,216	1,535	1,700	1,746
Stamp Duty and Registration Fees	800	2,157	1,364	1,037	1,100	1,237
Land Revenue	646	589	460	542	539	511
Taxes on Goods and Passengers	1,711	1,663	1,760	1,260	0	182
Other Taxes <sup>13</sup>	1,909	1,430	1,864	2,188	2,531	3,464
<b>Total</b>	<b>19,828</b>	<b>22,527</b>	<b>22,852</b>	<b>27,914</b>	<b>28,550</b>	<b>30,318</b>

Source: Finance Accounts of respective years

From the above table, it can be inferred that:

- State's Own Tax Revenue in 2018-19 was ₹ 30,318 crore and constituted 30.46 per cent of total Revenue Receipts. Own Tax Revenue increased by 8.61 per cent over the previous year and was also higher than the budget estimates by ₹1,768 crore.
- 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 2018-19, an amount of ₹48.07 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 ₹48.07 crore.

#### 1.4.2.2 Efficiency in Tax Collection

The cost of collection of major taxes of the State decreased during the last three years (Table 1.8) leading to greater efficiency (measured as cost of collection of tax as a percentage of the tax collection).

Table 1.8: Tax collected and Cost of collection in percentage

		2016-17	2017-18	2018-19
Taxes on Sales, Trade, etc., and SGST	Gross Revenue Collection (₹ in crore)	13,402	18,131	19,253
	Cost of Collection (₹ in crore)	100	118	108
	Percentage to Gross Collection	0.75	0.65	0.56
State Excise	Gross Revenue Collection (₹ in crore)	2,786	3,221	3,925
	Cost of Collection (₹ in crore)	56	64	75
	Percentage to Gross Collection	2.01	1.99	1.91

<sup>13</sup> Other taxes include taxes on immovable property other than agricultural land, taxes and duties on electricity and agricultural income.

		2016-17	2017-18	2018-19
Taxes on Vehicles	Gross Revenue Collection (₹ in crore)	1,216	1,535	1,746
	Cost of Collection (₹ in crore)	87	113	102
	Percentage to Gross Collection	7.15	7.36	5.84
Stamps and Registration fees	Gross Revenue Collection (₹ in crore)	1,364	1,037	1,237
	Cost of Collection (₹ in crore)	50	43	58
	Percentage to Gross Collection	3.67	4.15	4.69

Source: Finance Accounts of respective years

In 2018-19, the cost of collection as a percentage to gross collection of all taxes decreased as compared to 2017-18 except Stamps and Registration fees. The cost of collection as a percentage of gross collection of Stamps and Registration fees (4.69 per cent) and Taxes on Vehicles (5.84 per cent) was much higher than the Taxes on Sales, Trade etc., and SGST (0.56 per cent) and State Excise (1.91 per cent).

#### 1.4.2.3 Goods and Services Tax (GST) Compensation

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 2018-19 assessed with respect to base year was ₹ 16,370.08 crore. In 2018-19, the State's receipt of GST (SGST) was ₹11,942.59 crore.

Details of SGST, pre GST taxes and compensation received by the State during 2018-19 are given in the **Table 1.9** below:

**Table 1.9: Details of SGST, pre GST taxes and compensation received by the State during April 2018 to March 2019**

Particulars	Amount (₹ in crore)
Revenue to be Protected (A)	16,370.08
State Goods & Service Tax (including IGST advance apportionment of ₹426.65 crore) (B)	11,942.59
Collection of pre-GST Taxes (April 2018 to March 2019) (C)	186.40
Total Collection (D) = (B+C)	12,128.99
Compensation received (E)	3,390.00 <sup>#</sup>

<sup>#</sup>Including ₹ 245.00 crore compensation for the month of March 2018 (pertaining to 2017-18) received in May 2018. Balance compensation for 2018-19 is yet to be received.

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all



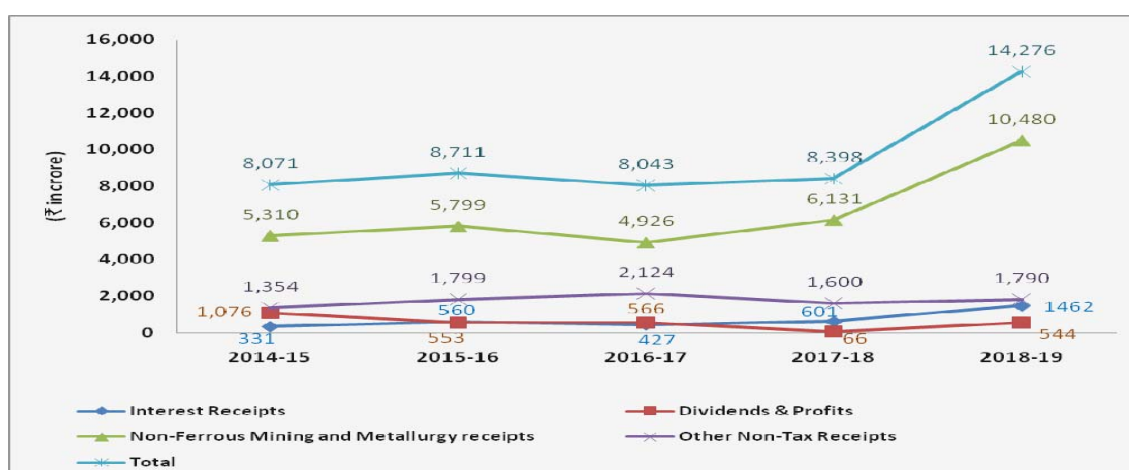
transactions, to fulfil the CAG's Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

The State Government stated (May 2020) that the matter of access to the data pertaining to all GST transactions for comprehensive audit of GST receipts would be taken up with the Goods and Services Tax Network (GSTN) and Government of India.

#### 1.4.2.4 Non-Tax Revenue

Non-Tax Revenue (NTR) accounts for receipts from services rendered and supplies made by various Departments of Government and interest receipts. NTR received during the last five years are shown in **Chart 1.8**:

**Chart 1.8: Non-Tax resources: 2014-15 to 2018-19**



Source: Finance Accounts of respective years

The following was observed in Audit:

The NTR in 2018-19 was ₹ 14,276 crore, which constituted 14.34 per cent of Revenue Receipts and increased by ₹ 5,878 crore (69.99 per cent) over previous year (₹ 8,398 crore). It was higher than the budget estimates by ₹3,976 crore.

- The increase was mainly under Non-ferrous Mining and Metallurgical Industries (₹ 4,349 crore), Interest Receipts (₹ 861 crore), Dividends and Profit (₹478 crore), Miscellaneous Receipt (₹179 crore) and Major Irrigation (₹255 crore). The increase was partly set off by decrease under Medium Irrigation (₹ 249 crore) and Forestry and Wildlife (₹ 31 crore).
- The NTR collected during 2014-15 to 2018-19 ranged between 9.86 per cent in 2017-18 to 14.34 per cent in 2018-19 of Revenue Receipts of corresponding periods.

#### 1.4.2.5 State's Share of Union Taxes and Duties

The different components of State's share of Union Taxes during the years 2014-15 to 2018-19 are shown in **Table 1.10**.

**Table 1.10: Different components of State's share of Union Taxes**

(₹ in crore)

Component of State's share of Union taxes	2014-15	2015-16	2016-17	2017-18	2018-19
Corporation Tax	5,650	7,409	9,072	9,575	12,294
Customs	2,617	3,771	3,903	3,156	2,506
Income Tax	4,035	5,141	6,305	8,085	9,054
Other Taxes and Duties on commodities and services	--	18	--	--	18
Service Tax	2,386	4,086	4,564	3,561	326
Wealth Tax	15	2	21	--	5
Union Excise Duties	1,478	3,147	4,457	3,298	1,665
CGST	--	--	--	441	8,726
IGST	--	--	--	3,156	696
Other Taxes on Income and Expenditure	--	--	--	--	64
<b>Grand total</b>	<b>16,181</b>	<b>23,574</b>	<b>28,322</b>	<b>31,272</b>	<b>35,354</b>
Component of State's share as percentage of Revenue Receipts of the State	28	34	38	37	36

Source: Finance Accounts of respective years.

As can be seen from the above, the State's share has been increasing over the last five years, however, State's share as a percentage of Revenue Receipts decreased by one per cent during 2017-18 and 2018-19 over the previous year.

#### 1.4.2.6 Grants-in-Aid from Government of India

The details of Grants-in-Aid and its composition during the years 2014-15 to 2018-19 are in **Table 1.11**:

**Table 1.11: Grants-in-Aid from Government of India**

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	
	Actuals	Actuals	Actuals	Actuals	BE	Actuals
Non Plan Grants	1,929	3,063	3,248	--	--	--
State Plan Grants	10,886	10,773	11,769	--	--	--
Grants for Central Plan Schemes	102	293	65	--	--	--
Grants for Centrally Sponsored Plan Schemes	0.08	0.04	0.1	--	--	--
Grants for Centrally Sponsored Schemes	--	--	--	12,900	16,645	13,025
Finance Commission Grants	--	--	--	2,406	3,045	2,840
Other Transfers/Grants to States/Union Territories with Legislatures	--	--	--	2,314	5,074	3,733
<b>Total</b>	<b>12,917</b>	<b>14,129</b>	<b>15,082</b>	<b>17,620</b>	<b>24,764</b>	<b>19,598</b>
Total grants as a percentage of Revenue Receipts	22.66	20.49	20.30	20.68	24.71	19.69

Source: Finance Accounts of respective years

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 decreased from 22.66 per cent in 2014-15 to 19.69 per cent in 2018-19.

#### **1.4.2.7 Transfer of funds directly to implementing agencies without routing through Consolidated Fund of the State**

With effect from 01 April 2014, it has been decided by GoI to release all assistance related to the Centrally Sponsored Schemes/Additional Central Assistance to the State Government and not directly to implementing agencies. During 2018-19, however, the GoI released ₹ 6,843.63 crore directly to the implementing agencies for (i) Food Subsidy (₹ 4,651.01 crore), (ii) Mahatma Gandhi National Rural Employment Guarantee Scheme (₹1,624.85 crore), (iii) Member of Parliament's Local Area Development Schemes (₹135.00 crore), (iv) Pradhan Mantri Kisan Samman Nidhi (₹170.33 crore), (v) Indian Institutes of Technology, Department of Higher Education (₹51.98 crore) etc. Similar direct releases to implementing agencies had happened in 2017-18 (₹4,669.14 crore), 2016-17 (₹1,110.26 crore) and 2015-16 (₹281.69 crore).

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

### **1.4.3 Receipts under Capital Section**

The details of Capital Receipts and their composition for the years 2014-15 to 2018-19 are in **Table 1.12**:

**Table 1.12: Composition of Capital Receipts**

Sources of State's Receipts	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Capital Receipts (CR)</b>	<b>7,738</b>	<b>10,018</b>	<b>11,312</b>	<b>13,119</b>	<b>10,308</b>
Recovery of Loans and Advances	92	228	89	257	305
Public Debt Receipts	7,646	9,790	11,223	12,862	10,003

*Source: Finance Accounts of respective years*

During 2018-19, Capital Receipts (₹ 10,308 crore) constituted 8.40 per cent of the total receipts (₹ 1,22,675 crore) of the State. The State Government borrowed ₹ 9,020 crore from open market and other financial institutions and took loans of ₹ 983 crore from GoI. As can be seen from the above **Table 1.12**, Public Debt receipts constituted major component of Capital Receipts (97.04 per cent).

#### **1.4.3.1 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 is the fund available with the

Government for its own use. Composition of Public Account receipts and disbursements is detailed in **Table 1.13**:

**Table 1.13: Composition of Public Account Receipts**

(₹ in crore)

Resources under various heads	2014-15	2015-16	2016-17	2017-18	2018-19	
	Actuals	Actuals	Actuals	Actuals	BE	Actuals
<b>A. Public Account Receipts</b>						
Small Savings, Provident Fund <i>etc.</i>	3,471	4,088	4,424	4,792	3,913	5,126
Reserve Funds	658	1,933	4,141	3,825	3,366	10,673
Deposits and Advances	6,842	7,200	14,210	40,357	20,497	22,527
Suspense and Miscellaneous	210	174	23	99	160	34
Remittances	13,620	17,703	18,829	22,801	2,828	24,546
<b>Total (A)</b>	<b>24,801</b>	<b>31,098</b>	<b>41,627</b>	<b>71,874</b>	<b>30,764</b>	<b>62,906</b>
<b>B. Public Account Disbursements</b>						
Small Savings, Provident Fund <i>etc.</i>	2,398	2,253	2,567	3,234	2,913	3,378
Reserve Funds	401	1,647	2,996	3,911	3,365	3,761
Deposits and Advances	5,927	6,969	13,603	26,460	20,516	18,325
Suspense and Miscellaneous	168	142	32	21	21	88
Remittances	13,617	17,755	18,882	22,813	19,745	24,533
<b>Total (B)</b>	<b>22,511</b>	<b>28,766</b>	<b>38,080</b>	<b>56,439</b>	<b>46,560</b>	<b>50,085</b>
<b>Public Account Net (A)-(B)</b>	<b>2,290</b>	<b>2,332</b>	<b>3,547</b>	<b>15,435</b>	<b>(-)15,796</b>	<b>12,821</b>

Source: Finance Accounts of respective years

From the above table, it can be seen that during the year 2018-19, net Public Account receipts (₹ 12,821 crore) contributed 10.45 per cent of the total resources (₹ 1,22,675 crore) of the State. The net Public Account receipts decreased by ₹ 2,614 crore over the previous year, mainly due to decrease in Deposits and Advances (Net) by ₹ 9,695 crore over previous year, which was partly set off by increase in Reserve Fund (Net) by ₹6,998 crore. The increase in Reserve Fund from ₹3,825 crore in 2017-18 to ₹10,673 crore in 2018-19 was due to accounting of interest accrued on investment of Consolidated Sinking Fund (₹7,010 crore) and Guarantee Redemption Fund (₹ 821 crore), which was credited to the respective funds for the first time since the inception of the funds.

## 1.5 Application of Resources

### 1.5.1 Growth and Composition of expenditure

The total expenditure in 2018-19 was ₹ 1,10,008 crore. **Chart 1.9** presents the trends and composition of total expenditure during 2014-15 to 2018-19.

**Chart 1.9: Growth and Composition of expenditure during last five years**

**Source:** Finance Accounts of respective years

Around 78 per cent of the total expenditure in 2018-19 was Revenue Expenditure, as compared to 75 per cent during 2017-18. Social Services<sup>14</sup> expenditure took precedence with 42.68 per cent over General Services (28.18 per cent) and Economic Services<sup>15</sup> (27.55 per cent) in the total Revenue Expenditure. Capital Expenditure (₹23,482 crore), targeted towards creation of assets, constituted 21.35 per cent of the total expenditure with Transport, Irrigation & Flood Control, Water Supply & Sanitation, Housing and Urban Development under the Economic Services (73.66 per cent) receiving priority.

Component-wise major expenditure incurred under Revenue and Capital sections during 2017-18 and 2018-19 are shown in **Table 1.14**.

**Table 1.14: Major expenditure components under Revenue and Capital**

(₹ in crore)

Revenue				Capital			
Component	Sector	2017-18	2018-19	Component	Sector	2017-18	2018-19
Education, Sports, Art and Culture	Social	13,788	16,196	Transport	Economic	7,148	8,962
Rural Development	Economic	9,018	9,933	Irrigation and Flood Control	Economic	6,841	5,707

<sup>14</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>15</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.

Revenue				Capital			
Component	Sector	2017-18	2018-19	Component	Sector	2017-18	2018-19
Agriculture and Allied Activities	Economic	5,801	7,843	Water Supply, Sanitation, Housing and Urban Development	Social	2,006	2,627
Social Welfare and Nutrition	Social	5,184	6,719	Energy	Economic	2,049	1,736
Water Supply, Sanitation, Housing and Urban Development	Social	3,854	5,109	Rural Development	Economic	--	1,250
Health and Family Welfare	Social	4,153	5,084	Health and Family Welfare	Social	774	620
Welfare of SCs, STs, Minorities and OBCs	Social	2,218	2,747	Welfare of SCs, STs, Minorities and OBCs	Social	527	373
Transport	Economic	2,224	1,926				
Irrigation and Flood Control	Economic	1,911	1,679				

*Source: Finance Accounts of respective years*

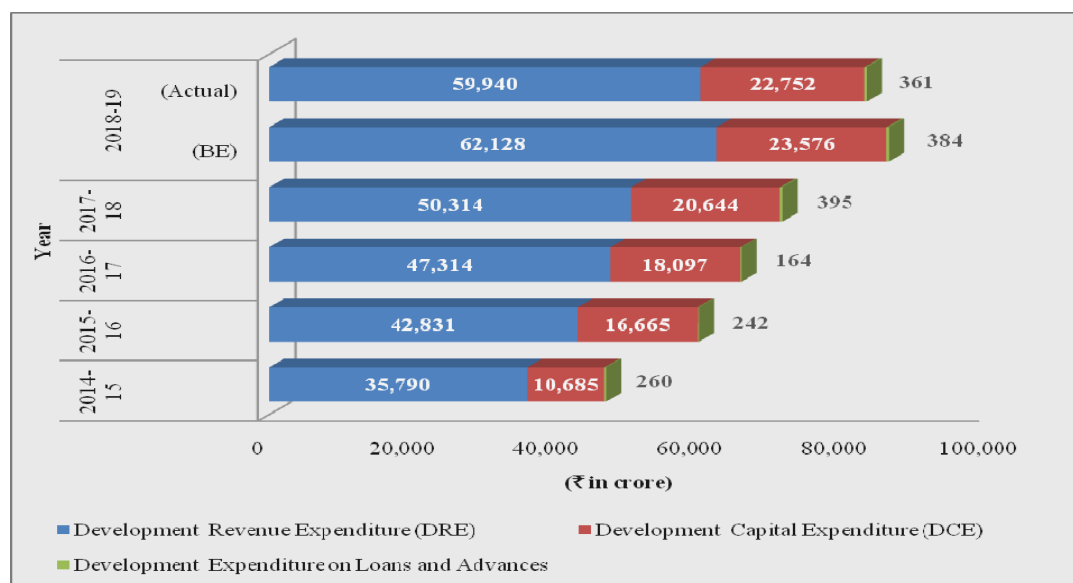
From the above table, it can be inferred that:

- Revenue Expenditure (₹ 85,356 crore) was higher than the previous year (₹ 71,837 crore) by 18.82 *per cent*. The increase over previous year was mainly due to higher outgo on Education, Sports, Art and Culture (₹ 2,408 crore), and Rural Development (₹ 915 crore), Agriculture and Allied activities (₹ 2,042 crore), Social Welfare and Nutrition (₹ 1,535 crore), Water Supply, Sanitation, Housing and Urban Development (₹ 1,255 crore). Expenditure on Transport and Irrigation and Flood Control decreased as compared to previous year.
- Capital Expenditure during the current year (₹ 23,482 crore) was higher than the previous year (₹ 21,109 crore) by 11.24 *per cent*. This was mainly due to increase under Transport (₹ 1,814 crore), Rural Development (₹ 1,250 crore) and Water Supply, Sanitation, Housing and Urban Development (₹ 621 crore). Capital Expenditure on Irrigation and Flood Control and Energy decreased as compared to previous year.

### **1.5.2. Development Expenditure of the State**

Development expenditure of the State is the expenditure incurred on Social and Economic Services under Revenue, Capital and Loans and Advances sections. The details are shown in **Chart 1.10**.

Chart 1.10: Development Expenditure



Source: Finance Accounts of respective years

From the above Chart, it can be inferred that:

- During 2018-19, the Total Development Expenditure (₹ 83,053 crore) was 75.50 per cent of the Total Expenditure (₹ 1,10,008 crore) and 17.11 per cent of the GSDP as compared to 75.25 per cent of Total Expenditure and 17.15 per cent of GSDP during 2017-18.
- Development Revenue Expenditure (₹ 59,940 crore) and Development Capital Expenditure (₹ 22,752 crore) constituted 54.49 per cent and 20.68 per cent of Total Expenditure (₹ 1,10,008 crore) respectively, as compared to 53.06 per cent and 21.77 per cent of Total Expenditure during 2017-18.
- Development Loans and Advances (₹361 crore) constituted 0.33 per cent of Total Expenditure while the same constituted 0.42 per cent of the Total Expenditure during the previous year.
- The share of Economic Services (₹42,081crore) and Social Services (₹ 40,972 crore) constituted 38.25 per cent and 37.24 per cent of the Total Expenditure respectively, as compared to 39.65 per cent and 35.60 per cent of Total Expenditure during 2017-18.

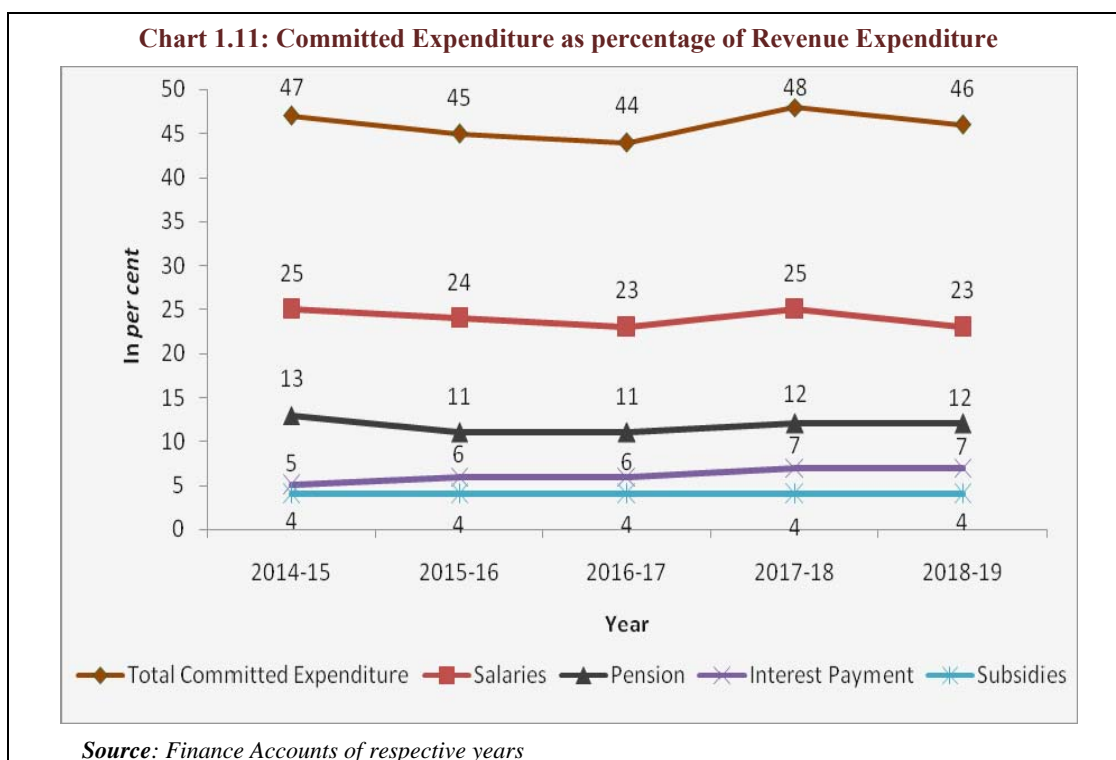
### 1.5.3 Revenue Expenditure

Revenue expenditure (₹ 85,356 crore) was 17.59 per cent to GSDP. The Revenue Expenditure during the year increased by 18.82 per cent from 2017-18 (₹71,837 crore). It was, however lower than the budget estimates (₹ 90,220 crore) by ₹ 4,864 crore.

#### 1.5.3.1 Committed Expenditure

Committed Expenditure of Government consists of interest payments (₹ 5,800 crore), salaries and wages (₹ 19,567 crore), pensions (₹ 10,520 crore) and subsidies (₹3,168 crore). The committed expenditure in 2018-19 was ₹ 39,055 crore and constituted 45.75

per cent of Revenue Expenditure (₹ 85,356 crore), as compared to ₹ 34,208 crore (47.62 per cent of Revenue Expenditure) during 2017-18. The details are shown in **Chart 1.11**.

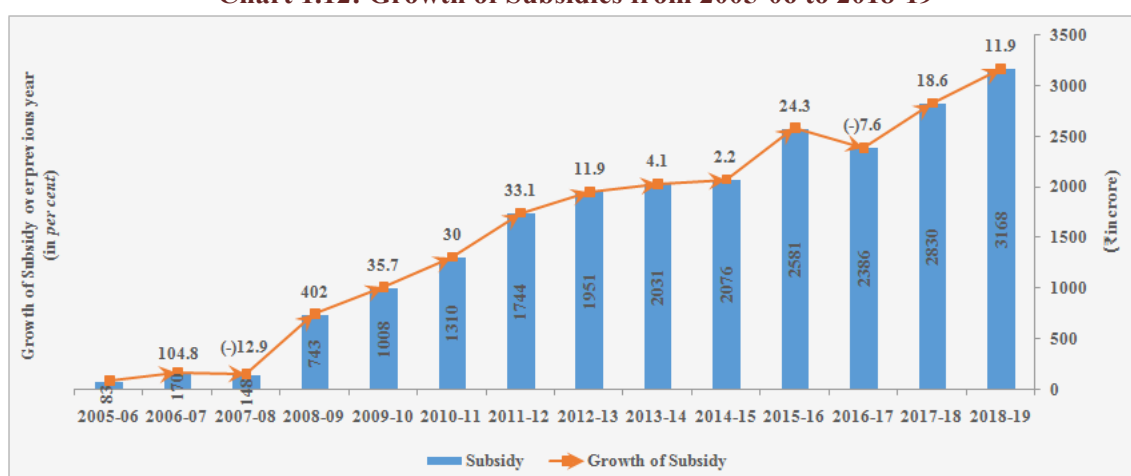


From the above chart, it can be inferred that:

- Committed expenditure measured as a percentage of Revenue Expenditure of the State, was steadily decreasing during the years 2014-17. In 2017-18, it, however, increased by four per cent over the previous year. Further, in 2018-19 it decreased by two per cent. The decrease was mainly due to decrease in percentage of salaries to revenue expenditure by two per cent. During 2017-18, Seventh Pay Commission was implemented by the State and 40 per cent of salary arrears from January 2016 were paid to the employees, which resulted in increase in salary and pension payouts. However, during 2018-19, no salary arrears were paid. As a result, salaries as a percentage of Revenue Expenditure decreased.
- Interest payment (₹ 5,800 crore) as a percentage of Revenue Expenditure constituted seven per cent in 2018-19, which was same as previous year. In absolute terms, interest payment increased by ₹ 2,990 crore from ₹ 2,810 crore in 2014-15 to ₹ 5,800 crore in 2018-19. Interest payment relative to Revenue Receipts (₹ 99,546 crore) was however, 5.83 per cent, which was well below the fiscal target of 15 per cent set out in the Odisha FRBM (Amendment) Act, 2016.
- The State Government in its Medium Term Fiscal Plan (MTFP) for 2007-08, had aimed at rationalization 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 2014-19, general subsidy increased from ₹ 2,076 crore to ₹ 3,168 crore. The growth of subsidies from 2005-06 to 2018-19 is shown in **Chart 1.12**

and details of Department-wise subsidies for 2017-18 and 2018-19 are shown in Table 1.15:

Chart 1.12: Growth of Subsidies from 2005-06 to 2018-19



Source: Finance Accounts of respective years

Table 1.15: Department-wise Subsidies during 2017-18 and 2018-19

(₹ in crore)

Sl. No.	Departments	2017-18	2018-19
1	Food Supplies & Consumer Welfare	886	981
2	Revenue & Disaster Management	754	468
3	Co-operation	697	1,185
4	Agriculture & Farmers' Empowerment	203	207
5	Industries	170	200
6	Fisheries & Animal Resources Development	56	50
7	Handlooms, Textiles & Handicrafts	50	50
8	Others	14	27
<b>Total Subsidy</b>		<b>2,830</b>	<b>3,168</b>
<b>Total Revenue Expenditure (RE)</b>		<b>71,837</b>	<b>85,356</b>
<b>Subsidy as a percentage of RE</b>		<b>3.94</b>	<b>3.71</b>

Source: Finance Accounts of respective years

From the above table, it can be seen that during 2018-19, Subsidies for Department of Co-operation (₹ 1,185 crore) which accounted for 37.41 per cent of the total subsidies, increased by ₹ 488 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 ₹ 95 crore due to increase in Public Distribution System.



1.5.3.2 Financial Assistance to Local Bodies and other institutions

Financial assistance to the tune of ₹ 25,957 crore was provided by the State Government to local bodies and other institutions by way of grants and loans in 2018-19, as shown in Table 1.16.

Table 1.16 Financial Assistance to Local Bodies and other institutions

	(₹ in crore)	
	2017-18	2018-19
Educational institutions (Aided Schools, Aided Colleges, Universities, etc.)	5,046	6,112
Municipal Corporations and Municipalities	1,792	1,432
Zilla Parishads and other Panchayati Raj Institutions	2,980	3,223
Development Agencies	2,979	3,626
Other institutions	8,983	11,564
<b>TOTAL</b>	<b>21,780</b>	<b>25,957</b>
<b>Assistance as a percentage of Revenue Expenditure</b>	<b>30</b>	<b>30</b>

Source: Finance Accounts of respective years

From the above Table, it can be seen that the grants extended to local bodies and other institutions had increased by ₹ 4,177 crore (19.18 per cent) from ₹ 21,780 crore in 2017-18 to ₹ 25,957 crore in 2018-19. This increase was mainly due to increase in assistance to Educational Institutions (₹ 1,066 crore), Development Agencies (₹ 647 crore), Other Institutions (₹ 2,581 crore) and Zilla Parishads and other Panchayati Raj Institutions (₹ 243 crore), which was partly set off by decrease in assistance to Municipal Corporations and Municipalities (₹ 360 crore).

1.5.3.3 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 ₹ 20.72 crore in 2017-18. As of 31 March 2019, there was a total short transfer of ₹ 17.44 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 the respect of benefits due to the employees affected/avoidable financial liability to Government in future, and, thus leading to possible failure of the Scheme itself.

It was observed that during 2018-19, under the NPS, State Government collected from the State Government employees an amount of ₹501.03 crore. The State Government



contributed ₹507.36 crore and transferred ₹1,011.68 crore to NSDL. Therefore, the State Government made an excess contribution of ₹6.33 crore during the current financial year, thus impacting the Revenue Surplus and Fiscal Deficit to that extent.

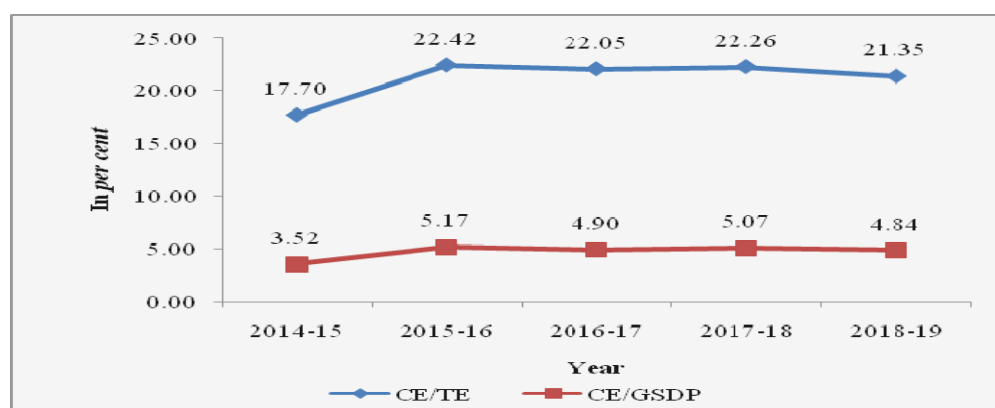
The State Government (May 2020) accepted the fact of overall shortfall in transfer of amount to NSDL and stated that the due amount would be transferred and efforts would be made to bring the short transfer to a minimum in future.

**Recommendation 2:** The State Government should ensure that employees' contribution is properly collected and transferred to NSDL along with a matching contribution in a timely manner. Steps should be taken to transfer the balance amount of ₹17.44 crore immediately to NSDL.

#### 1.5.4 Capital Expenditure (CE)

Capital Expenditure, a reflection of Asset creation was ₹23,482 crore during 2018-19 constituted 21.35 per cent of total expenditure (₹ 1,10,008 crore). It increased by ₹ 2,373 crore (11.24 per cent) over the previous year, however, it was less than the budget estimate by ₹ 2,169 crore. Capital Expenditure relative to GSDP was, however, 4.84 per cent in 2018-19 and though being a revenue surplus State, during the past five years, it has not exceeded 5.17 per cent relative to GSDP, which was achieved during 2015-16. The ratio of Capital Expenditure to Total Expenditure also remained more or less constant at 22 per cent during 2015-18; however, it was down to 21.35 per cent during 2018-19 as shown in **Chart 1.13**.

**Chart 1.13: Capital Expenditure as a percentage of GSDP and Total Expenditure**



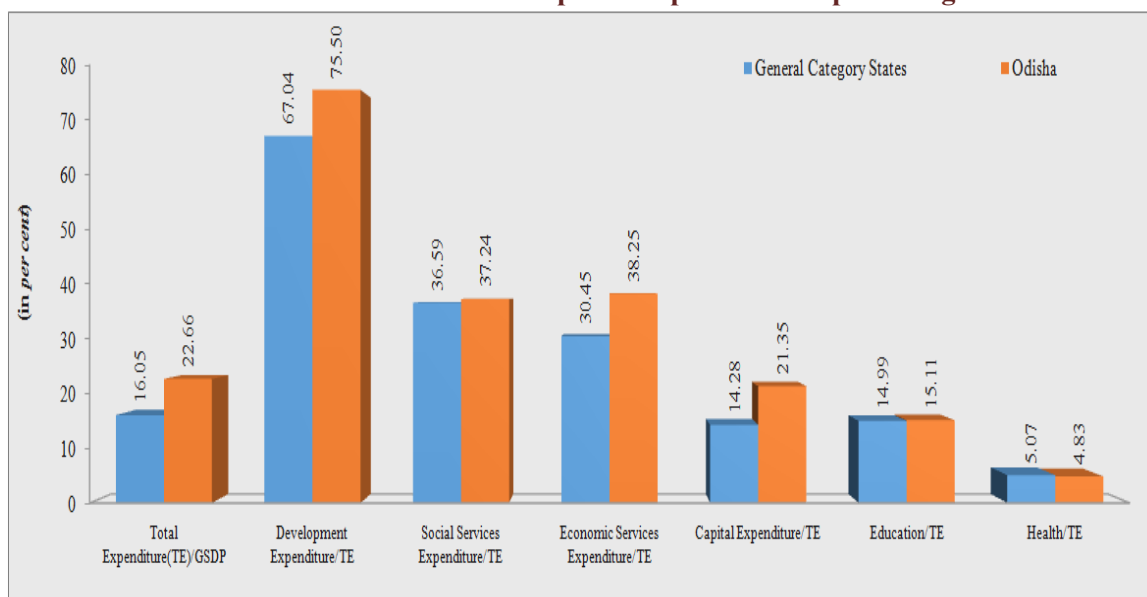
Source: Finance Accounts of respective years.

The increase in Capital Expenditure (₹2,373 crore) over previous year was mainly on account of increase in expenditure on Transport (₹ 1,813.76 crore), Rural Development (₹ 1,250 crore), Water Supply and Sanitation (₹ 620.84 crore) and General Services (₹ 265.02 crore) which was partly set off by decrease in spending on Irrigation and Flood Control (₹ 1,134.25 crore), Energy (₹ 313.50 crore), Health and Family Welfare (₹ 154.49 crore) and Welfare of SC, ST & OBC (₹ 153.89 crore) compared to expenditure on these heads in the previous year.

### 1.5.5 Adequacy of Public Expenditure

Enhancing human development levels require 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) for a particular sector can be inferred if the ratios fall way below the respective National averages. **Chart 1.14** analyses the fiscal priority of the State Government with regard to Development Expenditure\*, social services expenditure, economic services expenditure and capital expenditure during 2018-19, vis-à-vis the average of the General Category States<sup>16</sup>.

**Chart 1.14: Prioritisation in public expenditure in percentage**



Source: Finance Accounts

\*Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans & Advance disbursed

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, Capital Expenditure and Education vis-à-vis General Category States. The State, however, lagged behind General Category States in the area of Healthcare Expenditure.

#### 1.5.5.1 Per capita expenditure in some major socio economic sectors

The per capita expenditure for 2018-19 of Odisha in some major socio economic sectors and its comparison with the previous year 2017-18 is given in **Table 1.17**.

<sup>16</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.

Table 1.17: Per capita expenditure in some major socio economic sectors

	Expenditure (₹ in crore)	Population of the state (in crore)	Per capita expenditure (in ₹)	Expenditure (₹ in crore)	Population of the state (in crore)	Per capita expenditure (in ₹)	Percentage increase /decrease
	2017-18			2018-19			
Health and Family Welfare	4,927	4.35	<b>1,133</b>	5,703	4.37	<b>1,305</b>	<b>15.18</b>
Education, Sports, Art & Culture	14,534	4.35	<b>3,341</b>	17,020	4.37	<b>3,895</b>	<b>16.58</b>
Agriculture	6,096	4.35	<b>1,401</b>	8,288	4.37	<b>1,897</b>	<b>35.40</b>
Rural Development	9,166	4.35	<b>2,107</b>	11,380	4.37	<b>2,604</b>	<b>23.59</b>
Transport	9,372	4.35	<b>2,154</b>	10,888	4.37	<b>2,490</b>	<b>15.60</b>

*Source: Expenditure figures from Finance Accounts for the years 2017-18 and 2018-19 and population figures from National Commission on Population 2019.*

From the above table, it can be seen that there was an improvement in the per capita expenditure in all the major socio economic sectors during 2018-19 as compared to the previous year. While the Agriculture sector got the top priority with 35.40 per cent increase in per capita expenditure over the previous year, Health and Family Welfare had an increase of 15.18 per cent in per capita expenditure over the previous year.

## 1.6 Composition of Assets and Liabilities

While the Government accounting system does not provide for comprehensive accounting of fixed assets like land and buildings owned by the Government, these can be derived from the accounting of financial liabilities and assets created out of expenditure incurred. **Appendix 1.6** gives an abstract of liabilities and assets, as on 31 March 2019, compared with the corresponding position as on 31 March 2018.

### 1.6.1 Government Assets

Government assets mainly comprise Capital Outlay, Investments, Loans and Advances given by the State Government and Cash Balances.

#### 1.6.1.1 Investment in Public Sector Undertakings

As of 31 March 2019, the State Government's investment stood at ₹ 5,353.76 crore in Public Sector Undertakings (PSU) comprising Government Companies (₹ 4,079.06 crore), Co-operative Societies (₹ 721.57 crore), Statutory Corporations (₹ 550.99 crore) and others<sup>17</sup> (₹ 2.15 crore). Of this investment, ₹ 4,442.25 crore or 83 per cent of the total

<sup>17</sup> Joint Stock Companies & Partnerships and Rural Banks

investment fetched no return by way of dividend. Details of investment for years 2014-19 are given in **Table 1.18**:

**Table 1.18: Return on Investment**

Sl. No	Year	2014-15	2015-16	2016-17	2017-18	2018-19
1	Investment at the end of the year (₹ in crore)	3,504.87	3,881.32	4,423.02	4,974.21	5,353.76
2	Return in the form of Dividend (₹ in crore)	1,076.44	553.36	566.04	66.22	543.94
3	Rate of Return (RoR) ( <i>per cent</i> )	30.71	14.26	12.80	1.33	10.16
4	Average rate of interest on Government borrowing ( <i>per cent</i> )	5.90	6.06	7.62	7.58	7.74
5	Difference between RoR ( <i>per cent</i> ) and interest rate (3-4)	24.81	8.20	5.18	(-)6.25	2.42

*Source: Finance Accounts of respective years*

The above table shows that only ₹ 543.94 crore was received as dividend against total investment of ₹5,353.76 crore during 2018-19.

- It was observed that out of 147 entities, only 13 entities had paid dividend. These included one Co-operative Society<sup>18</sup>, 11 Government Companies<sup>19</sup> (which included one Power Sector Company) and one Statutory Corporation<sup>20</sup>.
- Out of the total investment of ₹ 5,353.76 crore, ₹ 2,956.77 crore (55 *per cent*) was invested in four<sup>21</sup> Power Sector Companies. Out of these, only one<sup>22</sup> company paid dividend of ₹ 18.65 crore (3.43 *per cent*).
- The percentage of return increased from 1.33 *per cent* in 2017-18 to 10.16 *per cent* in 2018-19. This was mainly due to receipt of ₹ 500 crore of dividend from Odisha Mining Corporation (OMC) against investment of ₹ 31.45 crore. OMC was the highest contributor of dividend in 2014-15: ₹ 1,001 crore, 2015-16: ₹ 500 crore and 2016-17: ₹ 500 crore.
- Out of 147 entities (72 inactive), 62 had not paid dividend in 2018-19.

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

Government provides Loans and Advances to Public Sector Undertakings and autonomous bodies such as Universities, Local Bodies and Urban Development Authorities and Corporations *etc.* **Table 1.19** shows the details of outstanding Loans and Advances for the years 2014-19:

<sup>18</sup> Co-operative Society: Credit Co-operatives ₹0.61 crore

<sup>19</sup> Government Companies: Agricultural Promotion and Investment Corporation Limited (APICOL): ₹ 0.03 crore, Odisha State Cashew Development Corporation Limited (OSDCD): ₹ 0.47 crore, Odisha Forest Development Corporation Limited: ₹ 6.21 crore, Odisha Small Industries Corporation Limited (OSIC): ₹2.95 crore, Odisha Construction Corporation Limited(OCC) ₹ 4.63 crore, Odisha Bridge and Construction Corporation Limited (OBCC) ₹1.00 crore, Odisha State Police Housing and Welfare Corporation: ₹ 4.24 crore, Odisha Mining Corporation Limited(OMC) ₹500.00 crore, Odisha Hydro Power Corporation (OHPC): ₹ 18.65 crore, Odisha Tourism Development Corporation Limited (OTDC) ₹2.00 crore and Odisha Knowledge Corporation Limited: ₹ 0.06 crore.

<sup>20</sup> Statutory Corporation: Odisha State Warehousing Corporation, Bhubaneswar: ₹ 3.11 crore

<sup>21</sup> OPGC: ₹ 1,130.46 crore, OPTCL: ₹ 790.07 crore, GRIDCO: ₹573.44 crore and OHPC: ₹ 462.80 crore.

<sup>22</sup> OHPC: ₹ 18.65 crore

**Table 1.19: Details of Loans and Advances by the State Government**

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Opening Balance (₹ in crore)</b>	<b>4,183</b>	<b>4,449</b>	<b>4,557</b>	<b>4,708</b>	<b>6,326</b>
Amount advanced during the year (₹ in crore)	358	337	254	1,875	1,170
Amount recovered during the year (₹ in crore)	92	228	89	257	305
<b>Closing Balance (₹ in crore)</b>	<b>4,449</b>	<b>4,558</b>	<b>4,708*</b>	<b>6,326</b>	<b>7,191</b>
Net addition (₹ in crore)	(+)266	(+)109	(+)151	(+)1,618	(+)865
Interest Receipts (₹ in crore)	14	181	36	41	35
Interest Receipts as a percentage of outstanding loans and advances (in <i>per cent</i> )	0.31	3.97	0.76	0.65	0.49
Interest Payments (₹ in crore)	2,810	3,343	4,035	4,988	5,800
Outstanding Liabilities/ Debt (₹ in crore)	50,493	59,753	71,623	97,164	1,08,258
Interest Payments as percentage to total outstanding Liabilities of the State Government. (in <i>per cent</i> )	5.57	5.59	5.63	5.13	5.36
Difference between Interest Receipts and Interest Payments (in <i>per cent</i> )	(-)5.26	(-)1.62	(-)4.87	(-)4.48	(-)4.87

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

Source: Finance Accounts of respective years

From the above table, it can be inferred that:

- Loans and advances extended by the State Government increased more than three times from ₹ 358 crore in 2014-15 to ₹ 1,170 crore in 2018-19. Outstanding Loans and Advances rose from ₹4,449 crore in 2014-15 to ₹ 7,191 crore in 2018-19. Major portion of loans advanced during 2018-19 was to Indian Oil Corporation Limited (₹ 700 crore), Odisha State Co-operative Marketing Federation (₹ 150 crore), Odisha Power Transmission Corporation Limited (₹150 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>23</sup>). As a part of it, State Government disbursed ₹1,400 crore in 2017-18 and ₹ 700 crore 2018-19.
- The current recovery of loan (₹ 305 crore) was 26.07 *per cent* of the advances (₹ 1,170 crore) made during the year and was an improvement over the previous year (₹ 257 crore). The actual recovery (₹ 305 crore) was, however, more than what was estimated in the Budget for recovery (₹ 150 crore) by 103.33 *per cent*.
- Interest receipts increased from ₹14 crore in 2014-15 to ₹35 crore in 2018-19, with percentage of interest received to total outstanding loans and advances increasing from 0.31 *per cent* in 2014-15 to 0.49 *per cent* in 2018-19. Interest payment on the other hand (₹5,800 crore) during 2018-19 was 5.36 *per cent* of its total outstanding liabilities (₹1,08,258 crore). As a result, interest spread of Government borrowings was negative (-4.87 *per cent*) during the year which meant that the State's borrowings are more expensive than the loans advanced by it.

<sup>23</sup> Viability Gap Funding means a grant to support projects that are economically justified but not financially viable.

### 1.6.1.3 Cash Balance

The cash balance at the end of March 2019 was ₹ 38,134.48 crore. Cash balances and investments thereof made by the State Government during 2018-19 are given in **Table 1.20**.

**Table 1.20: Cash Balance and Investment of Cash Balance**

	(₹ in crore)	
	Closing balance on 31/3/2018	Closing balance on 31/3/2019
<b>(a) General Cash Balance -</b>		
Cash in Treasuries	--	--
Deposits with Reserve Bank	557.03	1,624.56
Deposits with other Banks	--	--
Remittances in transit - Local	--	--
Investments held in Cash Balance investment account	24,747.97	23,135.59
<b>Total (a)</b>	<b>25,305.00</b>	<b>24,760.15</b>
<b>(b) Other Cash Balances and Investments</b>		
Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	19.78	19.75
Permanent advances for contingent expenditure with departmental officers	0.33	0.33
Investment in earmarked funds (Consolidated Sinking Fund- ₹12,052.84 crore and Guarantee Redemption Fund- ₹ 1,301.41 crore as on 31 March 2019)	5,523.00	13,354.25
<b>Total (b)</b>	<b>5,543.11</b>	<b>13,374.33</b>
<b>Grand total (a)+ (b)</b>	<b>30,848.11</b>	<b>38,134.48</b>

Source: Finance Accounts 2018-19.

The closing cash balances in the years 2015-16, 2016-17, 2017-18 and 2018-19 were ₹12,047.68 crore, ₹14,601.11 crore, ₹ 30,848.11 crore and ₹ 38,134.48 crore 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 cash balance included an amount of ₹14,127.59 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 2018-19, an amount of ₹7,009.84 crore interest accrued (2006-07 to 2017-18) towards investment of Consolidated Sinking Fund and ₹821.41 crore interest accrued (2002-03 to 2017-18) towards investment of Guarantee Redemption Fund were credited in the respective funds, which resulted in increase of earmarked funds from ₹5,523.00 crore during 2017-18 to ₹13,354.25 crore in 2018-19.
- As against the mandated minimum Cash Balance of ₹ 1.28 crore, the State Government maintained ₹ 1,624.56 crore with Reserve Bank of India as on 31 March 2019 (191.65 per cent increase over last year).

- The Government invested cash balances amounting to ₹ 23,135.59 crore in GoI Treasury Bills (TB) and GoI Stocks. On these investments, the Government earned interest of ₹ 1,427.13 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 ₹24,760.15 crore, there was an untied Cash Balance of ₹ 9,889.37 crore. The State, however, resorted to market borrowings of ₹ 9,019.54 crore at interest rates ranging from 7.55 to 8.79 *per cent*, contrary to the Finance Commission recommendation.

The State Government stated (May 2020) that as a prudential measure, it was necessary to maintain cash balance required for payment of two months' salaries and pensions. However, steps would be taken to further reduce the cash balance from the present level.

**Recommendation 3:** *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 avoid large cash balances resulting in avoidable interest burden.*

## 1.6.2 Government Liabilities

Total Liabilities /Debt of the Government consist mainly of internal borrowings, loans and advances from GoI and balances in the Public Account.

### 1.6.2.1 Components of Outstanding Liabilities/Debt

The components of Outstanding Liabilities are given in **Chart 1.15**.

**Chart 1.15: Components of outstanding liabilities of the State Government**

Outstanding Liabilities (₹ 1,08,258 crore)		
<b>Internal Debt from Market, financial institutions, etc (₹ 50,421 crore)</b>	<b>Loans and Advances from Government of India (₹ 7,832 crore)</b>	<b>Public Account Liabilities where Government acts as a banker (₹ 50,005 crore)</b>
Market Loans (₹ 28,031 crore)	Loans for Plan Schemes (₹7,817 crore)	Small Savings, Provident Fund, etc. (₹ 23,423 crore)
Loans from Financial Institutions (₹ 13,106 crore)	Non Plan Loans (₹ 15 crore)	Reserve Funds bearing Interest (₹448 crore)
Special Securities issued to NSSF (₹ 9,173 crore)		Reserve Funds not bearing interest (₹ 307 crore)
Other Loans (₹ 111 crore)		Deposits bearing interest (₹ 36 crore)
		Deposits not bearing interest (₹25,791 crore)

*Source: Finance Accounts.*

- During the year, Market Loans increased by ₹ 4,500 crore from ₹ 23,531 crore in 2017-18 to ₹ 28,031 crore in 2018-19. Similarly, Loans from Financial Institutions

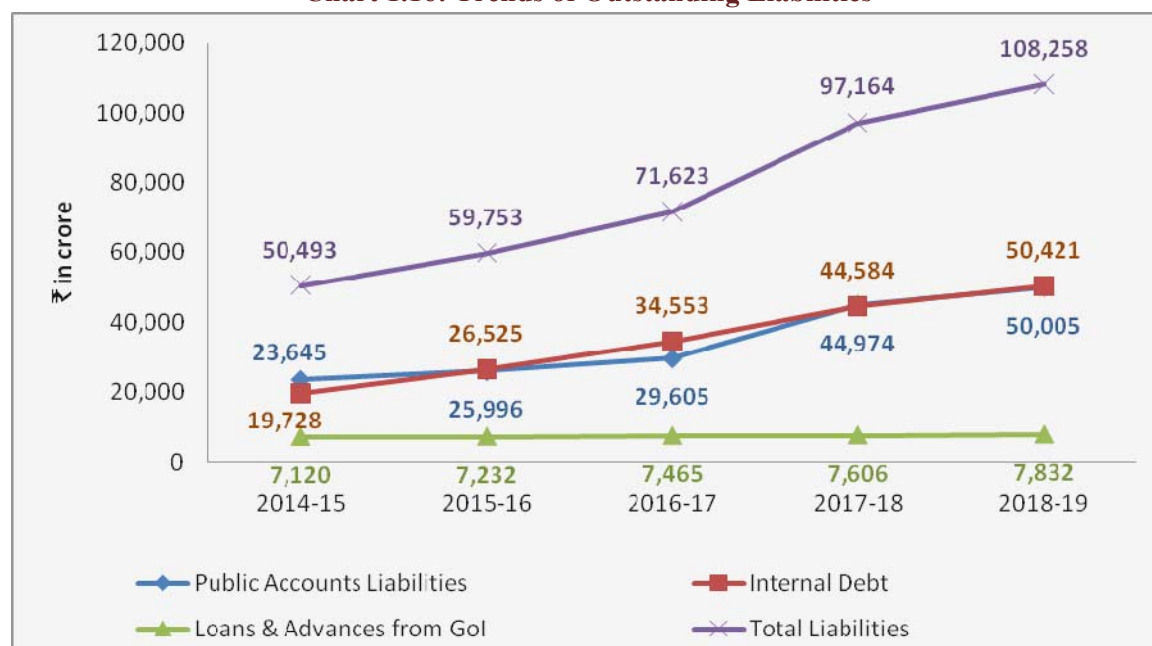


increased by ₹ 2,172 crore from ₹10,934 crore in 2017-18 to ₹ 13,106 crore in 2018-19.

- 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 resulted in decrease of liabilities from Special Securities issued to NSSF gradually.

The trends of Outstanding Liabilities during the last five years are presented in **Chart 1.16**.

**Chart 1.16: Trends of Outstanding Liabilities**



Source: Finance Accounts of respective years.

As can be seen from the above Chart, the Outstanding Liabilities of the State as of 31 March 2019 were ₹ 1,08,258 crore. These are on an ascending trend over the last five years. In 2018-19, the outstanding liabilities of the Government stood at 1.09 times its Revenue Receipts. Outstanding Liabilities increased from 22.27 *per cent* of GSDP in 2017-18 to 22.30 *per cent* of GSDP in 2018-19. The outstanding liabilities grew by 11.42 *per cent* over the previous year and 114.40 *per cent* over 2014-15.

### 1.6.2.2 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 ₹ 14,109 crore lying in these Funds as on 31 March 2019, ₹ 13,354 crore was invested in Government Stock by Reserve Bank of India, leaving the total net accumulated balance of ₹ 755 crore as on 31 March 2019.



The transactions during the year 2018-19 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 amortization of outstanding liabilities. The guidelines of the Reserve Bank of India, which is 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 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 2019, the balance in the Consolidated Sinking Fund was ₹ 12,052.84 crore, which was 12.40 *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 (₹ 97,164 crore). Accordingly, the State Government had not made any contribution to the Consolidated Sinking Fund in 2018-19. However, interest accrued (2006-07 to 2017-18) from investment amounting to ₹7,009.84 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 2018-19 and therefore, the Government of Odisha had not made any contributions to the Fund during 2018-19. Interest accrued (2002-03 to 2017-18) from investment amounting to ₹ 821.41 crore was accounted for in the fund. The balance at the credit of the fund as on 31 March 2019 was ₹ 1,301.41 crore, which had been invested in Government of India securities by the Reserve Bank of India.

**iii) State Disaster Response Fund (SDRF):** During the year 2018-19, Central Government contributed ₹ 778.50 crore and the State Government contributed ₹ 86.50 crore to SDRF. Grants from National Disaster Response Fund (NDRF) amounted to ₹ 341.72 crore. Total funds in SDRF amounted to ₹ 4,202.98 crore (including interest of ₹44.17 crore received from Investment of ₹ 1,588.33 crore in 91 days Treasury Bill). Out of this Fund, State Government incurred expenditure of ₹ 3,755.44 crore during the year, leaving a balance of ₹ 447 crore as on 31 March 2019 as against ₹ 1,363.74 crore as on March 2018.

During the year 2018-19, Government invested an amount of ₹ 459.88 crore from the State Disaster Response Fund. However, interest earned on the investment (₹ 7.62 crore)

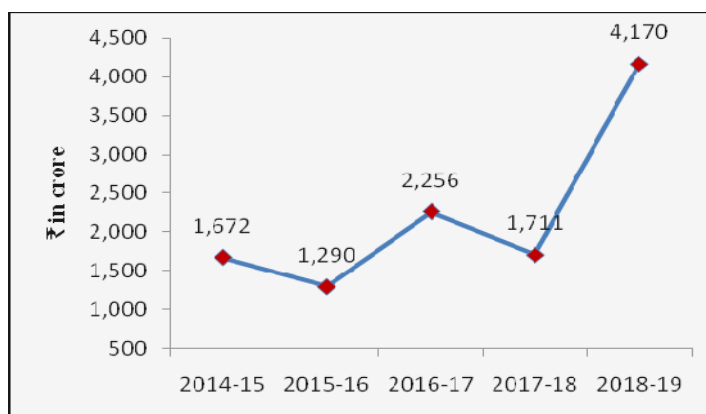
was not transferred to the Fund. This had an impact of overstatement of Revenue Surplus and understatement of Fiscal Deficit by ₹ 7.62 crore during the year 2018-19.

**iv) Non Credit of Interest to Interest Bearing Deposits:** Government is liable to pay/adjust interest in respect of interest bearing Deposits. During the year 2018-19, interest amounting to ₹2.93 crore (calculated at the rate of 8.1 per cent on outstanding balance under Deposits for Defined Contributory Pension Scheme and 7.5 per cent for other interest bearing deposits) on Deposits was not credited to the respective Deposit Accounts. This had an impact on overstatement of Revenue Surplus and understatement of Fiscal Deficit by ₹2.93 crore.

### 1.6.2.3 Guarantees

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. The trends of Outstanding Guarantees for the years 2014-15 to 2018-19 are shown in **Chart 1.17**. Finance Department instructed (12

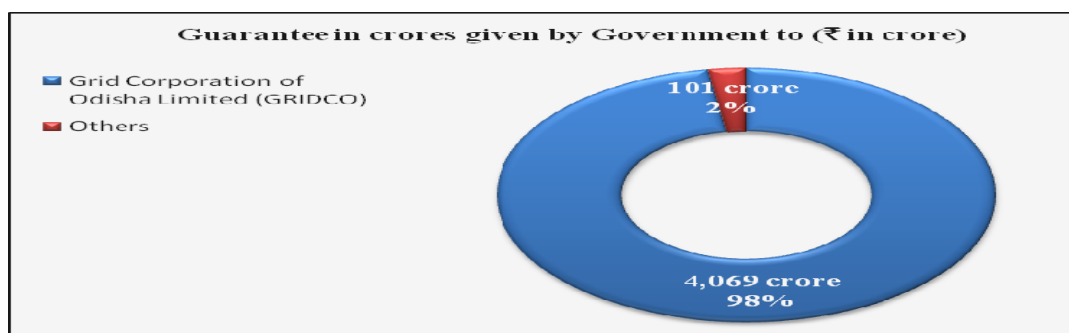
**Chart 1.17: Status of Outstanding Guarantees**



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 outstanding guarantees (₹ 4,170 crore) at the end of 2018-19 stood at 7.04 per cent of total Revenue Receipts less grants in aid of the second preceding year (₹ 59,217 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 2018-19 Government extended guarantees to the tune of ₹ 2,458.61 crore to Grid Corporation of Odisha Limited (GRIDCO). Out of the total loans guaranteed by the Government, 98 per cent (₹4,068.87 crore) was pertaining to Grid Corporation of Odisha Limited (GRIDCO) as shown in **Chart 1.18**.

**Chart 1.18: Bodies in receipt of guarantees at the end of 31 March 2019**



Source: Finance Accounts

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*. The State had received Guarantee Commission to the tune of ₹ 45.32 crore, which was 1.09 *per cent* of the outstanding guarantees at the beginning of the year. As per Finance Accounts, the State received ₹ 292.85 crore as Guarantee Commission or fee against the receivable amount of ₹ 356.05 crore as on 31 March 2019. The balance guarantee commission of ₹ 63.20 crore is yet to be received. Details are shown in **Table 1.21**.

**Table 1.21: Guarantee Commission received/receivable by the Government**  
(₹ in crore)

Name of the Sector	No. of entities	Commission receivable	Commission received	Commission yet to be received
Power	4	285.53	254.73	30.80
Co-operatives	42	4.34	2.12	2.22
State Financial Corporation	7	8.54	2.89	5.65
Housing and Urban Development	86	40.97	26.82	14.15
Roads and Transport	2	1.84	1.84	0
Other Infrastructure	16	13.57	4.45	9.12
Others	4	1.26		1.26
<b>TOTAL</b>	<b>161</b>	<b>356.05</b>	<b>292.85</b>	<b>63.20</b>

Source: Finance Accounts 2018-19.

## 1.7 Debt Management

Outstanding Debt of the State Government (Internal Debt, Loans & Advances from GoI and Public Account Liabilities) as of 31 March 2019 stood at ₹1,08,258 crore. The Outstanding debt increased by 11.42 *per cent* over the preceding year, at a rate slightly higher than the growth of GSDP (11.23 *per cent*). However, the increase during 2018-19 (11.42 *per cent*) was much lower than the corresponding increase during 2017-18 (35.66 *per cent*). This was on account of receipt of OMBADC funds in the Public Account during 2017-18. Out of ₹1,08,258 crore of Outstanding debt, ₹26,098 crore carried no interest obligations (Deposits not bearing interest ₹25,791 crore and Reserve Fund not bearing interest ₹307 crore), of which ₹24,760 crore of Cash Balance was available with GoO.

### 1.7.1 Net availability of borrowed funds

The Net availability (₹ 5,294 crore) of borrowed funds (₹48,103 crore) after providing for interest payments (₹ 5,800 crore) and repayment of borrowings (₹ 37,009 crore), was positive (11.01 *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. It is evident from **Table 1.22** below that the net availability of debt during 2017-18 had increased significantly (₹20,553 crore), which was mainly due to receipt of ₹11,568 crore from OMBADC funds under Public Account Liabilities.

### 1.7.2 Debt Sustainability

The Debt Sustainability is defined as the ability of the State to service its debt in future. **Table 1.22 and Charts 1.19, 1.20 & 1.21** analyses the debt sustainability of the State during the five-year period 2014-19.

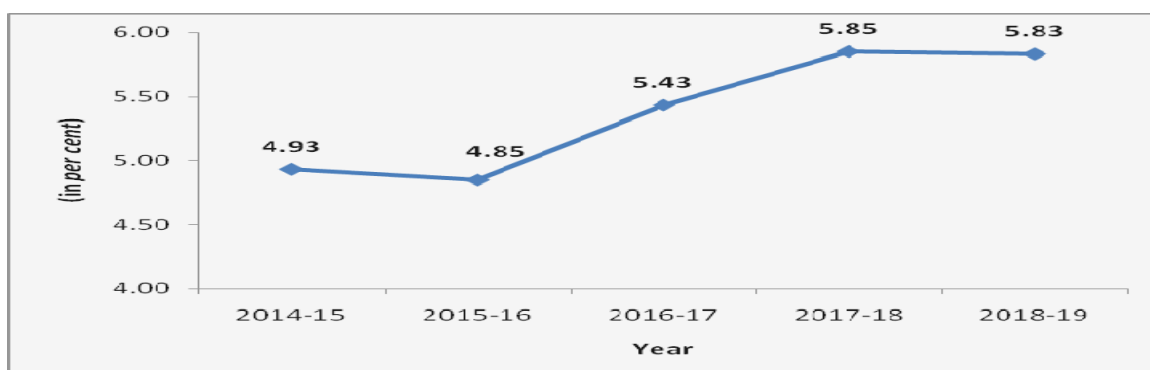
**Table 1.22: Debt sustainability: Indicators during 2014-19**

Indicators of Debt* Sustainability	2014-15	2015-16	2016-17	2017-18	2018-19
Outstanding Debt (₹ in crore)	50,493	59,753	71,623	97,164	1,08,258
Rate of growth of Outstanding Debt (in per cent)	12.92	18.34	19.87	35.66	11.42
GSDP (at current prices) (₹ in crore)	3,14,250	3,28,549	3,93,808	4,36,374	4,85,376
Rate of growth of GSDP	6.00	4.55	19.86	10.81	11.23
Debt/GSDP ratio (in per cent)	16.07	18.19	18.19	22.27	22.30
Receipts under public debt and other liabilities (₹ in crore)	18,365	22,787	33,782	61,698	48,103
Repayment (principal and interest) under public debt and other liabilities (₹ in crore)	12,585	13,527	21,912	36,157	37,009
Interest payment	2,810	3,343	4,035	4,988	5,800
Net availability of Debt	2,970	5,917	7,835	20,553	5,294
Tax Revenue (₹ in crore)	19,828	22,527	22,852	27,914	30,318

Source: Finance Accounts of respective years

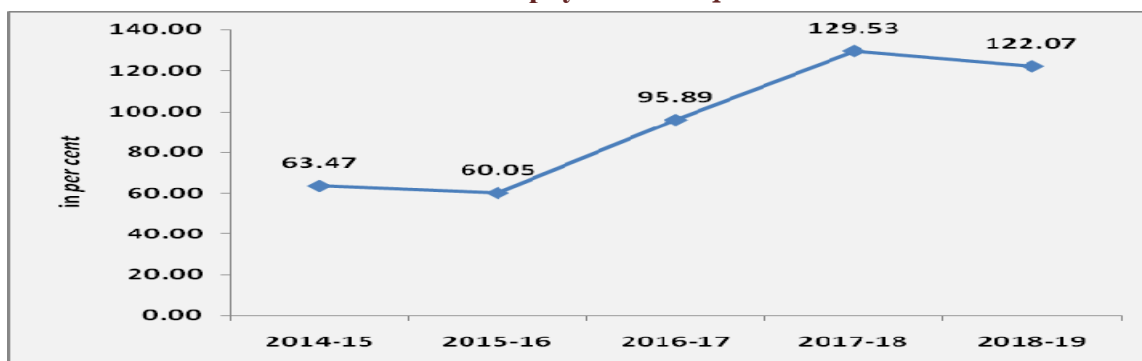
\*Internal Debt, Loans from GoI and Public Account Liabilities

**Chart 1.19: Interest payments as a per cent of Revenue Receipts**



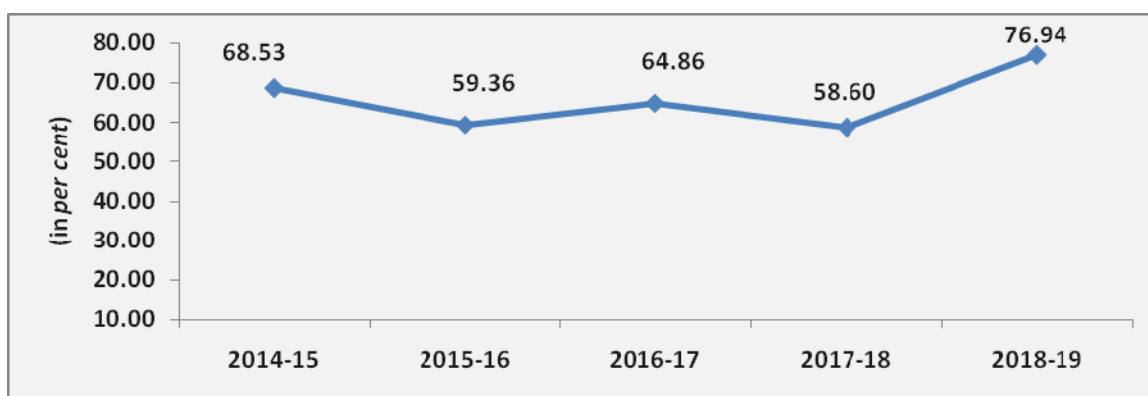
Source: Finance Accounts of respective years

**Chart 1.20: Trend of Debt Repayment as a per cent of Tax Revenue**



Source: Finance Accounts of respective years

**Chart 1.21: Trend of Debt Repayment as a per cent of Debt Receipts**



Source: Finance Accounts of respective years

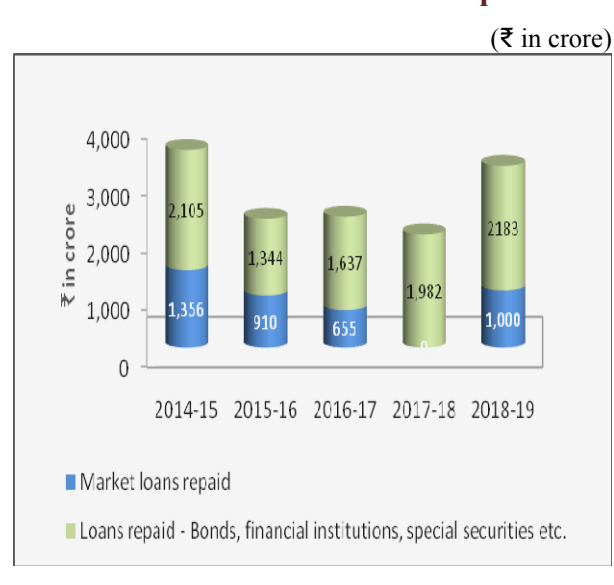
**Interest payments relative to Revenue Receipts was at 5.83 per cent**, which is well below the fiscal target of 15 per cent set out in the Odisha FRBM (Amendment) Act, 2016. The Debt Repayment as a percentage of Tax revenue has decreased from 129.53 per cent in 2017-18 to 122.07 per cent in 2018-19. Debt repayment as a percentage of Debt Receipts also increased from 58.60 per cent in 2017-18 to 76.94 per cent in 2018-19. It is to be noted that Debt Receipts decreased on account of OMBADC funds in the year 2018-19 compared to the same in 2017-18, which increased the debt repayment to debt receipts ratio from 58.6 to 76.9 per cent.

The outstanding market borrowings as of 31 March 2019 were ₹ 28,031 crore. Market borrowings (₹ 28,031 crore) form a major portion (55.59 per cent) of the internal debt (₹ 50,421 crore) of the State Government, with interest rates ranging from 4 to 13.99 per cent. In 2018-19, the State Government borrowed fresh market loans of ₹ 5,500 crore and ₹1,000 were repaid. The net increase of market borrowings during the year was 19.12 per cent (₹ 4,500 crore) over previous year (₹23,531 crore).

**Chart 1.22: Internal Debt Taken**



**Chart 1.23: Internal Debt Repaid**



Source: Finance Accounts of respective years

### 1.7.2.1 Domar Model -Debt Sustainability

Fiscal Deficit of the State as a proportion of GSDP has fluctuated during the last five years between 1.74 *per cent* in 2014-15 to 2.09 *per cent* in 2018-19. The State registered Revenue Surplus and Primary Deficit during 2014-15 to 2018-19.

There are various approaches at assessing the debt sustainability, one such approach is Domar model<sup>24</sup>.

An analysis on debt sustainability was carried out using this approach. The details are as follows:

g-r (g: real economic growth rate; r: real interest rate called Domar gap)	s <0 (Primary Deficit)	s >0 (Primary Surplus)
g-r>0 (strong economic growth)	Public Debt as percentage of GSDP should converge to a stable level greater than zero	Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings
g-r<0 (slow economic growth)	Public Debt as percentage of GSDP should increase indefinitely, without converging to a stable level	undefined situation

The results of applying the analysis to Odisha are shown in the table below:

**Table 1.23: Domar Model- Debt Sustainability**

(₹ in crore)

Year	Real Growth (g)*	Real Interest# (r)	g-r (Domar gap)	Primary Deficit (s) (₹ in crore)	Remarks
2014-15	1.80	-0.89	2.69	(-) 2,669	g-r>0 and s>0 : Public Debt as percentage of GSDP should converge to a stable level
2015-16	7.97	-1.01	8.98	(-) 3,721	
2016-17	15.72	5.74	9.98	(-) 5,343	
2017-18	6.68	3.10	3.58	(-) 4,372	
2018-19	8.26	6.14	2.12	(-) 4,357	

\* Real Growth Rate calculated for Real GSDP (GSDP at Constant Prices).

# Real Interest rate calculated as interest rate minus inflation

Further, Debt to GSDP ratio stood at 22.30 *per cent* and the Fiscal Deficit to GSDP ratio at 2.09 *per cent* in 2018-19. The corresponding FRBM (Amendment Act) 2016, Fiscal target of Debt limit was 25 *per cent*, and Fiscal Deficit ceiling was 3.5 *per cent* of GSDP. The Capital Expenditure of the State has hovered between 17.70 and 21.35 *per cent* during 2014-2019.

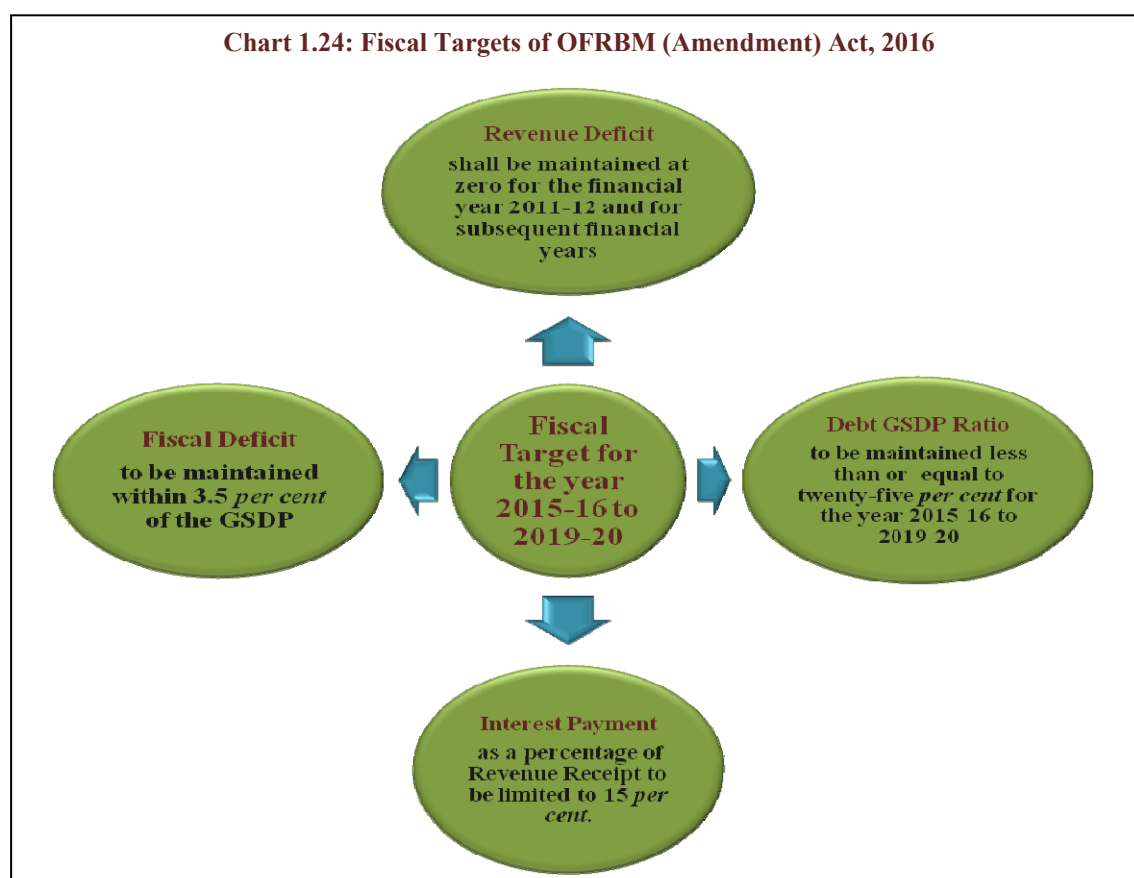
<sup>24</sup> E.D. Domar, 1914-1997

During 2014-15 to 2018-19, the State has registered primary deficit. However, it is seen that the g-r (Domar gap) is positive during the entire period from 2014-15 to 2018-19. Therefore, as per the Domar model, the public debt is stated to be stable. It is, however, noteworthy that the g-r (Domar gap) has not been registering a stable or steadily rising trend. Moreover, other factors such as public account liabilities and force majeure events<sup>25</sup> and/or any other un-inventoried losses of revenue also have to be reckoned in assessing the debt sustainability/stability of the State<sup>26</sup>.

### 1.8 Fiscal Reform Path

The State Government, in compliance with the recommendations of the 14<sup>th</sup> Finance Commission, amended Odisha Fiscal Responsibility and Budget Management Act (FRBM), 2005 and enacted the Odisha FRBM (Amendment) Act, 2016 with effect from 5 November 2016.

The following are the fiscal targets for the years 2015-16 to 2019-20:



Source: Odisha FRBM (Amendment) Act, 2016

Details of fiscal achievement with reference to the target set by the 14<sup>th</sup> Finance Commission and Odisha FRBM (Amendment) Act, 2016 Odisha are tabulated in **Table 1.24**.

<sup>25</sup> Like current Coronavirus crisis & its effect on GSDP.

<sup>26</sup> As these cannot be anticipated or determined statistically, these have not been factored in the analysis.



**Table 1.24: Fiscal targets and achievement during 2018-19**

Key Fiscal Indicators	Target set by the 14 <sup>th</sup> FC	Targets in B.E.	Targets as per FRBM Act	Achievement
Revenue deficit (-)	Zero	₹ 9,980 crore revenue surplus	Zero	₹ 14,190 crore revenue surplus
Fiscal deficit (-) as percentage of GSDP	(-)3.5 per cent	₹ 15,521 crore fiscal deficit (-) 3.20 per cent	(-)3.5 per cent	₹ 10,157 crore fiscal deficit (-)2.09 per cent
Debt as percentage of GSDP	25 per cent	20.7 per cent	25 per cent	22.30 per cent
Interest payment as percentage of Revenue Receipt	15 per cent	5.49 per cent	15 per cent	5.83 per cent
Ratio of Salary to State's Own Revenue	--	69.36 per cent	80 per cent	43.50 per cent
Ratio of non-interest committed revenue expenditure to State's own and Mandated Revenue	--	51.51 per cent	55 per cent	41.38 per cent

Source: FC-XIV Report, Budget at a Glance 2018-19 of GoO, FRBM Act and Finance Accounts 2018-19

As can be seen from the **Table 1.24**, the State has met all targets during 2018-19 set by the 14<sup>th</sup> Finance Commission and FRBM Act.

As per the provisions of Odisha Fiscal Responsibility and Budget Management Act, 2005 (Odisha FRBM Act, 2005), the State Government is required to entrust an agency, independent of the State Government interference, to make a review of compliance to the provisions of the Act and submit a report and cause it to be laid before the State Legislature.

In compliance with the said provisions of Odisha FRBM Act, 2005, the task of independent review of State's finances for the year 2015-16 was assigned to the National Institute of Public Finance and Policy (NIPFP), New Delhi. The NIPFP submitted the review report on 1st December, 2017, which was laid before the Legislative Assembly in March, 2018.

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# **Chapter-II**

## **Financial Management And Budgetary Control**

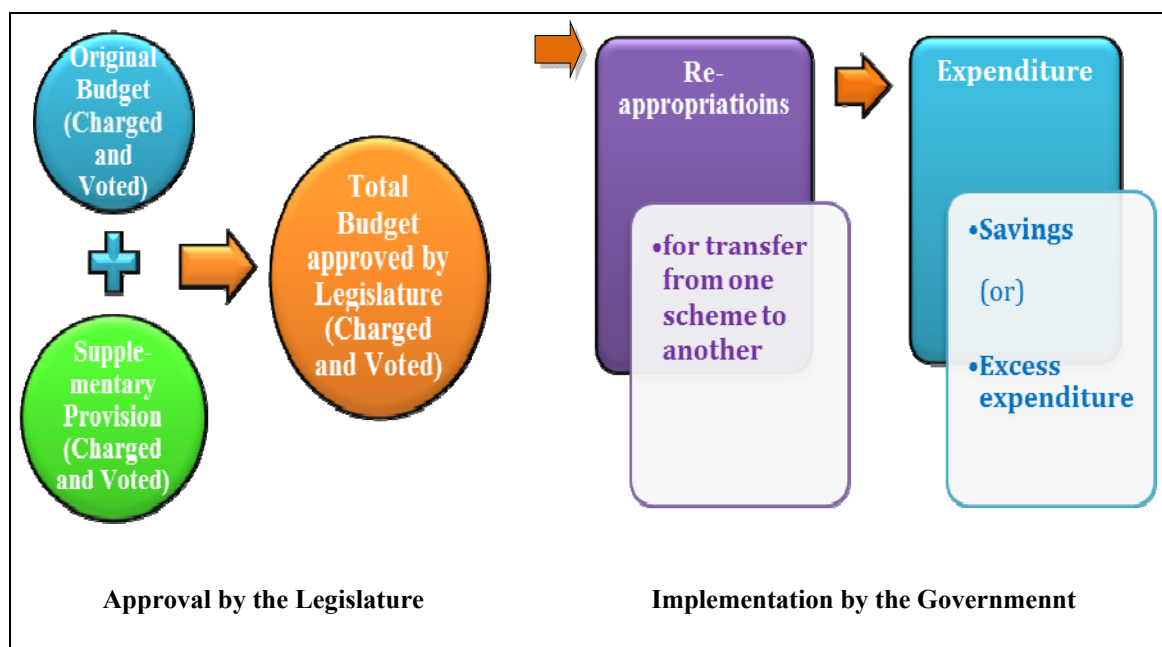


The Comptroller and Auditor General of India performs the audit of appropriations to ascertain whether the expenditure actually incurred under various grants underlying the budget is within authorisations given under the Appropriation Act for the year, that expenditure required to be charged under provisions of the Constitution is so charged, and whether, expenditure is incurred in conformity with the law, relevant rules, regulations and instructions. This chapter analyses the Appropriation Accounts of the Government for the year 2018-19.

## 2.1 Financial Accountability and Budget Management

The State Legislature initially approves the annual budget. The Government presents supplementary demands (Para 166 of the Budget Manual) before the Legislature, when the initial allocation is found to be inadequate or expenditure has to be incurred on a new item. 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>1</sup> and under the same section<sup>2</sup>. Appropriation Accounts captures the data along the entire process of budget formulation and implementation as shown in *Chart 2.1*.

**Chart 2.1: Flow chart of budget implementation**



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

<sup>1</sup> Grant means the amount voted by the Legislative Assembly in respect of a demand for grant.

<sup>2</sup> Capital, Revenue or Loans.

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure in 2018-19 against 43 grants and three appropriations is in **Table 2.1**:

**Table 2.1: Position of actual expenditure vis-à-vis allocations in 2018-19**

(₹ in crore)

Nature of Expenditure		Original	Supplementary	Total	Actual Expenditure	Savings (-)/ Excess (+) with reference to total budget	Savings / Excess in percentage
Voted	I Revenue	87,043.57	8,800.49	95,844.06	82,079.41	(-)13,764.66	14.36
	II Capital	24,577.79	3,637.87	28,215.66	23,517.58	(-)4,698.08	16.65
	III Loans and Advances	1,284.10	0.81	1,284.91	1,170.31	(-)114.60	8.92
Total Voted		112,905.46	12,439.17	125,344.63	1,06,767.30	(-)18,577.34	14.82
Charged	IV Revenue	5,647.02	350.43	5,997.44	5,905.10	(-)92.34	1.54
	V Capital	14.11	0.40	14.51	5.76	(-)8.75	60.30
	VI Public Debt	4,157.00	0.00	4,157.00	3,939.70	(-)217.30	5.23
Total Charged		9,818.13	350.83	10,168.96	9,850.56	(-)318.40	3.13
Grand Total		1,22,723.59	12,790.00	1,35,513.59	1,16,617.86	(-)18,895.73	13.94

Source: Appropriation Accounts 2018-19

The total provision for expenditure in 2018-19 was ₹ 1,35,513.59 crore. The actual gross expenditure during the year was ₹ 1,16,617.86 crore (86 per cent). There was an overall saving<sup>3</sup> of ₹18,895.73 crore in 2018-19.

### 2.2.1 Revenue, Capital and Debt

As per Rule 1 of the Odisha Budget Manual (OBM), the Government expenditure is categorised into three sections (i) Revenue expenditure<sup>4</sup>, (ii) Capital expenditure<sup>5</sup> and (iii) Debt (comprising Public Debt and Loans & advances<sup>6</sup>). Budget *vis-a-vis* expenditure under Revenue, Capital and Debt (comprising Public Debt and Loans & advances) are detailed in **Chart 2.2**.

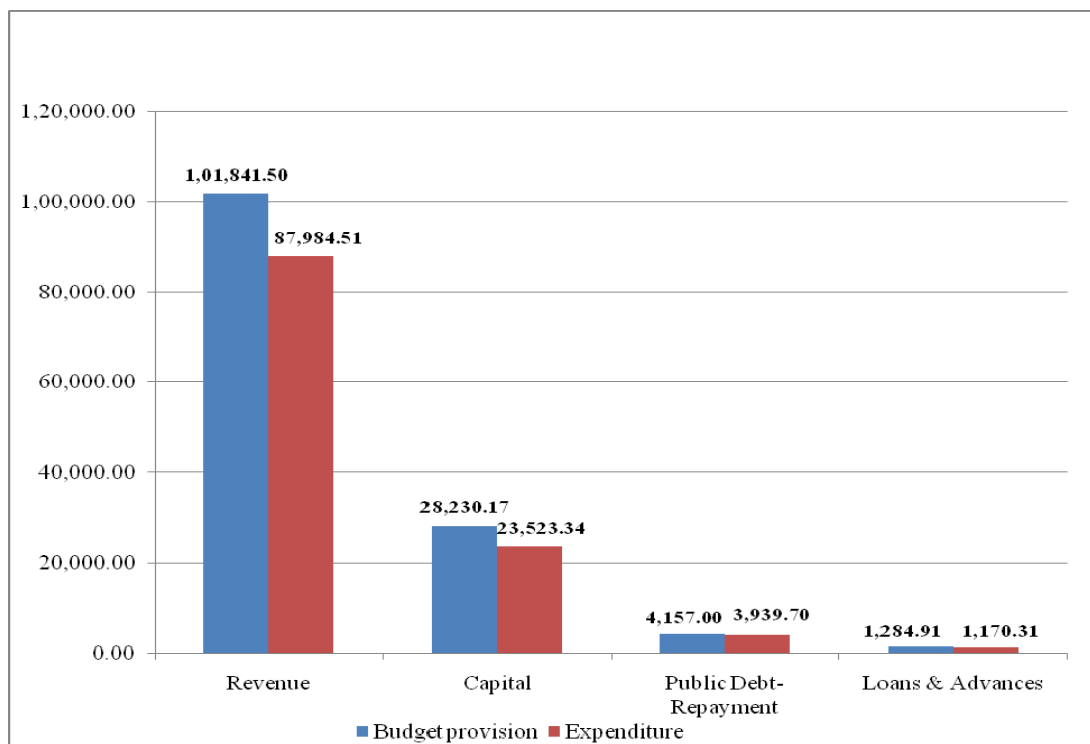
<sup>3</sup> Savings is the term used for indicating the amount that could not be spent out of budget provision.

<sup>4</sup> Revenue expenditure is the account of current expenditure of the State. For example, wages, salaries, maintenance works, repairs *etc.*

<sup>5</sup> Capital Expenditure means expenditure of a Capital nature such as construction of irrigation projects, bridges, buildings, laying of roads, irrigation and electricity projects *etc.*

<sup>6</sup> Loan account is the account of public debt incurred and discharged and loans and advances made by the State Government to local bodies, employees and others and recovered from them.

**Chart 2.2: Budget Provisions and Expenditure under Revenue, Capital and Debt (Public Debt, Loans and Advances)**



Source: Appropriation Accounts 2018-19

From the above Chart, it can be inferred that:

- Revenue Expenditure (₹87,984.51 crore) was lower than the Budget Estimates (₹ 1,01,842 crore) by 13.60 *per cent*. The programmes impacted by unspent savings of budget provisions were Pensions and Other Retirement Benefits (₹ 4,414.80 crore), Protection of Interest of Depositors (₹ 294.56 crore) under Finance Department, Revolving fund for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (₹ 300.00 crore) under Panchayati Raj and Drinking Water Department, State Road Fund Scheme (₹ 288.07 crore) under Works Department and Madhubabu Pension Yojana for Destitutes (₹ 322.44 crore) under Social Security & Empowerment of Persons with Disability Department.
- Capital Expenditure (₹23,523 crore) was lower than the Budget Estimates (₹28,230 crore) by 16.67 *per cent*. The programmes impacted by unspent savings of budget provisions were Accelerated Irrigation Benefit Programme (₹355.57 crore) under Water Resources Department and Mukhya Mantri Swasthya Seva Mission (₹254.86 crore) under Health and Family Welfare Department.
- Expenditure (₹ 1,170.31 crore) on Loans and Advances section were lower than the Budget Estimates (₹ 1,284.91 crore) by 8.91 *per cent* mainly due to surrender of funds under loans for Crop Husbandry (₹ 40 crore) and loans for Co-operation (₹ 50 crore).

- Repayment of Public Debt (₹ 3,939.70 crore) was also lower than the Budget Estimates (₹ 4,157 crore) by 5.2 per cent. This was mainly on account of non-acceptance of proposals for Special Securities to be issued to National Small Savings Fund (NSSF) of Central Government (₹ 177.16 crore).

### 2.2.2 Grant-wise analysis

As per the Budget Manual, the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or appropriation. The expenditure in Odisha Government is incurred through 43 different Grants. For the purpose of determining excess expenditure or savings, Revenue (voted), Revenue (charged), Capital (voted), Capital (charged) and Loans (voted) are treated as independent grants. Savings and Excess expenditures for grants/ appropriations under Revenue, Capital and Loans and Advances section are shown in **Table 2.2**:

**Table 2.2: Total excess or savings under different grants**

Description	Revenue		Capital		Loans and Advances		Amount (₹ in crore)
	Number of grants <sup>7</sup>	Number of appropriations <sup>8</sup>	Number of grants	Number of appropriations	Number of grants	Number of appropriations	
Savings occurred in	43	1	34	1	--	1	18,895.73
Excess expenditure occurred in	1	--	1	--	--	--	173.42

Source: Appropriation Accounts

The grants/appropriations where savings were more than ₹ 100 crore each and more than 20 per cent of the total provision during 2018-19 are listed in **Appendix 2.1**.

#### 2.2.2.1 Excess expenditure

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article.

**Excess expenditure in current year:** It was observed that excess expenditure of ₹ 173.42 crore<sup>9</sup> was incurred in two grants during the year 2018-19, Grant No.7-Works (Capital Voted) and Grant No.8 - Odisha Legislative Assembly (Revenue-Voted).

#### Excess expenditure in previous years:

Excess expenditure amounting to ₹ 79.60 crore in respect of six cases under five grants and one appropriation was incurred over the provisions during 2013-14 to 2017-18 as detailed in **Table 2.3**.

<sup>7</sup> Grants are the provisions voted by the Legislature for incurring voted expenditure

<sup>8</sup> Appropriation is the provision made in the budget for incurring expenditure which is directly charged and not subject to the voting of the Legislature

<sup>9</sup> Grant No.7- ₹ 16,97,633,000 and Grant No.8 - ₹ 36,528,000 for the year 2018-19

Table 2.3: Grants in which excess expenditure was made in last five years

(₹ in crore)

Sl. No.	Number and Name of the Grant/Appropriation	Amount of Excess				Total
		2013-14	2015-16	2016-17	2017-18	
<b>Revenue Voted</b>						
1.	22-Forest and Environment	0.29	0.25	-	-	0.54
2.	26-Excise	0.27	0.01 <sup>10</sup>	-	-	0.28
3.	31-Handlooms, Textile and Handicrafts	18.00	-	-	-	18.00
4.	6003-Internal Debt	-	-	56.63	-	56.63
5.	8-Odisha Legislative Assembly incurred expenditure	-	-	-	0.52	0.52
<b>Capital Voted</b>						
6.	13- Housing and Urban Development	-	-	3.63	-	3.63
	Total	<b>18.56</b>	<b>0.26</b>	<b>60.26</b>	<b>0.52</b>	<b>79.60</b>

Source: Appropriation Accounts for the respective years

Such repeated excess expenditures over grants approved by the State Legislature are in violation of the will of the Legislature and the basic principle of legislative control over expenditure that not a rupee can be spent without the approval of the House of People/ State Legislative Assembly and, therefore, need to be viewed seriously.

**Recommendation 4:** State Government may analyse the reasons for excess expenditure. The Finance Department should ensure that no Departmental controlling officers, including those of the Finance Department itself, resort to excess expenditure over the regular allocations approved by the State Legislature.

#### 2.2.2.2 Excess expenditure requiring regularisation

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 regularized 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 ₹79.60 crore over and above the allocation, pertaining to the years 2013-14 to 2017-18 and ₹ 173.42 crore pertaining to 2018-19, regularised as of March 2020. This is in violation of Article 204 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

<sup>10</sup> ₹87,887 only.

The State Government stated (May 2020) that the excess expenditure as pointed out in Audit, would be regularised in the current year.

**Recommendation 5:** All the existing cases of excess expenditure are required to be regularised at the earliest and, in future, such excess expenditure may be completely stopped.

### 2.2.2.3 Savings

In the year 2018-19, the total savings were ₹ 18,895.73 crore. Of these, ₹ 7,037.92 crore (37.25 per cent) pertained to seven grants with savings of more than ₹100 crore each and by more than 20 per cent of the total provision (**Appendix 2.1**). In 2018-19, there was a saving of ₹ 2,762.66 crore (32.59 per cent) against the budget provision of ₹ 8,476.57 crore (Capital -Voted) under Water Resources Department (Grant No.20).

In addition, during the years 2014-19, there were cases of persistent savings of more than ₹100 crore each as shown in **Table 2.4**:

**Table 2.4: Grants/Appropriations with persistent savings during the years 2014-19**

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of savings (₹ in crore) (per cent)				
			2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue (Voted)</b>							
1	1	Home	178.91 (6)	255.57 (8)	289.00 (8)	384.58 (9)	408.71 (8.75)
2	3	Revenue and Disaster Management	1,247.47 (36)	2,038.41 (39)	1,889.79 (37)	182.04 (19)	178.24 (17.57)
3	5	Finance	2,052.78 (23)	3,233.94 (33)	4,431.05 (38)	4,177.53 (32)	2,774.22 (19.43)
4	10	School and Mass Education	1,414.78 (15)	1,942.82 (18)	1,637.59 (14)	2,081.16 (15)	1,524.38 (9.97)
5	11	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	373.64 (20)	316.00 (14)	359.40 (15)	281.33 (11)	577.35 (16.85)
6	12	Health and Family Welfare	651.88 (19)	222.71 (7)	406.52 (9)	516.22 (11)	456.53 (8.17)
7	17	Panchayati Raj & Drinking Water	2,064.92 (30)	1,439.68 (16)	664.93 (7)	1,971.73 (18)	1,419.94 (10.09)
8	20	Water Resources	333.91 (19)	152.85 (8)	129.86 (6)	241.00 (11)	280.22 (13.62)
9	36	Women and Child Development & Mission Shakti	1,107.72 (24)	351.31 (9)	798.74 (27)	922.38 (29)	424.25 (11.89)

Source: Appropriation Accounts of the respective years. (Figures in brackets denote percentage of total provision)

Persistent Savings under Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare, Health and Family Welfare, Panchayati Raj and Drinking Water, Women and Child Development Department and Water Resources Department indicated that the schemes under these departments did not receive the required priority

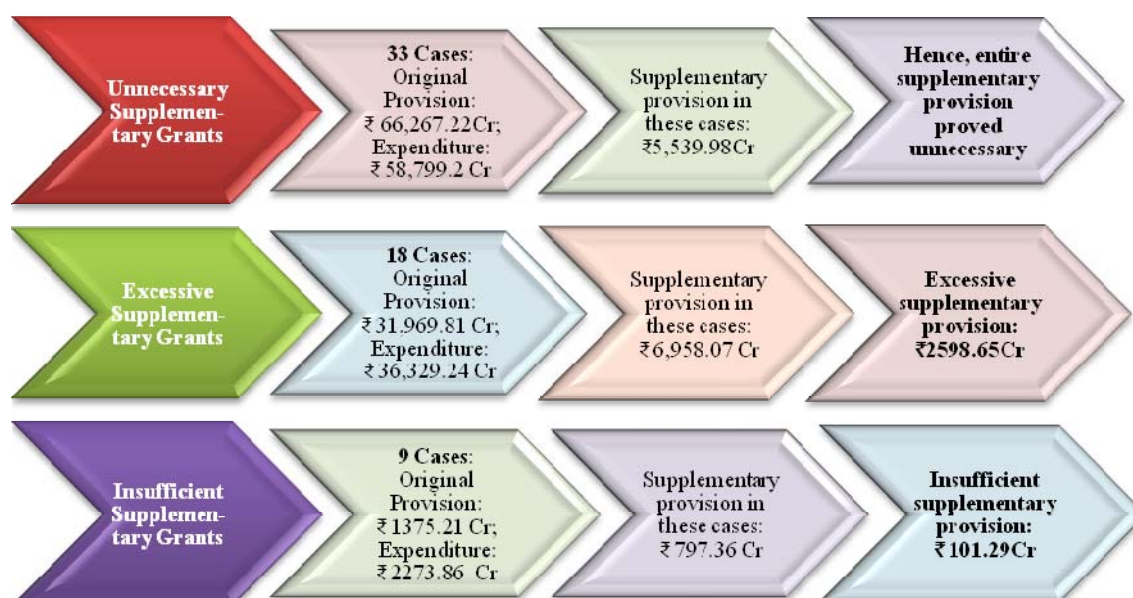


by the Government and there was inefficiency in implementation by the departments concerned / implementing agencies.

### 2.2.3 Supplementary Grants

Audit analysis showed that supplementary grant<sup>11</sup> (Rupees one crore and above) of ₹5,539.98 crore *i.e.*, 43.31 *per cent* of total supplementary grant was unnecessary in 33 cases relating to 26 grants (*Appendix 2.2*). Supplementary provision aggregating ₹6,958.07 crore proved excessive by ₹2,598.65 crore in 18 cases under 12 grants and one appropriation (*Appendix 2.3*). On the other hand, in nine cases under eight grants (*Appendix 2.4*) the supplementary provision of ₹797.36 crore was not adequate to meet the requirement (*Chart 2.3*).

**Chart 2.3: Unnecessary, Excessive and Insufficient Supplementary Provisions**



Source: Appropriation Accounts

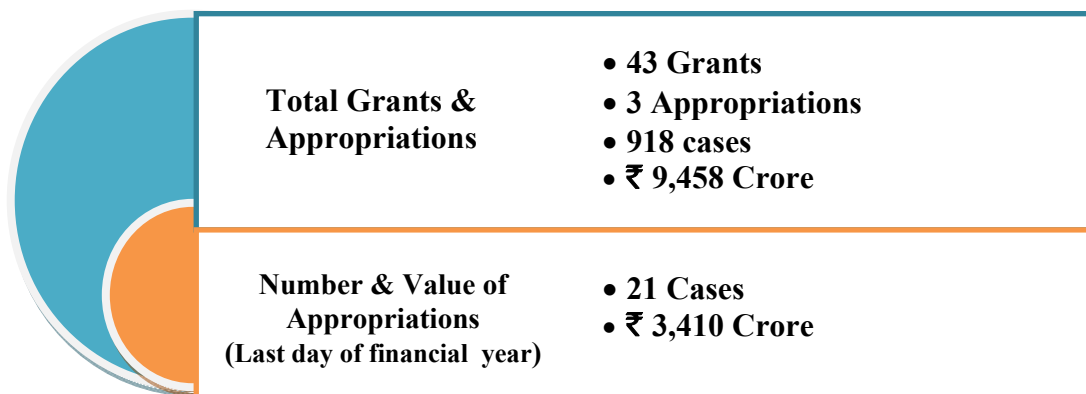
### 2.2.4 Re-appropriations

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). It was observed that re-appropriation of funds proved unnecessary/excessive in three cases and insufficient in nine cases and resulted in less expenditure of ₹231.58 crore and excess expenditure of ₹562.40 crore as detailed in *Appendix 2.5*.

<sup>11</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.

During 2018-19, re-appropriation orders amounting to ₹ 9,458.14 crore (918 cases) were issued. Audit analysis of Re-appropriations is depicted below:

**Chart 2.4: Re-appropriation in the overall budget**



Source: Appropriation Accounts

The Finance Department informed (07 February 2019) that the deadline of the re-appropriations was 26 February 2019. Despite that, 21 cases of re-appropriation orders amounting to ₹3,410 crore (₹ one crore and above in 12 cases as detailed in **Appendix-2.6**) were issued on the last working day of the financial year 2018-19, for which there was no scope for expenditure during 2018-19.

This indicates that the expenditure control mechanism was not adequate and that re-appropriation was not done on the basis of real-time data.

**Recommendation 6:** Leveraging advancements in Information Technology, State Government may issue re-appropriations on the basis of real-time data on committed expenses and actual receipts.

### 2.2.5 Substantial surrenders

Surrenders of 100 per cent of total provision of ₹ 1,304.17 crore were made under 27 cases (₹ 10 crore or more in each case) under 13 grants. These represented different schemes / programmes / projects and activities as detailed in **Appendix-2.7**. Similarly surrenders of ₹1,788.12 crore (15 grants) and ₹ 2,686.12 crore (17 grants) were made during the years 2016-17 and 2017-18 respectively. The surrenders were mainly attributed to non-release of Central share from Government of India, non-finalisation of tenders, non-implementation of programme, non-finalization of modalities etc.

### 2.2.6 Surrender in excess of savings

In three cases (three grants), there were savings of ₹ 590.48 crore. The amount surrendered was ₹ 624.21 crore, resulting in excess surrender (₹ one crore or more in each case), amounting to ₹ 33.73 crore as detailed in **Table 2.5**.

**Table 2.5: Surrender in excess of actual savings during 2018-19**

(₹ in crore)

Sl. No.	Number and name of the grant/appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
1	07-Works(Capital Voted)	2,693.73	0	22.41	22.41
2	08-Odisha Legislative Assembly(Revenue Voted)	58.25	0	6.14	6.14
3	23-Agriculture and Farmer's Empowerment (Revenue Voted)	4,695.30	590.48	595.66	5.18
	<b>TOTAL</b>	<b>7447.28</b>	<b>590.48</b>	<b>624.21</b>	<b>33.73</b>

Source: Appropriation Accounts 2018-19.

The excess surrender indicated that these departments had failed to exercise necessary budgetary controls by watching flow of expenditure through monthly expenditure statements.

### 2.2.7 Anticipated savings not surrendered

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 (07 February 2018) also stipulated that the surrender of unutilised funds should be made on or before 28-02-2019. A review of savings of grants and appropriations and surrender thereof showed the following:

- Out of total savings of ₹8,457.43 crore in 10 cases, only ₹7,803.26 crore was surrendered (short surrender by ₹ one crore and above in each case), leaving balances not surrendered aggregating ₹654.17 crore (7.73 per cent of total savings). Details are given in **Appendix-2.8**. Similarly, ₹ 343.05 crore (17 cases) and ₹1,234.71 crore (11 cases) were not surrendered during the years 2016-17 and 2017-18 respectively.
- Besides, in 30 cases against 18 grants (surrender of funds in excess of ₹10 crore) ₹5,529.11 crore were surrendered on the last working day of the financial year as detailed in **Appendix 2.9**. Similarly, ₹ 8,448.64 crore (28 cases) and ₹12,392.75 crore (45 cases) were surrendered during the years 2016-17 and 2017-18 respectively.

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 stabilization of the expenditure reconciliation module of Integrated Financial Management System (IFMS). These irregularities, however, still persisted even after four years.

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 realised so far, even after the assurances given by the Government in November 2015.

**Recommendation 7:** All anticipated savings should be surrendered in time so that the funds can be utilised for other development purposes.

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

As per Finance Department instructions (07 February 2019), the process of issuance of sanction order for release of funds as well as surrender of provision would be completed by 26 February 2019 to avoid rush of expenditure in the last month 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. An examination of sanction orders revealed that the Government released ₹165.21 crore for implementation of different schemes in six departments in the last week of March 2019 as detailed in **Appendix 2.10**. Of this, ₹ 44.06 crore was released on 30 March 2019 as detailed in **Table 2.6**. As such, there was no possibility of proper utilisation of these funds during the financial year 2018-19.

**Table-2.6: Department-wise amount released on 30/03/2019**

(₹ in crore)

Sl. No	Name of Department	Purpose	Date	Amount	Total (Department wise)
1	Housing and Urban Development	Towards state share under Atal Mission for rejuvenation & Urban transformation (AMRUT)	30/03/2019	2.62	16.39
		Towards state share under AMRUT	30/03/2019	10.00	
		Towards state share under AMRUT	30/03/2019	3.77	
2	Women & Child Development	For arrear training cost for conducting job/refresher training of Anganwadi	30/03/2019	0.03	0.09
		Refresher training of Anganwadi	30/03/2019	0.06	
3	Agriculture and Farmers' Empowerment	For Centrally Sponsored Programme (CSP) under Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) per drop more crop	30/03/2019	11.33	27.25
		For CSP under PMKSY per drop more crop	30/03/2019	8.48	
		For implementation of National Mission for Sustainable Agriculture (NMSA)	30/03/2019	0.97	
		For implementation of NMSA	30/03/2019	0.26	
		For implementation of CSP under IWMP (Watershed Development Commission)	30/03/2019	5.18	
		For implementation of CSP under Integrated Watershed Management Programme (IWMP) (Watershed Development Commission)	30/03/2019	1.03	
4	Secondary Education	Towards payment of salary in favour of Employees under 138 block Grant Madrasas	30/03/2019	0.05	0.33
		Towards payment of salary in favour of Employees under Non Government aids	30/03/2019	0.10	
		Payment in favour of 151 & 73 Non Government aided Sanskrit tools	30/03/2019	0.16	
		Payment in favour of notified non Government aided Sanskrit tools	30/03/2019	0.02	
			<b>Total</b>	<b>44.06</b>	

Source: Sanction orders received from respective Departments

As evident from the above table, Agriculture and Farmers' Empowerment Department accounted for 61.85 per cent (₹ 27.25 crore) of the total amount released. Release of funds on the last day of the financial year indicated that the amount released was primarily to exhaust the budget provision.

### **2.3 Advances from Contingency Fund**

Contingency Fund of the State was established under the Odisha Contingency Fund Act, 1967. Advances from the Contingency Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable.

Contingency Fund is in the nature of an imprest to meet unforeseen expenditure, pending approval of the legislature, after which the amount is recouped. The corpus of the Odisha Contingency Fund on 01 April 2018 was ₹400.00 crore. During the year 2018-19 Government temporarily enhanced the corpus of Odisha Contingency Fund by ₹1,000.00 crore (enhanced to ₹1,400 crore by Odisha Ordinance No. 1 of 2018) and ₹1,200.00 crore (enhanced to ₹1,600 crore by Odisha Ordinance No.1 of 2019) in July 2018 and January 2019 respectively through Odisha Contingency Fund Amendment Ordinance. However, on both the occasions State Government failed to produce the Contingency Fund Amendment Bill to State Legislative Assembly within stipulated period (six weeks from the reassembly of the Legislative Assembly). Further, Government had drawn an amount of ₹2,197.87 crore from the Contingency Fund out of which an amount of ₹757.65 crore was recouped leaving an amount of ₹1,440.22 crore un-recouped. Of this un-recouped amount, an amount of ₹1,244.66 crore (86.42 *per cent*) was utilized for funding Krushak Assistance for Livelihood and Income Augmentation (KALIA) Scheme. Non-recoupage of ₹1,440.22 crore to Odisha Contingency Fund during 2018-19 had the impact of understating the Fiscal Deficit and overstating of Revenue Surplus by an equivalent amount. However, the same amount was recouped during the financial year 2019-20.

The State Government stated (May 2020) that session of Odisha Legislative Assembly could not be held during 2018-19 after expiry of the Ordinance due to General Elections. As a result, it was not possible to recoup the advance during 2018-19. However, the advance had been recouped during the next session of OLA held in 2019-20, immediately after the new Government was formed.

The fact remains that due to non-recoupage of the advance amount by the end of 2018-19, there was over statement of Revenue Surplus and understatement of Fiscal Deficit by ₹1,440.22 crore for the year 2018-19.

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

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 2018-19.

As per the regulation of expenditure 2018-19 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 2018-19, cash management system was implemented in 20 departments. Out of these 20 departments, thirteen<sup>12</sup> departments had spent minimum 60 per cent of the original budget provision by the end of third quarter. The Micro, Small and Medium Enterprises Department utilised only 28.03 per cent of the original provision by the end of third quarter. Similarly, seven<sup>13</sup> departments exceeded expenditure of 15 per cent of the original budget provision in the month of March 2019 (the excess ranged from 16.76 to 20.93 per cent) as indicated in **Table 2.7**.

**Table 2.7: Analysis of cash management system**

(₹ in crore)

Sl. No.	Grant No/ Department	Original Budget Provision	April - December 2018		March 2019 (Pre)	
			Expenditure during first three quarters	Percentage of Expenditure	Expenditure during the month	Percent age of Expenditure
<b>The following departments have followed the guidelines</b>						
1	9-Food Supplies and Consumer Welfare	1,149.67	770.88	67.05	16.32	1.42
2	12-Health and Family Welfare	6,181.96	3,941.51	63.76	712.66	11.53
3	13-Housing and Urban Development	5,181.98	3,367.21	64.98	402.96	7.78
4	19-Industry	337.50	231.33	68.54	0.60	0.18
5	28-Rural Development	5,584.46	4,024.13	72.06	812.13	14.54
6	30-Energy	1,983.54	1,471.03	74.16	260.27	13.12
7	33-Fisheries and Animal Resources Development	897.43	564.21	62.87	57.49	6.41
8	36-Women & Child Development	3,448.32	2,183.30	63.31	360.29	10.45
9	39- Skill Development and Technical Education	626.75	452.64	72.22	78.76	12.57
10	41-Social Security and Empowerment of Persons with Disabilities	2,562.54	1,742.89	68.01	308.99	12.06
<b>The following departments have not followed the guidelines</b>						
11	7-Works	4,272.88	2,725.47	63.78	721.40	16.88
12	10-School and Mass Education	14,527.10	9,700.19	66.77	2,434.88	16.76
13	11-ST & SC Development, Minorities and Backward Classes Welfare	3,415.05	1,861.98	54.52	670.12	19.62
14	17-Panchayati Raj & Drinking Water	13,734.35	12,606.80	91.79	2,098.82	15.28
15	20-Water Resources	10,221.33	4,616.76	45.17	1,474.99	14.43
16	22-Forest and Environment	810.45	483.05	59.60	140.63	17.35
17	23-Agriculture & Farmers' Empowerment	4,718.66	2,143.20	45.42	348.44	7.38
18	31-Handloom, Textile & Handicrafts	190.83	95.28	49.93	38.12	19.98
19	38-Higher Education	2,294.17	1,204.99	52.52	480.13	20.93
20	40-Micro, Small and Medium Enterprises	212.58	59.58	28.03	8.24	3.88

*Source: Monthly Appropriation Reports for December 2018 and March (Pre) 2019.*

<sup>12</sup> Sl.No.1,2,3,5,6,7,8, 12,13,15,16,18 & 20 of Table 2.6.

<sup>13</sup> Sl.No.1,3,4,7,10,14 &17 of Table 2.6.



It is evident from the above table that, out of 20 departments only 10 departments (Sl. No.1 to 10) had followed the guidelines for timely spending of budgetary grants through the Cash Management System.

#### 2.4.1. 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 18 schemes (sub-heads) in 10 departments, where 100 per cent of the total expenditure was incurred (₹ 484.58 crore) in March 2019. Detailed in *Appendix 2.11*.

High percentage of expenditure in March and especially on the last working day of the financial year indicates that uniform flow of expenditure during the year, a primary requirement of budgetary control, was not maintained, indicating failure of Cash Management System in 10 departments.

**Recommendation 8:** *The State Government should enforce rules to ensure that budget provisions are fully utilised and prevent rush of expenditure during fag end of the financial year.*

## 2.5 Review of selected grants

A detailed scrutiny of two grants, viz., (i) Grant No. 13 – Housing and Urban Development Department and (ii) Grant No. 20 – Water Resources Department, was conducted in audit. At an aggregate level, there were savings under both grants.

Audit findings in this regard are discussed below:

### 2.5.1 Housing and Urban Development Department (Grant No-13)

Budgetary control mechanism of the Housing and Urban Development Department was scrutinized. Year-wise budget provisions (both Original and Supplementary) and total expenditure incurred under Revenue and Capital sections during 2016-17 to 2018-19 are given in **Table 2.8**.

**Table 2.8: Budget provision vis-à-vis Expenditure incurred during 2016-17 to 2018-19**

		(₹ in crore)		
		2016-17	2017-18	2018-19
<b>Revenue</b> (voted & Charge)	Original	2,899.22	3,647.31	4,421.19
	Supplementary	38.27	498.03	530.95
	Total provision	2,937.49	4,145.34	4,952.14
	Total Expenditure	2,486.25	3,716.29	3,773.20
	Savings	451.24	429.05	1,178.93
	Surrender	436.78	496.75	1,153.13
	Percentage of savings to Total provision	15.36	10.35	23.81
<b>Capital</b> (voted &	Original	464.88	845.00	760.79
	Supplementary	121.00	171.80	83.00

		2016-17	2017-18	2018-19
Charge)	Total provision	585.88	1,016.80	843.79
	Total Expenditure	589.51	966.98	767.55
	Savings/ excess	(-) 3.63	49.82	76.25
	Surrender	3.22	53.02	75.26
	Percentage of savings to Total provision	-	4.90	9.04

Source: Appropriation Accounts 2016-17 to 2018-19, Government of Odisha.

Further, percentage of savings to total provision in Revenue section of the grant registered an increase of 8.45 per cent in 2018-19 from the saving of 15.36 per cent during 2016-17 and in Capital section of the grant an increase of 4.14 per cent in 2018-19 from the savings of 2017-18 was registered. This indicated poor expenditure mechanism of the Department.

### 2.5.1.1 Unnecessary/Excessive supplementary Provision

The supplementary provision of ₹530.95 crore under Revenue voted section proved unnecessary as the actual expenditure (₹3,771.65 crore) did not come up to the level of original provision (₹4,418.67 crore). Supplementary provision aggregating ₹83.00 crore proved excessive by ₹76.25 crore under Capital voted section as detailed in **Table 2.9**.

**Table 2.9 Unnecessary/Excessive supplementary Provision**

(₹ in crore)

Sl. No	Head of Account	Original Provision	Total Supplementary grant obtained	Actual Expenditure	Savings
<b>Unnecessary Supplementary provision</b>					
1	Revenue (voted)	4,418.67	530.95	3,771.65	1,177.97
Large supplementary provision (₹300 crore) was obtained under “PMAY urban”					
<b>Excessive supplementary provision</b>					
2	Capital (voted)	760.70	83.00	767.45	76.25
Large supplementary provision (₹36.60) was obtained under “EAP Assisted by JBIC Japan for integrated Sewerage and Sanitation Project for Bhubaneswar and Cuttack.”					

Source: Appropriation Accounts 2018-19, Government of Odisha.

### 2.5.1.2. Short/ Excess surrender of savings /belated surrender

Finance Department instructed (07 February 2019) all the departments to surrender unutilised funds on or before 28 February 2019.

The Housing and Urban Development Department, however, effected short surrender of ₹14.46 crore in 2016-17 and ₹25.80 in 2018-19 and excess surrender of ₹67.7 crore in 2017-18 under Revenue section as detailed in **Table 2.8**.

Similarly, under Capital section as against savings of ₹76.25 crore in 2018-19, the department surrendered ₹75.26 crore, and against savings of ₹49.82 crore in 2017-18, the department surrendered ₹53.02 crore. During the year 2016-17, the department had surrendered ₹ 3.22 crore against nil savings.



Further, out of total saving of ₹ 1,255.18 crore, the department surrendered ₹1,228.39 crore (₹1,153.13 crore under Revenue and Capital section ₹75.26 crore) on the last working day of the financial year 2018-19 in violation of the Finance Department circular.

This indicated that the Controlling Officers failed to monitor the flow of expenditure and did not follow the budgetary control mechanism laid down in OBM and Government instruction.

### 2.5.1.3 Substantial Surrender of ₹ 20 crore and more in each case

Large savings is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Department. Large savings occurred in the sub-heads as detailed in **Table 2.10**.

**Table 2.10: Substantial surrenders of ₹20 crore and more**

(₹ in crore)

Sl. No	Head of Account	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
<b>13- Housing and Urban Development Department</b>				
1	2217-05-(191,192,193)-3096- Performance grants to local bodies recommended by 14 <sup>th</sup> Finance Commission	89.34	89.34	Unconditional support to the Gram Panchayats and Municipalities for delivering the basic functions assigned to them”
Surrender of the entire provision was due to non receipt of Central Assistance.				
2	2217-05-(191,192,193, 789, 796 ) - 2916- National Urban Livelihood Mission	47.22	20.16	To reduce poverty & vulnerabilities of the urban poor households.
Surrender of the provision was due to non receipt of Central Assistance.				
3	4215-01-796--1561- water supply in urban area	50.00	41.73	Water supply in urban areas
No Specific reasons for less expenditure were furnished.				
4	4215-02-106-1524 - Urban sewerage scheme	50.00	41.88	Urban sewerage & sanitation
Specific reasons for less expenditure were not furnished.				
5	2217-05-(789,796 & 800)-3062- Smart Cities	400.00	400.00	For making the cities of Bhubaneswar & Rourkela citizen friendly and sustainable.
Surrender of the entire provision was due to non receipt of Central Assistance.				

Sl. No	Head of Account	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
6	2215-02-(105,789,796)-3221-Swachha Bharat Mission	200.00	156.24	To access every person with sanitation facilities including toilets, solid and liquid waste disposal systems, village cleanness and provision of adequate drinking water.
Surrender of the provision was due to non receipt of Central Assistance.				

Source: Appropriation Accounts 2018-19, Government of Odisha.

The surrender of substantial provision indicated failure on the part of the department for its proper utilization. As a result, the objectives of the schemes/ programmes for which the funds were provided for, could not be achieved.

## 2.5.2 Water Resources Department (Grant No-20)

The Water Resources Department is the nodal department with regard to all matters concerning water resources development and management. It has created additional irrigation potential of 1.43 lakh Hectares against the target of 2.72 lakh Hectare during 2018-19.

### 2.5.2.1 Budget and Expenditure

Details of Budget provision and expenditure incurred during 2016-17 to 2018-19 in Water Resources Department are given in **Table 2.11**.

**Table 2.11: Budget provision vis-à-vis Expenditure incurred during 2016-19**

(₹ in crore)

		2016-17	2017-18	2018-19
Revenue (Voted & Charged)	Original	1,995.48	2,177.74	1,953.55
	Supplementary	76.92	51.07	106.00
	Total provision	2,072.40	2,228.81	2,059.55
	Total Expenditure	1,941.00	1,987.33	1,776.21
	Savings	131.40	241.48	283.34
	Surrender	111.66	225.76	270.33
	Percentage of savings to Total provision	6.34	10.83	13.76
Capital Expenditure (Voted & Charged)	Original	5,266.09	7,047.14	8,267.79
	Supplementary	647.70	486.95	221.69
	Total provision	5,913.79	7,534.09	8,489.48
	Total Expenditure	5,808.65	6,847.37	5,719.04
	Savings	105.15	686.72	2,770.44
	Surrender	88.47	687.03	2,768.34
	Percentage of savings to Total provision	1.78	9.11	32.63

Source: Appropriation Accounts 2016-17 to 2018-19, Government of Odisha.

As seen from the table, under Revenue section total provision of the grant registered a decrease of ₹169.26 crore (7.60 per cent) from ₹2,228.81 crore in 2017-18 to ₹2,059.55 crore in 2018-19. Under Capital section total provision of the grant registered an increase of ₹2,575.69 crore (43.55 per cent) from ₹5,913.79 crore in 2016-17 to ₹8,489.48 crore in 2018-19.

### 2.5.2.2 Short/ Excess surrender of savings / belated surrender

Finance Department instructed (07 February 2019) all the departments to surrender unutilised funds on or before 28 February 2019.

As against savings of ₹ 131.40 crore, ₹ 241.48 crore and ₹ 283.34 crore during 2016-17, 2017-18 & 2018-19 under Revenue section, the department surrendered ₹111.66 crore, ₹ 225.76 crore and ₹ 270.33 crore respectively during the corresponding period. Thus, there was short surrender ranging from ₹ 13.01 crore to ₹19.74 crore during the last three years.

Similarly, under Capital section as against savings of ₹105.15 crore and ₹2,770.44 crore during 2016-17 & 2018-19, the department surrendered ₹88.47 crore and ₹2,768.34 crore respectively during the corresponding period. In the year 2017-18, as against savings of ₹686.72 crore (9.11 per cent), the department surrendered ₹687.03 crore resulting in excess surrender of ₹0.31 crore.

Further, out of the total saving of ₹ 3,053.78 crore, ₹3,038.28 crore was surrendered on the last working day of the financial year 2018-19, in violation of the Finance Department circular.

This indicated that the Controlling Officers failed to monitor the flow of expenditure and did not follow the budgetary control mechanism laid down in OBM and Government instruction.

### 2.5.2.3 Unnecessary/Excessive supplementary Provision

The supplementary provision of ₹327.29 crore proved unnecessary as the actual expenditure (₹7,489.73 crore) did not come up to the level of original provision (₹10,205.32 crore) under Revenue voted, Capital voted and Capital charged section as detailed in **Table 2.12**:

**Table 2.12: Unnecessary/Excessive supplementary Provision**

(₹ in crore)

I. No	Head of Account	Original Provision	Total Supplementary grant obtained	Actual Expenditure	Savings
1	<b>Revenue (voted)</b>	1,950.05	106.00	1,775.82	280.22
Supplementary provision of (₹19 crore) was obtained under "Minor Irrigation Projects under State Plan"					
2	<b>Capital (voted)</b>	8,255.27	221.29	5,713.91	2,762.66
Large supplementary provision of (₹200 crore) was obtained under "Other plan programmes for Medium Irrigation"					
<b>TOTAL</b>		<b>10,205.32</b>	<b>327.29</b>		

Source: Appropriation Accounts 2018-19, Government of Odisha.

### 2.5.2.4 Substantial Surrender of funds

Water Resources Department made provisions under different heads for different schemes/programmes/activities during 2018-19. However, substantial amounts were surrendered due to non-utilisation of the funds as detailed in **Table 2.13**:

**Table 2.13: Instances of Substantial surrender of funds**

(₹ in crore)

Sl. No	Head of Account and name of the project	Total Provision	Amount Surrendered	Objectives of the schemes/programmes/activities
<b>20-Water Resources department</b>				
1	2702-01-(789,796,800)-3229-Odisha Integrated Irrigation Project for Climate Change Resettlement Agriculture(OIIPCRA)-EAP	41.00	41.00	Augmenting the capacity and income of the farmers in the project area through climate resilient agricultural practices.
	The entire fund was surrendered without assigning any reasons. During the year 2017-18 also, the entire budgetary amount of ₹ 45.00 crore was surrendered due to non finalization of project, and loan agreement with the World Bank.			
2	4700-80-(001,789,796)-800-3302-Gangadhar Meher Lift Canal System	200.00	198.84	To provide irrigation to drought-prone areas of about 25,600 Hectares in the Bijepur, Sohela and Barpalli blocks of Bargarh district, Odisha
	The Gangadhar Meher Lift Canal System was taken up in 2017-18 with an estimated cost of ₹1,246.56 crore. However, no budget provision was made in the year 2017-18. Out of budget provision of ₹ 200 crore in 2018-19, the Department could utilize only ₹1.16 crore. Surrender of funds was attributed to delay in finalization of tendering process of the works.			
3	4700-16(001,789,796,800)-2954-Lower Suktel Irrigation Projects	459.57	190.39	To irrigate 31,830 Ha land of Bolangir & Subarnapur district and to supply water to Bolangir Town. The Project started in November 2001.
	Non utilisation was attributed to delay in finalisation of Underground Pipe Line System, land acquisition problem, slow progress of work etc.			
4	4700-01-(001,789,796,800)-(2160,2954)-Anandapur Barrage	537.55	356.93	The main aim was to provide Rabi and Khariff water supply to the Salandi Irrigation system.
	The reason for surrender was non finalisation of drawing and design by Central Water Commission and settlement of land acquisition cases.			

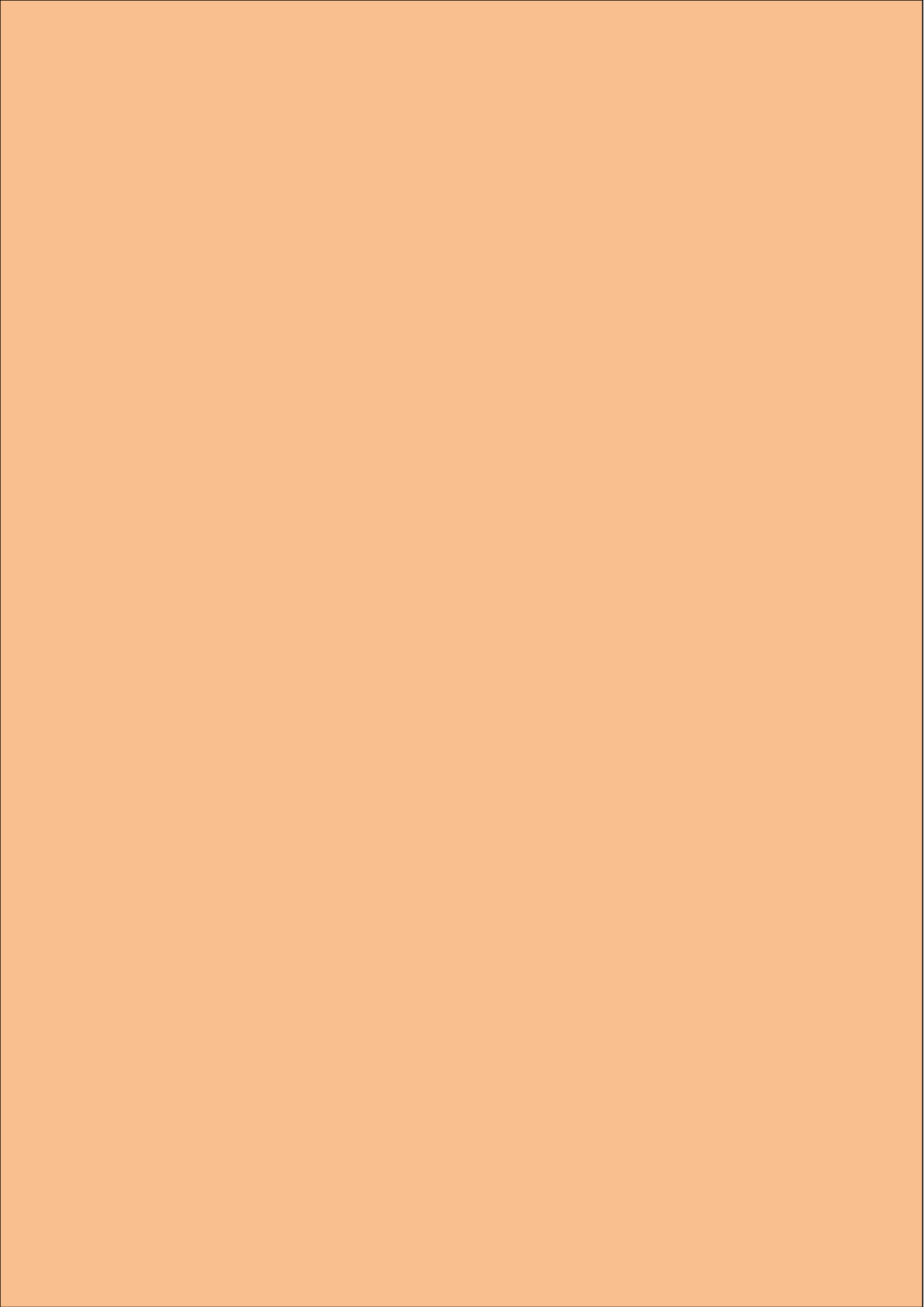
Source: Appropriation Accounts 2018-19, Government of Odisha.

The surrender of substantial provision indicated failure of expenditure mechanism of the department. As a result, the objectives of the schemes/ programmes for which the funds were provided for, could not be achieved.

\*\*\*\*

**Chapter-III**

**Financial Reporting**



A reliable financial reporting mechanism aids exercise of controls on utilisation of funds. This Chapter provides an overview and status of compliance to various financial rules, procedures and directives during the year.

## 3.1 Personal Deposit (PD) Account

### 3.1.1 Personal Deposit Account framework

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 Odisha Treasury Code (OTC) Volume-I, Permission for opening of PD Accounts shall not be granted except after consultation with the Accountant General.

Note below Rule 141 read with sub-rule (3) of Odisha Budget Manual (OBM) provides that money should not be withdrawn from the Treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury under Revenue heads of accounts for placing it in Deposit head under Public Account of the State to avoid lapse of allotment.

There were 831 PD Account holders with a closing unspent balance of ₹17,503.50 crore as of 31 March 2019 as detailed in **Table 3.1**. There was a 29.57 per cent increase in outstanding balances over the previous year mainly due to increase in the balance in PD Account of Odisha Mineral Bearing Areas Development Corporation (OMBADC) from ₹11,568.18 crore in 2017-18 to ₹14,328.50 crore in 2018-19, an increase of 23.86 per cent.

### 3.1.2 Status of PD Accounts in Odisha

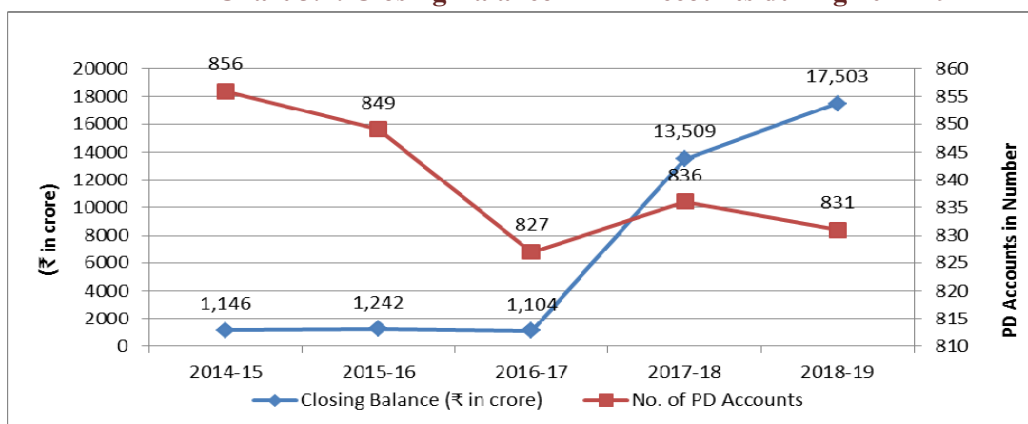
**Table-3.1: Personal Deposit Account**

(₹ in crore)							
Opening Balance as on 01/04/2018		Addition during the year 2018-19		Number of PD accounts closed	Expenditure during the year including closed PD Accounts	Outstanding Balance as on 31/ 03/2019	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
836	13,509.35	1	8,459.10	6	4,464.96	831	17,503.50

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

It could be seen from the **Table 3.1** that while six inoperative PD Accounts were closed during the year 2018-19, one new PD Account was opened with prior approval of Principal Accountant General (A&E), Odisha. A sum of ₹8,459.10 crore<sup>1</sup> was transferred to these Accounts. There was a net increase of ₹3,994.15 crore (29.57 per cent) in the cumulative closing balance at the end of the year 2018-19 as detailed in **Chart 3.1** below:

**Chart 3.1: Closing Balance in PD Accounts during 2014-19**



Source- Finance Accounts of respective years

An analysis of closing balance revealed that out of ₹ 17,503.50 crore as on 31 March 2019, an amount of ₹14,328.50 crore (81.86 per cent) related to one PD account of Chief Executive Officer, Odisha Mineral Bearing Areas Development Corporation. Balance ₹ 3,175 crore (₹17,503.50 crore – ₹14,328.50 crore) was as follows: (i) ₹ 1,081.48 crore in 115 PD Accounts of Urban Local Bodies, (ii) ₹ 675.82 crore in 314 PD Accounts of Rural Local Bodies, (iii) ₹ 82.43 crore in 297 PD Accounts of Educational Institutions and (iv) ₹ 1,335.27 crore in 104 PD Accounts of Other Agencies or Institutions like District Rural Development Agencies, Integrated Tribal Development Agencies, Medical and Charitable Institutions *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.

### 3.1.3 In-operative PD Accounts

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 2018-19, six PD Accounts were closed. Fifteen in-operative PD Accounts, where no transaction had taken place for over three financial years after the year of last transaction, however, are yet to be closed. These 15 Accounts had unspent balances of ₹ 5.86 crore as detailed in **Appendix 3.1**. Out of the 15 inoperative PD Accounts, six Accounts had zero balances. The remaining nine Accounts had balances ranging from less than ₹ one lakh to ₹ 288.55 lakh.

<sup>1</sup> ₹ 8439.10 crore in the existing PD Accounts and ₹ 20 crore in the newly created PD Account.



### 3.1.4 Non-reconciliation of PD Accounts

The balances in the PD accounts are required to be reconciled annually by the administrator with that of Treasury accounts. Out of 831 PD accounts, 747 PD accounts (90 per cent) had been reconciled as of 31 March 2019.

The State Government stated (May 2020) that reconciliation of PD accounts is being taken up on regular basis to avoid irregularities in their management and further steps would be taken to analyse the 15 inoperative PD accounts in a time bound manner and would be closed if their continuance was not required.

**Recommendation 9:** The Finance Department is required to review all PD Accounts and ensure that all amounts unnecessarily lying in these accounts are immediately remitted to the Consolidated Fund and all inoperative PD Accounts are closed.

### 3.2 Opaqueness in accounts

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 in the accounts. Routine operation of Minor Head 800 is to be discouraged as it renders the accounts opaque. Transactions under this Minor Head during the years 2017-18 and 2018-19 are detailed in **Table 3.2:**

**Table 3.2: Receipts and Expenditure under Minor Head 800**

Year	Receipts <sup>2</sup> (₹ in crore)	No. of Major Heads under which Minor Head 800 is operated	Receipts under Minor Head 800 (₹ in crore (per cent))	Expenditure <sup>3</sup> (₹ in crore)	No. of Major Heads under which Minor Head 800 is operated	Expenditure under Minor Head 800 - ₹ in crore (per cent)
2017-18	85,204	52	1,585 (2)	92,946	56	14,006 (15)
2018-19	99,546	55	1,469 (2)	108,838	59	14,774(14)

Source: Finance Accounts of respective years

Further, it was observed that the entire receipts (₹ 114.57 crore) under eight Major Heads (**Appendix-3.2**) were booked under Minor Head-800 (other receipts). Similarly, more than 50 per cent of the total expenditure under each of the 15 Major Heads (**Appendix 3.3**) were booked under Minor Head – 800 (Other Expenditure).

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.

<sup>2</sup> Revenue Receipts.

<sup>3</sup> Includes both Revenue and Capital.

### 3.3 Non-Submission of Annual Accounts by 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 seven years as shown in **Table 3.3**.

**Table 3.3: Age-wise details of delay in submission of Annual Accounts of ABs**

Sl. No	Delay in Number of Years	No. of Bodies/ Authorities
1	Nil	1
2	1	1
3	7 and above	9
<b>Total</b>		<b>11</b>

*Source: Finance Department, Government of Odisha*

Of these 11 bodies/ authorities, only two bodies / authorities viz. Odisha State Legal Services Authority (OSLSA) 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>4</sup> due up to 2018-19 were not received as of January 2020. The accounts of these bodies/ authorities were in arrears for more than seven years.

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

Accepting the audit observation, the State Government stated (May 2020) that a communication would be sent to Housing & Urban Development Department and Development Authorities under it to complete all their pending Annual Accounts. To begin with, they should start furnishing accounts pertaining to recent years on priority basis. An Action Plan needs to be furnished by the concerned Autonomous Bodies to clear up pending Annual Accounts.

**Recommendation 10:** *The Finance Department should review the cases of all Autonomous Bodies that are in arrears of accounts and ensure that the accounts are made current within a reasonable period.*

### 3.4 Non-submission of Utilisation Certificates

The Government gives grants to various bodies for specific purposes. Rule 173 of Odisha General Financial Rules (OGFR) stipulates that Utilisation Certificates (UCs) in respect of Grants-in-Aid (GIA) provided for specific purposes, should be obtained by the departmental officers from the grantees and forwarded to PAG (A&E) by 30 June of the

<sup>4</sup> (i) Bhubaneswar Development Authority, (ii) Berhampur Development Authority, (iii) Cuttack Development Authority, (iv) Kalinganagar-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.

succeeding year of expenditure to ensure that the funds have been utilised for intended purposes. Non-submission /delay in submission of the UCs weakens the control on utilisation and provides scope for misutilisation / misappropriation / diversion of funds.

During the year 2018-19, Government released ₹25,957.25 crore as Grants-in-Aid (34,317 vouchers), for which, UCs were not received in respect of ₹19,371.21 crore (74.63 per cent) (3,078 vouchers). There is, therefore, no assurance that the expenditure of ₹19,371.21 crore had actually been incurred for the purposes for which it was authorised. Further, UCs for an amount aggregating ₹ 45,340.89 crore remained outstanding against 37 departments<sup>5</sup> of the State as of March 2019 in the books of the PAG (A&E), Odisha from 2003-04 onwards. Year-wise break-up of pending UCs against 29,138 GIA vouchers is summarized in **Table 3.4**.

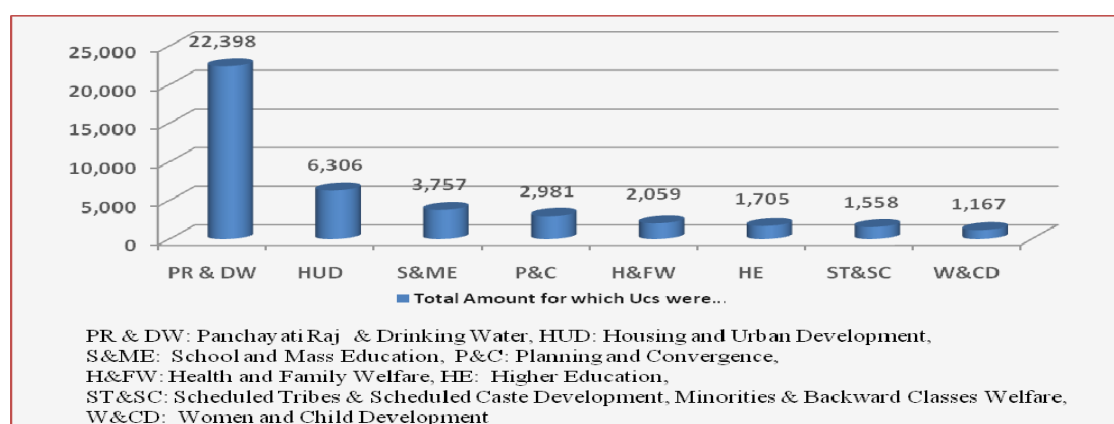
**Table 3.4: Year-wise break up of pending UCs against GIA**

Years	Grants-in-Aid (G.I.A) against which UCs are awaited as of March 2019	
	Number of UCs	Amount (₹ in crore)
Up to 2014-15	18,705	6,111.71
2015-16	2,146	3,724.44
2016-17	2,808	5,910.65
2017-18	2,401	10,222.88
2018-19	3,078	19,371.21
<b>TOTAL</b>	<b>29,138</b>	<b>45,340.89</b>

Source: Finance Accounts, Government of Odisha

Department-wise outstanding position of UCs of 37 departments is given in **Appendix 3.4**. The eight major defaulting departments accounted for 92.47 per cent of the total amount for which UCs were outstanding as of March 2019 (**Chart 3.2**). In comparison to 2017-18, the total amount for which the UCs were pending increased by ₹ 6,913 crore (17.99 per cent) in 2018-19.

**Chart 3.2: Department-wise amounts for which UCs were outstanding as on 31 March 2019**  
(₹ in crore)



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

<sup>5</sup> Excluding the following departments – Odisha Legislative Assembly, Public Grievances & Public Administration, Steel & Mines, Information & Public Relations, Excise and Public Enterprises, Odia Language Literature & Culture

### 3.4.1 UCs pending for more than ten years

UCs amounting to ₹ 1,234.46 crore (7,021 vouchers) were pending for more than ten years in 19 departments as of March 2019 as detailed in **Appendix-3.5**. Panchayati Raj (₹428.85 crore), Revenue & Disaster Management (₹219.23 crore), Housing & Urban Development (₹246.44 crore) and Planning and Convergence (₹170.41 crore) Departments alone accounted for 86.27 per cent of the amount for which UCs were pending. Position with respect to submission of UCs had, however, not improved so far. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds.

The State Government stated (May 2020) that review of Department-wise pendency of Utilisation Certificates would be carried out centrally by the Finance Department, in order to improve pendency of the UC position. The Government agreed to hold review meeting with all the Departmental heads under the chairmanship of Chief Secretary on this issue.

**Recommendation 11:** The Finance Department should develop a mechanism to ensure submission of UCs which have become due without delay and review all UCs pending for submission before release of fresh grants.

### 3.5 Non-submission of Detailed 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.

It was observed that 15 Departments had drawn 939 Abstract Contingent bills for an amount of ₹210.19 crore from Government accounts in the financial year 2018-19 and submitted only 214 Detailed Contingent (DC) Bills for an amount of ₹ 11.46 crore. Thus, 725 DC bills amounting to ₹198.73 crore were not submitted by 12 departments before the close of the financial year. There is, therefore, no assurance that the amount of ₹ 198.73 crore had actually been incurred during the financial year for the purpose for which it was sanctioned / authorised by the Legislature. This is a possible overstatement of expenditure in the year 2018-19. Further, a total of 446 DC bills amounting to ₹11.70 crore for the years up to 2016-17 and 100 DC bills amounting to ₹2.98 crore for the year 2017-18 were yet to be submitted by the Departments. Advances drawn and not accounted for, increase the possibility of wastage / misappropriation / malfeasance etc. Details of pending DC Bills are given in **Table 3.5**.

**Table-3.5: Details of pending DC bills**

Year	No. of pending DC Bills	Amount (₹ in crore)
2003-04 to 2016-17	446	11.70
2017-18	100	2.98
2018-19	725	198.73
<b>Total</b>	<b>1,271</b>	<b>213.41</b>

Source: Compiled from the VLC database maintained by the Office of the PAG (A&E), Odisha.

It was further observed that three<sup>6</sup> departments accounted for 99.67 per cent of the total outstanding DC bill.

### 3.5.1 Money drawn on AC bills in the month of March

An analysis of VLC data indicated that during 2014-15 and 2018-19, out of total AC bills of ₹ 435.59 crore, ₹ 210.29 crore (48.27 per cent) were drawn during last month of the respective financial years. The percentage drawl of AC bills in the month of March ranged from 12.15 per cent to 75.33 per cent of the total amount of AC bills drawn during 2014-15 to 2018-19 as detailed in **Table 3.6**.

**Table-3.6: Year-wise details of Money drawn on AC bills in the month of March**  
(₹ in crore)

Financial Year	Total amount drawn on AC bills	Total AC bills amount drawn in March	Percentage of AC bills drawn in March
2014-15	72.23	17.38	24.06
2015-16	62.39	7.58	12.15
2016-17	73.15	15.03	20.54
2017-18	17.63	11.97	67.89
2018-19	210.19	158.33	75.33
<b>Total</b>	<b>435.59</b>	<b>210.29</b>	<b>48.27</b>

*Source: Compiled from the VLC database maintained by the Office of the PAG (A&E), Odisha.*

Further analysis of VLC data revealed that AC bills aggregating ₹ 3.11 crore (1.48 per cent) were drawn on the last week of the financial year. Thus, it was evident that substantial drawls in the month of March and last week of the financial year were made to avoid lapse of appropriations.

Non-submission of DC bills within the prescribed time is a breach of financial discipline and enhances risk of misappropriation of public money and is an unhealthy practice.

The State Government stated (May 2020) that the matter was being reviewed by Finance Department regularly and that the Financial Advisors and Controlling Officers were being sensitised about the importance of timely submission of DC Bills. The Government accepted the suggestion of Audit as to not consider 2<sup>nd</sup> AC Bill in the case of pendency of previous AC Bills, if any.

**Recommendation 12:** Finance Department may ensure that all Controlling Officers submit the required DC bills to adjust all pending AC bills in a time-bound manner.

## 3.6 Financial Reporting Issues

### 3.6.1 Non submission of details of grants/loans paid

Regulation on Audit and Accounts 2007 provides that Government and Heads of Departments 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 authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year. Only twenty two out of 43 departments had furnished (as of March 2020), the details of

<sup>6</sup> Home (₹189.44 crore), General Administration (₹ 7.49 crore) and Higher Education (₹ 1.14 crore).

grants-in-aid given to various bodies and authorities in the year 2018-19. In the absence of the information from remaining 21 departments<sup>7</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.

### ***3.6.2 Departmentally Managed 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 2019, out of 16 departmental undertakings/schemes, no department had prepared proforma accounts.

### ***3.6.3 Under-utilisation of Building and Other Construction Workers (BOCW) Welfare Fund***

The Building and Other Construction Workers (BOCW) Welfare Cess Act, 1996 and the BOCW (Regulation of Employment and Conditions of Service) Act, 1996 provide for constitution of Welfare Boards with the aim of improving the working conditions of workers and to provide financial aid to them, and to augment the resources of the Welfare Boards through levy and collection of cess on the cost of construction. The Labour Cess collected from all construction works was required to be deposited in the Odisha Building and Other Construction Workers' Welfare Fund (OB&OCWW). The fund was to be utilised in extending different welfare measures to the registered beneficiaries engaged in different buildings and other construction works.

Though the collection of Labour Cess increased by ₹ 876.48 crore from ₹211.13 crore in 2014-15 to ₹ 1,087.61 crore in 2018-19, the percentage of utilisation of the fund ranged from 4.78 *per cent* in 2014-15 to 54.88 *per cent* in 2018-19. Due to poor utilisation of the funds, the objective of collection of Labour Cess could not be achieved.

In terms of Resolution (15 December, 2008) of Labour and Employment Department, Government of Odisha, the Cess was to be deposited under the Major Head of Account-0230 into the Government Treasury (the Consolidated Fund of the State).

Scrutiny of records of Odisha Building and Other Construction Workers' Welfare Fund showed that the Cess collected by various agencies was sent through cheques/ drafts to the Board and deposited in the savings bank account of the Board opened for the purpose, without being transferred from the Consolidated Fund of the State, in violation of Article 266(1) of the Constitution.

Further, as per Finance Accounts 2018-19, an amount of ₹ 2.38 crore was collected

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<sup>7</sup> General Administration, Revenue & Disaster Management, Works, Odisha Legislative, Food Supplies and Consumer Welfare, School and Mass Education Department, ST&SC Development Minorities & Backward Classes Welfare, Health & Family Welfare, Housing and Urban Development, Labour & ESI, Sports & Youth service, Panchayati Raj, Public Grievance and Pension Administration, Forest and Environment, Parliamentary Affairs, Co-operation, Electronics & IT Department, Higher Education, Micro, Small and Medium Enterprises, Social Securities and Empowerment of persons with disabilities Department and Disaster Management.



towards BOCW Cess Act through Treasury. The same was yet to be transferred to Board's Account. This had an impact of over statement of Revenue surplus of ₹ 2.38 crore and understatement of Fiscal Deficit of the same amount.

### **3.6.4 Discrepancy of ₹ 57.32 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/discrepancies, if any. In 17 sampled DDOs, it was observed that there was a difference of ₹ 57.32 crore (**Appendix 3.6**) between the balances in cash book and bank pass book as of March 2019. In absence of reconciliation of cash balances, the authenticity of accounts maintained by these DDOs could not be vouched for in audit.

Accepting the audit observation, the State Government stated (May 2020) that opening of bank accounts for drawal and parking of State Government funds is not allowed. Such practice is discouraged in view of the robust IT infrastructure and roll out of DBT facility in IFMS. All the cases will be reviewed and steps would be taken for closure of such bank accounts where there is no transaction.



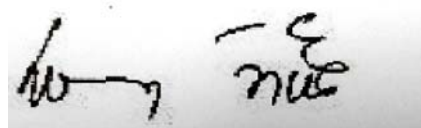
**(BIBHUDUTTA BASANTIA)**

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

**Bhubaneswar**

**The 24 July 2020**

Countersigned



**(RAJIV MEHRISHI)**

**Comptroller and Auditor General of India**

**New Delhi**

**The 28 July 2020**





# Appendices



**APPENDIX-1.1**  
(Refer Introductory Para in Chapter I, page 1)  
**A brief profile of Odisha**

A. General Data						
Particulars				Figures		
1	Area				155707 Sq. Km	
Population						
2	a.	As per 2001 Census			3.68 crore	
	b.	As per 2011 Census			4.20 crore	
3	Density of Population <sup>1</sup> (as per 2011 Census). (All India Density = 382 persons per Sq. Km )				270 persons per Sq. Km	
4	Population below poverty line <sup>2</sup> (BPL) (All India Average = 21.9 per cent)				32.59 per cent	
5	Literacy <sup>3</sup> ( as per 2011 Census) (All India Average = 73.0 per cent )				72.90 per cent	
6	Infant mortality <sup>4</sup> (per 1000 live births) (2017 figure). (All India Average = 33 per 1000 live births )				41.00	
7	Life Expectancy at birth <sup>5</sup> . (All India Average = 68.7 years)				67.6 years	
Human Development Index						
8	a.	1999-2000. (All India = 0.387)			--	
	b.	2007-2008 (All India = 0.467)			0.362	
9	Gross State Domestic Product (GSDP) 2018-19 at current price				₹4,85,376 crore	
10	Per Capita GSDP CAGR (2011-12 to 2018-19)		Odisha		10.07	
			General Category States		10.99	
11	GSDP CAGR (2011-12 to 2018-19)		Odisha		11.19	
			General Category States		10.07	
12	Population Growth (2009 to 2019)		Odisha		8.43	
			General Category States		12.46	
B. Financial Data						
Particulars						
CAGR		2009-10 to 2017-18		2017-18 to 2018-19		
		General Category States	Odisha	General Category States	Odisha	
(In per cent)						
a.	of Revenue Receipts.	15.03	15.76	12.77	16.83	
b.	of Own Tax Revenue.	14.84	15.23	12.72	8.61	
c.	of Non Tax Revenue.	9.88	12.77	19.78	69.99	
d.	of Total Expenditure.	14.20	15.94	12.73	16.02	
e.	of Capital Expenditure.	13.53	24.54	11.93	11.24	
f.	of Revenue Expenditure on Education.	13.44	11.84	9.38	16.45	
g.	of Revenue Expenditure on Health.	16.50	16.19	11.09	23.41	
h.	of Salary and Wages.	11.72	10.53	11.03	10.57	
i.	of Pension.	16.12	12.94	14.31	21.02	

1 Census Info India 2011 Final Population Totals

2 Economic Survey 2018-19 Govt of India

3 Economic Survey 2018-19 Govt of India

4 Economic Survey 2018-19 Govt of India

5 Economic Survey 2018-19 Govt. of India

## APPENDIX - 1.2

(Refer Introductory Para in Chapter I, page 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 – 1.3**  
(Refer paragraph 1.2)  
**Abstract of receipts and disbursements for the year 2018-19**

(₹ in crore)

2017-18	Receipts	2018-19	2017-18	Disbursements	2018-19		
					Administ rative	Programme	Total
<b>Section A: Revenue</b>							
<b>85,204.30</b>	<b>I.Revenue Receipts</b>	<b>99,546.12</b>	<b>71,837.30</b>	<b>I.Revenue Expenditure-</b>	<b>42,211.74</b>	<b>43,144.67</b>	<b>85,356.41</b>
27,913.81	Tax Revenue	30,318.33	<b>20,260.92</b>	<b>General Services</b>	<b>23,741.45</b>	<b>311.81</b>	<b>24,053.26</b>
	--		<b>29,556.83</b>	<b>Social Services-</b>	<b>13,845.31</b>	<b>22,581.24</b>	<b>36,426.55</b>
8,398.48	Non-Tax Revenue	14,276.53	13,788.34	Education, Sports, Art and Culture	10,023.55	6,172.19	16,195.74
	--		4,153.04	Health and Family Welfare	2,060.65	3,023.09	5,083.74
31,272.06	State's Share of Union Taxes	35,353.73	3,854.22	Water Supply, Sanitation, Housing and Urban Development	865.15	4,244.17	5,109.32
	--		77.06	Information and Broadcasting	30.08	239.06	269.14
--	Non-Plan Grants	--	2,217.58	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	569.81	2,177.64	2,747.45
--	Grants for State Plan Schemes	--	141.87	Labour and Labour Welfare	89.09	53.45	142.54
	--		5,184.07	Social Welfare and Nutrition	93.91	6,625.57	6,719.48
--	Grants for Central and Centrally Sponsored Plan Schemes	--	140.65	Others	113.07	46.07	159.14
	--		<b>20,756.90</b>	<b>Economic Services-</b>	<b>4624.97</b>	<b>18,888.61</b>	<b>23,513.58</b>
12899.92	Grants for Centrally Sponsored Scheme	13,024.85	5,801.42	Agriculture and Allied Activities	1,415.11	6,427.45	7,842.56
	--		9,017.88	Rural Development	44.87	9,887.63	9,932.50
2405.55	Finance Commission Grants	2,839.67	--	Special Areas Programmes	--	15.00	15.00
	--		1,911.39	Irrigation and Flood Control	1,075.65	603.03	1,678.68
2314.48	Other Transfer/Grants to States	3,733.02	45.19	Energy	12.21	255.88	268.09
	--		678.55	Industry and Minerals	144.90	639.68	784.58
	--		2,223.79	Transport	1,730.28	195.82	1,926.11
	--		67.06	Science, Technology and Environment	17.70	58.25	75.95
	--		1,011.62	General Economic Services	184.23	805.88	990.11
	--		<b>1,262.66</b>	<b>Grants-in-aid and Contributions-</b>	<b>--</b>	<b>1,363.02</b>	<b>1,363.02</b>
--	<b>II. Revenue deficit carried over to</b>		<b>13,367.00</b>	<b>II. Revenue Surplus carried</b>	<b>--</b>	<b>--</b>	<b>14,189.71</b>

2017-18	Receipts	2018-19	2017-18	Disbursements	2018-19		
					Administrative	Programme	Total
				over			
<b>Section B : Capital</b>							
14,601.11	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	30,848.11	--	III. Opening Overdraft from Reserve Bank of India	--	--	--
--	IV. Miscellaneous Capital Receipts		21,108.55	IV. Capital Outlay-	43.49	23,438.59	23,482.08
--	--		464.57	General Services-	11.82	717.77	729.59
--	--		4,200.95	Social Services-	4.61	4,540.46	4,545.07
--	--		745.57	Education, Sports, Art and Culture	--	823.79	823.79
--	--		774.06	Health and Family Welfare	--	619.57	619.57
--	--		2,006.12	Water Supply, Sanitation, Housing and Urban Development	4.61	2,622.35	2,626.96
--	--		--	Information and Broadcasting	--	--	--
--	--		527.36	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	373.47	373.47
--	--		60.50	Social Welfare and Nutrition	--	21.05	21.05
--	--		87.34	Others	--	80.23	80.23
--	--		16,443.03	Economic Services-	27.06	18,180.36	18,207.42
--	--		124.83	Agriculture and Allied Activities	--	234.63	234.63
--	--		--	Rural Development	--	1,250.00	1,250.00
--	--		148.50	Special Areas Programmes	--	182.73	182.73
--	--		6,841.06	Irrigation and Flood Control	--	5,706.82	5,706.82
--	--		2,049.33	Energy	--	1,735.83	1,735.83
--	--		(-2.01)	Industry and Minerals	--	(-1.89)	(-1.89)
--	--		7,148.19	Transport	--	8,961.95	8,961.95
--	--		133.13	General Economic Services	27.06	110.29	137.35
257.49	V. Recoveries of Loans and Advances-	305.30	1,875.41	V. Loans and Advances disbursed-			1,170.31
2.00	From Power Projects	150.17	225.47	For Power Projects			150.17
77.28	From Government Servants	94.25	79.94	To Government Servants			94.25
178.21	-From Others	60.88	1,570.00	To Others			925.89
13,367.00	VI. Revenue Surplus brought down	14,189.71	--	VI. Revenue Deficit brought down			--
12,861.60	VII. Public Debt Receipts-	10,002.61	2,690.21	VII. Repayment of Public Debt-	--	--	3,939.70

2017-18	Receipts	2018-19	2017-18	Disbursements	2018-19		
					Administrative	Programme	Total
--	External debt	--	--	External debt	--	--	--
12,013.25	Internal debt other than Ways and Means Advances and Overdrafts	9,019.54	1,982.43	Internal Debt other than Ways and Means Advances and Overdrafts	--	--	3,182.76
--	Net transactions under Ways and Means Advances	--	--	Net transactions under Ways and Means Advances	--	--	--
--	Net transactions under Overdraft	--	--	Net transactions under Overdraft	--	--	--
848.35	Loans and Advances from Central Government	983.06	707.78	Repayment of Loans and Advances to Central Government	--	--	756.94
--	<b>VIII. Appropriation to Contingency Fund</b>	--	--	<b>VIII. Appropriation to Contingency Fund</b>	--	--	--
--	<b>IX. Amount transferred to Contingency Fund</b>	--	--	<b>IX. Expenditure from Contingency Fund</b>	--	--	<b>1,440.22</b>
<b>71,874.50</b>	<b>X. Public Account Receipts-</b>	<b>62,906.11</b>	<b>56,439.42</b>	<b>X. Public Account Disbursements-</b>	--	--	<b>50,085.04</b>
4,792.17	Small Savings and Provident Funds	5,126.00	3,234.36	Small Savings and Provident Funds			3,378.25
3,825.82	Reserve Funds	10,672.79	3,911.53	Reserve Funds			3,760.87
99.30	Suspense and Miscellaneous	33.91	21.09	Suspense and Miscellaneous			88.32
22,800.52	Remittance	24,545.83	22,812.67	Remittances			24,532.35
40,356.69	Deposits and Advances	22,527.58	26,459.77	Deposits and Advances			18,325.25
--	<b>XI. Closing Overdraft from Reserve Bank of India</b>	--	<b>30,848.11</b>	<b>XI. Cash Balance at end-</b>	--	--	<b>38,134.48</b>
	--		--	Cash in Treasuries and Local Remittances	--	--	--
	--		557.03	Deposits with Reserve Bank	--	--	1,624.56
	--		20.11	Departmental Cash Balance including permanent Advances	--	--	20.08
	--		30,270.97	Cash Balance Investment	--	--	36,489.84
<b>1,98,166.00</b>	<b>Total</b>	<b>2,17,797.96</b>	<b>1,98,166.00</b>	<b>Total</b>			<b>2,17,797.96</b>

**APPENDIX – 1.4**  
(Refer paragraph 1.2)

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

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>56,998</b>	<b>68,941</b>	<b>74,299</b>	<b>85,204</b>	<b>99,546</b>
(i) Tax Revenue	19,828(35)	22,527(33)	22,852(31)	27,914(33)	30,318(30)
State Goods and Services Tax (SGST)	Nil	Nil	Nil	6,609(24)	11,943(39)
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc	11,817(60)	13,097(58)	13,402(59)	11,522(41)	7,310(24)
State Excise	2,035(10)	2,547(11)	2,786(12)	3,221(12)	3,925(13)
Taxes on Vehicles	910(5)	1,044(5)	1,216(5)	1,535(5)	1,746(6)
Stamps and Registration fees	800(4)	2,157(10)	1,364(6)	1,037(4)	1,237(4)
Land Revenue	646(3)	589(3)	460(2)	542(2)	511(2)
Taxes on Goods and Passengers	1,711(9)	1,663(7)	1,760(8)	1,260(5)	182(1)
Other Taxes	1,909(10)	1,430(6)	1,864(8)	2,188(8)	3,464(11)
(ii) Non-Tax Revenue	8,071(14)	8,711(13)	8,043(11)	8,398(10)	14,276(14)
(iii) State's share of Union taxes and duties	16,181(28)	23,574(34)	28,322(38)	31,272(37)	35,354(36)
(iv) Grants in aid from Government of India *	12,918(23)	14,129(20)	15,082(20)	17,620(20)	19,598(20)
<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>92</b>	<b>228</b>	<b>89</b>	<b>257</b>	<b>305</b>
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>	<b>57,090</b>	<b>69,169</b>	<b>74,388</b>	<b>85,461</b>	<b>99,851</b>
<b>5. Public Debt Receipts</b>	<b>7,646</b>	<b>9,790</b>	<b>11,223</b>	<b>12,862</b>	<b>10,003</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,035	9,051	10,320	12,013	9,020
Net transactions under Ways and Means Advances and Overdrafts	1,082	Nil	Nil	Nil	Nil
Loans and Advances from Government of India	529	739	903	849	983
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>64,736</b>	<b>78,959</b>	<b>85,611</b>	<b>98,323</b>	<b>1,09,854</b>
<b>7. Contingency Fund Receipts</b>	<b>150</b>	<b>--</b>	<b>123</b>	<b>--</b>	<b>--</b>
<b>8. Public Account Receipts</b>	<b>24,801</b>	<b>31,098</b>	<b>41,627</b>	<b>71,874</b>	<b>62,906</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>89,687</b>	<b>1,10,057</b>	<b>1,27,361</b>	<b>1,70,197</b>	<b>1,72,760</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>51,136(82)</b>	<b>58,806(77)</b>	<b>65,041(78)</b>	<b>71,837(76)</b>	<b>85,356(78)</b>
Plan/Programme	18,877(37)	23,270(40)	25,331(39)	34,591(48)	43,144(51)
Non-Plan/Administrative	32,259(63)	35,536(60)	39,710(61)	37,246(52)	42,212(49)
General Services (including interest payments)	14,529(28)	15,059(26)	16,715(26)	20,261(28)	24,053(28)
Social Services	20,964(41)	24,643(42)	27,600(42)	29,557(41)	36,427(43)
Economic Services	14,826(29)	18,188(31)	19,714(30)	20,757(29)	23,513(27)
Grants-in-Aid and Contributions	817(2)	916(1)	1,012(2)	1,263(2)	1,363(2)
<b>11. Capital Expenditure</b>	<b>11,075(18)</b>	<b>17,090(22)</b>	<b>18,471(22)</b>	<b>21,109(22)</b>	<b>23,482(21)</b>
Plan/Program	11,057(100)	17,076(100)	18,458(100)	21072(100)	23,439(100)
Non-Plan/Administrative	18	14	13	37	43
General Services	390(4)	425(3)	374(2)	465(2)	730(3)
Social Services	2,288(21)	2,929(17)	3,001(16)	4,201(20)	4,545(19)

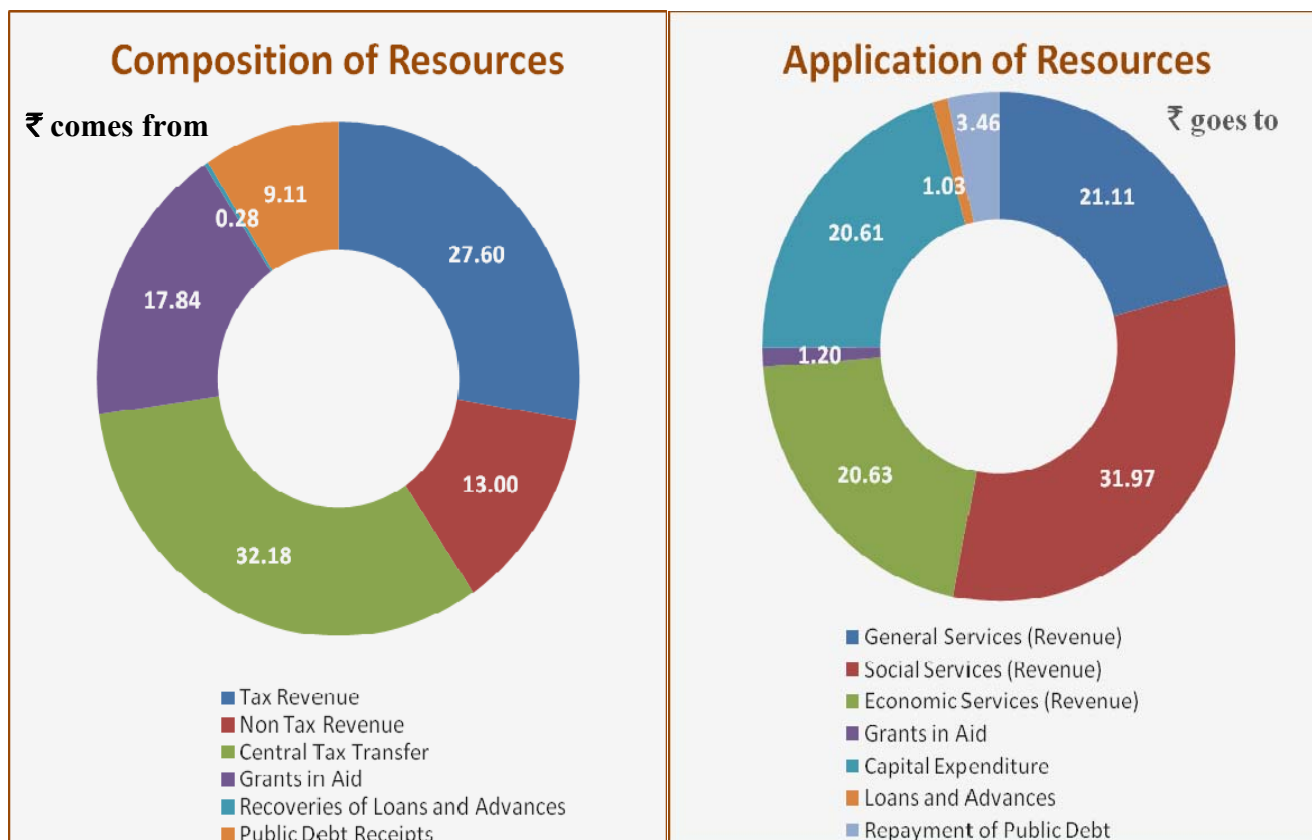
\* Excludes funds transferred directly to NGOs / VOs in the State.



	2014-15	2015-16	2016-17	2017-18	2018-19
Economic Services	8,397(76)	13,737(80)	15,096(82)	16,443(78)	18,207(78)
<b>12. Disbursement of Loans and Advances</b>	<b>358(1)</b>	<b>337(1)</b>	<b>254(0)</b>	<b>1,875(2)</b>	<b>1,170(1)</b>
<b>13. Total Expenditure (10+11+12)</b>	<b>62,569</b>	<b>76,233</b>	<b>83,766</b>	<b>94,821</b>	<b>1,10,008</b>
<b>14. Repayments of Public Debt</b>	<b>4,111</b>	<b>2,881</b>	<b>2,962</b>	<b>2,690</b>	<b>3,940</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,379	2,254	2,292	1,982	3,183
Net transactions under Ways and Means Advances and Overdraft	1,082	Nil	Nil	Nil	Nil
Loans and Advances from Government of India	650	628	670	708	757
<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>66,680</b>	<b>79,114</b>	<b>86,728</b>	<b>97,511</b>	<b>1,13,948</b>
<b>17. Contingency Fund disbursements</b>	<b>Nil</b>	<b>123</b>	<b>Nil</b>	<b>Nil</b>	<b>1,440</b>
<b>18. Public Account disbursements</b>	<b>22,511</b>	<b>28,766</b>	<b>38,080</b>	<b>56,439</b>	<b>50,085</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>89,191</b>	<b>1,08,003</b>	<b>1,24,808</b>	<b>1,53,950</b>	<b>1,65,473</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (-)/Revenue Surplus (+) (1-10)</b>	<b>5,862</b>	<b>10,135</b>	<b>9,258</b>	<b>13,367</b>	<b>14,190</b>
<b>21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)</b>	<b>(-5,479)</b>	<b>(-7,064)</b>	<b>(-9,378)</b>	<b>(-9,360)</b>	<b>(-10,157)</b>
<b>22. Primary Deficit(-)/Primary Surplus(+) (21+23)</b>	<b>(-2,669)</b>	<b>(-3,721)</b>	<b>(-5,343)</b>	<b>(-4,372)</b>	<b>(-4,357)</b>
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	<b>2,810</b>	<b>3,343</b>	<b>4,035</b>	<b>4,988</b>	<b>5,800</b>
<b>24. Financial Assistance to local bodies etc.</b>	<b>13,686</b>	<b>17,779</b>	<b>19,348</b>	<b>21,780</b>	<b>25,957</b>
<b>25. Ways and Means Advances/Overdraft availed (days)</b>	<b>3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Ways and Means Advances availed (days)	3	Nil	Nil	Nil	Nil
Overdraft availed (days)	Nil	Nil	Nil	Nil	Nil
<b>26. Interest on Ways and Means Advances/ Overdraft</b>	<b>1</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>27. Gross State Domestic Product (GSDP)</b>	<b>314250 (F)</b>	<b>328549 (3<sup>rd</sup> R)</b>	<b>393808 (3<sup>rd</sup> R)</b>	<b>436374 (2<sup>nd</sup> R)</b>	<b>4,85,376 (1<sup>st</sup> R)</b>
<b>28. Outstanding Fiscal liabilities (year end)</b>	<b>50,493</b>	<b>59,753</b>	<b>71,623</b>	<b>97,164</b>	<b>1,08,258</b>
<b>29. Outstanding guarantees (year end) (including interest)</b>	<b>1,672</b>	<b>1,290</b>	<b>2,256</b>	<b>1,711</b>	<b>4,170</b>
<b>30. Maximum amount guaranteed (year end)</b>	<b>10,886</b>	<b>10,891</b>	<b>12,281</b>	<b>12,281</b>	<b>15,281</b>
<b>31. Number of incomplete projects</b>	<b>206</b>	<b>31</b>	<b>267</b>	<b>186</b>	<b>NA</b>
<b>32. Capital blocked in incomplete projects</b>	<b>1,073</b>	<b>2,323</b>	<b>3,602</b>	<b>2,818</b>	<b>NA</b>
<b>Part E: Fiscal Health Indicators (in per cent)</b>					
<b>I Resource Mobilisation</b>					
Own Tax Revenue/GSDP	6.31	6.86	5.80	6.40	6.25
Own Non-Tax Revenue/GSDP	2.57	2.65	2.04	1.92	2.94
Central Transfers/GSDP	9.26	11.48	11.02	11.20	11.32
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	19.91	23.20	21.27	21.73	22.66

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Expenditure/Revenue Receipts	109.78	110.58	112.74	111.29	110.51
Revenue Expenditure/Total Expenditure	81.73	77.14	77.65	75.76	77.59
Expenditure on Social Services/Total Expenditure	37.16	36.17	36.53	35.60	37.24
Expenditure on Economic Services/Total Expenditure	37.53	42.20	41.75	39.65	38.25
Capital Expenditure/Total Expenditure	17.70	22.42	22.05	22.26	21.35
Capital Expenditure on Social and Economic Services/Total Expenditure.	17.08	21.86	21.60	21.77	20.68
<b>III Management of Fiscal Imbalances</b>					
Revenue Deficit (Surplus)/GSDP	1.87	3.08	2.35	3.06	2.92
Fiscal Deficit/GSDP	(-1.74)	(-2.15)	(-2.38)	(-2.14)	(-2.09)
Primary Deficit (Surplus) /GSDP	(-0.85)	(-1.13)	(-1.36)	(-1.00)	(-0.90)
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	16.07	18.19	18.19	22.27	22.30
Fiscal Liabilities/RR	88.59	86.67	96.40	114.04	108.75
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	30.71	14.26	12.80	1.33	10.16
Balance from Current Revenue (₹ in crore)	18,493	34,604	37,888	51,233	65,423
Financial Assets/Liabilities	1.32	1.43	1.48	1.49	1.53

**APPENDIX 1.5**  
**Composition of sources and application of funds in the Consolidated Fund of the State**  
**(Refer paragraph 1.2)**



Source: Finance Accounts

**APPENDIX – 1.6**  
(Refer paragraph 1.6)

**Summarised financial position of the Government of Odisha as on 31 March 2019**

(₹ in crore)

As on 31 March 2018			As on 31 March 2019
	<b>Liabilities</b>		
<b>44,584.24</b>	<b>Internal Debt -</b>		<b>50,421.02</b>
23,530.82	Market Loans bearing interest	28,030.82	
0.08	Market Loans not bearing interest	0.08	
0.81	Loans from Life Insurance Corporation of India	0.47	
21,052.53	Loans from other Institutions	22,389.65	
--	Ways and Means Advances	--	
--	Overdrafts from Reserve Bank of India	--	
<b>7,605.60</b>	<b>Loans and Advances from Central Government -</b>		<b>7,831.72</b>
0.56	Pre 1984-85 Loans	0.56	
17.62	Non-Plan Loans	15.44	
6,739.04	Loans for State Plan Schemes	5,985.50	
--	Loans for Central Plan Schemes	--	
0.23	Loans for Central Sponsored Schemes	2.37	
848.15	Loans for State/Uts with Legislature Schemes	1,827.85	
<b>400.00</b>	<b>Contingency Fund</b>		<b>400.00</b>
<b>21,675.32</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>23,423.06</b>
<b>21,624.96</b>	<b>Deposits</b>		<b>25,827.26</b>
<b>7,196.95</b>	<b>Reserve Funds Advances</b>		<b>14,108.86</b>
<b>226.13</b>	<b>Suspense and Miscellaneous Balances</b>		<b>171.72</b>
--	<b>Remittance Balances</b>		--
<b>698.15</b>	<b>Miscellaneous Capital Receipts</b>		<b>698.15</b>
<b>51,233.19</b>	<b>Cumulative excess of receipts over expenditure</b>		<b>65,422.91</b>
<b>1,55,244.53</b>	<b>Total</b>		<b>1,88,304.70</b>
	<b>Assets</b>		
<b>1,17,966.93</b>	<b>Gross Capital Outlay on Fixed Assets -</b>		<b>1,41,449.01</b>
4974.21	Investments in shares of Companies, Corporations, etc.	5,353.76	
1,12,992.72	Other Capital Outlay	1,36,095.25	
<b>6,325.57</b>	<b>Loans and Advances -</b>		<b>7,190.58</b>
3,493.43	Loans for Power Projects	3,643.60	
2,428.75	Other Development Loans	3,121.22	
403.39	Loans to Government servants and	425.76	

As on 31 March 2018			As on 31 March 2019
	Miscellaneous loans		
<b>11.39</b>	<b>Advances</b>		<b>11.36</b>
<b>92.53</b>	<b>Remittance Balances</b>		<b>79.05</b>
--	<b>Suspense and Miscellaneous Balances</b>		
<b>30,848.11</b>	<b>Cash -</b>		<b>38,134.48</b>
--	Cash in Treasuries and Local Remittances	--	
557.03	Deposits with Reserve Bank	1,624.56	
20.11	Departmental Cash Balance including Permanent Advances	20.08	
--	Security Deposits	--	
5,523.00	Investment of Earmarked Funds	13,354.25	
24,747.97	Cash Balance Investments	23,135.59	
	<b>Deficit on Government Account -</b>		<b>1,440.22</b>
--	(i) Less Revenue Surplus of the current year	--	
--	(ii) Appropriation to Contingency Fund	1,440.22	
--	Accumulated deficit at the beginning of the year	--	
<b>1,55,244.53</b>	<b>Total</b>		<b>1,88,304.70</b>

\*\* Included under Suspense and Miscellaneous

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

Explanatory Notes for Appendices 1.3 and 1.4

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 1.4, 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 ₹ 1,101.95 crore (Net Debit) between the figure reflected in the Accounts ₹ 1,624.56 crore (Net Debit) and that intimated by the Reserve Bank of India ₹ 522.61 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 ₹ 144.52 crore (Net Debit) remains to be reconciled (June 2019).

**APPENDIX – 2.1**  
(Refer paragraph 2.2.2)

**Statement of various grants/appropriations where saving was more than ₹ 100 crore each and more than 20 per cent of the total provision during 2018-19**

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Savings out of total Provision	Percentage of savings to total Provision
(1)	(2)	(3)	(4)	(5)	(6)	2018- 19 (7)
<b>Revenue (Voted)</b>						
1	13	Housing and Urban Development	4,949.62	3,771.65	1,177.97	23.80
2	33	Fisheries and Animal Resources Development	774.65	599.75	174.90	22.58
3	42	Disaster Management	5,369.63	3,447.07	1,922.56	35.80
<b>Capital (Voted)</b>						
4	1	Home	891.56	596.67	294.89	33.08
5	12	Health and Family Welfare	1,000.00	674.44	325.56	32.56
6	20	Water Resources	8,476.57	5,713.91	2,762.66	32.59
7	21	Transport	480.00	100.62	379.38	79.04
<b>Total</b>			<b>21,942.03</b>	<b>14,904.11</b>	<b>7,037.92</b>	<b>32.08</b>

*Source: Appropriation Accounts 2018-19, Government of Odisha*

**APPENDIX – 2.2**  
(Refer paragraph 2.2.3)  
**Unnecessary Supplementary provisions during 2018-19**  
(₹ 1 crore or more in each case)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
<b>Revenue (Voted)</b>					
1	1-Home	4,443.67	4,257.66	186.01	222.70
2	2-General Administration & Public Grievance	224.03	200.46	23.57	53.67
3	3-Revenue & Disaster Management	1,002.42	836.06	166.36	11.89
4	4-Law	336.45	324.75	11.7	48.67
5	6-Commerce	78.60	69.92	8.68	6.62
6	10-School and Mass Education	14,077.98	13,753.72	324.26	1200.12
7	11-Schedule Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	3,009.17	2,847.21	161.96	415.39
8	12-Health and Family Welfare	5,191.21	5,125.28	65.93	390.60
9	13-Housing & Urban Development	4,418.67	3,771.65	647.02	530.95
10	14-Labour & Employees' State Insurance	131.86	114.01	17.85	3.98
11	19-Industries	312.50	295.45	17.05	13.61
12	20-Water Resources	1,950.05	1,775.82	174.23	106.00
13	21-Transport	131.08	113.53	17.55	10.83
14	22-Forest & Environment	806.28	777.37	28.91	69.21
15	23-Agriculture and Farmers' Empowerment	4,458.92	4,104.82	354.10	236.38
16	31-Handlooms, Textiles & Handicrafts	186.98	157.17	29.81	11.66
17	33-Fisheries & Animal Resources	762.95	599.75	163.20	11.70
18	36-Women & Child Development & Mission Shakti	3,427.25	3,142.45	284.80	139.45
19	38-Higher Education	2,214.17	1,929.56	284.61	80.33
20	39-Skill Development & Technical Education	313.07	302.75	10.32	35.35
21	40-Micro, Small & Medium Enterprises	212.58	160.76	51.82	1.93
22	41-Social Security & Empowerment of Persons with Disability	2,562.53	2,257.12	305.41	37.59
23	42-Disaster Management	3,954.87	3,447.07	507.8	1,414.76
24	43-Odia Language, Literature and Culture	170.25	120.03	50.22	12.87
<b>Capital (Voted)</b>					
25	1-Home	841.19	596.67	244.52	50.37
26	2-General Administration	165.85	155.59	10.26	63.52
27	10-School and Mass Education	449.00	408.06	40.94	9.97
28	11-Schedule Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare	405.87	373.47	32.4	20.07
29	12- Health and Family Welfare	990.00	674.44	315.56	10.00
30	16-Planning and Convergence	196.50	187.57	8.93	70.00
31	20-Water Resources	8,255.27	5,713.91	2,541.36	221.29
32	21-Transport	460.00	100.62	359.38	20.00
33	32-Tourism	126.00	104.50	21.50	8.50
<b>TOTAL</b>		<b>66,267.22</b>	<b>58,799.2</b>	<b>7,468.02</b>	<b>5,539.98</b>

Source: Appropriation Accounts 2018-19, Government of Odisha.

**APPENDIX – 2.3**  
(Refer paragraph 2.2.3)  
**Excessive Supplementary provisions during 2018-19**  
(₹ one crore or more in each case)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary provision	Total Provision	Actual expenditure	Excess Supplementary provision
<b>Revenue (Charged)</b>						
1	2049(Interest Payment)	5,500.00	350.00	5,850.00	5,800.37	49.63
<b>Revenue (Voted)</b>						
2	09-Food Supplies & Consumer	1,143.07	89.40	1,232.47	1,218.62	13.85
3	15-Sports and Youth Service	229.08	65.48	294.56	290.17	4.39
4	16-Planning and Convergence	740.43	152.37	892.80	799.80	93.00
5	17-Panchayati Raj and Drinking Water	11,322.75	2,741.74	14,064.49	12,644.55	1,419.94
6	25-Information & Public Relations	186.08	111.93	298.01	281.03	16.98
7	28-Rural Development	1,173.26	104.24	1,277.50	1,224.09	53.41
8	30-Energy	164.81	101.36	266.17	260.50	5.67
9	32-Tourism	87.45	5.00	92.45	87.59	4.86
10	33-Fishery and Animal Resources Development	762.95	11.70	774.65	599.75	174.90
11	34-Co-operation Department	1,010.46	342.31	1,352.77	1,331.77	21.00
12	35-Public Enterprises	7.88	5.26	13.14	12.91	0.23
<b>Capital (Voted)</b>						
13	13-Housing and Urban Development	760.70	83.00	843.70	767.45	76.25
14	15-Sports and Youth Services	112.00	16.00	128.00	127.91	0.09
15	17-Panchayati Raj and Drinking Water	2,405.00	400.00	2,805.00	2,780.28	24.72
16	28-Rural Development	4,410.70	2,165.31	6,576.01	6,065.53	510.48
17	30-Energy	1,818.74	197.50	2,016.24	1,889.52	126.72
18	33-Fishery and Animal Resources Development	134.45	15.48	149.93	147.40	2.53
<b>Grand Total</b>		<b>31,969.81</b>	<b>6,958.08</b>	<b>38,927.89</b>	<b>36,329.24</b>	<b>2,598.65</b>

*Source: Appropriation Accounts 2018-19, Government of Odisha.*



**APPENDIX – 2.4**  
(Refer paragraph 2.2.3)  
**Inadequate supplementary provisions during 2018-19**  
(₹ 1 crore or more in each case)

Sl. No.	Grant No	Number and Name of the Grant	Original Provision	Supplementary provision	Total Provision	Expenditure	Excess
1	03	03-Revenue & Disaster Management 2029-00-796-1448-Tahsil Establishment	8.74	2.53	11.27	11.50	0.23
2	10	10-School and Mass Education 2202-02-110-0976-Non Government Secondary School	453.27	15.00	468.27	473.91	5.64
3	17	17-Panchyat Raj and Drinking Water 2215-02-105-3235-Swachha Bharat Mission Gramin	600.00	600.00	1,200.00	1,211.61	11.61
4		2501-06-789-2950-National Rural Livelihood Mission	75.27	86.36	161.63	171.97	10.34
5	20	20-Water Resources 4702-00-789-2252 Minor Irrigation Projects Under State Plan	37.00	5.00	42.0	45.31	3.31
6	22	22-Forest & Environment 2406-01-102-3329 Green Mahanadi Mission	17.54	22.24	39.78	40.54	0.76
7	30	30-Energy 4801-06-800-3304-Sahaj Bijili Har Ghar Yojana(Rural)-Saubhagya	150.00	60.00	210.00	274.03	64.03
8	41	41-Social Security & Empowerment of Persons with Disability 2235-60-789-2851 Winter Allowances	22.16	4.27	26.43	31.78	5.35
9	43	43-Odia Language Literature & Culture Department 2205-00-001-0291-Directorate of Culture	11.23	1.96	13.19	13.21	0.02
Total			1,375.21	797.36	2,172.57	2,273.86	101.29

*Source: Appropriation Accounts 2018-19, Government of Odisha.*

**APPENDIX – 2.5**  
(Refer paragraph 2.2.4)

**Excess / unnecessary re-appropriation of funds during 2018-19**

(₹ in crore)

Sl. No.	Grant No.	Description	Net Re-appropriation	Final Excess(+) / Saving(-)
1	1	2055-00-104-0683-India Reserve Battalion	1.17	1.71
2	1	2055-00-104-1327-Special Police Organisation	-1.59	1.75
3	1	2055-00-109-0321-District Organisation	-1.54	4.30
4	5	2040-00-001-0617-Headquarter Establishment	2.22	2.62
5	17	2505-60-800-3227-Revolving Fund for MGNREGS	389.84	300.0
6	20	2711-01-800-1214-Rivers Embankment Maintenance	-0.03	1.00
7	23	2401-00-800-3320-Farmers Welfare (Kalia)(B-iii)	228.96	228.96
8	30	4801-06-800-2153-Rajiv Gandhi Gramin Bidutikaran Yojana	-6.17	19.11
9	40	2851-00-102-2067-Micro & Small Enterprises Cluster Development Programme	-1.00	2.95
<b>Total</b>			<b>611.86</b>	<b>562.4</b>
10	5	2040-00-001-0308-District Establishment	0.29	-1.50
11	5	2040-00-001-1158-Range Administration	0.30	-1.12
12	23	2401-00-800-3320-Farmers Welfare (Kalia) (B-i)	174.34	-228.96
<b>Total</b>			<b>174.93</b>	<b>-231.58</b>
<b>Grand Total</b>			<b>786.79</b>	<b>330.82</b>

Source: Monthly Appropriation Reports, March 2019 (S), Government of Odisha.

**APPENDIX – 2.6**  
(Refer paragraph 2.2.4)  
Re-appropriation of funds on 30 March 2019  
(₹ one crore and above in each case)

Sl No	No. of the Grant/Appropriation and Name of the Department	Head of Account	Amount (₹ in crore)
1	05-Finance	2071	3054.59
2	05-Finance	7610	9.66
3	07-Works	2059	1.29
4	07-Works	3054	3.00
5	12-Health and Family Welfare	2210	2.00
6	12-Health and Family Welfare	2210	3.00
7	17-Panchayati Raj and Drinking Water	2501	14.07
8	38-Higher Education	2202	2.00
9	2049-Interest Payments (Charged)	2049	108.39
10	2049-Interest Payments (Charged)	2049	169.95
11	6003-Internal Debt(Charged)	6003	2.84
12	6004-Loans and Advances(Charged)	6004	33.99
<b>TOTAL</b>			<b>3,404.79</b>

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

APPENDIX – 2.7

(Refer paragraph 2.2.5)

**Surrenders of 100 per cent of total provisions made during the year 2018-19  
(₹ 10 crore or more in each case)**

Sl. No.	Number and Name of the Grant	Name of the scheme (Head of Account)	Amount of Surrender (₹ in crore)	Percentage of Surrender	Reasons for Surrender
1	1-Home	4059-60-789-3331-Assistance to States for Modernisation of Police under Umbrella Scheme of Modernisation of Police Force(MPF)	38.00	100	Surrendered due to non-receipt of Central assistance
2		4059-60-796-3331-Assistance to States for Modernisation of Police under Umbrella Scheme of Modernisation of Police Force(MPF)	48.00	100	Surrendered attributing to non-release of sharing by Government of India
3	2-General Administration and Public Grievances	2052-00-090-3356 –Biju Pattnaik School of Government and Public Affairs	50.00	100	Entire provision was surrendered without assigning any reason.
4	10-School and Mass Education	2202-01-102-2053-Infrastructure Development	15.00	100	Entire provision was surrendered due to non finalisation of modalities
5		2202-02-110-2053-Infrastructure Development	35.00	100	Entire provision was surrendered due to non finalisation of modalities
6		2202-02-800-2914-Schemes for providing education to Madrasas minorities and Disabled	31.50	100	Entire provision was surrendered due to non release of Central share from Government of India
7	11-Schedule Tribes & Schedule Castes Development, Minorities & Backward Classes Welfare Department	4225-02-277- 0047-Ashram School	40.00	100	Surrendered attributing to non-receipt of Central assistance
8	12-Health & Family Welfare Department	2210-06-101-0957-National Malaira Eradication Programme	30.00	100	Entire provision was surrendered due to non receipt of sanction order from Government of India
9	13-Housing & Urban Development Department	2217-05-191-3096-Performance Grants to local bodies recommended by 14 <sup>th</sup> Finance Commission	36.37	100	Surrendered due to non-receipt of Central assistance
10		2217-05-192-3096-Performance Grants to local bodies recommended by 14 <sup>th</sup> Finance Commission	37.52	100	Surrendered due to non-receipt of Central assistance
11		2217-05-193-3096-Performance Grants to local bodies recommended by 14 <sup>th</sup> Finance Commission	15.45	100	Surrendered due to non-receipt of Central assistance
12	17-Panchati Raj and Drinking Water	2515-00-198-3096- Performance Grants to local bodies recommended by 14 <sup>th</sup> Finance Commission	223.04	100	Surrendered due to non-receipt of Central assistance
13	20-Water Resources Department	2700-11-101-0239-Dam and Appurtenant Work-Maintenance	10.79	100	Surrendered assigning to transfer of Civil works of UIHEP to be control of Water Resources Department

Sl. No.	Number and Name of the Grant	Name of the scheme (Head of Account)	Amount of Surrender (₹ in crore)	Percentage of Surrender	Reasons for Surrender
14		2702-01-789-3229-Odisha Integrated Irrigation Project for climate change Resilient Agriculture(OIIPCRA)-EAP	12.00	100	Entire provision was surrendered without assigning any reason.
15		2702-01-796-3229-Odisha Integrated Irrigation Project for climate change Resilient Agriculture(OIIPCRA)-EAP	13.00	100	Entire provision was surrendered without assigning any reason.
16		2702-01-800-3229-Odisha Integrated Irrigation Project for climate change Resilient Agriculture(OIIPCRA)-EAP	16.00	100	Entire provision was surrendered without assigning any reason.
17		4700-80-789-3302-Gangadhar Meher Lift Canal System	40.00	100	Surrender of provision was assigned to delay in finalisation of work and tender process
18		4700-80-796-3302-Gangadhar Meher Lift Canal System	30.00	100	Surrender of provision was assigned to delay in finalisation of work and tender process
19	21-Transport Department	5075-60-800-3138-Development of Railway Project	400.00	100	Surrendered due to non-concurrence of the Finance Department
20		2402-00-796-2959-World Bank Assisted Nilanchala Project	11.50	100	Due to non receipt of Central Share
21	23-Agriculture & Farmers' Empowerment	6401-103-2981-Corpus Fund Odisha Agro Industries Corporation Ltd.	30.00	100	Entire provision was surrendered without assigning any reason.
22		6401-103-3055-Corpus Fund Odisha Cashew Development Corporation Ltd.	10.00	100	Entire provision was surrendered without assigning any reason.
23	32-Tourism Department	5452-01-102-1468-Tourist Accommodation	30.00	100	Entire provision was surrendered attributing to non release of funds by Government of India
24		2235-02-103-3340-Pradhan Mantri Matru Bandhana Yojana	63.19	100	Surrendered attributing to be due to non implementation of Scheme
25	36-Women & Child Development & Mission Shakti	2235-02-789-3340-Pradhan Mantri Matru Bandhana Yojana	12.03	100	Surrendered due to non implementation of Pradhan Mantri Vaya Vandana Yojana
26		2235-02-796-3340-Pradhan Mantri Matru Bandhana Yojana	13.68	100	Surrendered due to non implementation of Pradhan Mantri Vaya Vandana Yojana
27	39-Skill Development and Technical Education	2230-03-003-3254- Pradhan Mantri Kushal Vikash Yojana	12.10	100	Entire provision was surrendered due to non release of funds by Government of India
<b>TOTAL</b>			<b>1,304.17</b>		

Source: Appropriation Accounts 2018-19 and Monthly Appropriation Reports, March 2019(S)

**APPENDIX – 2.8**  
(Refer paragraph 2.2.7)  
**Statement showing details of savings of ₹ 1 crore and above and partially surrendered during 2018-19**

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Total Provision	Savings	Surrender	Savings which remained to be surrendered
(1)	(2)	(3)	(4)	(5)	(6)
<b>Revenue (Voted)</b>					
1	01-Home	4,666.38	408.71	399.65	9.06
2	07-Works	1,858.49	370.66	78.32	292.34
3	10-School & Mass Education	15,278.10	1,524.38	1,521.87	2.51
4	12-Health & Family Welfare	5,581.81	456.53	452.71	3.82
5	13-Housing & Urban Development	4,949.62	1,177.97	1,152.17	25.80
6	17-Panchayati Raj and Drinking Water	14,064.49	1,419.94	1,118.77	301.17
7	20-Water Resources	2,056.05	280.22	267.22	13.00
8	28-Rural Development	1,277.50	53.41	51.98	1.43
<b>Total for Revenue</b>		<b>49,732.44</b>	<b>5,691.82</b>	<b>5,042.69</b>	<b>649.13</b>
<b>Capital (Voted)</b>					
9	20-Water Resources	8,476.57	2,762.66	2,760.57	2.09
10	40-Micro Small & Medium Enterprises	0.0002	2.95	0.0002	2.95
<b>Total for Capital</b>		<b>8,476.57</b>	<b>2,765.61</b>	<b>2,760.57</b>	<b>5.04</b>
<b>Grand Total</b>		<b>58,209.01</b>	<b>8,457.43</b>	<b>7,803.26</b>	<b>654.17</b>

Source: Appropriation Accounts 2018-19, Government of Odisha.

## APPENDIX – 2.9

(Refer paragraph 2.2.7)

**Grant/major head of account-wise surrender of funds in excess of ₹ 10 crore and more than 20 per cent of the total provision in each case on 30 March 2019**

Sl. No.	Grant Number	Major Head of Account	Total Provision (O+S) (₹ crore)	Amount of Surrender (₹ crore)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1	01	4059-Capital Outlay on Public Works	667.92	278.68	41.72
2	02	2052-Secretariate General Services	98.39	59.05	60.02
3		4059-Capital Outlay on Public Works	95.08	28.78	30.27
4		5053-Capital Outlay on Civil Aviation	100.0	35.21	35.21
5	03	2030-Stamps and Registration	42.95	11.34	26.40
6		2052-Secretariate General Service	68.40	17.09	24.99
7	04	4059-Capital Outlay on Public Works	15.30	15.26	99.74
8		4216-Capital Outlay on Housing	0.30	0.30	100.00
9	05	2052-Secretariate General Service	1,261.57	1038.18	82.29
10		2075-Miscellaneous General Service	800.05	294.62	36.83
11		4059-Capital Outlay on Public Works	20.00	13.16	65.80
12		4216-Capital Outlay on Housing	15.00	10.40	69.33
13	12	4210-Capital Outlay on Medical and Public Health	875.00	255.20	29.17
14		4216-Capital Outlay on Housing	125.00	70.36	56.29
15	13	2215-Water Supply and Sanitation	754.44	232.20	30.78
16		2217-Urban Development	2,727.16	885.19	32.46
17		2251-Secretariate Service	29.31	15.50	52.88
18	16	2401-Crop Husbandry	72.22	36.99	51.22
19		2575-Other Special Areas Programmes	30.00	15.00	50.00
20	19	2875-Other Industries	119.90	30.00	25.02
21	20	4701-Capital Outlay on Medium Irrigation	1,955.33	813.81	41.62
22		4702- Capital Outlay on Minor Irrigation	2,204.00	530.23	24.06
23	21	5075-Capital Outlay on Other Transport Services	420.00	378.98	90.23
24	31	2851-Village and Small Industries	193.73	40.59	20.95
25	33	2403-Animal Husbandry	531.36	140.70	26.48
26	34	6425-Loans for Co-operation	100.00	50.00	50.00
27	36	2236-Nutrition	107.05	94.76	88.52
28	39	2230-Labour and Employment	132.72	30.79	23.20
29	40	2851- Village and Small Industries	194.16	49.16	25.32
30	43	2205-Art and Culture	149.54	57.58	38.50
<b>TOTAL</b>			<b>13,905.88</b>	<b>5529.11</b>	<b>39.76</b>

Source: Principal Accountant General (A&E), Odisha (supplementary).

**APPENDIX – 2.10**  
(Refer paragraph 2.2.8)  
**Release of money at the fag end of the Financial Year 2018-19**  
**amounting to ₹ 165.21crore**

Sl No	Name of Department - Scheme	Sanction order No	Date	Amount (₹crore)
1	Housing and Urban Development-	6811	29/03/2019	19.01
		6817	29/03/2019	4.99
		6855	29/03/2019	1.46
		6829	29/03/2019	1.01
		6841	29/03/2019	3.87
		6823	29/03/2019	7.17
		6870	29/03/2019	0.62
		6864	29/03/2019	0.89
		6876	29/03/2019	2.37
		6902	30/03/2019	2.62
		6815	30/03/2019	10.00
		6888	30/03/2019	3.77
			<b>Total</b>	
2	Women & Child Development	5132	29/03/2019	0.29
		5113	29/03/2019	0.25
		5123	29/03/2019	0.14
		5118	29/03/2019	0.34
		4990	28/03/2019	76.45
		5265	30/03/2019	0.03
		5273	30/03/2019	0.06
		5140	29/03/2019	1.50
		5149	29/03/2019	0.36
			<b>Total:-</b>	
3	Agriculture and Farmers' Empowerment	6649	30/03/2019	11.33
		6654	30/03/2019	8.48
		6617	30/03/2019	0.97
		6622	30/03/2019	0.26
		6590	30/03/2019	5.18
		6595	30/03/2019	1.03
			<b>Total:-</b>	
4	Fisheries and Animal Resources Development	<b>4023</b>	<b>28/03/2019</b>	<b>0.23</b>
5	Secondary Education	14218	30/03/2019	0.05
		14320	30/03/2019	0.10
		14226	30/03/2019	0.16
		13978	29/03/2019	0.08
		13974	29/03/2019	0.04
		14222	30/03/2019	0.02
			<b>Total</b>	
<b>6</b>	<b>Law</b>	<b>3590</b>	<b>28/03/2019</b>	<b>0.08</b>
<b>Grand Total</b>				<b>165.21</b>

*Source: Sanction orders received from respective Departments*



**APPENDIX – 2.11**  
(Refer paragraph 2.4.1)  
**Rush of expenditure during last quarter & last month of 2018-19**  
(₹10 crore and above)

Sl. No.	Grant Number	Head of account Scheme/Service Major Head/Sub Major Head/Minor Head/Sub Head/Description	Expenditure incurred during Jan-March 2019	Expenditure incurred in March 2019	Total expenditure during the year 2018-19	Percentage of total expenditure incurred during	
						Jan-March 2019	March 2019
(1)	(2)	(3)	(₹ crore)			(7)	(8)
			(4)	(5)	(6)		
1	1	4059-60-051-3334-Special Infrastructure scheme (SIS) including construction 250 fortified police station in the LWE affected states	24.00	24.00	24.00	100	100
2	1	4059-60-796-3334- Special Infrastructure scheme (SIS) including construction 250 fortified police station in the LWE affected states	10.45	10.45	10.45	100	100
3	11	2225-03-277-2288-Pre matric scholarship for OBC students	14.99	14.99	14.99	100	100
4	11	2225-03-277-2418-Post matric scholarship and stipend to OBC students	35.65	35.65	35.65	100	100
5	12	2210-06-101-3048-Cancer screening programme	20.00	20.00	20.00	100	100
6	12	2210-06-101-3321-KHUSHI	10.00	10.00	10.00	100	100
7	12	2210-06-789-3321-KHUSHI	20.00	20.00	20.00	100	100
8	12	2210-06-796-3321-KHUSHI	20.00	20.00	20.00	100	100
9	13	3604-00-200-0164-Compensation and Assignments	100.00	100.00	100.00	100	100
10	16	2575-02-796-3357- Socio Economic Transformation and Upliftment (SETU)	11.51	11.51	11.51	100	100
11	16	4575-02-796-3357- Socio Economic Transformation and Upliftment (SETU)	26.26	26.26	26.26	100	100
12	20	2702-03-789-2161-Rural infrastructure Development Fund (RIDF)	35.45	35.45	35.45	100	100
13	20	4701-58-789-2160-Accelarted Irrigation Benefit Programme (AIBP)	28.35	28.35	28.35	100	100
14	21	5075-60-190-2827- Equity Contribution for development of commercially viable Railway projects in the State to be executed through SPVS	41.02	41.02	41.02	100	100
15	31	2851-00-800-3293- Handloom and Handicraft Development and Promotion Council	20.00	20.00	20.00	100	100
16	37	2852-07-202-0776-Implementation of e-Governance project as per national e-Governance programme onetime ACA	13.68	13.68	13.68	100	100
17	42	2245-02-789-2192-World Bank assisted External Aided Project for National Cyclone Risk Mitigation Work	10.51	10.51	10.51	100	100
18	42	2245-80-800-1183-Relief Expenditure met from National Calamity Contingency Fund	42.71	42.71	42.71	100	100
<b>Total</b>			<b>484.58</b>	<b>484.58</b>	<b>484.58</b>		

Source: Monthly Appropriation Reports 2018-19, Govt. of Odisha & March-Pre

**APPENDIX – 3.1**

(Refer paragraph-3.1.3)

**Statement showing details of inoperative PD Account as on 31 March 2019  
(₹ 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	Nil
5	Principal, Soil Conservation Training Institute, Koraput	Nil
6	Asst. Soil Conservation Officer, Nayagarh	Nil
7	Soil Conservation Officer, Burla, Sambalpur	Nil
8	Asst. Soil Conservation Officer, Deogarh	Nil
9	Spl. Planning Authority, Parlakhemundi, Gajapati	0.10
10	Director, Agriculture and Food Production Odisha, Bhubaneswar	Nil
11	Principal, Odisha School of Mining Engineering, Keonjhar	33
12	Principal, Women's Polytechnic Berhampur	35.40
13	Executive Officer, Notified Area Council, Burla	223.08
14	Executive Officer, Notified Area Council, Hirakud	288.55
15	Principal, Institute of Management & Information Technology, Cuttack	0.00*
<b>Total</b>		<b>586.03</b>

Source: Compiled from the information received from O/o the PAG (A&E), Odisha

\* Amount shown as ₹ 0.00 against Principal, Institute of Management & Information Technology, Cuttack (₹ 0.57) is due to rounding of the amount.

**APPENDIX – 3.2**  
(Refer paragraph 3.2)  
**Statement of Major Head-Wise Receipts Booked Under Minor Head 800-  
Other Receipts 2018-19**

(₹ in crore)

Sl no.	Major Head and Description		Total Receipts under the Major Head	Amount booked under 800-Other Receipts	Percentage of amount booked under 800-Other Receipts compared to total Receipts under the Major Head
1.	0217	Urban Development	1.96	1.96	100
2.	0408	Food Storage and Warehousing	0.01	0.01	100
3.	0506	Land Reforms	0.09	0.09	100
4.	0515	Other Rural Development Program.	0.32	0.32	100
5.	0852	Industries	15.33	15.33	100
6.	1051	Ports and Light Houses	88.25	88.25	100
7.	1053	Civil Aviation	5.35	5.35	100
8.	1456	Civil Supplies	3.26	3.26	100
<b>Total</b>			<b>114.57</b>	<b>114.57</b>	

*Source: Finance Department, Government of Odisha*

**APPENDIX – 3.3**  
(Refer paragraph 3.2)  
**Statement of Major Head-Wise Expenditure Booked Under Minor Head 800-  
Other Expenditure**

(₹ in crore)

Sl no.	Major Head	Description	Total Expenditure under the Major Head	Amount booked under 800-Other Expenditu	Percentage of amount booked under 800-Other
1.	2013	Council of Ministers	14.41	11.29	78.35
2.	2075	Miscellaneous General Services	30.56	30.52	99.87
3.	2217	Urban Development	1,781.32	1,020.24	57.27
4.	2701	Medium Irrigation	99.67	50.60	50.76
5.	2711	Flood Control and Drainage	178.79	164.90	92.23
6.	2801	Power	232.64	225.00	96.71
7.	3055	Road Transport	2.28	2.28	100.00
8.	4217	Capital Outlay on Urban Development	131.62	83.20	63.21
9.	4250	Capital Outlay on Other Social Services	87.34	61.67	70.61
10.	4401	Capital Outlay on Crop Husbandry	41.60	24.96	60.00
11.	4408	Capital Outlay on Food Storage and Warehousing	0.34	0.64	189.02
12.	4702	Capital Outlay on Minor Irrigation	2,386.68	1,272.24	53.31
13.	4801	Capital Outlay on Power Projects	2,049.33	1,003.57	48.97
14.	4852	Capital Outlay on Iron and Steel Industries	0.93	0.20	21.51
15.	5475	Capital Outlay on Other General	26.37	25.45	96.51

*Source: Finance Department, Government of Odisha*

**APPENDIX – 3.4**

(Refer paragraph 3.4)

**Statement showing details of GIA for which Utilisation Certificates are pending for receipt by different departments of the State Government at the end of 2018-19**

(₹ in crore)

Sl. No.	Name of the Department	Amount outstanding as on 31/03/2019	No. of GIA Vouchers for which UCs were awaited
1	Agriculture and Farmers Empowerment	76.97	24
2	Co-operation	84.32	45
3	Commerce*	0.00	1
4	Disaster Management	191.20	19
5	Electronics and information Technology	524.91	223
6	Energy	92.16	7
7	Finance	0.098	1
8	Fisheries and Animal Resources Development	47.32	166
9	Food Supplies and Consumer Welfare	28.17	46
10	Forest and Environment	43.38	50
11	General Administration & Public Grievance	113.69	59
12	Handlooms, Textiles and Handicrafts	54.88	94
13	Health and Family Welfare	2,059.36	273
14	Higher Education	1,704.93	681
15	Home	0.56	56
16	Housing and Urban Development	6,305.75	9673
17	Industries	99.63	24
18	Labour and Employees State Insurance	40.63	18
19	Law	136.63	195
20	Micro, Small and Medium Enterprises	98.60	140
21	Odia Language Literature and Culture Department	31.54	67
22	Panchayati Raj & Drinking Water	22,397.78	7445
23	Parliamentary Affairs	0.09	6
24	Planning and Convergence	2,980.86	1749
25	Revenue and Disaster Management	498.04	389
26	Rural Development	80.06	3
27	ST &SCD,M&BC Welfare	1,558.00	4094
28	School and Mass Education	3,756.91	357
29	Science and Technology	175.91	190
30	Skill Development and Technical Education	244.87	122
31	Social Security and Empowerment of persons with Disability	174.05	1091
32	Sports and Youth Services	18.94	42
33	Tourism and Culture	176.76	592
34	Transport	69.79	4
35	Water Resources	307.25	314
36	Women and Child Development & Mission Shakti	1,166.75	873
37	Works	0.10	5
<b>Total</b>		<b>45,340.89</b>	<b>29,138</b>

*Source: Compiled from the information received from O/o the PAG (A&E), Odisha.*

\* Amount shown as ₹0.00 against Commerce Department (₹4,200) is due to rounding of the amount

**APPENDIX – 3.5**

(Refer paragraph 3.4.1)

**Statement showing details of GIA for which UCs are pending for more than ten years as on 31-03-2019**

(₹ 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	2007-2008	0.21	1
2	Electronics and information Technology	2003-2009	50.63	51
3	Fisheries and Animal Resources Development	2003-2009	2.41	48
4	General Administration & Public Grievance	2003-2009	6.49	7
5	Handlooms, Textiles & Handicrafts	2007-2008	1.17	5
6	Higher Education	2003-2009	9.85	69
7	Housing and Urban Development	2003-2009	246.44	3081
8	Law	2003-2009	3.23	46
9	Micro Small and Medium Enterprises	2005-2009	0.93	6
10	Panchayati Raj & Drinking Water	2003-2009	428.85	2372
11	Planning and Convergence	2003-2009	170.41	412
12	Revenue and Disaster Management	2003-2009	219.23	233
13	Rural Development	2007-2008	5.06	2
14	ST &SCD,M&BC Welfare	2006-2009	51.04	467
15	School and Mass Education	2003-2009	14.09	42
16	Science and Technology	2003-2007	3.14	8
17	Skill Development and Technical Education	2003-2007	5.56	17
18	Tourism and Culture	2003-2009	15.55	147
19	Water Resources	2003-2009	0.17	7
	<b>Total</b>		<b>1,234.46</b>	<b>7,021</b>

*Source: VLC database*

**Appendix-3.6**

(Refer Paragraph 3.6.4)

Discrepancies between Cash Book and Pass Book balance as on 31 March 2019  
(₹10 lakh and above in each case)

(₹ in crore)				
Sl. No.	Name of the DDO	Balance as per Bank pass book	Balance as per Cash book	Difference
1	Executive Engineer, Ganjam (R&B) Division No.1, Berhampur	2.93	0.00	2.93
2	Executive Engineer, M.I. Division, Cuttack	0.64	0.00	0.64
3	Asst. Director of Horticulture, Patnagarh	0.99	0.87	0.12
4	Tahasildar, Kotpad, Dist-Koraput	2.58	1.25	1.33
5	Sub-Collector, Koraput, Dist-Koraput	2.55	2.20	0.35
6	Executive Engineer, N.H. Division, Sambalpur	0.03	0.00	0.03
7	Executive Engineer, Koraput (R&B) Division, Koraput	7.89	0.00	7.89
8	Deputy Director of Horticulture, Balasore	7.05	6.81	0.24
9	Asst. Director of Horticulture, Panposh	2.12	1.00	1.12
10	Deputy Director of Horticulture, Sundargarh	3.24	2.33	0.91
11	General Manager, District Industries Centre, Bhubaneswar	6.00	1.26	4.74
12	Asst. Director of Horticulture, Bonai	1.25	0.70	0.55
13	Deputy Director of Agriculture, Cuttack	1.27	1.06	0.21
14	Deputy Director of Horticulture, Sundargarh	3.24	2.33	0.91
15	Chief District Agriculture Officer, Nabarangpur	8.64	5.13	3.51
16	Deputy Director of Horticulture, Odisha, Bhubaneswar	201.61	191.04	10.57
17	Executive Engineer, Bargarh (R&B) Division	21.27	0.00	21.27
<b>Total</b>		<b>273.30</b>	<b>215.98</b>	<b>57.32</b>

*Source: Compiled from information received from various DDOs of the State Government*

**APPENDIX – 4.1**  
**Glossary of terms (and basis of calculation) and Acronyms used in the Report**

Ter ms	Basis of Calculation
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.
Autonomous Bodies	Autonomous Bodies (usually registered Societies or Statutory Corporations) are set up whenever it is felt that certain functions need to be discharged outside the Governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Average interest paid by the	Interest payment/[(Amount of previous year's Fiscal Liabilities + 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)	Rate of Growth of parameter (X)/ 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 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.
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 Expenditure	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	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)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
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
IP/RR	Interest Payment/ Revenue Receipt
ITDA	Integrated Tribal Development Agency
JSSK	Janani Sishu Surakshya Karyakram
MPLAD	Member of Parliament Local Area Development
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
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
PPP	Public Private Partnership
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
TE	Total Expenditure
14 <sup>th</sup> FC	Fourteenth Finance Commission
UC	Utilisation Certificates
VLC	Voucher Level Computerisation
WCD	Women and Child Welfare Department
ST&SCD, M&BCW	Scheduled Tribes & Scheduled Castes Development, Minorities & Backward Classes Welfare



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