

Odisha Budget Analysis 2021-22

The Finance Minister of Odisha, Mr. Niranjana Pujari, presented the Budget for the state for the financial year 2021-22 on February 22, 2021. Note that due to the impact of COVID-19, 2020-21 was not a standard year with respect to the performance of the economy and government finances. In this note, the 2021-22 budget estimates have been compared to the actuals for 2019-20 (in terms of compounded annual growth rate or CAGR). A comparison of the revised estimates for 2020-21 and budget estimates for 2021-22 has been provided in the Annexure.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Odisha in 2021-22 (at current prices) is projected to be Rs 5,86,000 crore. This is equivalent to a 6% annual growth over the GSDP in 2019-20 (Rs 5,21,275 crore). In 2020-21, Odisha's GSDP (at current prices) is estimated to contract by 2.2% over the previous year.
- **Total expenditure** for 2021-22 is estimated to be Rs 1,70,000 crore, a 17% annual increase over 2019-20. The revised expenditure for 2020-21 is Rs 15,000 crore (10%) lower than the budgeted estimate.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 1,26,014 crore, an annual increase of 11% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 16,800 crore (13%), primarily due to a 22% shortfall in tax revenue.
- **Fiscal deficit** for the year 2021-22 is targeted at Rs 20,465 crore (3.5% of GSDP). In 2020-21, as per the revised figures, fiscal deficit is estimated to increase to 3.5% of GSDP, as compared to the budgeted estimate of 3% of GSDP. The budget estimates a **revenue surplus** of Rs 6,033 crore (1% of GSDP) in 2021-22.
- Sectors such as Water Supply and Sanitation (23%), Health and Family Welfare (23%), and Transport (20%) saw the highest annual increase in allocations, compared to the actual expenditure on these sectors in 2019-20.

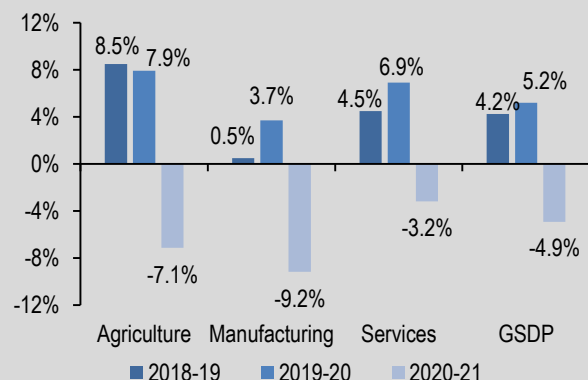
Policy Highlights

- **Sustainable Development Goals (SDGs) Budget:** A SDGs Budget has been introduced to map various schemes and programmes of the state government to the respective SDG goals and targets. SDGs are a set of 17 goals in areas including poverty, climate change, and justice (as agreed upon by the United Nations' Member States) designed to achieve a better and more sustainable future for all by 2030.
- **Urban employment:** The Urban Wage Employment Initiative-MUKTA has been introduced to provide wage employment opportunities to the urban poor, especially the unorganised workers and migrant labourers who lost their livelihoods due to the COVID-19 pandemic.
- **Drinking Water:** The government will aim to cover an additional 70 lakh rural population and 100% of the urban population under piped water supply, during 2021-22.

Odisha's Economy

- **GSDP:** In 2020-21, Odisha's GSDP (at constant prices) is estimated to contract by 4.9% due to the impact of COVID-19. In comparison, the overall GDP of the country is estimated to contract at a higher rate of 7.8% in 2020-21.
- **Sectors:** In 2020-21, agriculture (includes mining), manufacturing, and services sectors contributed to 26%, 32%, and 42% of the economy. These sectors contracted by 7.1%, 9.2%, and 3.2%, respectively.
- **Per capita GSDP:** The per capita GSDP of Odisha in 2020-21 (at constant prices) is estimated to be Rs 85,763, 5% lower than that in 2019-20 (Rs 90,573).
- **Unemployment:** According to the Periodic Labour Force Survey (for the period July 2018 – June 2019), the unemployment rate in Odisha was 7%, which is higher than the all-India unemployment rate of 5.8%.

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



Note: The figures for agriculture includes that of mining and quarrying. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation. Figures for 2020-21 are advance estimates.
Sources: Odisha Economic Survey 2020-21; PRS.

Budget Estimates for 2021-22

- **Total expenditure** in 2021-22 is targeted at Rs 1,70,000 crore. This is an annual increase of 17% over the actual expenditure in 2019-20. This expenditure is proposed to be met through **receipts (other than borrowings)** of Rs 1,26,014 crore and **borrowings** of Rs 40,986 crore. **Total receipts** for 2021-22 (other than borrowings) are expected to register an annual increase of 11% over 2019-20. Borrowings (gross) are estimated to see an annual increase of 67% in 2021-22, over 2019-20.
- As per the revised estimates for 2020-21, receipts (other than borrowings) are estimated to reduce by 13% over the budget estimates. However, it is still estimated to be 6% (Rs 5,895 crore) higher than the receipts in 2019-20. In 2020-21, total expenditure is estimated to decrease by 10% from the budget to revised stage.
- The budget estimates a **revenue surplus** of Rs 6,033 crore (1% of GSDP) in 2021-22. In 2020-21, **revenue surplus** is estimated to be Rs 2,336 crore at the revised stage as compared to a target of Rs 9,509 crore for the year (a decrease of 75%). **Fiscal deficit** for 2021-22 is estimated to be Rs 20,465 crore (3.5% of GSDP). In 2020-21, fiscal deficit has decreased by 1% from the budget to the revised stage.

Table 1: Budget 2021-22 - Key figures (in Rs crore)

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
Total Expenditure	1,25,168	1,50,000	1,35,000	-10%	1,70,000	17%
A. Receipts (except borrowings)	1,01,855	1,24,550	1,07,750	-13%	1,26,014	11%
B. Borrowings	14,679	24,450	22,250	-9%	40,986	67%
Total Receipts (A+B)	1,16,534	1,49,000	1,30,000	-13%	1,67,000	20%
Revenue Balance	2,430	9,509	2,336	-75%	6,033	58%
As % of GSDP	0.47%	1.59%	0.46%		1.03%	
Fiscal Balance	-18,819	-17,878	-17,765	-1%	-20,465	4%
As % of GSDP	3.61%	3%	3.49%		3.49%	
Primary Balance	-12,756	-10,718	-10,605	-1%	-12,465	-1%
As % of GSDP	2.45%	1.8%	2.08%		2.13%	

Note: BE is Budget Estimate; RE is Revised Estimate. For revenue balance, fiscal balance, and primary balance, positive numbers indicate surplus, negative indicate deficit.

Sources: Odisha Budget Documents 2021-22; Odisha Economic Survey 2020; PRS.

Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 50,433 crore, which is an annual increase of 39% over the actual expenditure in 2019-20. Capital expenditure includes expenditure affecting the assets and liabilities of the state, such as: (i) capital outlay, i.e., expenditure which leads to creation of assets (such as bridges and hospitals), and (ii) repayment and grant of loans by the state government.
- In 2021-22, **capital outlay** is estimated to be Rs 25,788 crore, a 13% annual increase over 2019-20. However, in 2020-21, capital outlay is estimated to decrease by Rs 7,215 crore (27%) from the budget to the revised stage.
- **Revenue expenditure** for 2021-22 is proposed to be Rs 1,19,567 crore, an annual increase of 10% over 2019-20. This expenditure includes the payment of salaries, pensions, and interest. In 2020-21, revenue expenditure is estimated to be 9% less than the budget estimate.

Expenditure towards disaster management: In 2021-22, the state has allocated Rs 3,050 crore towards Disaster Response Funds. This is a 15% annual decrease over the expenditure in 2019-20. This includes Rs 2,139 crore from the State Disaster Relief Fund, and Rs 911 crore from the National Disaster Relief Fund.

Table 2: Expenditure budget 2021-22 (in Rs crore)

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
Capital Expenditure	26,030	35,209	30,136	-14%	50,433	39%
of which Capital Outlay	20,277	26,513	19,298	-27%	25,788	13%
Revenue Expenditure	99,137	1,14,791	1,04,864	-9%	1,19,567	10%
Total Expenditure	1,25,168	1,50,000	1,35,000	-10%	1,70,000	17%
A. Debt Repayment	4,494	7,572	9,485	25%	23,521	129%
B. Interest Payments	6,063	7,160	7,160	0%	8,000	15%
Debt Servicing (A+B)	10,556	14,732	16,645	13%	31,521	73%

Note: BE is Budget Estimate; RE is Revised Estimate. Capital outlay denotes expenditure which leads to the creation of assets.

Sources: Odisha Budget Documents 2021-22; PRS.

Sectoral expenditure in 2021-22

The sectors listed below account for **69%** of the total expenditure on all sectors by the state in 2021-22. A comparison of Odisha's expenditure on key sectors with that by the other states is given in Annexure 1.

Table 3: Sector-wise expenditure under Odisha Budget 2021-22 (in Rs crore)

Sector	2019-20 Actuals	2020-21 BE	2020-21 RE	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	Budget provisions 2021-22
Education, Sports, Arts, and Culture	17,987	20,640	18,559	21,591	10%	<ul style="list-style-type: none"> Rs 3,066 crore has been allocated for the Samagra Shiksha Abhiyaan. Rs 957 crore has been allocated for the Mid-Day Meal scheme.
Transport	8,355	10,854	8,674	12,007	20%	<ul style="list-style-type: none"> Rs 2,296 crore has been allocated towards the Road Development Programme. Rs 2,000 crore has been allocated for the construction of roads under PMGSY.
Rural Development	10,085	11,322	13,272	10,850	4%	<ul style="list-style-type: none"> Rs 3,000 crore has been allocated for the PMAY-Gramin and Biju Pucca Ghar schemes. Rs 2,001 crore has been allocated towards MGNREGS. Rs 1,270 crore has been allocated for the National Rural Livelihood Mission.
Agriculture and allied activities	11,207	11,911	10,781	10,705	-2%	<ul style="list-style-type: none"> Rs 1,800 crore has been allocated for the KALIA (Krushak Assistance for Livelihood and Income Augmentation) scheme. Rs 1,415 crore has been allocated for the Fisheries and Animal Resources Development sector.
Water Supply and Sanitation	7,100	7,849	5,670	10,686	23%	<ul style="list-style-type: none"> Rs 6,300 crore has been allocated to the Jal Jeevan Mission. Rs 2,419 crore has been allocated for the BASUDHA scheme to provide potable water to rural areas.
Social Welfare and Nutrition *	10,885	10,465	8,324	9,709	-6%	<ul style="list-style-type: none"> Rs 3,906 crore has been allocated for undertaking various policy and welfare measures for women and children. Rs 2,286 crore has been allocated for the Saksham Anganwadi and Poshan 2.0 scheme.
Health and Family Welfare	6,185	7,727	8,776	9,340	23%	<ul style="list-style-type: none"> Rs 1,353 crore has been allocated for the Biju Swasthya Kalyan Yojana. Rs 1,755 crore has been allocated for the National Health Mission. Rs 1,572 crore has been allocated for healthcare infrastructure and services under the Mukhya Mantri Swasthya Seva Mission.
Irrigation and Flood Control	6,054	9,309	5,472	8,300	17%	<ul style="list-style-type: none"> Rs 2,258 crore has been allocated for the completion of accelerated Irrigation Benefit Programme projects implemented through Pradhan Mantri Krishi Sinchayee Yojana. Rs 710 crore has been allocated for flood control and drainage.
Police	3,294	3,941	3,735	4,141	12%	<ul style="list-style-type: none"> Rs 164 crore has been allocated for modernisation of police forces, security-related expenditure, and special assistance.
Welfare of SC, ST, OBC, and Minorities	2,611	3,608	2,737	3,391	14%	<ul style="list-style-type: none"> Rs 903 crore has been allocated for providing pre and post-matric scholarships to ST, SC, and OBC students.
% of total expenditure on all sectors	70%	69%	69%	69%		

* Allocation towards Social Welfare and Nutrition includes allocation towards Relief on account of Natural Calamities.

Sources: Odisha Budget Documents 2021-22; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2021-22, Odisha is estimated to spend Rs 51,463 crore on committed expenditure (a 9% annual increase over 2019-20), which is 41% of its revenue receipts. This implies that 41% of the state's revenue goes towards committed expenditure. This comprises spending on salaries (21% of revenue receipts), pension (14%), and interest payments (6%).

Table 4: Committed expenditure in 2021-22 (in Rs crore)

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
Salaries	22,711	31,745	24,613	-22%	26,263	8%
Pensions	14,273	15,900	13,952	-12%	17,200	10%
Interest	6,063	7,160	7,160	0%	8,000	15%
Total Committed Expenditure	43,047	54,805	45,726	-17%	51,463	9%

Sources: Odisha Budget Documents 2021-22; PRS.

Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 1,25,600 crore, an annual increase of 11% over 2019-20. Of this, Rs 57,500 crore (46%) will be raised by the state through its **own resources**, and Rs 68,100 crore (54%) will come **from the centre**. Resources from the centre will be in the form of the state's share in central taxes (24% of the state's revenue receipts) and grants-in-aid (30% of revenue receipts).
- **Devolution:** In 2021-22, receipts from the state's share in central taxes (devolution) are estimated to be Rs 30,137 crore, an annual decrease of 1% over 2019-20. As per the revised estimate of 2020-21, devolution is estimated to decrease by 30% as compared to the estimate made at the budget stage.
- **State's own tax and non-tax revenue:** Total own tax revenue of Odisha is estimated to be Rs 37,500 crore in 2021-22, an annual increase of 8% over 2019-20. In 2020-21, as per the revised estimate, state's own tax revenue is estimated to be 15% lower than the budget estimate. Further, in 2020-21, Odisha's own non-tax revenue (as per the revised estimate) is estimated to be 19% higher than the budget estimate. Some of this increase can be attributed to an increase in interest receipts, and fines levied by the police, among others.

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

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
State's Own Tax	32,315	38,350	32,500	-15%	37,500	8%
State's Own Non-Tax	14,647	17,650	21,000	19%	20,000	17%
Share in Central Taxes	30,453	36,300	25,460	-30%	30,137	-1%
Grants-in-aid from Centre	24,152	32,000	28,240	-12%	37,963	25%
Total Revenue Receipts	1,01,568	1,24,300	1,07,200	-14%	1,25,600	11%
Borrowings	14,679	24,450	22,250	-9%	40,986	67%
Other receipts	287	250	550	120%	414	20%
Total Capital Receipts	14,966	24,700	22,800	-8%	41,400	66%
Total Receipts	1,16,534	1,49,000	1,30,000	-13%	1,67,000	20%

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

Sources: Odisha Budget Documents 2021-22; PRS.

- In 2021-22, State Goods and Services Tax (SGST) is estimated to be the largest source of the state's own tax revenue (40%). SGST in 2021-22 is estimated at Rs 15,000 crore, which is an annual increase of 7% over 2019-20. In 2020-21, SGST is estimated to be 16% lower than the budget estimate.
- In 2021-22, Odisha is expected to generate Rs 9,000 crore through the collection of Sales Tax and VAT, an annual increase of 10% over 2019-20. In 2020-21, the Sales Tax and VAT collection is estimated to decrease by 18% over the budget estimate.

GST Compensation

The GST (Compensation to States) Act, 2017 guarantees states compensation for five years (till 2022) for any revenue loss arising due to GST implementation. The Act guarantees states a 14% annual growth in their GST revenue, failing which compensation grants are provided to states to meet the shortfall. These grants are funded through the GST compensation cess levied by the centre. As the cess collection is not sufficient to meet the compensation requirement of states in 2020-21, a part of their requirement will be met through loans from the centre (which will be repaid using future cess collection).

Odisha has estimated to receive a total of Rs 9,253 crore for GST compensation in the form of GST compensation grants in 2021-22, which is an annual increase of 53% over the grants in 2019-20. In 2020-21, compensation receipts of Odisha are estimated to increase by 42% from Rs 6,200 crore at the budgeted stage to Rs 8,822 crore at the revised stage.

Table 6: Some of the major state's own tax revenue sources (in Rs crore)

Head	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	% of Revenue Receipts in 2021-22
State's own tax revenue	32,315	38,350	32,500	-15%	37,500	8%	30%
State GST (SGST)	13,204	15,469	13,010	-16%	15,000	7%	12%
Sales Tax/ VAT	7,455	8,750	7,200	-18%	9,000	10%	7%
State Excise	4,495	5,250	3,790	-28%	5,400	10%	4%
Taxes and Duties on Electricity	2,820	3,150	3,200	2%	3,300	8%	3%
Taxes on Vehicles	1,836	2,000	1,510	-25%	2,100	7%	2%
Stamps Duty and Registration Fees	1,435	3,000	2,775	-8%	1,800	12%	1%
Land Revenue	721	510	650	27%	600	-9%	0%
GST Compensation Grants	3,929	6,200	5,000	-19%	9,253	53%	7%
GST Compensation Loans	-	-	3,822	-	-	-	-

Sources: Odisha Budget Documents 2021-22; PRS.

Deficits, Debt, and FRBM Targets for 2021-22

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

Revenue deficit: It is the excess of revenue expenditure over revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. A revenue surplus implies that the revenue receipts of the state are sufficient to meet the revenue expenditure requirements. The budget estimates a revenue surplus of Rs 6,033 crore (or 1.03% of the GSDP) in 2021-22. This implies that revenue receipts are expected to be higher than revenue expenditure. The 15th Finance Commission has not recommended any revenue deficit grants for the state since it has been consistently witnessing a revenue surplus.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2021-22, the fiscal deficit is estimated to be Rs 20,465 crore (3.49% of GSDP). As per the revised estimate, the fiscal deficit of the state is expected to be 3.49% of GSDP in 2020-21, which is higher than the budget estimate of 3%.

Enhanced borrowing limit in 2020-21: Given the situation due to COVID-19, the central government permitted states to increase their fiscal deficit up to 5% of GSDP in 2020-21. All states are allowed to increase their fiscal deficit up to 4% of GSDP. The remaining 1% of GSDP is conditional on the implementation of reforms by states in the following areas (0.25% of GSDP for each reform): (i) one nation one ration card, (ii) ease of doing business, (iii) urban local body/ utility, and (iv) power distribution. As of February 22, 2021, Odisha is eligible to borrow Rs 1,429 crore for implementing reforms in Ease of Doing Business.

Outstanding debt: Outstanding debt is the accumulation of borrowings taken by the state government over the years. At the end of the year 2021-22, the state's outstanding debt is expected to be 21.3% of GSDP, higher than the revised estimate of 20.9% of GSDP at the end of 2020-21. The state's outstanding debt is estimated to further increase from 21.3% of GSDP in 2021-22 to 22.5% of GSDP in 2023-24.

Fiscal Roadmap for 2021-26

The 15th Finance Commission recommended the following fiscal deficit targets for states for the 2021-26 period (as a % of GSDP): (i) 4% for 2021-22, (ii) 3.5% for 2022-23, and (iii) 3% for 2023-26. The Commission estimates that this path will lead to Odisha increasing its total liabilities from 29.4% of GSDP in 2020-21 to 32.5% of GSDP in 2025-26.

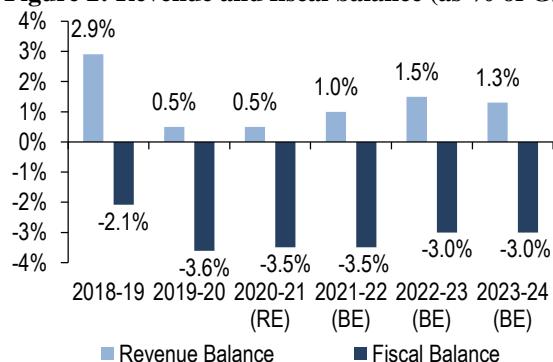
If a state is unable to fully utilise the sanctioned borrowing limit as specified above in any of the first four years (2021-25), it can avail the unutilised borrowing amount in subsequent years (within the 2021-26 period). An additional borrowing worth 0.5% of GSDP will be allowed each year for the first four years (2021-25) upon undertaking certain power sector reforms including: (i) reduction in operational losses, (ii) reduction in revenue gap, (iii) reduction in payment of cash subsidy by adopting direct benefit transfer, and (iv) reduction in tariff subsidy as a percentage of revenue.

Table 7: Budget targets for deficits for Odisha (% of GSDP)

Year	Revenue Balance	Fiscal Balance	Outstanding Debt
2018-19 (Actuals)	2.9%	-2.1%	16.7%
2019-20 (Actuals)	0.5%	-3.6%	17.8%
2020-21 (RE)	0.5%	-3.5%	20.9%
2021-22 (BE)	1.0%	-3.5%	21.3%
2022-23 (BE)	1.5%	-3.0%	21.9%
2023-24 (BE)	1.3%	-3.0%	22.5%

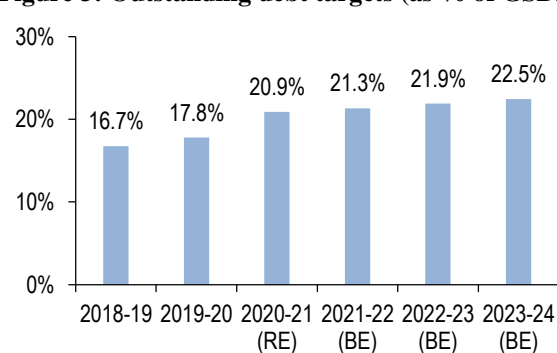
Note: Outstanding debt includes outstanding debt under Internal Debt, Loans and Advances from Centre, Small Savings, Provident Fund, and Insurance and Pension Fund. Positive numbers indicate surplus, negative indicate deficit.
Sources: Odisha Budget Documents 2021-22; PRS.

Figure 2: Revenue and fiscal balance (as % of GSDP)



Note: RE is Revised Estimates; BE is Budget Estimates. Positive numbers indicate surplus, negative indicate deficit.
Sources: Odisha Budget Documents 2021-22; PRS.

Figure 3: Outstanding debt targets (as % of GSDP)

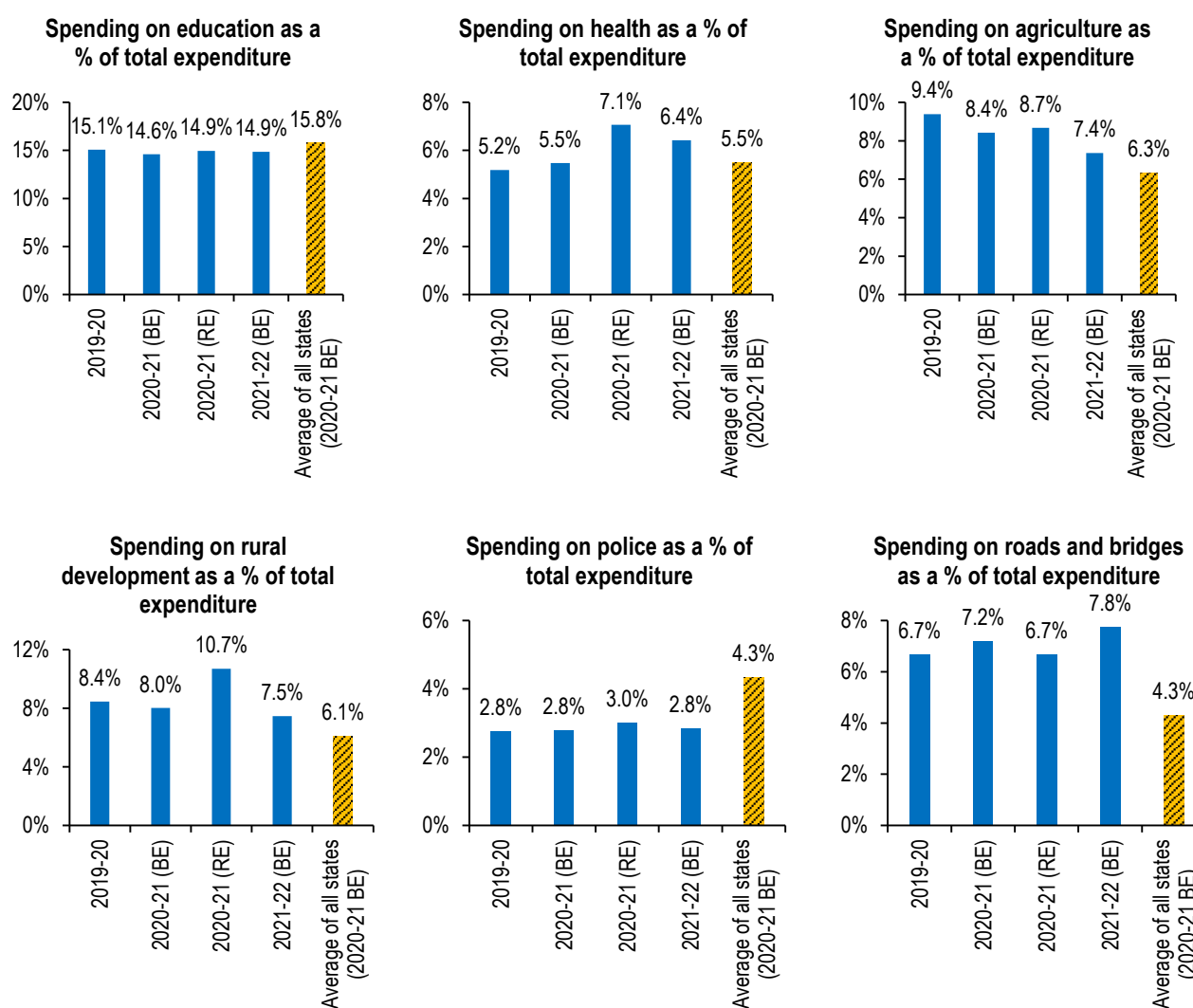


Note: RE is Revised Estimates; BE is Budget Estimates.
Sources: Odisha Budget Documents 2021-22; PRS.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Odisha's expenditure on six key sectors as a proportion of its total expenditure on all sectors (i.e., a sum of revenue expenditure and capital outlay for that sector). The average for a sector indicates the average expenditure in that sector by 30 states (including Odisha) as per their budget estimates of 2020-21.¹

- **Education:** Odisha has allocated 14.9% of its total expenditure for education in 2021-22. This is lower than the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Odisha has allocated 6.4% of its total expenditure on health, which is higher than the average allocation for health by states (5.5%).
- **Agriculture:** The state has allocated 7.4% of its total expenditure towards agriculture and allied activities. This is higher than the average allocation for agriculture by states (6.3%).
- **Rural development:** Odisha has allocated 7.5% of its expenditure on rural development. This is higher than the average allocation for rural development by states (6.1%).
- **Police:** Odisha has allocated 2.8% of its total expenditure on police, which is lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Odisha has allocated 7.8% of its total expenditure on roads and bridges, which is higher than the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Odisha.
Sources: Odisha Budget in Brief 2021-22; various state budgets; PRS.

¹ The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

Annexure 2: Recommendations of the 15th Finance Commission for 2021-26

The 15th Finance Commission's (FC) report for the 2021-26 period was released on February 1, 2021. For the 2021-26 period, the Commission has recommended the share of states in the divisible pool of central taxes to be 41%, same as that for 2020-21 (also recommended by the 15th FC in its report for 2020-21). This is 1% lower than the 42% share recommended by the 14th FC (for the 2015-20 period) to separately provide funds for the newly formed union territories of Jammu and Kashmir and Ladakh. The 15th FC proposed revised criteria for determining the share of individual states (different from 14th FC). Based on the 15th FC's recommendations for the period 2021-26, Odisha will have a 1.86% share in the divisible pool of central taxes. This implies that out of every Rs 100 of revenue in the divisible pool during the 2021-26 period, Odisha will receive Rs 1.86.

Table 8: Share of states in the divisible pool of central taxes under the 14th and 15th FC periods

State	14th FC	15th FC	15th FC	% change	
	2015-20	2020-21	2021-26	2015-20 to 2021-26	2020-21 to 2021-26
Andhra Pradesh	1.808	1.686	1.659	-8.2%	-1.6%
Arunachal Pradesh	0.575	0.722	0.720	25.2%	-0.2%
Assam	1.391	1.284	1.282	-7.8%	-0.1%
Bihar	4.059	4.125	4.124	1.6%	0.0%
Chhattisgarh	1.294	1.401	1.397	8.0%	-0.3%
Goa	0.159	0.158	0.158	-0.3%	0.0%
Gujarat	1.295	1.393	1.426	10.1%	2.4%
Haryana	0.455	0.444	0.448	-1.6%	1.0%
Himachal Pradesh	0.299	0.328	0.340	13.6%	3.9%
Jammu & Kashmir	0.779	-	-	-	-
Jharkhand	1.318	1.358	1.356	2.8%	-0.2%
Karnataka	1.979	1.495	1.495	-24.5%	0.0%
Kerala	1.050	0.797	0.789	-24.8%	-0.9%
Madhya Pradesh	3.170	3.233	3.219	1.5%	-0.5%
Maharashtra	2.319	2.515	2.590	11.7%	3.0%
Manipur	0.259	0.294	0.294	13.3%	-0.3%
Meghalaya	0.270	0.314	0.314	16.6%	0.3%
Mizoram	0.193	0.207	0.205	6.1%	-1.2%
Nagaland	0.209	0.235	0.233	11.5%	-0.7%
Odisha	1.950	1.898	1.856	-4.8%	-2.2%
Punjab	0.662	0.733	0.741	11.9%	1.1%
Rajasthan	2.308	2.451	2.471	7.1%	0.8%
Sikkim	0.154	0.159	0.159	3.2%	0.0%
Tamil Nadu	1.690	1.717	1.672	-1.0%	-2.6%
Telangana	1.024	0.875	0.862	-15.8%	-1.5%
Tripura	0.270	0.291	0.290	7.7%	-0.1%
Uttar Pradesh	7.543	7.352	7.355	-2.5%	0.0%
Uttarakhand	0.442	0.453	0.458	3.7%	1.3%
West Bengal	3.076	3.083	3.084	0.3%	0.1%
Total	42.000	41.000	41.000		

Note: Although the 15th Finance Commission recommended the same criteria for 2020-21 and 2021-26 periods, the reference period for computation on some underlying indicators are different. This is why the share in the divisible pool in 2020-21 and 2021-26 differ for states. Sources: Reports of 14th and 15th FCs; Union Budget Documents 2021-22; PRS.

The 15th FC recommended grants worth Rs 10.3 lakh crore for states over five years (2021-26). A portion of these grants will be conditional. 17 states will receive revenue deficit grants during this period. Sector-specific grants include grants for sectors such as health, agriculture, and education. Grants to local governments include: (i) Rs 1.2 lakh crore for urban local bodies, (ii) Rs 2.4 lakh crore for rural local bodies, and (iii) health grants worth Rs 70,000 crore through local bodies for healthcare infrastructure.

Table 9: Grants recommended for 2021-26 (Rs crore)

Grants	Total	Odisha
Revenue deficit grants	2,94,514	0
Local governments grants	4,36,361	15,752*
Disaster management grants	1,22,601	8,865
Sector-specific grants	1,29,987	4,870#
State-specific grants	49,599	1,775
Total	10,33,062	31,262

Note: This does not include competition-based grants including *grants for incubation of new cities (part of local bodies grants), and #grants for school education, and aspirational districts and blocks. Source: Report of 15th FC; PRS.

Grants recommended for Odisha for 2021-26 include: (i) Rs 15,752 crore for local bodies, (ii) Rs 8,865 crore for disaster management, (iii) Rs 4,870 crore as sector-specific grants for areas such as rural roads, agriculture, and health, and (iv) Rs 1,775 crore as state-specific grants in areas including Early Warning Dissemination System in cyclone-prone areas, and pilgrim facilitation and destination development in certain areas.

Table 10: Taxes devolved to states as per Union Budget 2021-22

State	2019-20	2020-21 Revised	2021-22 Budget
Andhra Pradesh	29,421	22,611	26,935
Arunachal Pradesh	9,363	9,681	11,694
Assam	22,627	17,220	20,819
Bihar	66,049	55,334	66,942
Chhattisgarh	21,049	18,799	22,676
Goa	2,583	2,123	2,569
Gujarat	21,077	18,689	23,148
Haryana	7,408	5,951	7,275
Himachal Pradesh	4,873	4,394	5,524
Jammu & Kashmir	12,623	-38	-
Jharkhand	21,452	18,221	22,010
Karnataka	32,209	20,053	24,273
Kerala	17,084	10,686	12,812
Madhya Pradesh	51,584	43,373	52,247
Maharashtra	37,732	33,743	42,044
Manipur	4,216	3,949	4,765
Meghalaya	4,387	4,207	5,105
Mizoram	3,144	2,783	3,328
Nagaland	3,403	3,151	3,787
Odisha	31,724	25,460	30,137
Punjab	10,777	9,834	12,027
Rajasthan	37,554	32,885	40,107
Sikkim	2,508	2,134	2,582
Tamil Nadu	27,493	23,039	27,148
Telangana	16,655	11,732	13,990
Tripura	4,387	3,899	4,712
Uttar Pradesh	1,22,729	98,618	1,19,395
Uttarakhand	7,189	6,072	7,441
West Bengal	50,051	41,353	50,070
Total	6,83,353	5,49,959	6,65,563

Note: Actuals for 2019-20 and Revised Estimates for 2020-21 have been reported in the Union Budget after adjusting for excess or less devolution in previous years.

Sources: Union Budget Documents 2021-22; PRS.

Annexure 3: Comparison of 2020-21 Revised and 2021-22 Budget Estimates

The following tables compare the budget estimates for 2021-22 with the revised estimates for 2020-21.

Table 11: Taxes devolved to states as per Union Budget 2021-22

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Receipts (1+2)	1,30,000	1,67,000	28%
Receipts except Borrowings	1,07,750	1,26,014	17%
1. Revenue Receipts (a+b+c+d)	1,07,200	1,25,600	17%
a. Own Tax Revenue	32,500	37,500	15%
b. Own Non-Tax Revenue	21,000	20,000	-5%
c. Share in central taxes	25,460	30,137	18%
d. Grants-in-aid from the Centre	28,240	37,963	34%
<i>Of which GST compensation</i>	5,000	9,253	85%
2. Capital Receipts	22,800	41,400	82%
a. Borrowings	22,250	40,986	84%
<i>Of which GST compensation loan</i>	5,210	-	-
Expenditure (3+4)	1,35,000	1,70,000	26%
3. Revenue Expenditure	1,04,864	1,19,567	14%
4. Capital Expenditure	30,136	50,433	67%
i. Capital Outlay	19,298	25,788	34%
ii. Debt Repayment	9,485	23,521	148%
Revenue Balance	-2,336	-6,033	158%
Revenue Balance (as % of GSDP)	-0.46%	-1.03%	0%
Fiscal Balance	17,765	20,465	15%
Fiscal Balance (as % of GSDP)	3.49%	3.49%	0%

Note: Negative value indicates deficit, positive indicates surplus.

Sources: Odisha Budget Documents 2021-22; PRS.

Table 12: Key Components of State's Own Tax Revenue

Tax	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
SGST	13,010	15,000	15%
Sales Tax/VAT	7,200	9,000	25%
State Excise Duty	3,790	5,400	42%
Taxes and Duties on Electricity	3,200	3,300	3%
Taxes on Vehicles	1,510	2,100	39%
Stamps Duty and Registration Fees	2,775	1,800	-35%
Land Revenue	650	600	-8%

Sources: Odisha Budget Documents 2021-22; PRS.

Table 13: Allocation towards Key Sectors

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Education, Sports, Arts, and Culture	18,559	21,591	16%
Transport	8,674	12,007	38%
of which Roads and Bridges	8,298	11,267	36%
Rural Development	13,272	10,850	-18%
Agriculture and allied activities	10,781	10,705	-1%
Water Supply and Sanitation	5,670	10,686	88%
Social Welfare and Nutrition	8,324	9,709	17%
Health and Family Welfare	8,776	9,340	6%
Irrigation and Flood Control	5,472	8,300	52%
Police	3,735	4,141	11%

Sources: Odisha Budget Documents 2021-22; PRS.

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