



Government of odisha



BUDGET

2016-17

General
Part - II



Presented by

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Minister, Finance

18th March, 2016

Speaker Sir,

Now I would go to the General Budget.

2. The Context

2.1 Odisha was born on 1st April, 1936. It was a defining moment that marked the fulfilment of the dreams of millions of proud speakers of Odia language. To commemorate the presentation of the budget of the 80th year of the State we have initiated a process of archival documentation of the State Budgets starting from the year of formation of the State. We have also collected the Budget speeches and uploaded on our web-site. We have planned a special issue of Odisha Review and Utkal Prasanga on the occasion.

3. Change in the Budget presentation schedule

3.1 Previously, Annual Budget of the State Government was presented in the Legislative Assembly, prior to presentation of the Union Budget. It has become necessary to factor in State's share in Central Taxes and Central Assistance, reflected in the Union Budget, for the State's Annual Plan to impart a greater degree of accuracy to the Budget Estimates. Accordingly, in the All Party meeting held under the chairmanship of Hon'ble Speaker on 1st February, 2016 in the Odisha Legislative Assembly; it was decided to present the Annual Budget after presentation of the Union Budget.

We are thankful to the Hon'ble Chief Minister, Hon'ble Speaker, Hon'ble Leader of Opposition and the leaders of all political parties for this initiative.

3.2 It would not be possible to complete the legislative process for scrutiny of Demand for Grants by the Departmentally Related Standing Committees, approval of the Demand for Grants and Appropriation Bill for the full budget before closure of the financial year. Therefore, we will seek approval of this House for a Vote on Account for 1/6th of Annual Budget provision, before the close of the financial year, after a general discussion on the budget. This is needed to defray the expenditure on continuing establishments and schemes during the first two months of the ensuing financial year. After scrutiny of the demand for grants by the Departmentally Related Standing Committees during the recess, the Annual Budget will be considered for approval in the month of May, 2016.

4. People's Budget

4.1 We have been holding pre-budget consultations with a cross section of experts, civil society and representatives of the trade & industries and farmers for last 4 years to make the Budget more inclusive.

4.2 In order to further strengthen this consultative process, we invited suggestions through a dedicated web portal in a structured format, e-mail and SMS. The facility was made available for a period of 15 days from 1st January, 2016 to 15th January, 2016.

4.3 We wanted the people to speak and they spoke. As many as 1666 suggestions were received. The suggestions covered diverse aspects such as allocative priorities for budget preparation, enhancement of revenue, innovations in public service delivery, improvement of the business and economic environment and providing value for money for public expenditure.

4.4 Besides, pre-budget consultation with a cross section of experts, civil society representatives, representatives of the trade & industries, producers' organization etc. were conducted on two days i.e. 21st and 22nd January, 2016. A number of valuable suggestions were received during the consultation process. We have carefully considered the suggestions and factored them while preparing the Budget.

5. Macro-Economic Outlook

5.1 The Economic Survey presented by Government of India estimates a growth of 7.6% for the year 2015-16 (Advance Estimates). However, the growth expectation for the next fiscal is in the range of 7.0% to 7.5 %. As per the Advance Estimates for the year 2015-16 released by Directorate of Economics and Statistics, the real growth rate of the State's Economy for the year would be 6.16%, whereas the nominal growth would be 7.27%.

5.2 The Fourteenth Finance Commission have recommended the methodology for working out the nominal GSDP based on the actual growth during

previous three years for the purpose of assigning State-specific borrowing limits as a percentage of GSDP.

5.3 Based on the methodology recommended by Fourteenth Finance Commission, the estimated GSDP of our State works out to Rs.3,83,228 crore for 2016-17. It is to be used for determining the borrowing ceiling for the year. Accordingly, all the fiscal parameters including the deficit indicators envisaged in FRBM Act, 2005 are calculated.

6. Highlights of Fiscal Management in the State

6.1 The State had enacted Odisha Fiscal Responsibility and Budget Management Act, 2005 during the year 2005-06. Since then, the State has been able to achieve all the fiscal parameters prescribed in the Act.

6.2 Through prudent management of finances, the State's own revenue now covers the committed revenue expenditure towards salary, pension and interest payment since 2011-12. This has created fiscal space for higher investment in physical, social and human capital. There is an eight-fold increase in State Plan outlay from Rs.5105 crore in 2007-08 to Rs.40150 crore in 2015-16 budget estimates, over a period of eight years. Similarly, capital outlay has gone up from Rs.2843.41 crore in 2007-08 to Rs.15149.07 crore in 2015-16 budget estimates.

6.3 State's own revenue has shown impressive growth of over 20% during the first three quarters of the financial

year 2015-16 despite uncertainty in global economy and moderate growth of the national economy. At the same time there has also been considerable reduction in Central Assistance for State Plan. Similarly, the share in central taxes for Odisha in terms of the revised estimates of Union Budget is much lower than the Fourteenth Finance Commission recommended level. Besides, CST compensation has also not been received in time during the year. All these factors have affected the central transfer during 2015-16 which constitute more than fifty per cent of our total Revenue Receipt.

6.4 There has been a compositional shift in Central Transfers. Tax devolution has increased and plan grants have declined. It is a net loss to the State. We have been pursuing with the Central Government to compensate the State on this account.

6.5 In spite of shortfall in Central Assistance for State Plan, expenditure during the first three quarters of the current year under State Plan has been Rs.24761.23 crore compared to Rs.19,381.22 crore spent during the corresponding period of previous year; which represents a growth of about 28 per cent.

6.6 The State Government has planned for a substantial higher Capital Outlay of Rs.15,149.07 crore during the financial year 2015-16, which is 4.35% of GSDP. Besides, provision of capital outlay for another Rs.3000 crore has been made in the Supplementary Statement of Expenditure, 2015-16. The capital outlay is partly

financed through generation of surplus on revenue account and partly through public debt. Hence, like the previous year, we are resorting to market borrowing during 2015-16 for financing the higher capital outlay.

6.7 It is proposed to generate revenue surplus of Rs.6829.02 crore and contain the fiscal deficit at 2.99 per cent of GSDP in the Revised Estimates for 2015-16. The tax to GSDP ratio is projected to reach the level of 6.53 per cent and the year-end debt stock to GSDP ratio would be 15.75 per cent.

7. Budget Estimates of the Financial Year 2016-17

7.1 Thrust Areas of the Annual Budget, 2016-17

7.1.1 The State has been laying emphasis on higher investment in physical, social and human capital to foster inclusive economic growth. We have also created an investor friendly environment to attract private investment through the Industrial Policy Resolution-2015 in industrial sector. A number of developmental schemes and projects have been launched during past years. Some of them have been completed and others are on-going.

7.1.2 Our emphasis for this budget is consolidation and completion of the on-going projects so that the desired socio-economic benefits reach the common people.

7.1.3 As I have already mentioned in part-I of my budget speech, Irrigation, Agriculture, Rural Development and related livelihood opportunities are the other thrust areas

of this Budget. We are also making all efforts to add to the generation capacity for energy security, provide electricity for all and improve quality of power supply through strengthening of the distribution backbone. Accordingly, we propose to accord priority to the developmental schemes in the energy sector.

7.1.4 Providing health security to the people residing in rural and remote areas of the State, social security to vulnerable groups of the society and education for all are the other priority areas of this budget.

7.1.5 Besides, convergence is the language of this budget. We have mapped convergence of extra-budgetary resources to budgetary resources and between budgetary resources to ensure productive output through effective utilization of resources.

7.1.6 To make the convergence exercise an integral part of the budget making process, we have changed the name of “Planning and Co-ordination Department” to “**Planning and Convergence Department**”. A Convergence Cell is being created within the Planning and Convergence Department to rigorously pursue convergence across the Departments and across the resource envelopes.

7.2 Additional Limit of Fiscal Deficit for Budget Estimates, 2016-17

7.2.1 There is a sluggish trend in the economy and the revenue growth is moderate. The impact on account of tax deferment for IOCL refinery will be significant and hence the issue has been flagged with Government of India for consultation and appropriate resolution.

Moreover, in the next fiscal, there will only be a marginal increase in the level of Central transfers. Higher public sector investment for creation of infrastructure to foster all round development of the State is an imperative. In this context, with a view to step up capital investment for creation of public infrastructure it has become necessary to enhance the limit of fiscal deficit to 3.5 per cent of GSDP in tune with the recommendations of the 14th Finance Commission. Accordingly, amendment to Fiscal Responsibility and Budget Management Act, 2005 has been proposed.

7.2.2 Similarly, provision is also being made in the FRBM Act to exclude the net inflow of debt from calculation of fiscal deficit on account of possible taking over of 75 per cent of the debt of State PSUs in terms of the guidelines of Government of India.

7.3 Budget Estimates, 2016-17

7.3.1 Total Non-Plan expenditure is estimated at Rs.48,096.49 crore in 2016-17 including provision of **Rs.18800 crore** for salaries, **Rs.9500 crore** for pension, **Rs.4650 crore** for interest payment and **Rs.4977.35 crore** for maintenance of capital assets.

7.3.2 State's Annual Plan outlay for the financial year 2016-17 will be **Rs.50000 crore**. This includes an outlay of **Rs.45600 crore** for the Government sector and **Rs.4400 crore** for the Public Sector Undertakings.

7.3.3 The outlay for Central Plan will be **Rs.311.33 crore**. Centrally Sponsored Plan will have an outlay of **Rs.44.83 crore**.

7.3.4 Thus, the Budget Estimates for 2016-17 contains total outlay for expenditure of **Rs.94052.65 crore**. This also includes repayment of debt. However, the gross provision made in the Budget is **Rs.98416.93 crore** which includes recoveries and accounting adjustments.

7.3.5 It is proposed to enhance the capital outlay in 2016-17 to **Rs.16749.70 crore**, which is about 4.37 per cent of GSDP. Besides, the Loans and Advances given, grants for creation of capital assets and other expenditure for capital formation put together account for **Rs.11766.20 crore** which is 3.07 per cent of GSDP. Loans and Advances include **Rs.1196.18 crore** towards back-to-back loan to GRIDCO under UDAY scheme.

7.3.6 Our public expenditure policy is oriented towards development expenditure which consists of expenditure on social and economic sector. The share of development expenditure out of total expenditure excluding repayment of debt will be **74.89 per cent** in 2016-17.

7.4 Financing the Annual Budget, 2016-17

7.4.1 We propose to finance the outlay for expenditure of **Rs.94052.65 crore** in 2016-17 in the Consolidated Fund through estimated revenue receipts of **Rs.78,126.72 crore**, recovery of loans and advances of **Rs.185.15 crore** and borrowing and other receipts of **Rs.15740.78 crore**.

7.4.2 Total revenue receipts for the year 2016-17 include State's share in central taxes for **Rs.26,567.56 crore**, State's Own tax for **Rs.23200 crore**, Own Non-tax revenue of **Rs.9822.93 crore** and grants from Centre for **Rs.18536.23 crore**. With this, the Tax/GSDP ratio would be 6.05 per cent in 2016-17.

Now, let me highlight some of the interventions in different sectors proposed in this budget.

8. Social Sector

Providing quality education, affordable health care facility and Social Security are priorities of our Government. Expenditure in the social sector can help in improving quality of life of the people and creating human capital. The outlay for the social sector is proposed at **Rs.33,823.10 crore**. This represents an increase of **16.10 per cent** over previous year. Some of the major departmental allocations in the social sector are given below:

8.1 Health Sector

Provision of affordable, equitable, accessible and quality health care to the people is our goal. We are striving to extend the outreach of the public health services and reduce disparities in accessing health care facilities across regions and communities.

8.1.1 In many other States, private sector investment in health sector has played a key role in making health care services easily accessible. However, in our State, due to market forces the private sector investment is mostly confined to few urban centres. The gap is wide in rural areas. The fact remains that like in education, private sector investment needs to play a complementary role particularly in rural areas. **We propose to make a provision of Rs.15 crore in the budget of Planning and Convergence Department for viability gap funding to attract private investment in health sector for providing affordable health care facility in rural and remote areas.** We have feedback that there are States where such interventions have been made. The details of the scheme will be worked out by the Government soon.

8.1.2 Non-availability of doctors at inaccessible remote locations has been a cause for concern. To address this issue, the Government has initiated a number of measures. In order to provide necessary flexibility to the district administration, a sum of **Rs.1 crore** is being placed at the disposal of each Collector of the 11 backward districts of the State to improve delivery of healthcare services.

8.1.3 The shortage of qualified medical professionals is a formidable challenge for the health sector. Government of India has committed to provide Rs.189 crore towards non-recurring capital cost for establishment of each of the five new Medical Colleges being set up in the Districts of Bolangir, Koraput, Mayurbhanj, Balasore and Puri. Recurring cost for each Medical College is to be provided by the State Government after asset creation. The cost of land is borne by the State Government. Construction work for the projects is going on despite negligible fund flow from Government of India. We propose to provide **Rs.615 crore** for construction of these five Medical Colleges.

8.1.4 Besides **Rs.765 crore** is proposed to be provided for creation of infrastructure for health care institutions across the State. The Department has taken over implementation of '**Rashtriya Swasthya Bima Yojana**' for which provision is being made. De-addiction Centres will be set up in the three Medical Colleges, Capital Hospital, Bhubaneswar, Rourkela General Hospital and four other District Headquarter Hospitals of the State in 2016-17 for which provision is being made.

8.1.5 Infant Mortality Ratio (IMR) and Maternal Mortality Ratio (MMR) continue to be high in Odisha. We have launched a separate programme for reduction of IMR and MMR through improved maternity and child care facilities.

8.1.6 Odisha State Medical Corporation (OSMC) has been set up for supply and distribution of essential drugs

and medicines in the Government run Health Institutions free of cost. Procurement of essential drugs and medicines will continue to be made through the Corporation for which provision of **Rs.222.31 crore** is made.

8.1.7 Budgetary allocation for Health and Family Welfare Department has been substantially enhanced in recent years. Total amount of **Rs.4771.87 crore** is proposed to be provided under both Plan and Non-Plan. This also includes **Rs.1197.15 crore** for '**National Health Mission**'.

8.2. General Education

Investment in education is investment in human capital which is a driver of economic growth. We propose an outlay of **Rs.13396.35 crore** for School and Mass Education Department and Higher Education Department for 2016-17, which constitutes about **13.61 per cent** of the total outlay.

8.2.1 An independent evaluation of the Scheme "**Distribution of free bicycles to Class-X students**" has shown a positive impact on increasing attendance of students and reduction in dropout rate at High School level. Considering the success of this intervention, we propose to double the allocation under the scheme in order to cover students of both Class-IX & X in the academic year 2016-17.

8.2.2 Government of India have discontinued central assistance for establishment of model schools. We propose to provide funds from our own plan towards

recurring and non-recurring cost of these schools under a new scheme “**Odisha Adarsha Vidyalaya**”.

There is a need to improve the quality of higher education, provide equitable access to education for all, make students more employable, create centres of excellence in Universities and Colleges and strengthen the Higher Education system in Odisha. Financial and technical assistance has been sought from World Bank for the purpose. Provision is being made for this externally aided project which is in the pipeline.

8.3. Welfare of ST, SC and Minorities

For all round development of Scheduled Tribes, Scheduled Castes, Other Backward Class & Minorities, during 2016-17 the total allocation of the Department has been enhanced to **Rs.2835.12 crore**, which is **19.59 per cent** more compared to previous year.

8.3.1 ‘Odisha Girl Incentive Programme (OGIP)’ will continue as a top up scholarship to ST and SC Girls at the secondary school level. Funds will be provided towards infrastructure development in TSP area under 1st proviso to Article 275 (i) of the Constitution of India and grants under Tribal Area Sub-Plan. Assistance from IFAD has been sought for the project ‘**Odisha PVTG Empowerment and Livelihood Improvement Programme (OPLIP)**’ at an estimated outlay of Rs.795.38 crore out of which IFAD share is Rs.312.30 crore. The project will be implemented in a convergence mode along with existing Centrally Sponsored and State Plan

schemes. Provision is being made for this externally aided project.

8.3.2 Funds will be provided for solar energy based electrification of Tribal Residential Schools and Tribal villages in TASP areas. It is also proposed to provide for construction of Multipurpose Community-cum-Cultural Centres for Minority Communities. Provision is also being made for construction of a **Haj House** for the pilgrims.

8.3.3 It is proposed to provide **Rs.10.60 crore** in order to provide quality education for ST & SC students in partnership with urban educational institutions.

8.4. Social Security and empowerment of Women, Children and persons with disability

Holistic development of Women and Children is the guiding principle of our social development strategy which contains various welfare and support services. In order to deal with matters relating to welfare of Persons with Disabilities, Transgender Persons, Elderly Persons, and Social Security Pensions in a focussed manner, a new Department namely “**Department of Social Security and Empowerment of Persons with Disabilities (SSEPD) Department**” has started functioning from 1.7.2015.

Total outlay of **Rs.4693.55 crore** is proposed for the sector for Women and Child Development Department and SSEPD Department taken together.

8.4.1 It is proposed to provide **Rs.1775.99 crore** towards Social Security Pension to the senior citizens, differently

abled persons and widows and **Rs.230 crore** for health and nutrition of pregnant women and new born children under the '**MAMATA**' scheme.

8.4.2 It is proposed to provide **Rs.1400.05 crore** for **ICDS** Programme. This includes **Rs.140 crore** towards construction of Anganwadi Centre (AWC) Buildings. It has been planned for construction of 24481 AWC buildings in the next 4 years in convergence with MGNREGA including child friendly green fencing around the AWC and provision for solar panels. During the year 2016-17 it has been planned for construction of 7000 AWC building.

8.4.3 Mission Shakti, a self-help mission for empowering women through promotion of WSHGs, is proposed to be revitalised and strengthened. Hence, provision of **Rs.50 crore** is proposed.

8.4.4 In order to enable women to benefit from the large scale and rapid industrialisation in the State by tapping into newly created employment opportunities, it is proposed to construct eight working women's hostels in industrial towns in the State at an estimated cost of Rs.24 crore. A sum of **Rs.8.35 crore** has been provided in the budget for this purpose.

8.4.5 In Odisha State policy for girls and women 2014, the Government has committed for creating an environment for girls that promotes equal opportunities, eliminates discrimination and ensures empowerment through changes in the societal attitudes. With the objective, a new scheme "**Biju Kanya Ratna**" is to be

launched in the districts of Dhenkanal, Angul and Ganjam. Provision of **Rs.2 crore** is proposed.

8.4.6 An amount of **Rs.4 crore** has been proposed to be provided for welfare of transgenders.

8.5. Empowerment of Panchayati Raj Institutions and Rural Development

The three tier Panchayati Raj system was introduced in the year 1961 after passing of Panchayat Samiti and Zilla Parishad Acts in 1959. Odisha was one of the pioneering States in the country to adopt the three tier Panchayati Raj system. The State Government have taken a number of measures to strengthen the Panchayati Raj Institutions in the State. The need for basic services at the grass root level generates demand for higher allocation of public expenditure. Accordingly, the provision for the Panchayati Raj Department has been enhanced from Rs.7057.10 crore in 2015-16 to **Rs.8458.95 crore** in 2016-17 which is **19.86 per cent** higher.

8.5.1 It is proposed to transfer **Rs.1469.64 crore** to Panchayati Raj Institutions in 2016-17 towards the grant received from Government of India on the recommendation of 14th Finance Commission. In addition, **Rs.1361.26 crore** is proposed in the budget for 2016-17 towards assistance to Panchayati Raj Institutions on the recommendations of 4th State Finance Commission. A sum of **Rs.1660.35 crore** is proposed under MGNREGA for creation of 9 crore man-days.

8.5.2 Housing is a basic human need which is a pre-requirement for leading a dignified existence. Government of Odisha is committed to convert all the Kutcha Houses to “Pucca Houses” by 2019. A sum of **Rs.1688.26 crore** will be provided under Indira Awaas Yojana (IAY) for construction of 1.71 lakh new houses. Similarly, **Rs.700 crore** has been proposed under “**Biju Pucca Ghar Yojana**” for construction of 93,000 houses in 2016-17.

8.5.3 Consequent upon the decision of Government of India to discontinue Central Assistance under the Backward Region Grant Fund (BRGF), it has become necessary to extend the State Scheme “**Gopabandhu Gramin Yojana**” to all Districts and enhance the outlay for provision of Bijli, Sadak and Pani to the villages. Accordingly, it is proposed to enhance the outlay for the Scheme to **Rs.1000 crore**.

8.5.4 We propose to provide **Rs.244.73 crore** for **National Rural Livelihood Mission (NRLM)** to extend livelihood support to the SHGs and employable skills to rural youths of the State.

9. Other Social sector schemes

An amount of **Rs.50 lakh** is proposed to be provided in the Budget of Labour and ESI Department towards welfare Schemes of Unorganised Workers under Social Security Act which is a new Scheme under the State Plan.

10. Infrastructure Sector

A sound infrastructural foundation is the key to the overall social economic development of the State. This

acts as a magnet to attract investment into the State and also helps in improvement of the quality of life of the people. Keeping these objectives in view, the State Government have been pursuing a consistent policy for development of key infrastructure. The outlay for infrastructure development will go up from Rs.14232.58 crore in 2015-16 to **Rs.17172.30 crore** in 2016-17, which represents more than 20 percent increase.

11. Public Works

An outlay of **Rs.4524.42 crore** is proposed for Works Department in charge of construction and maintenance of roads, bridges and public buildings. The outlay includes Rs.2921.18 crore provided under State Plan for improvement of 950 Kms of roads and construction of 34 nos. of bridges.

11.1 Provision of **Rs.852.10 crore** will be made for maintenance of Roads & Bridges and **Rs.500.72 crore** will be provided for maintenance of buildings.

11.2 It is proposed to provide **Rs.600 crore** for road works taken up under Rural Infrastructure Development Fund (RIDF), **Rs.550 crore** for the road projects to be taken up under Central Road Fund (CRF) and **Rs.175 crore** for the Externally Aided Project, 'Odisha State Road Project'.

11.3 A sum of **Rs.500 crore** will be provided for Double Laning of 75 kms. of State Highways under State Highway Development Programme (SHDP). Similarly, a sum of

Rs.45 crore will be provided for road projects under PPP mode and **Rs.40 crore** will be made available for improvement of PWD roads in Urban Areas.

11.4 A sum of **Rs.150 crore** will be provided for the new scheme “**Biju Expressway**” to improve connectivity in Western Odisha and KBK districts which will also act as an economic corridor between Jagdalpur and Rourkela.

11.5 Way-side Amenities: In the recent past, road facilities in the State have shown tremendous improvement. The fact remains that the way-side amenities need a greater push. We propose to provide uniform way-side amenities across the important roads of the State with availability of decent and well maintained toilets. We propose to provide **Rs.15 crore** for the purpose.

11.6 Jagannath Enclave: Puri is considered the spiritual capital of Odisha. It is one of the *Chardhams* of India. There is demand from various State Governments to allot a piece of land to construct accommodation facilities at Puri. We propose to identify a patch of land in Puri, develop basic infrastructure and allocate plots to different State Governments for construction of their State Bhawans/ Niwas to facilitate staying of visitors from their State. For this proposed **Jagannath Enclave**, a provision of **Rs.5 crore** is made.

11.7 Shelters for Habisiali: During the holy month of *Kartik*, a large number of women devotees (*Habisiali*) come and stay for about a month in Puri for observing

traditional rituals. We propose to provide them with decent staying facility with permanent structure for their safety, security, comfort and dignity. Creating permanent infrastructure may need some time, for which, we would provide them with temporary shelter during the month with all basic facilities similar to the facilities provided during Nabakalebar, 2015. An initial provision of **Rs.1 crore** is proposed.

12. Development of Rural Infrastructure

Infrastructure development in rural areas can improve the quality of life of rural population through construction of rural roads, water supply and sanitation. A sum of **Rs.6489.86 crore** is proposed for Rural Development Department which looks after maintenance and development of roads and bridges, water supply and sanitation and public buildings in rural areas. This includes the outlay of Rs.5198.23 crore under State Plan.

12.1 It is proposed to provide **Rs.2300 crore** for the Pradhan Mantri Gram Sadak Yojana (PMGSY). Construction of 3200 Kms of roads will be taken up under the scheme in 2016-17. The State Government will provide 40% of the outlay towards its matching share. “**Mukhya Mantri Sadak Yojana**” is being implemented since 2014-15 with assistance from NABARD to provide all weather connectivity to the villages not covered under PMGSY and other Government of India Schemes.

12.2. It is proposed to provide **Rs.400 crore** for construction of 364 bridges taken up under **Biju Setu**

Yojana (BSY) for 150 new bridges to establish all-weather connectivity in rural areas. Similarly, **Rs.75 crore** is to be provided for construction of on-going bridges and improvement of rural roads under RIDF. It is proposed to provide **Rs.70 crore** for construction of **Steel Bailey Bridges** in the remote areas of IAP Districts.

12.3 Clean water and sanitation are included in the sustainable development goals adopted by the United Nations. Provision of safe drinking water through implementation of 600 rural piped water supply schemes, augmentation of 500 pipe water supply projects, installation of 1000 tube wells, installation & replacement with 2500 solar dual pumps, construction of 300 overhead tanks and 500 iron removal units is envisaged in 2016-17. A sum of **Rs.988.20 crore** is being provided for the purpose. The allocation for “**Swachha Bharat Mission**” is proposed at **Rs.740.43 crore**. It will help improve rural sanitation in convergence with other schemes like MGNREGA and IAY.

13. Development of Urban Infrastructure and Sanitation

Urbanisation is a part of the development process. It is an instrument of economic, social and political progress and at the same time puts pressure on public expenditure for provision of housing, sanitation, transportation, water supply, health, education etc. Sustainable development goals call for making cities inclusive, safe, resilient and sustainable. It is proposed to provide **Rs.3357.10 crore**

in the budget of Housing & Urban Development Department.

13.1 Grant of **Rs.305.06 crore** receivable from Government of India in terms of the recommendations of the 14th Finance Commission will be passed on to the Urban Local Bodies. Similarly, **Rs.949.08 crore** will be transferred to the Urban Local Bodies in 2016-17 on the recommendations of the 4th State Finance Commission.

13.2 An allocation of **Rs.150 crore** is proposed under State Plan for water supply to un-covered and partially covered urban wards and **Rs.223.31 crore** is to be provided for maintenance of water supply projects and urban roads under Non-Plan.

13.3 Provision of **Rs.37.25 crore** is made for **National Urban Livelihood Mission (NULM)** and a sum of **Rs.20 crore** is provided for '**Odisha Urban Livelihood Mission (OULM)**' launched in all the **77** left out ULBs of the State. In order to address the sanitation issues in the urban areas, a sum of **Rs.100 crore** is provided for "**Swachh Bharat Mission**".

13.4 It is a matter of pride for us that our capital city Bhubaneswar has topped the Smart Cities challenge among 98 cities. With support from all, we can make Bhubaneswar a world class city. We propose to provide a sum of **Rs.333.33 crore** under **Smart City Mission** for development of Bhubaneswar as a Smart City of the Country. Provision of **Rs.140.15 crore** is to be made under **Atal Mission for Rejuvenation and Urban**

Transformation (AMRUT) to provide improved basic services in 9 selected ULBs of the State.

13.5 A sum of **Rs.20 crore** is to be provided for **Odisha Urban Infrastructure Development Fund (OUIDF)** under the KFW assisted Externally Aided Project (EAP).

13.6 New sewerage projects in Rourkela and Sambalpur have been taken up for execution. A sum of **Rs.175.01 crore** is proposed to be provided for urban sewerage scheme including the new projects. The next phase of the Externally Aided Project for Urban Sewerage & sanitation in Bhubaneswar and Cuttack is being executed with the assistance of JICA. A provision of **Rs.200 crore** is proposed for the project.

13.7 A sum of **Rs.301.48 crore** is to be provided under **Pradhan Mantri Awaas Yojana(PMAY)**. In State plan, Provision of **Rs.51 crore** is to be made under AWAAS Yojana for urban housing. Besides, provision of **Rs.40 crore** is to be made for providing urban infrastructure in slums of Berhampur Town with the assistance of World Bank.

13.8 A sum of **Rs.16.87 crore** is provided for Urban Road transport for extension of the public transport facility in the urban areas of the State.

14. Energy security and Power Infrastructure

Energy drives the growth engine. Ensuring energy security is one of the biggest challenges of growing economies. We have taken adequate cognizance of this

reality and are acting upon that. A sum of **Rs.2800.92 crore** is provided for Energy Department both under plan and non-plan.

14.1 For providing uninterrupted, reliable and quality power supply to consumers of the State even in remote areas, it has been decided to construct 550 numbers of 33/11 KV sub-stations. A sum of **Rs.600 crore** is provided under this scheme.

14.2 The State Government have launched the scheme, “**Biju Gram Jyoti Yojana**” in the year 2007-08 to provide Electricity to all un-electrified villages/habitations having population of less than 100. So far, 15539 habitations have been electrified along with 182602 BPL households. A sum of **Rs.255 crore** is proposed for this scheme.

14.3 State Capital Region Improvement of Power System (SCRIPS) receives allocation of **Rs.160 crore**. State Government have decided to infuse additional equity of Rs.300 crore over a period of 5 years to support OPTCL in taking up transmission Projects in the financially unviable areas such as KBK and Western Odisha. A sum of **Rs.50 crore** is provided under this scheme.

14.4 It is proposed to provide **Rs.20 crore** for the scheme System Strengthening for Elephant Corridor and **Rs.20 crore** for the scheme **Smart Grid**.

14.5 It is proposed to provide **Rs.100 crore** towards State matching contribution for the Centrally Sponsored Scheme **Rajiv Gandhi Grameen Vidyutikaran Yojana**

(RGGVY) and **Rs.100 crore** for the State matching contribution for the Centrally Sponsored Scheme **Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)**.

14.6 A sum of **Rs.50 crore** is provided under the scheme **Integrated Power Development Scheme (IPDS)**.

15. Manufacturing & Industrial Sector

Sustainable development of micro, small and medium enterprise is critical for the growth of the State's economy and employment generation. We are committed to provide fiscal and non-fiscal incentives and facilitate smooth investment through single window mechanism so as to create a conducive environment for investment in the industrial sector including MSMEs. An outlay of **Rs.203.87 crore** is proposed for the sector.

Our Government has come out with a new Industrial Policy Resolution, 2015 along-with operational guidelines to attract investment. Odisha effectively showcased its scope and opportunity for investment in industrial sector in the '**Make in India week**' held in Mumbai recently. In the '**Ease of doing Business**' Odisha is ranked 7th in the Country by the World Bank. Our efforts to further improve our performance are in place.

15.1 An amount of **Rs.22 crore** is to be provided towards incentives under **Industrial Policy Resolution (IPR)**. In addition **Rs.10 crore** is provided in shape of Financial Assistance to IDCO for Development of Industrial Infrastructure.

15.2 The out lay of Grants to IPICOL for industrial promotion activities has been enhanced to **Rs.15 crore** against last year's allocation of **Rs.4 crore**. Industrial Infrastructure Development Fund (IIDF) will be set up with a corpus of **Rs.10 crore** and **Rs.31 crore** is provided for Promotion and financial assistance to MSME Sector.

15.3 It is proposed to allocate **Rs.10 crore** for the **Biju Atma Nijukti Yojana (BANY)**.

16. Promoting Heritage, Culture and Tourism

Odisha's cultural heritage is deep rooted and multi-faceted. Jagannath culture forms the nucleus of the cultural heritage and identity of the State. A sum of **Rs.242.54 crore** is provided for the sector.

16.1 Kalamandal Project: Kalamandal is a unique project to provide a platform to showcase the rich performing art traditions of Odisha. The project is coming up over six acres of land at Gadakana, Bhubaneswar with an estimated cost of **Rs.45.37 crore**. **Rs.5 crore** has been earmarked for the project.

16.2 Odia Virtual Academy: The Odia Virtual Academy will be setup to provide easy and seamless access to the rich literary corpus of Odia language which has now been declared as a classical language. Web based resources will be made available for those interested in learning Odia & acquiring knowledge of History, Art, Literature & Culture of Odisha. As an initial step, a sum of **Rs.1 crore** is provided for the purpose.

16.3 Odia Bhasa Pratisthan: With the objective to give focussed attention to Odia language research, Odia Bhasa Pratisthan, Bhubaneswar has been transferred from School and Mass Education Department to Culture Department. During the year 2016-17, Odia Bhasa Pratisthan, will come up with two publications namely “*History of Odia language*” and “*Chalanti Odia Sabdakosa*”. Budgetary allocation of **Rs.1 crore** is provided for the purpose.

16.4 Revival of Bhagabat Tungis: Atibadi Jagannath Das’s consummate work of ‘Srimad Bhagabat’ is read daily in almost every household in Odisha. It continues to evoke spiritual feeling with an established ritual of regular recitation, Odia Bhagabat Ghara/Tungi bears ample testimony to this fact. Bhagabata is really the companion of life, pathfinder of knowledge and devotion of crores of Odias. Rs.3 crore was provided during 2015-16 for revival of 1200 nos. of Bhagabat Tungis @Rs.25,000/- each. During the financial year 2016-17 also a sum of **Rs.3 crore** is earmarked for revival of another 1200 Tungis.

16.5 Setting up Odia Chair in different Universities:

In order to promote research in Odia language and literature, we are going for establishment of an Odia Chair-Adi Kabi Sarala Das Chair, at Centre of Indian Languages, JNU, New Delhi. Recurring grant of Rs.44 Lakh per annum for the next three years will be provided for the Odia chair. Establishment of Odia Chairs in Banaras Hindu University and Delhi University is under process. It is also proposed to establish three chairs in

Sambalpur, Berhampur and Fakir Mohan Universities within the State for research and development of Odia language & Literature. Provision of **Rs.2 crore** is proposed for the purpose.

16.6 Language Promotion Programme of Odisha Sahitya Academy:

In the context of Odia having been declared a classical language, the long and deep literary, epigraphic, archaeological, linguistics, grammatical and folk traditions of our language need to be adequately documented. For this purpose, a focused research and publication programme needs to be in place. Towards this end, it is proposed to make a provision of **Rs.1 crore**.

17. Skill Development and Employment Generation

Unemployment and underemployment are two major challenges before us. Skilling our youth in various avenues of opportunities is the only road to stability. To develop an ecosystem for skill development, financial and technical assistance has been sought from Asian Development Bank. Provision of **Rs.629.70 crore** is proposed for the Skill Development and Technical Education Department which includes Rs.100 crore for the ADB Assisted Project and Rs.225 crore for infrastructure development of the Technical Universities/ Engineering colleges, Engineering Schools, Polytechnics and ITIs.

18. Other Economic Services

18.1 Forest and Environment:

An allocation of **Rs.603.22 crore** is proposed for Forest and Environment Department, which includes a provision of **Rs.90 crore** for increasing green cover.

18.1.1 Eco Tourism potential of the State is enormous. The natural endowments of pristine beaches, the Chilika lake, deep forests with its unique flora and fauna, the nesting grounds of Olive Ridley Turtles to name a few are our collective patrimony. We need to preserve them and at the same time promote a sustainable and responsible eco-tourism concept. We believe this will create a brilliant synergy between the communities and their immediate eco-system. This will follow a convergence model involving both budgetary and extra-budgetary resources. A sum of **Rs.10 crore** has been provided in the budget for development of Eco-Tourism in the State.

18.1.2 A Climate Change Cell has been constituted under the administrative control of F&E Dept. to supervise and coordinate the programmes undertaken under 11 sectors viz. Agriculture, Coast & Disaster, Energy, Fisheries & ARD, Forestry, Health, Industries, Mining, Transport & Water Resources with an objective to curb excess carbon emission from different sources. These programmes are categorized into adaptive and mitigative prioritized activities as per the Climate Change Action

Plan prepared for the State of Odisha, which is in line with the National Action Plan on Climate Change.

18.2 Handloom, Textile and Handicrafts Development:

Odisha's cultural fabric is woven with its warps and wefts of elegance and creativity. Handloom and Handicraft are the mast head of our traditional skills. Besides, Sericulture holds a great relevance in our context. These sectors are the lifelines of thousands of families. A provision of **Rs.217.82 crore** is made for various schemes in these sectors.

18.2.1 A new scheme with an out lay of **Rs.70 crore** is provided under **the Odisha Craft Skill Development and Rural Employment "Utkarsh" Project.**

18.3. Planning and Convergence:

An outlay of **Rs.815.25 crore** is proposed for Planning and Convergence Department. The important provisions are **Rs.80 crore** as Special Grant for Western Odisha Development Council (WODC) for special projects, **Rs.40 crore** towards State Viability Gap Fund (VGF), **Rs.79.72 crore** for the Special Development Pogramme, **Rs.120 crore** for Biju KBK Yojana, **Rs.100 crore** for Rural Connectivity in Backward, Tribal and Left Wing Extremist Affected Areas, **Rs.28.50 crore** for *Biju Kandhamala O Gajapati Yojana* and **Rs.40 crore** for Special Problem Fund. Provision of **Rs.42 crore** is made for a new scheme 'Critical gap fund for district planning' to meet the critical gap in needy sectors at the District level.

18.4 Transport Department:

An out lay of **Rs.383.83 crore** is proposed for Transport Department in the Budget which is an increase of 69.78% over the previous year. It includes **Rs.260 crore** towards equity contribution for development of **new railway projects through SPVs** as well as through **direct State funding**. These projects include the on-going Khurda-Bolangir line (Daspalla-Bolangir segment), newly sanctioned projects in the Railway Budget, 2016-17 such as **Jaypore-Malkangiri, Jaypore-Nabarangpur** new railway lines. Provision has also been made for the **re-development and modernization of Bhubaneswar Railway Station**.

18.5 Food Supply and Consumer Welfare:

When it comes to Food security, the distance travelled by us from the past to the present is enormous and enduring. It has been an up-hill task. Ensuring food security of our people is at the top of our agenda.

18.5.1 It is proposed to provide a sum of **Rs.954.56 crore** for providing food security to people of the State. **‘Odisha State Food Commission’** has been constituted under the National Food Security Act, 2013 for monitoring and review of implementation of the Act. It is proposed to provide Rs.1.75 crore for the Commission.

19. General Services

Maintaining Law and Order, peace and harmony is the key to good governance and is a basic need for

fostering growth and stability of the State. Adequate provision is proposed to be made for administration of justice, internal security and revenue administration in the budget.

19.1 Internal Security and Administration of Justice :

A sum of **Rs.3965.20 crore** is provided for administration of justice and maintaining internal security. The provision includes Rs.100 crore for construction of judicial buildings, Rs.100 crore for construction of Police Station Buildings, Residential Buildings for Police Organization and purchase of Equipment. Besides, Rs.30 crore and Rs.20 crore has been provided for overall improvement of Jail Organization and Fire Service Organization respectively.

19.1.1 We propose to provide Rs.10 crore for construction of Odisha Bhawan at Chennai to provide transit accommodation for patients, pilgrims and students.

19.2 Revenue Administration and Disaster Management:

Our State has created a national bench mark in effective handling of natural calamities. The Government is determined to consolidate the best practices and improve our preparedness to handle natural disasters. Provision of **Rs.3258.87 crore** is made for Revenue and Disaster Management Department under Plan and Non-plan in the Budget. This provision includes **Rs.1785 crore** towards State Disaster Response Fund (SDRF) and

National Disaster Response Fund (NDRF). Besides, **Rs.320 crore** is provided for World Bank assisted '**Odisha Disaster Recovery Project (ODRP)**' and **Rs.352 crore** has been provided for **Cyclone Risk Mitigation Programmes**.

19.3 General Administration:

Provision of **Rs.240.76 crore** is made in the budget of General Administration Department.

19.4 IT in Governance :

Information technology has emerged as the key strategic tool to enhance transparency, improve efficiency in service delivery and good governance. A sum of Rs.329.58 crore is provided in the State Budget for taking up different IT and e-Governance projects under different Departments. This includes provision of **Rs.130.62 crore** for Electronic and Information Technology (E&IT) Department. The activities for which provision has been made are- Horizontal Connectivity & IT Infrastructure, infrastructure development of IIIT, Bhubaneswar, development of Infocity-II-IT-SEZ, Infrastructure for State Data Centre, PMU to facilitate e-Governance activities, Secretariat automation system, BPO Scheme, Grants to OCAC Tower and establishment of Software Technology Park of India (STPI).

20. Institutional Reforms for better Financial Management

20.1 We have taken a number of initiatives for improvement of the public financial management system. I would highlight a few such initiatives:

20.2 Establishment of a Centre of Excellence in Fiscal Policy and Taxation:

It was announced in the budget speech for 2015-16 to establish a Centre of Excellence in Fiscal Policy and Taxation in collaboration with Xavier University, Bhubaneswar for providing research inputs to the Government in the fields of revenue and taxation, fiscal management and public expenditure. I am happy to inform that the Centre has started functioning from the month of July, 2015 and the Centre is working closely with the State Government.

20.3 Integrated Financial Management System (IFMS):

IFMS, Odisha has been enabled to process complete on line payment instructions in respect of public works, forest, personal ledger & pension claims. These electronic payment instructions are processed in the National Electronic Fund Transfer platform of E-Kuber of R.B.I, Mumbai to ensure immediate credit in the bank account of the beneficiaries.

The remaining Government payments will soon migrate to the E-Kuber system to ensure faster,

secured & automatic credit of payments directly to the beneficiaries.

Also electronic TDS has been introduced to facilitate timely & proper credit of the VAT and Royalties deducted from the works bill. The electronic receipt accounted in Cyber Treasury will soon migrate to the E-Kuber platform of RBI, Mumbai to infuse further efficiency in accounting & reporting of Government receipts.

20.4 Focussed Arrear Recovery Monitoring System (FARMS):

Systematic monitoring of the arrears and prompt follow up action was a felt need. It was announced in the annual budget for 2015-16 to put in place a web-based Focused Arrear Recovery Monitoring System (FARMS). The FARMS module developed with technical support of OMEGA Technical Assistance and Support Team (TAST) was formally inaugurated on 14th March, 2016 by Hon'ble Chief Minister.

20.5 Improvement of the profile of Public Expenditure:

The Fourteenth Finance Commission in para-14.52 of their report have recommended that in order to curb the scope for perverse allocation of available funds among competing projects and to ensure that the economy benefits from investments in capital works, there is a need for putting a statutory ceiling on the sanction of new capital works. **Pending detailed guidelines from**

Government of India, we have accorded priority to complete the on-going projects. This would help in timely completion of the Capital works in progress, so that the intended benefit of the projects will reach the people in time.

20.6 Odisha Knowledge Hub:

The developmental challenges of our State are unique in many ways and specific to our geography and demography. The responses have to be constantly updated and be in sync with changing paradigms. As a brand new initiative, our State has come out with the concept of 'Odisha Knowledge Hub' and as an initial step, Odisha Knowledge Hub Lecture Series has been launched. We believe that this will promote a culture of listening and learning within the government system.

20.7 Gender Budget Statement:

We have been preparing the Gender Budget Statement for last three years only for 100 per cent women-centric schemes. However, this year, we would bring out both Part-A (schemes in which 100% provision is for women) and Part-B (where the allocations for women constitute at least 30% of the provision) of the Gender Statement in the expanded version of Budget at a Glance to be placed in the Assembly.

21. Budget Estimates - Compliance with the FRBM Targets

21.1 The total revenue expenditure is estimated at **Rs.74443.38 crore** during the financial year 2016-17. Thus, after achieving revenue balance, a surplus of Rs.3683.34 crore has been projected in the Budget Estimates for 2016-17 which is 0.96 per cent of GSDP. The Fiscal Deficit is projected at **Rs.14,532.39 crore** which is **3.79 per cent** of GSDP. However, if the impact of UDAY scheme for Rs.1196.18 crore is taken out, the deficit comes down to Rs.13336.21 crore which is 3.48 per cent of GSDP against the proposed FRBM limit of 3.5 per cent.

21.2 The year end debt stock for the financial year 2016-17 is estimated at **Rs.64991.83 crore** which is **16.96 per cent** of GSDP.

22. Conclusion :

The challenges before us are manifold. Notwithstanding the limiting factors, we have tried to address the competing priorities across different sectors within the resource envelop in an optimal manner. We have a firm resolve to meet these challenges and take our beloved State to greater heights. I hope that this budget reflects our commitment to consolidate, converge and surge ahead. With this hope, I dedicate this budget to the people of Odisha.

**Vande Utkal Janani
Jai Hind**