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Participatory Budget Initiative

Participatory Budget Initiative is a budget consultation process wherein, the citizens of the State get an opportunity to express their views on the priorities of the State Budget. The participation of the citizens in the process of formulation of State Budget is one of the most important tenets of good governance. The budget suggestions made through Participatory Budget Initiative enable the public to participate in decision making process, thereby, making the budget preparation system open and broad-based.

The Participatory Budget Initiative was introduced by the Government of Odisha for preparation of the Budget Estimates 2016-17. Encouraged by the level of participation in FY 2016-17, the process was continued in 2017-18. Public opinion was sought from the people of the State through the web portal on the Finance Department’s website, Short Messaging Services, What’s App, Telegram, & Electronic Mails. All these channels went live from 1st January, 2017 to 23th January, 2017. In about three weeks, the response received is encouraging. Through the Participatory Budget Initiative, the People of Odisha have put forth their views and suggestions for spending public money as well as raising resources to finance the Budgetary Outlays.

Further, the views were obtained directly from civil society representatives and associations of farmers, trade & industries and journalists, academicians, bankers, experts in the Pre-Budget Consultation meeting of the Honorable Minister of Finance on 24th January 2017.

Valuable inputs and suggestions from the People of our State have been taken into account in preparing this year’s budget. The State Budget 2017-18 reaffirms Government’s commitment to improve the lives of the people; and to ensure the welfare of the poor and vulnerable, even if the economic environment is uncertain. Budget 2017-18 reflects societal aspirations.
People’s Guide

Budgetary Terms Explained

1. **Gross State Value Added at Basic Prices**

   Gross State Value Added (GSVA) is defined as the value of output less the value of intermediate consumption. Value added represents the contribution of labour and capital to the production process. When the value of taxes on products (less subsidies on products) is added, the sum of value added for all resident units gives the value of Gross State Domestic Product.

2. **Gross State Domestic Product (GSDP)**

   Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication. It measures the income of the State.

3. **Budget**

   According to the **Article 202 (1)** of the Constitution of India, the Governor of a State shall cause to be laid before the House or Houses of the Legislature of the State a Statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipt and expenditure for a financial year named in the constitution as the “Annual Financial Statement” is commonly known as “Budget”.

4. **Annual Financial Statement (AFS)**

   AFS is the abstract and details of the total financial transaction of Govt. pertaining to Receipts and Expenditures under the Consolidated Fund & Public Accounts by Major Heads.

5. **Explanatory Memorandum**

   It is memorandum on Budget (Expenditure by Major Heads under Consolidated Fund, Contingency Fund and Public Account), which comprises of:-
### Appendix I
Guide to Major Heads of Expenditure indicating the various Demands concerned with each major Head (both gross and recovery).

### Appendix II
General abstract of expenditure by Major Heads of accounts (net after recoveries).

### Appendix III
General abstract of Plan expenditure (net) Major Head-wise (State and District sector).

### Appendix IV
Details of Opening and Closing Balance.

### Appendix V
Contingency Fund.

### Appendix VI
Details of Public Account (Outgoing).

### Appendix VII
Debt Position of the State.

### Appendix VIII
Guarantee Statement.

### Appendix IX
Statement containing grants for creation of capital assets and other Revenue Expenditure for capital formation.

### Appendix X
Statement on Grant-in-Aid.

### Appendix XI
Statement on Subsidy.

### Appendix XII
Statement on 100% Women Centric Programme

6. **Demand for Grants**

This provides Department wise Expenditure at both, Major and Minor Heads of Account. The Demand for grants for each Department of Government provides the details of Programmes & Schemes.

7. **Budget at a Glance**

In brief, the Budget at a Glance provides receipts and disbursements along with broad details of tax revenues and other receipts. This document also exhibits broad break up of expenditure – Revenue and Capital, allocation of Outlays by sectors. This document also shows the Revenue Deficit, the Primary Deficit and the Fiscal Deficit of the State Government. All the figures in Budget at a Glance are given in “Net form”. These Statements are required to be presented under FRBM Act. 2005 and Rules there under.

8. **Consolidated Fund**

Article 266 (1) of the Constitution of India provides that all revenues received by the Government, all loans raised by that Government by the issue of Bonds; loans or ways
and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the ‘Consolidated Fund of India or of the State concerned’. Article 266 (3) of the Constitution of India provides that ‘no moneys out of the Consolidated Fund of India or the Consolidated Fund of a States hall be appropriated except in accordance with law and for the purpose and in the manner provided in this Constitution’. The consolidated fund consists of Revenue Receipts, Capital Receipts, Revenue Expenditure and Capital Expenditure.

9. Contingency Fund

Article 266 (2) of the Constitution of India provides that ‘Contingency Fund’ is in nature of an imprest for meeting unforeseen and emergent expenses. The Fund is placed at the disposal of the Governor, who can authorise expenditure from the Fund subject to post facto sanction of appropriation by the Legislature. At present the corpus of the Fund is Rs. 400.00 crore.

10. Public Accounts

The Public Accounts as defined in Article 266 (2) of the Constitution of India, comprises all public money received by or on behalf of the Government, shall be credited to the Public Account of the State. There are five major heads of accounts under the Public Account: (i) Small Savings, Provident Fund and Other Accounts (ii) Reserve Funds (iii) Deposits and Advances (iv) Suspense and Miscellaneous and (v) Remittances. Expenditure from Public Account does not require the approval of the Legislature. The net receipt in the Public Account is taken into account for balancing the Budget.

11. Revenue Receipt

Revenue Receipts consist of State Own Revenue and Transfer of Funds from Union Government. State Own Revenue comprises of State Own Tax Revenue and Non Tax Revenue. The major components of State Own Tax Revenue are Sales Tax (Value Added Tax & Central Sales Tax), State Excise Duty, Stamp and Registration Fees, Land Revenue, Motor Vehicle Tax, Electricity Duties, Tax on Profession, Entry Tax, Entertainment Tax, Luxury Tax, Forest Development Tax etc.

The major components of Non Tax Revenue are revenue from Non-Ferrous Mining & Metallurgical Industries, Dividends on equity capital of the State Government in State Public Sector Undertakings, Interest payment on loans and advances given by the State Government to various corporations, co-operatives, Government servants, Irrigation water
rate, Water tariff on urban water supply, Fees and fines collected in schools and colleges, User charges in Medicals and Hospitals, Forest royalty etc.

Transfer of Funds from Union Government consists of Share in Central Taxes and Grants- in-aid from the Centre. Share in Central Tax as per the recommendation of the Finance Commission is the share of the State from divisible pool of tax revenues of the Union Government. The divisible pool of tax revenues comprises of Corporation Tax, Taxes on Income, Custom Duty, Union Excise Duty, and Service Tax. The divisible pool of taxes does not include any cess or surcharges. As per Fourteenth Finance Commission, 42% of the divisible pool is shared with the States. This 42% transfer of fund from the divisible pool is called as Vertical Transfer. Out of this vertical transfer to States, each State has its share which is called as horizontal share. The horizontal share of Odisha is fixed at 4.66%.

Grants- in-aid from the Centre comprises of Finance Commission recommended grants for Local Bodies, grants for Disaster Response and Central share of Central Sector and Centrally Sponsored Schemes.

12. Revenue Expenditure

Expenditure on salary, pension, interest payment, subsidy, old age pension, electricity, water charges, motor vehicle, contingent expenditure and maintenance of capital assets like roads, buildings, irrigation works etc., is termed as revenue expenditure. The revenue expenditure is in fact an establishment related and maintenance/ housekeeping related expenditure. However, grants for creation of Capital assets and Other Revenue Expenditure for Capital formation are being separately exhibited in a statement in the Explanatory Memorandum. Committed Expenditure consists of Salary, Pension and Interest payment. This committed expenditure has first charge on the resources of the government.

13. Capital Outlay

The expenditure on construction of buildings, roads, irrigation projects, powerhouse, flood control work, water supply etc. which result in the creation of permanent assets is termed as capital outlay (but maintenances of Capital Assets is revenue expenditure).

14. Capital Expenditure

Capital Outlay, Disbursement of Loans & Advances and Repayment of loan constitute Capital Expenditure.
15. **Capital Receipts**

Capital Receipts consist of both Non Debt Capital Receipts and Public Debt. Non Debt Capital Receipts includes Recovery of loans and advances and Disinvestment proceeds. It also includes recovery of institutional and non-institutional loans advanced by the State Governments.

Public Debt include loan portions of the Central Assistance, Small Saving loan, Market Borrowing, Loan from NABARD, LIC, GIC, HUDCO etc. and Loan from General Provident Fund Account (GPF) of the employees. Debt Capital Receipts are borrowing of the State. The various sources of Internal borrowings are Market Borrowing through State Development Loan, Loan from G.P.F Account, Institutional Borrowing such as loan from NABARD, LIC, GIC, HUDCO, NCDC etc. and Small Savings Loan. Borrowing also includes loan from Government of India such as loan portion of Additional Central Assistance under Externally Aided Project on back to back basis.

16. **Revenue Deficit / Surplus**

If the Revenue Receipt is less than Revenue Expenditure, then the negative gap is Revenue Deficit. On the other hand, if the Revenue Receipt is more than Revenue Expenditure, the positive gap is called Revenue Surplus. As per the provisions of Odisha Fiscal Responsibility and Budget Management (FRBM) Act, 2005, the State is required to generate revenue surplus every year.

17. **Fiscal Deficit**

The excess of expenditure (both Revenue and Capital) over the Revenue Receipt and non-debt capital receipt represents the Fiscal Deficit. Fiscal Deficit is financed through borrowing during the Year. The Odisha FRBM Act, 2005 mandates to generate revenue balance and contain the Fiscal deficit within 3.5% of GSDP provided the debt to GSDP ratio is less than or equal to 25%, the interest payment to revenue receipt (IP/RR) ratio is equal to or less than 10% and there is no revenue deficit in the year in which the borrowing limits are fixed and the immediate preceding year.

18. **Primary Deficit**

Primary Deficit represents the Fiscal Deficit less the Interest Payment. It represents the net borrowing to meet the expenditure excluding the interest payment.
19. **IPRR Ratio**

Interest Payment to Revenue Receipt (IPRR) Ratio represents to the extent Revenue Receipts finance the Interest Payment on account of outstanding debt. It represents debt servicing ratio. The Odisha FRBM Act, 2005 require to contain the IPRR ratio within 15%.

20. **Debt Stock Ratio**

The outstanding debt as percentage of GSDP represents Debt Stock ratio. It indicates the debt burden of the State. As per the provisions of Odisha FRBM Act, 2005, the ratio is required to be contained within 25%.

**Broad Guidelines of Expenditure framework for Budget 2017-18**

21. **Merger of Plan & Non-Plan Expenditure**

As a part of the fiscal and budgetary reforms programme, the Government of India has done away with the long standing practice of classifying expenditure under ‘Plan and Non-Plan’ for preparation of Annual Budget, 2017-18, while retaining the distinction between ‘Revenue and Capital expenditures’. The reform has been undertaken on the basis of the policy decision to do away with the term 'Plan' while distinguishing expenditure on socio-economic welfare programmes and schemes in the wake of abolition of the Planning Commission. Besides, a notion has widely gained ground among the policy-makers and officials across all levels that Plan expenditure is good and Non-Plan is bad. This bias in favour of Plan expenditure has led to a motivation for showing higher Plan expenditure and higher Plan sizes both at Central and State levels. Further, several factors such as shift of focus of Plan expenditure from capital to revenue expenditure and the process of transferring expenditure of old schemes to Non-Plan at the end of each Five Year Plan means, that a clear distinction cannot be drawn between Plan and developmental expenditures.

The Plan/Non-Plan bifurcation of expenditure has also led to a fragmented approach on resource allocation among various programmes/schemes. With this fragmented approach, it is difficult not only to ascertain the cost of delivering a service but also to link outlays to outcomes. Outcomes and outputs of programmes depend on total expenditure, Plan and Non-Plan put together, and not merely on Plan expenditure. Plan and Non-Plan distinction in the budget is therefore, neither able to provide a satisfactory classification of developmental and non-developmental dimensions of Government expenditure nor an appropriate budgetary framework.
The Government of India have decided to give effect to the merger of plan/non-plan provisions in the Estimates for Budget 2017-18, after conclusion of the 12th Plan period (2012-17). Accordingly, the State Government has also decided to make a similar arrangement for the Budget Estimates for 2017-18 for merger of plan and non-plan within the existing budgetary frameworks.

With the removal of the Plan and Non-Plan distinction the focus of budgeting and expenditure classification will shift to revenue and capital expenditure, as has been envisaged in the Constitution of India. The emphasis on distinction between Revenue and Capital expenditures is not only in keeping with the constitutional requirement but would also form the basis of the policy formulation and resource allocation. This objective of merger of Plan and Non-Plan schemes cannot be realized within the annual budget framework. Hence, there is a need for multi-year budgeting framework with medium term projection for each sector.

22. Multi Year Expenditure Framework (MTEF)

With the medium term perspective, the State Government will prepare projections of budgetary resources of the State including central transfers indicating the estimates of tax, non-tax and other receipts of the State for the budget year, and the projection period in the medium term as per the Medium Term Fiscal Plan (MTFP) under the FRBM Act. Accordingly, a macro-level Medium Term Expenditure Framework will be prepared by the State Government.

The annual sectoral priorities and allocations would also accordingly be set. Based on the medium term allocations under the MTEF statement, the Departments would set an outcome/output framework. They would also accordingly carry out the scheme wise allocations. A beginning has already been made in 2016-17 with the MTEF statement brought out in the Budget at a Glance (expanded form) indicating the revenue and capital allocations of the State for the current financial year and next two financial years. The Departments are to bring out the MTEF for their Departments separately for the year 2017-18 and after the Budget 2017-18, clearly indicating the priorities and allocations in medium term.

23. Outcome Linked Budget

Outcome Budgets to be prepared by all Departments for the Financial Year 2017-18 after presentation of budget in OLA. The outcome budget document will also contain the Medium Term Expenditure Framework (MTEF), which will contain 3 year rolling target.
24. Classification / Categorization of State Government expenditure

With the elimination of Plan and Non-Plan distinction, the existing formats of various budget documents will be revised which will distinguish allocation in terms of revenue and capital expenditure, and not in terms of Plan and non-Plan. The State government expenditure would now be classified into following four broad categories.

<table>
<thead>
<tr>
<th>Broad Category</th>
<th>Sub Category</th>
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<tr>
<td>A. Administrative Expenditure</td>
<td>i. Establishment, Operations and maintenance (EOM) Expenditure</td>
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<td></td>
<td>ii. Debt Servicing Expenditure</td>
</tr>
<tr>
<td>B. Programme Expenditure</td>
<td>i. State Sector Schemes</td>
</tr>
<tr>
<td></td>
<td>ii. Central Sector Schemes</td>
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<tr>
<td></td>
<td>iii. Centrally Sponsored Schemes</td>
</tr>
<tr>
<td>C. Disaster Response Funds</td>
<td>i. State Disaster response Fund</td>
</tr>
<tr>
<td></td>
<td>ii. National Disaster Response Fund</td>
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<tr>
<td>D. Transfers from State</td>
<td>i. Union Finance Commission Transfers to Local Bodies</td>
</tr>
<tr>
<td></td>
<td>ii. State Finance Commission Transfers to Local Bodies</td>
</tr>
<tr>
<td></td>
<td>iii. Other Transfers</td>
</tr>
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</table>

25. Priority Areas for Budgetary allocation

(i) Increase in capital outlay with emphasis on completion of ongoing investment projects/ capital works.

(ii) Adequate provision of funds for resource tied up schemes such as EAP, Central Sector, Centrally Sponsored Schemes, RIDF, Finance Commission Grants, SDRF etc.

26. Convergence of Budgetary and Extra-Budgetary Resources for Budgetary allocation

Convergence of extra-budgetary resources and budgetary resources is made a part of the budgetary exercise to ensure productive output. Convergence Cell of Planning and Convergence Department rigorously pursue convergence across the Departments and across the resource envelopes for effective utilization of resources under budgetary resources, Public accounts and various off-budget resources such as District Mineral Foundation, CAMPA Fund, Welfare Cess for Construction of workers & other cesses,
different funds under various sectoral policies, Corporate Social Responsibility obligation etc.

27. Rationalization of schemes and economy in expenditure

For uniform depiction of schemes in the budget documents, a uniform structure is to be followed as below:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Sub Head</th>
<th>Sub Scheme</th>
<th>Detailed Head</th>
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While framing the estimates, due note is to be taken of the past performance, the stages of formulation/ implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies, and most importantly the quantum of Government assistance lying with the recipients unutilized/ unaccounted for etc., with a view to minimizing the scope for available surrenders at a later stage. No provision should normally be made in the Budget without completion of pre-Budget scrutiny of a project/scheme.

28. Gender Responsive Budgeting

Gender Responsive Budgeting aims at categorization of specific schemes/ programmes in the budget with a direct focus on women and girls for which specific schemes/ programmes are stated, and the exact budget shares for this purpose is stated. Gender Responsive Budgeting is to analyze how effectively Government policies, programmes and budgetary allocations respond to the needs and concerns of the females. The State Government has been preparing the Gender Budget Statement (Both in Part-A and Part-B) in the expanded form of the Odisha Budget at a Glance and for the financial year 2017-18, the Statement would be brought out in the expanded form of Odisha Budget at a Glance, 2017-18.

29. New format of Budget Documents:

In order to prepare the budget documents for Annual Budget, 2017-18, there would be need for change in format for some of the budget documents. However, the format for some of the budget documents, which are brought out without distinction of Plan and Non-Plan would remain unchanged. The new format for preparation of budget documents for Annual Budget, 2017-18 would be as below:
(i) **Annual Financial Statement**

Plan and Non-Plan break up is not reflected in Annual Financial Statement. Therefore, there would not be any change in the existing format for preparation of Annual Financial Statement.

(ii) **Revenue Receipts**

Plan and Non-Plan break up is not reflected in Revenue Receipts. Therefore, there would not be any change in the existing format for preparation of Revenue Receipts except where the account heads have not been revised by Government of India.

(iii) **Demand for Grants**

[a] The first Statement “Schedule of Estimated Expenditure for the Year 2017-18” will remain unchanged.

[b] The Second Statement “Demand wise allocation in Different sectors” indicating State Sector and District Sector break up would be indicated for Programme Expenditure, instead of Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan.

[c] The Third Statement indicating Demand-wise “Estimate for the amount required in the year ending 31st March, 2017-18” will be revised. The minor head-wise Budget Estimate 2017-18 will be grouped under the newly classified categories under Part-A of the concerned Major Head. The Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimates, 2016-17 will be reflected in the existing format under the respective Major Heads under Part-B.

(iv) **Explanatory Memorandum**

[a] The Appendices I, IV, V, VI, VII, VIII, IX, X & XI will remain unchanged.

[b] In the Appendix II - “General Abstract of Expenditure”, the major head-wise Budget Estimate 2017-18 will be grouped under the newly classified categories under Part-A of the concerned Major Head. The Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimate 2016-17 will be reflected in the existing format under the respective Major Heads under Part-B. However, for instant comparison against Budget Estimate, 2017-18, the Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimate 2016-17 will also be shown in new format in Part-A.

[c] In the Appendix III – “General Abstract of Major Head wise Net Plan Expenditure (State and District Sector), ”, the major head-wise Budget Estimate 2017-18 will be
grouped under the newly classified categories under Part-A of the concerned Major Head. The Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimate 2016-17 will be reflected in the existing format under the respective Major Heads under Part-B. However, for instant comparison against Budget Estimate, 2017-18, the Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimate 2016-17 will also be shown in new format in Part-A.

(v) Detailed Demand for Grants

The Annual Budget Estimate, 2017-18 would be prepared in new format for all Demands merging Plan and Non Plan Sectors and kept as Part A of the detailed Demand for Grants. However, 2015-16 (Accounts) and 2016-17 (Budget Estimates) and 2016-17 (Revised Estimates) would be brought in old format with Plan and Non Plan shown separately, as Part-B. However, for instant comparison against Budget Estimate, 2017-18, the Accounts 2015-16, Budget Estimate 2016-17 and Revised Estimate 2016-17 will also be shown in new format in Part-A. From 2019-20, the Part-B as well as Detailed Demand for Grants will be discontinued.

Necessary changes in the Budget preparation software, Integrated Financial Management System are being given effect for execution of the Budget in accordance with the revised classification of expenditure. The office of Principal Accountant General (A&E) has also been approved of the changed format. They will also bring about the required changes in the software and formats at their end.
The Government first considers the state of its economy and growth expectation. The economic growth of the State is projected for the ensuing financial year. Based on the projected economic growth of the State and the sensitivity of both, State’s Own Tax and Non Tax on economic growth, the State’s Own Revenue is estimated. Besides, the effect of Pre-Actuals of the State’s revenue receipts of the last year and Revised Estimates of the current year are also factored in while projecting the State’s Own Revenue Receipt of the ensuing Budgeted Year. The proposals given by the people of the State on both tax and non-tax revenue are analysed into while projecting State’s own revenue. The Central Transfer both in terms of share in Central Taxes and estimated grants to the State is worked out from the Union Budget. This exercise gives the total estimated Revenue Receipts of the State. Considering the limit set by the FRBM Act, the borrowings of the State are estimated. Therefore, total fund available is estimated for the ensuing financial year.

The resource allocation is made looking at the need and priorities of the State. Before allocation of the resources, the committed expenditures which are the first charge on resources, such as salary, pension and Interest payments are set aside. The surplus resources are allocated for the Social, Economic Sector and General Services Sector. At the time of allocation of resources, the suggestions of the people of the State are taken into consideration along with State’s priorities. The total projected resources are allocated to the administrative departments. It is an annual exercise in mobilization of resources for public expenditure aimed at public welfare.
Sources and Uses of Funds

Chart 1: Composition of Sources of Funds

Chart 2: Composition of Uses of Funds

Chart 1 presents the sources of funds. The major source of funds is Central Transfer (49%) followed by State Own Revenue (34%) and borrowings from different sources (17%). The portfolio of the Gross Borrowing comprises of Open Market Borrowing (OMB) that constitutes 10% of total sources of funds followed by negotiated loan (5%) and loan on account of EAP (2%). The major uses of funds (Chart 2) are Programme Expenditures (49%) followed by Administrative Expenditures (44%).
A look at the State’s Economy

The Real Gross State Value Added (GSVA) at Basic Prices\(^1\), which broadly reflects the supply or production side of the State economy, is expected to register an increase in the growth rate from 5.20% in FY 2015-16 (Revised Estimate) to 7.49% in FY 2016-17 (Advance Estimate). In FY 2014-15, GSVA has witnessed a growth of 5.60% (Revised Estimate) over the previous year. The growth in GSVA affirms a positive trend in the State economy indicated by the GSDP growth. The Real Gross State Domestic Product at Market Prices\(^2\) (Advance Estimate) is expected to rise by 7.94% in FY 2016-17 as compared to 6.01% in the previous year’s revised estimate. As a result, the rise in Real Per Capita Income has grown significantly from 4.94% in FY 2015-16(Revised Estimate) to 6.86% in FY 2016-17 (Advance Estimate).

The trends in GSVA and GSDP, as per the Advance Estimate, indicate the revival of the state Economy. The trend in real growth in GSVA, GSDP and Per Capita Income are presented in Chart 3.

**Chart 3: Trend in Real Growth in GSVA and GSDP (in %)**

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\(^1\) Real Growth is calculated at constant prices of FY 2011-12.

\(^2\) GSDP at Market Prices = GSVA at Basic Prices + Indirect Taxes on the Products – Subsidies on the Products
The expected revival of the State economy in FY 2016-17, is mainly attributed to the Primary Sector. The GSVA is expected to exhibit a robust growth rate of 8.89% as compared to a negative growth of 2.12% in FY 2015-16. In the Primary Sector, Agriculture & Allied Activities is expected to show an impressive growth of 14.40% over the previous year.

Hence, Agriculture & Allied activities have triggered the revival of the State economy, which would have provided impetus to rural incomes during the year. Followed by the Primary Sector, Tertiary Sector and Secondary Sector are expected to register a growth of 8.08% and 5.46% respectively in FY 2016-17(Advance Estimate). Table 1 presents the trends in growth in economic activity on value addition basis.

Table-1: Gross State Value Added by economic activity at constant (2011-12) basic prices

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Growth over previous year</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2012-13 (1st R)</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>15.72</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>-3.89</td>
</tr>
<tr>
<td><strong>Primary</strong></td>
<td><strong>7.79</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-2.85</td>
</tr>
<tr>
<td>Electricity, Gas, Water Supply &amp; Other Utility Services</td>
<td>9.80</td>
</tr>
<tr>
<td>Construction</td>
<td>-2.43</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td><strong>-1.77</strong></td>
</tr>
<tr>
<td>Trade, Repair, Hotels and Restaurants</td>
<td>11.22</td>
</tr>
<tr>
<td>Transport, Storage, Communication &amp; Services related to Broadcasting</td>
<td>10.48</td>
</tr>
<tr>
<td>Financial Services</td>
<td>12.82</td>
</tr>
<tr>
<td>Real estate, Ownership of Dwelling &amp; Professional Services</td>
<td>3.35</td>
</tr>
<tr>
<td>Public Administration and Defence</td>
<td>6.60</td>
</tr>
<tr>
<td>Other Services</td>
<td>0.20</td>
</tr>
<tr>
<td><strong>Tertiary</strong></td>
<td><strong>6.94</strong></td>
</tr>
<tr>
<td><strong>TOTAL GSVA at Basic Prices</strong></td>
<td><strong>4.52</strong></td>
</tr>
<tr>
<td><strong>Gross State Domestic Product</strong></td>
<td><strong>4.61</strong></td>
</tr>
<tr>
<td><strong>Per capita GSDP</strong></td>
<td><strong>3.55</strong></td>
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</tbody>
</table>
Chart 4 depicts the contribution of Primary, Secondary and Tertiary Sector in the GSVA of the State. Despite robust growth in Agriculture & Allied Activities, the contribution of the Primary Sector in GSVA of the State is the lowest in FY 2016-17(AE). A secular decline in the contribution of Primary Sector to GSVA is witnessed, at the same time; the contribution of the tertiary sector with the highest contribution has been showing an upward trend. The contribution of Secondary Sector is next to tertiary sector has remained at a constant level. From this trend, it is inferred that the State economy is becoming more service oriented.

Table 2: Contribution of Economic Activity to GSVA
(At Constant Prices)

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011-12 (1st R)</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>17.96</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>12.20</td>
</tr>
<tr>
<td><strong>Primary</strong></td>
<td><strong>30.16</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18.96</td>
</tr>
<tr>
<td>Electricity, Gas, Water Supply &amp; Other Utility Services</td>
<td>2.30</td>
</tr>
</tbody>
</table>
### Economic Activity Percentage Share

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>2011-12 (1st R)</th>
<th>2012-13 (1st R)</th>
<th>2013-14 (1st R)</th>
<th>2014-15 (1st R)</th>
<th>2015-16 (1st R)</th>
<th>2016-17 (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>9.49</td>
<td>8.86</td>
<td>8.72</td>
<td>8.27</td>
<td>8.17</td>
<td>7.84</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td><strong>30.74</strong></td>
<td><strong>28.89</strong></td>
<td><strong>30.31</strong></td>
<td><strong>30.85</strong></td>
<td><strong>30.67</strong></td>
<td><strong>30.09</strong></td>
</tr>
<tr>
<td>Trade, Repair, Hotels and Restaurants</td>
<td>9.38</td>
<td>9.98</td>
<td>9.87</td>
<td>10.42</td>
<td>11.21</td>
<td>11.18</td>
</tr>
<tr>
<td>Transport, Storage, Communication &amp; Services related to Broadcasting</td>
<td>6.21</td>
<td>6.56</td>
<td>6.47</td>
<td>6.77</td>
<td>7.21</td>
<td>7.34</td>
</tr>
<tr>
<td>Financial Services</td>
<td>3.67</td>
<td>3.96</td>
<td>3.78</td>
<td>3.92</td>
<td>4.07</td>
<td>4.08</td>
</tr>
<tr>
<td>Real estate, Ownership of Dwelling &amp; Professional Services</td>
<td>7.86</td>
<td>7.78</td>
<td>7.61</td>
<td>7.68</td>
<td>8.07</td>
<td>8.06</td>
</tr>
<tr>
<td>Public Administration and Defence</td>
<td>3.98</td>
<td>4.05</td>
<td>5.04</td>
<td>4.44</td>
<td>4.38</td>
<td>4.42</td>
</tr>
<tr>
<td>Other Services</td>
<td>8.01</td>
<td>7.67</td>
<td>6.77</td>
<td>7.24</td>
<td>7.71</td>
<td>7.79</td>
</tr>
<tr>
<td><strong>Tertiary</strong></td>
<td><strong>39.09</strong></td>
<td><strong>40.00</strong></td>
<td><strong>39.54</strong></td>
<td><strong>40.47</strong></td>
<td><strong>42.65</strong></td>
<td><strong>42.88</strong></td>
</tr>
<tr>
<td><strong>TOTAL GSVA at Basic Prices</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

### Financing Outlays

The expenditure in 2017-18 is proposed to be funded by 83% of revenue receipt and 17% of capital receipt. The key financing outlays ratios (percentage of GSDP) from FY 2015-16 to FY 2017-18(BE) are presented in chart 5.

**Chart 5: Key Financing Outlays Ratios (% of GSDP)**
Analysis of Budget Expenditure

Aggregate Expenditure of the Budget 2017-18 has increased by 14% over 2016-17(BE). The budgeted Revenue Expenditure has increased by 10% and Capital Outlay is budgeted to grow at 24% over FY 2016-17 (BE). The budgeted capital outlay of Rs.20,774 crore is estimated to exceed 5% of GSDP. This indicates the State Government’s commitment to create more capital formation to induce higher growth.

The committed expenditure is budgeted to rise by 15% over 2016-17(BE). This is mainly due to rise in salary and pension by 17% on account of the provision made for the implementation 7th Pay Commission (Chart 6).

Chart 6: Committed Expenditure Ratio (% of GSDP)

Expenditure on Social sector and Economic Sector taken together is called as Developmental Expenditure. The Developmental Expenditure relative to Non Developmental Expenditure are budgeted to increase in FY 2017-18 over budget estimate of FY 2016-17 (Chart 7).
The budgeted Developmental Expenditures in 2917-18 (18.55% of GSDP) has exceeded the budgeted expenditure of 2016-17 and actuals of 2015-16. This trends validates the State’s commitment on quality of Expenditure.

The People’s Budget of 2017-18 envisages inclusive growth through higher quality expenditure and more capital outlay.

Analysis of Revenue Receipts

The total revenue receipts for 2017-18 are budgeted at Rs.88931.52 crores with a growth of 14% over FY 2015-16(BE) as compared budgeted growth of 10.13% in FY 2015-16(BE). The total revenue receipts of the State consists of State’s Own Tax Revenue, State’s Own Non Tax Revenue, Share Tax and Grants from Centre. The contribution of these components to total revenue receipts is presented in Chart 8.
Chart 8: Composition of Revenue Receipts

Chart 9 presents the comparative position of these above receipts as a percentage of GSDP. The State own Tax Revenue (SOTR) relative to GSDP is budgeted to increase to 6.50% in 2017-18 from 6.12% in 2016-17(BE), indicating an expected rise in tax buoyancy. The Shared Tax from the divisible pool of horizontal taxes as percentage of GSDP, is also expected to rise by 7.62% in the Budget 2017-18. However, Non-Tax Revenue as percentage of GSDP is budget at 2.30% in 2017-18 as compared to 2016-17(BE) and 2015-16(Accounts) as a result of decline in receipts from Mining Royalty.

Chart 9: Trends in Revenue Receipts to GSDP Ratio
Department Wise Expenditure in 2016-17

The provision of highest resource allocation is made to School and Mass Education Department (Rs.13,857 crore) followed by Water Resource Department (Rs.9200 crore), Panchayati Raj Department (Rs.8474 crore). The resource allocation to the administrative departments in terms of Administrative Expenditure, Programme Expenditure, Disaster Response Fund and Transfer from State is presented in Table 3.

Table 3: Department Wise Net Provision: 2017-18 (BE)

<table>
<thead>
<tr>
<th>D. No</th>
<th>Department</th>
<th>Administrative Expenditure</th>
<th>Programme Expenditure</th>
<th>Disaster Response Fund</th>
<th>Transfer from State</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Home Department</td>
<td>3,924.81</td>
<td>421.52</td>
<td>0.00</td>
<td>0.00</td>
<td>4,346.33</td>
</tr>
<tr>
<td>2</td>
<td>General Administration Department</td>
<td>166.56</td>
<td>149.87</td>
<td>0.00</td>
<td>0.00</td>
<td>316.43</td>
</tr>
<tr>
<td>3</td>
<td>Revenue Department</td>
<td>903.82</td>
<td>112.85</td>
<td>0.00</td>
<td>0.00</td>
<td>1,016.67</td>
</tr>
<tr>
<td>4</td>
<td>Law Department</td>
<td>298.86</td>
<td>37.04</td>
<td>0.00</td>
<td>0.00</td>
<td>335.90</td>
</tr>
<tr>
<td>5</td>
<td>Finance Department</td>
<td>21,488.46</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>21,488.46</td>
</tr>
<tr>
<td>6</td>
<td>Commerce Department</td>
<td>76.60</td>
<td>19.00</td>
<td>0.00</td>
<td>0.00</td>
<td>95.60</td>
</tr>
<tr>
<td>7</td>
<td>Works Department</td>
<td>1,686.84</td>
<td>3,277.50</td>
<td>0.00</td>
<td>0.00</td>
<td>4,964.34</td>
</tr>
<tr>
<td>8</td>
<td>Odisha Legislative Assembly</td>
<td>44.96</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>44.96</td>
</tr>
<tr>
<td>9</td>
<td>Food Supplies and Consumer Welfare Department</td>
<td>78.89</td>
<td>926.72</td>
<td>0.00</td>
<td>0.00</td>
<td>1,005.61</td>
</tr>
<tr>
<td>10</td>
<td>School and Mass Education Department</td>
<td>8,402.62</td>
<td>5,454.61</td>
<td>0.00</td>
<td>0.00</td>
<td>13,857.23</td>
</tr>
<tr>
<td>11</td>
<td>Scheduled Tribes and Scheduled Caste Development, Minorities and Backward Classes Welfare Department</td>
<td>603.38</td>
<td>2,344.98</td>
<td>0.00</td>
<td>0.00</td>
<td>2,948.37</td>
</tr>
<tr>
<td>12</td>
<td>Health and Family Welfare Department</td>
<td>2,038.17</td>
<td>3,652.16</td>
<td>0.00</td>
<td>0.00</td>
<td>5,690.33</td>
</tr>
<tr>
<td>13</td>
<td>Housing and Urban Development Department</td>
<td>570.45</td>
<td>2,439.24</td>
<td>0.00</td>
<td>1,467.91</td>
<td>4,477.60</td>
</tr>
<tr>
<td>14</td>
<td>Labour &amp; Employees State Insurance Department</td>
<td>100.65</td>
<td>18.34</td>
<td>0.00</td>
<td>0.00</td>
<td>119.00</td>
</tr>
</tbody>
</table>

3 The Net Provision for Finance Department is budgeted at Rs.21,488 crores. This mainly includes committed expenditures such as Salary, Pension, and Interest Payment etc.
<table>
<thead>
<tr>
<th>D. No</th>
<th>Department</th>
<th>Administrative Expenditure</th>
<th>Programme Expenditure</th>
<th>Disaster Response Fund</th>
<th>Transfer from State</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Sports and Youth Services Department</td>
<td>30.34</td>
<td>119.12</td>
<td>0.00</td>
<td>0.00</td>
<td>149.45</td>
</tr>
<tr>
<td>16</td>
<td>Planning and Convergence Department</td>
<td>49.93</td>
<td>706.84</td>
<td>0.00</td>
<td>0.00</td>
<td>756.77</td>
</tr>
<tr>
<td>17</td>
<td>Panchayati Raj Department</td>
<td>150.10</td>
<td>4,969.97</td>
<td>0.00</td>
<td>3,353.76</td>
<td>8,473.83</td>
</tr>
<tr>
<td>18</td>
<td>Public Grievances and Pension Administration Department</td>
<td>2.56</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.56</td>
</tr>
<tr>
<td>19</td>
<td>Industries Department</td>
<td>4.77</td>
<td>254.84</td>
<td>0.00</td>
<td>0.00</td>
<td>259.61</td>
</tr>
<tr>
<td>20</td>
<td>Water Resources Department</td>
<td>1,371.66</td>
<td>7,828.02</td>
<td>0.00</td>
<td>0.00</td>
<td>9,199.68</td>
</tr>
<tr>
<td>21</td>
<td>Transport Department</td>
<td>61.97</td>
<td>339.41</td>
<td>0.00</td>
<td>0.00</td>
<td>401.38</td>
</tr>
<tr>
<td>22</td>
<td>Forest and Environment Department</td>
<td>461.12</td>
<td>283.84</td>
<td>0.00</td>
<td>0.00</td>
<td>744.96</td>
</tr>
<tr>
<td>23</td>
<td>Department of Agriculture and Farmers' Empowerment</td>
<td>756.77</td>
<td>3,159.09</td>
<td>0.00</td>
<td>0.00</td>
<td>3,915.86</td>
</tr>
<tr>
<td>24</td>
<td>Steel and Mines Department</td>
<td>59.68</td>
<td>37.54</td>
<td>0.00</td>
<td>0.00</td>
<td>97.22</td>
</tr>
<tr>
<td>25</td>
<td>Information and Public Relations Department</td>
<td>48.81</td>
<td>38.62</td>
<td>0.00</td>
<td>0.00</td>
<td>87.43</td>
</tr>
<tr>
<td>26</td>
<td>Excise Department</td>
<td>87.44</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
<td>97.44</td>
</tr>
<tr>
<td>27</td>
<td>Science and Technology Department</td>
<td>14.07</td>
<td>48.02</td>
<td>0.00</td>
<td>0.00</td>
<td>62.10</td>
</tr>
<tr>
<td>28</td>
<td>Rural Development Department</td>
<td>1,591.12</td>
<td>5,780.23</td>
<td>0.00</td>
<td>0.00</td>
<td>7,371.35</td>
</tr>
<tr>
<td>29</td>
<td>Parliamentary Affairs Department</td>
<td>43.13</td>
<td>5.04</td>
<td>0.00</td>
<td>0.00</td>
<td>48.17</td>
</tr>
<tr>
<td>30</td>
<td>Energy Department</td>
<td>32.11</td>
<td>1,668.30</td>
<td>0.00</td>
<td>0.00</td>
<td>1,700.41</td>
</tr>
<tr>
<td>31</td>
<td>Handlooms, Textiles &amp; Handicrafts Department</td>
<td>61.91</td>
<td>140.52</td>
<td>0.00</td>
<td>0.00</td>
<td>202.43</td>
</tr>
<tr>
<td>32</td>
<td>Tourism and Culture Department</td>
<td>53.53</td>
<td>239.82</td>
<td>0.00</td>
<td>0.00</td>
<td>293.35</td>
</tr>
<tr>
<td>33</td>
<td>Fisheries and Animal Resources Development Department</td>
<td>401.16</td>
<td>377.07</td>
<td>0.00</td>
<td>0.00</td>
<td>778.24</td>
</tr>
<tr>
<td>34</td>
<td>Co-operation Department</td>
<td>119.87</td>
<td>916.10</td>
<td>0.00</td>
<td>0.00</td>
<td>1,035.97</td>
</tr>
<tr>
<td>35</td>
<td>Public Enterprises Department</td>
<td>3.59</td>
<td>4.00</td>
<td>0.00</td>
<td>0.00</td>
<td>7.59</td>
</tr>
</tbody>
</table>
The top ten Departments contribute more than 60% of the total budgeted expenditure (Table 4). These Departments mainly belong to social services and economic services sector. Other Departments contributes 39% of the total expenditure; out of which the share of the Finance Department is 20%.

**Table 4: Share of Department Wise Expenditure in 2017-18**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Department</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>School and Mass Education Department</td>
<td>12.96%</td>
</tr>
<tr>
<td>2</td>
<td>Water Resources Department</td>
<td>8.61%</td>
</tr>
<tr>
<td>3</td>
<td>Panchayati Raj Department</td>
<td>7.93%</td>
</tr>
<tr>
<td>4</td>
<td>Rural Development Department</td>
<td>6.89%</td>
</tr>
<tr>
<td>5</td>
<td>Health and Family Welfare Department</td>
<td>5.32%</td>
</tr>
<tr>
<td>6</td>
<td>Works Department</td>
<td>4.64%</td>
</tr>
<tr>
<td>7</td>
<td>Housing and Urban Development Department</td>
<td>4.19%</td>
</tr>
<tr>
<td>8</td>
<td>Home Department</td>
<td>4.07%</td>
</tr>
<tr>
<td>9</td>
<td>Department of Agriculture and Farmers' Empowerment</td>
<td>3.66%</td>
</tr>
<tr>
<td>10</td>
<td>Scheduled Tribes and Scheduled Caste Development, Minorities and Backward Classes Welfare Department</td>
<td>2.76%</td>
</tr>
<tr>
<td>11</td>
<td>Other Departments</td>
<td>38.97%</td>
</tr>
</tbody>
</table>
FRBM Targets for 2017-18

- The estimated Revenue Surplus is 1.62 per cent of GSDP is adhered to the FRBM limit of zero Revenue Deficit.
- The Fiscal Deficit is projected 3.50 per cent of GSDP.
- The Interest Payment to Revenue Receipt (IPRR) Ratio is targeted at 5.62% which is below FRBM limit of 15%.
- The outstanding debt to GSDP ratio at the end of FY 2017-18 is estimated at 18.61 per cent of GSDP which is below the FRBM limit of 25%.
- Thus, the Budget for FY 2017-18 is FRBM compliant.

Budgetary Outlays and Fiscal Indicators

- For the purpose of calculation of Annual Borrowing ceiling, the nominal GSDP for the year 2017-18 works out at ₹4,12,481 crore as per the Fourteenth Finance Commission methodology.
- Total outlay made in the Budget Estimates for 2017-18 is Rs.1,06,910.87 crore, which is 14% more over FY 2016-17 (BE).
- Total Revenue Receipts in 2017-18 is estimated to increase by 14% over 2016-17 (BE), at Rs.88,931.52 crore.
- Revenue surplus for the fiscal year 2017-18 is targeted at Rs.6,694.29 crore which is 1.62% of the Gross State Domestic Product (GSDP).
- The Fiscal Responsibility and Budget Management Act, 2005 was amended in FY 2016-17 to increase the fiscal deficit ceiling to 3.5% of GSDP from 3% limit. The additional fiscal deficit of 0.5% Fiscal deficit would be available for a State Government provided the State contains the debt stock below 25% and IPRR ratio within 10% and continue to achieve revenue surpluses. Odisha satisfies both the conditions and hence is eligible for fiscal deficit of 3.5% for the year. Accordingly, fiscal deficit for 2017-18 is budgeted at Rs.14,434.71 crore, which is 3.5% of GSDP.
- Being financed by both Revenue Surplus and the entire borrowed fund, the Capital Outlay as percentage of GSDP is estimated at 5.04% in FY 2017-18 as compared to 4.42% in FY 2016-17(BE).

- Interest Payment to Revenue Receipt (IPRR) and Debt Stock to GSDP ratio are targeted at 5.62% and 18.61% respectively in FY 2017-18.

- Total Expenditure to GSDP ratio is budgeted at 25.9% in FY 2017-18 as compared to 24.8% in 2016-17(BE).

- The Developmental Expenditure to GSDP ratio in 207-18(BE) is pegged at 18.55% as compared to 17.95% in 2016-17(BE).

- The key fiscal indicators in FY 2015-16 (Accounts), FY 2016-17(BE) and FY 2017-18 are depicted in Chart 10.

*IPRR is Interest Payment to Revenue Receipt Ratio*
Budget Highlights

Farmer Centric Budget

- Allocation of Rs.14,930 crore to Agriculture through separate Budget. Rise of 100% when the first Agriculture Budget was presented with outlay of Rs.7,162 crore.

- The outlay for the Agriculture Budget is about 14% of the total outlay proposed to be provided in the Budget Estimates for 2017-18.

- Alignment of this year’s Agriculture Budget with the farming life cycle which covers major activities performed by a farmer for raising crops and taking up horticulture, floriculture, fisheries, animal husbandry and other allied activities. Soil health management, Seed selection, improved farm implements, assured irrigation, affordable and timely credit, effective extension, proper risk coverage, post-harvest management and marketing as well as farmer welfare measures are important facets for raising income and well-being of farmers and production and productivity of agriculture.

- Focus on soil management to know the soil health and to ascertain the productivity level of a soil for a given crop.
- Priorities on Seed, Fertilizer, Farm mechanisation and Modern Farming practices.
- To prevent leakages in transfer of input subsidies to farmers, Direct Benefit Transfer (DBT) is being implemented for farm mechanisation, Jalnidhi Scheme and need-based inputs.
- Topmost priority is given to harnessing water resources for providing irrigation.
  - Step to be taken to revive the defunct lift irrigation projects
- Proposal for improvement water use efficiency and to provide last mile irrigation through field channels.
- Provision of interest subvention on crop loans so that credit is available at an effective interest rate of 1 per cent to the farmers for loans up to Rs. 50,000 and 2 per cent for loans above Rs. 50,000.
- Capitalisation of Odisha State Cooperative Bank (OSCB) and the 17 Central Cooperative Banks (CCBS).
- Proposal to transform the PACS as ‘ONE STOP SHOP’ for the farmers to meet all their requirements including credit, fertilizer, seeds, custom-hiring of agriculture implements, storage and marketing under one roof.
- Risk Mitigation and Post-Harvest Management to create an enabling environment for consolidation of agriculture marketing.
  - Commitment for Blue Revolution and Welfare of fishermen
  - Strengthening of Animal Husbandry & Dairying in order to provide more employment and income generating opportunities.
- Action plan to promote organic farming and special programme for millets will be grounded in seven tribal districts to improve nutritional security of our people.
Quality Education, Skill Development and Affordable Health Care Facility are core priorities

- The State Government is committed to universalise elementary education and expand secondary education with a special focus on improving quality of education in our elementary and secondary schools.

- Outlay of Rs.2,000 crore for Sarba Sikhya Abhiyan, Rs.860 crore for Mid-day Meal Scheme and Rs.706 crore for Rashtriya Madhyamika Sikshya Abhiyan, all of which will have a State share of 40 per cent.

- In addition, Rs.55 crore is also being provided as cooking cost for the Mid-day meals.

- Outlay of Rs.185 crore under the Gangadhar Meher Sikhya Manakbrudhi Yojana (GMSMY) to provide free school bags and educational kit to all children from Class 1-V, free school uniform to all children from Class-I to VIII and free bicycles to all students reading in Class-IX of Govt. and Govt. aided schools, Sanskrit tols and Madrasas.

- Proposed to open an additional 60 Adarsh Vidyalayas in with an outlay of Rs.200 crore.

- Focus on teachers’ training for improving the quality of education.

- Provision of Rs.181 crore for infrastructure development of universities, Government Colleges and Non-Government Aided Colleges.

- Laptop is being provided to meritorious students on their completion of higher secondary education.
• Commitment for education and skill development of SCs and STs as an important ladder for their social up-liftment.

• Establishment of Odisha Skill Development Authority to guide, coordinate, oversee and implement all skill development programmes in the State across Departments to achieve an aspirational "Skilled-in-Odisha" identity among youth as well as potential employers.

  • Largest outlay of Rs.18,404 crore for Education and Skills.
  • Proposal of an outlay of Rs.400 crore for the establishment of new Medical Colleges.

• “Mukhya Mantri Swasthya Seva Mission” is proposed to be launched covering interventions such as Public Health Response, Health Investment Promotion Policy, Development of Infrastructure of the existing Medical Colleges and Peripheral Healthcare Institutions and financial assistance upto Rs.3 lakh to needy and poor patients to cover the cost of treatment for critical illness.

• Upgradation of the firefighting measures and sanitation facilities in these health institutions with an outlay of Rs.345 crore for this Mission.

• Strategic interventions like improvement of the Maternity and Child Healthcare facilities are envisaged under the programme “Sishu O Matru Mrityuhara Sampurna Nirakaran Abhiyan (SAMPURNA)” with a focus on 15 high burden Districts for accelerated reduction of Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR).
  • Measures to be taken to reduce out-of-pocket health expenditure.
• Proposal to provide **Rs.1229 crore** for National Health Mission.

• More coverage in Employees State Insurance (ESI) Scheme.

• To promote private participation in health care in 11 backward districts through Health Care Investment Promotion Policy.

• Total budgetary allocation for Health and Family Welfare Department has been increased to **Rs.5690 crore** in 2017-18, from Rs.4772 crore in m2016-17 which represents an increase of about 20 per cent.

• Priorities on adequate and safe drinking water supply.

• Proposal of an outlay of **Rs.315 crore** and **Rs.750 crore** for urban water supply and rural water supply respectively under **BASUDHA**.

• Top priority for operations and maintenance of drinking water supply systems with a provision of Rs. 250 crore.

• Focus on construction of individual household latrines and public toilets to improve public hygiene, waste management and make the public places clean.
**Affordable Housing**

- Commitment for providing every household with a decent roof.
- Shelter security to more than 15 lakh kutchha households of rural Odisha are to be provided by 2019.
- This will fulfill the commitments of the Government to convert all kutchha houses in the rural areas to pucca houses by 2019.
- An outlay of Rs. **3100 crore** is made through convergence of PMAY-Gramin and Biju Pucca Ghar.
- It is proposed to provide **Rs.200 crore** for construction of 20,000 dwelling units under beneficiary led construction and 30,000 units under affordable housing and slum development components.
- Total outlay for Affordable Housing is **Rs.3300 crore** for the year 2017-18.

**Empowerment of Women and Children**

- The Success of Mamata”, an innovative conditional cash transfer scheme has been instrumental in the reduction of IMR & MMR in the State.
- Provision of **Rs.378 crore** for Maternity Benefit Programme-MAMATA.
- Emphasis on Integrated Child Protection Scheme (ICPS) and Scheme for Empowerment of Adolescent Girls (SABALA).
Commitment for Welfare of SC, ST and Minorities

- The Budget acknowledges the Safeguards for protection and economic empowerment of scheduled castes, scheduled tribes, other backward castes and minorities are one of the important corner stones of the Socio-Economic development.

- Under the special Central Assistance for the scheduled castes component a provision of Rs.83 crore will be provided.
- A sum of Rs.34 crore will be provided for the OTEL Plus Programme and Rs.50 crore will be provided under the Externally Aided Project Odisha PVTGs Empowerment and Livelihood Improvement Programme (OPELIP) for employment and income generating activities for the tribal population on a sustainable basis.

- Development of SCs and STs is an integral part of almost all the Schemes of different Departments, especially those relating to education, health, rural employment and livelihoods, skill development, housing and electrification. Overall, a sum of Rs.11,965 crore under Tribal Sub Component and Rs.8,116 crore under the SC Sub Component is proposed in 2017-18 totaling to Rs.20,081 crore.
Focus on Social Security and Development & Empowerment of Differently-abled

- The Budget envisages that the society should enable all including the disadvantaged and vulnerable sections to realise their full potential and live with dignity.

- Rs.977 crore is provided for the National Social Assistance Programme for Old Age, Widow and Disability Pensions.

- Provision of Rs. 840 crore for providing pension to additional beneficiaries under the “Madhubabu Pension Yojana”.

- Welfare of Persons with Disability (PwD), Home for the Aged in different districts, Empowerment of Workers and Social Security of labourers of both Organized and Unorganized Sector have received special focus in the Budget.
Trigger for Higher Economic Growth: Infrastructure Sector

- The outlay for infrastructure development will go up from Rs.16750 crore in 2016-17 to Rs.20774 crore in 2017-18, which represents more than 20 percent increase.

Road & Maintenance

- Road connectivity is a key determinant of growth and development. A sum of Rs.3,278 crore is budgeted for improvement of 1310 Kms of roads and construction of 37 bridges.
- Double Lanning of State Highways under State Highway Development Programme (SHDP), Road Projects under PPP mode; Roads in LWE affected areas; “Biju Expressway” to improve connectivity in Western Odisha and KBK districts and maintenance of Roads have received more attention in the Budget.

Development of Rural Infrastructure

- For rural roads, a sum of Rs.2300.00 crore under Pradhan Mantri Gram Sadak Yojana (PMGSY) for construction of 5000 Kms of roads is budgeted.
- To ensure connectivity to the habitations which are not eligible under PMGSY, a sum of Rs.395 crore will be provided under Mukhya Mantri Sadak Yojana.
- For completion of 150 nos. of bridges, Rs.500 crore has been proposed under Biju Setu Yojana.
- A new Scheme “Connecting Unconnected Villages” is proposed with an initial budget provision of Rs.50 crore to provide road connectivity to 142 remotest and inaccessible villages of 17 Left Wing Extremist (LWE) affected districts.
Development of Urban Infrastructure and Sanitation

- In recognition of the need for improvement of urban infrastructure, a new scheme “Urban Transformation Initiative (UNNATI)” is proposed to focus on improvement of urban roads and provision of civic amenities. **Rs.294 crore** is budgeted for the scheme.

- The importance of Urban road transport facilities is acknowledged in the wake of rapid increase in urban population. **Rs.17 crore is provided** towards Urban road transport facilities.

- The outlay for Housing and Urban Development Department has been stepped up to **Rs.4492 crore** from Rs.3364 crore in 2016-17, which is an increase of more than 33 per cent.

Rail Connectivity

- As regards the rail connectivity, **Rs.160 crore** is proposed for development of Railway Projects such as Khurda-Bolangir Link, Nabarangpur-Jeypore-Malkangiri Link and modernization of Bhubaneswar Railway Station.

- Government has also decided to infuse 26% equity in commercially viable railway projects in the state to give a boost to the completion of projects of strategic importance through SPVs. **Rs.252 crore** has already been provided over the last three years. **Rs.75 crore** has been proposed in 2017-18 for this purpose.
**Air connectivity**

- To enhance air connectivity, a sum of **Rs.40 crore** is provided for construction of air strips.
- A new scheme, **Regional Connectivity Scheme (RCS)-UDAN** has been formulated by Government of India to connect the small towns of the States through eight Airstrip/Airports by way of e-bidding process. MoU will be signed with Government of India and AAI under RCS-UDAN Scheme.
- Modernisation of regulatory infrastructure of Transport Department is an important priority and **Rs.30 crore** has been provided for this purpose in 2017-18. Required funds have also been provided for Bus terminal scheme, **Biju Gaon Gadi Yojana** as well as Road Safety activities.
Electricity for All & Quality Power Supply

- Electricity to all during next two years.
- Comprehensive strategy to strengthen the generation, transmission and distribution infrastructure in the state.
- In order to provide 24x7 electricity supply with proper voltage, the State Government have initiated Odisha Distribution System Strengthening Programme (ODSSP) under which 500 new 33x11 sub-stations will be added by 2018.
- In order to ensure “Electricity to All”, a sum of Rs.385 crore is budgeted.
- Outlay of Rs.150 crore is provisioned under State Capital Region Improvement of Power System (SCRIIPS) to provide 24X7 uninterrupted stable power supply in Bhubaneswar & Cuttack Urban Complex.
- In order to improve the distribution infrastructure and reduce AT&C loss in urban areas, Rs.105 crore is proposed under R-APDRP programme. Under Integrated Power Development Scheme (IPDS), Rs.100 crore will be provided in 2017-18 for strengthening the Sub-Transmission and Distribution Network.
- It is also proposed to provide Rs.189 crore as Equity Support to PSUs for various projects; Rs.40 crore for Radial to Ring Conversion Project and Rs.50 crore for Disaster Resilient Power System.
- To promote green energy, Government has recently announced Odisha Renewable Energy Policy and establishment of Odisha Renewable Energy Development Fund. An outlay of Rs.50 crore is provided for the purpose.
Growth Enabler: Science & Technology

- With the firm belief that Science & Technology would help spur economic growth, an outlay of Rs.62 crore has been provided in 2017-18 B.E., out of which Rs.20 crore is for Roof Top Solar Power Plants in Government buildings and for establishment of Solar Power based Drinking Water Projects.

Electronic & Information Technology for Modern Governance

- An outlay of Rs.120 crore has been proposed in 2017-18, of which Rs.24 crore and Rs.16 crore will be for State Wide Area Network (SWAN) and the State Data Centre respectively.
- Besides, a provision of Rs.15 crore has been made for establishment of Software Technology Park of India and Rs.6 crore for development of Infocity-II-IT-SEZ.

Improvement of Disaster Management Capabilities

- To ensure focused attention to our disaster mitigation, relief and management, it has been decided to create a separate Demand for Grants (No. 42) under Revenue and Disaster Management Department.
- Rs.4,597 crore is budgeted for Disaster Management including Rs.1,133 crore under State Disaster Response Fund (SDF) and Rs.1,000 crore under National Disaster Response Fund (NDRF) respectively. A sum of Rs.250 crore is provided for World Bank assisted ‘Odisha Disaster Recovery Project’) for reconstruction of damaged houses and allied infrastructure such as, internal roads, water supply, sanitation, etc.
Convergence: For Extra Budgetary Resources

Substantial funds are available as extra budgetary resources outside the consolidated fund of the State, which can be accessed for different developmental activities through convergence to prevent overlapping and achieve optimum utilisation of resources. Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Fund (Forest & Environment Department), Odisha Mineral Bearing Area Development Corporation (OMBADC) Fund (Forest & Environment Department), District Mineral Fund (DMF) (Steel & Mines Department), Odisha State Agricultural Marketing Board (OSAM Board) Fund (Co-operation Department), Building & Other Construction Workers Welfare Board Fund (L&ESI Department) are some of the sources.

Reform Initiatives

- Outcome Budget
- Restructuring of Directorates of Small Savings and Institutional Finance
- Integrated Financial Management System (IFMS 2.0)
- Digital Payment
- Direct Benefit Transfer (DBT) Portal
- Service Costing and benchmarking
- Evaluation, Performance Audit and Value of Money