

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 27381/F,
FIN-BUD1-BT-0006-2021

Date: 29/09/2021

From

Sri Vishal Kumar Dev, I.A.S.
Principal Secretary to Government

To

All Secretaries to Government/
Heads of Departments

Sub: Preparation of Revised Estimates for 2021-22 and Budget Estimates for 2022-23.

Sir/Madam,

I am directed to say that the process of formulation of Revised Estimates for 2021-22 and Budget Estimates for 2022-23 are to be initiated and completed in time for enabling Finance Department to present the budget in the Odisha Legislative Assembly at the appropriate time. In addition to the general instructions contained in Chapter- III of Odisha Budget Manual, following supplementary instructions are to be followed while framing the Revised Estimates for the current year 2021-22 and Budget Estimates for the financial year 2022-23.

2. Government's strategic priorities for the next five years: State economy is gradually recovering from the contraction in the fiscal year ended March, 2021. The severe second wave of COVID-19 pandemic has affected the manufacturing and service sector recovery in the State. The State has been fighting the pandemic since March, 2020 with objective of saving the life and livelihood of the people. The priorities of the State Government in the medium-term still remains to achieve Sustainable Development Goals through faster reduction of poverty, increasing farmers' income by crop diversification and direct benefit transfer, providing piped drinking water to all, making available quality affordable health care facilities, enabling quality education & skill development, providing quality physical infrastructure for improving economic activities. State Government is in mission mode to empower women in every sphere of economic activities, modernise the health facilities at PHC level and building world class tertiary healthcare facility in the State, and providing IT enabled platforms in primary education institutes at the village level, so that state could achieve an inclusive growth.

3. Economic Outlook: Global economy is projected to grow at 6% during 2021-22 and 4.9% during 2022-23. IMF has projected India's economy to grow around 9.5% during this fiscal and will have a growth of 8.5% during 2022-23. The recovery in 2021-22 is projected to be slower than anticipated earlier owing to the impact of second wave and threat of subsequent waves of the pandemic. In case of Odisha, the economy is projected to grow by about 9.5% in 2021-22 and it is expected to register a growth of about 9% during 2022-23.

4. Resource Outlook: There is optimism in the resource outlook during the FY-2021-22 both at national and sub-national level owing to the recovery of the economy from the contraction during 2020-21. State Government has been consistently monitoring the revenue collection with a specific focus on arrear revenue. The efforts of the State Government in the mining sector have substantially enhanced overall collection of the State's own tax and non-tax so far compared to previous year. Considering the year 2020-21 as an aberration, the growth of the own tax and non-tax revenue is still modest when compared to the level of collection in 2019-20 and a time lag of 2 years. The receipt of share tax and grant-in-aid from Centre till August, 2021 has declined compared to 2020-21. State's own revenues are expected to register moderate growth in FY 2022-23. The GST compensation to bridge the gap between the protected revenue and actual collection will continue till June, 2022. Considering all the factors, the spending is expected to increase by about 17 percent in FY 2022-23 over the current year's revised estimates.

5. FRBM compliance: The Odisha FRBM Act, 2005 mandates the State to generate revenue balance and contain the fiscal deficit within 3% of GSDP. The 15th Finance Commission has already submitted its report for period 2021-22 to 2025-26. 15th Finance Commission in its report has worked out the debt path for the States which is as below:

Table-1.1: Indicative Deficit and Debt Path for State Governments by the 15th Finance Commission (% of GSDP)

Sl. No.	Item	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1.	Revenue Surplus	0.1	0.5	0.8	1.2	1.7	2.5
2.	Fiscal Deficit	-4.5	-4.0	-3.5	-3.0	-3.0	-3.0
3.	Total Liabilities	33.1	32.6	33.3	33.1	32.8	32.5

However, the fiscal policy of the State will be guided by the principle of long-term fiscal sustainability keeping in view the contraction of the GSDP due to the impact of COVID-19 as well as its susceptibility to natural calamities. Thus, the State Government would try to adhere to FRBM requirements for Revised Estimates, 2021-22 and Budget Estimates, 2022-23, which are given below:

Indicators	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Revenue Surplus (+)/ Deficit (-) (% of GSDP)	(+)1.03%	Revenue Surplus	Revenue Surplus
Fiscal Deficit (% of GSDP)	(-) 3.49%	(-) 3.5%	(-) 3.5%
IP/ RR Ratio	5.76%	10% (upper limit)	10% (upper limit)
Year-end debt stock (% of GSDP)	18.99%	25% (upper limit)	25% (upper limit)

6. Preparation of annual budget for FY 2022-23

As part of the PFM reform, the State Government had introduced a new budget making process for preparation of Annual Budget, 2020-21. The preparation of budget for FY 2022-23 will be based on the principles adopted for Annual Budget, 2021-22

which *inter-alia* include advanced budget calendar, macro-fiscal forecasting and advanced indication of Departmental ceilings (both for Administrative and Programme Expenditure). The Departments will be given 2-3 months' time to have thorough scrutiny and prioritization of the Budget proposals within the ceiling communicated. All the Departments will be communicated with a multi-year ceiling, so that they would have predictability in fund flow and can make multi-year project planning accordingly.

Following budget process will be adopted for FY 2022-23 and longer time will be allocated for **submission of expenditure estimates by 15th December, 2021.**

- i. Ceiling will be communicated through BETA system on broad category of expenditure with flexibility to the Departments to prioritize the expenditure within the broad ceiling.
- ii. Each Administrative Department will receive their departmental ceiling disaggregated by Administrative Expenditure (Salaries, Maintenance and others), Programme Expenditure (State Sector Schemes, Centrally Sponsored Schemes, and Central Sector Schemes), Transfers from State (Central Finance Commission, State Finance Commission and others) and Disaster Response Funds (SDRMF and NDRMF).
- iii. Previously established norms and practices should be adopted for preparation of estimates by Departments within the ceilings communicated. To this end, the guidelines for determining Administrative Expenditure are given in tabular form at **Annexure –I.**
- iv. Finance Department in consultation with the Planning & Convergence Department will bring out a “**Fiscal Strategy Report**” indicating the assumptions for revenue and expenditure projections in the medium term and the outlook for the State economy and finances.
- v. The Annexures in which various budget related information are being collected have been rationalized and steps are taken to collect more information from the database available in various systems. Other documents like Statement under FRBM Act, Gender & Child Budget document etc. would be prepared mostly by using the information from the Budget database.

7. Preparing Budget Estimates, 2022-23 in respect of Programme Expenditure

- a. Sectoral priorities are to be identified in line with State priorities and SDGs where ever relevant. Allocation under State Sector Schemes should not be made for schemes not appraised by EFC/SFC as the case may be.
- b. Allocation for Centrally Sponsored Schemes and Central Sector Schemes should be proposed taking into account the likely level of Central Assistance to be received for the schemes for the Budget year within the overall ceiling communicated for the sectors.
- c. Government of India, in the meanwhile, have revised the procedure for release of funds under the Centrally Sponsored Schemes (CSS) vide Office Memorandum dated 23.03.2021. The State Government is now required to maintain separate Budget lines for Central and State Share under each CSS. In order to comply to the new guidelines for ensuring smooth flow of Central Assistance to the State,

two separate line items '78768-Central Share of CSS' and '78769-State Share of CSS' have been created.

- d. Earmarking of allocation for different Schemes under the Programme Expenditure for Tribal Sub-Component and Scheduled Caste Sub-Component is to be done as per the norm.
- e. Break-up of allocation under Programme Expenditure for District Sector and State Sector is to be made as per the current practice.
- f. Convergence of extra-budgetary resources to budgetary resources and between budgetary resources is to be made a part of the budgetary exercise to ensure productive output.

8. Completion of Annexures

Some information along-with the budget proposals are collected for budget scrutiny at Finance and P&C Departments. With automation of budget preparation process and availability of various data in BETA and IFMS, it has now become possible to fetch a number of information from the systems without depending upon the Departments. The three annexures now prescribed will seek information on position of man-power & salary requirement, grant-in-aid salary requirement and vehicle position. Even the manpower and salary related annexures would be made available to the DDO with pre-populated data from HRMS, which are to be verified and modifications to be made, if required. This will make it simple and easy for all budget estimating officers to complete the annexures. The relevant annexures to be completed are as below:

- i. **Annexure-II:** Sanctioned Strength, Vacancies and Man-in-position and salary requirement
- ii. **Annexure-III:** Estimate of Grant-in-aid Salary
- iii. **Annexure-IV:** Position of vehicles and related expenditure

9. Process for Submission of Budget Proposal

(i) There will be no change in budget making process in the IFMS system for the DDOs and the Controlling Officers for processing the budget proposal for the financial year 2022-23.

(ii) However, ceilings will be communicated in the BETA system at the broad expenditure category as mentioned in para-6(ii). Departments are required to map the budget proposals to the broad ceilings. **Proposals beyond the ceiling will not be allowed to be processed in BETA system.**

10. Conducting pre-budget consultation meetings: All COVID-19 protocols and social distancing norms shall be strictly followed in conduct of pre-budget consultation meetings. Hence, all such meetings to be conducted by Finance Department as well as Planning & Convergence Department shall be convened only through virtual platform.

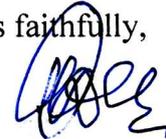
11. Budget calendar and timelines for completing the budget estimates

A lot of information is to be collected and compiled before the budget is placed before OLA. Hence, budget documents are to be prepared in a tight time schedule. Therefore, all Departments and Controlling Officers are required to adhere to the timeline mentioned in the following table.

Date	Activity	Responsibility
15 th December, 2021	Submission of proposals for Budget Estimates, 2022-23	Administrative Departments
16 th -31 st December, 2021	Pre-budget consultation meetings	Finance Department P&C Department
3 rd February, 2022	Revision of estimates after Pre-budget consultation and Union Budget, 2022-23	Finance Department P&C Department
5 th February, 2022	Meeting with Secretaries of major spending Departments by Chief Secretary/ DC-cum-ACS	Finance Department P&C Department
7 th - 10 th February, 2022	Approval of Annual Budget, 2022-23 by the Council of Ministers	Finance Department
2 nd week of February, 2022	Drafting of budget documents	Finance Department
3 rd week of February, 2022	Budget presentation by Minister, Finance	Finance Department
End March, 2022	Presentation of Appropriation bill	Finance Department

Enclosures: List along with proforma.

Yours faithfully,



Principal Secretary to Government

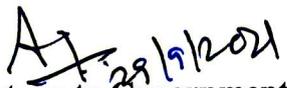
Memo No. 27382 /F., Dated 29/09/2021

Copy forwarded to Financial Advisors/Assistant Financial Advisors of Departments of Government and Accounts Officers of Heads of Departments for information and necessary action.


Joint Secretary to Government

Memo No. 27383 /F., Dated 29/09/2021

Copy forwarded to all Officers/Section Officers of Finance Department for information and necessary action.


Joint Secretary to Government

Memo No. 27384 /F., Dated 29/09/2021

Copy forwarded to all Treasury Officers of District Treasuries and Special Treasuries/Sub-Treasury Officers/F.A. and C.A.O of all the Irrigation Projects for information and necessary action.


Joint Secretary to Government

Memo No. 27385 /F., Dated 29/09/2021

Copy forwarded to Private Secretary to Hon'ble Minister, Finance/Chief Secretary/ Advisor to Chief Minister/ Development Commissioner-Cum-A.C.S. for kind information of Hon'ble Minister, Finance/Chief Secretary/ Advisor to Chief Minister/ Development Commissioner-Cum-A.C.S.


Joint Secretary to Government

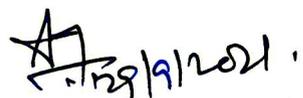
Memo No. 27386 /F., Dated 29/09/2021

Copy forwarded to the Accountant General (A&E), for favour of information.


Joint Secretary to Government

Memo No. 27387 /F., Dated 29/09/2021

Copy forwarded to the Portal-in-Charge, FID with request to upload the circular in the website of Finance Department at <https://finance.odisha.gov.in/>.


Joint Secretary to Government

ANNEXURE-I**Guidelines for preparation of budget proposal for Administrative Expenditure**

Sl. No.	Unit of Expenditure	Percentage growth	Remarks
1	Pay	3% on account of Annual increment	No salary provision against the vacant posts except in cases where Finance Department has explicitly allowed filling up of vacancies
2	Dearness Allowances	38% of Basic Pay	
3	HRA	@ 12% of the Pay or the double the HRA paid in 2020-21, whichever is less	
4	Requirement on account of MACPS	To be mentioned for assessment of the total salary requirement.	
5	7 th CPC arrear	No need to submit. FD will work out and make necessary provision.	
6	Consolidated pay for contractual appointees.	Should be shown separately	
7	Salary/ wages of work charged/ Job Contract/ NMR/ DLR	As per existing norm	
8	Telephone, TE and OC	Same level of 2021-22 (BE)	
9	Decretal dues and Land Acquisition Cases	As per actual requirement	
10	RCM	@₹2000/- per head	
11	MV (PoL)	Same level of 2021-22 (BE)	
12	MV (Hiring charges)	As per approved rate.	
13	LTC	As per actual requirement	
14	RRT, Municipal Tax, Water Charges, Electricity charges	As per actual requirement	
15	O&M Expenditure	Same level of 2021-22 (BE)	Subject to preparation of Annual Maintenance Plan
16	Debt servicing cost	As per actual requirement	
17	Loans & Advances	Only Computer Advance	

Annexure-IIA

Sanctioned Strength, Vacancies and Man-in-position and salary requirement

D.D.O of _____ (Name of the Establishment)

Category (Administrative EXP/Programme Expenditure/Disaster Management/Transfer from State)

Sub Category: E.O.M/DSE/SSS/CS/CSS/NDRF/SDRF/SFC/CFC/

Sector State Sector/District
Sector

Chart of Account: Major Head Sub-Maj Head Minor Head Sub-Head Voted/Charged

Abstract of Employee Strength

Sl. No.	Group	Sanctioned Strength	Vacancy as on 01.03.2021	Anticipated vacancy from 01.03.2021 to 01.03.2022	Total Vacancy (4+5)	Men in position as on 01.03.2022	Vacancy likely to be filled up (+)/arise due to retirement etc.(-) during the next Year	Anticipated Men in position for whom budget provision is proposed
1	2	3	4	5	6	7	8	9
1	Group A							
2	Group B							
3	Group C							
4	Group D							

Annexure-III A**Estimates of Grants-in-aid Salary
(AE, PE Separately)**

Scale of Pay	Total sanctioned and approved strength	No. of Vacancies as on 01.03.2021	Sharing pattern by State Govt.	RE for 2021-22	Estimate of current salary for 2022-23						Arrear salary, if any; give the particulars	Additionality on account of RACP	Total estimates for 2022-23 (11+12)
					Pay	DA @12%	HRA	RCM	OA	Total (6 to 10)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(a) Teaching posts													
(b) Non-Teaching posts													
(c) Total (a+b)													

1. For salaries drawn under direct payment system information in respect of Colleges, Secondary Schools and Primary Schools be compiled and furnished in separate statements. The information for Secondary Schools and Primary Schools be furnished in separate statements for each Inspector of Schools and each District Inspector of Schools.
2. In regard to grant-in-aid to meet the share up to a particular limit similar information may be furnished separately for Colleges and Schools in separate Statements.
3. The H & U.D. Department need furnish similar information in respect each U.L.Bs provided with grants-in-aid upto a specified percentage of pay and Dearness Allowance.
4. Panchayati Raj Department shall furnish in respect of the posts for which Govt. provides Grants-in-aid.
5. Agriculture Dept./Industry Dept./H & FW Dept. and other Departments providing Grants-in-aid for salary are also to furnish.

Annexure-III B**(For School & Mass Education Department / Higher Education Department only)****Particulars of staff strength, men in position & posts abolished in respect of aided private Schools / Colleges under Administrative Expr. / Programme Expr.****(Rs. in Trs.)**

No. of schools/Colleges receiving GIA	No. of employees receiving GIA in respect of those Schools / Colleges	Current requirement in the pre-revised scale per annum.	Arrears in the pre-revised scale, if not paid, & carried over to 2021-22	Total for 2021-22 in the pre-revised scale (3+4)	Differential amount of salary on the revised scale of pay for the year 2021-22 only	Arrear differential pay in the revised scale upto 31.03.2021	Total differential arrear (6+7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Annexure-IIIC**Information on teaching and non-teaching posts, vacant posts, vacant posts abolished, men in position etc. under grant-in-aid fold.****(For School & Mass Education Department/ Higher Education Department only)****(Separately for Administrative Expr. and Programme Expr.)****(RS. IN TRS)**

Name of the School/College	Total teaching posts receiving Grant-in-aid				No. of non-teaching staff receiving Grant-in-aid				Total teaching and non-teaching posts (5+9)
	No. receiving 1/3 rd	No. receiving 2/3 rd	No. receiving full.	Total	No. receiving 1/3 rd	No. receiving 2/3 rd	No. receiving full.	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Vacant posts if any receiving GIA as on 01.03.2021			Vacant posts abolished by 30.10.2021			Men in position as on 01.11.2021			Vacant Posts anticipated to be abolished as on 28.02.2022		
Teaching	Non-teaching	Total (11+12)	Teaching	Non-teaching	Total (14+15)	Teaching	Non-teaching	Total (17+18)	Teaching	Non Teaching	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)

Men in position as on 28.02.2022 after abolition of the vacant posts indicated in Col.22			Annual requirement of Grant-in-Aid salary for men in position as in Col.25			Remarks
Teaching	Non Teaching	Total (23 +24)	Teaching	Non-teaching	Total (26+27)	
(23)	(24)	(25)	(26)	(27)	(28)	(29)

