

**GOVERNMENT OF ODISHA  
FINANCE DEPARTMENT**

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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, 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 15<sup>th</sup> Finance Commission has already submitted its report for period 2021-22 to 2025-26. 15<sup>th</sup> 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 15<sup>th</sup> 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 Departments would have predictability in fund flow and can make multi-year project planning.

Following budget process will be adopted for FY 2022-23 and longer time will be allocated for submission of expenditure estimates by 15<sup>th</sup> 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 Paper**” 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 budget database.

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

- i.** 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.
- ii.** 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.
- iii.** 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.
- iv.** 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.
- v.** Break-up of allocation under Programme Expenditure for District Sector and State Sector Schemes is to be made as per the current practice.

- vi. 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, 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 <sup>th</sup> December, 2021	Submission of proposals for Budget Estimates, 2022-23	Administrative Departments
16 <sup>th</sup> -31 <sup>st</sup> December, 2021	Pre-budget consultation meetings	Finance Department P&C Department
3 <sup>rd</sup> February, 2022	Revision of estimates after Pre-budget consultation and Union Budget, 2022-23	Finance Department P&C Department
5 <sup>th</sup> February, 2022	Meeting with Secretaries of major spending Departments by Chief Secretary/ DC-cum-ACS	Finance Department P&C Department
7 <sup>th</sup> - 10 <sup>th</sup> February, 2022	Approval of Annual Budget, 2022-23 by the Council of Ministers	Finance Department
2 <sup>nd</sup> week of February, 2022	Drafting of budget documents	Finance Department
3 <sup>rd</sup> 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,

**Sd/-**  
**Principal Secretary to Government**