

Odisha State Budget 2014-15: A quick response

The state budget 2014-15 has been presented in Odisha legislative Assembly on 17th June 2014. After Karnatak, Odisha is the second state to bring a separate budget on Agriculture during the year 2013-14 in India. Odisha Budget and Accountability Centre (OBAC) has prepared a quick response on the budget presented by the state which may be helpful for the policy makers, researchers, media and academicians to think through on the critical aspects of the budget 2014-15. Deeper analysis is going on and some of the quick observations on Budget 2014-15 are given below.

Overall Economic indicators

Low Growth of annual Budget: The total state budget for the year 2014-15 is estimated at Rs. 80139.58 Cr, which is 27.62 percent more than the previous year. The growth of this year's budget is less as compared to the growth of 32.88 percent during 2013-14 RE.

Plan Budget: Plan budget for the year 2014-15 is estimated at 49 percent of the total budget. This was 36.53 percent during 2013-14. The significant increase in plan size is due to the inclusion of 66 CSS schemes in state budget which costs Rs. 11513 Cr. *(As per the planning commission's decision the central share of 66 CSS will be treated as central assistance for state plan. These schemes amounts Rs.11513 Cr. **If we deduct this amount from the total plan budget, the growth of this year's plan budget is only 21.69 percent against the growth of 32.31 percent during 2013-14.**)*

Revenue Surplus State: Since 2005-06, state budget continues to be a revenue surplus budget. The estimated revenue surplus for the year 204-15 is Rs 4265.55 Cr.

Per Capita Debt Burden of the state: The estimated net debt for the year 2014-15 is Rs. 8640.22 Cr which is the highest since 1999-00. The total debt stock for the state is Rs. 50983.86 Cr which counts per capita debt burden of around Rs. 12000 for the year 2014-15.

Own Tax GSDP Ratio: The state's own tax GSDP ratio is estimated at 6.09 percent for the year 2014-15. As per the 13th FC recommendation, the state had to achieve this ratio 6.75 percent by the end of this year.

State's own revenue growth is not encouraging: Share of State' own revenue (own tax and own non tax) to the total revenue receipt is estimated at 41.53 percent for the year 2014-15. This was 45.68 percent during the previous year.

Revenue from VAT: Collection of revenue from VAT for the year 2014-15 is estimated at Rs 11887 Cr which is 16.64 percent increase over 2013-14. The growth of VAT during 2013-14 was 24.87 percent. ***(The GSDP for the year is estimated at Rs. 325908 Cr. If the state govt, collects***

tax at minimum of 5 percent VAT , the revenue from VAT would be Rs. 16295 Cr against the estimated of Rs. 11887 Cr for the year 2014-15)

Health

- Budget for Health and family Welfare department in 2014-15 increased by Rs. 1648.46 Cr. (75.21 percent increase) from Rs. 2237.88 Cr. in 2013-14(RE) to Rs 3922.36 Cr. in 2014-15(BE).
- The increase of Rs 1648.46 Cr includes Rs 1093.49 Cr towards national health mission, which is included in the state budget this year.
- The department budget shares 4.88 percent of the total budget.
- State share of department expenditure to GSDP had never been 1 percent since 2001. This year as s share to the GSDP, it is 1.20 % which is 0.45% increased as compared to 2012-13.
- Budget allocation for capital expenditure as percentage of total departmental expenditure is 13.48 Percent in 2014-15BE which was 9.29 percent in the 2013 -14 BE.
- The present budget reveals that this year there is no budget provision for universal coverage of health insurance as promised by the government in its election manifesto.
- For a comprehensive Health management Information system an amount of Rs 10Cr is allocated in the present budget. However, allocation under this head is kept constant as the last financial year i.e., 2013-14.
- The govt. had promised in its election manifesto for the establishment of 11 new medical collages and 3 new general nursing training Centres. Apart from this, there is a huge gap existing between the availability and requirement of health institutions in Odisha. Again 3323 sub centre and 66 PHCs out of the existing are operating either from rented or Panchayat buildings. Though the state budget has allocated Rs 575.82 Cr. under the state plan including thirteenth Finance Commission grant for infrastructure development of Medical colleges, sub centre building and new PHC buildings, the budget seems to be insufficient to cater the needs.
- Allocation for purchase of equipment has been substantially increased from Rs 16.92 in 2013-14 to Rs 124.05 Cr. in 2014-15 which is 86 percent more than the last year.
- To strengthen the health security mechanism in state the government has allocated Rs 46.5 Cr towards ambulance service.
- Odisha State Treatment fund has been created for supporting BPL patient up to a maximum of 3 lakh each. Provision of 10 Cr was made in 2013-14 BE which has been double by 20 Cr.

New Initiative:

- As promised by govt. for free medicine Distribution Scheme” through Odisha Medical Corporation, it has taken initiatives to sets up a mechanism for universal free distribution of medicine to the citizen through “Odisha state medical services

corporation". An amount of Rs 202.56 Cr. has been allocated for purchase of drugs and 5 Cr. for paid up capital of the corporation.

- Rs 1.10 Cr. for establishment of Bone Marrow Transplant unit in SCB Medical collage Cuttack.

School & Mass Education

- This year the budget for School and Mass Education Department has increased by 31% over the previous year. For 2014-15 financial year the budget for S&ME is Rs 9352.01 Cr. It was Rs 7127.06 Cr. in 2013-14(RE).
- As percentage of GSDP the S&ME department budget is 2.87% and as percentage of total state budget it is 12%.
- The state has managed to show an increased budget for the department in this financial year. However, there is minimal increase in State's own budget for education. The amount of Central share of budget under different centrally sponsored schemes like Sarva Sikshya Aviyan (SSA), Rastrya Madhyamik Sikshya Aviyan (RMSA) etc. are being added in the budget this year which in turn showing an inflated budget allocation for the department. For SSA the amount of central share is Rs 975 Cr. and for RMSA the amount of central share is Rs 345 Cr.
- The present government has promised to provide bicycles to all 10th class students (for boys' and girls') in its election manifesto. An amount of Rs 140.00 Cr. is allocated for this purpose.
- The Government has also promised to increase the scholarship in number both in merit and social sector based scholarship. The allocation for scholarship increased from 1.29 Cr. in FY 2013-14 to Rs. 7.12 Cr. in 2014-15.

SC and ST Development

- The Scheduled Caste and Scheduled Tribe Development department budget has increased from Rs.2083.90Cr in 2013-14(RE) to 2454.30 Cr. in 2014-15. The increased rate is more than 20%.
- The department budget is around 3 % of the state budget which has declined by 0.26% from the previous year. It shares 0.75 % of the total GSDP which was 0.67% in the previous year.
- This year the capital expenditure of the department shares 24.49% of the total departmental budget.
- This year priority has given on the state plan to the scheduled castes education by allocating 194.56Cr which was Rs.5.43Cr in the year 2013-14(RE). Similarly, budget for education for STs , Backward classes and Minorities has also increased in the state plan.

New Initiative:

- Rs. 5.39 Cr has been allocated towards the school uniform for class-IX to Class-XII SC and ST boys and girls students, which is a new initiative by the department.
- Rs. 18.00 Cr has been allocated for the newly created 3000 contractual posts of lady matrons in ST and ST Girls hostels for exclusive care and supervision of the girls' boarders to enhance safety & security.

Women & Child Development

- Budget for Women and child development Department in 2014-15 has increased by Rs. 402.17 Cr from Rs.4264.48 Cr in 2013-14(RE) to Rs.4666.65 Cr in 2014-15(BE).
- As percentage of GSDP, the department budget is 1.45 percent in 2014-15 which was 1.05 percent in the previous year.
- Rs. 222.63 Cr. is allotted in this financial year for providing nutrition and health care support to the pregnant and lactating women under Mamata scheme. However, allocation under this head is kept constant as the last financial year i.e., 2013-14.
- For pension for destitute, the allocation under this head increased over the previous year. This year the budget estimated is Rs 1144.35 Cr which was 919.19 cr. during 2013-14 BE
- Rs 865.71 Cr. has been provided for SNP under ICDS programme (55 percent more) which was 560. Cr. in the last year.

New Initiative:

Rs 2.Cr have been allocated for marriage incentive for the person with disabilities. The amount of incentive is fixed at Rs 50000 for each case.

Agriculture

- Odisha continued to present a separate agriculture budget this year which was initiated last year. Odisha is the second state to introduce separate agriculture budget after Karnataka.
- Total budget for agriculture and allied sectors is estimated at Rs.9542.22crore for 2014-15 which is merely 11.9% of the total state budget. This ratio was 11.87 percent during 2013-14 financial year. So, it seems from the allocation that there has been no emphasis given on the agriculture budget as a separate budget.
- The total allocation(plan and non-plan) for the agricultural department has been enhanced from Rs.1823.77 crore in 2013-14 to 2727.99cr in 2014-15 and the allocation has been increased by 50pc



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