

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 29018 /F, Date: 29 / 10 / 2020
FIN-BUD1-BT-0004-2020

From

Sri Ashok Meena, I.A.S.
Principal Secretary to Government

To

All Secretaries to Government/
Heads of Departments

Sub: Preparation of Revised Estimates for 2020-21 and Budget Estimates for 2021-22.

Sir/Madam,

I am directed to say that the process of formulation of Revised Estimates for 2020-21 and Budget Estimates for 2021-22 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 2020-21 and Budget Estimates for the financial year 2021-22.

2. Government's strategic priorities for the next five years: COVID-19 pandemic has posed a tremendous challenge to every sphere of Governance. The State has been fighting the pandemic since March, 2020 and the battle against the virus is likely to continue for some more time. While priorities of the State Government in the medium-term still remains to achieve Sustainable Development Goals through faster reduction of poverty, increasing farmer's income, providing piped drinking water to all, making available quality affordable health care facilities, enabling quality education & skills development, providing quality physical infrastructure for improving economic activities and empowering women, ST, SC & other vulnerable populations to enhance their participation in economic activities, but in short-run effective COVID management, saving lives and providing livelihoods to the people will remain priority.

3. Economic Outlook: Global economy is projected to grow at (-)4.9% during 2020-21 and the COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual. In 2021 global growth is projected at 5.4 percent. IMF has projected contraction of Indian economy around 4.5% during this fiscal and will have modest recovery of 6% during 2021-22. In case of Odisha, the economy is projected to contract by about 1-2% in 2020-21 and it is expected to register a growth of about 7% during 2021-22.

4. Resource Outlook: The economic contraction, both at national and sub-national level, will adversely impact the collection of direct and indirect taxes during 2020-21 and 2021-22. So, the share tax and the grant-in-aid receivables from Centre will be affected during 2020-21 as well as in 2021-22. To counter the adverse impact of shut-down and lock-down on State's resources, the State Government has taken some timely steps to raise one-time revenues through renewal of mining leases and mopping up of unused money parked in bank accounts. These efforts have substantially reduced the resource gap and overall collection of the State's own tax and non-tax till August, 2020 compared to previous year. However, if the effect of one-time collection is taken out, most of the own revenue items are underperforming. Considering the likely level of Central Assistance and expected receipts from own revenue, the estimated shortfall in revenue during the current year would be of the order of 20-25%. Hence, the State may have to depend upon higher borrowing during the current year to finance higher spending on pandemic management. State's own revenues are expected to register moderate growth in FY 2021-22, primarily due to contraction of base and moderate growth expectations for the State economy. The GST compensation in the year 2021-22 would depend on the performance of the economy. Besides, there still remains uncertainty on the quantum of Share in Central Taxes as the State's horizontal share may get changed in the final report of the 15th Finance Commission. Considering all the factors, spending is expected to increase by about 12 percent in FY 2021-22 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. Considering the higher resources requirement by the States to fight COVID-19 and maintain the standards of service delivery to the public, the Government of India have decided to allow additional fiscal deficit of 2% of GSDP, increasing the borrowing limits of the State from 3% to 5% during 2020-21. This additional borrowing is linked to four sector specific reforms, which the State Government is trying to achieve to become eligible for the additional borrowing. The contraction of the GSDP coupled with higher borrowing can jeopardise the debt sustainability unless a prudent fiscal path is adopted in medium term. Thus, the State Government would try to adhere to FRBM requirements for Revised Estimates, 2020-21 and Budget Estimates, 2021-22, which are given below:

Indicators	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
Revenue Surplus (+)/ Deficit (-) (% of GSDP)	(+)1.58%	Revenue Surplus	Revenue Surplus
Fiscal Deficit (% of GSDP)	(-) 3.00%	(-) 3.5%	(-) 3%
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 2021-22

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 2021-22 will be based on the principles adopted for Annual Budget, 2020-21 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 2021-22 and longer time will be allocated to provide expenditure estimates by 15th December, 2020.

- 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 (SDMRF and NDMRF).
- 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 contained in tabular form at **Annexure –I**.
- iv. Expenditure rationalization measures communicated vide Finance Department letter no.20042/F dated 07.07.2020 shall remain in force till end of the financial year 2021-22. Hence, proposals of Administrative Departments for the Revised Estimates for 2020-21 and Budget Estimates for 2021-22 are should be in adherence to above guidelines.
- v. Finance Department in consultation with the Planning & Convergence Department will bring out a “Fiscal Strategy Paper” towards the month of November, 2020 indicating the assumptions for revenue and expenditure projections in the medium term and the outlook for the State economy and finances.
- vi. 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, 2021-22 in respect of Programme Expenditure

- a. Sectoral priorities are to be identified in line with State priorities and SGDs 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. 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.
- d. Break-up of allocation under Programme Expenditure for District Sector and State Sector Schemes is to be made as per the current practice.
- e. 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 IFMIS system for the DDOs and the Controlling Officers for processing the budget proposal for the financial year 2021-22.

(ii) However, ceilings will be communicated in the BETA budget preparation 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
November, 2020	Virtual Training sessions for departments	Finance Department
November, 2020	Fiscal Strategy Paper	Finance Department
15 th December, 2020	Submission of proposals for Budget Estimates, 2021-22	Administrative Departments
16 th -31 st December, 2020	Pre-budget consultation meetings	Finance Department P&C Department
3 rd February, 2021	Revision of estimates after Pre-budget consultation and Union Budget, 2020-21	Finance Department P&C Department
5 th February, 2021	Meeting with Secretaries of major spending Departments by Chief Secretary/ DC-cum-ACS	Finance Department P&C Department
7 th -10 th February, 2021	Approval of Annual Budget, 2020-21 by the Council of Ministers	Finance Department
2 nd week of February, 2021	Drafting of budget documents	Finance Department
3 rd week of February, 2021	Budget presentation by Minister, Finance	Finance Department
End March, 2021	Presentation of Appropriation bill	Finance Department

Enclosures: List along with proforma.

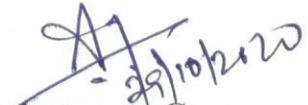
Yours faithfully,

Jphok.
29/10/2020

Principal Secretary to Government

Memo No. 29019 /F Dated 29/10/2020

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. 29020 /F Dated 29/10/2020

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


Joint Secretary to Government

Memo No. 29021 /F Dated 29/10/2020

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. 29022 /F Dated 29/10/2020

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. 29023 /F Dated 29/10/2020

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


Joint Secretary to Government

Memo No. 29024 /F Dated 29/10/2020

Copy forwarded to the Head, State Portal with request to upload the circular in the website of Finance Department at <http://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	28% of Basic Pay	
3	HRA	@ 12% of the Pay or the double the HRA paid in 2019-20, 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 B.E 2020-21 (BE)	
9	Decretal dues and Land Acquisition Cases	As per actual requirement	
10	RCM	@Rs.2000/- per head	
11	MV (PoL)	Same level of B.E 2020-21 (BE)	
12	MV (Hiring charges)	As per approved rate.	
13	LTC	Nil	Finance Department letter no 20042/F dated 07.07.2020 may be referred
14	RRT, Municipal Tax, Water Charges, Electricity charges	As per actual requirement	
15	O&M Expenditure	Same level of B.E 2020-21 (BE)	Subject to preparation of Annual Maintenance Plan
16	Debt servicing cost	As per actual requirement	
17	Loans & Advances	Only Computer Advance	

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 01.03.2020	Anticipated vacancy from 01.03.2020 to 01.03.2021	Total Vacancy (4+5)	Men in position as on 01.03.2021	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 2020-21	Estimate of current salary for 2021-22						Arrears salary if any; give the particulars	Additionality on account of RACP	Total estimates for 2021-22 (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-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 01.03.2020			Vacant posts abolished by 30.10.2020			Men in position as on 01.11.2020			Vacant Posts anticipated to be abolished as on 28.02.2021		
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 28.02.2021 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)

