

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 2 5 9 8 0 /F., Date: 1 9 / 1 0 / 2 0 2 2
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From

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

To

All Secretaries to Government/
Heads of Departments

Sub: Preparation of Revised Estimates for 2022-23 and Budget Estimates for 2023-24.

Sir/Madam,

The Annual Budget 2023-24 will be presented in the Odisha Legislative Assembly in the month of February, 2023. So, the process of formulation of Revised Estimates for 2022-23 and Budget Estimates for 2023-24 is required to be completed expeditiously for enabling Finance Department to present the Budget in the Odisha Legislative Assembly in due 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 2022-23 and Budget Estimates for the financial year 2023-24.

2. Government's strategic priorities for the next five years: The priorities of the State Government in the medium-term are to ensure quality universal education, health services and livelihood to all the citizens. Hence, the Government spending has been focusing in higher capital investment in education, health, drinking water facilities, irrigation, rural connectivity, sanitation and urban civic amenities. State Government is in mission mode to empower and engage women in every sphere of economic activities. In agriculture sector, the thrust is increasing the income of farmer through encouragement of fisheries and animal rearing, provision of improved marketing infrastructure, price support, crop diversification, mechanisation, and income support to small, marginal and landless farmers. Government is highly committed to the welfare and empowerment of backward, marginalised and socially disadvantaged communities and persons with disability.

3. Economic Outlook: As per the latest IMF projection, the world economy is expected to grow 3.2% this year, before slowing further to a 2.7% in 2023. RBI has projected India's economy to grow around 7.2% during this fiscal and will have a growth of 6.5% during 2023-24. In case of Odisha, the economy is projected to register higher growth of about 8% in 2022-23 as well as in 2023-24.

4. Resource Outlook: Recovery of the economy post pandemic as well as high inflationary regime has resulted in higher realisation of direct and indirect taxes at national and sub-national level during the current year. Fall of iron ore prices will partially affect the revenue from mining sector during 2022-23. However, the State Government would be able to realise revenue at the level of Budget Estimation by compensating the shortfall through to higher tax revenue. State's own revenues are expected to register moderate growth in FY 2023-24. The grant-in-aid from Government of India projected to fall in 2022-23 and 2023-24 due to cessation of GST compensation to the States. Considering all these factors and need for higher capital spending, the total Government expenditure is expected to increase by about 12 percent in FY 2023-24 over the current year's revised estimates.

5. FRBM compliance: The Odisha FRBM Act, 2005 mandates to maintain revenue balance and contain the fiscal deficit within 3% of GSDP. Additional annual borrowing space of 0.5% of GSDP would be available during the four-year period from 2021-22 to 2024-25 as per recommendation of 15th Finance Commission subject to fulfilment of sectoral reforms prescribed by Government of India from time to time. Provision for carrying forward of unused borrowing space to successive financial years would also be available till FY 2024-25. The requirement of higher Capital Expenditure is contingent upon generation of higher revenue surplus by rationalization and prioritization of revenue expenditure. Thus, the State Government would try to adhere to FRBM requirements for Revised Estimates, 2022-23 and Budget Estimates, 2023-24 which are given below:

Indicators	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Revenue Surplus (+)/ Deficit (-) (% of GSDP)	(+)2.53%	Revenue Surplus	Revenue Surplus
Fiscal Deficit (% of GSDP)	3.0%	3.0%	3.0%

6. Preparation of Annual Budget for FY 2023-24

As part of the PFM reforms, the State Government had introduced a new budget making process for preparation of Annual Budget, 2020-21. The preparation of budget for FY 2023-24 will be based on the principles adopted for Annual Budget, 2022-23 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 also be communicated with a **multi-year ceiling for next three years**, i.e. Budget Year (Y), Y+1 and Y+2, so that Departments would have predictability in fund flow and can make multi-year project planning.

Following budget process will be adopted for FY 2023-24 and longer time will be allocated for submission of expenditure estimates by **15th December, 2022**.

- 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, SDG Budget, Gender Budget, Child Budget, Nutrition Budget and Climate Budget documents etc. would be prepared mostly by using the information from budget database.

7. Preparing Budget Estimates, 2023-24 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. The State Government is now maintaining separate Budget lines for Central and State Share under each Centrally Sponsored Scheme (CSS) as per the revised guidelines of Government of India for release of funds under CSS communicated vide MoF (DoE) OM dated 23.03.2021. Two separate line items, i.e. 78768-Central Share of CSS and 78769-State Share of CSS have been created for the purpose.

- 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 Schemes 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 broadly seek information on man-power position & 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 only 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 2023-24.
- (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. Budget calendar and timelines for completing the Budget Estimates

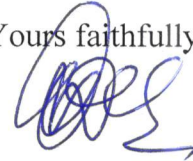
A lot of information is to be collected and compiled before the Budget is placed before OLA. Hence, Budget documents are to be prepared in a tight time schedule.

Therefore, all Departments and Controlling Officers are required to adhere to the timeline mentioned in the following table.

Date	Activity	Responsibility
15 th December, 2022	Submission of proposals for Budget Estimates, 2023-24	Administrative Departments
16 th -31 st December, 2022	Pre-budget consultation meetings	Finance Department P&C Department
3 rd February, 2023	Revision of estimates after Pre-budget consultation and Union Budget, 2023-24	Finance Department P&C Department
6 th February, 2023	Meeting with Secretaries of major spending Departments by Chief Secretary/ DC-cum-ACS	Finance Department P&C Department
7 th -10 th February, 2023	Approval of Annual Budget, 2023-24 by the Council of Ministers	Finance Department
2 nd week of February, 2023	Drafting of budget documents	Finance Department
3 rd week of February, 2023	Budget presentation by Minister, Finance	Finance Department
End March, 2023	Presentation of Appropriation bill	Finance Department

Enclosures: List along with proforma.

Yours faithfully,



Principal Secretary to Government

Memo No. 2 5 9 8 1 /F Dated 19 / 10 / 2022

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. 2 5 9 8 2 /F Dated 19 / 10 / 2022

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


Joint Secretary to Government

Memo No. 2 5 9 8 3 /F Dated 19 / 10 / 2022

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. 2 5 9 8 4 /F Dated 19 / 10 / 2022

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. 2 5 9 8 5 /F Dated 19 / 10 / 2022

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


Joint Secretary to Government

Memo No. 2 5 9 8 6 /F Dated 19 / 10 / 2022

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	45% 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	7th CPC arrear	As per actual calculation.	
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 2022-23 (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 2022-23 (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 B.E 2022-23 (BE)	Subject to preparation of Annual Maintenance Plan
16	Debt servicing cost	As per actual requirement	
17	Loans & Advances	As per actual requirement	

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 01.03.2022	Anticipated vacancy from 01.03.2022 to 28.02.2023	Total Vacancy as on 01-03-2023 (4+5)	Anticipated Men in position as on 01.03.2023 (3-6)	Vacancy likely to be filled up (+)/arise due to retirement etc. (-) during the next Financial 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**Estimates of Grants-in-aid Salary
(AE, PE Separately)**

Scale of Pay	Total sanctioned and approved strength	No. of Vacancies as on 01.03.2022	Sharing pattern by State Govt.	RE for 2022-23	Estimate of current salary for 2023-24						Arrears salary if any; give the particulars	Additionality on account of RACP/MACP	Total estimates for 2023-24 (11+12+13)
					Pay	DA	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-IIIB**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 01.03.2022			Vacant posts abolished by 30.10.2022			Men in position as on 01.11.2022			Vacant Posts anticipated to be abolished as on 28.02.2023		
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 01.03.2023 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)

