

### Introduction about Odisha

Odisha is one of the 29 states of India, located in the eastern coast. It is surrounded by the states of West Bengal to the north-east, Jharkhand to the north, Chhattisgarh to the west and northwest, and Andhra Pradesh to the south and south-west. Odisha has 485 kilometres (301 mi) of coastline along the Bay of Bengal on its east, from Balasore to Malkangiri. It is the 9th largest state by area, and the 11th largest by population. Odia (formerly known as Oriya) is the official and most widely spoken language, spoken by 33.2 million according to the 2001 Census. As per Census 2011 population of Odisha is 4,19,74,218. Out

capital by many rulers, through the British era until 1948. Thereafter, Bhubaneswar became the capital of Odisha.

The term “Odisha” is derived from the ancient Prakrit word “Odda Visaya” (also “Udra Bibhasha” or “Odra Bibhasha”) as in the Tirumalai inscription of Rajendra Chola-I, which is dated to 1025. Sarala Dasa, who translated the Mahabharata into the Odia language in the 15th century, calls the region Odra Rashtra and Odisha. The inscriptions of Kapilendra Deva of the Gajapati Kingdom (1435-67) on the walls of temples in Puri call the region Odisha or Odisha Rajya.

## Odisha State Budget in Eighty Years

*Trilochan Sahoo*

of this the Rural population of Odisha is 3,49,70,562 and Urban population is 70,03,656.

The ancient kingdom of Kalinga, which was invaded by the Mauryan emperor Ashoka in 261 BCE resulting in the Kalinga War, coincides with the borders of modern-day Odisha. The modern state of Orissa was established on 1 April 1936, as a province in British India, and consisted predominantly of Odia-speaking regions. April 1 is celebrated as Odisha Day. The region is also known as Utkala. Cuttack was made the capital of the region by Anantavarman Chodaganga in C.1135, after which the city was used as the

The name of the state was changed from Orissa to Odisha, and the name of its language from Oriya to Odia, in 2011, by the passage of the Orissa (Alteration of Name) Bill, 2010 and the Constitution (113th Amendment) Bill, 2010 in the Parliament. After a brief debate, the lower house, Lok Sabha, passed the bill and amendment on 9 November 2010. On 24 March 2011, Rajya Sabha, the upper house of Parliament, also passed the bill and the amendment.

### Introduction about the Budget

The 21st Century is witness the growth of the problem in public finance and in the allied

subject is largely effective. In the meantime the Govt. approves separate budgets in different heads in order to facilitate different public oriented programme. Further it is very much required a strong financial budget in different heads of the Govt. The Odisha Budget becomes a very strong and important tool of financial and administrative management from the very beginning of 1936 till 12th five year plan.

### Meaning of the Budget

The word "budget" derived from French word i.e. Bougette, which meaning a leather bag or wallet, the term was used for the first time in 1733 in a satire entitled "open the budget" pointed against Walpole's financial plan for the year. The Chancellor of the Exchequer used to carry a bag containing different financial documents and other important documents and it is because of this association of the financial plan with the Bougetee for the entire financial year which is very much known as budget. In the modern era budget is very much used for a fixed period of time that is from 1st April to 31st March of a definite year.

According to the Dimock "A budget is a financial plan summarizing the financial experience of the past starting a current plan and projecting it over a specified period of time in future".

According to Taylor, "budget is a financial plan of Government for the definite period."

### Types of Budget

Generally budget can be classified in different types like annual or long term budget- single or plural budget; surplus, deficit or balance budget cash or revenue budget, departmental or performance budget etc.

### Principles of Budgetary Provision in Odisha in Eighty Years

Budget is an important instrument of the economic analysis as well as in the social changes. It is more vital when it is most effectively used for the welfare of the people. In order to make an effective and welfare budget some principles are very much important after 80 years. The principles are as follows :

- Budget should be balanced one. In every situation it should be balanced that is revenue and expenditure should be balanced, which makes a budget effective.
- In the mean time executive responsibility is more vital when the budget is prepared.
- On the other hand, the budget of the state should be prepared on the basis of Gross as well as on the basis of Net Domestic Income of the state. It is a vital principle after the cross of eighty years in the Odisha Budget. Revenue and capital parts of the budget should be kept in distance.
- Further the estimation of the budget should be exact. If it is done the state can achieve the perfect goal which he has aimed at previously.
- In spite of the above principle there are more principles available which are more vital after the First five Year Plan. These are now strictly followed by the government for an effective budget, which are not followed in the previous year like 1936-37 till the end of the century. Furthermore in the next century these are miserly looked by the budget maker. As a result of which Odisha has a low level of opportunities in every respect.

### Odisha State Budget in Eighty Years

There are so many difficulties available in the starting point that is from 1936 to some conjunctive years. For that it has been continue, from 1st Five Year Plan to 12th Five Year Plan. In spite of these difficulties Odisha's budget becomes a parallel development in the recent years in order to achieve a specific goal that is to achieve an effective and a well balanced standard of living of the people.

In the financial year 1936-37 the revenue of Odisha was 1 crore 63 lakh and the expenditure was as same including subvention from Govt. of India as to the revenue of the state. In the revised budget 1936-37 it shows that a closing balance of Rs.3.55 lakh, in fact, a deficit balance by Rs.4,000/- the opening balance was Rs.12.55 lakh. This doesn't represent the surplus money that Odisha on hand out of the saving under normal expenditure during the year 1936-37. For the period of 1937 the Govt. of India has provided a recurring a sum of Rs.40 lakh as subvention for the ordinary administrative purpose of the state of Odisha.

In specific analysis of the budget from the very beginning it has been found that there is a miser amount sanction in every head of account like irrigation and agricultural development, forestry and other conservative programmes, education and allied subject, development of co-operative society and financial inclusion of the rural people, development of Cottage and Khadi industries, wealth and sanitation management etc.

In consequent upon the development of the budgetary provision of the state simultaneously the population of the state has been increased tremendously. In the census year 1901 the

population of Odisha was 1.03 crore when India's population was 23.84 crore.

In the census year 1931 the population of Odisha was 1.25 crore the population of India was 27.90 crore. And in the census year 1961 the population of Odisha was 1.75 crore when the India's population was 43.92 crore. But now the population of Odisha is 36706920 as per 11th census whereas the India's population is more than 1.20 crore. Till now that is for the year 2016-17 India's opening balance is -515.45 crore. The deficit has been increased tremendously from 2015-16. For the financial year 2012-13, 2013-14, 2014-15 the opening balance of the state of Odisha was -465.38 crore, -23.92 crore, 26.87 crore respectively. Whereas in the initial period of budget the opening balance and the performance of the state of Odisha was in a positive mode. Now a days a large development is possible only for a huge amount of budget in different heads of account but in the meantime Odisha is compelled to borrows a large amount from various sources.

### Importance of performance Budget after 80 years

Performance budget has a significant role in the recent year which has now weightage in the initial period of the budgeting. It is also a challenge to the traditional budget system. The entire performance budget shows in terms of different functions, different government programmes and activities.

According to the Burkhead, "Performance budgeting can be most appropriately associated with the budget classification which emphasizes the things which government lays".

In the word of Administrative Reforms Commission, a Performance budget is, “a technique for presenting government operation in terms of functions, programmes, activities, and projects.

Thus, it can be said that Performance budgeting indicates a process that seeks the implementation and control of programme through budget allocation. It gives important on functional classification of the Govt. transaction which results in identification of Govt. activities in the annual budget in the financial and physical terms.

Performance budgeting helps to analysis every programme and activities, helps in effective improvement in the procedure of budget formulation and reviewing the actual progress of different programmes of the Government at the grassroot level. It provides a clear picture about

the budget. Till now the performance budget is implementing in every respect which is neglected in the past.

#### **Conclusion :**

In spite of all the above discussions it can be said that more reforms are very much required in the state budget of Odisha. Financial burden from the people should be less as much as possible in the least part. It can be said the Odisha’s budgetary system has been changed in a significant manner though more reforms will be required in the present situation.

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Trilochan Sahoo, At/Po-Fakirpur, Via-Anandapur, Dist-Keonjhar-758022, E-mail: [trilochan.555@rediffmail.com](mailto:trilochan.555@rediffmail.com).

The word 'Budget' has been derived from the French word 'Bougettee' which means a bag. It symbolizes a bag containing the financial proposal.<sup>1</sup>

In its current sense 'Budget' means the plan of expenditure and revenue, of usually a public authority.

The Budget is the most important financial document of the Government which contains transactions of the government for three consecutive years. It is also known as Financial Statement of the Government. It contains actuals for the preceding year, the Revised Estimates for

The Consolidated Fund, the expenditure out of which should either be charged or voted by the State Legislature. This fund again has three divisions (i) The first division deals with the proceeds of taxation and other receipts classed as revenue and the expenditure met there from, the net result of which represents the revenue surplus or deficit for the year. (ii) The second division deals with expenditure met usually from borrowed funds with the object either of creating concrete assets of a material character or of reducing recurring liabilities. This is also called Capital outlay outside the Revenue Account. (iii) The third division deals with loans raised by

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## Government Budgeting : A study on Zero Base Budgeting

*Sidhartha Kanungo*

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the current year and the Budget Estimates for the ensuing year. Prof. Dimock and Dimock say "In the hands of the administrator, the budget is a record of past performance, a method of current control and a projection of future plans".<sup>2</sup> The Budget is prepared and presented to the State Legislature under Article 202 (1) of the Constitution of India.

The Accounts of State Government are kept in three parts:

- (i) Part -I - Consolidated Fund
- (ii) Part- II - Contingency Fund
- (iii) Part- III- Public Account

Government and loans and advances made by Government together with repayment of loans and recoveries of loans and advance paid.

Part-II of the State Budget is known as the Contingency Fund of the State. The State Government maintains this fund under Article 267 (2) of the Constitution of India to meet unforeseen and emergent expenditure.

Part-III of the Budget is the Public Account of the State. Here transactions relating to Debt '(Other than these included in PART-1)', 'Deposits', 'Advances', 'Remittances', and 'Suspense', are recorded. The transactions under