



Summary Report for the State of Odisha



1. Demography

As per Census population projections for 2023, Odisha has a population of 46.3 million and represents 3.3 percent of India's total population.¹ The State's projected population growth rate, at 0.6 percent, is slower than the national average of 0.9 percent, as of 2023. Odisha's population density (293 persons per sq. km.) and its dependency ratio (54.1 percent) are lower than the respective national averages, as per 2021 projections. A majority of the State's population still lives in rural areas, with only 19 percent of its population residing in urban areas. As per the National Family Health Survey (NFHS V), the sex ratio at birth (female births per 1000 male births in a given population) in the State is lower than the national estimates as of 2019-21.²

As of 2022-23, Odisha's annual unemployment rate, at 3.9 percent, is slightly above the national average (3.2 percent) and the Female Labour Force Participation Rate, at 44.7 percent, is above the national average. The working population in the State is predominantly concentrated in the Agriculture, Forestry, and Fishing (48.1 percent); Services (26.1 percent); Construction (17 percent); and, Manufacturing (8 percent) sectors.³

2. Economic Structure (Growth and Sectoral Composition)

Odisha's real GSDP grew at an average rate of 6.6 percent during the period 2012-13 to 2021-22, which is higher than the national average growth of 5.6 percent.⁴ The State's share in the country's nominal GDP has increased marginally from 2.5 percent in 1990-91 to 2.9 percent in 2021-22. Its nominal per capita income is 0.9 percent, which is lower than the national per capita income, as of 2021-22.

During the period 2013-14 to 2022-23, its Agriculture, Services, and Manufacturing sectors have grown by 4.2 percent, 5.1 percent, and 11.2 percent per annum, respectively.⁵ Among the major sectors, the Industry sector is the largest contributor to the State's GSVA, with a share of 43.3 percent, followed by the Services (35.1 percent) and Agriculture (21.7 percent) sectors, respectively in that order, as of 2021-22.

3. Socio-economic Indicators

Odisha's literacy rate has increased rapidly over the decades and is close to the national average of 73 percent, as of 2011.⁶ As of 2016-17, the State had a higher school drop-out rate (28.9 percent for Classes VIII to X), but a higher pass percentage of 90.1 percent for Class X as compared to the respective national averages. The State's Gross Enrolment Ratio for the Higher Education level (20.7 percent in the age group 18-23 years) is below the national average of

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "Population Projections for Indian States 2011-2036" by the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, Government of India.

² As per NFHS V data.

³ Data on unemployment, female labour force participation, and workforce distribution is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

⁴ Data on Economic Structure is sourced from Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023.

⁵ Data used is sourced from MoSPI, as of March 2024.

⁶ Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011.

27.3 percent.⁷ The Gender Parity Index (the ratio of girls to boys enrolled in higher education institutions) for people aged 18 to 23 years, in higher education, is also lower than the national average, as of 2021.⁸

As of 2020, life expectancy in the State, at 70.3 years, is close to the national average of 70 years. The Infant Mortality Rate, at 36 deaths per 1000 live births, is higher and the Total Fertility Rate, at 1.8 children per woman, is lower as compared to the respective national averages, as of 2020 and 2019-21, respectively. The percentage of fully immunised children (90.5 percent) is much higher than the national average of 76.4 percent, as of 2019-21. The State has shown improvements on the basic “quality of life” indicators, as nearly 97 percent of the households in the State have access to electricity and 91 percent have access to drinking water. However, the households’ access to sanitation facilities (59.1 percent) is below the national average of 69.3 percent, as of 2019-21.

4. State of Public Finances

Odisha’s debt-to-GSDP ratio, at 16.8 percent, in 2022-23,⁹ is distinctly lower than that of a median State.¹⁰ Its contingent liabilities are also lower than those of a median State, as of 2021-22. The fiscal deficit, at 2.8 percent of GSDP, is also lower than that of a median State, as of 2022-23. Its primary deficit, at 1.9 percent of its GSDP, is lower than that of a median State. The State ran a revenue surplus of 2.3 percent of its GSDP in 2022-23, which is higher than the revenue deficit of a median State at 0.4 percent. The State’s total revenue receipts (own tax, own non-tax, and shared by the Centre), at 21.1 percent of its GSDP, are nearly 6 percentage points higher than what a median State collected in 2022-23. Its expenditure level, at 24 percent of GSDP, is also higher than that of a median State.

The Debt Sustainability Analysis indicates that, under the baseline scenario (where the debt level, primary deficit, real GDP growth, and real effective interest rate remain constant at their decadal average from 2012-13 to 2021-22), projections show a downward trajectory in all possible scenarios, including one where the State absorbs its outstanding contingent liabilities.

The State’s share in taxes from the Centre, as per the recommendations of the Finance Commission (FC), has remained consistent, at about 4.5 percent under both the 14th and 15th FCs. The State’s share in the total grants-in-aid increased by 0.4 percentage points to 3.1 percent under the 15th FC, as compared to the 14th FC (2.7 percent).

5. Fiscal Rules

As per the recommendations of the 12th FC, the Odisha Fiscal Responsibility Act and Budget

⁷ Data on drop-out rates, pass percentage of students and Gross Enrolment Ratio at Higher Secondary Level is taken from Unified District Information System for Education, 2015-16.

⁸ Data on the Gross Enrolment Ratio at Higher Education Level, Gender Parity Index, and college density is taken from the All-India Survey on Higher Education, 2020-21.

⁹ Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

¹⁰ For calculation of the median State, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and North-eastern States, except Assam). The Macro and Fiscal Landscape State brief includes this benchmark in the States’ Median (Large States), Column 6, Table 4A.

Management (OFRBM) Act was enacted in 2005.¹¹ The OFRBM requires Odisha to present a Medium-Term Fiscal Plan, which provides three-year rolling fiscal targets for prescribed fiscal indicators along with the budget. Since 2005, the Act has been amended in 2005, 2006, 2011, 2016, 2017, 2021, and 2022.

The fiscal targets under these amendments have been modified as follows:

Revenue Deficit: In 2005, the OFRBM Act required the State to reduce its revenue deficit to nil within a period of five financial years ending on 31 March, 2009. In 2006, the Act was amended to include targets for annual reduction in revenue deficit on an average by Rs. 285 Crore. The amendment in 2011 required the State to eliminate its revenue deficit in 2011-12 and for the subsequent years.

Fiscal Deficit: The original Act required the State to reduce its fiscal deficit to 3 percent of GSDP between 2004 and 2009. Amendments in 2011 required Odisha to contain its fiscal deficit within 3 percent of the estimated GSDP from 2011-12 onwards. The 2016 amendment allowed a deficit of up to 3.5 percent of GSDP subject to the fulfilment of certain criteria prescribed by the Government of India. The 2021 amendment raised the fiscal deficit limit by 2 percent, including a 0.5 percent unconditional and a 1.5 percent conditional limit. The 2022 amendment allowed an additional 0.5 percent borrowing space of GSDP for the period 2021-22 to 2024-25, subject to fulfilment of conditions linked to power sector reforms.

Outstanding Liabilities: The original Act mandated the State to limit the total debt stock to 300 percent of the total revenue receipts of the State by the year ending 2007-08. The 2011 amendment required Odisha to fix the debt-to-GDP ratio and gradually reduce it from 31.0 percent in 2010-11 to 29.5 percent by 2014-15. In 2017, the debt-to-GSDP ratio target was capped at 25.0 percent for the period 2015-16 to 2019-20.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2017-18 to 2021-22, Odisha achieved a revenue surplus in all the years; maintained its fiscal deficit target except in 2019-20; and, contained its total outstanding liabilities within the limits prescribed under the OFRBM Act targets. The only area where the State has failed to achieve the targets is that of the primary surplus.

¹¹ Data is sourced from State Audit Report of the CAG for the respective years and the State Government Gazette.