

# Urban Allocations in Odisha:

## Pre FY 2026-27 Budget Brief

An Analysis of Budgets of Housing and Urban Development Department (HUDD), Odisha (FY 2019-20 to FY 2025-26)

### Trends and Insights



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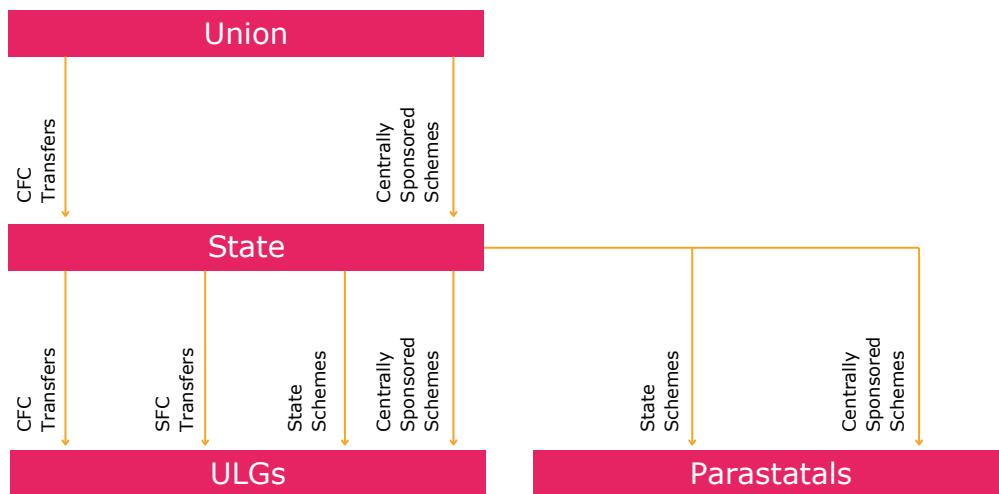
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# EXECUTIVE SUMMARY

## Urban Finance in Odisha: Key Structural Insights

- **HUDD as the convergence node:** The department functions as the primary channel for government urban funding, with transfers flowing to ULGs and parastatals. However, the budget largely focuses on financial numbers, not service-level outcomes.
- **Stable budget credibility, limited spending visibility:** BE, RE and Actuals largely align, indicating strong budget credibility at the departmental level. However, 'Actuals' represent transfers from HUDD, not final expenditure by implementing agencies.
- **Fragmented implementation landscape:** Funds from HUDD flow to multiple agencies—ULGs, parastatals, boards—with limited consolidated reporting on outputs, outcomes, or asset performance.
- **Scheme restructuring signals a shift:** The largest scheme of the department, Mukhyamantri Sahari Bikash Yojana (MSBY), in FY 2025-26 indicates a move toward asset creation, revenue-generating infrastructure, and strengthening municipal Own Source Revenue—suggesting a longer-term fiscal vision beyond fragmented scheme spending.
- **Expanding role of State schemes in driving urban agenda:** Growth in HUDD's budget allocations is primarily driven by schematic expenditure, particularly state schemes.
- **Limited buoyancy in fiscal transfers to Urban Local Governments:** Analysis indicates limited buoyancy of the transfers to the ULGs. While V SFC transfers grew at a mere 5% CAGR, the state tax revenues grew at 14% CAGR over the same period.
- **Incremental gains in financial transparency:** Recent years reflect improvements in reporting practices—such as disaggregating central and state shares under CSS, introducing sub-scheme codes in select schemes, and tagging all line items with object heads. While these measures strengthen expenditure classification and analytical clarity, disclosure remains incomplete, particularly with respect to ULG-level transfers and intra-scheme allocation details.

Janaagraha's representation of funds flowing in the urban landscape



### Looking Ahead to FY 2026-27

As Odisha approaches the next budget cycle, key questions emerge:

- **Can we move from tracking allocations to understanding outputs?**

At present, it is difficult to assess what services or assets are ultimately delivered through these fund allocations in a consolidated manner. Clearer performance and reporting frameworks (e.g. Service Level Benchmarks) for parastatals and ULGs in public domain become essential to enable accountability.

- **Will visibility over fund flows to different implementing agencies improve?**

With funds flowing to multiple implementing agencies, including parastatals and ULGs, from HUDD, clear mapping of allocations to implementing agencies would strengthen transparency and accountability.

- **Can budget reporting become more granular and outcome-oriented?**

Greater visibility into sub-components of schemes and asset-level spending would enable understanding of sectoral priorities within schemes and strengthen transparency.

- **Will Just-in-Time Funding System (JIT-FS) reshape expenditure tracking?**

Since current 'Actuals' reflect transfers rather than end-use spending, JIT-FS could potentially improve real-time expenditure visibility and cash management.

- **How will fiscal transfers evolve?**

While the XVI Central Finance Commission has significantly increased urban allocations, the implications of the upcoming VI State Finance Commission remain critical for determining the trajectory of fiscal decentralisation and broader financial governance reforms in the state.

# INTRODUCTION

## Urbanisation Trends in HUDD

- **Urbanisation is a defining trend of the 21<sup>st</sup> century in the country, and Odisha is witnessing urban expansion too.**

India is undergoing a profound demographic shift with urbanisation emerging as one of the most defining trends of the 21st century. The United Nations projects that by 2050, more than half of India's population will live in cities. However, there are inter-state differences. As per the 2011 Census survey, only 16.88% of Odisha's total of 42 million population were residing in urban areas, significantly lower than the national average of 31.16%. This placed Odisha among the least urbanised states in India. However, the state has been witnessing a steady rise in urbanisation, as reflected by the expansion of area under urban administration, including the creation of 24 new Notified Area Councils (NACs) across 14 districts and upgradation of 5 NACs into Municipalities.<sup>1</sup> Further, the state has also set policy-based, long-term strategic urbanisation goals, aiming to achieve an urbanisation rate of 40% by 2036 and 60% by 2047. While urban growth represents a key opportunity for advancing Odisha's economic agenda, at the same time, the scale and pace of urban expansion envisaged for Odisha place increasing demands on urban infrastructure and service delivery systems.

- **To support the urban growth, Odisha has championed several urban initiatives, yet there is a need to improve urban performance in infrastructure and service delivery outcomes.**

Odisha has made significant strides in urban development in the last decade and has championed innovative schemes with the larger objective of improving last-mile service delivery. During the COVID-19 pandemic, Odisha was one of the few states to initiate an urban wage employment guarantee scheme, Mukhya Mantri Karma Tatpar Abhiyan (MUKTA), to provide a social security net in urban areas for returning migrants. The State has maintained a steady focus on quality service delivery in the sectors of Solid Waste Management (SWM), water supply, and slum redevelopment. Initiatives such as the GARIMA scheme<sup>2</sup> and the JAGA Mission<sup>3</sup> have also gained national and international recognition in the sanitation and slum redevelopment domains, respectively. In FY 2025-26, Mukhyamantri Sahari Bikash Yojana (MSBY) was launched with a massive allocation of INR 1,100 aimed at urban wage employment and creation of revenue-generating assets across Urban Local Governments (ULGs).

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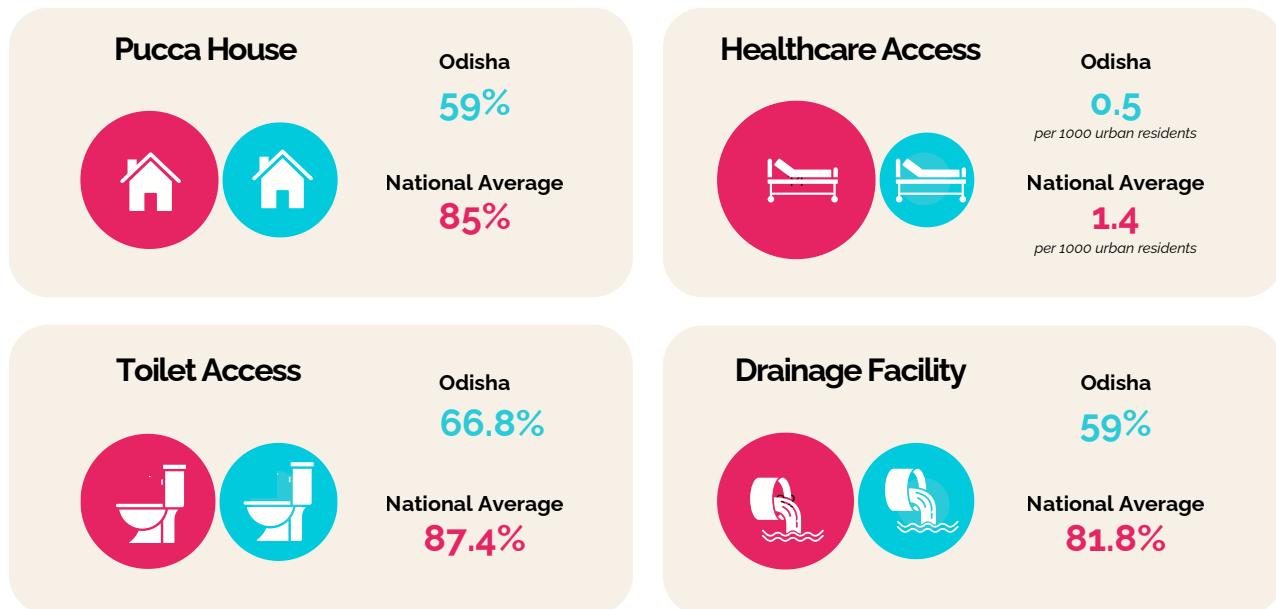
1. As per notification issued by Housing & Urban Development Department (HUDD), Odisha dated 22.12.25

2. In 2021, National Human Rights Commission (NHRC) recognised Garima scheme as one of the best practices for protection of human rights of people engaged in manual scavenging or hazardous cleaning and, in 2023, it was conferred the Special Recognition Award in 'Best Skilling Initiative in Sanitation' category by the India Sanitation Coalition (ISC)-FICCI.

3. Jaga Mission has won the UN World Habitat Awards twice for providing land tenure security and slum upgradation

However, there remains a significant opportunity to further improve the state's delivery across different sectors to achieve Viksit Odisha goals. As of 2025, Odisha has made significant progress in expanding access to drinking water and piped water supply, but 24x7 access to drinking water remains limited to select urban areas. While 98% of the urban households have piped water connection, only 40% of urban households have access to 24x7 safe drinking water.<sup>4</sup> Public transport coverage is notably low, serving merely 5-7% of daily urban commuters (e.g., as compared to 60% in Delhi). Figure 1 below further summarises key service delivery gaps in urban Odisha against national averages.

Figure 1: Key service delivery gaps in urban Odisha against national averages



Source: 1. Odisha Vision 2036 & 2047 for Housing and Healthcare data; 2. Census of India 2011 (via Swachhta Status Report 2016) for Sanitation data

Note: Odisha ranks second lowest among Indian states in household access to toilet facility, after Chhattisgarh (65.6%)

► **Public financing shapes the state's ability to translate urban ambitions into service delivery outcomes.**

Government financing is a foundational element necessary to fill these service delivery gaps. In this context, this brief aims to unpack trends in spending in the urban sector. While ULGs are the frontline actors for urban service delivery, government funding comes through multiple sources. All government allocations—state schemes, centrally sponsored schemes, central schemes, SFC and CFC transfers for urban—are consolidated and reflected in the budget of Housing and Urban Development Department (H.U.D.D.) of the state. Therefore, examining the H.U.D.D. budget over recent years provides a holistic and comprehensive view of government financing directed toward urban development in Odisha, enabling an understanding of fiscal priorities and resource allocation trends.

4. [https://vision.odisha.gov.in/website/pdf/Odisha\\_Vision\\_Document\\_English.pdf](https://vision.odisha.gov.in/website/pdf/Odisha_Vision_Document_English.pdf)

## Urbanisation Trends in HUDD

In many states, majority of capital spending in urban areas happens through transfers from State or Union Government. UDDs' budget can give a sense of priorities of urban development in a state. It provides a comprehensive view of these transfers, not just for Urban Local Governments (ULGs) but for Parastatals as well. For instance, for FY 2022-23, HUDD, Odisha transferred at least INR 2,975 approx. to ULGs<sup>5</sup> (42% of the total HUDD budget; in the form of SFC transfers, CFC transfers, state schemes and CSS) while ULGs recorded own source revenues of approx. INR 500 crore<sup>6</sup> in that year— reflecting that around 85% spending by ULGs in Odisha has been channelled through State budget.

In this context, the brief analyses the Housing and Urban Development Department (HUDD), Odisha's budget trends from FY 2019-20 Actuals (A) to FY 2025-26 Budget Estimates (BE), offering a comprehensive baseline of fiscal priorities in urban development ahead of the FY 2026-27 budget. As Odisha advances toward its urbanisation goals (40% by 2036, 60% by 2047), this analysis equips policymakers, ULGs, and researchers to evaluate continuity, new priorities, and potential gaps in the upcoming budget.

## Analytical Framework

The analysis in the pre-budget brief is structured along the following dimensions covering a seven-year time period from FY 2019-20 (A) to 2025-26 (BE).

- Positioning of HUDD Budget in the larger state budget and top budgetary allocations of the state
- Budget Credibility and Fund Utilisation
- Capital and revenue expenditure
- Trends in composition of HUDD budget
- Special emphasis is placed on key programmatic priorities in state schemes in FY 2025-26 budget, which marked the first post-election budget following the state elections held in May-June 2024.
- The evolution of intergovernmental fiscal transfers across Central Finance Commission (CFC) and State Finance Commission (SFC) recommendations
- Evolving practices in Fiscal Transparency and Reporting granularity

5. Authors' calculations based on HUDD's budget

6. State Dashboard on cityfinance.in; Figures extrapolated based on per capita scaling method from

## Limitations

While HUDD is a key player in urban development, other departments—such as Transport (mobility), Public Works (roads & bridges), Water Resources (water supply), and Energy (electrification)—also significantly influence urban outcomes but are outside the scope of this brief. Additionally, although HUDD finances various parastatal bodies but the lack of details on allocation to parastatals in budget documents limits deeper analysis. Lastly, the brief does not cover ULGs' own-source revenues (e.g., property tax, user charges), which is one of the critical fiscal streams flowing in the cities. For context, it comprises about 15% of total revenue of the ULGs in Odisha in FY 2022-23.

## DETAILED ANALYSIS OF HUDD'S BUDGET

### Structure of the Budget

The Odisha State Budget is structured into four budget categories wherein each budget category is further divided into sub-categories. Typically, every administrative department in the state follows the same structure including HUDD.<sup>7</sup> This enables clear identification of sources and to some extent, functional nature of funds.

- **'Administrative expenditure'** includes three sub-categories, namely, Establishment, Operations and Maintenance (EOM), Interest Payment, and Principal Repayment.
- **'Program expenditure'** includes scheme expenditure in three sub-categories, namely, Centrally Sponsored Schemes (CSS) like Smart Cities, AMRUT, PMAY; state schemes like Mukhyamantri Sahari Bikash Yojana (MSBY), Swachha Odisha, JAGA Mission etc.; and Central Sector (CS) schemes.
- **'Transfers from state'** includes three sub-categories, namely, V SFC Transfers to local bodies, UFC Transfers to local bodies and Other Transfers.
- **'Disaster Risk Management Funds'** includes two sub-categories, namely, State Disaster Risk Management Fund, and National Disaster Risk Management Fund.

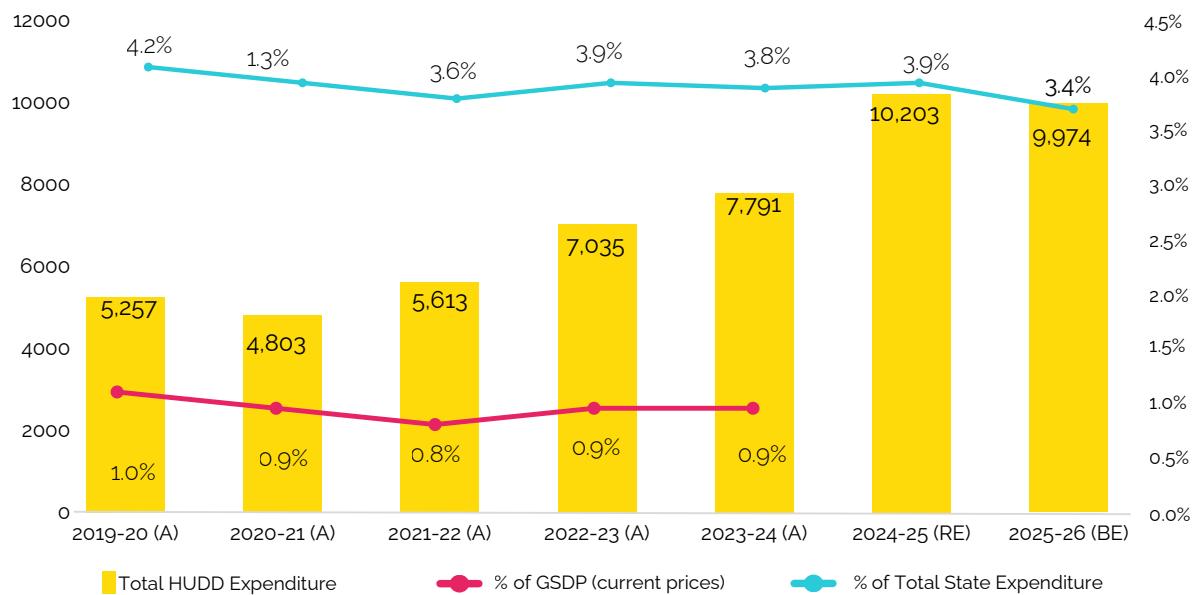
### 1. Situating HUDD Budget in the State Budget

- In February 2025, Odisha approved a INR **2.9 lakh crore** state budget for FY 2025-26, marking a 9% increase over both the BE and RE of the previous year.

7. HUDD's budget includes expenditure under the first three budget categories.

- HUDD's allocation stands at INR **9,974 crore**, a 2% decline from FY 2024-25 (RE) and a 4% increase over FY 2024-25 (BE). Over the past seven years, its budget has nearly doubled (from INR 5,257 crore to INR 9,974 crore), but its growth has **lagged the overall state budget** (12% CAGR vs 14%), resulting in a declining share in total state expenditure. As a share of GSDP (current prices), HUDD has remained broadly stable at **0.8-1.0%** in recent years.

Figure 2: Total HUDD Expenditure from FY 2019-20 to FY 2025-26 (BE) (in INR crore)



Source: Janaagraha's analysis of the state 'Budget at a Glance' & Handbook of Statistics on Indian States by RBI, various years

Note: **BE**- Budget Estimates indicate the funds projected at the beginning of the year to be spent; **RE**- Revised Estimates indicate the estimates made in the supplementary budget cycle in around Oct-Nov which might involve a decrease or an increase over the BE; **A**- Actuals indicate the funds withdrawn from the Consolidated Fund of the State by the Dept. but does not necessarily equate to real expenditure incurred towards service/ good delivery.

Table 1: Top 11 departments in Odisha by budget size in FY 2025-26 (in INR crore)

	Name of the Department	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (A)	2024-25 (RE)	2025-26 (BE)	CAGR
1	<b>Finance</b>	22,080	26,977	31,861	46,811	55,337	46,254	58,874	63,512	16%
2	<b>School and Mass Education</b>	14,114	15,231	15,035	16,448	20,445	21,706	27,289	31,185	12%
3	<b>Panchayati Raj &amp; Drinking Water</b>	15,417	16,400	14,984	16,158	13,511	21,744	25,086	28,451	9%
4	<b>Health and Family Welfare</b>	5,702	6,155	7,849	10,416	12,307	15,857	22,199	22,741	22%
5	<b>Women and Child Development</b>	3,158	3,227	3,314	3,529	2,975	3,486	15,732	15,223	25%
6	<b>Water Resources</b>	7,448	6,112	4,831	7,047	10,133	12,211	12,209	14,894	10%

	Name of the Department	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (A)	2024-25 (RE)	2025-26 (BE)	CAGR
7	<b>Agriculture &amp; Farmer's Empowerment</b>	4,229	6,938	4,116	4,487	6,185	7,103	12,654	14,701	19%
8	<b>Works</b>	4,353	5,621	5,712	5,648	7,538	9,226	11,027	12,000	16%
9	<b>Home</b>	4,847	4,856	4,588	5,299	5,971	7,113	10,012	10,760	12%
10	<b>Rural Development</b>	7,289	3,325	3,880	3,822	6,148	7,198	9,801	10,020	5%
11	<b>Housing &amp; Urban Development</b>	4,537	5,257	4,803	5,613	7,035	7,791	10,203	9,974	12%
	<b>Total State Budget</b>	1,13,949	1,25,168	1,24,109	1,53,797	1,80,440	2,04,130	2,65,000	2,90,000	14%

Source: Janaagraha's analysis of the state "Budget at a Glance" document, various years

- **Overall, 11 departments constitute 80%** of the total state budget, reflecting the state's top budget priorities.<sup>8</sup>
- **Of these, three departments have consistently remained at the top—Finance, School and Mass Education and Panchayati Raj and Drinking Water.** Other critical departments that constitute the top five (in a given FY) are Water Resources, Rural Development, Works, and Agriculture & Farmer's Empowerment. The Women and Child Development has held fifth place only since FY 2024-25, following the launch of the Subhadhra scheme.<sup>9</sup>
- **HUDD ranks 11th in FY 2025-26 (BE).**

## 2. Budget Credibility and Fund Utilisation

- **Public finance systems need to evolve to reflect spending by the last implementing agency to meaningfully understand the quantum and nature of spending in urban and ensure accountability for the use of public funds.** In case of the majority of the departments, including HUDD, 'Actuals' reflect transfers to ULGs, parastatals and other agencies, not final expenditure on the ground.<sup>10</sup>

8. On the basis of average of total budget expenditure of 11 departments for eight years from FY 2018-19 to FY 2025-26 (BE)

9. Subhadra is a women-centric scheme designed to provide eligible women aged between 21 and 60 years with INR 50,000 over five years, from FY 2024-25 to FY 2028-29.

10. In some cases, HUDD undertakes a small proportion of expenditure on its own, in which case actual spending has taken place.

- Given this, HUDD demonstrates strong budget credibility: BE, RE and Actuals remain closely aligned in most years. The only marked deviation is observed in FY 2020-21—RE was revised downwards to 77% of BE—but this could be attributed to the onset of COVID pandemic that led to temporary cuts in CSS and State Schemes.<sup>11</sup>

Figure 3: Trends in BE, RE and Actuals in HUDD (in INR crore)



Source: Janaagraha's analysis of the state 'Budget at a Glance' document, various years!

### 3. Revenue vis-à-vis Capital Spending under HUDD Budget

- HUDD's reported capital share (7-19% over FY 2019-20 to FY 2025-26) understates actual capital spending, as grants to ULGs/parastatals are recorded as revenue expenditure under Indian Government Accounting Standard (IGAS) 2<sup>12</sup>, even when used for asset creation.
- Reclassifying expenditure using object heads<sup>13</sup> in the Chart of Accounts (e.g., "Grants for Creation of Capital Assets" and likewise<sup>14</sup>) provides a more accurate split between revenue and capital outlays.

11. For instance, CSS budget (Smart Cities, PMAY, SBM) was brought down by 54% and 39% in the two years respectively while state scheme budget by 42% and 4% respectively. In subsequent years, RE is higher than BE. The mid-year increase in allocations was led by Smart Cities in FY 2022-23 and a state scheme, namely, UNNATI, in the subsequent two years which was a key vehicle of urban poverty mitigation in the years after COVID pandemic.

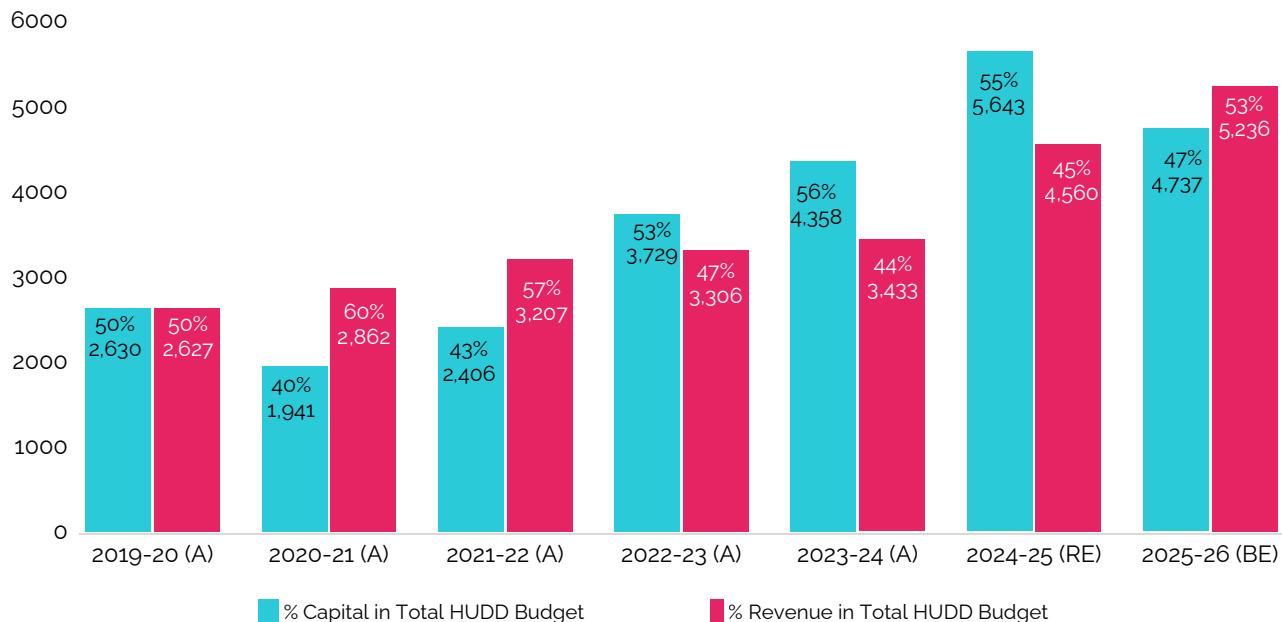
12. As per IGAS 2, the grantor (state government, in this case) records all such grants as revenue expenditure although they may be used for infrastructure development by the grantee (ULG, in this case).

13. An Object Head is a detailed classification of expenditure within the multi-tier budget structure. In Odisha, object head is the sixth tier of Chart of Account classifying expenditure based on the type of spending, such as salaries, operational costs, or capital investments.

14. In addition to the object head "Grants for creation of capital assets", four additional object heads, namely, Other Capital Expenditure, Buildings & Structure, Infrastructural Assets, and Land, are of capital nature and have been taken as such for the purpose of analysis.

- **Under this revised methodology, capital expenditure constitutes 47% of HUDD's FY 2025-26 budget**, compared to 19% reported. Over seven years, the average capital share has increased from **12% (reported)** to **~49% (revised)**, indicating a substantially more capital-intensive spending profile.

Figure 4: Revised Revenue vs Capital Composition (in INR crore and %)



Source: Janaagraha's analysis of HUDD's 'Demand for Grants' document, various years

Note: All CFC transfers are shown under revenue account with the object head tagging done as "Grant-in-aid General". Hence, it was not possible to determine the capital component in CFC transfers which would take the share of capital expenditure in HUDD's budget even higher and more realistic.

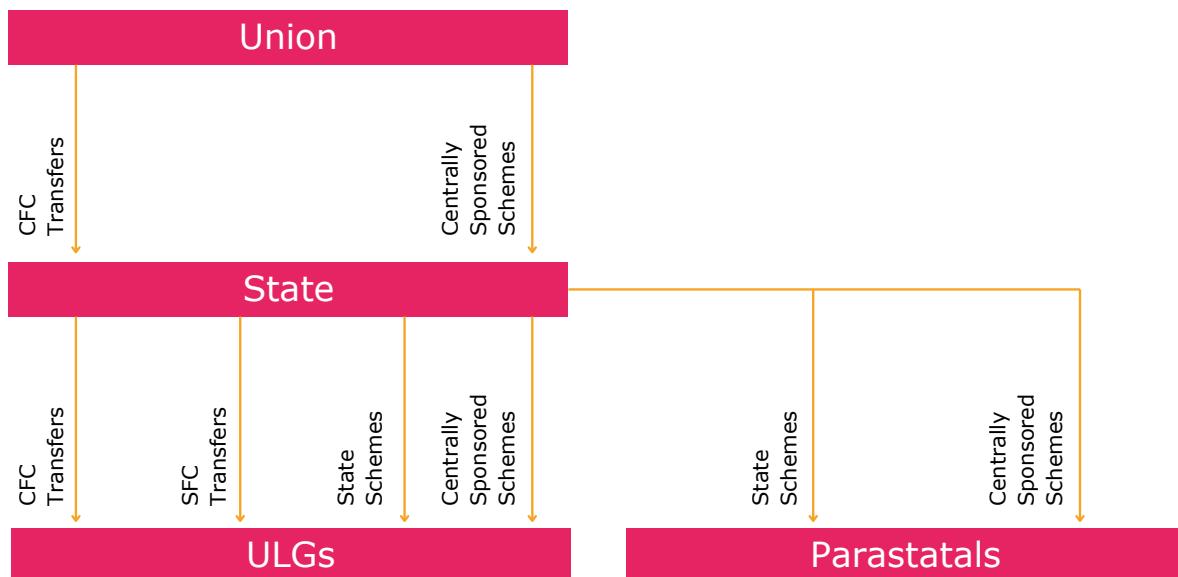
#### 4. Flow of Public Funding in Urban to ULGs and Parastatals

- **Conventionally, UDD of different states meet their core mandate through two key fiscal channels: schemes and fiscal transfers to ULGs.** Schemes include both Centrally Sponsored Schemes (CSS) (including both centre's and state's share) as well as state schemes fully funded by the state government. In the case of fiscal transfers to ULGs, HUDD's budget includes Central Finance Commission (CFC) transfers (channelled through the state's budget to ULGs) as well as State Finance Commission (SFC) transfers to ULGs.
- **In addition to ULGs, HUDD's budget also finances parastatals such as Water Corporation of Odisha (WATCO), Odisha Water Supply and Sewerage Board (OWSSB) etc.** Whilst schemes can be channelled to either ULGs or to parastatals for specific objectives, FC transfers are usually transferred to ULGs with the broader objective of correcting the vertical fiscal imbalance between state government and the third tier of

government. In Odisha, however, a portion of XV FC Grants—30% dedicated for water supply—could be transferred to parastatals (via ULGs).<sup>15</sup>

- Since ULGs are funded by a combination of schemes & transfers, **it would be critical to have principles of flexibility, fungibility, predictability applied to both, enabling ULGs to be fiscally sustainable while providing for necessary autonomy. Further, there is a need to bring coherence in processes and systems of fund allocation, fund flow, and fund monitoring across funding streams (schemes & transfers) to improve fiscal efficiency and accountability in ULGs** ultimately leading to improved infrastructure and service delivery.

Figure 5: Janaagraha's representation of funds flowing in the urban landscape



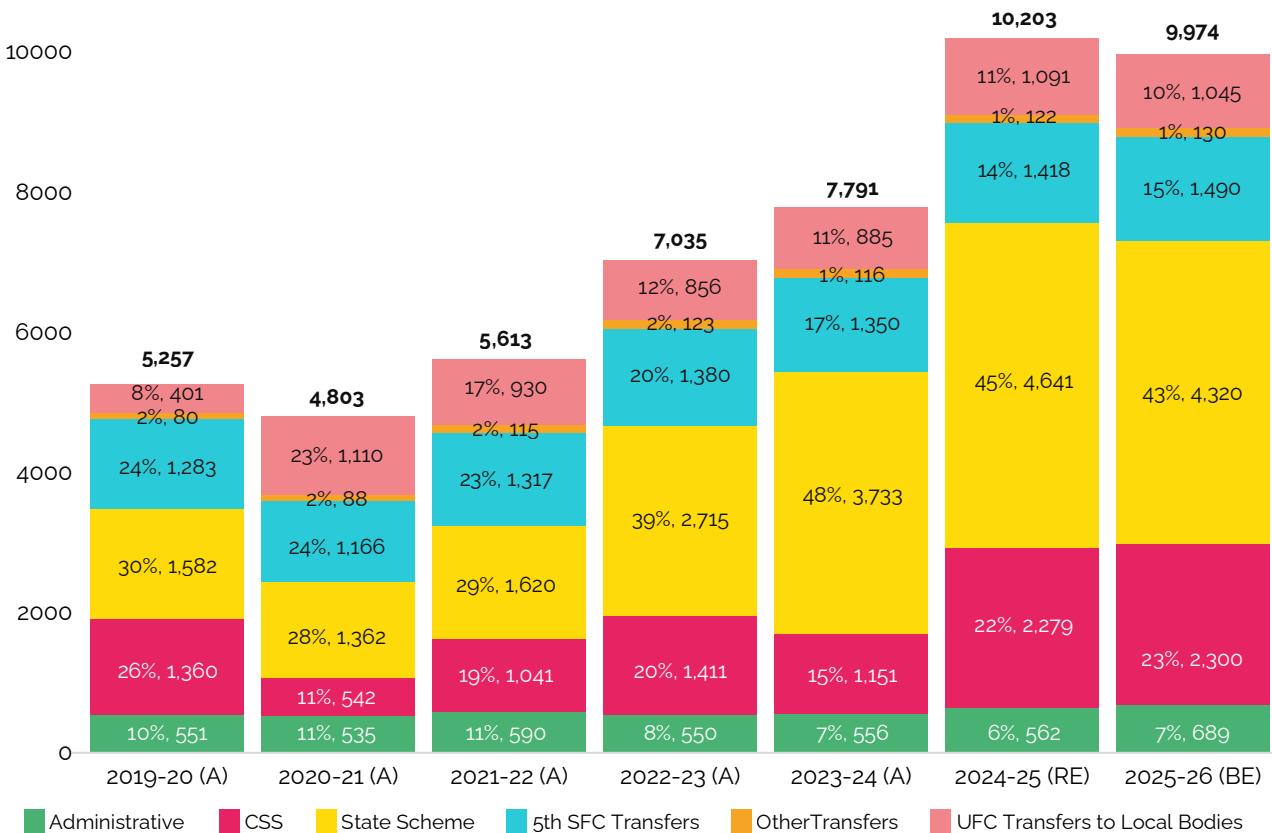
#### 4.1 Composition of HUDD's Budget: CSS, State schemes, FC Transfers

- In Odisha, in FY 2025-26 (BE), a significant share (43%) of HUDD's budget is allocated to state schemes, whilst 23% is allocated to CSS. A smaller proportion is allocated to CFC Transfers, SFC Transfers and Payment of Stamp Duty to ULGs - 15%, 10%, and 1%, respectively. Thus, about 66% of HUDD's budget is channelled through schemes and 26% through FC transfers (state and centre combined). **This shows commitment from state but raises questions on continuity as schemes are more sensitive to annual allocation decisions.**

15. The funds are transferred from HUDD's bank account to the bank accounts of ULGs through Integrated Financial Management System (IFMS). ULGs, thereafter, have an option to transfer the funds to WATCO, a parastatal in the Odisha responsible for functions related to ensuring water supply.

Figure 6: Break-up of Total HUDD Budget (in INR crore)

12000



Source: Janaagraha's analysis of HUDD's 'Demand for Grants' document, various years

Note: There is only one Central Sector Scheme under HUDD which is aimed at providing rehabilitation facilities to the Sri Lankan refugees. It received allocation of approx. INR 3 lakhs in FY 2019-20 and FY 2020-21 each, which reduced to INR 80,000 annually between FY 2021-22 to FY 2023-24 and similar amount has been allocated in FY 2024-25 (RE) and FY 2025-26 (BE).

- Growth in HUDD's budget allocations is primarily driven by schematic expenditure, particularly state schemes.** Between FY 2019-20 and FY 2025-26 (BE), CSS allocations increased by 69%, while state schemes increased by 170%, underscoring the State's expanding role in shaping urban development priorities. In contrast, in several other states (e.g., Kerala and Madhya Pradesh), CSS constitute the dominant component.<sup>16</sup>
- Although CFC and SFC transfers have remained broadly stable in absolute terms,** SFC transfers reflect low buoyancy. During the V SFC award period (FY 2020-21 (A) to FY 2025-26 (B)), the state budget and HUDD budget in Odisha more than doubled (up by 134% and 108% respectively). In contrast, SFC transfers grew by only 28% only (5% CAGR). Even though net own tax revenue grew at 14% CAGR, transfers did not rise proportionately, and with non-tax revenue growing faster (28% CAGR), the divergence underscores limited fiscal decentralisation.

16. The urban budget analysis by IIHS notes CSSs are particularly prominent in MP and Kerala, where spends and commitments towards them exceed those towards state schemes by factors of nearly 7 and 2.6 respectively (from FY 2021-22 to FY 2023-24)

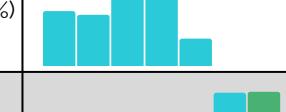
**In FY 2025–26, a substantial share of scheme funds was directed to parastatals.**

Under state schemes, 46% was transferred to parastatals (e.g., SUJALA to WATCO/PHEO; sewerage to OWSSB) and 47% to ULGs, with 7% unknown. Under CSS, 44% went to parastatals (e.g., PM e-Bus Sewa to CRUT; part of AMRUT to WATCO/PHEO), 26% to ULGs, and 30% as DBT to beneficiaries.

#### **4.2 Trends in Allocations for Centrally Sponsored Schemes**

- In FY 2025-26 (BE), CSS account for 23% of the total HUDD budget (Rs. 2,300 crores).<sup>17</sup>** While the increase over FY 2024-25 (RE) is marginal, allocations have grown by **69% since FY 2019-20 (A).**

Table 2: Trends in Allocations for Centrally Sponsored Schemes (CSS) in Odisha (in INR crore and %)

Name of CSS	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (A)	2024-25 (RE)	2025-26 (BE)	Trend
<b>AMRUT</b>	674 (50%)	26 (5%)	13 (1%)	585 (41%)	440 (38%)	713 (31%)	847 (37%)	
<b>PMAY</b>	290 (21%)	269 (50%)	408 (39%)	402 (28%)	396 (34%)	692 (30%)	796 (35%)	
<b>SBM</b>	167 (12%)	22 (4%)	268 (26%)	28 (2%)	201 (17%)	811 (36%)	600 (26%)	
<b>PM e-Bus Sewa</b>	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	53 (2%)	47 (2%)	
<b>NULM</b>	24 (2%)	33 (6%)	22 (2%)	0 (0%)	14 (1%)	10 (0%)	10 (0%)	
<b>Smart Cities</b>	204 (15%)	190 (35%)	330 (32%)	396 (28%)	100 (9%)	0 (0%)	0 (0%)	
<b>Grand Total</b>	1360	542	1041	1411	1151	2279	2300	

Source: Janaagraha's analysis of HUDD's 'Demand for Grants' document, various years

Note:

1. The allocation in CSS includes both Central and State share towards CSS.

2. Jal Jeevan Mission was allocated INR 300 crores in FY 2021-22 (BE) comprising 28% of the total budget estimates for CSS in that year. However, the allocation was reduced by half in the supplementary budget cycle (RE) and no expenditure has been incurred against it till present.

17. Notably, the state's CSS expenditure experienced a significant decline in FY 2020-21 to INR 542 crores (50% of the budget estimates), but subsequently rebounded to its typical range in the following year.

- **Allocations are highly concentrated: AMRUT, PMAY and SBM account for 98% of CSS in FY 2025-26 (BE)**, reflecting a continued focus on water supply, sanitation and housing. Since FY 2019-20, **SBM has increased nearly four-fold and PMAY nearly three-fold**, while the Smart Cities Mission has received no allocation in the last two years.<sup>18</sup>
- **Utilisation trends warrant attention. Actual spending in FY 2023-24 was INR 1,151 crore (62% of BE and 59% of RE)**. With RE of FY 2024-25 at INR 2,279 crore and BE of FY 2025-26 at INR 2,300 crore, spending in each of these years would need to be nearly double the FY 2023-24 actuals to fully utilise allocations.
- **Implementation arrangements vary with SBM being the only scheme implemented directly by ULGs**, AMRUT funds are largely channelled through WATCO and PHEO, and PMAY funds are transferred to beneficiaries based on work completion status reported by ULGs.<sup>19</sup>

#### **4.3 Trends in Allocations for State Schemes**

- **Allocation towards state schemes in FY 2025-26 (BE) stands at INR 4,320 crore**—unchanged from the previous year's BE but lower by INR 321 crore than the previous year's RE. Since FY 2019-20 (A), allocations have increased by 173%. State schemes account for 43% of the department's total budget in the current year.
- **A major policy shift is the introduction of Mukhyamantri Sahari Bikash Yojana (MSBY) (INR 1,100 crore), conceived as a city-building and asset-creation framework**. Bringing together infrastructure, urban wage employment, water body development and animal welfare under one umbrella, MSBY expands the scope of earlier interventions by promoting revenue-generating and future-ready assets—such as commercial complexes, fish markets, EV charging stations and water body rejuvenation—with an explicit focus on strengthening ULB Own Source Revenue (OSR) through revenue-generating assets. ULGs are envisioned to be the primary actor for its implementation.
- **Water supply interventions such as BASUDHA and 24x7 water supply have been reorganised under SUJALA (INR 733 crore)**. Implementation continues through OWSSB and PHEO.
- **New infrastructure-focused schemes**—including waterfront development (Rs. 150 crore), economic corridors in cities (Rs. 102 crore), and housing (INR 100 crore)—signal an increased emphasis on urban economic growth

18. The initial timeline of Smart Cities Mission ranged between 2019 and 2023. However, the mission was extended until March 2025 to allow for the completion of ongoing projects but without any additional cost, beyond the already approved financial allocation under the Mission.

19. Discussion with H.U.D.D. revealed that approx. less than 5% of the total allocation goes to ULGs on requisition basis towards development of water bodies.

- Among the few schemes dropped from FY 2025-26 budget are the JAGA Mission, globally recognised for slum redevelopment in 2019 and 2023<sup>20</sup>, and allocations for development of metro and CDP roads—which were, in fact, introduced in the previous year itself by the previous ruling government.

The table below details scheme-wise reclassification and allocation trends since FY 2019–20 (A), enabling an assessment of continuity, consolidation, and evolving priorities.

Table 3: Trends in state schemes of HUDD, Odisha over the years (in INR crore)

Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (A)	2024-25 (RE)	2025-26 (BE)
<b>Water Supply &amp; Sanitation</b>	<b>473</b>	<b>670</b>	<b>1,069</b>	<b>1,473</b>	<b>1,116</b>	<b>1,398</b>	<b>1,086</b>
SUJALA	0	0	0	0	0	0	733
Urban Sewerage Scheme	102	88	84	80	84	332	347
Other Urban Water Supply	6	83	198	554	263	577	5
Externally aided schemes	109	148	387	465	441	2	0
Welfare of Sanitation workers	0	0	15	31	15	30	0
Urban Septage System	0	150	80	70	0	50	0
BASUDHA	257	200	305	274	313	408	0
<b>Housing</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>100</b>
Housing Facilities	0	0	0	0	0	0	100
Other Housing Schemes	3	4	0	0	0	0	0
Odisha Urban Housing Mission (OUHM)	2	2	0	1	1	1	0
<b>Urban Development</b>	<b>1,104</b>	<b>687</b>	<b>551</b>	<b>1,241</b>	<b>2,616</b>	<b>3,242</b>	<b>3,134</b>
Mukhyamantri Shahri Vikas Yojana	0	0	0	0	0	0	1,100
Samruddha Sahara	0	0	0	0	0	0	408
Urban Mobility	0	0	0	0	0	0	305
Stormwater Drainage	0	0	0	0	0	0	300
Swachha Odisha	0	0	0	0	0	0	261
New City Development	0	50	57	334	300	98	200
ULG Governance	0	0	0	0	0	0	150
Waterfront Development	0	0	0	0	0	0	150
Rural Urban Transition	0	0	0	0	0	100	100

<b>Schemes</b>	<b>2019-20 (A)</b>	<b>2020-21 (A)</b>	<b>2021-22 (A)</b>	<b>2022-23 (A)</b>	<b>2023-24 (A)</b>	<b>2024-25 (RE)</b>	<b>2025-26 (BE)</b>
Capacity Building and Resource Management	0	0	0	0	0	0	50
AAHAAR	0	0	0	0	0	0	50
Externally aided schemes	120	0	0	60	100	50	50
Jaga Mission	100	0	0	100	100	0	10
Urban Infrastructure Development Fund (UIDF)	0	0	0	0	0	0	0
Development of CDP Roads	0	0	0	0	0	435	0
Smart Cities	0	0	0	0	0	0	0
MUKTA	0	0	0	260	599	221	0
Viksit Gaon Viksit Odisha	0	0	0	0	0	0	0
Urban Road Transport	63	200	100	127	160	200	0
SUDA	0	0	20	30	40	41	0
Odisha Metro	0	0	0	0	210	785	0
Other Urban Devp. Schemes	401	19	14	2	7	218	0
Town Planning Scheme	0	0	0	0	0	200	0
Storm Water Drainage and Development of Water Bodies	30	120	30	28	100	200	0
Improvement of Urban Governance	20	38	30	0	0	0	0
UNNATI	370	260	300	300	1000	694	0
<b>Grand Total</b>	<b>1,582</b>	<b>1,362</b>	<b>1,620</b>	<b>2,715</b>	<b>3,733</b>	<b>4,641</b>	<b>4,320</b>

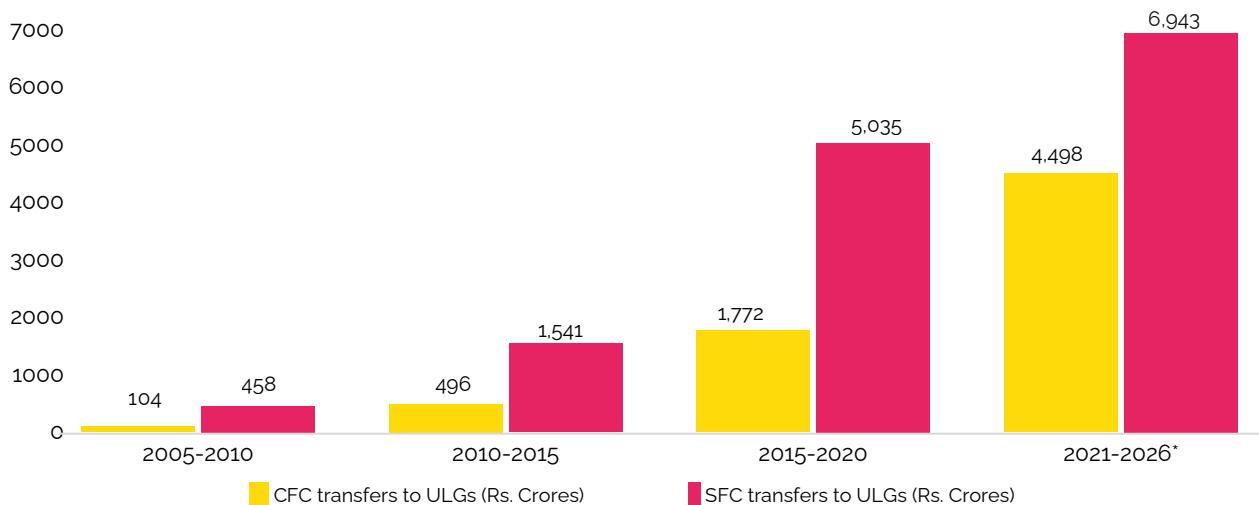
*Note:*

1. The rows colored in blue indicate the schemes which have undergone restructuring & scope revisions in FY 2025-26, rows colored in pink indicate schemes which have been discontinued in FY 2025-26, & rows colored in green indicate the new schemes introduced in FY 2025-26
2. Other urban water supply includes 24\*7 Water Supply from Tap, grants towards debt servicing of Odisha Urban Infrastructure Development Fund (OUIDF) and IEC purposes.
3. The Externally Aided Schemes include funding from World Bank, JBIC Japan, KWF German and ADB towards disaster management, sanitation projects, infrastructure development and water supply respectively.
4. Rural-Urban Transition policy aims at providing urban civic amenities to the people in identified fast-growing rural areas adjoining the urban areas to mitigate unplanned urbanisation.
5. Funds allocated to SUDA is primarily aimed at capacity building of the officials.
6. Funds for welfare of sanitation workers includes two sub-components- GARIMA and Fund for Protection and Welfare of core Sanitation workers. No allocation has been made in this year in the absence of additional fund requirements.
7. 'Other Urban Dev. Schemes' include funds being allocated towards various purposes such as animal welfare, Comprehensive Development Plan (CDP) for towns, computerisation of land records and ORERA.

#### 4.4 Trends in CFC and SFC Transfers: Fiscal Transfers to ULGs

- CFC and SFC transfers to the ULGs are mandated by the Constitution unlike schemes** wherein the State Government can use its discretion in choosing ULGs as the Implementing Agency, and in initiating or discontinuing a scheme.
- For FY 2020–26, the **XV CFC has recommended INR 5,585 crore<sup>21</sup>** for Odisha's ULGs (out of INR 1,50,305 crore nationally). The **V SFC has recommended INR 8,133 crore<sup>22</sup>** over same period.
- In FY 2025–26 (final year of the award cycle), BE allocations stand at **INR 1,045 crore under XV CFC** and **INR 1,490 crore under V SFC**.
- Compared to previous Commissions (XV CFC and V SFC), aggregate five-year recommendations have **increased by 154% under CFC and 38% under SFC**.
- While both transfers (aggregate for 5-year term) have grown over successive award periods, **the increase has been higher under CFC (251%) compared to SFC (147%)**.

Figure 7: CFC transfers (CFC XII-CFC XV) and SFC transfers (SFC II-SFC V) to ULGs (INR crore)



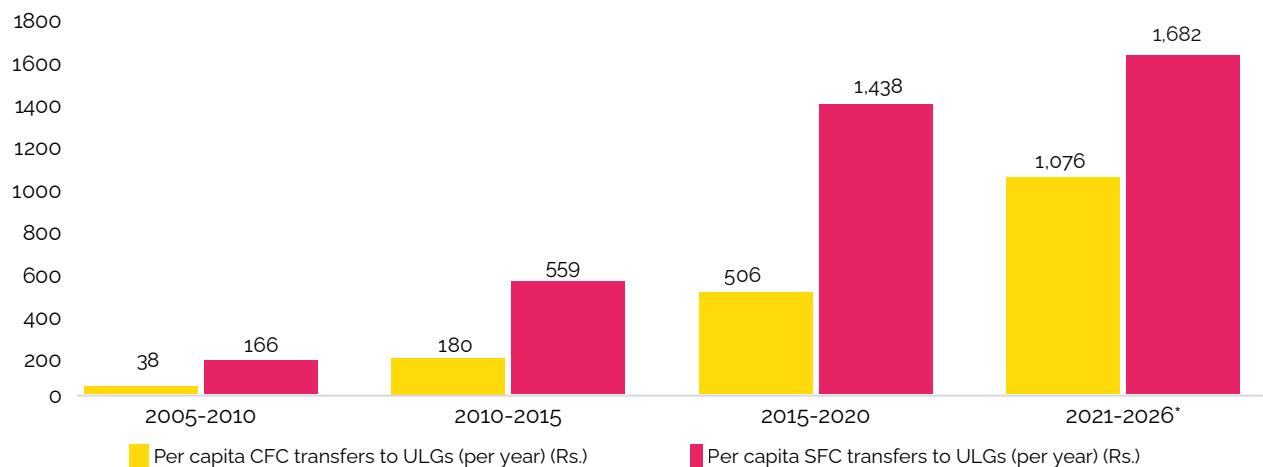
Source: For urban population figures, the following have been used: (i) CFC: Census 1991 for CFC-XI; Census 2001 for CFC XII and CFC XIII; Census 2011 for CFC XIV. For CFC-XV, urban population projections have been taken for mid-year in the award period, i.e., 2023 from the report on population projections published by Ministry of Health and Family Welfare (MHFW). (ii) SFC: Census 2001 for SFC II and SFC XIII; Census 2011 for SFC IV. For SFC-V, urban population projections have been taken for mid-year in the award period, i.e., 2022 from the report on population projections published by Ministry of Health and Family Welfare.

Note: For the CFC XV and SFC V, the amounts have been stated corresponding to the original 5-year timelines of the respective Commissions to maintain uniformity across different award periods in order to draw meaningful comparisons.

21. XV CFC recommended INR 29,250 crores for ULGs across India and INR 1,087 crores for ULGs in Odisha particularly for the year FY 2020-21. It has been included in calculations.

22. V SFC extended its recommendations for FY 2025-26 suggesting INR 1,490 crores for ULGs. It has been included in calculations to maintain the 6-year period uniformity.

Figure 8: Per capita CFC transfers (CFC XII-CFC XV) and Per capita SFC transfers (SFC II-SFC V) to ULGs (INR)



- With rising urban population, per capita (annual) transfers provide a clearer measure of fiscal decentralisation. Current annual per capita transfers stand at INR 1,076 under XV CFC and INR 1,682 under V SFC.

## 5. Evolving Practices in Fiscal Transparency and Reporting Granularity

- Improved visibility into Central and State contributions under CSS was introduced from FY 2022-23**, with the department presenting disaggregated accounts of the central and state share. Prior to this, aggregate estimates for CSS were recorded in the Demand for Grants.
- Greater transparency at the scheme level has been observed from FY 2024-25** through the introduction of new sub-scheme codes under SBM-U and AMRUT, enabling disclosure of allocations across sub-components. However, other schemes continue to be presented in aggregate form, limiting visibility into intra-scheme distribution.
- Stronger clarity on the economic and functional nature of expenditure was achieved in FY 2025-26**, as all budget line items were tagged with object heads unlike in previous years. This allows better analysis of the composition of expenditure. It is particularly significant because capital grants—though recorded as revenue expenditure under IGAS-2—can now be distinctly identified through object head classification.
- Transparency in intergovernmental transfers remains partial**, as SFC and CFC transfers to ULGs are disclosed only at the state and district level in Odisha's annual budget documents, and not at the ULG level. In comparison, states such as Karnataka disclose ULG-level information, promoting stronger transparency and enabling more informed discourse around urban local governments.

## ANNEXURE 1: METHODOLOGY OF ANALYSIS

1. The following method was followed to identify the respective categories in the budget document:

Type of Classification	Category	Method	Remarks
<b>Economic</b>	Revenue, Capital	As per Major Head, given as revenue and capital account in the Demand for Grant document Object Head tagging used to determine the quantum of "Grants for creation of capital assets" classified under revenue account in the Demand for Grant	State budget records all grants/transfers to local bodies/ parastatals as revenue exp. (a) In Prog exp, scheme budget transferred as capital grants to parastatals/ local bodies recorded as revenue exp (b) In Transfers to ULGs also, capital grants recorded under revenue account. This year, the state department budget has segregated all grants majorly into- salary grants, non-salary grants and capital grants.
<b>Type of scheme</b>	Centrally Sponsored Scheme, State Scheme	Given as budget sub-category in the Demand for Grant document	
<b>Budget sub-category</b>	CSS, State Scheme, SFC, CFC, Admin, Other transfers	Given as budget sub-category in the Demand for Grant document	
<b>Scheme name-wise (both state and CSS)</b>	UNNATI, JAGA, SBM etc.	Given in the Demand for Grant document, the scheme code indicates the scheme name	

2. Population of both, Statutory Town (ST) and Census Town (CT), has been included in urban. The bifurcation was not available in Census 1991 and 2001. In Census 2011, population of CT comprised about 15% of the total population stated in the table for CFC-XIV. Moreover, urban population projections by MHFW also do not provide bifurcation between include the population of ST and CT and includes both.

3. For budget figures throughout the document, Actuals have been taken up to FY 2023-24, Revised Estimates (RE) for FY 2024-25, and Budget estimates (BE) for FY 2025-26, unless mentioned otherwise. Mostly, the term "Allocations" has been used when referring to FY 2025-26, and "Expenditure" has been used when referring to the earlier years.

## ANNEXURE 2: DETAILS OF STATE SCHEMES FOR FY 2025-26

### NEW SCHEMES INTRODUCED IN FY 2025-26

- **Waterfront development** has been allocated INR **150 crores**. The aim is to develop infrastructure near Mahanadi and Budhabalang and other rivers to transform them into economically active and environmentally sensitive areas with rivers as a gateway to tourism and economic flourishing.
- **New housing scheme** has been allocated INR **100 crores**.
- **AAHAR scheme** has been allocated INR **50 crores** for the first time under HUDD budget. Earlier CM Care funds were used for this. It aims to ensure food security and social welfare through uninterrupted supply of subsidised meals to the needy at just INR 5.
- **Samruddha Sahar** has been allocated INR **408 crores**. It has two sub-components:
  - Existing scheme of Town planning has been allocated INR 306 crores in FY 2025-26 (increased from INR 200 crores in the previous year (RE))
  - New allocation of INR 102 crores for 'Cities as growth hub' for development of economic corridors
- **ULG Governance** has been allocated INR **150 crores** in the present year for addressing long term arrears mostly and hence, seems like a one-time allocation only. A part will also be used for overall governance of ULGS by providing professional services.

### SCHEMES DISCONTINUED IN FY 2025-26

- **Development of metro** and **CDP roads** have been dropped from the budget for FY 2025-26 freeing INR 1,220 crores.
- **JAGA Mission** has been allocated a small amount of INR 10 crores only in FY 2025-26 (BE) while its allocation for FY 2024-25 (RE) has been reduced to 0 from INR 100 crores.

## SCHEMES CONTINUED WITH RESTRUCTURING AND SCOPE REVISIONS

- **New city development** allocation has **increased** from INR 98 (both in BE and RE of previous year) to INR 200 crores in FY 2025-26 for development of the capital city.
- Earlier, stormwater drainage and development of water bodies were together allocated INR 200 crores (both in BE and RE of previous year). **Marking an increase, stormwater drainage** itself has an allocation of INR 300 crores and **development of water bodies** received INR 75 crores in FY 2025-26.
- **MSBY** includes four sub-components including
  - Urban Wage Employment: INR 200 crores (earlier, as MUKTA, received INR 221 crores as BE and RE of the previous year)
  - Infrastructure Development: INR 750 crores (earlier, as UNNATI, received INR 344 crores as BE and INR 694 crores as RE in the previous year)
  - Development of Water Bodies: Change not known
  - Animal Welfare Programme: Increased from INR 3 crores (both as BE and RE) in previous year to INR 75 crores.
- **Urban Road Transport** retained BE of INR 200 crores in 2024-25 (RE). It has received an **increased allocation of INR 305 crores under "Urban Mobility"** in 2025-26.
- **24x7 Water Supply** under 'Other urban water supply' (increased from INR 350 crores as BE to INR 570 crores in RE of previous year) has a **reduced allocation of INR 265 crores under SUJALA scheme** in 2025-26.
- **BASUDHA** (increased from INR 357 as BE to INR 408 crores in RE of previous year) has an **increased allocation of INR 468 crores under SUJALA scheme**.
- Earlier 'Capacity Building' initiatives had INR 40 crores in BE and RE under "SUDA" scheme. Now it has been renamed as '**Capacity Building and Resource Management**' with an allocation of **INR 47 crores** and with an increase in scope with the following 4 sub-components:
  - Capacity Building has been allocated INR 20 crores in FY 2025-26
  - Resource Management (introduced new). INR 20 crores in FY
  - IEC (earlier under BASUDHA) - INR 5 crores in FY 2025-26

- Earlier, grants for e-governance were limited to water supply system under BASUDHA with INR 2 crores. This year, the scope has been expanded to overall e-governance of the ULGs for which the allocation stands at INR 5 crores.
- “**Other urban development schemes**” primarily consisted of grants to ULGs for SWM which increased from INR 50 as BE to INR 200 crores as RE for previous year, and Urban Septage scheme retained INR 50 crores in FY 2024-25 (RE)- both of these have moved under **Swachha Odisha scheme** which has a total allocation of **INR 261 crores** in FY 2025-26. The aim of Swachha Odisha scheme is to integrate Solid Waste, Used Water, and Septage Management under one framework to drive total sanitation

## About Janaagraha Centre for Citizenship and Democracy

Janaagraha is a Bengaluru-based not-for-profit institution working to transform quality of life in India's cities and towns. It defines quality of life as comprising quality of infrastructure and services, and quality of citizenship. To achieve its mission, Janaagraha works with councillors and citizens to catalyse active citizenship in city neighbourhoods, and with governments to institute reforms to city-systems.

The organisation has worked extensively on urban policy and governance reforms for over two decades including on JnNURM, and with the XIII, XIV, and XV Finance Commissions, as well as the Comptroller and Auditor General of India. Janaagraha's current portfolio includes work with the XVI Finance Commission, the Ministry of Housing and Urban Affairs, NITI Aayog, the CAG of India, the state governments of Odisha, Assam, and Uttar Pradesh, and the state finance commissions of Karnataka, Odisha, and Haryana.

Find out more at [www.janaagraha.org](http://www.janaagraha.org).

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## Attribution

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