



State Economic Index: Odisha (April - August 2020)

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1. Introduction

- COVID-19 has created many economic uncertainties by disrupting both demand and supply side, thereby, hurting lives and livelihoods.
- To understand the overall impact on Odisha's economy, a composite State Economic Index is constructed by taking seven no. of state specific high frequency (monthly) indicators.
- These high frequency monthly indicators are GST, Excise Duty, Mining Royalty Stamps and Registration Fees, MV Tax, Taxes and Duties on Electricity and VAT on Non-GST Goods.

2. Objectives of the Study

- The objective of this study is to calculate the Monthly Economic Index of Odisha.

3. Data and Methodology

- To construct the Index, monthly data on the seven economic indicators has been taken from August 2017 to March 2020 (32 months-datapoints).
- These indicators and their sources are listed in Table 1.

Table 1: Variables and Sources

Sl. No.	Variables	Time Point (April-2017 to July 2020)	Units	Source
1	GST	Monthly	₹ Crore	CT&GST
2	State Excise	Monthly	₹ Crore	CT&GST
3	Mining Royalty	Monthly	₹ Crore	CT&GST
4	Stamps and Registration fees	Monthly	₹ Crore	CT&GST
5	MV Tax	Monthly	₹ Crore	CT&GST
6	Taxes and Duties on Electricity	Monthly	₹ Crore	CT&GST
7	VAT on Non-GST Goods	Monthly	₹ Crore	CT&GST

- Taking the above seven parameters, a value weighted basket approach has been used for construction of State Economic Index. The average value of the variables in the basket is taken as the weights.
- The monthly average from August 2017 to March 2020 is taken as Base Period (Base: Aug 2017 to March 2020=100).

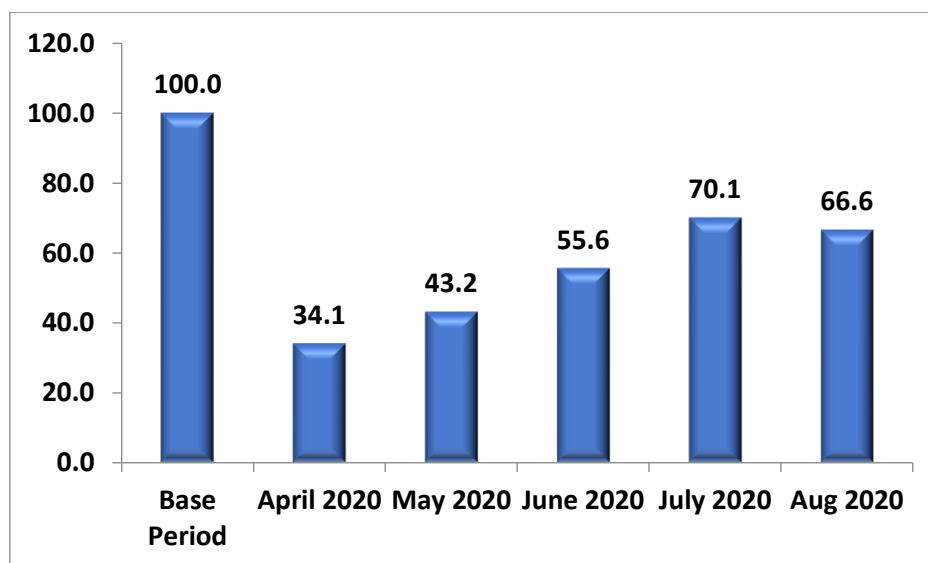
4. Results and Analysis

Table 2: Value Weighted Basket

Parameters	Basket Weights
GST	0.297
State Excise	0.101
Mining Royalty	0.244
Stamps and Registration Fees	0.031
Motor Vehicle Tax	0.044
Taxes and Duties on Electricity	0.070
VAT on Non-GST Goods	0.209

The index is constructed by combining the above parameters. The factor loadings, the value weights basket of parameters in the index, are provided in Table 2.

Figure 1: State Economic Index: Odisha
(Base: Aug 2017-March 2020=100)



- State Economic Index declined in August, after back-to-back monthly increase, but remains below pre-pandemic levels. The Index now stands at 66.6, down from 70.1 in July (Figure 1). This is attributable to fall in revenue collection of major components.
- **A similar trend has been observed in Consumer Sentiment Index of India by CMIE analysis.**
- The sub-indices of State Economic Index are given below (Figure 2 to Figure 8).

Figure 2: GST Index

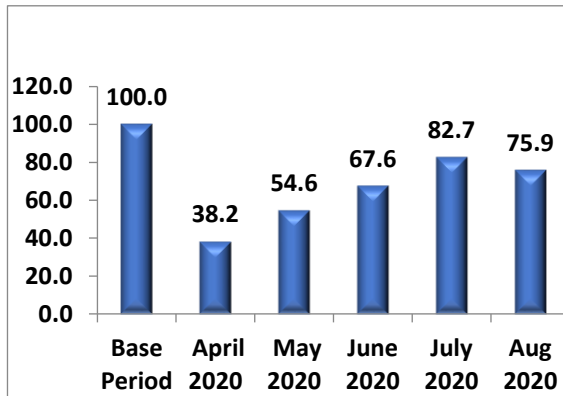


Figure 3: State Excise Index

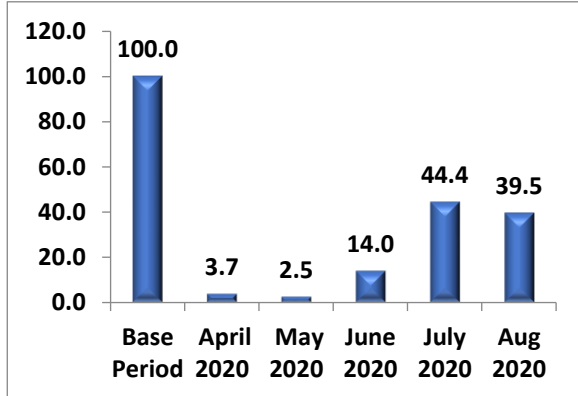


Figure 4: Mining Royalty Index

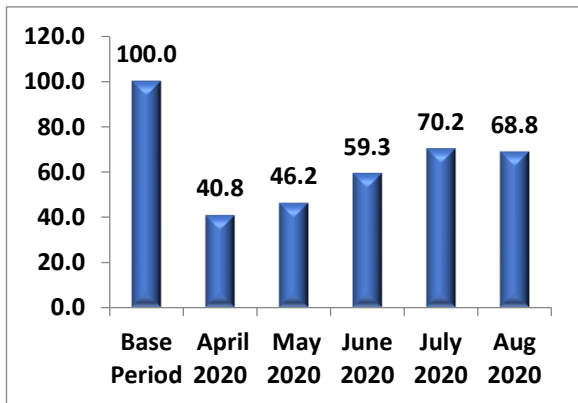


Figure 5: Stamps and Registration fees Index

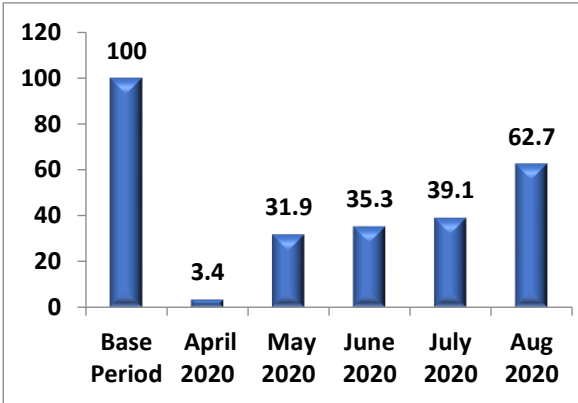


Figure 6: Motor Vehicle Tax Index

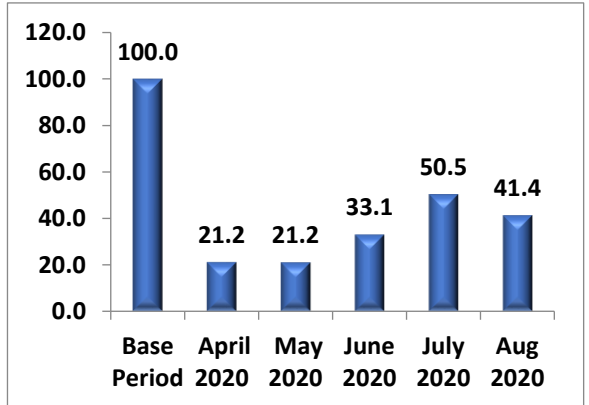


Figure 7: Taxes and Duties on Electricity Index

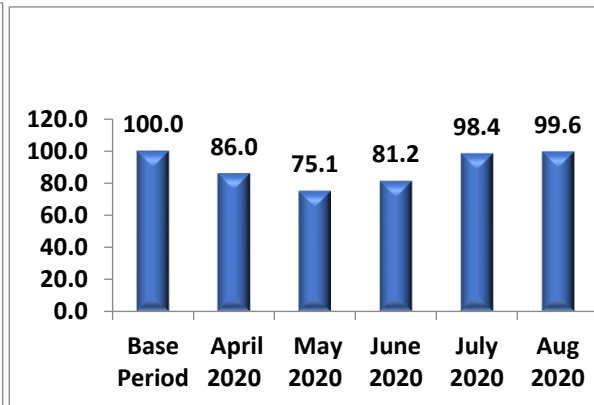


Figure 8: VAT on Non-GST Goods Index

