

State Economic Index: Odisha
(April - September 2020)



Centre of Excellence in Fiscal Policy and Taxation (CEFT)
Xavier University

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 September 2018 to March 2020 (19 months-datapoints).
- These indicators and their sources are listed in Table 1.

Table 1: Variables and Sources

Sl. No.	Variables	Time Point (Sep 2018 to Mar 2020)	Units	Source
1	GST	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
2	State Excise	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
3	Mining Royalty	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
4	Stamps and Registration fees	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
5	MV Tax	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
6	Taxes and Duties on Electricity	Monthly	₹ Crore	Civil Accounts of the Government of Odisha
7	VAT on Non-GST Goods	Monthly	₹ Crore	Civil Accounts of the Government of Odisha

- 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 September 2018 to March 2020 is taken as Base Period (Base: September 2018 to March 2020=100).

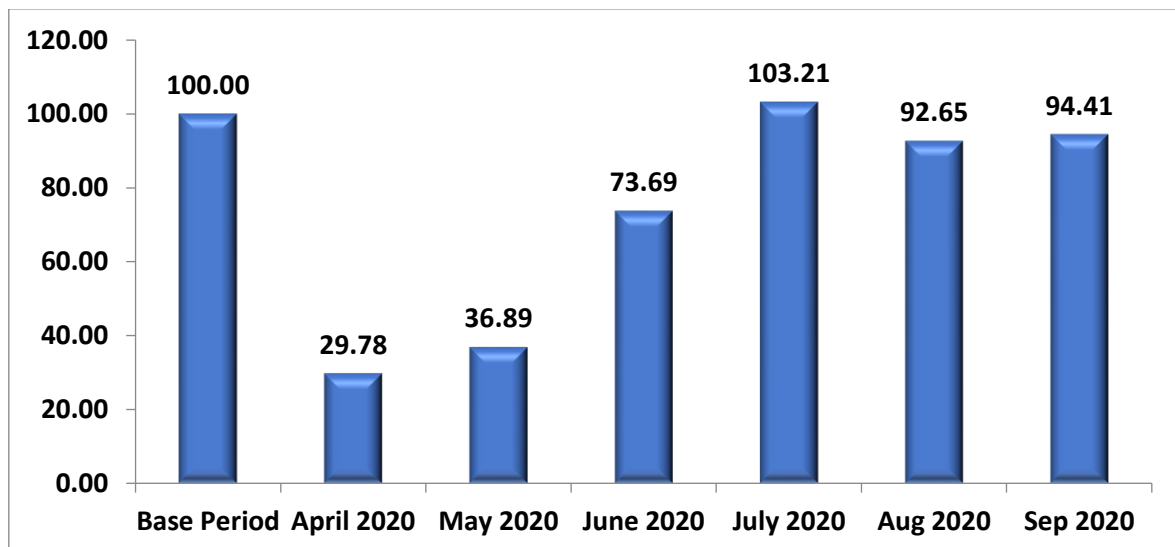
4. Results and Analysis

Table 2: Basket Weight

Parameters	Basket Weight (%)
1. GST	30.03
2. State Excise	10.48
3. Mining Royalty	26.56
4. Stamps and Registration Fees	3.35
5. Motor Vehicle Tax	4.33
6. Taxes and Duties on Electricity	7.08
7. VAT on Non-GST Goods	18.18

A composite State Economic Index is weighted average index arrived from above seven parameters. The weights of individual parameters are calculated from the aggregate value of the basket (Table 2).

Figure 1: State Economic Index: Odisha



- State Economic Index has improved in September 2020, attributed mainly by GST.

➤ The sub-indices are given below (Figure 2 to Figure 8).

Figure 2: GST Index

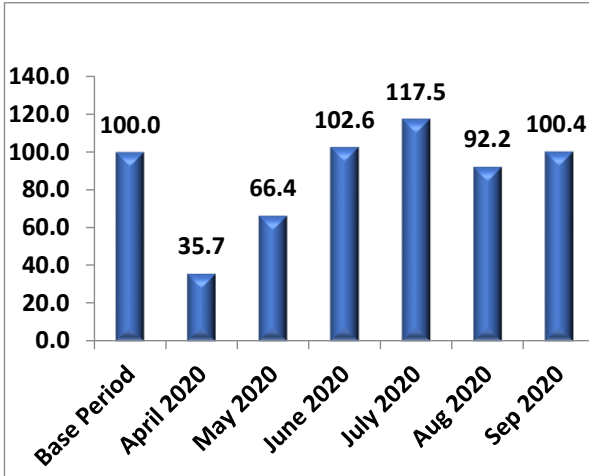


Figure 3: State Excise Index

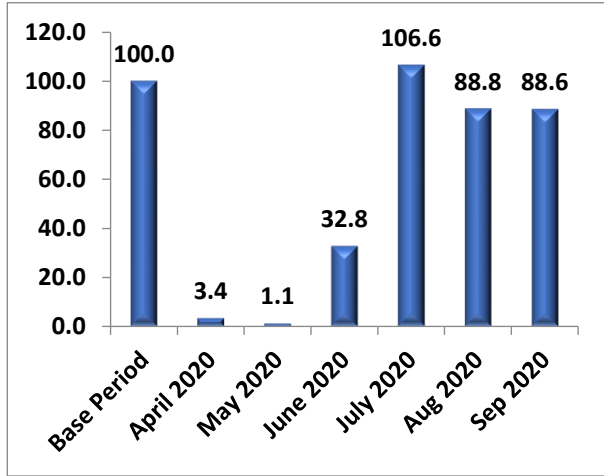


Figure 4: Mining Royalty Index

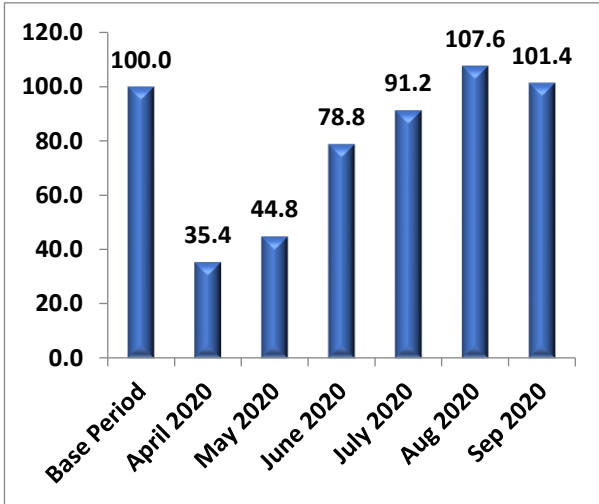


Figure 5: Stamps and Registration fees Index

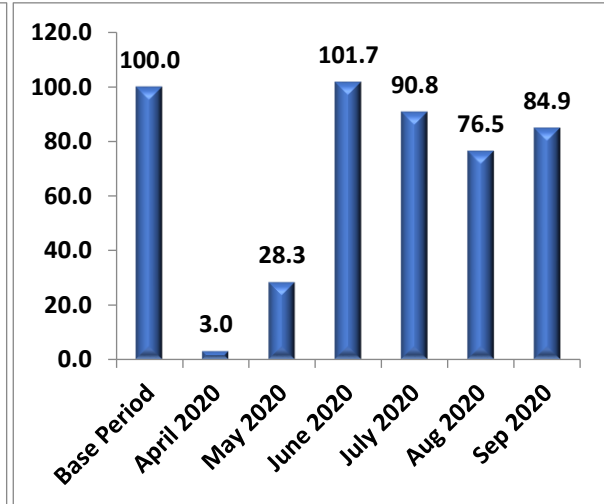


Figure 6: Motor Vehicle Tax Index

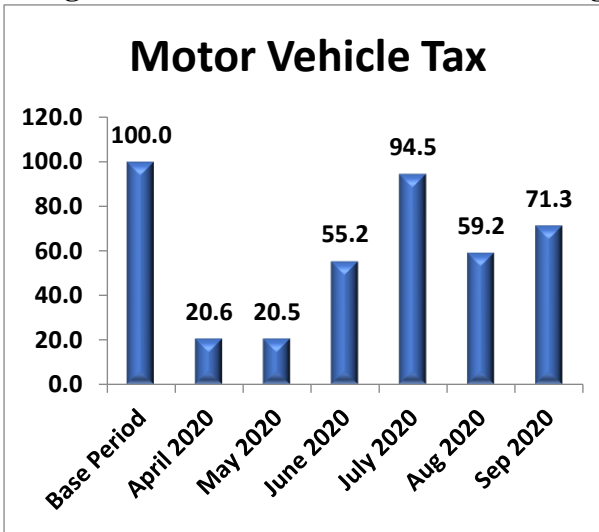


Figure 7: Taxes and Duties on Electricity Index

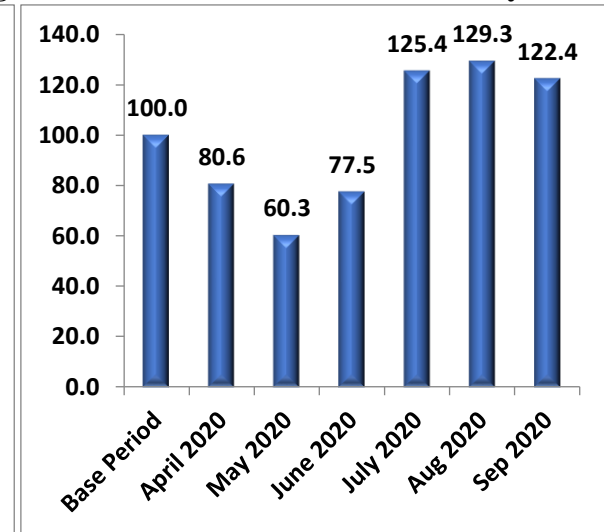
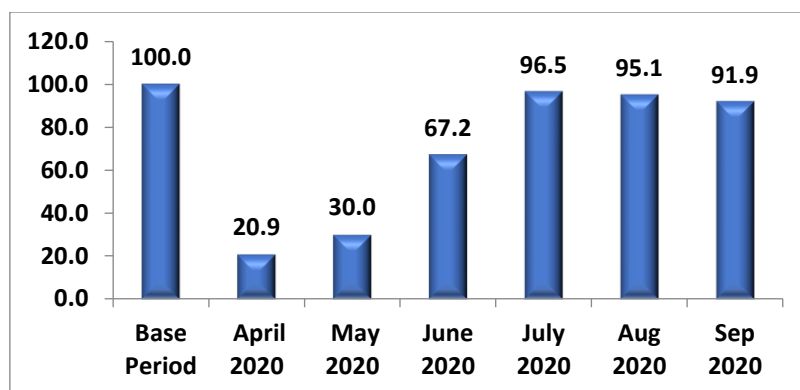


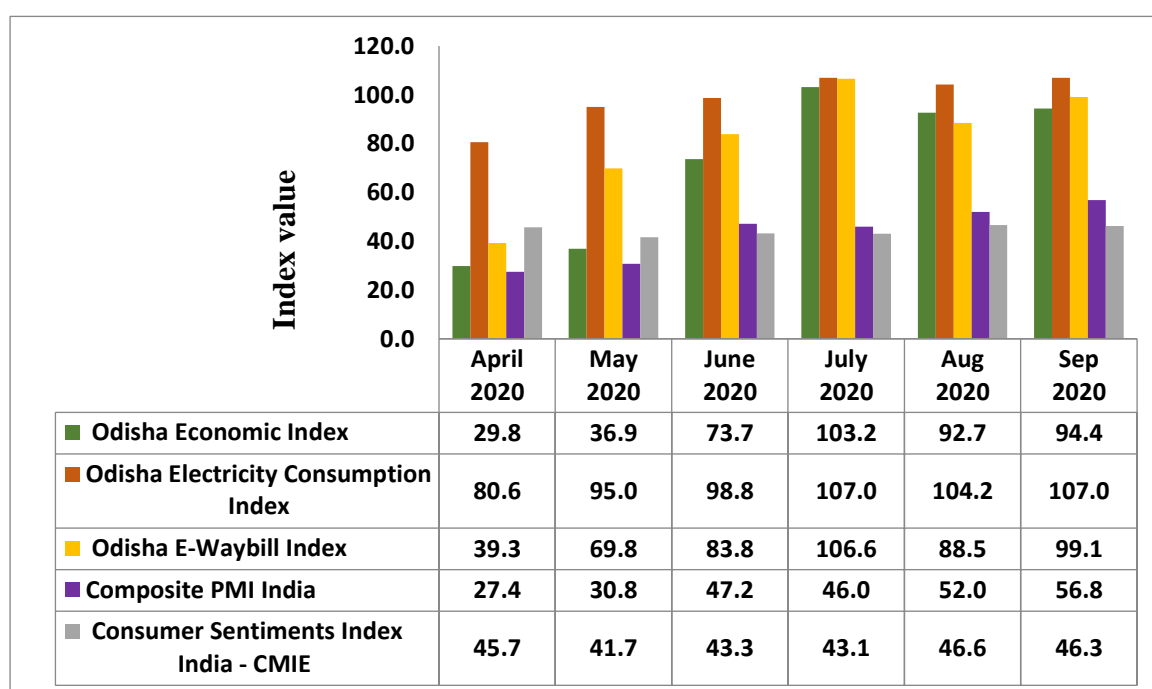
Figure 8: VAT on Non-GST Goods Index



5. Comparative Analysis

- A comparative analysis of State Economic Index of Odisha, Electricity Consumption Index of Odisha¹, Odisha's E-waybill index², Composite Purchasing Managers Index (PMI) of India, and Consumer Sentiment Index of Index-CMIE is depicted below (Figure 9).

Figure 9: Comparison of Indices



The trends in these indices broadly align with the State Economic Index of Odisha. This reflects that economic activities in Odisha are reviving from the pandemic induced slump.

¹ Electricity consumption in MU (both captive and non-captive) is sourced from Government of Odisha.

² E-waybill transactions value (Rs. Crore) is taken from Government of Odisha.