

Jharkhand Budget Analysis 2023-24

The Finance Minister of Jharkhand, Mr. Rameshwar Oraon, presented the Budget for the state for the financial year 2023-24 on March 3, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Jharkhand for 2023-24 (at current prices) is projected to be Rs 4,23,289 crore, amounting to growth of 11.1% over 2022-23.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 1,10,093 crore, an increase of 19% over the revised estimates of 2022-23. In addition, debt of Rs 6,325 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 98,418 crore, an increase of 18% as compared to the revised estimate of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to increase marginally, by Rs 389 crore.
- **Revenue surplus** in 2023-24 is estimated to be 3.2% of GSDP (Rs 13,661 crore), higher than the revised estimates for 2022-23 (2.5% of GSDP). In 2022-23, the revenue surplus is expected to be higher than the budget estimate (1.7% of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 2.8% of GSDP (Rs 11,675 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 2.3% of GSDP, lower than the budget estimate of 2.8% of GSDP.

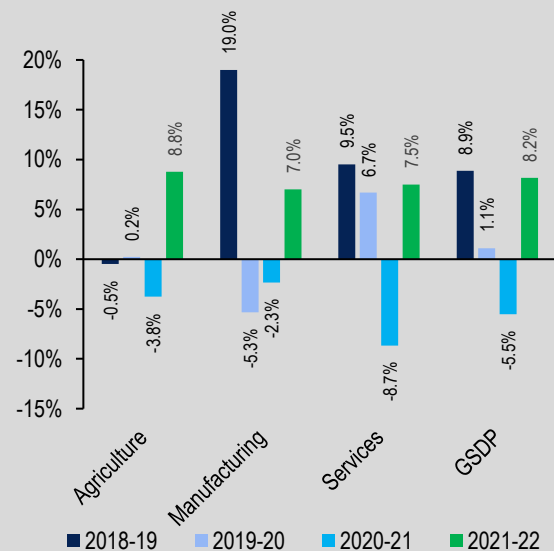
Policy Highlights

- **Rural Development:** A new scheme, the Birsa Irrigation Well Enrichment Mission was announced, under which irrigation wells will be constructed on the land of an estimated one lakh farmers. Funding will be allocated for this scheme from both state employment guarantee schemes and MGNREGS.
- **Women, Child Development, and Social Security:** The new Anganwadi Chalo Abhiyan will provide clothes, textbooks, furniture, and other necessities for pre-school children in anganwadis.
- **Agriculture and Allied Activities:** To improve irrigation and conserve water resources, allocation has been made for desilting of lakes under five acres in area.

Jharkhand's Economy

- **GSDP:** In 2022-23, Jharkhand's GSDP (at constant prices) is estimated to grow at 7.8%. In 2021-22, GSDP increased by 8.2% after contracting by 5.5% the previous year. In comparison, national GDP is estimated to grow at 8.7% in 2021-22, after a contraction of 6.6% in 2020-21.
- **Sectors:** Higher growth is estimated for agriculture, manufacturing, and services sectors in 2021-22. While agriculture grew by 8.8% in 2020-21, the manufacturing and services sectors saw a contraction (Figure 1). In 2021-22, agriculture, manufacturing, and services sectors are estimated to contribute 26%, 29%, and 45% of the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Jharkhand in 2022-23 (at current prices) is estimated at Rs 86,060, an increase of 9% over 2021-22.

Figure 1: Growth in GSDP and sectors in Jharkhand at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.
Sources: Jharkhand Economic Survey 2022-23; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 1,10,093 crore. This is an increase of 19% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 98,418 crore, and net borrowings of Rs 11,675 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 18% over the revised estimate of 2022-23.
- **Revenue surplus** in 2023-24 is estimated to be 3.2% of GSDP (Rs 13,661 crore), higher than the revised estimates for 2022-23 (2.5% of GSDP). **Fiscal deficit** for 2023-24 is targeted at 2.8% of GSDP (Rs 11,675 crore), higher than the revised estimates for 2022-23 (2.3% of GSDP).
- In 2022-23, fiscal deficit is expected to be lower than the budget estimate by Rs 2,500 crore. The revenue surplus is estimated to be Rs 2,701 crore higher than the budget estimate. GSDP estimates have been revised downwards, by 5.2% as compared to the budget stage.

Table 1: Budget 2023-24 - Key figures (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Total Expenditure	77,865	1,01,101	98,990	-2.1%	1,16,418	17.6%
(-) Repayment of debt	4,247	6,714	6,714	0.0%	6,325	-5.8%
Net Expenditure (E)	73,618	94,387	92,277	-2.2%	1,10,093	19.3%
Total Receipts	80,853	1,01,101	98,990	-2.1%	1,16,418	17.6%
(-) Borrowings	9,840	18,000	15,500	-13.9%	18,000	16.1%
Net Receipts (R)	71,014	83,101	83,490	0.5%	98,418	17.9%
Fiscal Deficit (E-R)	2,604	11,286	8,786	-22.2%	11,675	32.9%
<i>as % of GSDP</i>	0.8%	2.8%	2.3%		2.8%	
Revenue Surplus	6,944	6,752	9,453	40.0%	13,661	44.5%
<i>as % of GSDP</i>	2.0%	1.7%	2.5%		3.2%	
Primary Deficit	-3,682	4,625	2,123	-54.1%	4,887	130.2%
<i>as % of GSDP</i>	-1.1%	1.2%	0.6%		1.2%	

Note: BE is Budget Estimates; RE is Revised Estimates. GSDP figures for 2021-22 Actuals and 2022-23 RE are as per Jharkhand Economic Survey 2022-23; GSDP figures for 2022-23 BE and 2023-24 BE are as per Budget at a Glance for each year.

Sources: Budget at a Glance 2023-24; Budget at a Glance 2022-23; Jharkhand Economic Survey 2022-23; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 84,676 crore, an increase of 14% over the revised estimate of 2022-23. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 21,248 crore, an increase of 49% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- **Loans and advances** by the state are expected to be Rs 2,564 crore higher than budgeted (an increase of 170%), in 2022-23. They are estimated to increase further in 2023-24, though by only 2%.

Capital outlay

In 2023-24, Jharkhand is estimated to spend 49% more on capital outlay relative to 2022-23 revised estimates. Key sectors include Water Supply and Sanitation, and Rural Development, towards which capital outlay will increase by 120% and 42% respectively. However, the revised estimates for 2022-23 are lower than budget estimates by 47% and 16%, respectively. Capital outlay towards health and family welfare is estimated to increase significantly from 2022-23 revised estimates (53%). Since 2020-21, the state has consistently needed to increase capital outlay in the sector; 2022-23 revised estimates are 50% higher than budget estimates. Actual expenditure was higher than revised estimates by 23% in 2021-22, and 116% in 2020-21.

Table 2: Expenditure budget 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Revenue Expenditure	62,778	76,273	73,967	-3%	84,676	14%
Capital Outlay	9,377	16,606	14,238	-14%	21,248	49%
Loans given by the state	1,463	1,508	4,072	170%	4,168	2%
Net Expenditure	73,618	94,387	92,277	-2%	1,10,093	19%

Sources: Annual Financial Statement, Jharkhand Budget 2023-24; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2023-24, Jharkhand is estimated to spend Rs 32,178 crore on committed expenditure, which is 33% of its estimated revenue receipts. This comprises spending on salaries (17% of revenue receipts), pension (9%), and interest payments (7%). Committed expenditure is expected to increase by 8% over the revised estimate of 2022-23. In 2022-23, expenditure towards pension is estimated to be 9% lower than the budget estimate. In 2021-22, as per actuals, 39% of revenue receipts was spent towards committed expenditure.

Table 3: Committed Expenditure in 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Salaries	13,122	15,944	15,732	-1%	16,643	6%
Pensions	7,614	8,045	7,348	-9%	8,748	19%
Interest Payment	6,286	6,662	6,663	0%	6,787	2%
Total Committed Expenditure	27,022	30,651	29,743	-3%	32,178	8%

Sources: Budget at a Glance and Annual Financial Statement, Jharkhand Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for 72% of the total expenditure on sectors by the state in 2023-24. A comparison of Jharkhand's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Jharkhand Budget 2023-24 (in Rs crore)

Sectors	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from RE 22-23 to BE 23-24	Budget Provisions 2023-24 BE
Education, Sports, Arts, and Culture	11,269	14,220	13,521	15,384	14%	<ul style="list-style-type: none"> Rs 1,286 crore has been allocated for Samagra Shiksha. Rs 401 crore has been allocated for PM-POSHAN.
Rural Development	7,566	12,711	10,271	14,405	40%	<ul style="list-style-type: none"> Rs 1,467 crore has been allocated for Rural Employment Guarantee Schemes including MGNREGS.
Social Welfare and Nutrition	4,500	7,286	8,208	8,811	7%	<ul style="list-style-type: none"> Rs 1,587 crore has been allocated for the State Old Age Pension Scheme.
Police	5,727	6,532	6,906	7,085	3%	<ul style="list-style-type: none"> Rs 3,454 crore has been allocated for District Police.
Health and Family Welfare	4,823	5,630	5,776	7,050	22%	<ul style="list-style-type: none"> Rs 727 crore has been allocated for hospitals, dispensaries, and PHCs.
Transport	3,645	4,136	3,892	6,310	62%	<ul style="list-style-type: none"> Rs 5,300 crore has been allocated for capital outlay on roads and bridges, a 63% increase from 2022-23 revised estimates.
Agriculture and Allied Activities	3,888	5,054	4,154	5,831	40%	<ul style="list-style-type: none"> Rs 164 crore has been allocated for the Pradhan Mantri Krishi Sinchai Yojana.
Water Supply and Sanitation	1,236	4,072	2,205	4,393	99%	<ul style="list-style-type: none"> Rs 470 crore has been allocated for capital outlay on major irrigation, a 52% increase over 2022-23 revised estimates.
Energy	3,896	3,478	3,631	3,617	0%	<ul style="list-style-type: none"> Rs 2,300 crore has been allocated for tariff subsidies for Jharkhand Bijli Vitran Nigam Limited customers
Urban Development	2,421	2,998	2,977	3,254	9%	<ul style="list-style-type: none"> Rs 390 have been allocated from Grants in Aid for PMAY (Urban)
% of total expenditure on all sectors	68%	71%	70%	72%	3%	

Sources: Annual Financial Statement, Jharkhand Budget 2023-24; PRS.

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 98,337 crore, an increase of 18% over the revised estimate of 2022-23. Of this, Rs 48,119 crore (49%) will be raised by the state through its **own resources**, and Rs 50,218 crore (51%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (34% of revenue receipts) and grants (17% of revenue receipts).
- **Devolution:** In 2023-24, state's share in central taxes is estimated at Rs 33,779 crore, an increase of 8% over the revised estimate of 2022-23.
- **Grants from the centre** in 2023-24 is estimated at Rs 16,438 crore, an increase of 14% over the revised estimates for 2022-23.
- **State's own tax revenue:** Jharkhand's total own tax revenue is estimated to be Rs 30,860 crore in 2023-24, an increase of 25% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 7.3% in 2023-24. For 2022-23, the state had estimated this ratio at 6.2%, and this is estimated to rise slightly (6.5%).

Table 5: Break-up of the state government's receipts (in Rs crore)

Sources	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State's Own Tax	21,290	24,850	24,726	0%	30,860	25%
State's Own Non-Tax	10,031	13,763	12,883	-6%	17,259	34%
Share in Central Taxes	27,735	27,007	31,364	16%	33,779	8%
Grants-in-aid from Centre	10,667	17,406	14,447	-17%	16,438	14%
Revenue Receipts	69,722	83,025	83,420	0%	98,337	18%
Non-debt Capital Receipts	1,292	76	70	-8%	81	16%
Net Receipts	71,014	83,101	83,490	0%	98,418	18%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Jharkhand Budget 2023-24; PRS.

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (45% share). State GST revenue is estimated to increase by 27% over the revised estimates of 2022-23. In 2022-23, the receipt on this account is expected to be 5% higher than budgeted.
- Sales tax/VAT is estimated to be the second largest component of own tax revenue in 2023-24, comprising 28% of Jharkhand's own tax revenue. It is estimated to increase significantly, from 2022-23 revised estimates, by 40%. In 2023-24, state excise is estimated to contribute 8% of Jharkhand's own tax revenue, a 15% increase from 2022-23 revised estimates. However, in 2022-23, state excise is estimated to be 18% lower than budget estimates.

Mining rents and royalties

The largest component of Jharkhand's own non-tax revenue comes from mining-related receipts. In 2023-24, the state will receive an estimated Rs 13,441 crore from mineral concession fees, rents and royalties. This estimate is 42% higher than revised estimates for 2022-23. Mineral concession fees, rents and royalties comprise 78% of the state's own non-tax revenue, and 14% of revenue receipts. In 2022-23, all states in aggregate were estimated to receive 49% of their revenue receipts from their own tax revenue, and only 9% from non-tax revenue. Other states with significant non-tax revenue from mining include Odisha and Chhattisgarh, which earned more than 60% of their non-tax revenue from mining and metallurgical industries since 2015-16.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Taxes	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22- 23 to RE 22- 23	2023-24 BE	% change from RE 22- 23 to BE 23- 24
State GST	9,557	10,450	11,000	5%	14,000	27%
Sales Tax/ VAT	5,213	6,450	6,226	-3%	8,695	40%
Stamps Duty and Registration Fees	987	1,200	1,200	0%	1,200	0%
Taxes on Vehicles	1,263	1,650	1,650	0%	1,800	9%
State Excise	1,807	2,500	2,050	-18%	2,360	15%
Land Revenue	1,621	1,500	1,500	0%	1,500	0%
Taxes and Duties on Electricity	792	918	918	0%	1,200	31%
GST Compensation Grants	1,526	500	2,023	305%		

Sources: Annual Financial Statement, Revenue Receipts, and Budget at a Glance, Jharkhand Budget 2023-24; PRS.

Deficits, Debt, and FRBM Targets for 2023-24

The Jharkhand Fiscal Responsibility and Budget Management Act, 2007 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue balance: It is the difference of revenue expenditure and revenue receipts. A revenue surplus implies that the government does not need to borrow to finance those expenses which do not increase its assets or reduce its liabilities. The budget estimates a revenue surplus of Rs 13,661 crore (or 3.2% of the GSDP) in 2023-24. In 2022-23, the revenue surplus is expected to be Rs 9,453 crore (2.5% of GSDP), an increase from the budget estimate of Rs 6,752 crore (1.7% of GSDP). As per the 15th Finance Commission recommendations, Jharkhand will not receive any revenue deficit grant in 2024-25 and 2025-26.

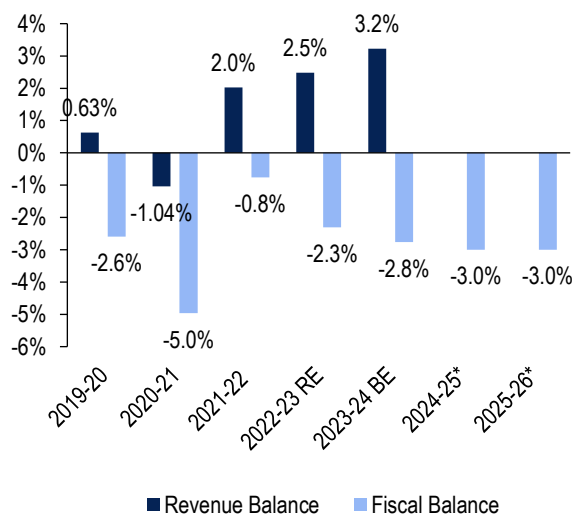
Fiscal deficit: It is the difference between total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2023-24, the fiscal deficit is estimated to be 2.8% of GSDP. For 2023-24, the central government has permitted fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2022-23, the fiscal deficit of the state is expected to be 2.3% of GSDP, which is lower than the budget estimate of 2.81% of GSDP. Fiscal deficit is projected to be under 3% of GSDP up to 2025-26.

Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year; it also includes any liabilities on public account. At the end of 2023-24, the outstanding liabilities is targeted at 27.0% of GSDP, lower than the budget estimate for 2022-23 (31.4% of GSDP). The outstanding liabilities have risen significantly as compared to 2019-20 level (30.4% of GSDP), but have been declining since.

Trends in outstanding liabilities

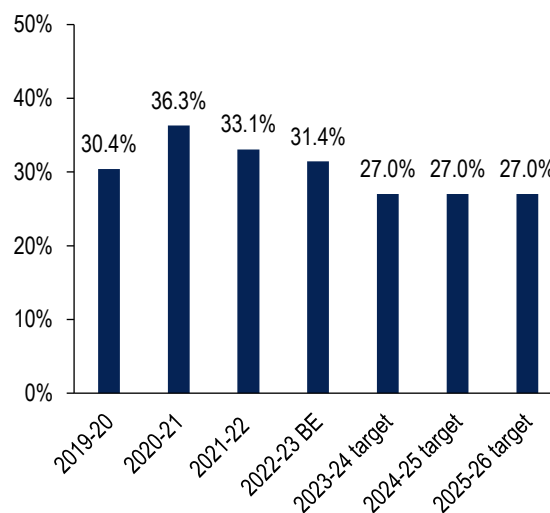
In 2022, the Comptroller and Auditor General (CAG) observed that Jharkhand had not been able to achieve targets for outstanding liabilities as a percentage of GSDP, set under the Jharkhand Fiscal Responsibility and Budget Management Act, 2007 between 2017-18 and 2020-21. This target stood at for at 28.3% in 2016-17, and gradually declined to 27% for 2020-21. Jharkhand was not able to achieve targets set within this period, since 2016-17. The CAG did not include GST compensation loans as part of total debt when estimating this figure for 2020-21. Higher outstanding debt implies that the state may find it challenging to repay its existing debt without taking on additional debt. The CAG found that 65% of borrowings were used for capital expenditure, and 25% was used to pay loans and advances. A further 13% of borrowings was for revenue expenditure, specifically repayment of interest due on previous borrowings.

Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: Positive figures indicate surplus, negative figures indicate deficit; *figures for 2024-25 and 2025-26 are projections; RE is Revised Estimates; BE is budget estimates.
Sources: Fiscal Policy Strategy Statement and Medium-Term Fiscal Plan, Jharkhand Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



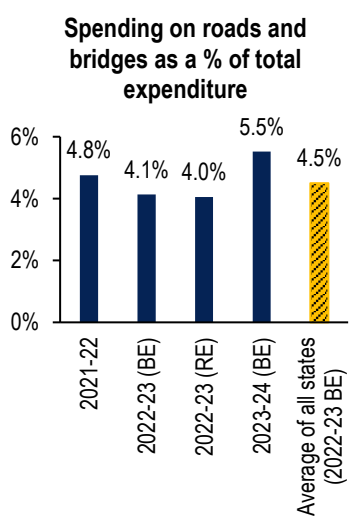
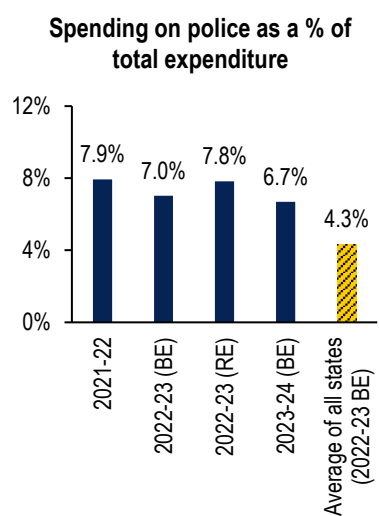
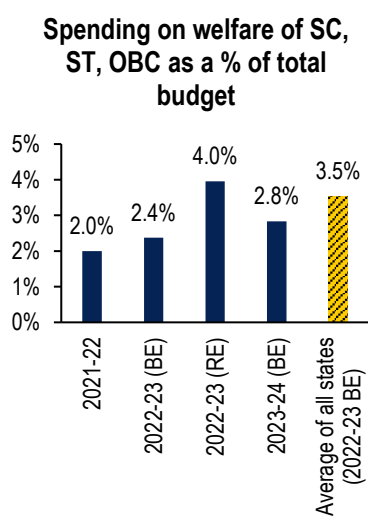
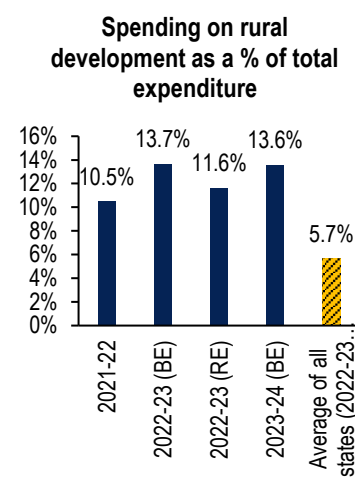
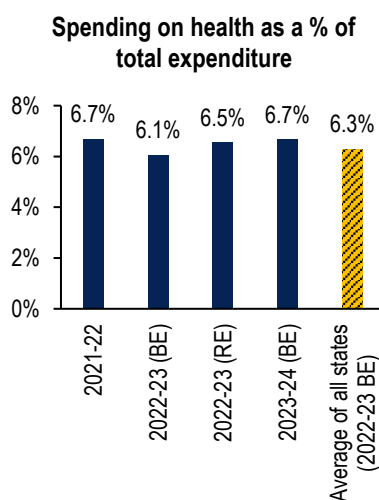
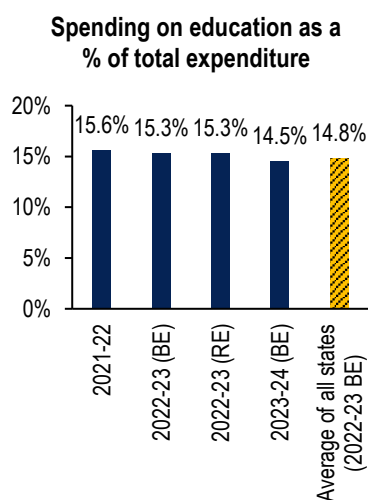
Note: *Figures for 2024-25 and 2025-26 are projections; RE: Revised Estimates; BE: Budget Estimates.
Sources: Fiscal Policy Strategy Statement and Medium Term Fiscal Plan, Jharkhand Budget 2023-24; Jharkhand Economic Survey 2022-23; PRS.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Jharkhand's expenditure in 2023-24 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Jharkhand) as per their budget estimates of 2022-23.¹

- **Education:** Jharkhand has allocated 14.5% of its expenditure on education in 2023-24. This is marginally lower than the average allocation for education by states in 2022-23 (14.8%).
- **Health:** Jharkhand has allocated 6.7% of its total expenditure towards health, which is marginally higher than the average allocation for health by states (6.3%).
- **Rural development:** Jharkhand has allocated 13.6% of its expenditure on rural development. This is much higher than the average allocation for rural development by states (5.7%).
- **Welfare of Scheduled Castes (SCs), Scheduled Tribes (STs), and Other Backward Classes (OBCs):** Jharkhand has allocated 2.8% of its expenditure towards the welfare of SCs, STs, and OBCs. This is lower than the average allocation towards the welfare of SCs, STs, and OBCs by states (3.5%).
- **Police:** Jharkhand has allocated 6.7% of its total expenditure towards police, which is higher than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Jharkhand has allocated 5.5% of its total expenditure towards roads and bridges, which is higher than the average allocation by states (4.5%).



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Jharkhand. Sources: Annual Financial Statement, Jharkhand Budget 2023-24; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry .

Annexure 2: Comparison of 2021-22 Budget Estimates and Actuals

The following tables compare the actuals of 2021-22 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	76,777	71,014	-8%
1. Revenue Receipts (a+b+c+d)	76,707	69,722	-9%
a. Own Tax Revenue	23,265	21,290	-8%
b. Own Non-Tax Revenue	13,500	10,031	-26%
c. Share in central taxes	22,050	27,735	26%
d. Grants-in-aid from the Centre	17,891	10,667	-40%
Of which GST compensation grants	1,568	1,526	-3%
2. Non-Debt Capital Receipts	70	1,292	1745%
3. Borrowings	14,500	9,840	-32%
Of which GST compensation loan		0	-
Net Expenditure (4+5+6)	86,988	73,618	-15%
4. Revenue Expenditure	75,755	62,778	-17%
5. Capital Outlay	9,661	9,377	-3%
6. Loans and Advances	1,572	1,463	-7%
7. Debt Repayment	4,289	4,247	-1%
Revenue Deficit	952	6,944	629%
Revenue Deficit (as % of GSDP)*	0.3%	2.0%	678%
Fiscal Deficit	10,211	2,604	-74%
Fiscal Deficit (as % of GSDP)	2.8%	0.8%	-73%

Note: BE: Budget Estimates. For calculating deficits, GST compensation loan not treated as grants.

Sources: Jharkhand Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
State Excise	2,460	1,807	-27%
Taxes on Vehicles	1,650	1,263	-23%
Sales Tax/ VAT	6,415	5,213	-19%
Stamps Duty and Registration Fees	1,200	987	-18%
State GST	9,500	9,557	1%
Taxes and Duties on Electricity	750	792	6%
Land Revenue	1,100	1,621	47%

Sources: Jharkhand Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Water Supply and Sanitation	3,387	1,236	-64%
Rural Development	12,900	7,566	-41%
Social Welfare and Nutrition	6,624	4,500	-32%
Housing	156	107	-31%
Welfare of SC, ST, OBC, and Minorities	2,016	1,439	-29%
Agriculture and Allied Activities	4,990	3,888	-22%
Education, Sports, Arts, and Culture	13,595	11,269	-17%
Transport	4,305	3,645	-15%
of which Roads and Bridges	4,018	3,430	-15%
Urban Development	2,775	2,421	-13%
Irrigation and Flood Control	1,658	1,577	-5%
Police	5,971	5,727	-4%
Health and Family Welfare	4,445	4,823	8%
Energy	2,712	3,896	44%

Sources: Jharkhand Budget Documents of various years; PRS.