

Jharkhand Budget Analysis 2024-25

The Finance Minister of Jharkhand, Mr. Rameshwar Oraon, presented the Budget for the state for the financial year 2024-25 on February 27, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Jharkhand for 2024-25 (at current prices) is projected to be Rs 4,70,104 crore, amounting to a growth of 9.8% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 1,20,400 crore, an increase of 5% over the revised estimate for 2023-24. In addition, debt of Rs 8,500 crore will be repaid by the state. In 2023-24, as per revised estimates, expenditure (excluding debt repayment) is estimated to be 4% higher than the budget estimate.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 1,10,900 crore, an increase of 8% over the revised estimate for 2023-24. In 2023-24, as per revised estimates, receipts (excluding borrowings) are estimated to be 4% higher than the budget estimate.
- **Revenue surplus** in 2024-25 is estimated to be 4% of GSDP (Rs 18,968 crore), higher than the revised estimate for 2023-24 (1.7% of GSDP). In 2023-24, revenue surplus is expected to be lower than the budget estimate (3.2% of GSDP).
- **Fiscal deficit** for 2024-25 is targeted at 2% of GSDP (Rs 9,500 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 2.7% of GSDP, roughly same as the budget estimate (2.8% of GSDP).

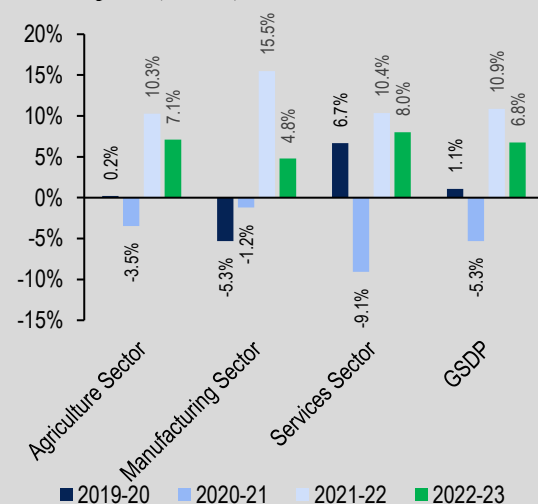
Policy Highlights

- **Loan waiver scheme expanded:** Under the agricultural loan waiver scheme, loans up to two lakh rupees will be waived, this threshold was previously set at Rs 50,000. Defaulted loans will also be covered.
- **Scholarship for female students:** The Manki Munda Scholarship scheme will be launched to encourage female participation in technical education. A scholarship of Rs 15,000 per annum will be provided to diploma students and a scholarship of Rs 30,000 per annum will be provided for degree students.
- **Scheme for craft entrepreneurs:** A scheme will be launched to provide craft entrepreneurs with machines, working capital and assistance at subsidised rates.

Jharkhand's Economy

- **GSDP:** In 2022-23, Jharkhand's GSDP (at constant prices) grew at 6.8%. In comparison, national GDP is estimated to grow at 7.2% in 2022-23.
- **Sectors:** In 2022-23, the agriculture, manufacturing, and services sectors are estimated to grow at 7.1%, 4.8%, and 8%, respectively. Agriculture, manufacturing, and services will contribute 24%, 32%, and 44% to 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 1,00,288, an increase of 8% over 2021-22. In 2022-23, per capita GDP at the national level is estimated to be significantly higher (Rs 1,96,983).
- **Unemployment Rate:** As per the Periodic Labour Force Survey (July 2022-June 2023), the unemployment rate in Jharkhand was 1.7%, lower than the national average (3.2%). However, unemployment in urban areas was 6.3%, higher than the national average (5.4%).

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



Note: Agriculture also includes mining and quarrying; Manufacturing includes construction, and electricity, gas, water, and utility services. These numbers are as per constant prices (2011-12) thus, the growth rate is adjusted for inflation.

Sources: Ministry of Statistics and Program Implementation; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 1,20,400 crore. This is an increase of 5% over the revised estimate for 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,10,900 crore and net borrowings of Rs 9,500 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 8% over the revised estimate for 2023-24.
- **Revenue surplus** in 2024-25 is estimated to be 4% of GSDP (Rs 18,968 crore), a decrease from the the revised estimate for 2023-24 (1.7% of GSDP). In 2023-24, as per revised estimates, revenue surplus is estimated to be significantly lower than the budget estimate (3.2% of GSDP). This is due to revenue expenditure expected to be 4% higher than budgeted, whereas revenue receipts are estimated to be 3% lower than the budget estimate.
- **Fiscal deficit** for 2024-25 is targeted at 2% of GSDP (Rs 9,500 crore), lower than the revised estimates for 2023-24 (2.7% of GSDP).

Table 1: Budget 2024-25 - Key figures (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Total Expenditure	91,638	1,16,418	1,20,518	3.5%	1,28,900	7.0%
(-) Repayment of debt	6,729	6,325	6,309	-0.3%	8,500	34.7%
Net Expenditure (E)	84,908	1,10,093	1,14,209	3.7%	1,20,400	5.4%
Total Receipts	89,434	1,16,418	1,20,518	3.5%	1,28,900	7.0%
(-) Borrowings	9,142	18,000	18,000	0.0%	18,000	0.0%
Net Receipts (R)	80,292	98,418	1,02,518	4.2%	1,10,900	8.2%
Fiscal Deficit (E-R)	4,617	11,675	11,691	0.1%	9,500	-18.7%
as % of GSDP	1.2%	2.8%	2.7%		2.0%	
Revenue Surplus	13,564	13,661	7,136	-47.8%	18,968	165.8%
as % of GSDP	3.4%	3.2%	1.7%		4.0%	
Primary Deficit	-1,622	4,887	4,192	-14.2%	2,445	-41.7%
as % of GSDP	-0.4%	1.2%	1.0%		0.5%	
GDP	3,93,722	4,23,289	4,28,155	1.1%	4,70,104	9.8%

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

Sources: Annual Financial Statement, Fiscal Responsibility and Budget Management Statement, Budget at a Glance, Jharkhand Budget 2024-25; PRS.

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 91,832 crore, an increase of 4% over the revised estimate for 2023-24. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 23,987 crore, an increase of 11% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets.
- In 2024-25, loans and advances by the state are estimated to be Rs 4,581 crore, an increase of 3% over the revised estimate for 2023-24.

Table 2: Expenditure budget 2024-25 (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Revenue Expenditure	66,682	84,676	88,093	4%	91,832	4%
Capital Outlay	14,016	21,248	21,674	2%	23,987	11%
Loans given by the state	4,211	4,168	4,442	7%	4,581	3%
Net Expenditure	84,908	1,10,093	1,14,209	4%	1,20,400	5%

Sources: Annual Financial Statement, Jharkhand Budget 2024-25; 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 2024-25, Jharkhand is estimated to spend Rs 32,748 crore on committed expenditure, which is 30% of its estimated revenue receipts. This comprises spending on salaries (15% of revenue receipts), pension (8%), and interest payments (6%). Jharkhand's salary expenditure is considerably lower than average spending by the state (28% of revenue receipts in 2023-24). As of February 15, 2024, the Jharkhand government had 1,67,203 employees against a

sanctioned strength of 3,26,049 employees, indicating vacancies in 49% of the posts. In 2023-24, as per revised estimates, interest payment is estimated to be 10% higher than the budget estimate. Expenditure towards interest in 2024-25 is expected to decrease by 6% from the revised estimates for 2023-24.

Table 3: Committed Expenditure in 2024-25 (in Rs crore)

Committed Expenditure	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Salaries	13,879	16,643	16,790	1%	16,952	1%
Pension	7,803	8,748	8,748	0%	8,741	-0.1%
Interest payment	6,238	6,787	7,499	10%	7,055	-6%
Total Committed Expenditure	27,921	32,178	33,036	3%	32,748	-1%

Sources: Annual Financial Statement, Budget at a Glance, Jharkhand Budget 2024-25; PRS.

Sector-wise expenditure: The sectors listed below account for **72%** of the total expenditure on sectors by the state in 2024-25. 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 2024-25 (in Rs crore)

Sector	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	2024-25 Budgeted	% change from RE 23- 24 to BE 24- 25	Budget Provisions 2024-25
Rural Development	8,458	14,405	11,896	18,473	55%	<ul style="list-style-type: none"> Rs 4,832 crore has been allocated towards the Abua Awas Yojana. Rs 1,673 crore has been allocated towards the Indira Awas Yojana.
Education, Sports, Arts, and Culture	12,665	15,384	15,078	15,194	1%	<ul style="list-style-type: none"> Rs 2,257 crore has been allocated towards the Sarva Siksha Abhiyan.
Social Welfare and Nutrition	5,886	8,811	8,813	9,694	10%	<ul style="list-style-type: none"> Rs 3,107 crore has been allocated towards the Mukhyamantri Sarvajan Pension Yojana.
Police	6,306	7,085	7,441	7,392	-1%	<ul style="list-style-type: none"> Rs 3,713 crore has been allocated towards the district police.
Health and Family Welfare	5,285	7,050	6,715	7,232	8%	<ul style="list-style-type: none"> Rs 1,779 crore has been allocated towards the National Health Mission.
Roads and Bridges	3,730	5,848	5,495	6,389	16%	<ul style="list-style-type: none"> Rs 5,800 crore has been allocated towards capital outlay on roads and bridges
Agriculture and Allied Activities	3,412	5,831	5,128	6,017	17%	<ul style="list-style-type: none"> Rs 346 crore has been allocated towards the Loan Waiver Scheme for farmers. Rs 320 crore has been allocated towards the State Horticulture Development Scheme.
Energy	3,685	3,617	10,850	4,779	-56%	<ul style="list-style-type: none"> Rs 2,700 crore has been allocated towards power tariff subsidy.
Water Supply and Sanitation	2,158	4,393	3,979	4,707	18%	<ul style="list-style-type: none"> Rs 3,517 crore has been allocated towards the Jal Jeevan Mission.
Welfare of SC, ST, OBC, and Minorities	3,296	3,004	3,529	3,513	0%	<ul style="list-style-type: none"> Rs 500 crore has been allocated towards post-matric scholarships for OBCs, and Rs 420 crore towards post-matric scholarships for STs.
% of total expenditure on all sectors	68%	71%	72%	72%	-	

Sources: Annual Financial Statement, Jharkhand Budget 2024-25; PRS.

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 1,10,800 crore, an increase of 16% over the revised estimate of 2023-24. Of this, Rs 53,499 crore (48%) will be raised by the state through its **own resources**, and Rs 57,301 crore (52%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (36% of revenue receipts) and grants (15% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 40,340 crore, an increase of 10% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 16,961 crore, an increase of 22% over the revised estimate for 2023-24. In 2023-24, grants from the centre are expected to be 16% lower than the budget estimate. This is on account of variance in grants for centrally sponsored schemes. In 2023-24, grants for PM Awas Yojana (Rs 492 crore) are estimated to be 76% lower than the budget estimate (Rs 2,060 crore). In 2024-25, grants towards the scheme are estimated to be Rs 1,569 crore, an increase of 219% over the revised estimate for 2023-24.
- **State's own tax revenue:** Jharkhand's total own tax revenue is estimated to be Rs 34,198 crore in 2024-25, an increase of 19% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 7.3% in 2024-25, higher than the revised estimates for 2023-24 (6.7%). As per the actual figures for 2022-23, own tax revenue as a percentage of GSDP was 6.4%.
- **Non-debt capital receipts:** In 2023-24, as per revised estimates, non-debt capital receipt is estimated to be Rs 7,290 crore, significantly higher than the budget estimate (Rs 81 crore). This is mainly on account of recovery of loans given to JBVNL, the state-owned power distribution company (Rs 7,240 crore).

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

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 2023-24 to RE 2023-24	2024-25 Budgeted	% change from RE 2023-24 to BE 2024-25
State's Own Tax	25,118	30,857	28,710	-7%	34,198	19%
State's Own Non-Tax	12,830	17,259	16,116	-7%	19,300	20%
Share in Central Taxes	31,404	33,782	36,527	8%	40,340	10%
Grants-in-aid from Centre	10,894	16,438	13,876	-16%	16,961	22%
Revenue Receipts	80,245	98,337	95,229	-3%	1,10,800	16%
Non-debt Capital Receipts	46	81	7,290	8916%	100	-99%
Net Receipts	80,292	98,418	1,02,518	4.2%	1,10,900	8%

BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Jharkhand Budget 2024-25; PRS.

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (45% share). State GST revenue is estimated to increase by 28% over the revised estimate for 2023-24.
- In 2024-25, revenue from taxes on vehicles is expected to register an increase of 30% over the revised estimate for 2023-24 (Rs 1,810 crore).

Royalty from mining

In 2024-25, Jharkhand has estimated its non-tax revenue to be Rs 19,300 crore. This is an increase of 20% over the revised estimate for 2023-24 (Rs 16,116 crore). Jharkhand's non-tax revenue is estimated to comprise 17% of its revenue receipts in 2024-25. A large portion of the non-tax revenue consists of royalties from mining. In 2024-25, royalties from mining are estimated to comprise 80% (Rs 15,500 crore) of total non-tax revenue. The share of royalty from mining has increased from the 2019-20 level, where it comprised 62% of the total non-tax revenue (Rs 8,750 crore). Jharkhand's own non-tax revenue as percentage of GSDP is estimated to be 4.1% in 2024-25, significantly higher than states on average (1.2% of GSDP as per 2023-24 budget estimates).

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

Head	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
State GST	11,374	14,000	12,000	-14%	15,375	28%
State Excise	6,271	8,695	7,788	-10%	9,121	17%
Sales Tax/ VAT	2,057	2,360	2,355	0%	2,700	15%
Taxes on Vehicles	1,574	1,800	1,810	1%	2,350	30%
Land Revenue	1,557	1,500	1,800	20%	1,700	-6%
Stamp Duty and Registration Fees	1,108	1,200	1,500	25%	1,450	-3%
Taxes and Duties on Electricity	1,132	1,200	1,380	15%	1,413	2%
GST Compensation Grants	2,065	-	-	-	-	-

Sources: Annual Financial Statement, Revenue Budget, and Jharkhand Budget 2024-25; PRS.

Deficits, Debt, and FRBM Targets for 2024-25

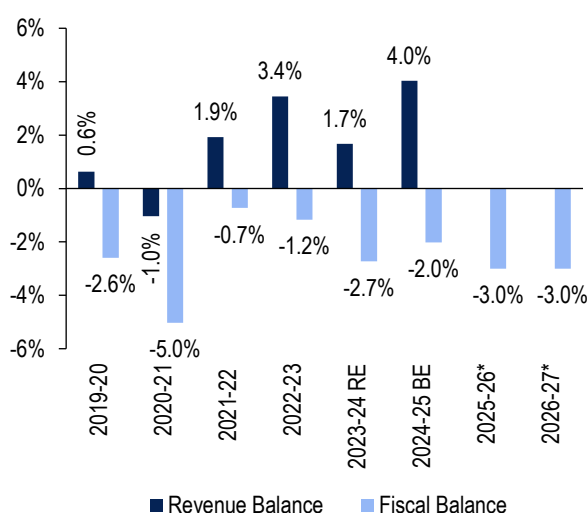
The Jharkhand Fiscal Responsibility and Budget Management Act, 2007 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

Revenue surplus: It is the difference of revenue expenditure and revenue receipts. A revenue surplus implies that the government can cover those expenses from its revenue, which do not increase its assets or reduces its liabilities. The budget estimates a revenue surplus of Rs 18,968 crore in 2024-25 (4% of GSDP).

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2024-25, fiscal deficit is estimated to be 2% of GSDP. For 2024-25, 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. The state will also be eligible to avail 50-year interest-free loan for capital outlay from the central government over and above its borrowing limit. Fiscal deficit is projected to be kept under 3% of GSDP in both 2025-26 and 2026-27.

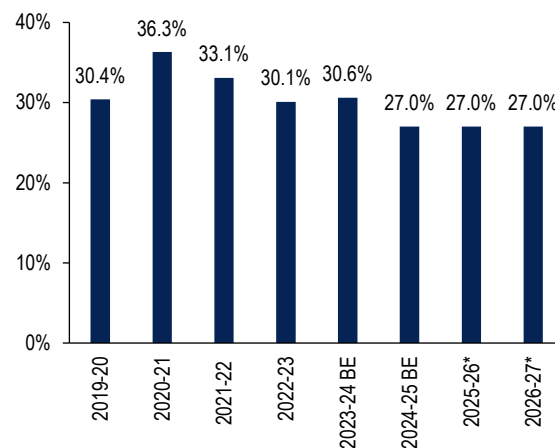
Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of 2024-25, the outstanding liabilities are estimated to be 27% of GSDP, lower than the budget estimate for 2023-24 (30.6% of GSDP). The outstanding liabilities significantly rose in 2020-21 (COVID year), and have reduced thereafter.

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



Note: Positive (+) figures indicate a surplus and negative (-) figures indicate a deficit; *Figures for 2025-26 and 2026-27 are projections; revenue balance projections are not available; RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy, Jharkhand Budget 2024-25; PRS.

Figure 3: Outstanding Liabilities (as % of GSDP)



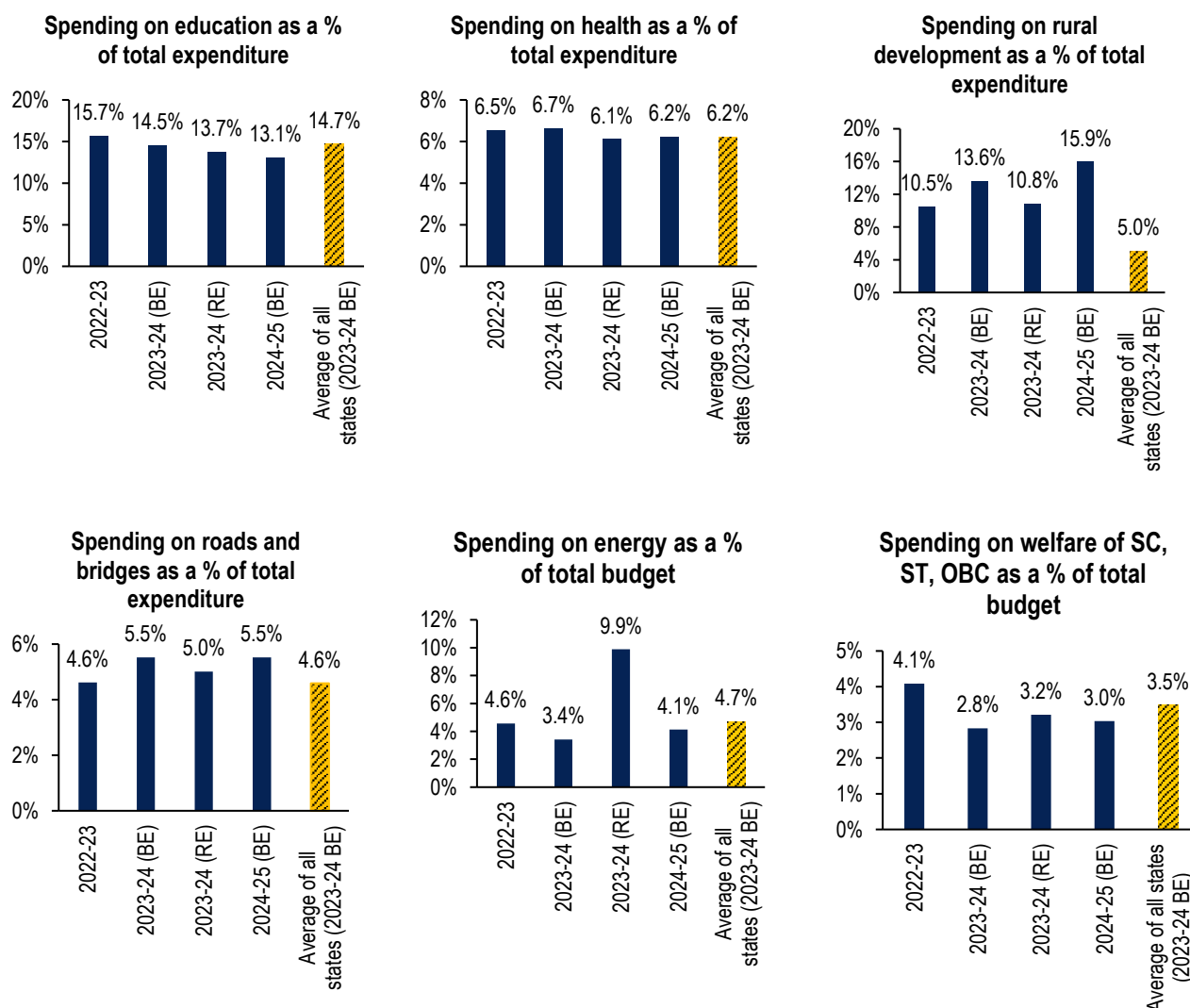
Note: *Figures for 2025-26 and 2026-27 are projections; BE is budget estimates.
Sources: Medium Term Fiscal Policy, Jharkhand Budget 2024-25; PRS.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Jharkhand's expenditure in 2024-25 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 2023-24.¹

- **Education:** Jharkhand has allocated 13.1% of its total expenditure towards education, which is lower than the average allocation for education by states (14.7%).
- **Health:** Jharkhand has allocated 6.2% of its expenditure on health in 2024-25. This is similar to the average allocation for health by states in 2023-24 (6.2%).
- **Rural development:** Jharkhand has allocated 15.9% of its expenditure on rural development. This is significantly higher than the average allocation for rural development by states (5%).
- **Roads and bridges:** Jharkhand has allocated 5.5% of its expenditure towards roads and bridges. This is higher than the average allocation towards roads and bridges by states (4.6%).
- **Energy:** Jharkhand has allocated 4.1% of its total expenditure towards energy, which is lower than the average expenditure on energy by states (4.7%).
- **Welfare of SC, ST and OBC:** Jharkhand has allocated 3% of its total expenditure towards welfare for SC, ST and OBC, which is lower than the average allocation by states (3.5%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for Jharkhand. Sources: Annual Financial Statement, Jharkhand Budget 2024-25; various state budgets; PRS.

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

Annexure 2: Comparison of 2022-23 Budget Estimates and Actuals

The following tables compare the actuals of 2022-23 with budget estimates for that year.

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

Particular	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Net Receipts (1+2)	83,101	80,292	-3%
1. Revenue Receipts (a+b+c+d)	83,025	80,245	-3%
a. Own Tax Revenue	24,844	25,118	1%
b. Own Non-Tax Revenue	13,763	12,830	-7%
c. Share in central taxes	27,012	31,404	16%
d. Grants-in-aid from the Centre	17,406	10,894	-37%
Of which GST compensation grants	500	2,065	313%
2. Non-Debt Capital Receipts	76	46	-39%
3. Borrowings	18,000	9,142	-49%
Net Expenditure (4+5+6)	94,387	84,908	-10%
4. Revenue Expenditure	76,273	66,682	-13%
5. Capital Outlay	16,606	14,016	-16%
6. Loans and Advances	1,508	4,211	179%
7. Debt Repayment	6,714	6,729	0%
Revenue Surplus	6,752	13,564	101%
Revenue Surplus (as % of GSDP)	1.7%	3.4%	-
Fiscal Deficit	11,286	4,617	-59%
Fiscal Deficit (as % of GSDP)	2.8%	1.2%	-

Source: Jharkhand Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue

Tax Head	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
State Excise	2,500	2,057	-18%
Stamps Duty and Registration Fees	1,200	1,108	-8%
Taxes on Vehicles	1,650	1,574	-5%
Sales Tax/ VAT	6,450	6,271	-3%
Land Revenue	1,500	1,557	4%
State GST	10,450	11,374	9%
Taxes and Duties on Electricity	918	1,132	23%

Source: Jharkhand Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Water Supply and Sanitation	4,072	2,158	-47%
Rural Development	12,711	8,458	-33%
Agriculture and Allied Activities	5,054	3,412	-32%
Social Welfare and Nutrition	7,286	5,886	-19%
Urban Development	2,998	2,667	-11%
Education, Sports, Arts, and Culture	14,220	12,665	-11%
Irrigation and Flood Control	1,884	1,752	-7%
Health and Family Welfare	5,630	5,285	-6%
Transport	4,136	3,987	-4%
<i>of which Roads and Bridges</i>	3,840	3,730	-3%
Police	6,532	6,306	-3%
Housing	126	126	0%
Energy	3,478	3,685	6%
Welfare of SC, ST, OBC, and Minorities	2,210	3,296	49%

Source: Jharkhand Budget Documents of various years; PRS.