

Jharkhand

EVALUATION OF STATE FINANCES: 2012-13 TO 2023-24

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For the greater good

Relevance of the Study for the 16th Finance Commission

The Finance Commission is constituted every five years, and the 16th Finance Commission is tasked with the recommendation of sharing of taxes between Centre and States, and the tax devolution to states. The award period for this Commission is from 1st April 2026 to 31st March 2031. To achieve this, it must have a clear perspective on the financial health of every state. The analysis for the State finances of Jharkhand has been assigned to us, and in it, we look at various issues affecting the financial health of the state, namely tax revenues, non-tax revenues, expenditures, debt, the state's compliance with the FRBM Act, the financial health of the local bodies, namely Panchayati Raj Institutions, and Urban local bodies, as well as Public Sector units in the state. We report on the impact of the power sector on the financial health of the state. Contingent liabilities are also reported, along with expenses on subsidies by various departments of the state governments. The flow of funds and the utilisation of the grants for various Central Government Schemes as well as State Schemes have been reported, and finally, a debt roadmap is projected for the years 2025-26 to 2029-30. We hope this study will prove useful to policy makers in deciding on the tax devolution and grant allocation to Jharkhand State, and the state, as well as the nation, will benefit from our study.

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Executive Summary

Introduction: The report titled “**Evaluation of State Finances: Jharkhand 2012-13 to 2023-24**” has been undertaken as part of one of the studies for the 16th Finance Commission Report. The terms of reference for the report were the period 2012-13 to 2023-24. The three main important events that have made an impact on state finances during this period are the change in expenditure pattern from the transition from the 13th to the 14th Finance Commission, the introduction of GST from July 1, 2017, and the pandemic of 2020-21. The 13th Finance Commission recommendations for allocation finished with 2014-15, and the 14th Finance Commission Recommendations started from 2015-16 to 2019-20. While the share of states from the Central Pool was 32% in the 13th Finance Commission, it increased to 42% in the 14th Finance Commission. The change in expenditure pattern is seen especially in many schemes being wound up by 2014-15, and many more new schemes, such as smart cities, starting from 2015-16 onwards. The introduction of GST marked a huge change, since the earlier VAT was an origin-based tax and the newly implemented GST was a destination-based tax. Jharkhand, being a major producer state for minerals, raw materials and finished products like steel, but a poor consumer state, lost out with the introduction of the GST. GST compensation did help, but that too ended in 2022. The pandemic delivered a major shock to the Indian economy, with most states encountering a dip in the Gross State Domestic Product (GSDP) in 2020-21. Jharkhand was perhaps one of the only major states that faced a slight increase in its tax revenues in 2020-21, despite the poor economic conditions.

Data for preparing the report was gathered from various sources, including the Departments of the Government of Jharkhand, the Reserve Bank of India database, and Jharkhand Economic Survey. The methodology used in most chapters is mostly analysis of ratios and other simple calculations to forecast a debt roadmap for the state. The summary of each chapter is given below.

Chapter 1 discusses the estimation of the tax revenue capacity of the state. The tax revenue during the period 2012-13 to 2023-24 registered an annual growth rate of 13.37%. During this period, there were great fluctuations mainly due to the introduction of GST in 2017, and 2019-20 being a recession year, and 2020-21 being a pandemic year. However, there has been a notable increase in own tax revenue as a percentage of GSDP, reaching a level in 2022–23 comparable to that of the top-performing 18 major states in the country. In the pre-GST era, from 2012-13 to June 30, 2017-18, in most of these years, taxes on sales, trade, etc., contributed around 78% of the tax revenues, followed by state excise contributing to around 7% of the tax revenue. In the post-GST era from July 1, 2017-18 to 2022-23, SGST contributed to around 45% of the revenues, followed by taxes on sales, trade, etc., contributing to around 25% of the revenues. It is encouraging to note that in 2023-24, Jharkhand is not heavily reliant on one single tax base. The Commercial Tax department of the Government of Jharkhand has taken many innovative measures for raising taxes, including the establishment of an Intelligence and Revenue Analysis Unit (IRAU), which has yielded results. The Department of Agriculture is advocating a reintroduction of the 1% cess on buyers of agricultural commodities in mandis, discontinued since 2014. It is also advocating reintroducing a 1% cess on chironji, tamarind, sal seeds, and wild honey. 67% of the herbal produce also have no

cess. According to the Department, the State is losing about ₹ 700 Crores due to the abolition of this cess.

Chapter 2 analyses the trend in non-tax revenues over the period. Of the sources of revenues for the state government, tax revenues have contributed to about 66% to 70% over the period 2012-13 to 2023-24. The growth in non-tax revenues during this period was 14.78%. While looking at non-tax revenues to GSDP figures, Jharkhand does well above the national average. In 2020-21, its performance was as good as the best state, Goa; its performance from 2021-22 to 2023-24 falls far short of the best-performing states, which are Odisha and Chhattisgarh. The contribution of Economic Services to non-tax revenues has been over 80% during all the years of this study. Within Economic Services, Metallurgical Industries have contributed more than 94% of the revenue for the years of study. In the post-pandemic years, from 2020-21 onwards, Forestry and Wildlife and Civil Supplies have been the next two major contributing sectors in non-tax revenues. There have been no reports of profits and dividends from departmental enterprises, and the contribution of user charges to non-tax revenues is very low. Jharkhand's primary focus should be on diversifying its non-tax revenue sources by tapping into emerging areas like Forestry and Wildlife, rather than remaining overly dependent on Metallurgical Industries.

Chapter 3 analyses the trends in expenditure during this period. It should be noted that the annual rate of growth for total expenditure was 13.37%, while for sub-components, that is the annual growth rate for Revenue Expenditure, was 12.81%, while that for capital expenditure was 16.04%. It is interesting to note that Revenue Expenditure has roughly remained about 80% of the total expenditure, except in the pandemic years 2020-21 and 2021-22, when it shot up to more than 87% of the total expenditure. Roughly a third of the revenue expenditure is used up for administrative purposes, namely administrative services, pensions and interest payments. Of the third spent on social services, roughly around 40% of this goes to education, around 20% each goes to medical and public health and welfare. Of the rest third going to Economic Services, about 40% of it goes to providing free power or subsidised power to people, about 15% of it goes to Other Rural Development Programs, and 10% of it goes to providing wages for Rural Employment. It is interesting to note that medical and public health, and education account for the top three expenditure shares in both Revenue and Capital Expenditure. While looking into efficiency in expenditures, there is scope for reducing the non-developmental revenue expenditure to GSDP ratio and interest payment to GSDP ratio when compared to the best-performing states. The CAG reports are critical of loans extended to loss-making Public-Sector units and of capital locked in incomplete projects.

Chapter 4 explores the different types of deficits a state faces, with a specific focus on Jharkhand's revenue, fiscal, and primary deficits over time. The analysis indicates that Jharkhand has largely adhered to the Fiscal Responsibility and Budget Management (FRBM) Act of 2003 concerning these deficits. Notably, the state has maintained a revenue surplus since 2011-12, except for the year 2014-15 and again in 2020-21. In these two years, the state experienced a revenue deficit due to an increase in revenue expenditure and a decline in revenue receipts. The revenue deficit-to-GSDP ratio fluctuates over the period. Regarding the fiscal deficit, Jharkhand has a

fiscal deficit, though it is fluctuating. This is primarily due to investing in capital assets, leading to continuous growth in capital expenditure. As for the primary deficit, it is calculated as the fiscal deficit minus interest payments. Since 2015-16, it has been on a downward trend, with an increase in 2020-21. From 2021-22, the state maintained a primary surplus. The percentage of primary surplus to GSDP in 2022-23 stands below 1%. However, Jharkhand does not meet the mandate (surplus 3% of GSDP) as per the FRBM Act. Interestingly, the growth rate of interest payments has remained lower than that of revenue receipts, while the ratio of interest payments to revenue receipts has stayed within the 8-11% range.

Chapter 5 examines the debt status of Jharkhand, focusing on its sustainability. Debt sustainability is commonly assessed using two key indicators: the interest payments-to-revenue receipts ratio and the debt-to-GSDP ratio. While Jharkhand's debt-to-GSDP ratio does not exceed the threshold limit of 35% throughout the year except for the COVID year, i.e., FY 2020-21, its interest payments-to-revenue receipts ratio remains at 8-11%. An analysis of the compounded annual growth rate (CAGR) reveals that cumulative debt has grown at a rate of 13.07%, while the growth of GSDP is 9.11%. The chapter also delves into the composition of the state's outstanding debt, namely, internal debt, loans and advances, and public accounts. Among these, Internal Debt forms the largest share. In contrast, until 2020-21, loans and advances from the centre accounted for the least, and the Public Account became the least contributor to the total outstanding debt. Overall, this chapter evaluates Jharkhand's debt sustainability and explores strategies to enhance financial efficiency.

Chapter 6 discusses the evolution of the FRBM Act and the changes that it has brought about over time. The FRBM Act was first introduced in the year 2003. The main features were to limit the fiscal deficit up to 3% of GDP and debt to around 60% of GDP. In 2007, the Jharkhand FRBM Act was enacted. The aim was to remove the revenue deficit and to maintain the fiscal deficit to GDP at 3% by the end of 2009. Other important targets were to reduce the proportion of interest payments to revenue receipts to around 18-25% and to reduce the ratio of salary to the state's own revenue to 80%. In 2021, the FRBM Act was further amended to remove the revenue deficit targets. The revised targets under fiscal deficit were to have fiscal deficit at 5% of GSDP for 2020-21, 4% of GSDP for 2021-22, 3.5% of GSDP for 2022-23, and 3% of GSDP thereafter.

The second half of the chapter maps the status of Jharkhand to check whether it complies with the FRBM norms. The chapter reveals that the fiscal deficit is well within target except for the COVID-19 year. Even for the primary deficit, the state maintained a surplus. With regard to debt, it is seen that while the state is unable to meet the 20% debt to GSDP target, it is able to meet the overall target of 300% of debt to revenue receipts. Finally, with regard to interest payments, salary paid and non-committed expenditures, it is seen that all three parameters are well below the regulated limit and are doing consistently well.

Chapter 7 analyses the transfers to rural and urban local bodies. The Fifteenth Finance Commission had outlined that the allocation of funds was to the ratio of 75% to the Village Panchayat, 15% to the Block Panchayat and 10% to the Zilla Panchayat. From 2018-19 to 2022-

23, there have been wide fluctuations in allocations for both PRIs and the ULBs. Related government offices mentioned that the reasons for such fluctuations are mainly the delay in the receipt of funds. About 30% of the money was spent on making the village open defecation free, 30% was spent on drinking water programs, and the rest 40% was untied grants. As for the decentralisation initiatives, the Second Finance Commission constituted in January 2009 had not made any recommendation in respect to the devolution of funds to PRIs as of September 2014. Of the 29 functions of PRIs, 10 functions were devolved completely, and 5 functions were devolved partially in October 2014. According to the latest information available in the CAG report of 2018-19, 11 functions have been devolved, 5 have been partially devolved, and 13 functions have yet to be devolved. As for the Urban Local Bodies over the years, the Revenue Deficit is negative, implying a surplus, and rising substantially over the years. However, that is offset by high capital outlays, and when you look at total revenues and total expenditure, which consists of both Revenue Expenditure and Capital Expenditure, the situation seems more balanced. However, a substantial portion of the revenue receipts of ULBs, about 80%, comes from grants in aid rather than tax and non-tax revenues. There has been progress in the decentralisation initiatives through DAY-NULM Mission, EST&P and FI&SEP and the Pradhan Mantri Awas Yojana.

Chapter 8 examines the performance of Public Sector Units (PSUs) in Jharkhand. Among the 32 PSUs of the state, only 16 PSUs have been analysed. In this chapter, both loss-making and profit-making SPSEs have been discussed, along with their financial performances. Jharkhand State Building Construction Corporation Ltd. is the major contributor to the profit made by SPSEs, followed by Jharkhand Urja Utpadan Nigam Limited. 3 SPSEs accounted for losses, amongst which Jharkhand Bijli Vitaran Nigam Limited is the major contributor, followed by Jharkhand Urja Sancharan Nigam Limited. The contribution of SPSEs to the Gross State Domestic Product of Jharkhand is very marginal, as low as 1.73%. The turnover of the SPSEs is also very small compared to the state economy. Moreover, the loss-making SPSEs are responsible for the erosion of net worth, resulting in a declining state economy. This chapter also discusses the steps taken to improve the performance of SPSEs, like restructuring of Jharkhand State Electricity Board, disinvestment of inactive SPSEs, etc. However, proper steps need to be taken for operational efficiency.

Chapter 9 analyses the power sector reforms over the period. The deficit, which is the difference between the expenditure and the revenues arising from power, has increased about 6 times in the 11-year period from 2012-13 to 2023-24, with an 18% increase annually over this period. This period can be broken roughly into two main periods, one between 2012-13 to 2017-18, when no power subsidies were received, and from 2018-19 onwards, when power subsidies were received. JSEB was unbundled into four different companies through “The Jharkhand State Electricity Reforms Transfer Scheme 2013”. Later on 20th November 2015, the Government of India approved the Ujwal Discom Assurance Yojna Scheme (UDAY) for the Financial Turnaround of Power Distribution Companies (DISCOMs). Infusion of UDAY funds into the power sector greatly improved the financial standing of JBVNL. Till 2018, the government covered part of the losses of JBVNL in the form of Resource gap funding. From 2018-19, it stopped resource gap funding and started giving a subsidy to a certain category of consumers who were primarily

domestic consumers in areas where the losses emerged. This improved the finances of JBVNL and increased the number of registered consumers since people wanted to avail themselves of the subsidy. At the beginning of 2022-23, Jharkhand signed up for the Revamped Distribution Sector Scheme (RDSS). This scheme recognised the fact that improvements in the financial position of the utilities can only happen with investments for efficiency improvements, and investments taken therein have begun to show results.

Chapter 10 discusses the Contingent Liabilities of the State during this period. Much of the Contingent Liabilities arose from the Power Sector, the CAG reports that information provided by the Finance Department of Jharkhand guarantees amounting to ₹ 2378.23 Crores has been given to power companies, and ₹ 2463 Crores has been given to Jharkhand State Food & Civil Supplies Corporation as of 2022-23. The Finance Accounts of the Government of Jharkhand report the Guarantees and the Contingent liabilities of the State Government, and very few instances have been reported and that too not of much amount. The issue of Contingent Liabilities of the State Government is not of much concern.

Chapter 11 does an analysis of the subsidies given during the period. Subsidies increased at an average annual rate of 16.58%. No subsidies were given to the Power Sector till 2017-18. In 2018-19, power Subsidies formed 28.44% of the total subsidies, and they increased to 41.43% of the total subsidies in 2023-24, with an annual increase in allocation by 31.05% over the last five years from 2018-19 to 2023-24. Much of the subsidies extended under Civil Supplies were for the various schemes of the government, and currently consume about 34% of the subsidy expenditure as of 2023-24. Agriculture also receives a substantial amount of subsidy, with the bulk of it being consumed by Crop Husbandry, which mainly revolves around providing subsidised seeds and other amenities for the farmers. Overall evaluation of the subsidies reveals that it is spent well and are targeted towards the needy people in society.

Chapter 12 does an outcome evaluation in light of the recommendations of the 14th and 15th Finance Commissions. The period of study for us from 2012-13 to 2023-24 covers the period of three Finance Commissions, 2012-13 to 2014-15 falling under the grant recommendations of the 13th Finance Commission, from 2015-16 to 2019-20 falling under the 14th Finance Commission and finally from 2020-21 to 2023-24 under the 15th Finance Commission. The major difference occurred from the 13th to the 14th Finance Commission, when the share of the states from the divisible Central pool was increased from 32% to 42% from the 13th to the 14th Finance Commission. The same was reduced to 41% in the 15th Finance Commission on account of the decrease in the number of states as the statehood of Jammu and Kashmir was abolished.

During the 14th Finance Commission period, the actual receipts as more than specified by the Commission, while during the 15th Finance Commission, it was more in line with what was recommended. From 2016-17 to 2022-23, the major schemes in operation were the Pradhan Mantri Awas Yojana (PMAY), Swachhh Bharat Mission, Mission for 100 Smart Cities, Rashtriya Uchhatar Siksha Abhiyan (R.U.S.A), Urban Renewal Mission 500 and Day NULM (Deen Dayal Antodaya Yojana-National Urban Livelihood Mission). Allocations to many of these schemes have been fluctuating on account of the delay in receipt of the grants. The major state schemes

during the period were on six schemes, which are Major Roads, Minimum Needs Programme, Chief Minister's Village Bridge Scheme, Sarva Siksha Abhiyan, National Rural Employment Guarantee Act and Subarnarekha Project. Progress, utilisation of funds and impact have been discussed in the chapter.

Chapter 13, the final chapter of this report, chalks out a sustainable debt roadmap for the state of Jharkhand, by making projections from the years 2025-2031. Keeping the recommendations made by the 15th Finance Commission as the benchmark, projections were made on the sustainable level of deficit and debt for the state for the upcoming years. The chapter also discusses how the state needs to maintain its fiscal prudence to not allow much debt to accumulate.

Chapter 1: Estimation of the Tax Revenue Capacity

1.1. Introduction

Tax Revenue for the State of Jharkhand has grown at an impressive rate of over 13.37% per annum during the years 2012-13 to 2023-24. Tax Revenues constitute about 70% of the total revenue, the other two sources of Revenue being Non-Tax Revenues and Grants in Aid from the Central Government. Figure 1.1 gives us the tax revenue, the total revenue and also the tax revenue as a proportion of total revenue from 2012-13 to 2023-24. It is interesting to see that although there was good growth in 2015-16, there has been a drop in the growth to 3.25% in 2017-18, which was the start of the GST year, decreased in absolute terms in 2019-20 and 2020-21. Although 2020-21 can be attributed due to diminished economic activity during the pandemic, 2019-20 is surely due to the effect of the introduction of GST. Revenues shot up by 33.97% during 2021-22, and since then have retained a steady growth of over 15%.

Figure 1.1: Tax Revenue as a Proportion of Total Revenue



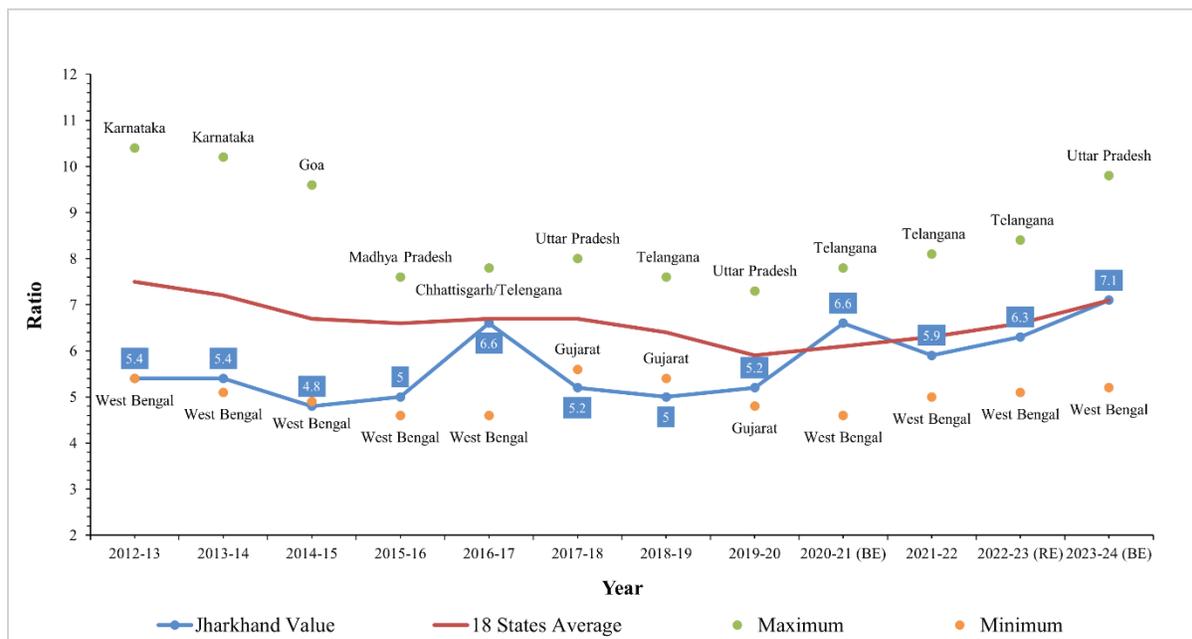
Source: Annual Financial Statements, Government of Jharkhand

The revenue capacity of the state is sometimes captured by Own Tax Revenue as a percentage of GSDP, given in Figure 1.2. Own Tax Revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc.

The larger the GSDP, the larger the capacity of the state to collect more taxes. We have compared this ratio to that of 18 major states, namely Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal. The reason for doing so is that special category states receive additional funding due to their geographical disadvantages, and therefore, the pressure to collect additional tax revenue does not arise in their case, and including them would not be a likewise comparison. The categorisation of the 18 major states has been taken from the RBI, Report of State Finances. It is seen from the figure that the tax to GSDP ratio has stagnated at around 7 or below for most of the years, except in 2022-23, when it reached close to

the national average. If we observe the better-performing states in recent years, like Uttar Pradesh and Haryana, Jharkhand has a lot to improve. One reason for the stagnation of the tax-GSDP ratio may be the fact that Jharkhand’s per capita income is one of the lowest amongst states, and the consumption base and the income base are not that strong. The other reason is that Jharkhand is one of the best-performing states when it comes to Non-Tax Revenues (see next chapter), so that itself acts as a dampener for the tax-GSDP ratio.

Figure 1.2: Own Tax Revenue as a Percentage of GSDP Jharkhand 2012-13 to 2023-24



Source: Reserve Bank of India, Report on State Finances

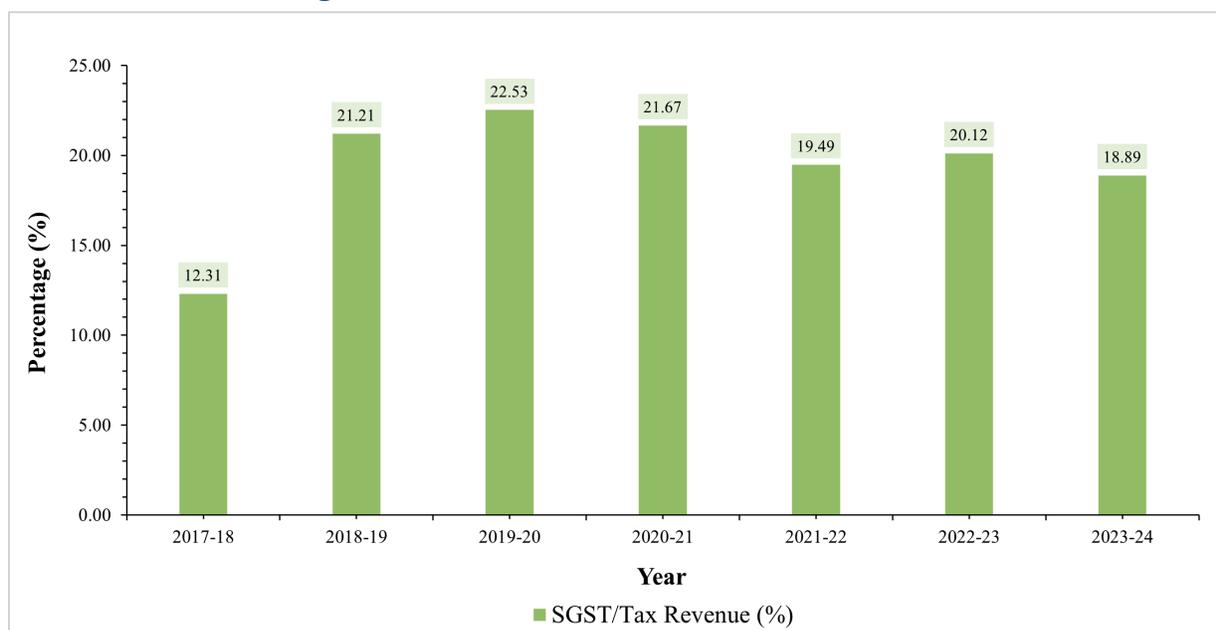
The Commercial Tax Department of the Government of Jharkhand has taken many innovative and multi-dimensional measures for Revenue Augmentation. The most important one was setting up of Intelligence and Revenue Analysis Unit (IRAU) and the Special Task Unit for close monitoring of taxpayers at the circle level. Apart from these, other measures include the launch of the One Time Settlement (OTS) scheme, strengthening of the enforcement wing, rate rationalisation, procedure simplification, such as the start of online assessment in Value Added Tax (VAT) and easy access to Professional Tax (PT) compliance and effective human resource management. Due to all these measures, the highest ever revenue was collected of ₹ 19750 Crores in 2021-22. E-way bill/RFID analysis is another area in which IRAU works, wherein intelligence-based tracking and interception of specific evasion-prone vehicles is done. IRAU has also been involved in the analysis of the IGST settlement report, which has led to a massive increase in the collection of IGST settlement by about ₹ 400 Crores since December 2022. During the COVID-19 era, calibrated rate rationalisation/revision has caused a positive impact on the revenue collection in Value Added Tax and Professional Tax without disturbing the Market ecosystem and has become one of the key areas of revenue augmentation. Apart from this, a dedicated GST Audit wing and targeted enforcement mechanism have been established using in-house resource pool manpower.¹

¹ This paragraph has been taken from the document, “A Giant Leap: Revenue Augmentation”, Commercial Tax Department 2023, from foreword, Principal Secretary, Commercial Taxes, Government of Jharkhand.

1.2. The Introduction of GST and its Impact on State Finances

A major landmark change in the Indian tax system was the introduction of GST from July 1, 2017. With GST, a large number of Central as well as State taxes were subsumed into a single tax. It would lower the cascading effect of double taxation and enable an easier flow of goods and services in the economy. The Central taxes subsumed under the GST were Central Excise Duty, Service Tax, Additional Duties of Excise, Excise Duty on Medicinal & Toiletries preparation, Additional Duties of Customs (CVD), Additional Duties of Customs (SAD) and Surcharges and Cesses. The State taxes which were subsumed were State VAT, Entry Tax, Entertainment Tax (Other than those levied by local bodies), Hotel & Luxury Tax, Central Sales Tax, Luxury Tax, Entry Tax and State Surcharges. The taxes not subsumed under GST were Royalty on Minerals, Property Tax, Stamp Duty and taxes on immovable properties, Excise Duty/VAT on Petroleum Products & Natural Gas for five years, Entertainment tax levied by Local Bodies, Electricity Duty by State, Professional Tax by State and Basic Customs Duty, Anti-Dumping Duty and Safeguard Duty. Unlike VAT, which was an origin-based tax in the sense that the state where the good was produced received the tax revenue, GST was a destination-based tax; the state where the good is consumed received the tax revenue. Jharkhand, being a poor mineral-rich state, was expected to lose heavily from this, since it was not a state with very high income and consumption. If we look into the compound annual growth rate in tax collection during VAT years, that is from 2012-13 to 2016-17, the CAGR is 18.57%, while the same for the GST years from 2017-18 to 2023-24 is 11.75%.

Figure 1.3: Share of SGST in Total Tax Revenue

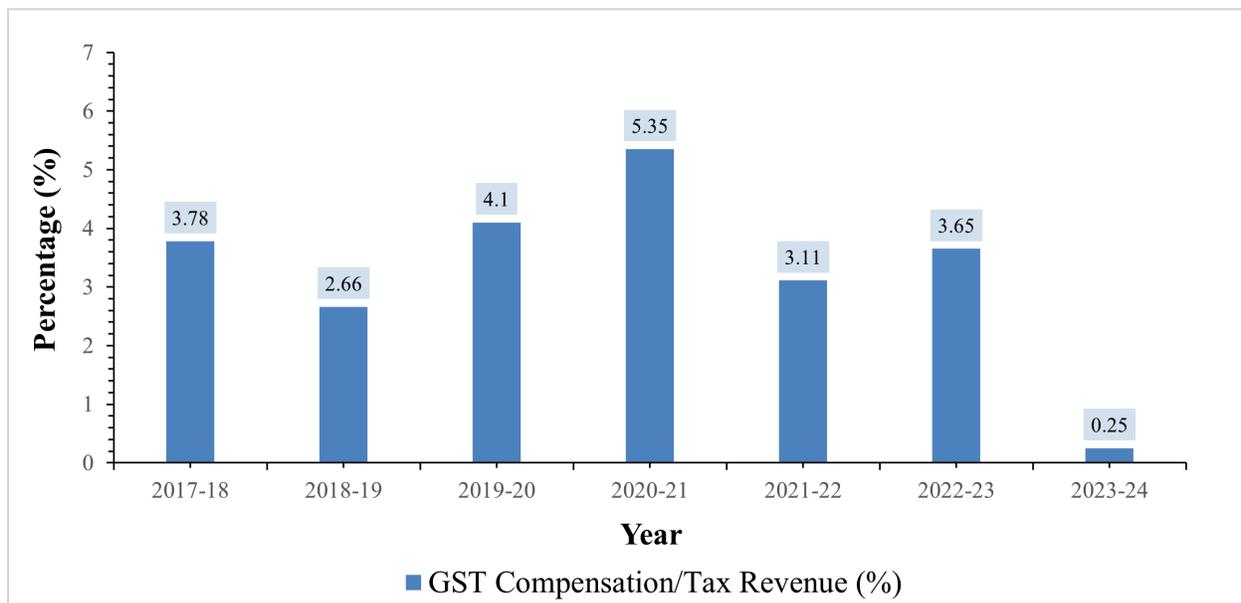


Source: CAG Reports, Government of Jharkhand

During the transition process, to help states adjust to the new regime, a GST compensation was given if the tax revenue growth fell short of 14% each year. The GST compensation received as a percentage of the total tax revenue is reported in Figure 1.4. The actual GST compensation received is reported in the Appendix in Table 1.4. As seen in Figure 1.4, GST compensation as a

proportion of total revenue increased above 5% in 2020-21 being a pandemic year, and dropped sharply to just above 3% in 2021-22 with a negligible amount in 2023-24, which shows a recovery in tax rates. It is interesting to observe that the GST compensation was fluctuating and reached its peak during the pandemic year of 2020-21.

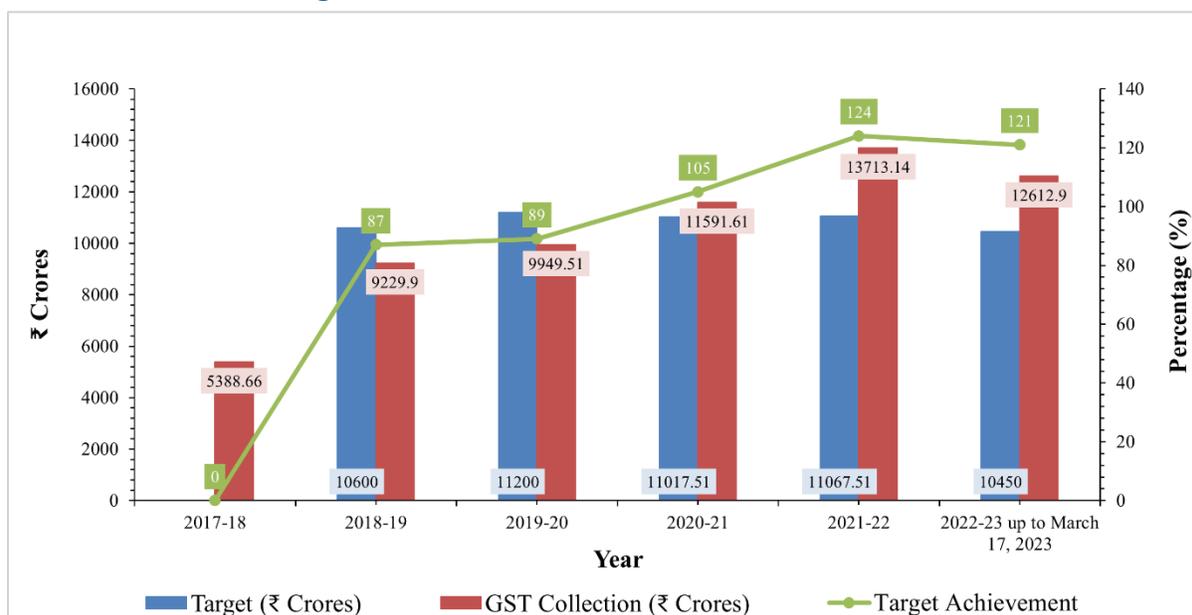
Figure 1.4: GST Compensation/Tax Revenue



Source: "A Giant Leap: Revenue Augmentation", 2023, Commercial Tax Department, Government of Jharkhand

We now report on the efforts of the Commercial Tax Department in raising taxes, and the information from now is from a Document "A Giant Leap: Revenue Augmentation", brought out by the Commercial Tax Department in 2023. Figure 1.5 reports the GST collections from 2017-18 to 2022-23.

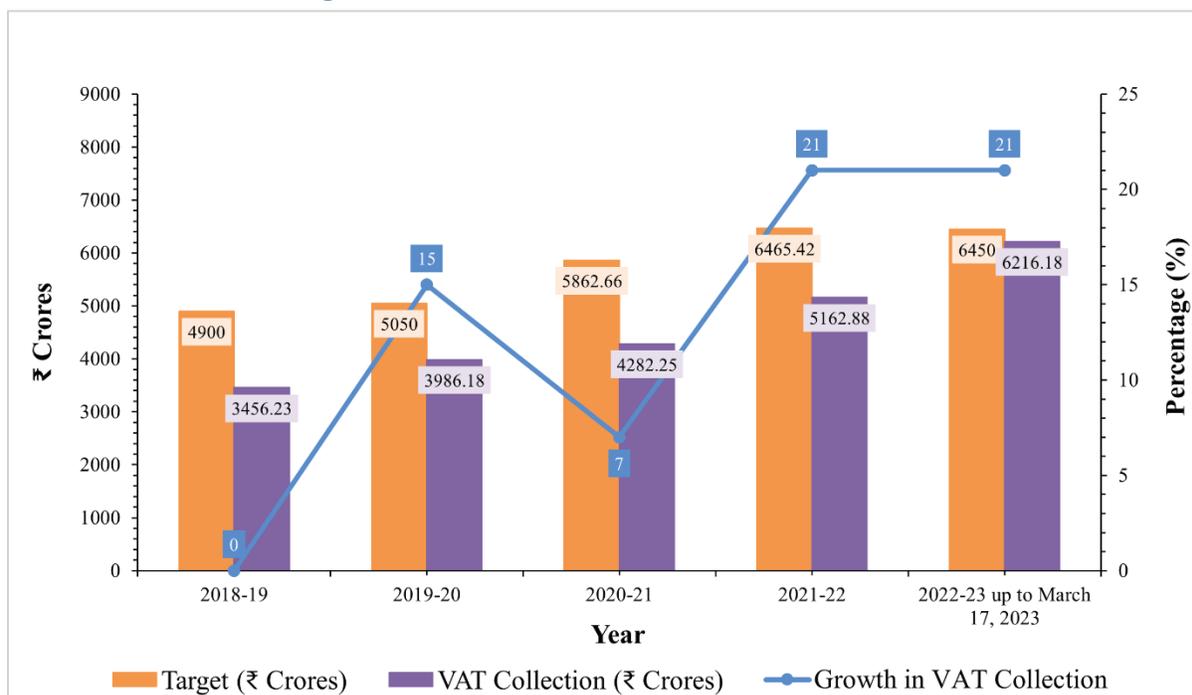
Figure 1.5: GST Collections 2017-18 to 2022-23



Source: "A Giant Leap: Revenue Augmentation", 2023, Commercial Tax Department, Government of Jharkhand

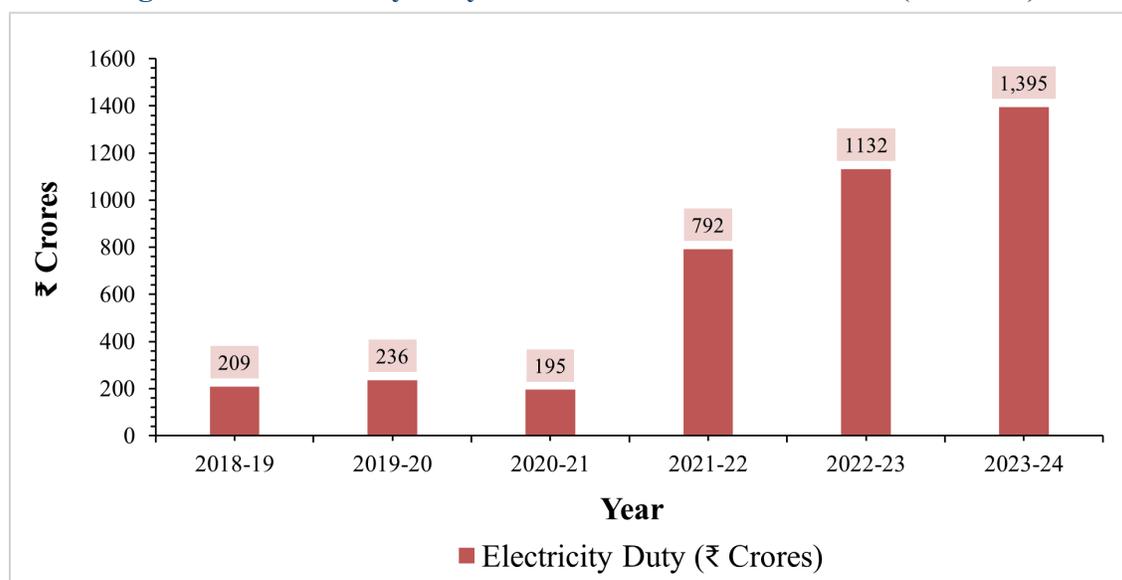
It is nice to see that the GST collections have exceeded the target for the last three years. The IT system for GST in Jharkhand is designed and developed by the Goods and Services Tax Network (GSTN). Apart from the GST, Value Added Tax (VAT) is also imposed by the State. The total number of registered taxpayers prior to the implementation of GST, i.e. 1st July 2017, was 107710. After the implementation of GST, all VAT-registered taxpayers for services except those dealing with petroleum and liquor transitioned to GST. The monetary threshold for VAT is ₹ 10 lakhs for purchasing and selling goods within the state. In case of purchases from other states or sales to other states, such units have to mandatorily register themselves under the VAT Act. Figure 1.6 reports the VAT Collections for the state from 2017-18 to 2022-23.

Figure 1.6: VAT Collection 2017-18 to 2022-23



Source: "A Giant Leap: Revenue Augmentation", 2023, Commercial Tax Department, Government of Jharkhand

The overall growth in VAT collection during the period of 2017-18 to 2022-23 has been 16%. Suitable measures have been taken by way of rate rationalisation of petroleum and liquor post the COVID-19 period, and recovery of arrears to compensate for the loss. Online assessment of VAT has started. Apart from VAT, the state also gets revenue from Electricity Duty. Figure 1.7 reports the collection from Electricity Duty from 2018-19 to 2023-24.

Figure 1.7: Electricity Duty Collection 2018-19 to 2023-24 (₹ Crores)

Source: CAG Reports, Government of Jharkhand

It is interesting to note that there has been more than a six times jump in revenue collection under the electricity duty from a mere ₹ 209 Crores in 2018-2019 to ₹ 1395 Crores in 2023-24. Apart from the electricity duty, Professional Tax is a tax imposed on professions, trades, callings and employment in Jharkhand. Professional Tax has also increased gradually from ₹ 65 Crores in 2018-19 to ₹ 87 Crores in 2021-22, and is expected to grow steadily.

It would be interesting to inquire about the top contributors to revenue collection in the last six years. Figure 1.8a reports the top contributors to revenue collection in the pre-GST era from 2012-13 to 2016-17. In most of these years, taxes on sales, trade, etc., contributed around 78% of the tax revenues, followed by state excise contributing to around 7% of the tax revenue, followed by taxes on vehicles and stamp duty and registration fees, each of them contributing to around 5% of the total revenues. Figure 1.8b reports the top contributors in the post-GST era. During this regime, many of the earlier sales taxes now formed a part of SGST, and so the contribution of taxes on Sales, trade, etc., reduced considerably. During this regime, SGST contributed to around 45% of the revenues, followed by taxes on sales, trade, etc., contributing to about 25% of the revenues. State excise contributes to around 8% and taxes on vehicles 6%, followed by stamp duty and registration fees which contribute to around 4% of the total revenues.

Figure 1.8a: Top Individual State Taxes: 2012-13 to 2016-17



Source: CAG Reports, Government of Jharkhand

Figure 1.8b: Top Individual State Taxes: 2017-18 to 2023-24



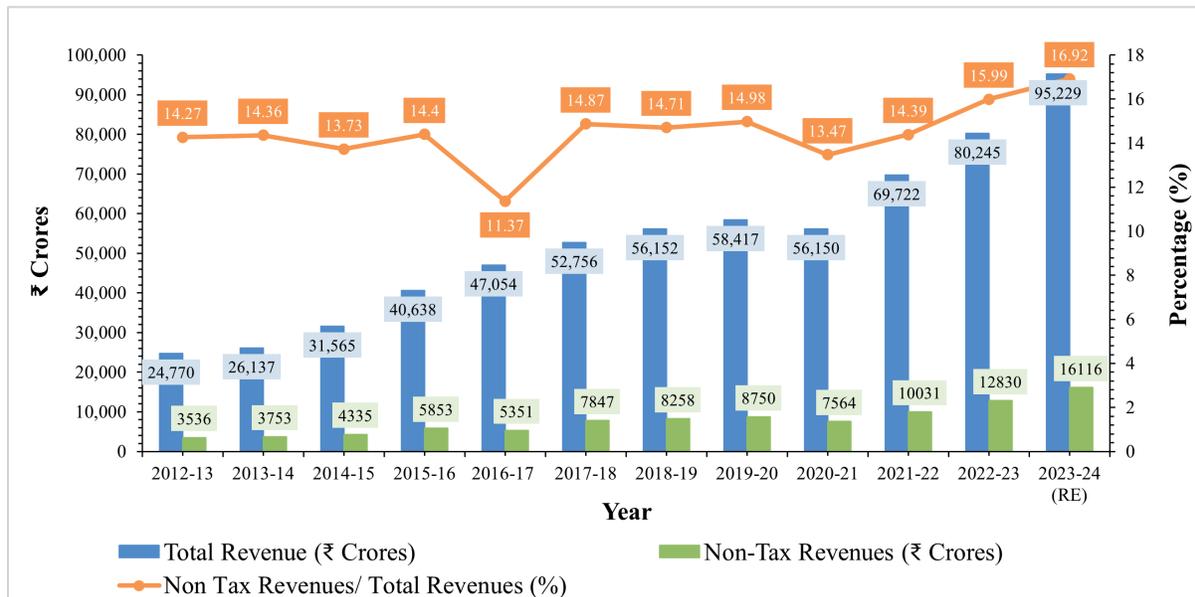
Source: CAG Reports, Government of Jharkhand

Chapter 2: Analysis of State's Non-Tax Revenues

2.1. Introduction

Of the sources of revenues for the state government, tax revenues have contributed around 66% to 70% over the period 2012-13 to 2023-24. The growth in non-tax revenues during this period has been 14.78%. Non-tax revenues have contributed 14% to 17% of the total revenues over the same period. Figure 2.1 reports the contribution of Non-Tax Revenues.

Figure 2.1: Non-Tax Revenues and Total Revenues, Jharkhand: 2012-13 to 2023-24



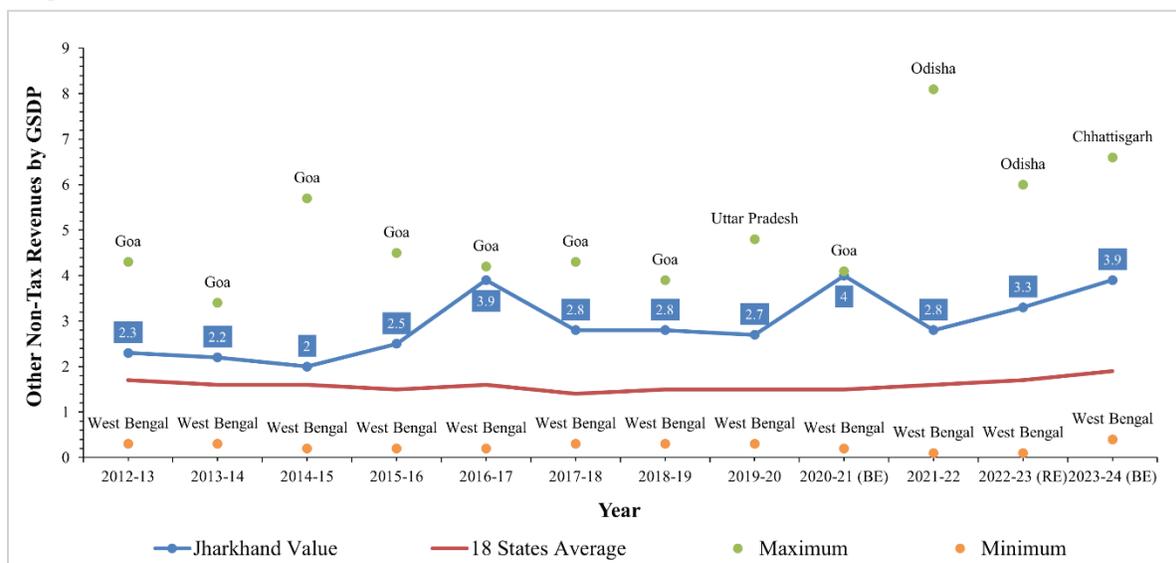
Source: Annual Financial Statements, Government of Jharkhand

Non-Tax Revenues consist of:

- Interest Receipts, Dividends and Profits, and
- (b) Other Non-Tax Revenues.

Other Non-Tax Revenues have constituted more than 97% of the total Non-Tax Revenues in all years during this period, and it is so for most of the states. It is worth studying the Components of Other Non-Tax Revenues in a bit more detail. Jharkhand's performance in other Non-Tax Revenues has to be evaluated relative to other states. The ratio Other Non-Tax Revenues by GSDP is one such indicator, the assumption being that the larger the GSDP, the larger is the capability to raise Other Non-Tax Revenues. Figure 2.2 does a comparison of Jharkhand's non-tax revenue to GSDP figures and compares the same with 18 major states² that receive grant allocations on the same principle as that of Jharkhand. It is heartening to see that Jharkhand's figures are well above the average in all the years, and in 2020-21, the value is almost equal to that of Goa, the state with the maximum value. However, its performance in recent years, namely 2021-22 to 2023-24, falls far short of the best performing states, that is Odisha and Chhattisgarh.

² We have compared this ratio to that of 18 major states, namely Andhra Pradesh, Bihar, Chhattisgarh, Goa, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.

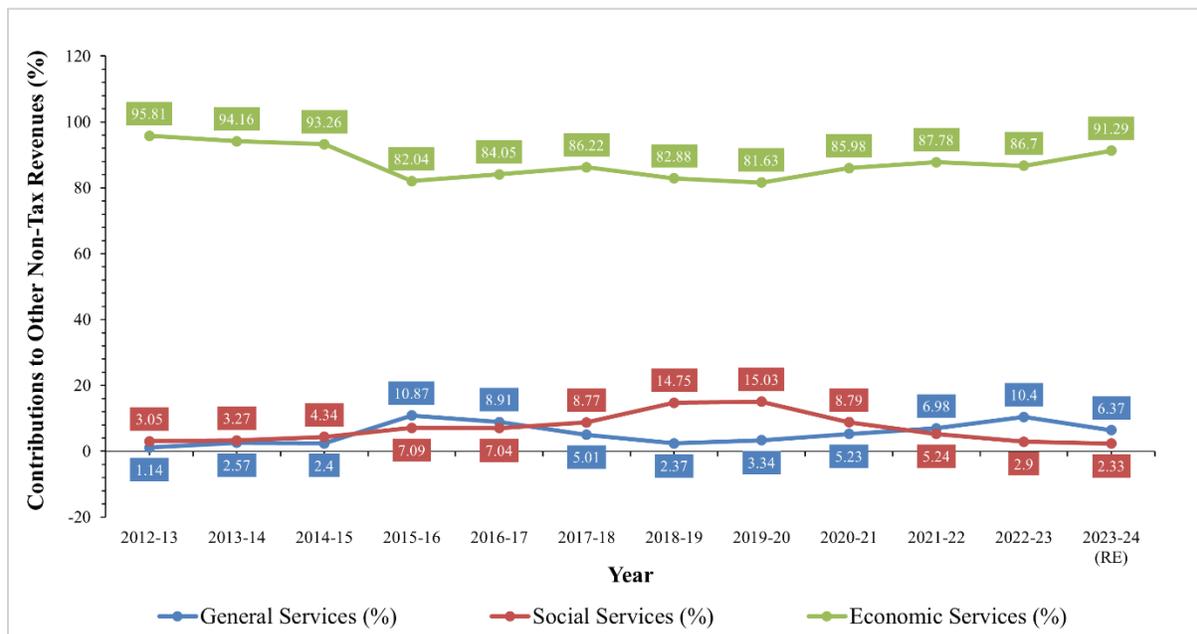
Figure 2.2: Other Non-Tax Revenues as a % of GSDP, Jharkhand: 2012-13 to 2023-24

Source: Reserve Bank of India, Report on State Finances, Author's Own Calculation

In an RBI report on state finances, "Other NTR" refers to non-tax revenue sources that fall outside the specific categories listed in the report's detailed breakdown of revenue generation and have not been specifically itemized. This could include diverse streams like fees from government services, fines, royalty from mining, interest income from loans given to other bodies, dividend receipts, and potentially a portion of other miscellaneous revenue items that don't fit neatly into broader taxable or non-taxable categories. The contributors to Other Non-Tax Revenues are General Services, Social Services, and Economic Services. Figure 2.3 gives the proportionate contributions of each of these sectors to Other Non-Tax Revenues during the period 2012-13 to 2023-24. We observe in the initial years, 2012-13 to 2014-15, the share of Economic Services was more than 90%, but it dropped to 82.04% in 2015-16. The reason is that General Services rose from ₹ 100.64 Crores in 2014-15 to ₹ 622.99 Crores in 2015-16. During the same time, the increase in Economic Services was from ₹ 3909.36 Crores in 2014-15 to ₹ 4701.08 Crores. During the same time within General Services, Other Administrative Services increased from ₹ 50.58 Crores in 2014-15 to ₹ 557.90 Crores in 2015-16, and this is the sole reason for the change in the shares.

Since Economic Services accounts for more than 85% of the contributions in most years, it will be interesting to check the top three contributors in Economic Services in these years. Figure 2.3 reports the top three contributing sectors over the years.

Figure 2.3: Contributors to Other Non-Tax Revenues, Jharkhand: 2012-13 to 2023-24



Source: Annual Financial Statements, Government of Jharkhand

Since Economic Services accounts for more than 85% of the contributions in most years, it will be interesting to check the top three contributors in Economic Services in these years. Figure 2.4 reports the top three contributing sectors over the years.

Figure 2.4: Top Three Contributing Sectors in Economic Services, Jharkhand: 2012-13 to 2023-24



MI: Metallurgical Industries, MIP: Medium Irrigation Projects, CH: Crop Husbandry, FW: Forest & Wildlife, MMI: Major and Medium Irrigation Projects, RB: Roads and Bridges, CS: Civil Supplies

Source: Annual Financial Statements, Government of Jharkhand

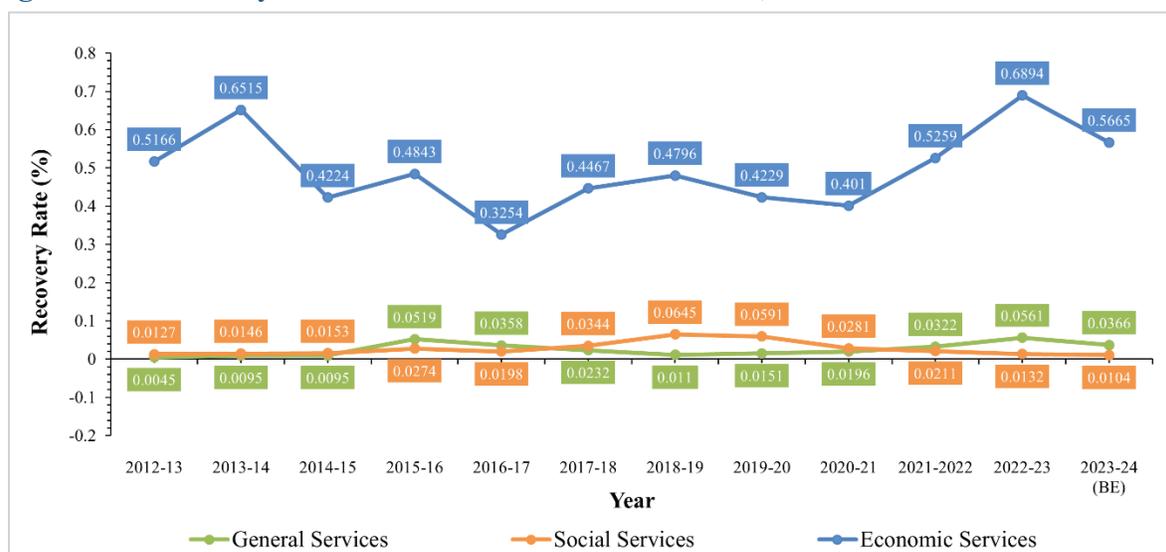
From Table 2.4 in the Appendix, it is apparent that the entire contribution of Economic Services, more than 95% of it in all years, has come from Metallurgical Industries. Roads and Bridges, Major

Irrigation Projects, and Crop Husbandry were the main contributors in the second place before the pandemic, but from 2020-21 onwards, Forest & Wildlife has risen to second place. It is of concern that the economy is not diversified at all, and given the fact that there are a variety of sectors that have occupied second place over the years, all these sectors can contribute more and make the economy more diversified.

2.2. Profits from Departmental and Non-Departmental Commercial Enterprises

Since it is difficult to get the figures from Departmental and Non-Departmental Commercial enterprises, we tried to gather what is best available in the aggregate and the disaggregated level from the books of accounts. As for the revenues from departmental enterprises, namely PSUs, the Revenue Receipts detail of the budget document reports the revenues from Jharkhand State Financial Corporation and Dividends from Public Enterprises as zero for the past many years, although there are positive budget estimates and revised estimates. As for non-commercial departmental enterprises, there are no reports of dividends from these institutions either. Since the major component of revenues in Non-Tax Revenues is the Other Non-Tax Revenues, we look at the Recovery Rate, which is the ratio of Revenue Receipts to Revenue Expenditures in each of the three sectors: General Services, Social Services, and Economic Services. Since revenue receipts and revenue expenditures are reported for each of these sectors, the recovery rate gives an indication of whether each of these sectors is able to break even. If the reported recovery rate figure is more than one, it breaks even; if less than one, it does not. Figure 2.5 gives us the recovery rates from these three major sectors.

Figure 2.5: Recovery Rates for Other Non-Tax Revenues, Jharkhand: 2012-13 to 2023-24

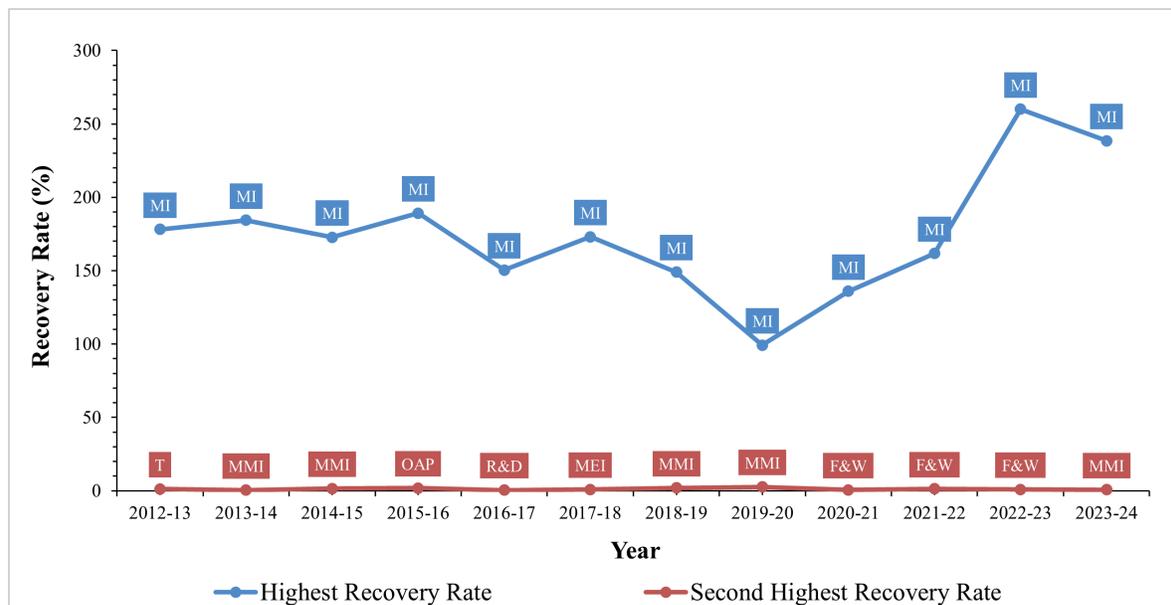


Source: Annual Financial Statements, Government of Jharkhand, Author's Calculations

We find in the aggregate that General Services and Social Services are far from recovering their costs, while in Economic Services, on an aggregate, only about 50% of the Revenue Expenditure is recovered. Many of the departments in Economic Services derive a substantial amount of their revenues from user charges, although these are not reported separately in the budget documents. However, the recovery rates from these sectors are indicators of the possible sectors where

increased revenues are possible from user charges. It will be interesting to see the recovery rates in Economic Services, which seems to perform the best. Figure 2.6 reports the top recovery rates in Economic Services.

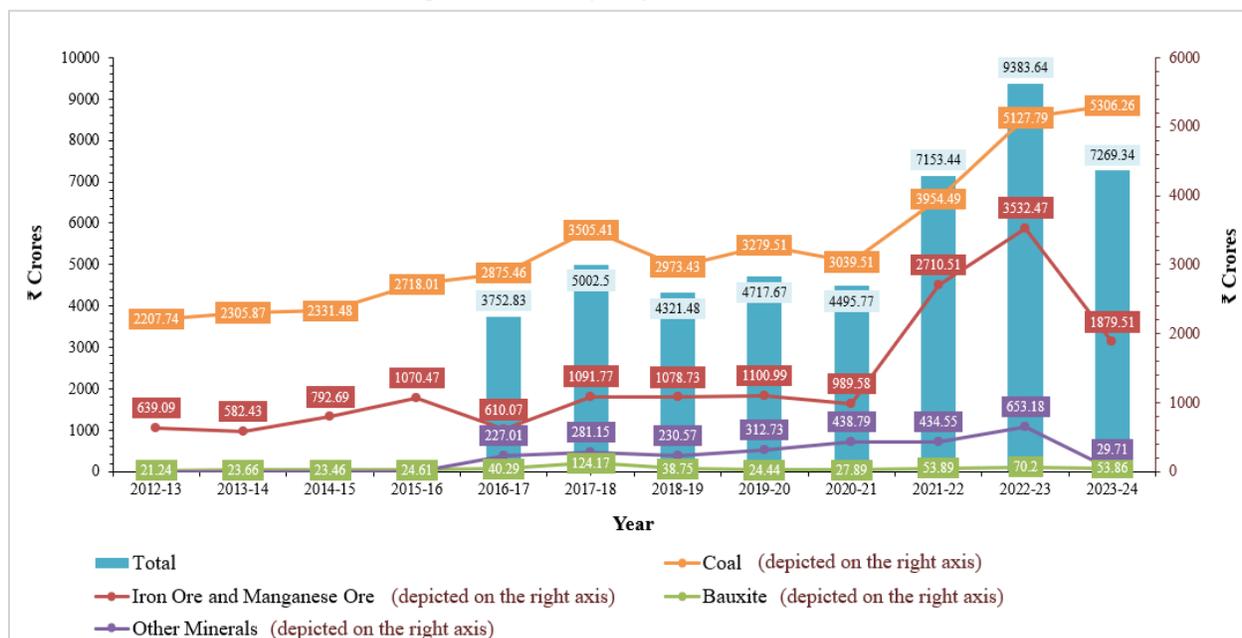
Figure 2.6: Recovery Rates in Economic Services, Jharkhand: 2012-13 to 2023-24



MI: Metallurgical Industries, O: Others, T: Tourism, MMI: Major and Medium Irrigation, OAP: Other Agricultural Programs, MEI: Medium Irrigation, F&W: Forestry & Wildlife, R&D: Roads and Bridges
 Source: Reserve Bank of India, Report on State Finances, Author's Calculations

It is interesting to note that the recovery rates of the Metallurgical industries far exceed that in the other sectors. It is interesting to see that the following sectors, namely Tourism, Major and Medium Irrigation, Other Agricultural Programs, and Forestry & Wildlife, have been able to break even in some years; with some effort, they should be able to recover their costs in most of the years. It is quite apparent that the user charges and the other sources of revenue in these departments can, if possible, more than offset the costs. In short, the profitability of the Economic Services is all credit to the Metallurgical Industries. Figure 2.7 reports the royalty rates for different minerals. Coal dominates the contribution to minerals, followed by Iron Ore and Manganese Ore. The main effort of Jharkhand should be to diversify its non-tax revenue sources to other upcoming sources of revenue, such as Forestry and Wildlife, and not be over-reliant on Metallurgical Industries.

Figure 2.7: Royalty from Minerals



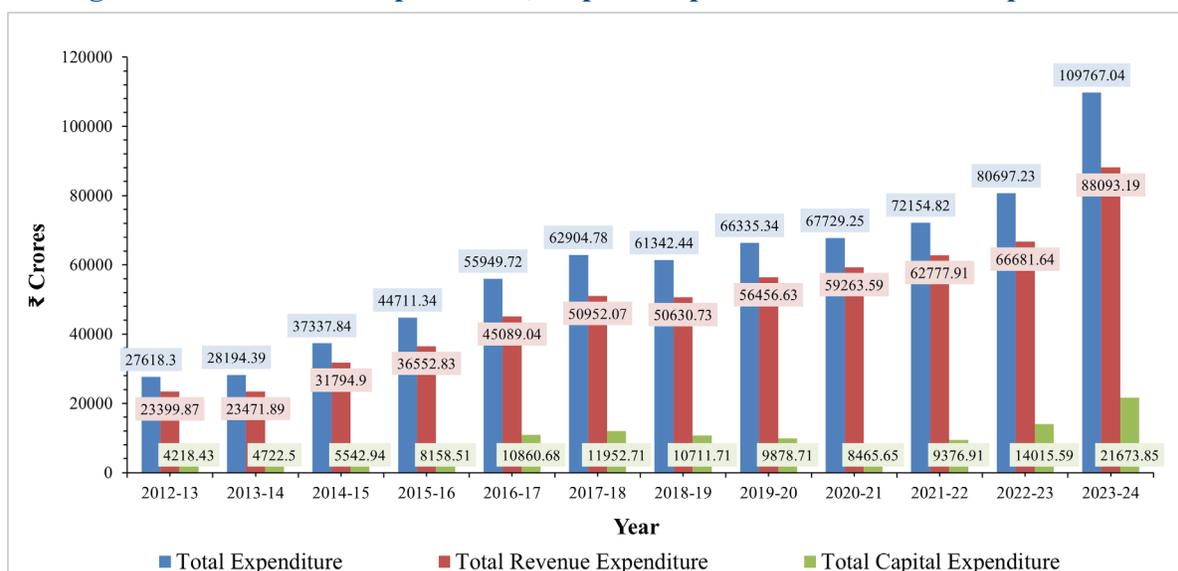
Source: Department of Mines and Geology Department, Government of Jharkhand

Chapter 3: Analysis of Expenditure

3.1. Introduction

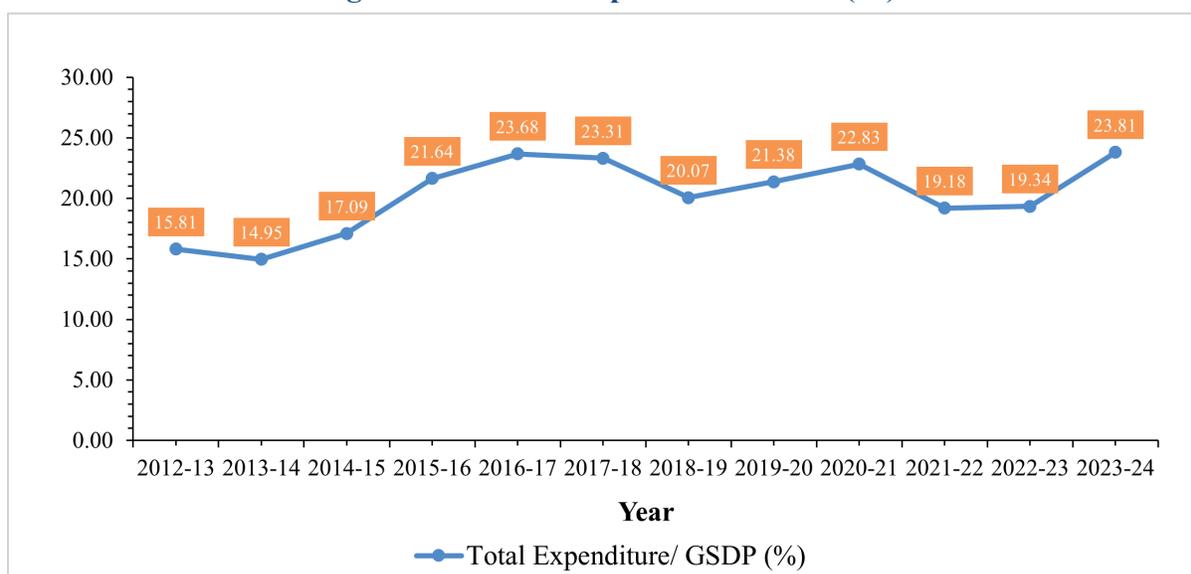
In state government annual financial statements, "expenditure" refers to the costs incurred for the normal functioning of government departments, providing various services, and payments like interest on loans and subsidies. It is distinguished as either revenue expenditure for day-to-day operations and maintenance (e.g., salaries, pensions) or capital expenditure for creating long-term assets like buildings and roads. An increase in the proportion of Revenue Expenditure over the years is always a cause of concern, since it implies that the day-to-day running expenses of the government are increasing, and there are fewer resources for investment and growth in later years. The expenditure composition for the years 2012-13 to 2023-24 is given in Figure 3.1a.

Figure 3.1a: Revenue Expenditure, Capital Expenditure and Total Expenditure



Source: Annual Financial Statements, Government of Jharkhand

Figure 3.1b: Total Expenditure/GSDP (%)

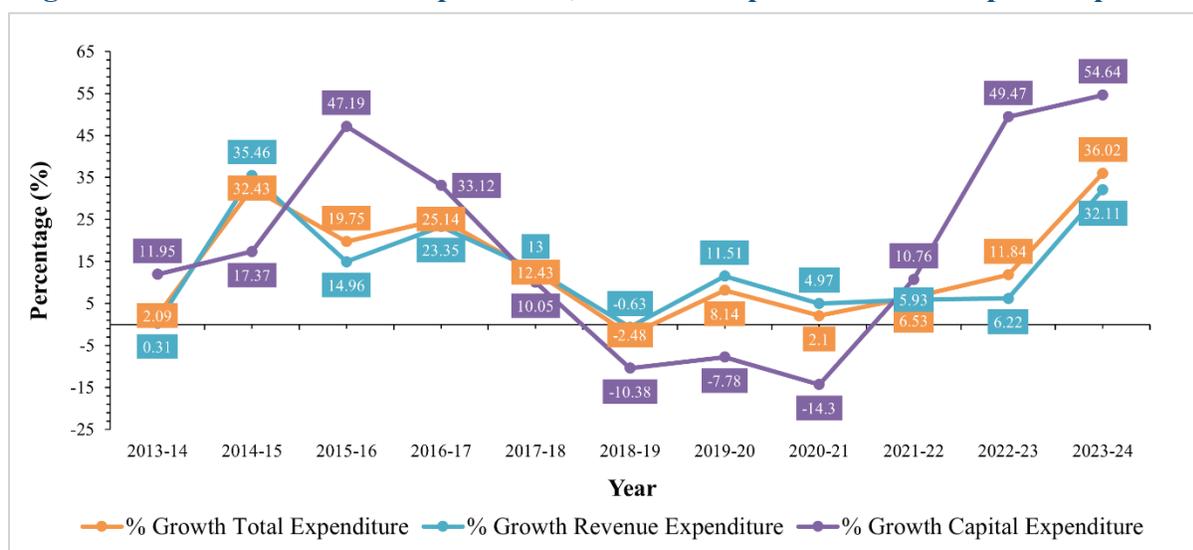


Source: Directorate of Economics & Statistics of respective State Governments.

Figure 3.1b reports the growth in total expenditure as a proportion of its GSDP. It is interesting to observe that there has been a steady growth in total expenditure as a percentage of GDP from around 16% in 2012-13 to around 24% in 2023-24. This growth in total expenditure should be looked at in a positive light, an indicator that public provision of goods and services has increased, and is not a financial burden to the government, since Jharkhand ran a budget surplus for most of the years.

It should be noted that the annual rate of growth for total expenditure was 13.37%, while the sub-components, that is, the annual growth rate for Revenue Expenditure, was 12.81%, while that for capital expenditure was 16.04%. It is interesting to note that Revenue Expenditure has roughly remained about 80% of the total expenditure, except in the pandemic years 2020-21 and 2021-22, when it shot up to more than 87% of the total expenditure.

Figure 3.2: Growth in Total Expenditure, Revenue Expenditure and Capital Expenditures

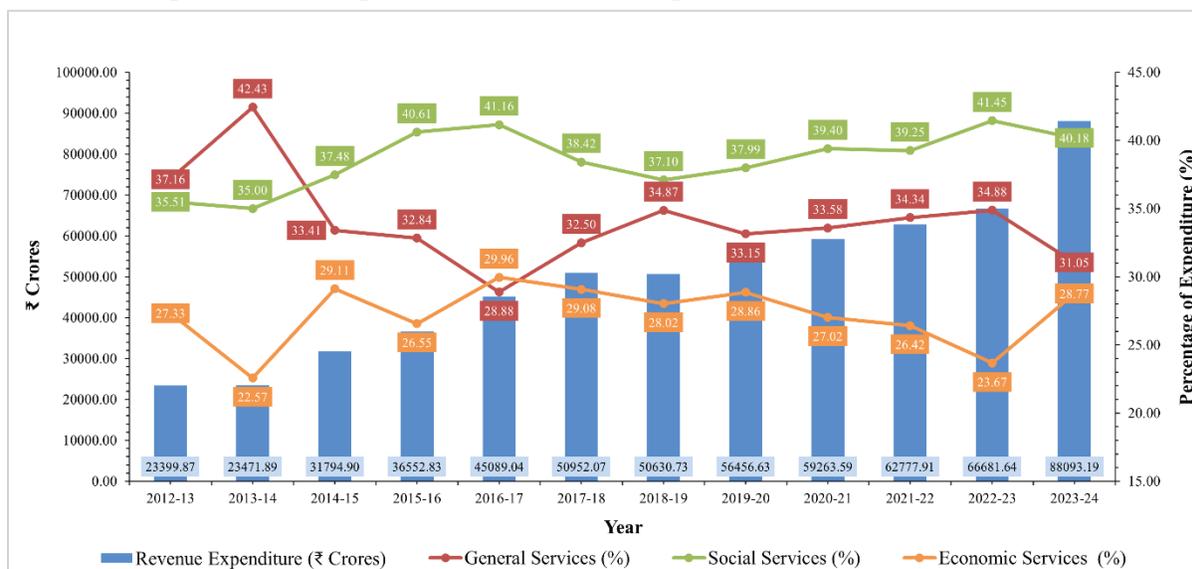


Source: Annual Financial Statements, Government of Jharkhand, Author's Calculations

There has been a lot of fluctuation in Revenue and Capital Expenditures over these years. Figure 3.2 shows the growth rates in Total Expenditures, Revenue and Capital Expenditures. In 2013-14, there was minimal growth in Revenue Expenditure with a 10% growth in Capital Expenditure. Growth Rate in Capital Expenditure surged from 17.37% in 2013-14 to 47.19% in 2015-16. This can be attributed to the higher amount of grants available from the 14th Finance Commission. In the 14th Finance Commission, the state's share increased from 32% to 42% and the applicable period was from 2015 to 2020. The growth rate decreased in 2017-18 by more than 10% points in both Revenue and Capital Expenditures. This may be attributed to 2017-18 being the transition year into GST. 2018-19 witnessed negative growth rates. 2019-20, being a recession year, and 2020-21, being a pandemic year, saw negative growth rates in Capital Expenditure. The growth rate in Capital Expenditure finally picked up again by almost 50% in 2022-23.

It will be interesting to see the composition of Revenue as well as capital expenditure over the years. Figure 3.3 gives us the composition of the Revenue Expenditure over the years.

Figure 3.3: Composition of Revenue Expenditure: 2012-13 to 2023-24



Source: Annual Financial Statements, Government of Jharkhand

3.2. Composition of Revenue Expenditures

Unlike in the case of Non-Tax Revenues, where the bulk of the revenues came from Economic Services³, for revenue expenditure, the share of expenditure seems equally divided between General Services, Social Services and Economic Services, except in the last two years, the contribution of Social Services to Revenue Expenditure is slightly on the higher side. Figure 3.4 gives the composition of expenditure of General Services.

Figure 3.4: Composition of Revenue Expenditure on General Services: 2012-13 to 2023-24

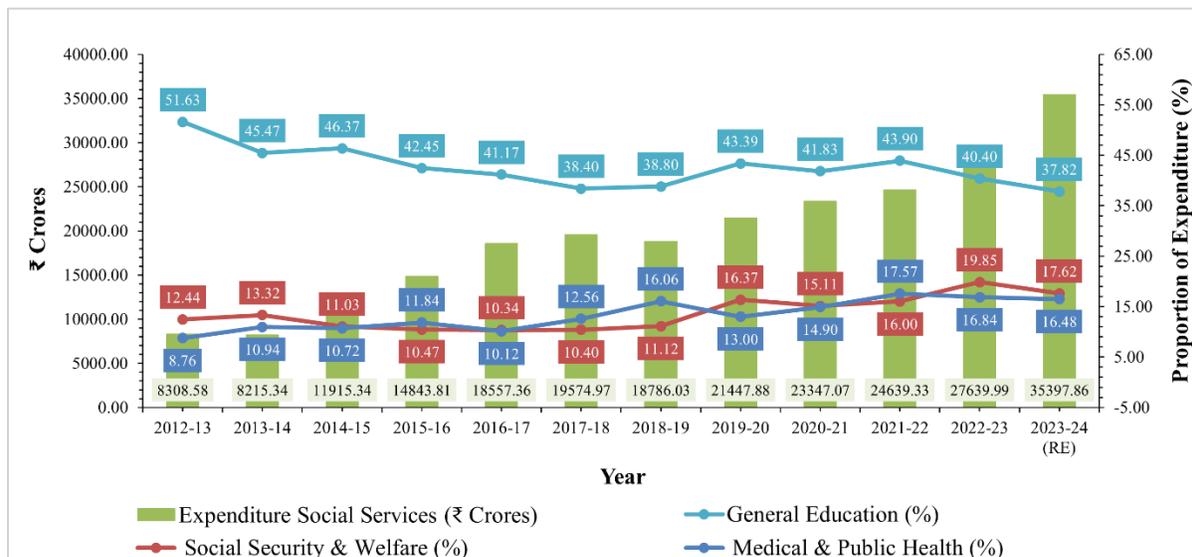


Source: Annual Financial Statements, Government of Jharkhand
The list here is not exhaustive, so the totals do not add up to 100

³ In the last two years, 2022-23 and 2023-24, Economic Services contributed to about 85% to 90% of the non-tax revenues.

It is interesting to see that the major components of expenditure on General Services consist of Pensions & Misc. General Services, Interest Payment and Servicing of Debt, and Administrative Services, all of which seem to have roughly the same proportion. Figure 3.5 gives the composition of expenditure on Social Services.

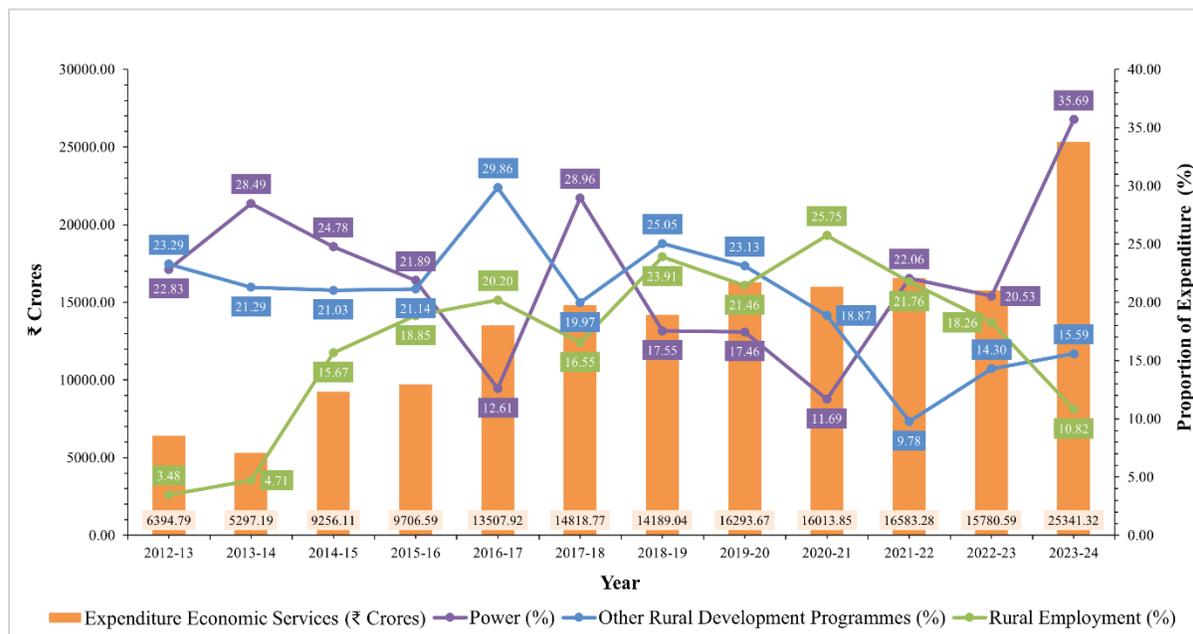
Figure 3.5: Composition of Revenue Expenditure on Social Services: 2012-13 to 2023-24



Source: Annual Financial Statements, Government of Jharkhand

It is of concern to see that the proportion of expenditure on General Education has been declining from more than 50% in 2012-13 to about 37.82%. It is interesting to note that during the pandemic year, the share of resources within general education allocated to tertiary education increased from ₹ 1615.26 Crores in 2020-21 to ₹ 2693.16 Crores in 2021-22 and reduced again to ₹ 1738.87 Crores. It is also good to see that the proportion of expenditure on Medical & Public Health has increased from a mere 8.76% to about 16.48% in 2023-24. In Social Security and Welfare expenditures related to employees registered under the insurance are entitled to medical treatment for themselves and their dependents, unemployment benefit, sick pay and maternity benefit in case of women employees. Figure 3.6 reports the expenditure composition of Economic Services.

Figure 3.6: Composition of Revenue Expenditure on Economic Services: 2012-13 to 2023-24



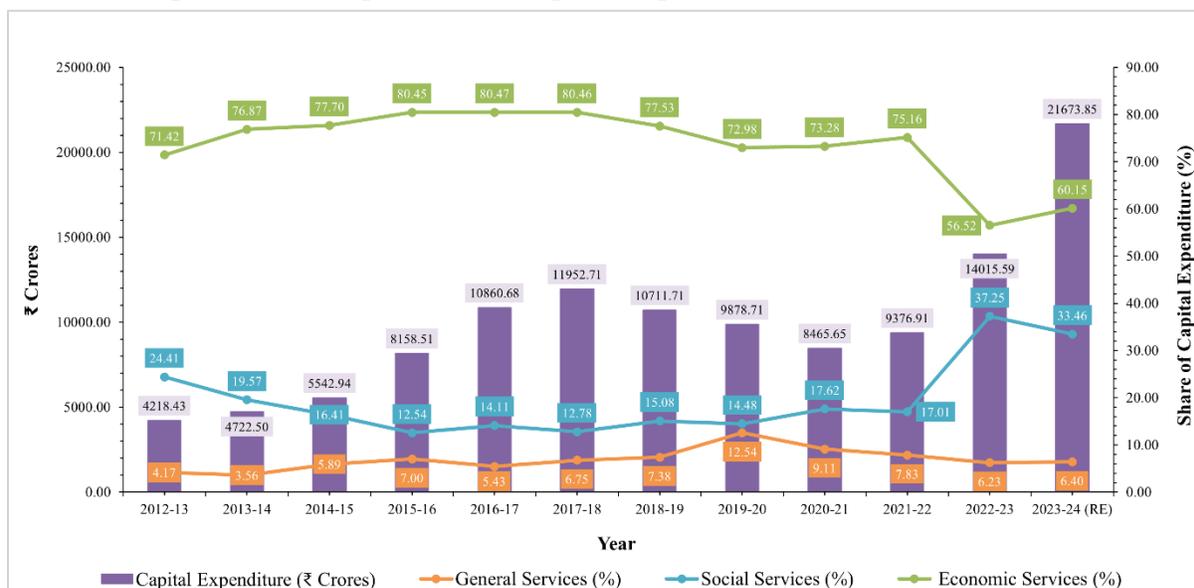
Source: Annual Financial Statements, Government of Jharkhand

It is interesting to see that the major component of the expenditure in Economic Services comes from the Power Sector. Given the number of state schemes running, Other Rural Development Programmes and Rural Employment are the next two contributors to expenditure in Economic Services. "Other rural development programmes" refers to various governmental and non-governmental initiatives designed to improve the economic, social, and infrastructural well-being of rural areas and their populations, beyond general development efforts. These programs, common in countries like India, focus on specific objectives such as providing infrastructure (roads, housing), supporting agriculture, enhancing skills, and improving access to basic services like education and healthcare. In summary, roughly a third of the revenue expenditure is used up for administrative purposes, namely administrative services, pensions and interest payments. Of the third spent on social services, roughly around 40% of this goes to education, around 20% each goes to medical and public health and welfare. Of the rest third going to Economic Services, about 40% of it goes to providing free power or subsidised power to people, about 15% of it goes to Other Rural Development Programmes, and 10% of it goes to providing wages for Rural Employment.

3.3. Composition of Capital Expenditures

An increase in capital expenditure is always welcome as it increases the productive capacity of the economy and increases future economic prospects. Figure 3.7 reports the composition of capital expenditures.

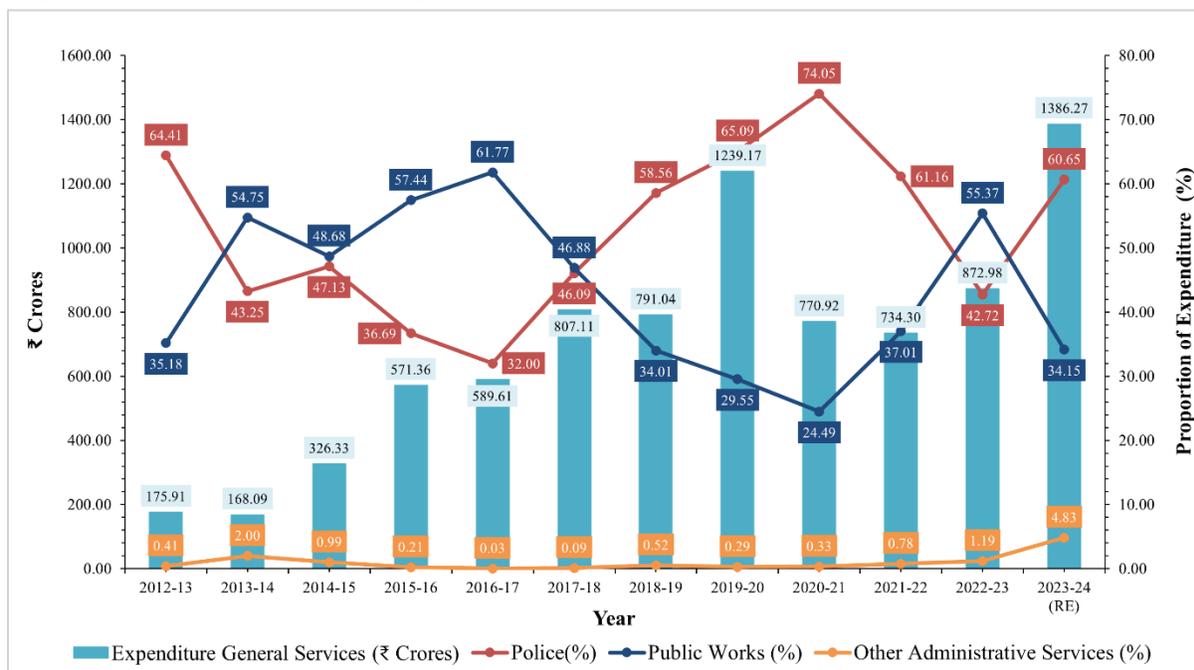
Figure 3.7: Composition of Capital Expenditures: 2012-13 to 2023-24



Source: Annual Financial Statements, Government of Jharkhand

It is interesting to note that the share of capital expenditure on social services has increased from 24.41% in 2012-13 to 33.46% in 2023-24, but the expenditure on economic services dropped from 71.42% in 2012-13 to 60.15% in 2023-24. Figure 3.8 reports the composition of capital expenditures on General Services.

Figure 3.8: Composition of Capital Expenditure on General Services: 2012-13 to 2023-24

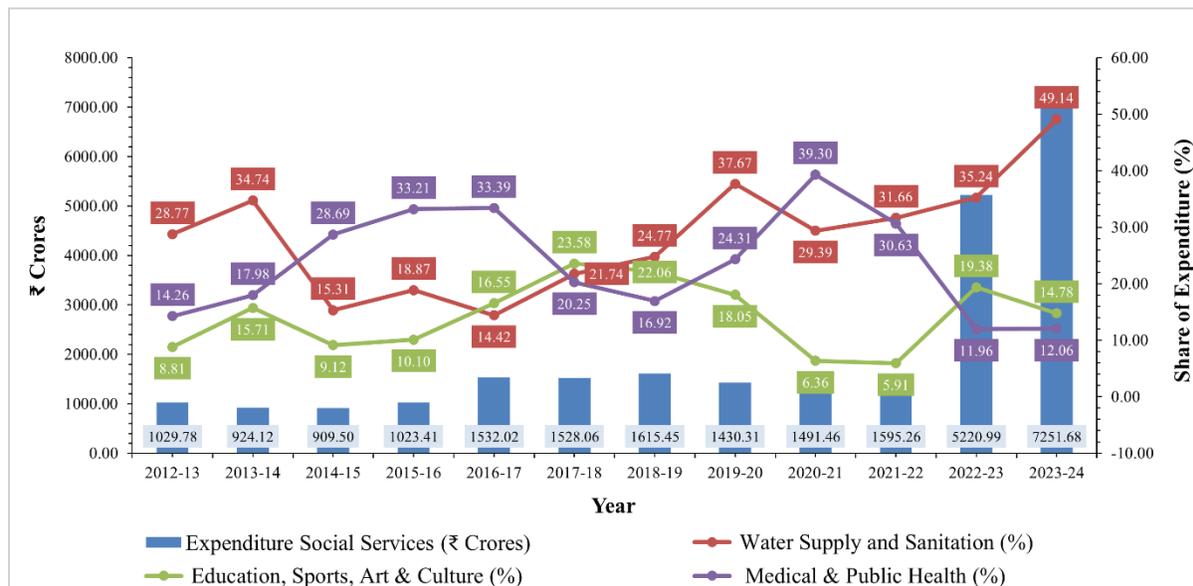


Source: Annual Financial Statements, Government of Jharkhand

It is interesting to note that while for General Services, pensions and interest payments were amongst the largest shares in Revenue expenditure, about 60% of the capital expenditure is on

Police, and about 34% of the expenditure is on Public Works over the years. Figure 3.9 gives the Composition of Capital Expenditure on Social Services.

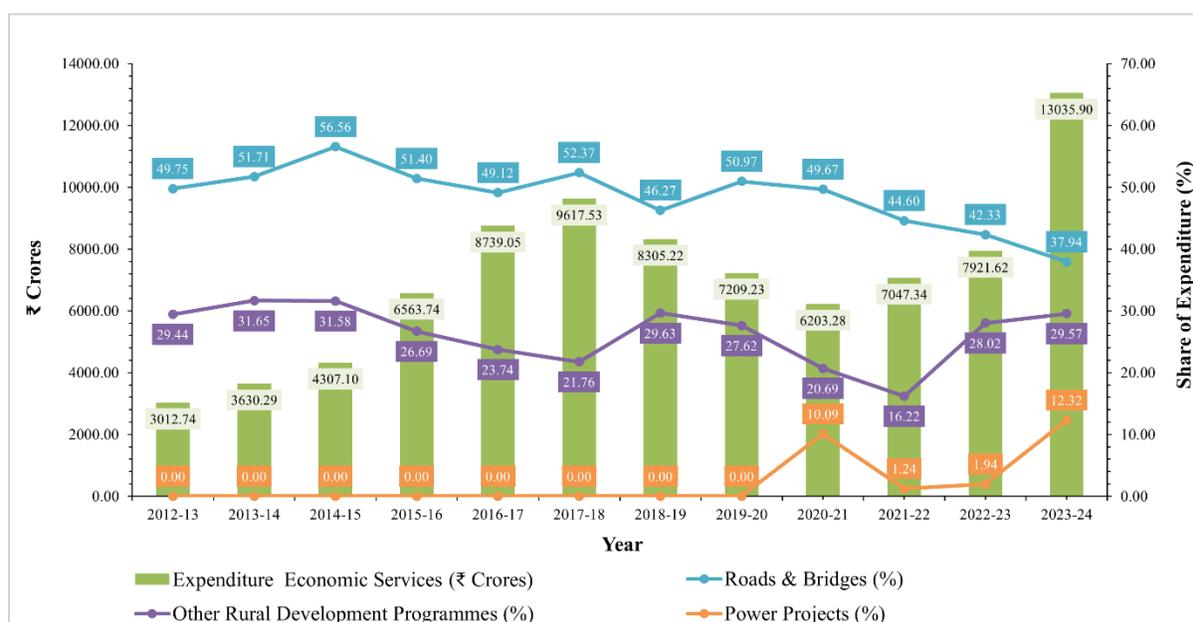
Figure 3.9: Composition of Capital Expenditure on Social Services: 2012-13 to 2023-24



Source: Annual Financial Statements, Government of Jharkhand

It is interesting to note that medical and public health, and education account for the top three expenditure shares in both Revenue and Capital Expenditure. However, the share of capital expenditure on Water Supply and Sanitation has increased from 28.77% to close to 50% in 2023-24. It is also heartening to see that a substantial share of the capital expenditure is on Sports and Culture. Figure 3.10 reports the Capital Expenditure on Economic Services.

Figure 3.10: Composition of Capital Expenditure on Economic Services: 2012-13 to 2023-24



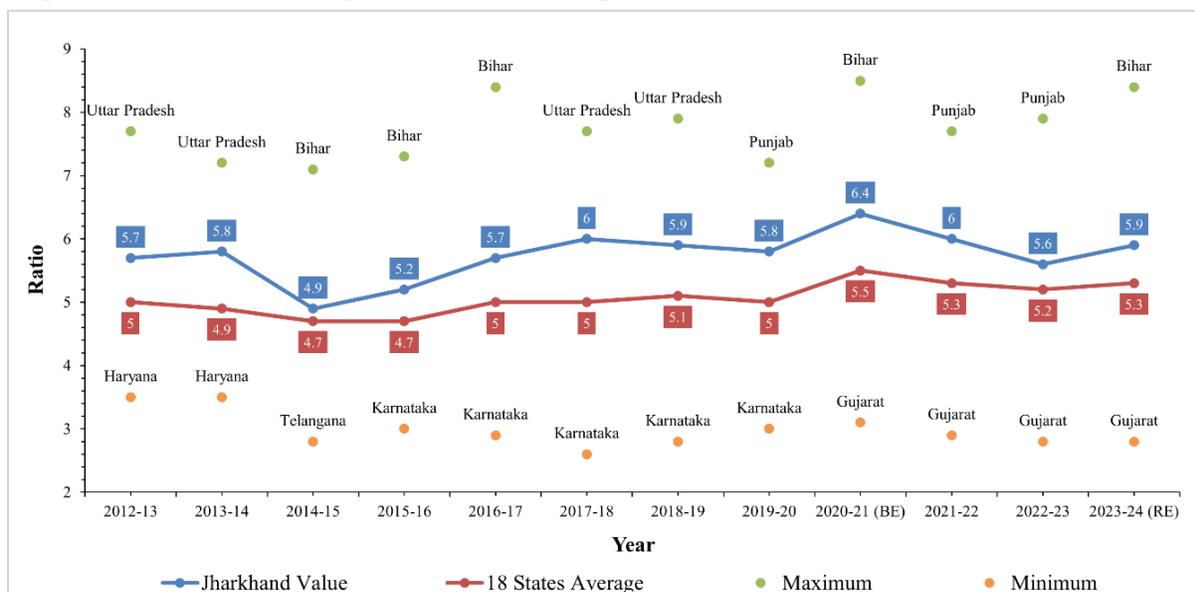
Source: Annual Financial Statements, Government of Jharkhand

It is interesting to note that Other Rural Development Programmes account for the top three expenditure shares in both Revenue and Capital Expenditure. Although Power accounts for a large share of revenue expenditure, it is only in the last few years that there have been capital investments in power projects. The major share capital expenditure in Economic Services throughout the period 2012-13 to 2023-24 has been on Roads & Bridges, and it has been over 40% in all years except 2023-24.

3.4. Efficiency in Public Expenditures

Since we have only expenditure figures with us and not the physical outcomes, we cannot comment on the allocative and technical efficiency of public spending. Given that Public Spending involves different government departments, and each department has its own notion of efficiency, any measures on that would involve much more data. However, given that we have only expenditure figures, any measure to reduce administrative expenses and increase expenses on capital outlay can be seen as a way to increase the efficiency of public expenditures. The measures we have taken to assess Jharkhand's efficiency over the years and across the non-special category states are the ratios of Non-Development Revenue Expenditure to GSDP, Interest Payment to GSDP and Pension to GSDP. Non-Development Revenue Expenditure refer to those expenditures of the government that do not directly help in economic development of the country. Cost of tax collection, cost of audit, printing of notes, internal law and order, expenditure on defence etc., are treated as non-developmental expenditure. Non-Development Revenue Expenditure refer to that expenditure of the government which does not directly help in economic development of the country. Cost of tax collection, cost of audit, printing of notes, internal law and order, expenditure on defence etc. are treated as non-developmental expenditure. The reference to the other 17 non-special category states is Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal. Figure 3.11 reports the Non-Development Revenue Expenditure/GSDP ratios of Jharkhand from 2012-13 to 2023-24.

Figure 3.11: Non-Development Revenue Expenditure to GSDP Ratio 2012-13 to 2023-24

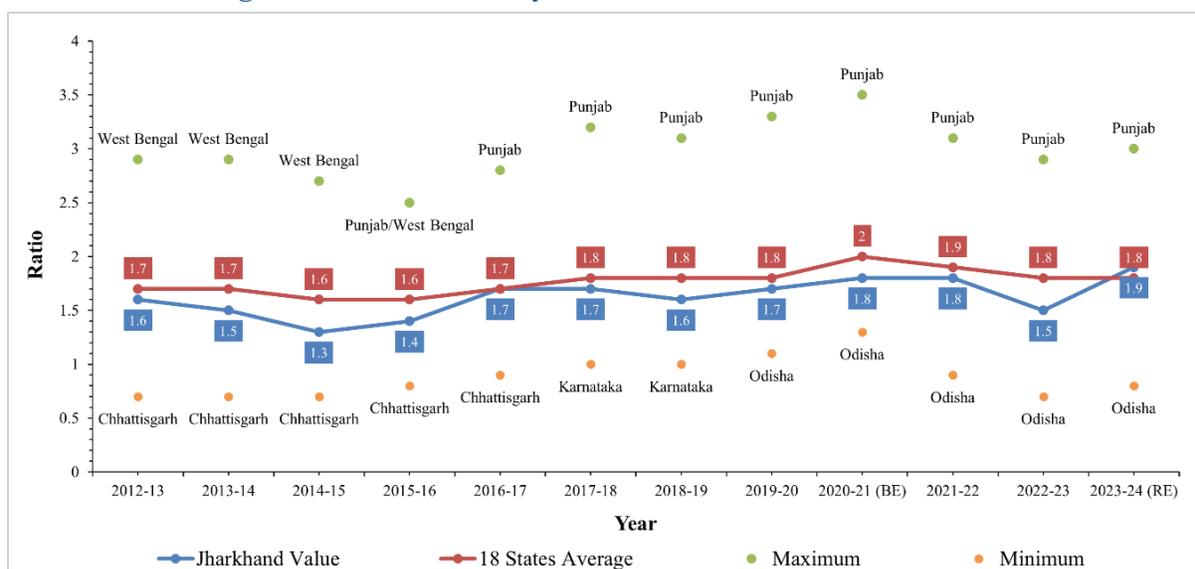


Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Note: Actuals are not available for the year 2020-21

We observe that Jharkhand’s value is above the national average for all the years, but not all that high. There is scope, however, for reducing Non-Development Revenue Expenditure, and if we look into the best performing states, which happen to be Gujarat and Karnataka in recent years, their value is a lot less, so there is considerable scope for improvement on this front. Figure 3.12 reports the Interest Payment to the GSDP Ratio. Interest payments do not contribute to productivity, and the lower this ratio, the better. We see that Jharkhand’s figure is very close to the national average in all the years, but it has a lot to improve when compared against the best performing state, which happens to be Odisha in the last five years.

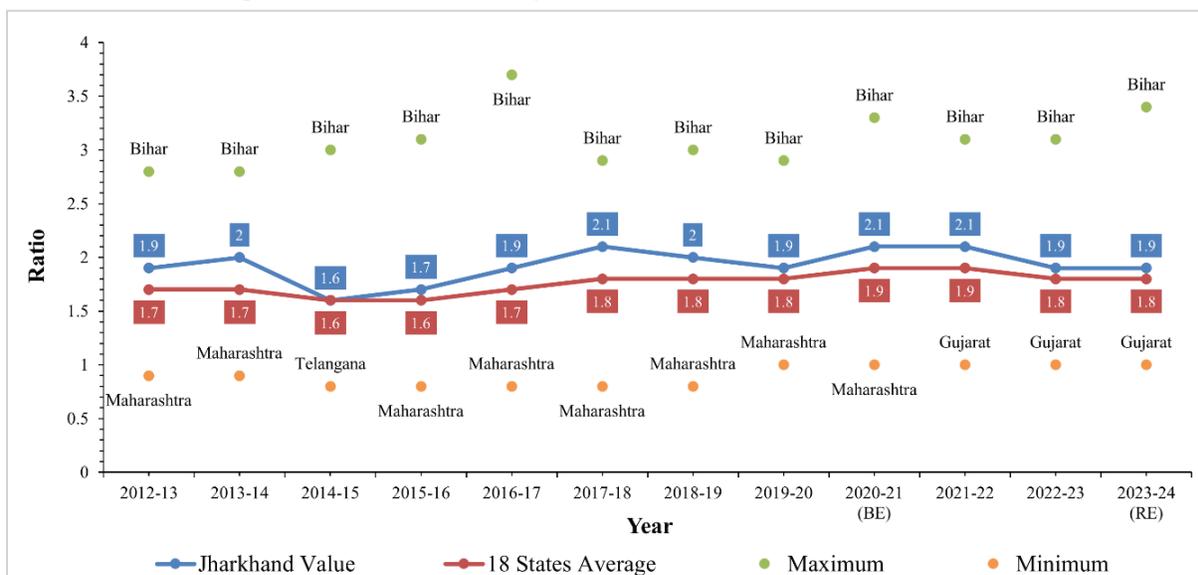
Figure 3.12: Interest Payment to GSDP 2012-13 to 2023-24



Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Note: Actuals are not available for the year 2020-21

Figure 3.13: Pension Payment to GSDP 2012-13 to 2023-24



Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Note: Actuals are not available for the year 2020-21

Pension payments likewise do not contribute to development, so the lower the ratio of Pension Payments to GSDP, the better. For all the years, as seen from Figure 3.13, Jharkhand’s value is close to the national average, but there is a considerable scope of improvement when compared to the best performing states of Gujarat, Telangana and Maharashtra. The CAG Reports are critical of the loans extended to loss-making Public-Sector Units and suggest that the investment should at least match the government borrowing costs. There is also capital locked in incomplete projects, and blocking of such funds deprives the state of the benefits of these projects.

Chapter 4: Analysis of Deficits – Revenue and Fiscal

4.1. Introduction

A deficit occurs when the expenses exceed income. A negative value for deficit represents a surplus and occurs when the income exceeds expenditure. For a comprehensive financial analysis, a state government should primarily consider three types of deficits: revenue deficit, fiscal deficit, and primary deficit. Deficit is the determining factor of a state's debt accumulation. In this chapter, we discuss all three kinds of deficits in detail to comprehend the underlying causes and assess the state's performance with respect to these deficits.

4.2. Revenue Deficit

The revenue deficit is defined as the difference between revenue expenditure and revenue receipt. When the revenue expenditure surpasses the revenue receipt, the state faces a revenue deficit. Increasing state subsidies like free power, food subsidies, state welfare schemes, salaries, pensions, interest payments, etc., increases the revenue expenditure. The decline in revenue receipt is mainly attributed to a decrease in the state's tax collection, which is also a sign of economic slowdown. A revenue deficit is primarily driven by revenue receipts falling short of the expected collection, revenue expenditure exceeding budgeted projections, or a combination of both. In a way, revenue deficit defines the extent to which a state can borrow to cover the revenue expenditure. It also indicates the extent of debt the state needs to incur to sustain its revenue expenditure. A government facing a revenue deficit needs to rely on the savings of other economic sectors to cover its consumption expenses. On the contrary, a revenue surplus occurs when the net revenue receipt exceeds the actual revenue expenditure.

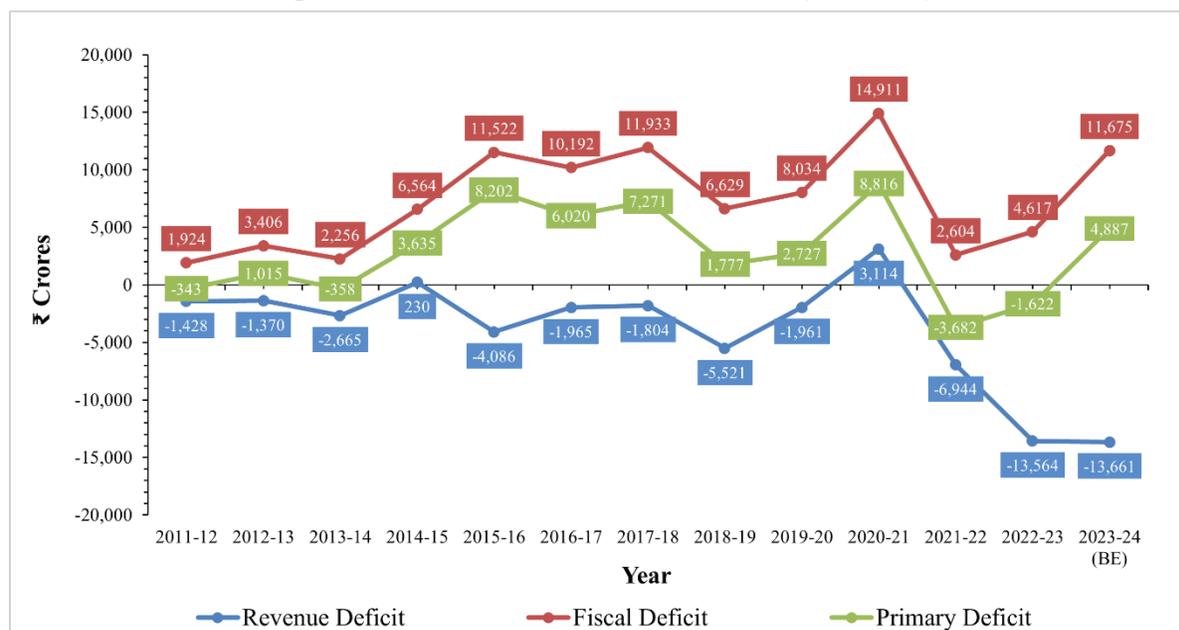
As can be seen in Figure 4.1, Jharkhand has largely remained a revenue surplus state since the fiscal year 2011-12, considered in our analysis till 2019-20, though in 2014-15, the state encountered a marginal revenue deficit of ₹ 230 Crores. Starting from 2015-16, Jharkhand returned to maintaining a revenue surplus position, except for the fiscal year 2020-21, i.e., during COVID-19. During the pandemic lockdown, the economy faced a significant economic shock. As a result, the revenue expenditure rose by almost 5%, and the revenue receipt declined by 3.4%, resulting in an overall revenue deficit of ₹ 3113.86 Crores. The year following the outbreak of COVID-19, i.e., in 2021-22, the revenue receipts grew by 24%, accompanied by the revenue expenditure growing by almost 6%, leading to an overall revenue surplus of around ₹ 7000 Crores. In 2022-23, the state's revenue surplus went up further to ₹ 13563.6 Crores and is projected to remain at similar levels the following fiscal year.

Further, in terms of revenue surplus to GSDP (at current prices, 2011-12 base), during these twelve years, we can see that the state has maintained a healthy revenue surplus to the GSDP ratio (see Figure 4.2). Barring 2014-15 and 2020-21, the revenue surplus to the GSDP of the state has been rising and reached 3.4% in 2022-23, as can be seen in Figure 4.2. It is projected to be at 3.2% in 2023-24. In terms of the growth of revenue surplus, since 2011-12, the state of Jharkhand has shown a CAGR of 22.71%. Meanwhile, since 2015-16, both revenue receipts and revenue expenditures have been on an increasing trend. The compound annual growth rate (CAGR) of revenue receipts is 12.29%, while the CAGR of revenue expenditures is 11.08%, indicating almost

a 1% higher growth rate for revenue receipts over revenue expenditures. This has resulted in a growth in revenue surplus, which can be effectively utilised to build the state's capital assets.

Except for the COVID-19 year, the Jharkhand state also complied with the mandate as stated in the original version of the state's Fiscal Responsibility and Budget Management (FRBM) Act, 2007, of eliminating revenue deficit. However, after the FRBM Act of 2021 amendment, the revenue deficit targets cease to exist.

Figure 4.1: Deficit Position of the State (₹ Crores)



Source: Jharkhand Economic Survey 2023-24

4.3. Fiscal Deficit

The fiscal deficit represents the gap between a state's total expenditure and the sum of revenue and non-debt capital receipts, where non-debt capital receipts are primarily from disinvestment, excluding borrowing. In other words, when a state's total expenditure surpasses the state's total receipt except for borrowing, the fiscal deficit occurs. It is worthwhile to note that the total expenditure is a consolidation of revenue expenditure, which covers a state's operational costs, and capital expenditure, which covers spending on infrastructure. Revenue receipts and grants from the central government stand for the collection of tax and non-tax revenue. Borrowing, which finances deficits, is excluded from the computation of fiscal deficit. When a fiscal deficit arises, the state government must borrow to cover its expenditure. The two primary contributors to the fiscal deficit are the state's revenue deficit and high capital expenditure, such as spending on infrastructure like constructing buildings, roads, and other assets.

As Jharkhand is a revenue-surplus state, the state's fiscal deficit is mainly attributed to the state's high capital expenditure, which in turn helps increase the GSDP. The state's fiscal deficit has been increasing since 2011-12, from around ₹ 1900 Crores to increasing six times till 2015-16. It also showed a spike, almost doubling in 2015-16 from the previous fiscal year, as can be seen in Figure

4.1. Such a spike mainly occurred due to the borrowing of ₹ 5553 Crores under the Ujjwal Discom Assurance Yojana (UDAY). The fiscal deficit remained higher during the next two fiscal years to 2017-18, between ₹ 10000 to ₹ 12000 Crores. In 2016-17, the high fiscal deficit was mainly due to a decline in capital receipts, while in 2017-18, it was due to a rise in capital expenditures, as seen in Figure 4.3. Subsequently, it was reduced to almost half in 2018-19 due to an increase in capital receipts and a decline in capital expenditure. It reached its peak during the COVID-19 year, i.e., fiscal year 2020-21, to ₹ 14910 Crores as the economy suffered badly due to the pandemic. Further, during the COVID-19 pandemic, the revenue deficit also contributed to the fiscal deficit. However, once the economy opened up, the fiscal deficit drastically reduced to ₹ 2604.21 Crores in 2021-22 and then went up to ₹ 4616.73 Crores in 2022-23. However, the same is estimated at ₹ 11675 Crores in 2023-24.

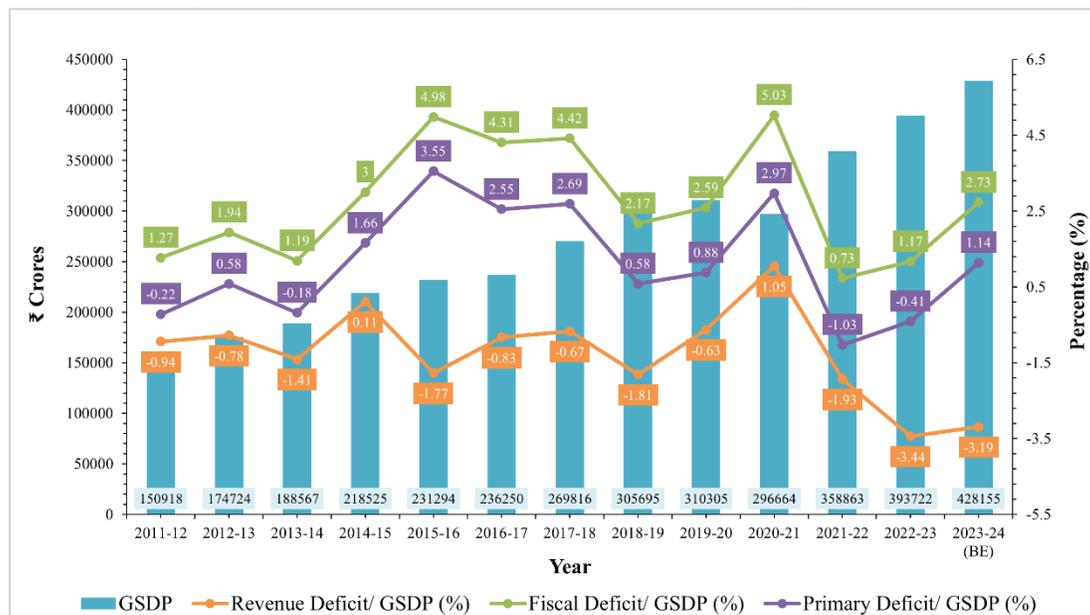
Since 2011-12, the fiscal deficit for the state of Jharkhand has shown a CAGR of 8.28%. From 2015-16 to 2017-18, the state's fiscal deficit to GSDP ratio was above the mandated threshold of 3% (by the FRBM Act 2003) when the ratios were 4.98%, 4.3%, and 4.4%, respectively (as seen in Figure 4.2). As has been mentioned earlier, this is due to the borrowing of ₹ 5553 Crores under the UDAY scheme in the fiscal year 2015-16, a decline in the capital receipts in 2016-17, and then an increase in capital expenditure in 2017-18. It came down within the mandated threshold to 2.17% and 2.59%, respectively, during 2018-19 and 2019-20. As per the amendment to the FRBM Act 2003, for 2020-21, the target for the fiscal deficit as a percentage of GSDP is 5%, and the same is 4% for FY 2021-22. It can be seen that the fiscal deficit to GSDP became 5% in the COVID-19 year, breaching the mandate. However, it came drastically down to 0.72% in 2021-22, thereby keeping it well within the mandated threshold. The same fiscal discipline continued in 2022-23, too, when the ratio was at 1.17%, again below the target. Further, the same has been estimated to reach 2.72% in 2023-24.

Capital expenditure has grown almost seven times in these ten years, from ₹ 3314 Crores in 2011-12, with a CAGR of 20.15%, indicating the state's focus on building capital assets aimed to boost GSDP. Again, while comparing fiscal deficit as a part of revenue receipts, we could also see that it has significantly reduced since 2015-16 to 11.8% in 2018-19 and then slightly moved up to 13.8% in 2019-20. It further increased to 26.55% in 2020-21 and then drastically reduced to 3.74% in 2021-22. The same is currently estimated to be at nearly 12% levels in 2023-24. Starting from 2021-22, it is evident that the state's revenue surplus has remained significantly higher than the state's fiscal deficit, a trend that is likely to continue even in 2023-24. This indicates that the state has ample funds for its capital expenditure and is better positioned to manage its debt. This metric is useful in evaluating the long-term fiscal health of a government. As can be seen, except for the COVID-19 year, the metric reflected prudent fiscal management by the state.

Summarising the same, we can conclude that over the years, Jharkhand's fiscal deficit has been fluctuating. The high fiscal deficit noted in a few years can be divided into three primary reasons. The first one is the state's pursuit of building capital assets, thereby leading to high capital expenditure. The second one is due to borrowing of ₹ 5553 Crores under the UDAY scheme. The third one happened during the COVID-19 pandemic when the economy struggled, and the state

encountered revenue deficits along with high capital expenditure. However, the state had shown improvements during the economic recovery period.

Figure 4.2: Indicators of Deficits as a Percentage of GSDP



Source: Jharkhand Economic Survey 2023-24 and Author's Calculations

4.4. Primary Deficit

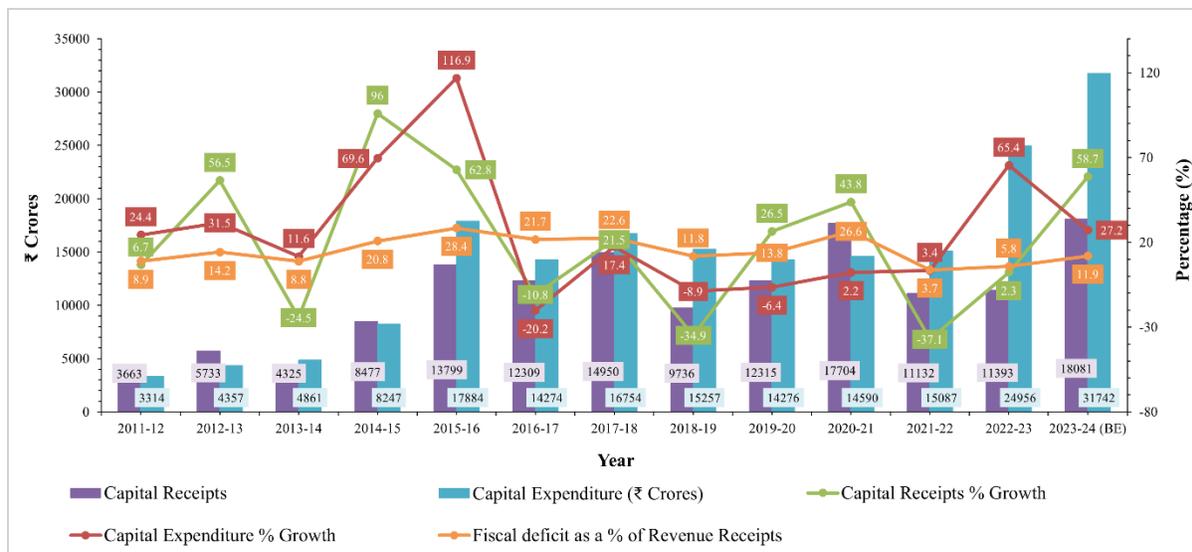
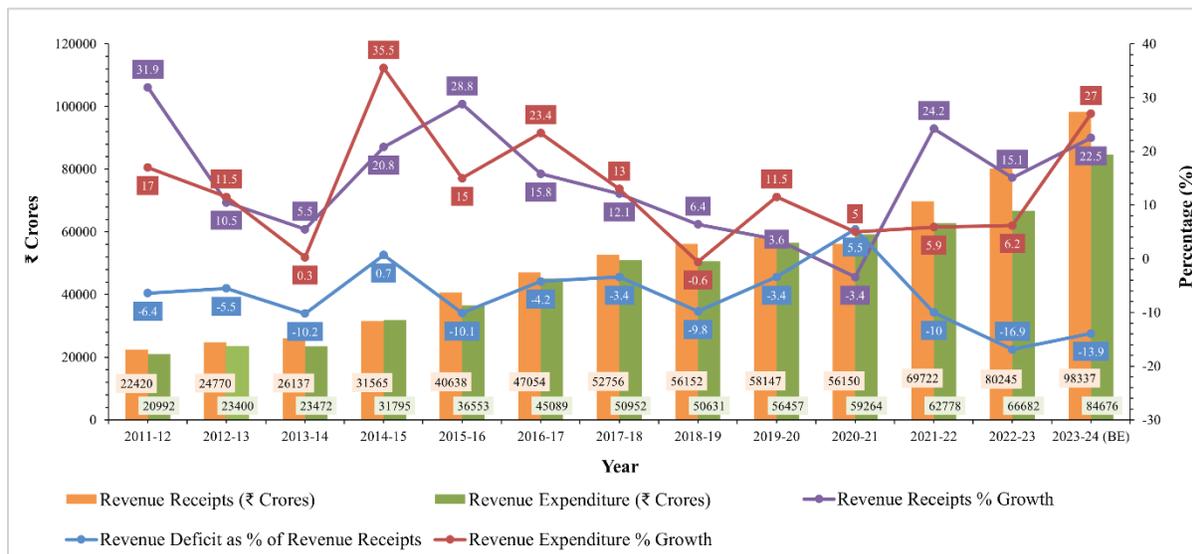
The primary deficit is computed by removing the interest payments on the past borrowing from the fiscal deficit. It thus represents the gap between the state's total expenditure (excluding interest payments) and its total revenue. It helps determine how much the state government needs to borrow for new expenditures without considering the past debt burden. When the primary deficit of a state is very low, i.e., nearing zero, it either indicates that the state has better fiscal health or it may also indicate higher interest payments on the accumulated debt. In other words, a lower primary deficit reflects that any borrowing by the state government is primarily for paying interest on previous borrowing and not to fund the state's new expenditures. In contrast, the state's revenues are sufficient to cover these expenses.

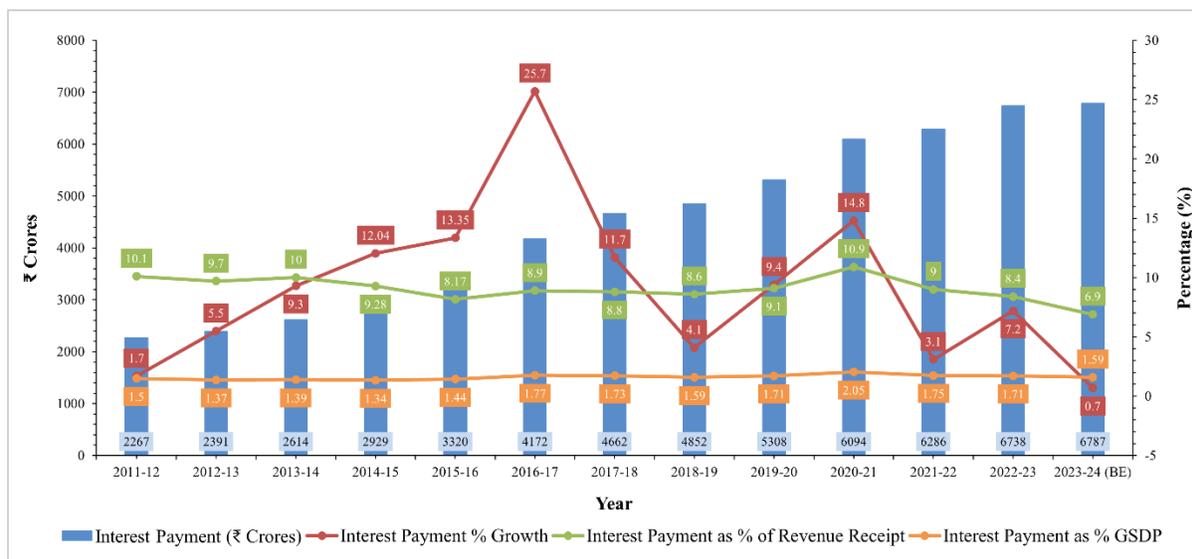
Conversely, the primary surplus indicates the fiscal deficit remaining higher than the interest payments. In other words, it shows that the state's receipts are lower than its expenditure, and the interest payments are lower. Thus, a higher primary deficit signals debt accumulation beyond interest obligation, which may also depict a condition of the state's unsustainable expenses. A state with a high primary deficit is vulnerable financially and faces a greater risk of defaulting on its debt.

For the state of Jharkhand, the primary deficit remained high from FY 2014-15 to 2017-18, as seen in Figure 4.1, though it was negative (primary surplus) for the fiscal years 2011-12 and then again during 2013-14. Eventually, it reduced to ₹ 1777 Crores in FY 2018-19 and then once again increased to ₹ 2727 Crores in FY 2019-20. During the pandemic year 2020-21, it further increased to ₹ 8816 Crores. During the next two fiscal years (2021-22 and 2022-23), the state has recorded

a primary surplus of ₹ 3682 Crores and ₹ 1622 Crores, respectively. Further, the same is estimated at ₹ 4887 Crores in 2023-24. Except for 2015-16, the primary deficit as % of GSDP has remained under 3% throughout, even during the COVID-19 pandemic year (see Figure 4.2). During 2021-22 and 2022-23, when the primary deficit turned into a primary surplus, the primary surplus to GSDP ratio became 1% and 0.4%, respectively. In 2023-24, however, the primary deficit to GSDP ratio is estimated at 1.14%.

Figures 4.3: Other Deficit Indicators





Source: Jharkhand Economic Survey 2023-24 and Author's calculation

It is worthwhile to note that the CAGR of interest payments for the state during these twelve years is 10.41%. Importantly, the interest payment to GSDP ratio has remained almost stable between 1.34% to 1.76% from 2011-12 to the present, with only one exception being reaching 2.05% in 2020-21 due to the pandemic's impact on fiscal operations and lowering of economic output. The stability of the interest payment to GSDP ratio indicates that the debt servicing as a proportion of the overall economic size of the state has been managed effectively. Thus, in the case of Jharkhand, the lowering of the primary deficit as a percentage of GSDP for the state reinforces better fiscal management.

Further, regarding the deficit position of the state as mandated by the FRBM Act of 2003, the states must maintain interest payments as a percentage of revenue receipts to 18% to ensure debt sustainability. Though this target is no longer applicable as per the latest amendment to the FRBM Act, the data presented in Figure 4.3 shows that over the timeline of twelve years, this ratio for Jharkhand has remained between 8-11%, which is consistently below the earlier stipulated target of 18%.

Chapter 5: Level and Composition of Public Debt

5.1. Introduction

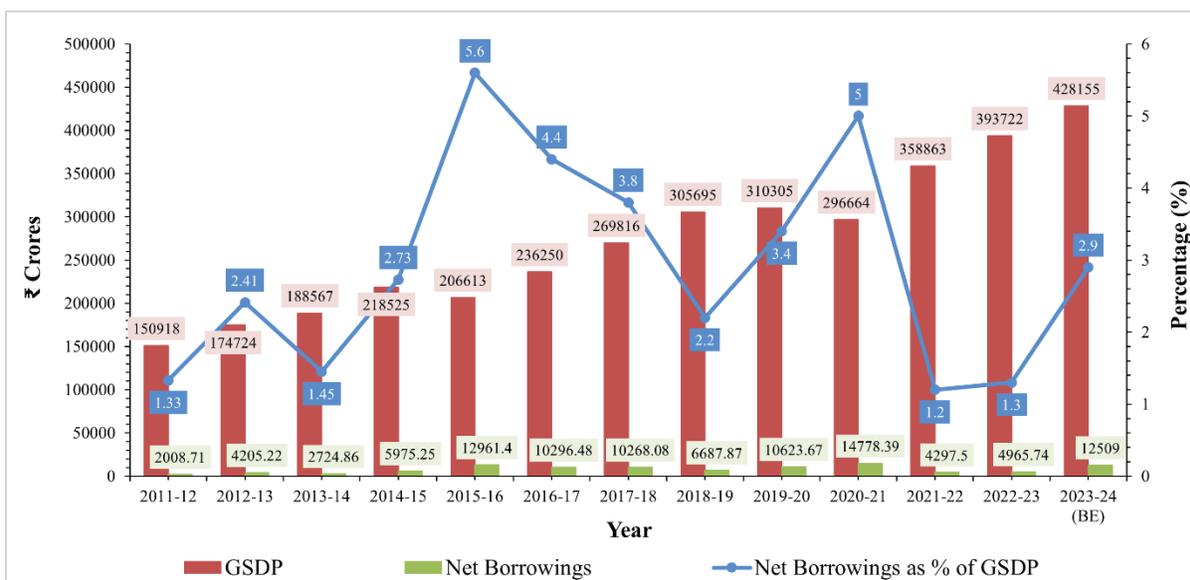
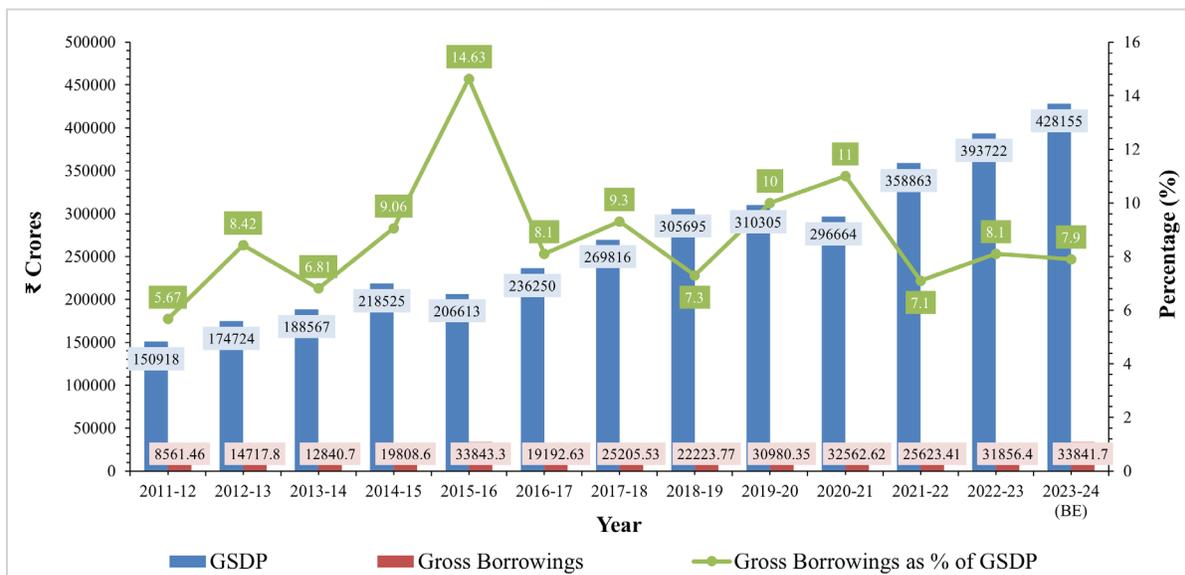
When the revenue receipts of a state government are not sufficient to cover its expenditure, the state needs to finance its expenditure through debt. If debt is directed towards capital expenditure, it helps to stimulate economic growth, thereby enhancing the government's debt repayment ability and hence is termed as efficient or productive debt. Uncontrolled accumulation of debt can lead to a situation known as a debt trap, where the government's debt burden overtakes its ability to service it and may lead to macroeconomic instability in growth. Thus, a crucial question emerges: How does the level of outstanding debt affect an economy, and could continued debt accumulation lead to a situation of financial bankruptcy? Thus, debt accumulation should be sustainable so that any government can manage the debt burden effectively. Therefore, constant monitoring of the accumulated level of debt and its growth rate is required to ensure debt sustainability. The International Monetary Fund (IMF) defines debt sustainability as "a situation in which a borrower is expected to be able to continue servicing its debts without an unrealistically large future correction to the balance of income and expenditure." Hence, the debt sustainability of any government reflects its capacity to manage and service its debt.

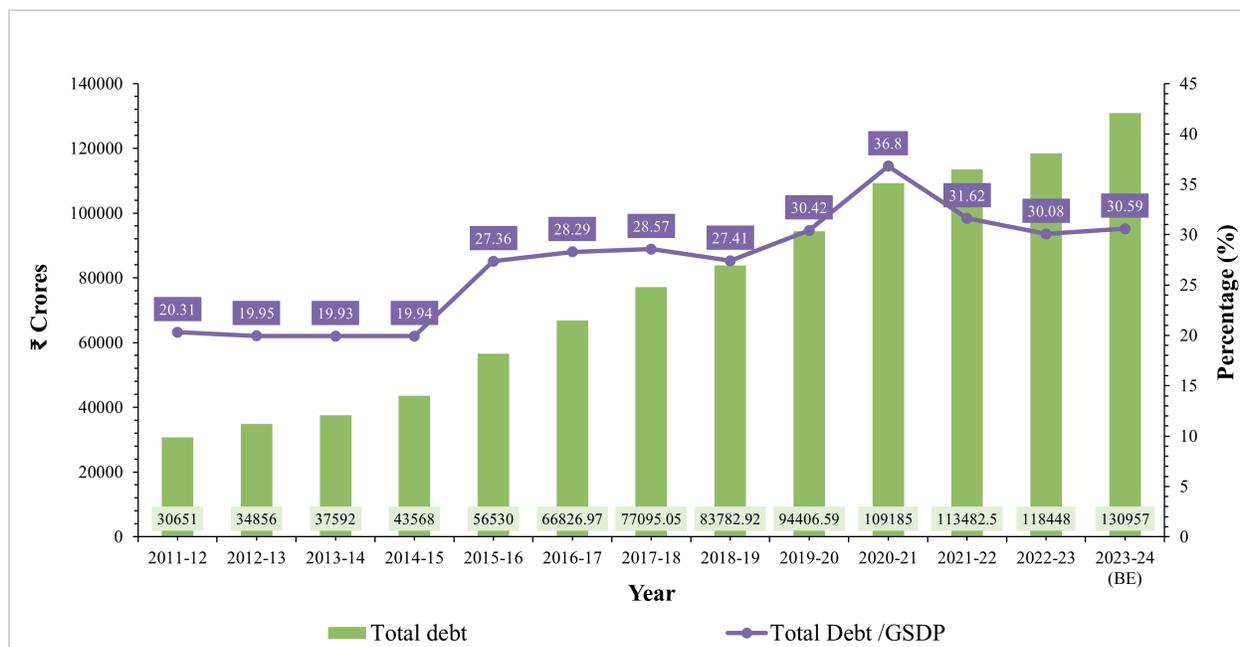
5.2. Measures of Debt Sustainability

The debt sustainability of any state government is assessed through a variety of metrics, the most commonly used being the debt-to-GSDP ratio (at constant prices with the base year 2011-12). A low debt-to-GSDP ratio indicates that a state's economy is robust enough to repay its existing debt obligations relative to its economic output. In other words, a state with a low debt-to-GSDP ratio produces more goods and services as compared to the debt taken to finance its expenditure and, thus, is in a stable fiscal position. Jharkhand Economic Survey 2023-24 mentions that for sustainability, the debt-to-GSDP ratio should be less than 35%. For the state of Jharkhand, we have considered the timeline from FY 2011-12 to FY 2023-24. As shown in Figure 5.1, in all these years, the debt-to-GSDP ratio has been well within the stipulated limit, except for FY 2020-21, the COVID-19 breakout year, when it reached 36.8%.

However, it is noteworthy that the key issue that remains is the increasing rate of accumulation of debt over these ten years. In 2014-15, the debt-to-GSDP ratio dropped to 19.94%, then it increased substantially to 27.36% in the following years and continued to grow from thereon, eventually reaching 36.80% in the year 2020-21 when the COVID-19 outbreak happened. Though the fiscal position indicates stability, the debt-to-GSDP ratio remains close to the limit of 35% (i.e., excess of 30%), indicating future expenditure overhaul may also need to take place, keeping in mind the state's revenue generation position.

Figures 5.1: The Debt-to-GSDP Ratio of Jharkhand along with Gross Borrowings, Net Borrowings and Total Debt

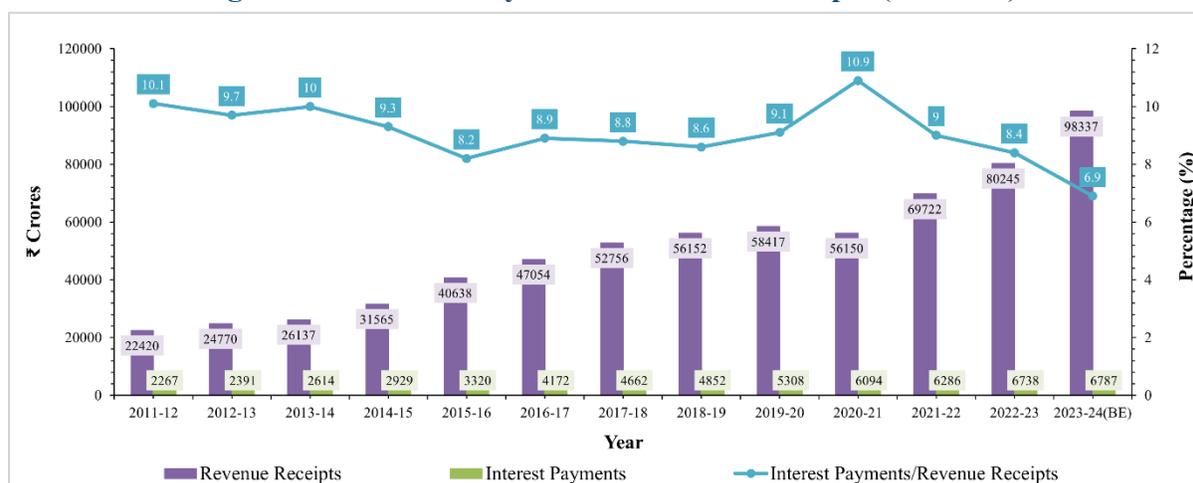




Source: Jharkhand Economic Survey 2023-24

Interest payment as a percentage of revenue receipts is another important metric that also reflects the debt sustainability of a state. It indicates the capacity of a state's revenue receipts to finance the payment of its interest, i.e., how much of the government's revenue is used for interest payments on the outstanding debt. A lower value of this metric indicates that the fiscal health of a state is good in terms of its debt servicing capacity.

While according to Kaur et al. (2014), the tolerable limit of the ratio of interest payments to revenue receipts is 20%, according to the Jharkhand Economic Survey 2023-24 and Mishra et al. (2020), the same should be less than 10%. The interest payments to revenue receipts for Jharkhand have been indicated in Figure 5.2 for the same timeline of 12 years from FY 2011-12 to FY 2023-24. It can be seen that in all these years, the ratio of interest payments to revenue receipts is largely less than 10%, except for the fiscal year 2011-12 and the COVID-19 year, i.e., FY 2020-21. From 2020-21 onwards, there has been a declining trend in the interest payments to revenue receipts, and it has fallen to 8.4% in the year 2022-23, which is further projected to slide down to 6.9% in the year 2023-24.

Figure 5.2: Interest Payment to Revenue Receipts (₹ Crores)

Source: Jharkhand Economic Survey 2023-24

It can be seen from above that both of the debt servicing indicators are well below their tolerable limit, except for the COVID-19 outbreak year. During that year, the expenditure increased, while the GSDP and revenue receipts decreased, so it is expected that both ratios will increase. Moreover, after 2020-21, there has been a declining trend for both these ratios. Therefore, it indicates that the overall performance of the state in terms of debt has been reasonable and improving since COVID-19 subsided. However, while comparing the debt sustainability metrics against the targets specified under the latest amendment to the FRBM, we could see that the cumulative debt-to-GSDP ratio is higher than the specified limit of 20%. On the other hand, the ratio of interest payment to revenue receipts is well below the specified target of 10% as specified in the 15th Finance Commission.

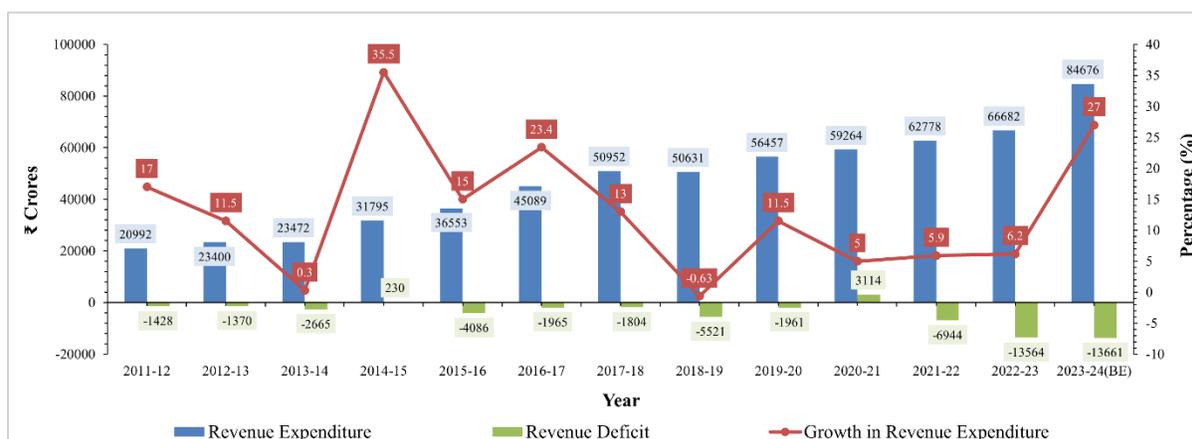
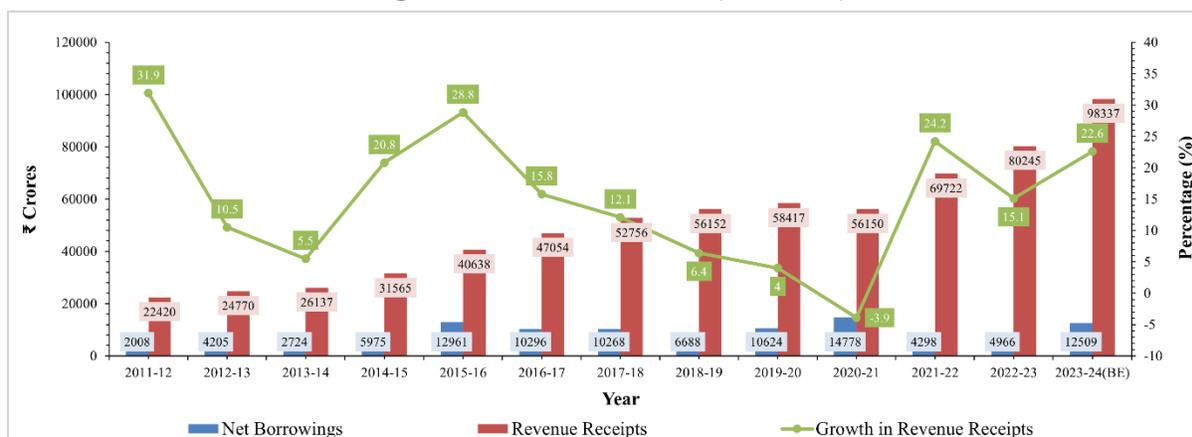
It is also worth noting that the compound annual growth rate (CAGR) of annual gross borrowings and the annual net borrowings over this period of 10 years from 2011-12 to 2023-24 have been 12.69% and 8.58%, respectively. During the same period, the cumulative debt had a CAGR of 13.07%. Further, the CAGR of interest payments is 10.41%, while the CAGR of revenue receipt has grown to 12.29%. During the same period, the CAGR of GSDP is 9.11%. Thereby, it indicates that the growth rate of cumulative debt is higher than the growth rate of GSDP by almost 4%, which means the amount of overall debt is growing faster than the state's GSDP. As mentioned earlier, this could be a problem for the state if the increasing expenditure is primarily directed towards revenue expenditure. On the contrary, the growth rate of revenue receipts is higher than the growth rate of interest payments by almost 2%, which means the amount of revenue receipts is significantly higher than the level of interest the state needs to pay. As such, we can conclude that amongst the two metrics of debt sustainability, while the cumulative debt-to-GSDP ratio runs a risk of surpassing the upper tolerable limit if the revenue expenditure sees a huge overhaul, the interest payment to revenue receipts ratio remains well within control.

5.3. Uses of Debt

From the previous discussion, we can conclude that debt is used to finance fiscal deficits. However, debt accumulation is considered unfavourable when it is used to cover revenue deficits rather than capital expenditures. In order to unravel how the debt taken has supported the government of

Jharkhand in financing the expenditure, we need to understand, in detail, the uses of debt as highlighted in Figure 5.3. The Figure illustrates that the revenue receipts have exceeded the revenue expenditure, revealing that the revenue deficit has been largely eliminated by the state, with the only notable exception being the COVID-19 year, i.e., FY 2020-21. In that year, the revenue receipts declined by almost 4%, primarily due to a drop in the non-tax revenue, while the revenue expenditure grew by 5%, leading to an overall revenue deficit of ₹ 3113.9 Crores for the state. Apart from that year, debt largely remains the main source of financing the capital expenditure. Further, during that year, net borrowing also peaked. However, following that, the same has drastically reduced to ₹ 4297.5 Crores in 2021-22 and remained around that level in the subsequent year.

Figures 5.3: Uses of Debt (₹ Crores)





Source: Jharkhand Economic Survey 2017-18, 2023-24, and Author's Calculations

While it was worrisome to witness that the net borrowing reached almost 86% of the state's capital receipt in 2019-20 and 83% during 2020-21, the satisfactory figure being that in 2021-22 and 2022-23, it significantly came down to 39% and 44% respectively though expected to be around 70% during the next fiscal year.

To conclude, from the above Figure 5.3, it is evident that the growth rate of revenue receipts has clearly galloped higher than the growth rate of revenue expenditure. Therefore, the increased borrowing of the state will be largely used for capital expenditure, which will make an efficient debt accumulation that will further support the state in boosting its GSDP in the long run.

5.4. Composition of the State's Borrowings

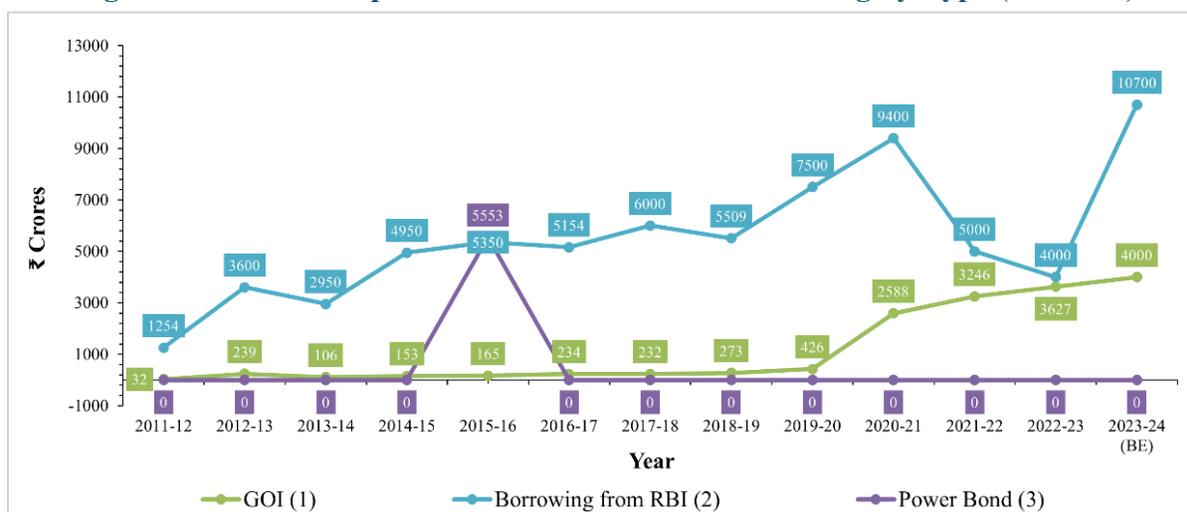
The gross borrowing of a state is primarily composed of borrowings from the RBI, negotiated loans and deposits of the state. Starting from 2011-12, these three accounted for over 80% of the state's gross borrowing (except 2015-16 due to the power bonds) and reached over 90% of gross borrowings in 2016-17 and continued to remain above 90% till 2018-19. But from 2019-20 onwards, their share has declined. The same has been accompanied by increased contributions from reserve funds in 2019-20. Till 2018-19, the total reserve funds of the state were between 1.5% and 2.4% of the total gross borrowing of the state. In 2019-20, it jumped to 14.13%, and after that, it again started declining. However, the contribution from the reserve funds is likely to remain in excess of the pre-COVID-19 levels.

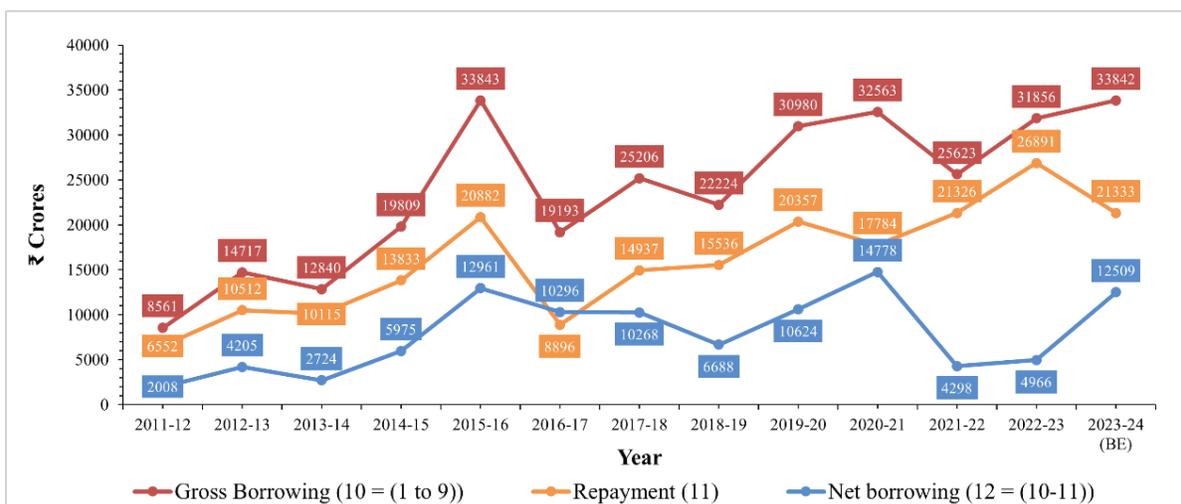
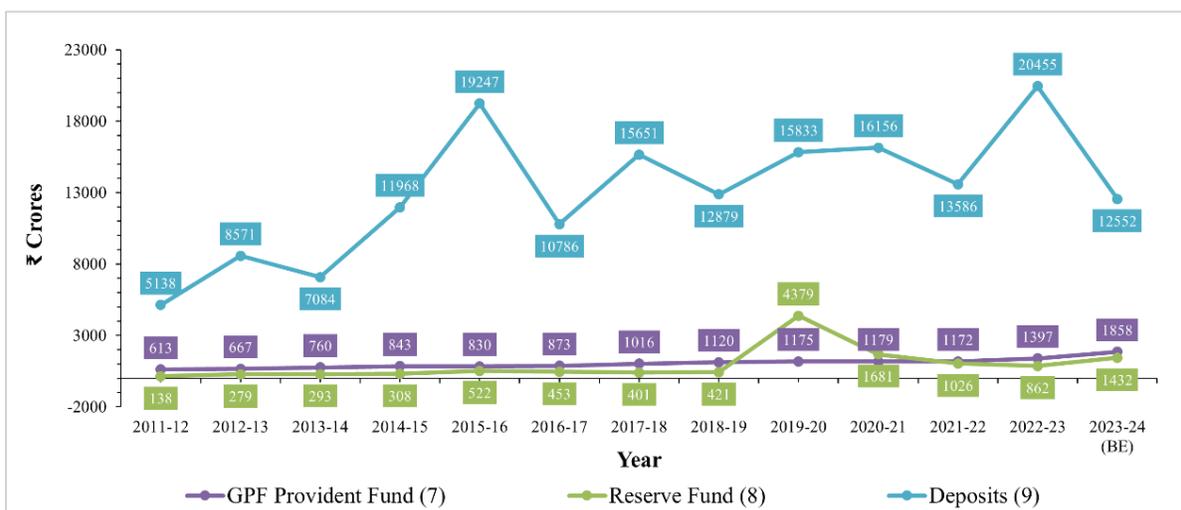
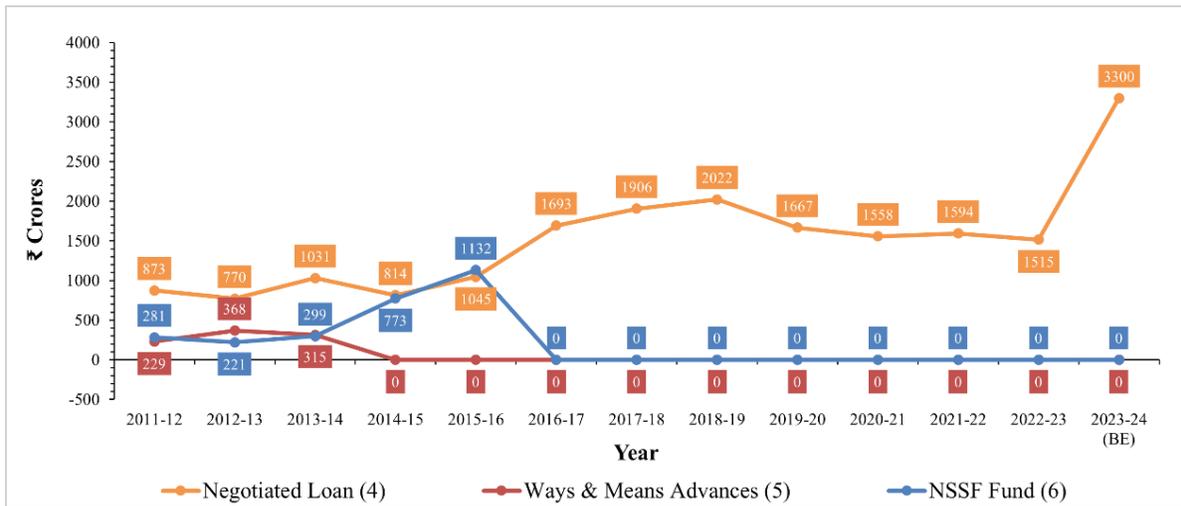
Another component of gross borrowing, the borrowing from the government of India (GoI), has shown a sudden spike in the year 2020-21. From 2011-12, the borrowings from the GoI largely remained less than 1% of the gross borrowing of the state. Between 2016-17 to 2019-20, the same had remained at 1%-1.4%. It increased to 7.95% in the year 2020-21 and further increased to 12.67% in the year 2021-22, i.e., during COVID-19 and post-COVID-19 years. Thereafter, it continued to be in the range of around 11.5%. This sudden increase in the share of borrowing from GoI is basically because of two government schemes. The first one is GoI's interest-free loan scheme for 50 years to states. These loans are provided to states to boost capital spending and create durable assets. The second scheme is GoI's additional loans to states and UTs on a back-to-back basis to address the GST compensation gap.

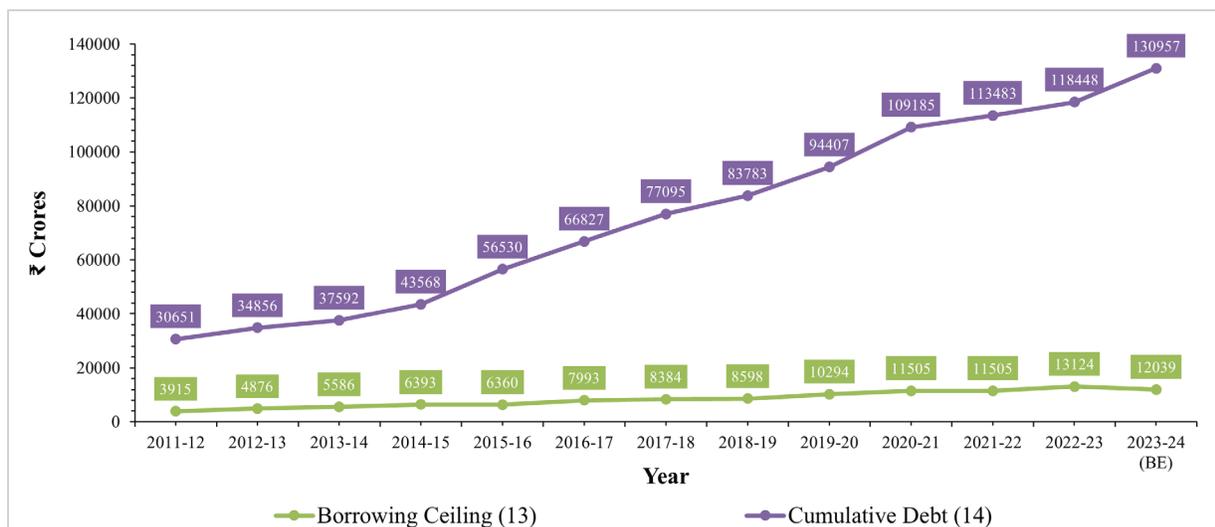
Deposits of the state as a percentage of gross borrowing were around 60% till 2018-19. In 2019-20, it had come down sharply to 51%, and in 2020-21, it had further dipped to less than 50%. Again, it increased after that to 64% in 2022-23, though estimated to be around 37% in the year 2023-24. Further, the borrowings from the RBI to the gross borrowing of the state were the highest in 2020-21 to the tune of 28.87% and reduced thereafter to as low as 12.55% in 2022-23. But for FY 2023-24, it has been estimated at 31.6%. Negotiated loans were in the range of 8-9% from 2016-17 to 2018-19. They declined to 5-6% after that and continued at that level till 2022-23. But for FY 2023-24, it has been estimated at almost 10%. The share of GPF provident fund to gross borrowing has been maintained at 4-5% throughout, and it has been estimated as 5.5% in 2023-24.

The other components of gross borrowing, like ways and means advances, were obsolete since 2014-15, while after 2016-17, there was a discontinuation in borrowing from the NSSF fund, too. This reflects a shift in Jharkhand's borrowing strategy and fiscal management. For instance, ways and means advances indicate a short-term borrowing mechanism from the RBI to assist the states in managing any temporary mismatches in cash flows. The same becoming obsolete after 2014-15 indicates an improved cash flow position for Jharkhand. Further, in 2015-16, the state raised funds through power bonds, a one-time borrowing associated with the launch of the Ujwal Discom Assurance Yojana (UDAY) scheme. The details of the composition have been demonstrated graphically, too.

Figures 5.4: The Composition of Annual Public Borrowing by Type (₹ Crores)







Source: Jharkhand Economic Survey 2017-18, 2018-19, and 2023-24

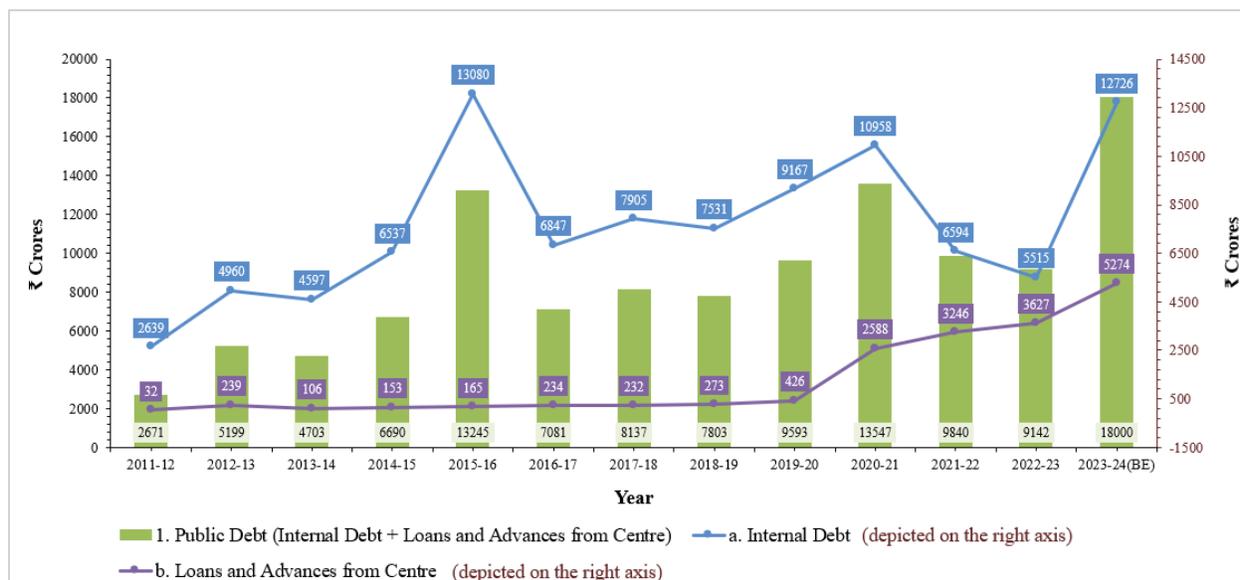
In short, the borrowing of the state government indicates better fiscal management and focuses on more strategic borrowing, thereby limiting its reliance on short-term borrowings.

5.5. Composition of State’s Outstanding Debt

Another key analysis is around the composition of the state’s outstanding cumulative debt. The total outstanding debt or liabilities of the state can be broadly categorized into three components: public debt, public account, and contingency fund. Public debt can further be divided into internal debt and loans and advances from the centre. Over the past eleven years, all of the total debt or liabilities, public debt, and net public accounts have shown an increasing trend (as shown in Figure 5.5). The compound annual growth rate (CAGR) of all three parameters is 11.12%, 11.84%, and 8.92%, respectively from 2011-12 to 2022-23.

Figures 5.5: The Composition of Outstanding Debt (₹ Crores)





Source: The Department of Finance, Government of Jharkhand, CAG report of Jharkhand state for FY 2018-19 and FY 2022-23 and the Author's calculation

Further, it can be seen that public debt always forms the lion's share in the total liabilities and has been maintained in excess of 70% of the overall liabilities. The notable exception was fiscal year 2016-17, when it dropped to 57% of the overall liabilities. The same can be attributed to a substantial increase in the overall public accounts. In that fiscal year, the public accounts grew to ₹ 5293 Crores. It is even more interesting to note that during that fiscal year, the public account receipts plummeted by around ₹ 7000 Crores. The substantial increase in the public account in that year is due to a massive reduction in the public account disbursements by around ₹ 10000 Crores. We will subsequently elaborate on each of the components to assess Jharkhand's performance and financial management regarding each type of debt.

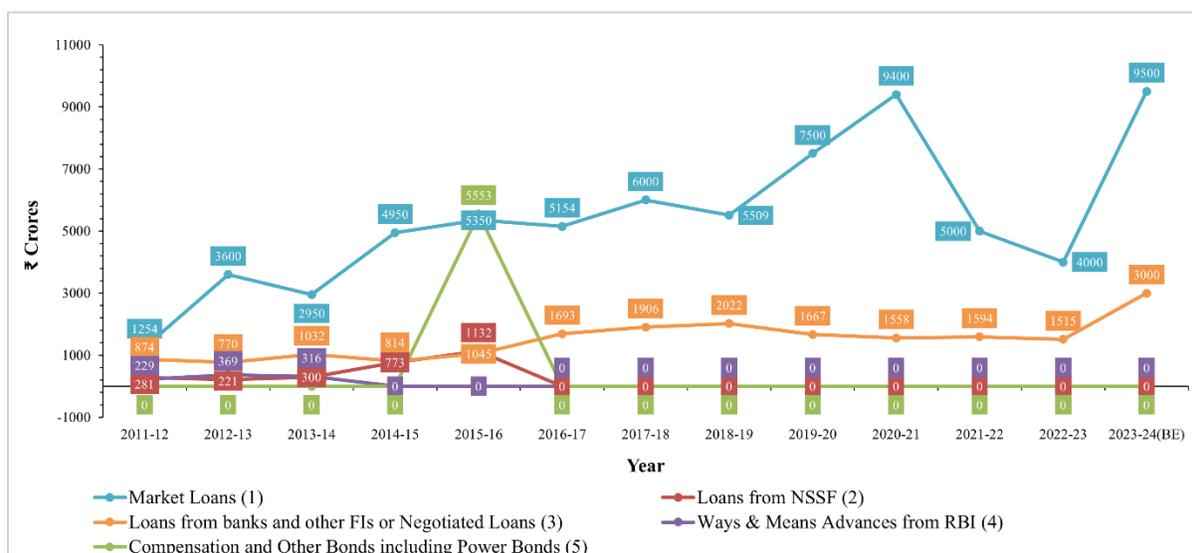
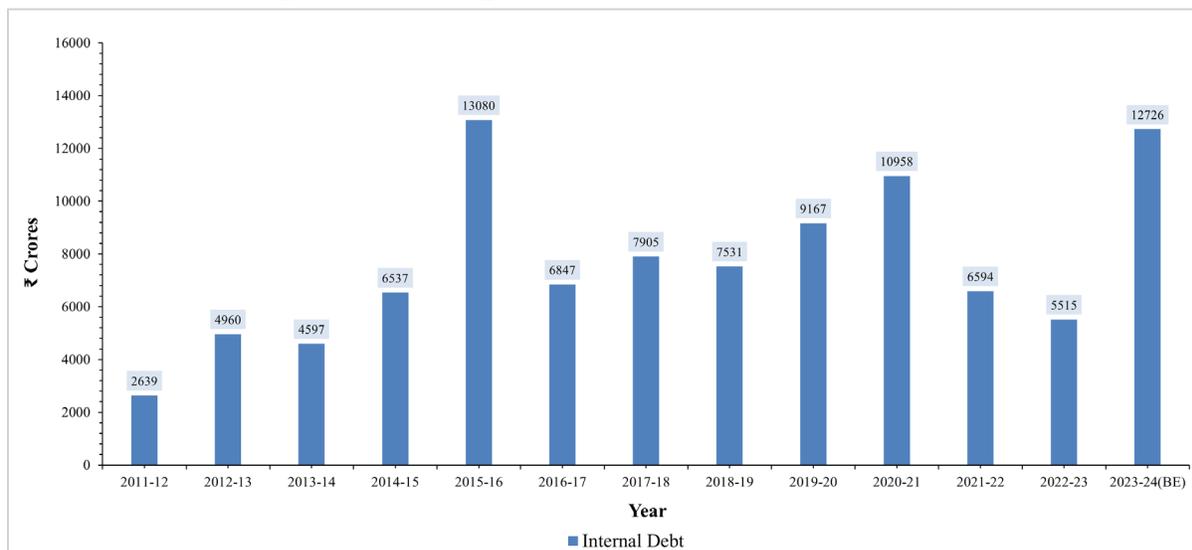
5.5.1. Internal Debt

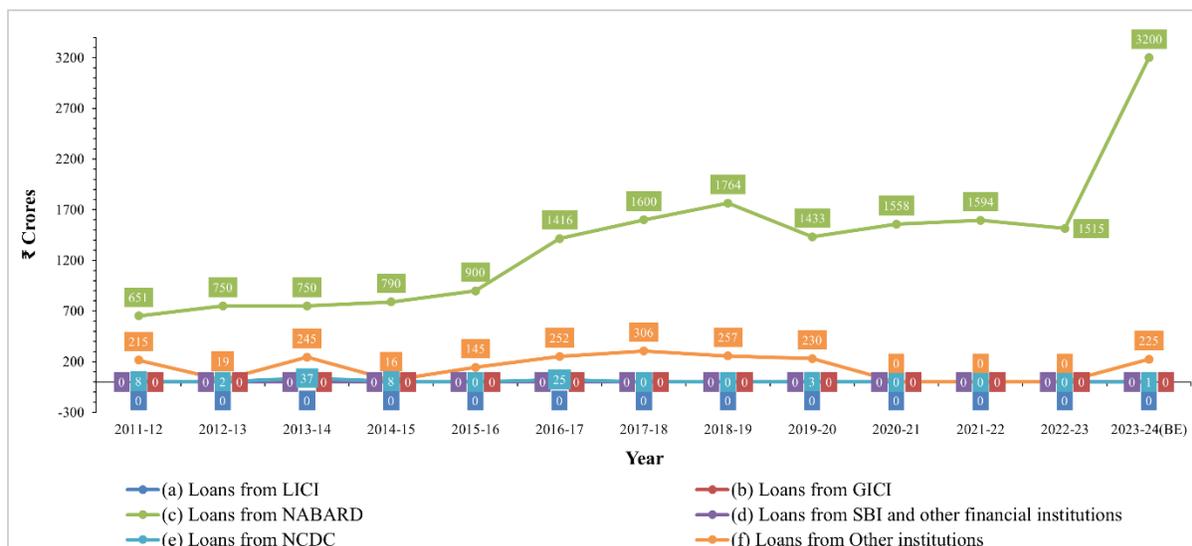
Internal debt constitutes the largest share of public debt for Jharkhand. It includes market loans (primarily borrowings from RBI), loans from National Small Savings Fund (NSSF) funds and loans from banking and other financial institutions, also known as negotiated loans, which includes loans from the Life Insurance Corporation of India (LIC), the General Insurance Corporation of India (GICI), the National Bank for Agricultural and Rural Development (NABARD), the State Bank of India and other banks, loans from the National Co-operative Development Corporation (NCDC) and various other institutions. Further, it also contains ways and means advances from RBI and funds of any other form, like compensation and other bonds, including power bonds.

Figure 5.6 provides a year-on-year breakdown of the composition of internal debt, highlighting detailed figures for internal loans. The primary contributors to internal loans are market loans and negotiated loans. Up until 2015-16, the state also borrowed from NSSF. However, this source was discontinued afterwards. Negotiated loans primarily consist of loans from the NABARD. From the figure, it can be seen that from 2016-17, the internal loans displayed an upward trend, peaking during the COVID-19 year (2020-21) at ₹ 10958.31 Crores and then declining to ₹ 6594.22 Crores in 2021-22 and further to ₹ 5515.2 Crores in 2022-23.

Summarising the above, we understand that Jharkhand mainly relied on stable sources like market loans and negotiated loans for its internal debt to manage its fiscal needs. However, it needs to remain cautious about excessive reliance on internal debt to ensure debt sustainability since internal loans increase a state’s vulnerability to interest rate fluctuations, thereby adversely affecting the debt servicing capacity of the state.

Figures 5.6: Composition of Internal Debt (₹ Crores)





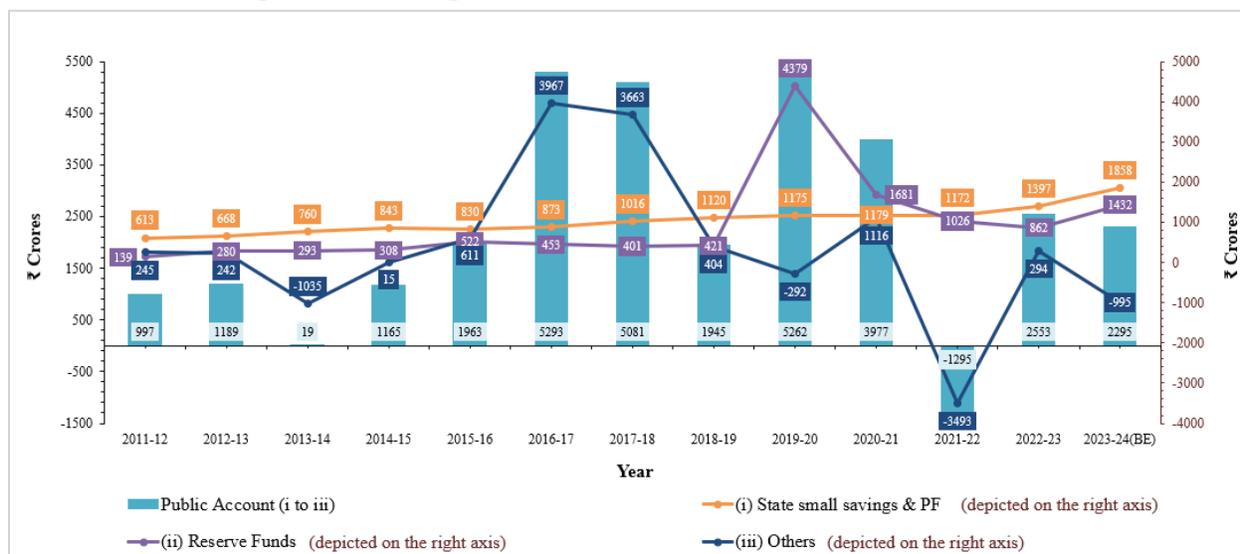
Source: The Department of Finance, Government of Jharkhand

5.5.2. Loans and Advances from the Centre

Loans and advances from the Government of India (GoI) form a small part of public debt and cover different loan schemes of the GoI, compensation schemes, relief assistance on account of natural calamities, etc. Loans and advances from the centre jumped significantly from 2011-12 and then remained static thereafter till 2019-20. It, however, experienced an exponential surge post-COVID-19 from ₹ 4981.8 Crores in 2020-21 to ₹ 11363.94 Crores in 2022-23. This is because of the GoI's schemes, which have been mentioned earlier in section 5.3. Figure 5.5 further shows that the loans from the centre constituted between 1% and 5% of the public debt till 2019-20. After that, it started increasing, and in the year 2022-23, it accounted for nearly 40% of the total public debt. In terms of CAGR, the loans and advances from the centre grew by 53.73% during the stipulated period.

5.5.3. Public Account

The public account encompasses state small savings and provident funds, reserve funds and deposits of states, and other miscellaneous funds. The public account balance has been largely showing an increasing trend since 2014-15, except showing a dip in the year 2021-22, the year following COVID-19. The same is shown in Figure 5.7 (composition of public account debt). The state savings and PF form a substantial portion of the public accounts. It is noteworthy that during COVID-19, when the public accounts declined substantially, the state savings and PF remained at the limit levels, and the decline in public accounts was largely due to a massive fall in the reserve funds.

Figure 5.7: Composition of Public Account Debt (₹ Crores)

Source: The Department of Finance, Government of Jharkhand, CAG report of Jharkhand state for FY 2018-19 and FY 2022-23 and the Author's calculation

A profound analysis of cumulative liabilities specifies that the internal debt continues to be the biggest source of the state's debt, followed by public accounts and then loans from the centre. The contribution of internal debt towards overall debt has always been in excess of 70% since 2014-15 and now has declined to 66% from 2021 to 2022 and further decreased to 62% in 2022-23. Whereas the contribution of public accounts towards total debt has been around 20% till 2015-16, then it has increased to 42% during 2016-17 and stayed at 21% in 2022-23. The contribution of loans from the centre towards debt has always remained at around a 3% to 4% level till 2020-21. It has jumped to 19% in 2020-21 and further increased to 33% in 2021-22 and then to 40% in 2022-23.

The reason for the same has been explained above and is primarily attributed to the two GOI schemes, one to boost capital outlay and the other as a form of GST compensation to the states. Nevertheless, the debt of the state has continued to be sustainable throughout, except for the COVID-19 year, i.e., 2020-21.

5.6. Conclusions

To summarise the findings, we may conclude that the state of Jharkhand needs to balance its debt accumulation with economic growth to ensure its debt sustainability. It is known that for any state, the fiscal deficits are financed through borrowing, but it is also noteworthy that capital expenditures are financed by productive debt. An excessive accumulation of debt can, however, cause macroeconomic instability, thereby leading to debt traps.

The advisable limit of the state's debt-to-GSDP ratio is 35%, and for Jharkhand, it has remained below that, with the only exception being the FY 2020-21, when COVID-19 was at its peak. The said ratio surpassed that limit to the extent of 36.8%. Since then, there has been a stabilisation of the ratio, though it remained close to the threshold, signalling that the expenditure needs to be

carefully managed. Jharkhand's debt sustainability is further demonstrated by the fact that interest payments as a percentage of revenues have continued to remain below the benchmark of 10% for most of the past decade.

Despite the CAGR of cumulative debt having grown 13.07%, which is faster than the growth of GSDP of 9.11%, revenue receipts have outpaced interest payments, guaranteeing the state's debt serviceability. Borrowing has largely been used to fund capital expenditure and not revenue deficits, with the exception of COVID-19.

Jharkhand is demonstrating a strategic borrowing approach, as there has been a shift in the source of borrowing in the past few years. In the case of internal debt, the two primary components include market loans and negotiated loans, with the Government of India's special loan schemes post-COVID-19 also showing an increase. Provident funds and reserve funds, which are the components of public account liabilities, also have their share in total debt, have shown fluctuations over the years.

Chapter 6: Implementation of the FRBM Act

6.1. Introduction to the Fiscal Responsibility and Budget Management (FRBM) Act, 2003

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003, was enacted by the Indian Parliament to institutionalise financial discipline at both the central and the state levels. It primarily aimed to reduce India's fiscal deficit, ensuring inter-generational equity in fiscal management and long-term macroeconomic stability, which will be conducive to economic growth. The act's objective was to remove fiscal impediments to effective monetary policy by setting targets for reducing the fiscal deficit and eliminating the revenue deficit over time. Additionally, it sought to enhance transparency in fiscal operations and the conduct of fiscal policy.

A key objective of the FRBM Act was to restrict central government borrowings in order to achieve prudential debt management consistent with fiscal sustainability while setting targets for reducing the central government's debt-to-GDP ratio. It was stated that the Government of India should take appropriate measures to limit the fiscal deficit to 3% of GDP by the end of 31st March 2021. Specifically, it mandated the central government to reduce the fiscal deficit by equivalent to 0.1% or more of GDP annually starting from the financial year 2018-19 so that the above-specified target is achieved. It also directed the government to limit debt to up to 60% of GDP, of which 40% should be central government debt and the rest 20% should be state government debt. Further, on the issue of consolidated funds, the government was directed not to provide additional guarantees with respect to any loan on security if it exceeded 1.5% of GDP. Additionally, the act also mandated the government to present medium-term fiscal policy (MTFP) statements, thus setting out rolling targets for fiscal indicators.

Through these mandates, the act aimed to promote sustainable fiscal practices and limit borrowing while maintaining fiscal stability. Subsequently, the original FRBM Act underwent several amendments to adapt to economic circumstances, including changes to fiscal deficit targets and timelines, with the latest amendment being made in April 2018. We have discussed all these amendments specific to the state of Jharkhand in the subsequent sub-sections.

6.1.1. Jharkhand FRBM (JFRBM) Act 2007

Jharkhand Fiscal Responsibility and Budget Management (JFRBM) Act, 2007, was enacted based on the recommendations of the Twelfth Finance Commission (TFC). Its primary aim was to ensure prudence in fiscal management, debt sustainability through improved debt management, and greater transparency in the fiscal operations of the state. As per the act, the State Government of Jharkhand was to take appropriate measures to eliminate the revenue deficit by the end of March 2009 and reduce the fiscal deficit at sustainable levels (to not more than 3% of the estimated Gross State Domestic Product (GSDP)) by March 2009. It also aimed at maintaining government debt to prudent levels by reducing the interest payment as a percentage of revenue receipts to 18-25% while maintaining a primary surplus of over 3% of GSDP by the end of 31st March 2008. The other critical fiscal targets laid down in this act include reducing the ratio of salary to the state's own revenue to 80% and reducing the ratio of non-interest committed revenue expenditure to the state's own and mandated revenue to 55% by the end of 31st March 2008. Further, the total debt stock should be limited to 300% of the total revenue receipts of the state by the end of 2007-08.

6.1.2. Jharkhand FRBM Act 2010 (Amendment to the 2007 Act)

The JFRBM Act of 2010 is an amendment to the earlier JFRBM Act of 2007. According to the same, the state of Jharkhand aimed to reduce the fiscal deficit to 3% of the estimated GSDP by the end of March 2011. The amendment was carried out in pursuance of the sanction of government debt of up to 4% of the Gross State Domestic Product (GSDP). In the subsequent amendment of 2011, the deadline for achieving the target fiscal deficit as proposed in the amendment of 2010 was extended to 31st March 2012. Further, a clause related to the wise ratio of outstanding debt to GSDP was inserted, where the state was supposed to gradually decrease the ratio every year, and finally, it was reduced to 26.9% by the end of the fiscal year 2014-15.

6.1.3. Jharkhand FRBM Act 2015 (Amendment to the 2007 Act)

The JFRBM Act of 2015 is an amendment to the earlier JFRBM Act of 2007. According to the same, it is stated that for the financial years 2015-16 and 2016-17, the target fiscal deficit for the state should be limited to 3.5% of the Gross State Domestic Product (GSDP), whereas for the financial years 2017-18, 2018-19 and 2019-20, the target fiscal deficit is revised to 3.25% of the GSDP, and 3% thereafter. In addition, the state needs to reduce its revenue deficit to zero by the end of the fiscal year 2015-16.

Further, the revenue received by the state's electricity distribution company (DISCOM) in the form of market loans for the financial years 2015-16 and 2016-17 for its financial rehabilitation and upgradation under the government-sponsored scheme of UDAY is subject to the fulfilment of the above-mentioned conditions of meeting the fiscal and revenue deficit targets.

6.1.4. Jharkhand FRBM Act 2020 (Amendment to the 2007 Act)

The Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2020, is an amendment to the Jharkhand FRBM Act, 2007. It was introduced to revise the targets set during the previous amendments in light of the financial challenges posed by changing economic conditions, including the COVID-19 pandemic. Further, this act was introduced in pursuance of the Government of India's policy on States' Fiscal consolidation for the financial years 2019-20 (post facto) and 2020-21. Some key amendments highlighted in this act include the increasing of the state's fiscal deficit target from 3% to 5% of Gross State Domestic Product (GSDP) for the financial year 2020-21 under some stipulated conditions, including implementation of One Nation One Ration card system, ease of doing business reform, urban local body and utility reforms, and power sector reforms. Each of them is allotted a weight of 0.25% of GSDP, totalling 1%, while the other 1% comprises two equal tranches of 0.50% each, with one tranche being untied and the other one subjected to the fulfilment of at least three of the four reforms mentioned.

The timeline for achieving the fiscal deficit target of 3% of GSDP was extended, recognising the economic disruption caused by the pandemic.

6.1.5. Jharkhand FRBM Act 2021 (Amendment to the 2007 Act)

The Jharkhand FRBM Act, 2007, was amended in November 2021 in pursuance of the Government of India policy on the state's fiscal consolidation for the financial years 2021-22 to

2025-26. The amended FRBM Act of November 2021 aimed to reduce the fiscal deficit to 4% of the estimated GSDP for FY 2021-22, 3.5% for FY 2022-23, and 3% for FYs 2023-24 to 2025-26. The fiscal deficit was to be reduced by an additional 0.50% of the estimated GSDP for the FYs 2021-22 to 2024-25, subject to reforms in the power sector.

On summarising the salient features and objectives as laid down under the FRBM Act 2003, Jharkhand FRBM Act of 2007, and the subsequent amendments to the JFRBM Act of 2007 of 2010, 2011, 2012, 2015, 2020, and 2021, respectively, we get the following table of specified targets that need to be fulfilled.

Table 6.1. Targets as Specified Under FRBM 2003, JFRBM 2007, and Subsequent Amendments

Particulars	Targets
Revenue Deficit	Revenue Deficit needs to be removed
Fiscal Deficit	3.5% of GSDP for 2015-16 and 2016-17 3.25% of GSDP for 2017-18, 2018-19, 2019-20 5% of GSDP for 2020-21 4% of GSDP for 2021-22 3.5% of GSDP for 2022-23 3% of GSDP thereafter
Primary Surplus	3% of GSDP
Debt	26.9% of GSDP by 2014-15 20% GSDP eventually
Interest Payment	18-25% of revenue receipts
Salary Paid	80% of the state's own revenue
Non-interest committed revenue expenditure	55% of state's own and mandated revenue
Total debt stock	300% of the total revenue receipts

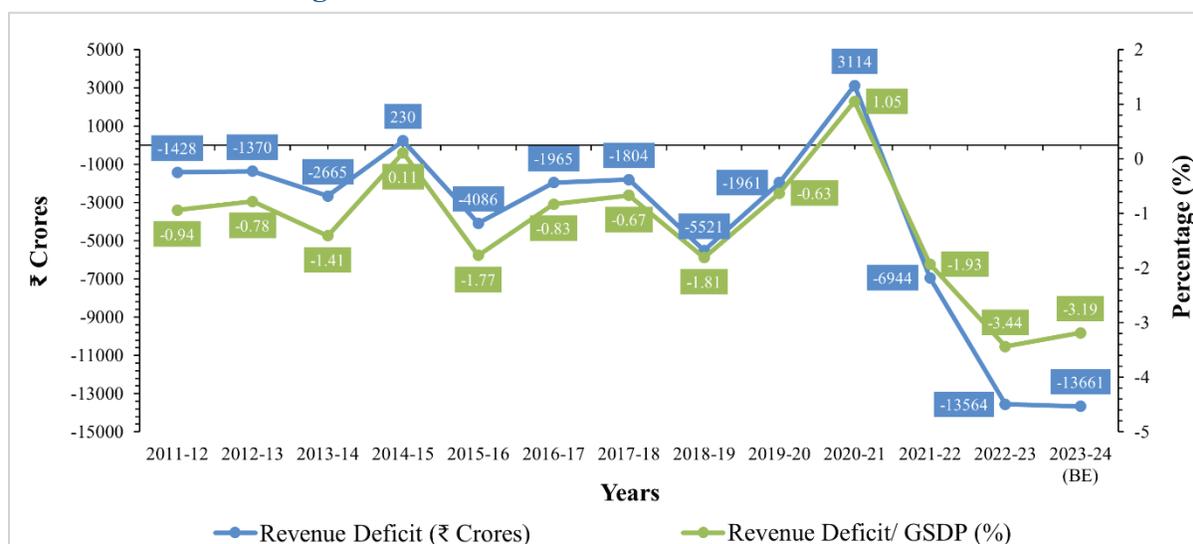
Sources: FRBM Act 2003, JFRBM Act 2007, JFRBM Act 2015, JFRBM Act 2020, JFRBM Act 2021, Evaluation of State Finances Report for 14th and 15th Finance Commission

6.2. Performance of Jharkhand and Commitment Towards Targets

In the subsequent sections, we will analyse the performance of the state of Jharkhand with respect to the targets mandated under the FRBM Act 2003, the JFRBM Act 2007, and the subsequent amendments mentioned in Table 6.1.

6.2.1. Revenue Deficit Position

As per the original FRBM Act, every state is required to eliminate its revenue deficit. On the revenue deficit part, from 2021-22 onwards, Jharkhand has already eliminated the revenue deficit and has now become a revenue surplus state with a current revenue surplus projected to exceed ₹ 13000 Crores. Further, the state has shown an increase in the revenue surplus year on year since 2014-15 (the only aberration being 2020-21 during the COVID-19 pandemic), which is projected to be at 3.19% of the GSDP. Thus, Jharkhand has well achieved the target of eliminating the revenue deficit, barring the 2020-21 fiscal year.

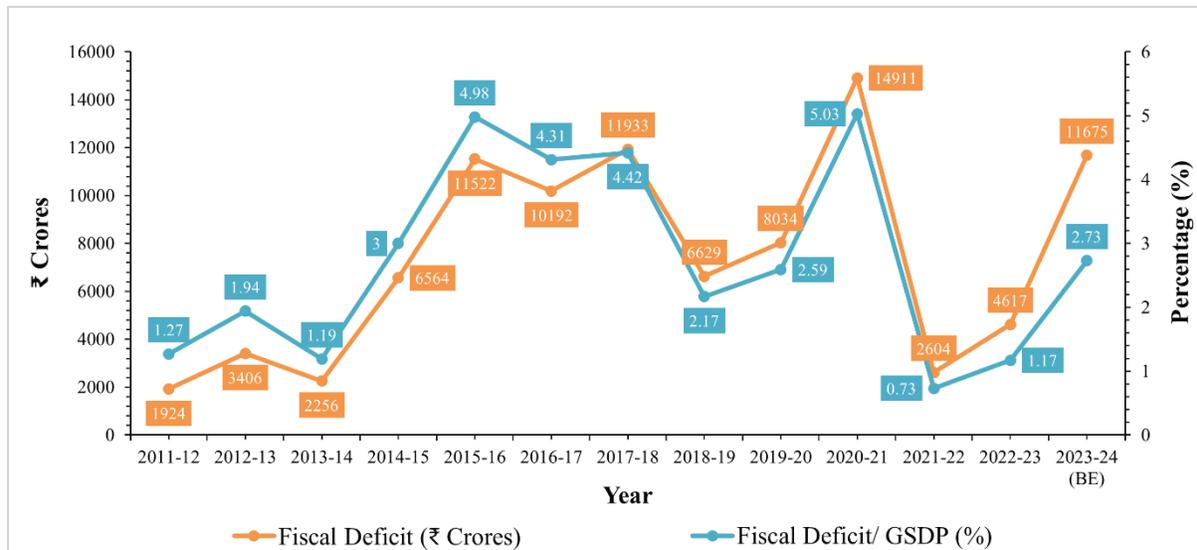
Figure 6.2: Revenue Deficit Position of the State

Source: Jharkhand Economic Survey 2023-24

6.2.2. Fiscal Deficit Position

The deficit position of the state indicates that the fiscal deficit as a percentage of Gross State Domestic Product (GSDP) is 1.17% and is projected to rise to 2.73% in the fiscal year 2023-24, which is within the target of 3% set as a part of the Jharkhand FRBM Act Amendment of 2021. A year-on-year analysis also shows that the deficit position has remained well within the specified limits over the past few years, with the first noteworthy exception happening in the financial year 2015-16 due to the borrowings of ₹ 5553 Crores under the UDAY scheme. Even the fiscal deficit as a percentage of the GSDP remained well above the stipulated target for the following two years. In 2016-17, the high fiscal deficit was mainly due to a decline in capital receipts, while in 2017-18, it was due to a rise in capital expenditures. Once again, in 2020-21, the state was unable to fulfil its commitment to maintaining the fiscal deficit to within 5% of the GSDP when the fiscal deficit rose to ₹ 14911 Crores. The same happened due to the COVID-19 pandemic, when revenue deficits also contributed to fiscal deficits.

Figure 6.3: Fiscal Deficit Position of the State

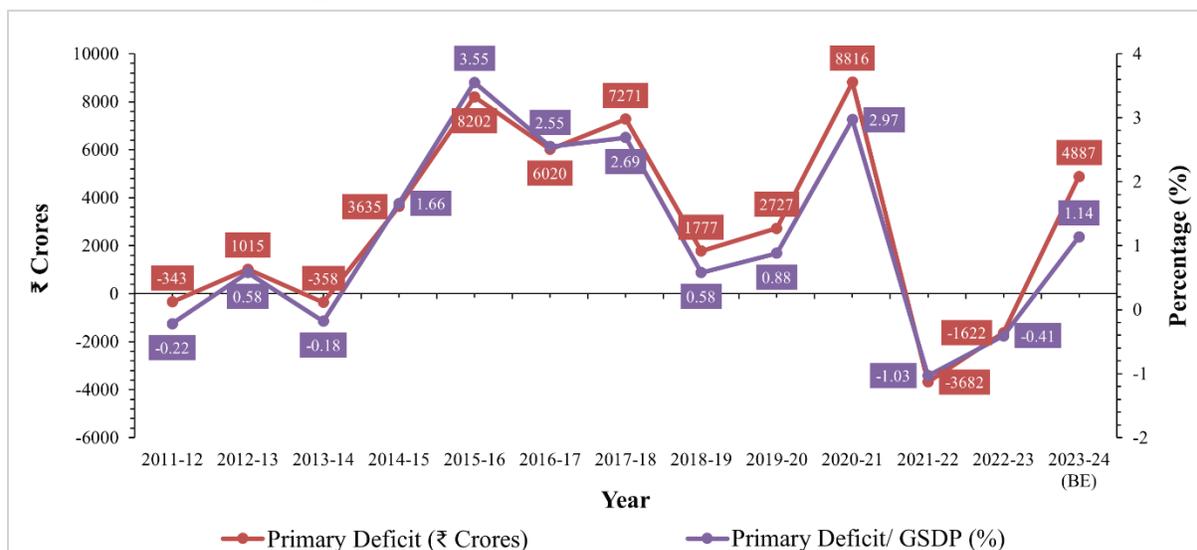


Source: Jharkhand Economic Survey 2023-24

6.2.3. Primary Deficit Position

The states are required to have a primary surplus of 3% of the GSDP. However, Jharkhand has done poorly on this front. It is likely to have a primary deficit of 1.14% in the fiscal year 2023-24. However, both in 2021-22 and 2022-23, the state is able to maintain a primary surplus of 1.03% and 0.41% of the GSDP, respectively. From the previous chapter on deficits, we have seen that the compound annual rate of growth of fiscal deficit (8.28%) is lower than the rate of growth of interest payments (10.41%). Hence, the primary deficit is set to become smaller in the future. Further, since GSDP is growing at a CAGR of 9.11%, which is higher than the CAGR of fiscal deficit, the ratio of primary deficit to GSDP will be stabilised at around 1% sooner.

Figure 6.4: Primary Deficit Position of the State

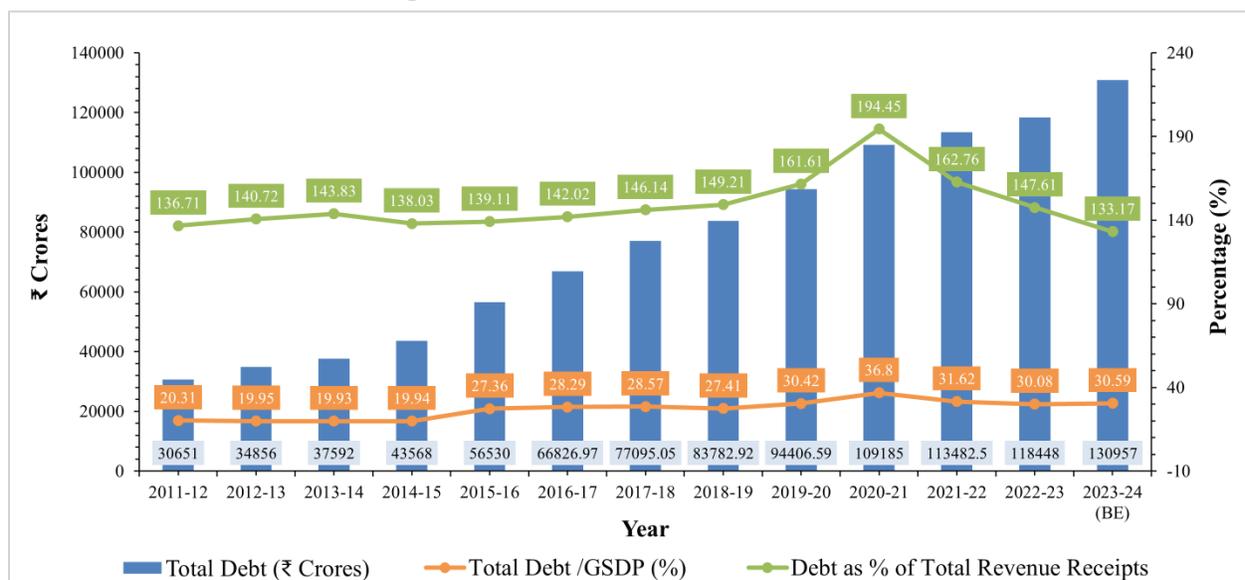


Source: Jharkhand Economic Survey 2023-24

6.2.4. Debt Position

On the front of debt, states are required to maintain a debt-to-GSDP ratio of 20% to achieve prudential debt management consistent with fiscal sustainability. In the case of Jharkhand, the debt to GSDP ratio is rising substantially above the stipulated limit of 20%. In fact, from 2019-20 onwards, it has remained in excess of 30% and even reached 36% during the fiscal year 2020-21. Cumulative debt is projected to stand at 30.59% of GSDP in 2023-24, substantially higher than the set target. Moreover, states are also required to have an upper limit of debt to revenue receipts of 300%. Again, from the figure below, we can see that the same ratio has remained well below 200% since 2011-12 and is currently projected to be at 133.17% in 2023-24. Hence, we could state that even though the state has failed to maintain the required target of 20% of debt to GSDP, it is able to meet the target of 300% of debt to revenue receipts.

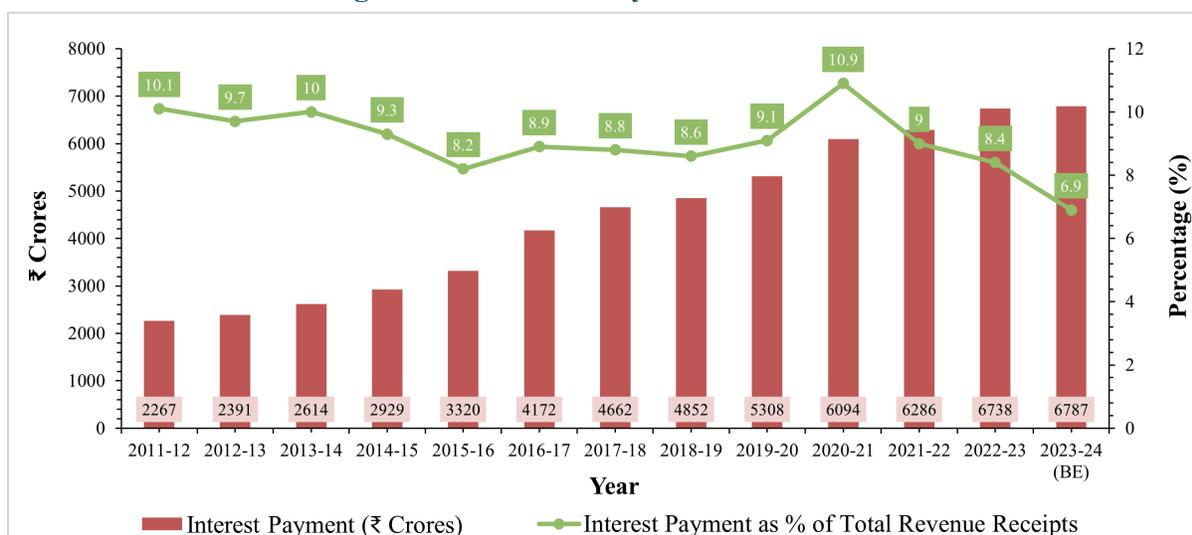
Figure 6.5: Debt Position of the State



Source: Jharkhand Economic Survey 2023-24 and Author's Calculation

6.2.5. Interest Payments

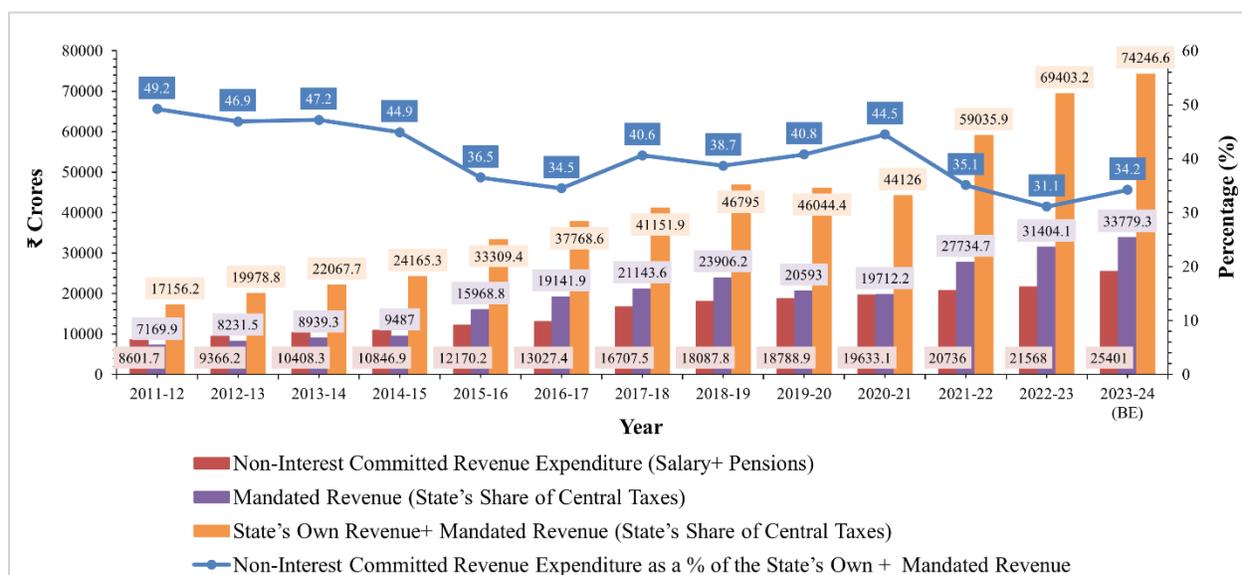
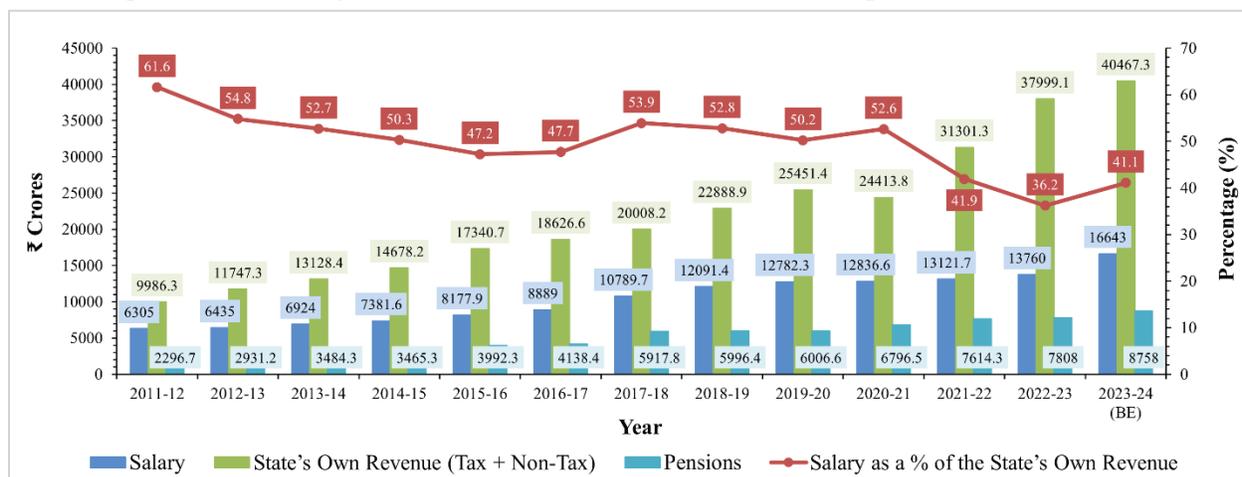
Under the FRBM Act, states should maintain the interest payments as a percentage of total revenue receipts at 18-25%. In this respect, the table presented below shows that the performance of the state is excellent, as this ratio is currently projected to be 6.9% in 2023-23. Not only that, since 2011-12, the state has been able to restrict the ratio to close to 10%, and the same has been declining since 2020-21.

Figure 6.6: Interest Payments of the State

Source: Jharkhand Economic Survey 2023-24 and Author's Calculation

6.2.6. Salary Paid and Non-Interest Committed Expenditure

As far as the payments of salary are concerned, FRBM Act mandated the states to maintain the same at 80% of state's own revenue (i.e. sum of state's own tax and state's own non-tax revenue) and also keep the non-interest committed expenditure (sum of salary and pensions) at 55% of the sum of state's own revenue and the mandated revenue (i.e., centre's transfer to states of the taxes collected). An analysis of the ratio of salary to the state's own revenue indicates that the state of Jharkhand is able to consistently maintain it within the stipulated ceiling. In fact, during the last fiscal year of 2022-23, it stood at below half of the stipulated ceiling at around 36.2%. Further, the ratio of salary to the state's own revenue declined from 2011-12 to 2016-17 and then again jumped a little bit. However, since 2020-21, it has been going down consistently and reached 36.2% in the fiscal year 2022-23. Again, in the case of non-interest committed revenue expenditure as a ratio of the state's own and mandated revenue, we can see that the same is also well within the limits as stipulated under the FRBM Act. Further, the ratio is also showing a decline from 2011-12 to 2016-17. Once again, it has started showing a downtrend after the 2020-21 fiscal year. Hence, under these two objectives related to revenue expenditure, the state is doing very well by keeping the required ratios significantly below the targets.

Figures 6.7: Salary Paid and Non-interest Committed Expenditure of the State

Source: Jharkhand Economic Survey 2023-24, Jharkhand Economic Survey 2017-18, Jharkhand Budget Files and Author's Calculation

6.3. Mid Term Fiscal Policy of Various Departments and Aggregates

As per the FRBM Act, the State Government has to lay before the State Legislature a Five-Year Fiscal Plan and the Annual Budget. The Medium-Term Fiscal Policy (MTFP) Statement has to set forth a three-year rolling target for a set of prescribed fiscal indicators, as shown in the table below.

Table 6.8: Fiscal Indicators

Fiscal Indicators --- Rolling Targets (in %)	2022-23	2023-24 (BE)	Targets		
			2024-25	2025-26	2026-27
Fiscal deficit as a percentage of GDP	1.17	2.73	3.00	3.00	3.00
Revenue Deficit as a percentage of GDP	-3.44	-3.19	0	0	0
Primary deficit as a percentage of GDP	-0.41	1.14	-3.00	-3.00	-3.00

Fiscal Indicators --- Rolling Targets (in %)	2022-23	2023-24 (BE)	Targets		
			2024-25	2025-26	2026-27
Total Government debt as a percentage of GDP	30.08	30.59	27.00	27.00	27.00

Source: Jharkhand Medium Term Fiscal Plan Document 2023-24

It is clear from the above discussions that the ability of Jharkhand to adhere to the proposed objectives of the FRBM Acts largely is due to the fact that the state has improved its position to raise its own revenues (both tax and non-tax) and not on the contraction of expenditure. We can state the fiscal policy of the state in the future could be heading at the following characteristics:

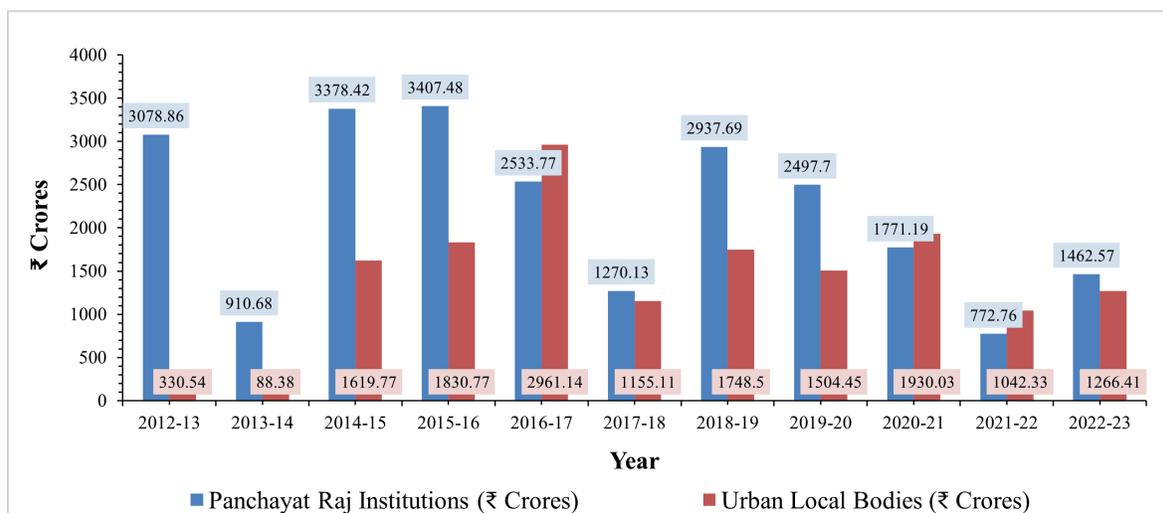
1. The revenue surplus will be maintained at around 3% of GSDP primarily due to the increase in the revenue receipts for the state, which has also outpaced the state's revenue expenditure. The growth of tax revenues is attributed to the broadening of the tax base and higher tax buoyancy.
2. The fiscal deficit of the state as a percentage of GSDP is likely to remain well within the specified limit as mandated by the FRBM Act. With the state's revenue showing an increase at a rate higher than the revenue expenditures, a part of the same could be used for capital expenditures at an increasing rate, thus will be able to increase the GSDP. As a result, the fiscal deficit as a ratio of the GSDP will remain stabilised and lower than the set target.
3. The cumulative debt as a part of GSDP will also remain at around 31%, which is significantly below the ceiling of 35%, which is considered sustainable debt as per the Jharkhand Economic Survey 2023-24.
4. Interest payments, which form a significant part of revenue expenditure when compared to revenue receipts, are likely to remain stable and below the target set under the FRBM Act. Further, the salary to the state's own revenue is likely to decrease in the future, along with a decrease in the state's non-interest committed revenue to the state's own and mandated revenue. This also indicates that a larger part of the revenue will be available for non-committed and capital expenditure.

Chapter 7: Analysis of State Transfers to Urban and Rural Local Bodies

7.1. Introduction

Local Self Governance has been an important issue in recent years. For that very reason the funding to local bodies have been made stronger. The Jharkhand Government enacted the Jharkhand Panchayati Raj Act in 2001 to establish a three-tier Panchayati Raj Institution (PRI), i.e. Zilla Panchayat (ZP) at district level, Panchayat Samiti at block level and Gram Panchayat at the village level. According to the Eleventh Finance Commission the classification of the funds transferred to PRIs made under minor heads, 196-Assistance to Zila Parishad 197-Assistance to Block Panchayat and 198-Assistance to Gram Panchayat. Likewise, the 74th Amendment Act of 1992 led to the establishment of Local Self-Government for urban areas wherein the Municipalities were provided with Constitutional status for governance. Accordingly, 18 functions were assigned to Urban Local Bodies (ULBs) such as town panning, land use regulation and water supply. According to the Eleventh Finance Commission (EFC), the funds to ULBs were to be allocated under specific minor heads 191-Assistance to Municipal Corporation, 192-Assistance to Municipalities/ Councils and 193-Assistance to Nagar Panchayats. The State Government framed the “Jharkhand Municipal Act” of 2011 incorporating 18 functions of the ULBs. The allocations to the Panchayati Raj Institutions and Urban Local Bodies is given in Figure 7.1.

Figure 7.1: Transfers from both Centre and States to Local Bodies in Jharkhand



Source: CAG Reports, Government of Jharkhand

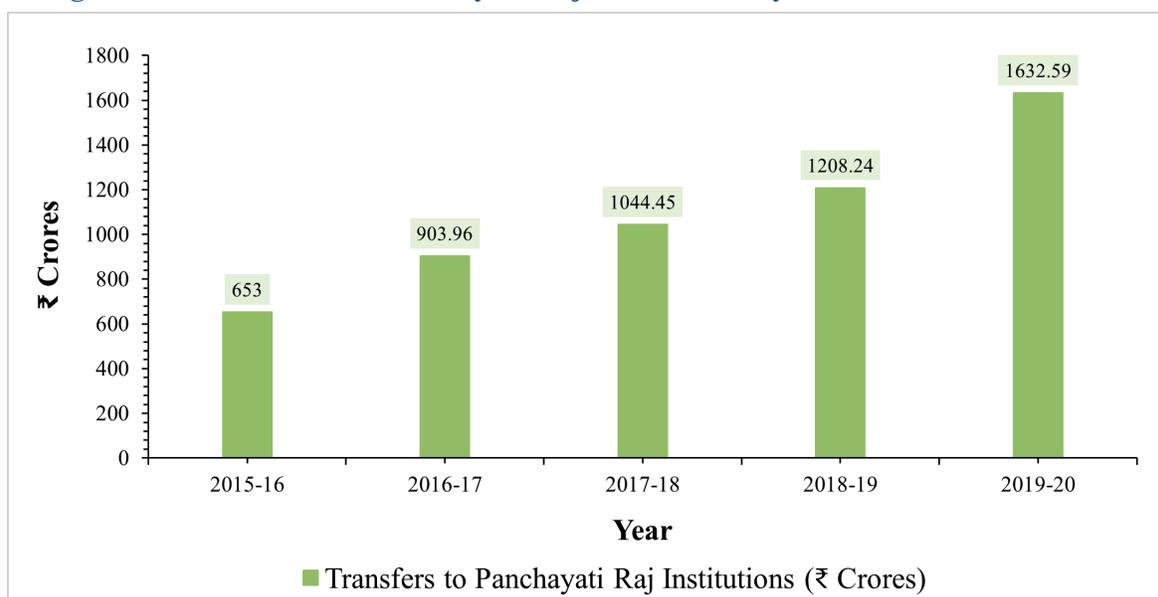
It is seen that the transfers to both Panchayat Raj Institutions have been fluctuating a lot from year to year. In 2012-13, the funds to ULBs decreased from ₹ 331 Crores to ₹ 88 Crores mainly due to the non-release of assistance for skill development and capacity promotion, civil amenities to ULBs. However, the same substantially increased to ₹ 1620 Crores in 2014-15. There was a sharp increase in PRI allocations too in 2014-15 to ₹ 3378 Crores compared to ₹ 911 Crores in the previous year. There was a steady increase for both PRIs and ULBs in 2015-16, as well as 2016-17. In 2018-19, financial assistance to PRIs increased by ₹ 1668 Crores mainly due to the recommendation of the Fifteenth Finance Commission and an increase for strengthening and upgradation of PMGSY under Jharkhand State Rural Road Development Authority (by ₹ 999 Crores). Financial assistance to ULBs increased in 2018-19 due to an increase in water supply, construction of sewage and solid waste management by ₹ 535 Crores. From 2018-19 to 2022-23,

there have been wide fluctuations in allocations for both PRIs and the ULBs. Related government offices mentioned that the reasons for such fluctuations are mainly the delay in the receipt of funds.

7.2. Panchayati Raj Institution

Our study period 2012-13 to 2023-24 is for the period from the 13th, 14th and the 15th Finance Commission. Unfortunately, we do not have data for the period of the 13th Finance Commission. For the period of the 14th Finance Commission, we only have receipts by the Panchayat, the grants and not the expenditures, the same is provided in Figure 7.2. We observe that the grants steadily increased throughout the period.

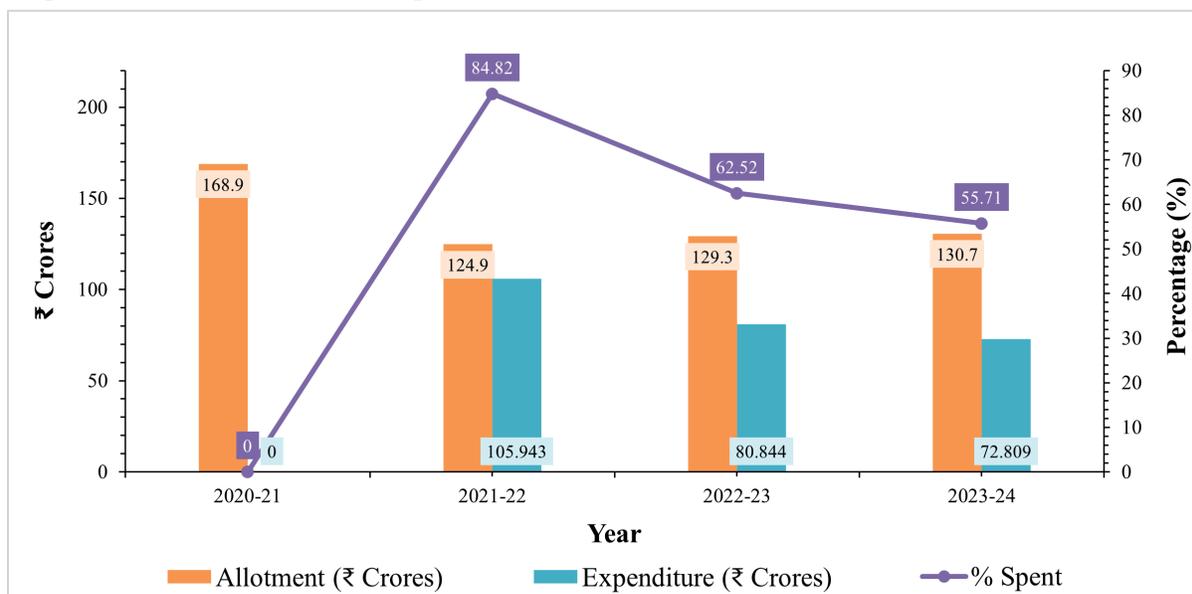
Figure 7.2: Transfers to Panchayati Raj Institutions by 14th Finance Commission



Source: Department of Panchayati Raj, Government of Jharkhand

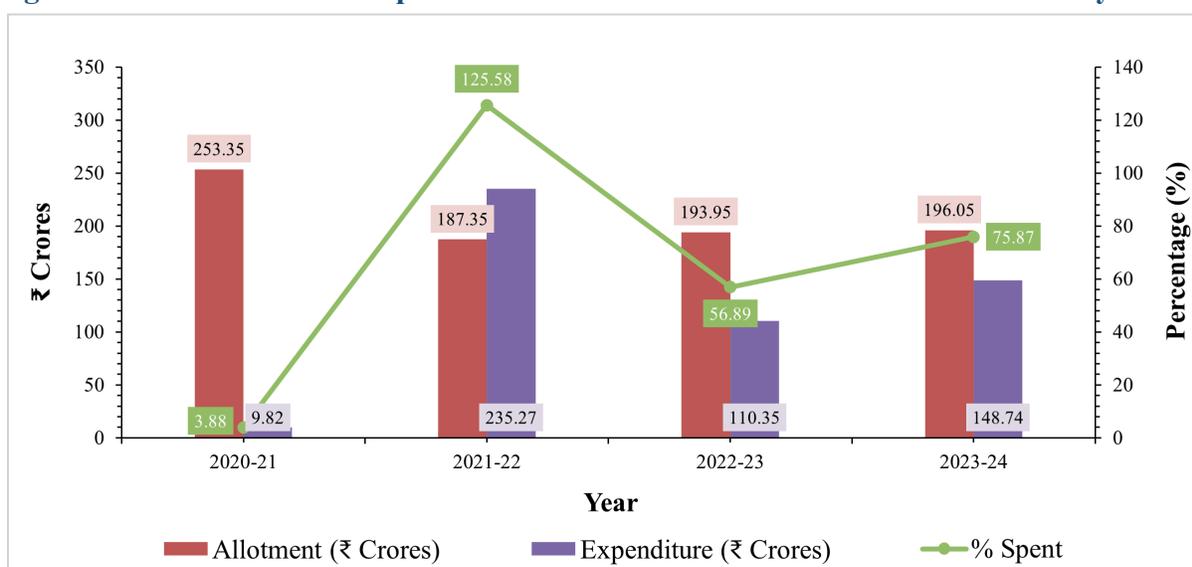
The 15th Finance Commission had outlined that the allocation of funds to the ratio of 75% to the Village Panchayat, 15% to the Block Panchayat and 10% to the Zilla Panchayat. The receipts and expenditure at the Zilla, Block and Gram Panchayat level for the 15th Finance Commission are given in Figures 7.3 to 7.5. Looking at these figures, we see that for the year 2020-21, there is no expenditure at the Zilla Parishad level, a bit of expenditure at the block level, and a slightly higher expenditure at the gram panchayat level. For 2021-22, there was 85% utilisation of funds at the zilla parishad level, but at the block level and the gram panchayat level, there was considerable overshooting of the resources. For 2022-23, there is utilisation of funds at the rate of 62.5%, 58.6% and 55.6% at the Zilla Panchayat, Block Panchayat and Gram Panchayat levels, respectively. The same for 2023-24 were 55.7%, 75.9% and 89% at the Zilla Panchayat, Block Panchayat and Gram Panchayat levels, respectively.

Figure 7.3: Allocation and Expenditure from the 15th FC Grants at Zilla Parishad Level

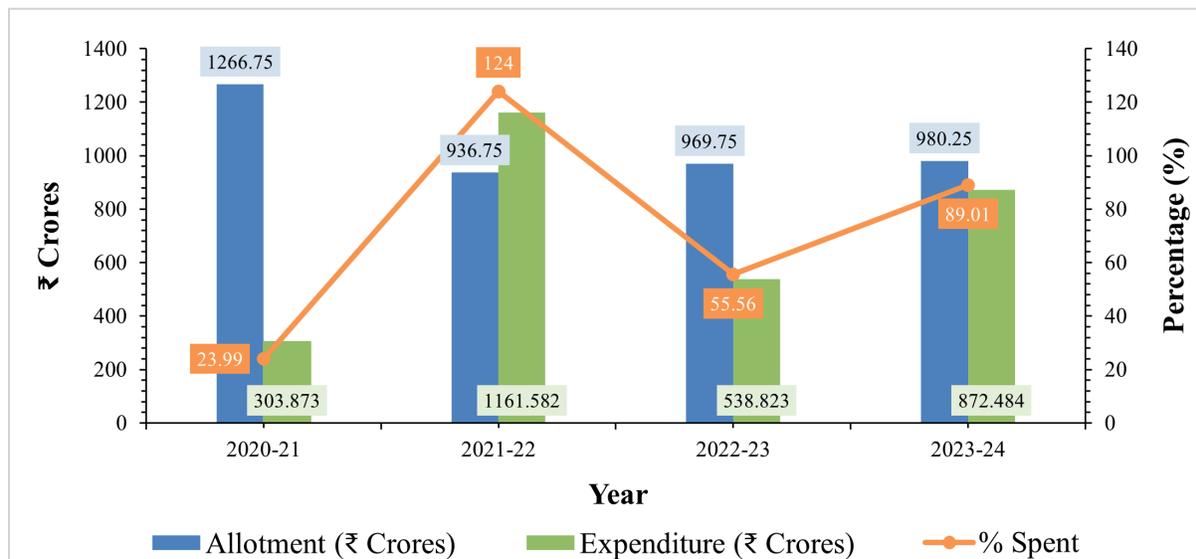


Source: Department of Panchayati Raj, Government of Jharkhand

Figure 7.4: Allocation and Expenditure from the 15th FC Grants at Block Panchayat Level



Source: Department of Panchayati Raj, Government of Jharkhand

Figure 7.5: Allocation and Expenditure from the 15th FC Grants at Gram Panchayat Level

Source: Department of Panchayati Raj, Government of Jharkhand

The Panchayati Raj Department had raised a concern that there are 10 districts in the 5th Scheduled Areas, the PESA with tribal leaders, which are routinely neglected, so it requested substantial fund allocation for such villages. The department also raised concern that it was not possible to use up the tied grants many times since the villages had the facility, at the same time, there may be some other need more pressing for which funds are not available. About 30% of the money was spent on making the village open defecation free, 30% was spent on drinking water programs, and the rest 40% was untied grants.

As for the decentralisation initiatives, the Second Finance Commission constituted in January 2009 had not made any recommendation in respect of devolution of funds to PRIs as of September 2014. The State Government issued orders for the transfer of funds to Panchayats in October 2012. Of the 29 functions, 10 functions were devolved completely and 5 were devolved partially in October 2014. According to the latest information available in the CAG report of 2018-19, 11 functions have been devolved, 5 have been partially devolved, and 13 functions have yet to be devolved. Tables 7.6, 7.7 and 7.8 give details of the functions which have been completely devolved, partially devolved and not devolved.

Table 7.6: PRI Functions that have been Devolved, Jharkhand

Sl. No.	Details of Function
1	Minor irrigation, water management and watershed development
2	Fisheries
3	Khadi Village and Cottage industries
4	Drinking Water
5	Education, including primary and secondary schools

Sl. No.	Details of Function
6	Adult and Non-formal Education
7	Health and Sanitation, including Hospitals, Primary Health Centres with Dispensaries
8	Family Welfare
9	Women and Child Development
10	Social Welfare, including Welfare of the Handicapped and Mentally retarded
11	Public Distribution Systems

Source: CAG Report, 2018-19

Table 7.7: PRI Functions that have been Partially Devolved, Jharkhand

Sl. No.	Details of Function
1	Agriculture, including agricultural extension
2	Animal husbandry, dairy and poultry
3	Small-scale Industries, including food processing industries
4	Poverty alleviation programmes
5	Maintenance of community assets

Source: CAG Report, 2018-19

Table 7.8: PRI Functions that have not been Devolved, Jharkhand

Sl. No.	Details of Function
1	Technical Training and Vocational Education
2	Libraries
3	Cultural Activities
4	Land improvement, implementation of land reforms, land consolidation and soil conservation
5	Social forestry and farm forestry
6	Minor forest produce
7	Rural Housing
8	Fuel and fodder
9	Road, Culverts, Bridges, ferries, waterways and other means of communication
10	Rural Electrification including distribution of electricity
11	Non-conventional energy sources
12	Market and Fairs
13	Welfare of the weaker section and in particular of the SCs and STs

Source: CAG Report, 2018-19

To enable the decentralisation initiatives, the Ministry of Panchayati Raj, Government of India, has supported states to develop state-specific guidelines for the Gram Panchayat development plans, to utilise the 15th Finance Commission, MGNREGA, and Swachh Bharat funds. Under the stated schemes, panchayats have been mandated for the preparation of the Panchayat Development Plan, for economic development and social justice, utilising the resources available to them. Under the MGNREGA scheme, the Panchayats at the district, intermediate and village levels shall be the principal authorities for the planning and implementation of the schemes made under this act. The focus of the schemes is mentioned in Table 7.9, which roughly matches the functions that have been fully devolved to the Village Panchayats given in Table 7.6.

Table 7.9: The Type of Work to be Taken up by MGNREGA

Sl. No.	Work
1	Water conservation and water harvesting
2	Drought proofing (including afforestation and tree plantation)
3	Irrigation canals, including micro and macro irrigation works
4	Provision of irrigation facilities to land owned by households of the depressed sections
5	Renovation of water bodies, including desilting of tanks
6	Land development
7	Flood control and protection works, including drainage in waterlogged areas
8	Any other work which may be notified by the Central Government in consultation with the state government

Source: Jharkhand Economic Survey 2023-24

The Rashtriya Gram Swaraj Abhiyan (RGSA) was launched in 2018 with the objective of developing governance capabilities of the Panchayats to deliver on sustainable goals, which are covered within the purview of the Panchayats. Panchayat Gyan Kendra has been established in 1500 gram Panchayats. ISO certification of selected gram panchayats is being carried out with the help of KILA, Kerala; these gram panchayats are being earmarked as model panchayats working as service providers to the government.

7.3. Urban Local Bodies

While reviewing transfers to Urban Local Bodies (ULB), it is good to have a preview of the urban local bodies of Jharkhand. Table 7.10 gives a profile of Urban Local Bodies of Jharkhand.

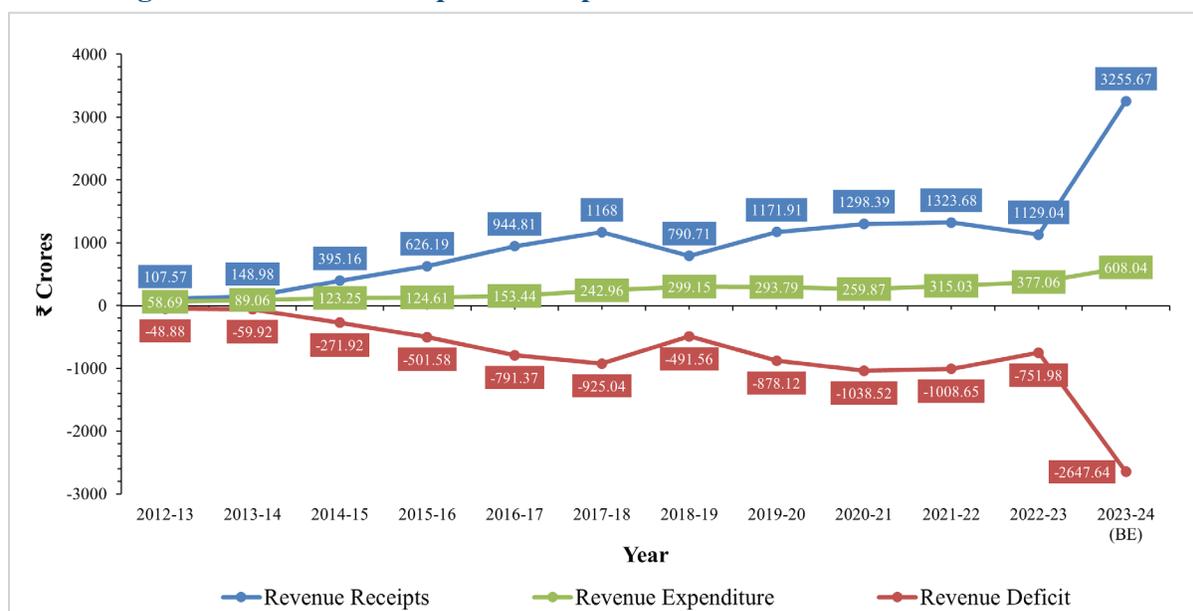
Table 7.10: Profile of Urban Local Bodies of Jamshedpur

No.	Name of ULB	No.	Name of ULB	No.	Name of ULB
1	Adityapur	18	Dumka	35	Madhupur
2	Barharwa	19	Garhwa	36	Mahagama
3	Barki	20	Giridih	37	Mango
4	Basukinath	21	Godda	38	Manjhiaon
5	Bisharampur	22	Gumla	39	Medininagar
6	Bundu	23	Hariharganj	40	Mihijham
7	Chaibasa	24	Hazaribagh	41	Nagar
8	Chakradharpur	25	Hussainabad	42	Pakur
9	Chakulia	26	Jamshedpur	43	Phusro
10	Chas	27	Jamtara	44	Rajmahal
11	Chatra	28	Jhumritilaiya	45	Ramgarh
12	Chhattarpur	29	Jugsalai	46	Ranchi
13	Chirkunda	30	Kapali	47	Sahibganj
14	Deoghar	31	Khunti	48	Saraikela
15	Dhanbad	32	Koderma	49	Simdega
16	Dhanwar	33	Latehar		
17	Domchanch	34	Lohardaga		

Source: Urban Department, Government of Jharkhand

ULB: Urban Local Bodies

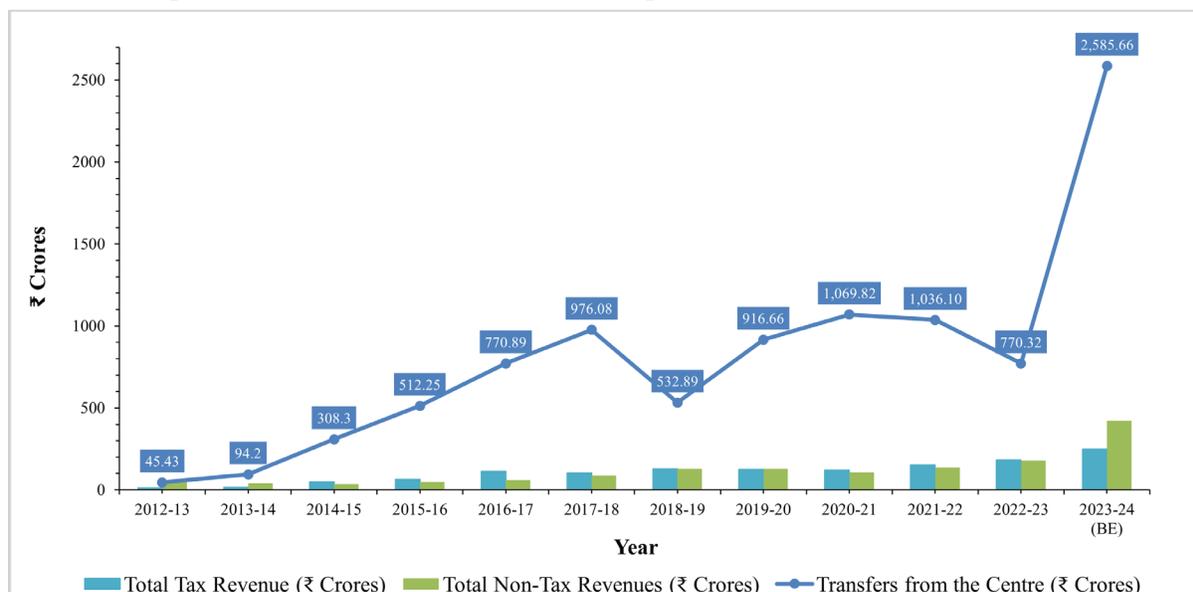
Figure 7.11 reports the total receipts and expenditures of the ULBs during the period 2012-13 to 2023-24. Total receipts consist of Revenue Receipts and Capital Receipts. For the ULBs, capital receipts are zero, and all Receipts are therefore Revenue Receipts. Likewise, total expenditure consists of Revenue Expenditure and Capital Outlays. Over the years, Revenue Deficit is negative, implying a surplus, and rising substantially over the years. However, that is offset by high capital outlays, and when you look at total revenues and total expenditure, which consists of both Revenue Expenditure and Capital Expenditure, the situation seems more balanced. Figure 7.11 shows the Revenue and expenditure pattern of the ULBs in Jharkhand. Ignoring the 2023-24 figures, since they are budgeted estimates, the average annual growth in Receipts over the 11 years from 2012-13 to 2022-23 is 26.5%, while the same for Expenditures has been 25.2%.

Figure 7.11: Total Receipts and Expenditures of ULBs 2012-13 to 2023-24

Source: Urban Department, Government of Jharkhand

While analysing the revenue receipts of ULBs, it must be noted that Revenue Receipts come from Tax Revenue, Non-Tax Revenue and Grants in Aid from the Central and State Governments. Throughout the 12 years in consideration, there have been no grants received from the State Government, and all grants have been made available from the Central Government, and none from the State Government. Figure 7.12 gives the pattern of Revenue Receipts over this period. For the years 2012-13 and 2013-14, there were all sources of revenue were very low; from 2014-15, a year before the implementation of the 14th Finance Commission Recommendations, which has spiked even more over the years. Since 2014-15, Grants in Aid were about 70% at times close to 80% of the total Revenue Receipts. As for taxes, much of the taxes for ULBs come from Property taxes. In Jharkhand, property tax for residential constructions is levied at 0.075% of the circle rate, while for non-residential or commercial properties, it's 0.15% of the circle rate. There has been no impact of the GST on the revenues of the third tier.

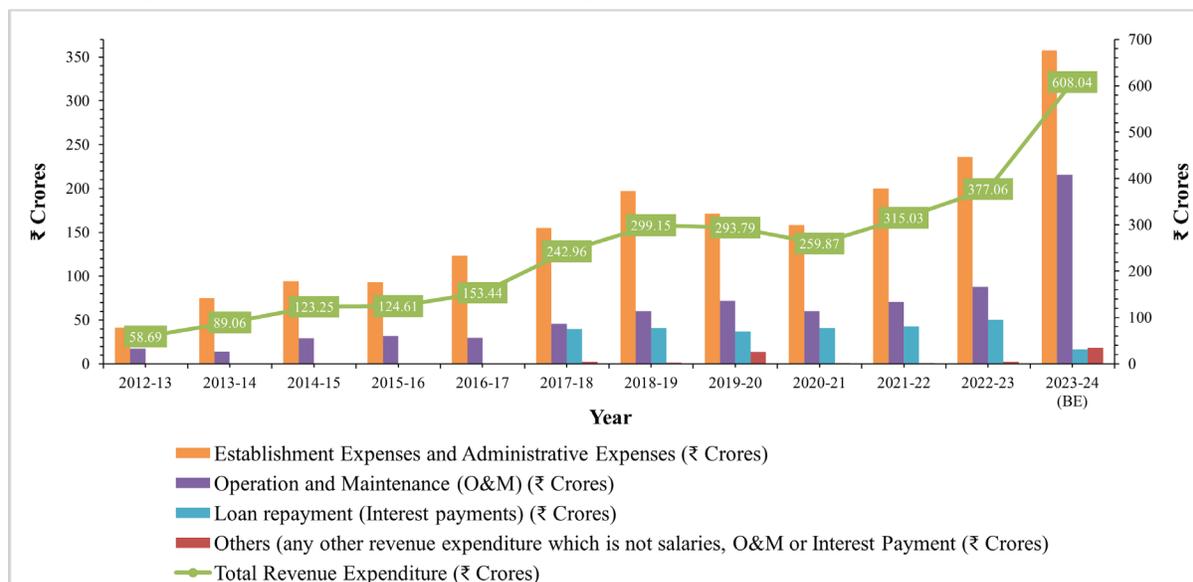
Figure 7.12: Details of Revenue Receipts of ULBs: 2012-13 to 2023-24



Source: Urban Department, Government of Jharkhand

Figure 7.13 reports the heads of expenditure of ULBs over this period. Loan repayment and other expenditures emerged only from 2017 onwards, but since 2017, Establishment expenses and operations and maintenance expenses have constituted almost 85% of expenses or more over these years.

Figure 7.13: Details of Revenue Expenditure of ULBs: 2012-13 to 2023-24



Source: Urban Department, Government of Jharkhand

As for decentralisation initiatives, Table 7.14 gives the 18 functions of the ULBs under the 74th Amendment Act. The State Government has entrusted Technical Guidance and Supervision (TGS) over audit of local Bodies (Urban Local Bodies and Panchayat Raj Institutions) to the Comptroller and Auditor General of India in 2011. Likewise, in 2012, the Director of Local Fund Audit (DLFA) was formed at the state level, to whom the C&AG has to provide TGS. This was made operational

in 2016 with three Deputy Controllers of Accounts and 14 Audit Offices⁴. The Third State Finance Commission has not made any interim recommendations on the devolution of the 18 functions and powers under the Jharkhand Municipal Act of 2011. The Urban Department has not made any replies to queries by CAG till 2018-19. Jharkhand Economic Survey analyses the progress of Urban Development based on six pillars, namely:

- Pillar 1, Urban Livelihoods,
- Pillar 2, Urban Sanitation and Water,
- Pillar 3, Urban Housing,
- Pillar 4, Urban Transport,
- Pillar 5 Beautification and Rejuvenation, and
- Pillar 6, Performance of Local Bodies.

These six pillars roughly match the details and functions of the ULBs mentioned in the 74th Amendment, in the area of Planning for Economic and Social Development.

Table 7.14: Details of Functions of the ULBs by the 74th Amendment

Sl. No.	Details of Function
1	Urban planning, including town planning.
2	Regulation of land-use and construction of buildings.
3	Planning for economic and social development.
4	Roads and bridges.
5	Water supply for domestic, industrial and commercial purposes.
6	Public health, sanitation, conservation and solid waste management.
7	Fire services.
8	Urban forestry, protection of the environment and promotion of ecological aspects.
9	Safeguarding the interests of weaker sections of society including the handicapped and mentally Retarded
10	Slum improvement and up-gradation.
11	Urban poverty alleviation.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13	Promotion of cultural, educational and aesthetic aspects.
14	Burials and burial grounds; cremations, cremation grounds and electric crematoriums
15	Cattle ponds, prevention of cruelty to animals.
16	Vital statistics, including registration of births and deaths.

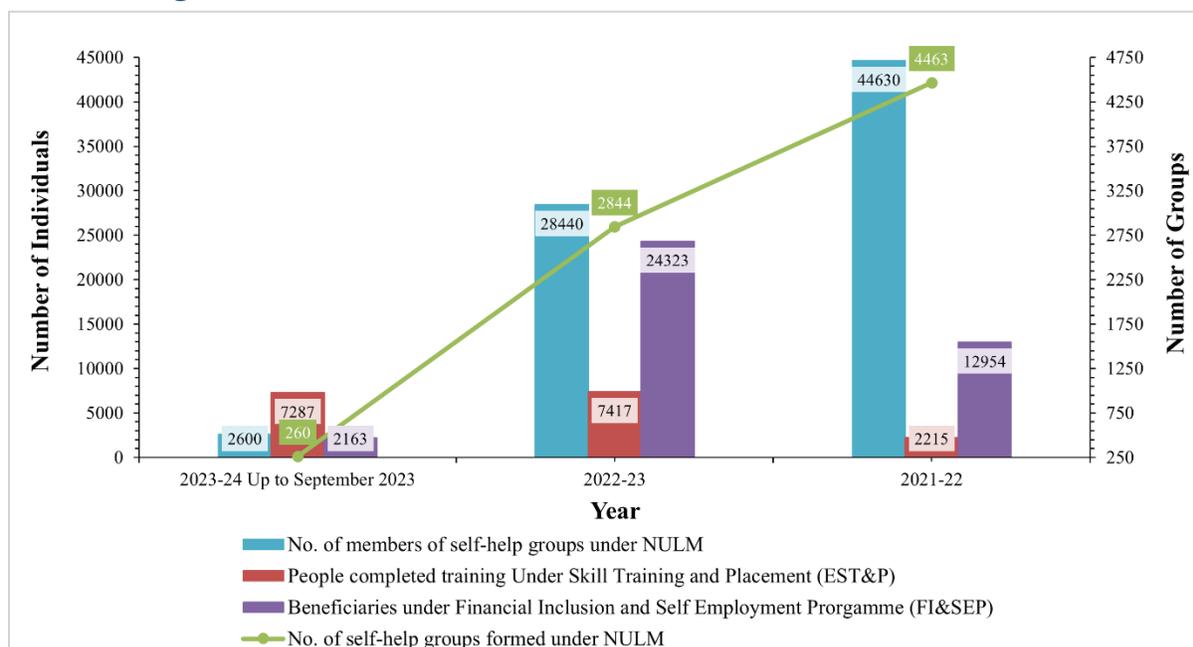
⁴ CAG Report, 2015-16

Sl. No.	Details of Function
17	Public amenities, including street lighting, parking lots, bus stops and public conveniences
18	Regulation of Slaughterhouses and tanneries.

Source: CAG Report, 2018-19

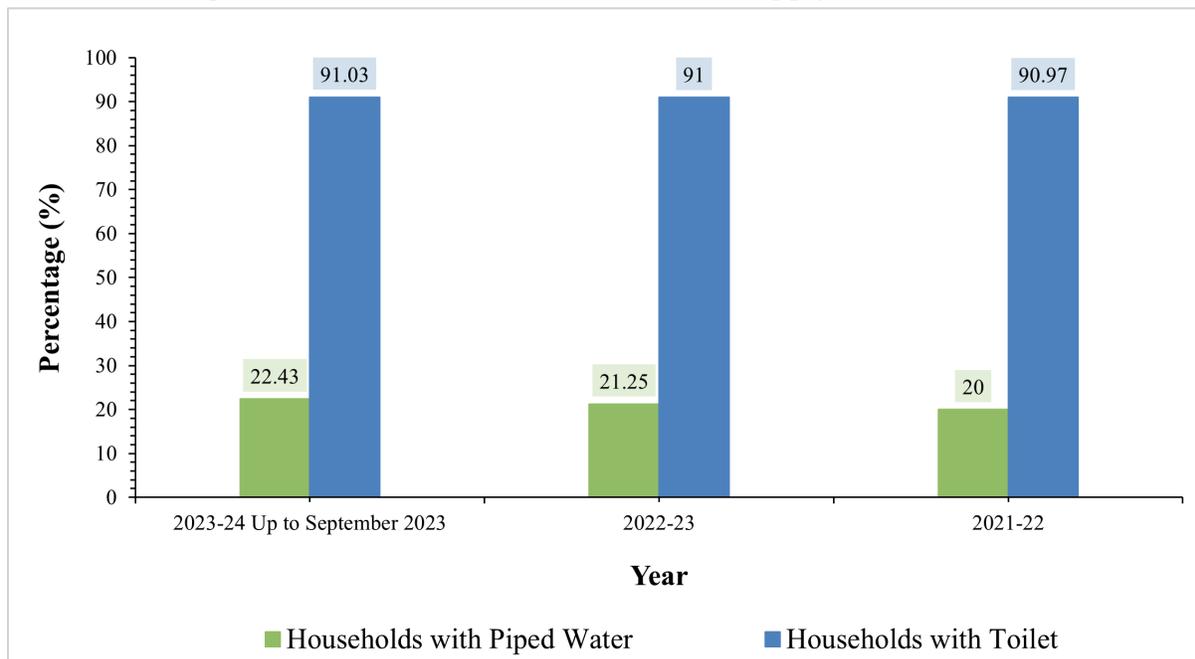
Figure 7.15 mentions the progress under DAY-NULM Mission, EST&P and FI&SEP. The DAY-NULM mission aims to organise the urban poor into federations for Self Help Groups (SHGs) and concentrates on credit needs and bank links. The Employment through Skills and Training and Placement (EST&P) component of the DAY-NULM offers training following a nationally approved curriculum and industry needs.

Figure 7.15: Achievements Under Social and Economic Mobilization



Source: Jharkhand Economic Survey, 2023-24

Under Pillar 2, which is Urban Sanitation and Water, which can be mapped to Urban Sanitation and Water Supply for domestic, industrial and commercial purposes for ULBs, Figure 7.16 reports percentages of households with piped water and toilets.

Figure 7.16: Achievements Under Water Supply and Sanitation

Source: Jharkhand Economic Survey, 2023-24

In the area of Urban Housing, which can be mapped to Slum Improvement and Upgradation, under Pradhan Mantri Awas Yojana, the total demand for houses under different verticals is 2,11,010, and the target is to achieve 100% of the demand. In the area of Performance of Local Bodies, which can be mapped to the overall decentralization experience, Jharkhand municipalities have done very well in overall tax collection as well as the time taken for approval of trade licenses, and Ranchi has been recognized as the Best Performer City in the Eastern Zone and its performance has also been mentioned in the 15th Finance Commission Report.

In Jharkhand, the audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) accounts is conducted by the Comptroller and Auditor General of India (C&AG), with the Director, Local Fund Audit (LFA) working under the C&AG's technical guidance. According to the Report of the 15th Finance Commission, the third SFC was constituted in 2014 but has not submitted the report to date; the fourth SFC was already due, and it did not submit the report. According to press reports, the report of the Fifth SFC has been submitted but has yet to be laid down in the assembly. The 15th Finance Commission reported that the Jharkhand Government is currently not following the recommendations of any SFC for allocating resources to local bodies. The Jharkhand Government is not strictly complying with the constitutional provisions of constituting SFCs and implementing their recommendations efficiently.

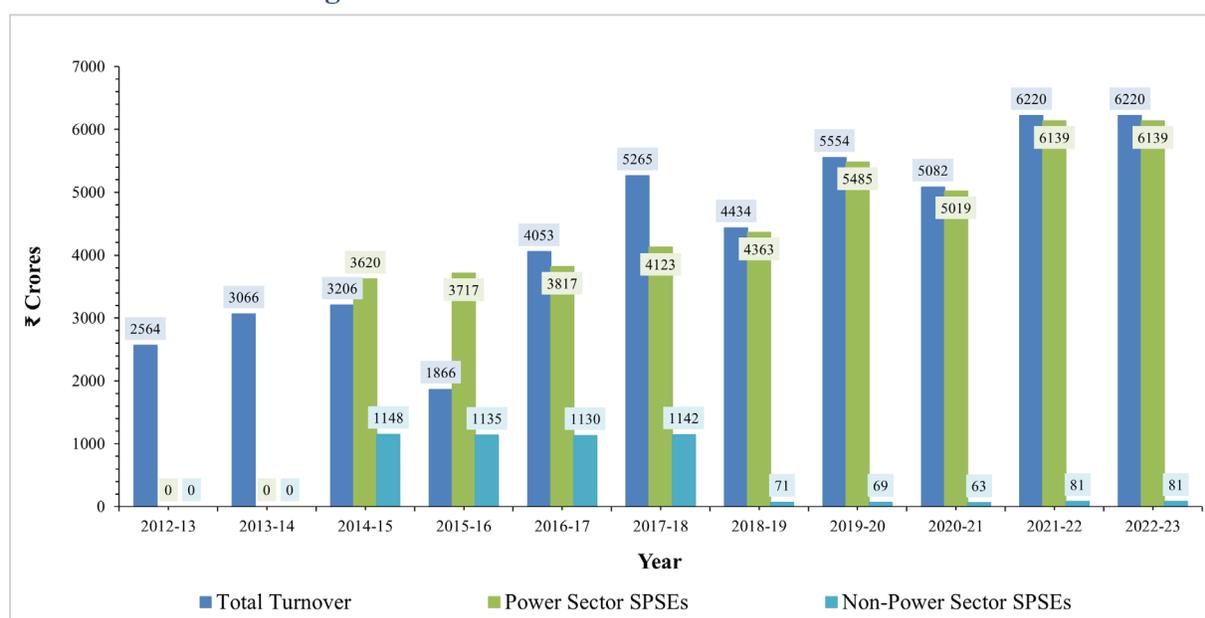
Chapter 8: Performance of Public Sector Undertakings

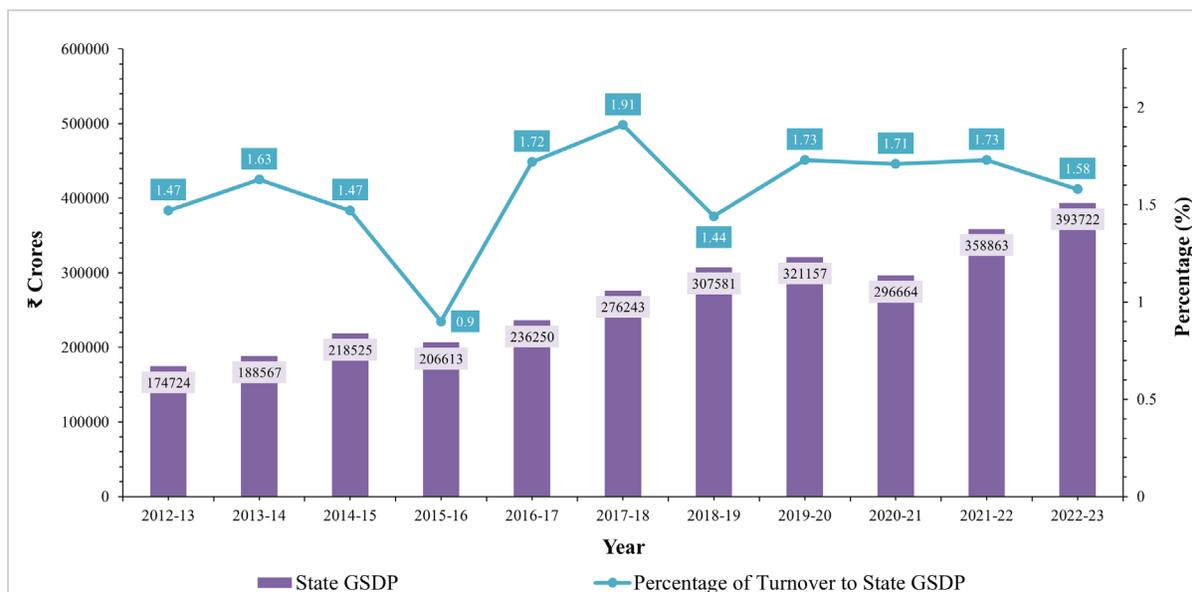
8.1. Introduction: Broad Overview

State PSUs are those companies in which the state government holds a stake of 51% or more, including their subsidiaries. State public sector enterprises also include those companies directly or indirectly controlled by the state government. Though there are 32 SPSEs in the state of Jharkhand as of 31st March 2023, amongst which, only 16 SPSEs have been covered in the CAG report of the state, and hence we restrict ourselves to those sixteen only in our subsequent discussions. It is worthwhile to note that among these SPSEs, three have been inactive since their inception. They have a total of ₹ 48.99 Crores as their investment, which has no contribution to the state's economic growth.

We begin by examining the turnover of the SPSEs as a percentage of the state's GDP in Figure 8.1. The turnover to state GDP depicts the extent of the SPSEs' activities in relation to the state's economy.

Figures 8.1: PSU Turnover vis-à-vis State GDP





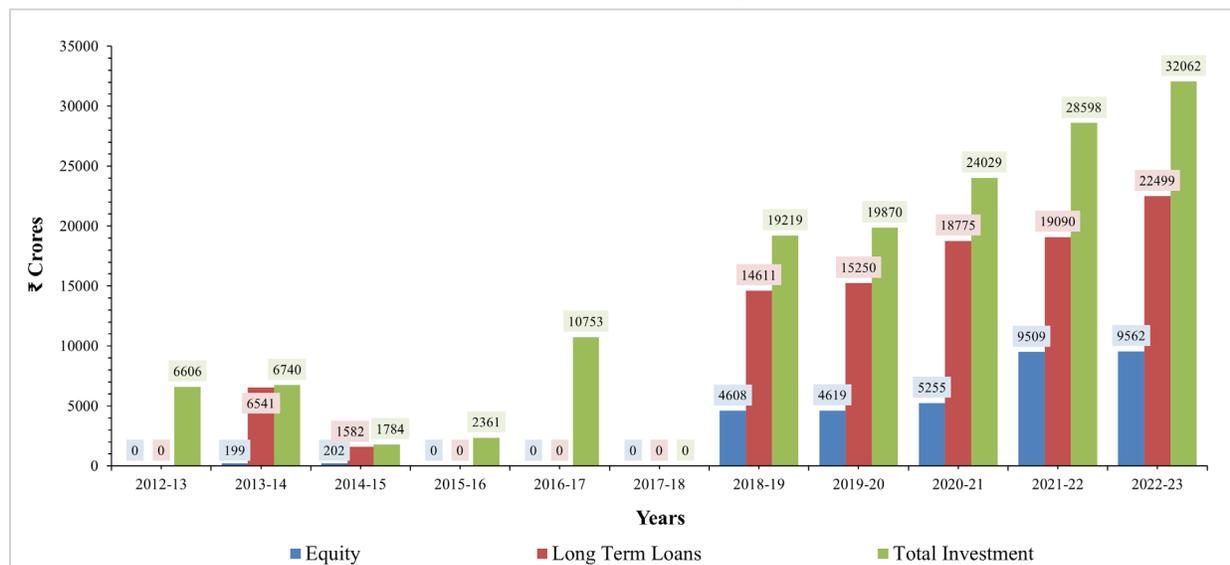
Source: Annual CAG Reports, Government of Jharkhand

The total turnover has exhibited an upward trend on a year-on-year basis, barring a few years. During this stipulated period, i.e., from 2012-13 to 2022-23, the turnover has increased from ₹ 2563.86 Crores to ₹ 6219.92 Crores with a CAGR of 9.27%. Further, the turnover to GSDP has been hovering at around 1.7 for the last 3 years, though it has dipped to 1.58 during the last fiscal year. Additionally, the SPSEs belonging to the power sector accounted for over 98% of the total SPSE turnover since the fiscal year 2018-19.

8.2. Investment in SPSEs

Investment in SPSEs has two components: equity held by the state government and long-term loans given by the state and central governments. The details of the investments, along with the two components, have been shown in the figure below.

Figure 8.2: Equity Investment and Loans in Government Companies and Government Controlled Other Companies



Source: Annual CAG Reports, Government of Jharkhand

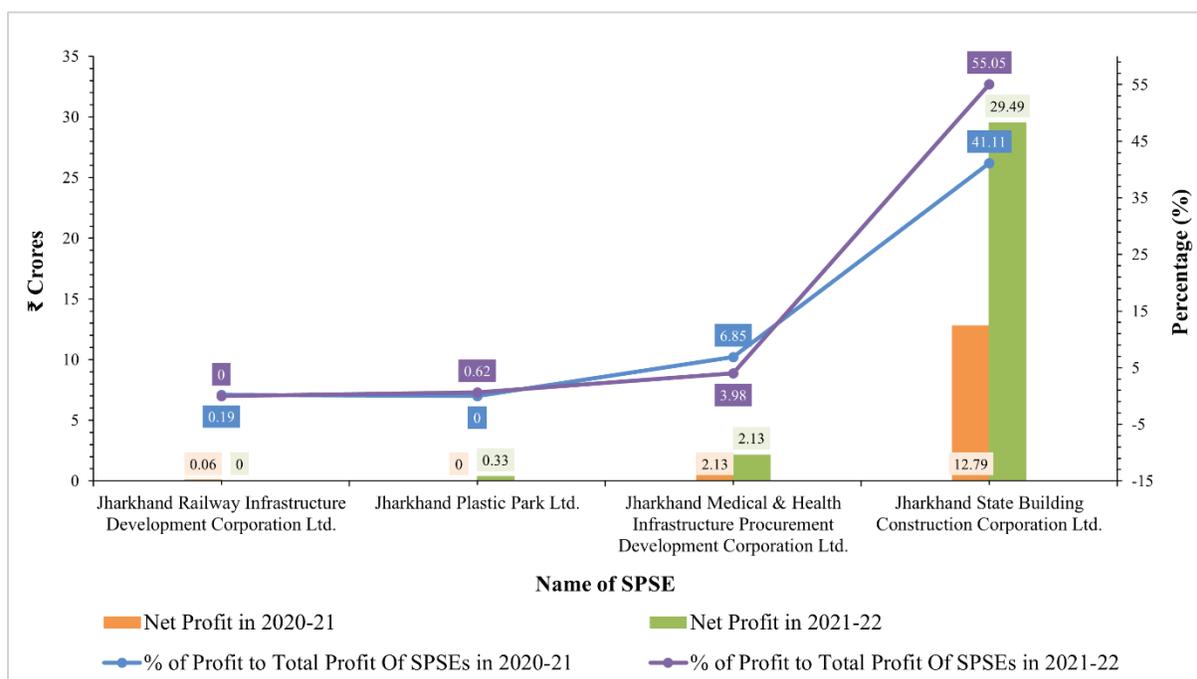
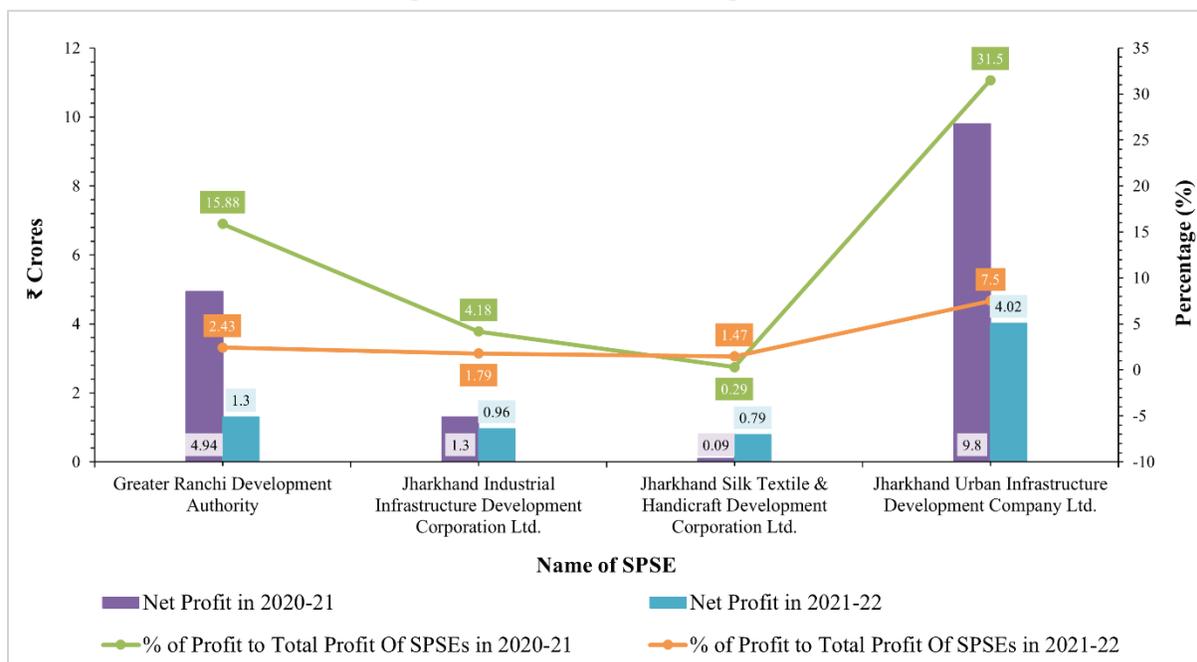
*Data for 2017-18 is not available in any of the CAG reports

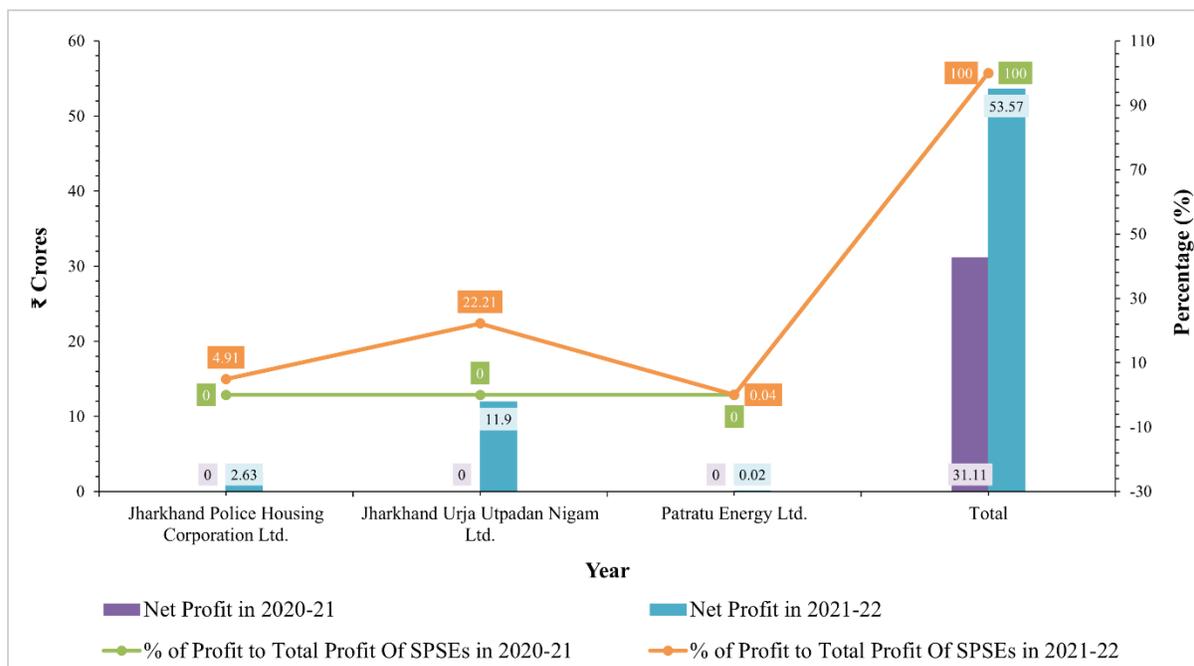
From the above figure, we can see that the total investments have grown almost five times with a CAGR of 17% over the ten years. One interesting observation that can be made regarding the composition of the total investment is that during 2013-14, equity formed only 3% of this total investment, which rose to 33% in 2021-22 and then stayed around 30% during the following fiscal year. This shift from a debt-based financing to an equity-based financing helps a more prudent debt management for the state. A closer look at the figure also shows that the total investment drastically reduced in the year 2014-15 to ₹ 1784.33 Crores due to assets and liabilities of erstwhile Jharkhand State Electricity Board which had been unbundled had not been transferred to its successor companies (**Jharkhand Urja Vikas Nigam Ltd., Jharkhand Urja Utpadan Nigam Ltd., Jharkhand Bijli Vitran Nigam Ltd., Jharkhand Urja Sancharan Nigam Ltd.**) as per the Jharkhand State Electricity Reform Transfer Scheme, 2013. Further, during all these years, the thrust of investment was largely on the power sector SPSEs.

8.3. Profit Making SPSEs

As per the latest financial data available, seven SPSEs belonging to the non-power sector registered a combined profit of ₹ 31.11 Crores in the year 2020-21. Further, in 2021-22, ten SPSEs registered a total profit of ₹ 53.57 Crores, amongst which two belonged to the power sector and eight belonged to the non-power sector. The primary contributor to the profits is Jharkhand State Building Construction Corporation Ltd. for both these years, accounting for approximately 41% in 2020-21 and 55% in 2021-22. Additionally, in 2021-22, another SPSE, Jharkhand Urja Utpadan Nigam Limited, registered a profit of ₹ 11.9 Crores, thereby significantly contributing to over 22% of the overall profits.

Figures 8.3: Profit Making SPSEs



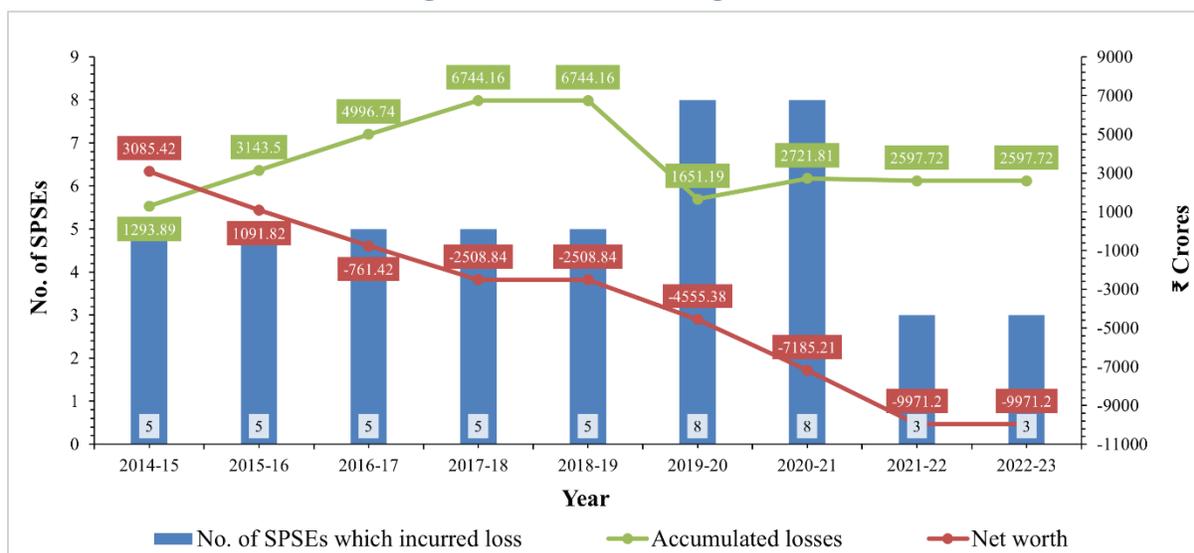


Source: CAG Reports, Government of Jharkhand

8.4. Loss Making SPSEs

From 2014-15 to 2018-19, five SPSEs were making a loss. In 2014-15, 5 SPSEs registered a loss of ₹ 1293.89 Crores; the same has increased to ₹ 6744.16 Crores during the year 2018-19. In 2019-20 and 2020-21, eight SPSEs reported losses of ₹ 1651.19 Crores and ₹ 2721.81 Crores, respectively. During 2021-22 to 2022-23, only three SPSEs have reported a loss of ₹ 2597.72 Crores. All 3 SPSEs belonged to the power sector. Out of these three, two major contributors are Jharkhand Bijli Vitran Nigam Limited, contributing almost 80% of the total loss, and Jharkhand Urja Sancharan Nigam Limited, contributing nearly 19.50% of the total loss. As a result of the accumulation of losses, the total net worth of the SPSEs has also eroded.

Figure 8.4: Loss Making SPSEs



Source: Annual CAG Reports, Government of Jharkhand

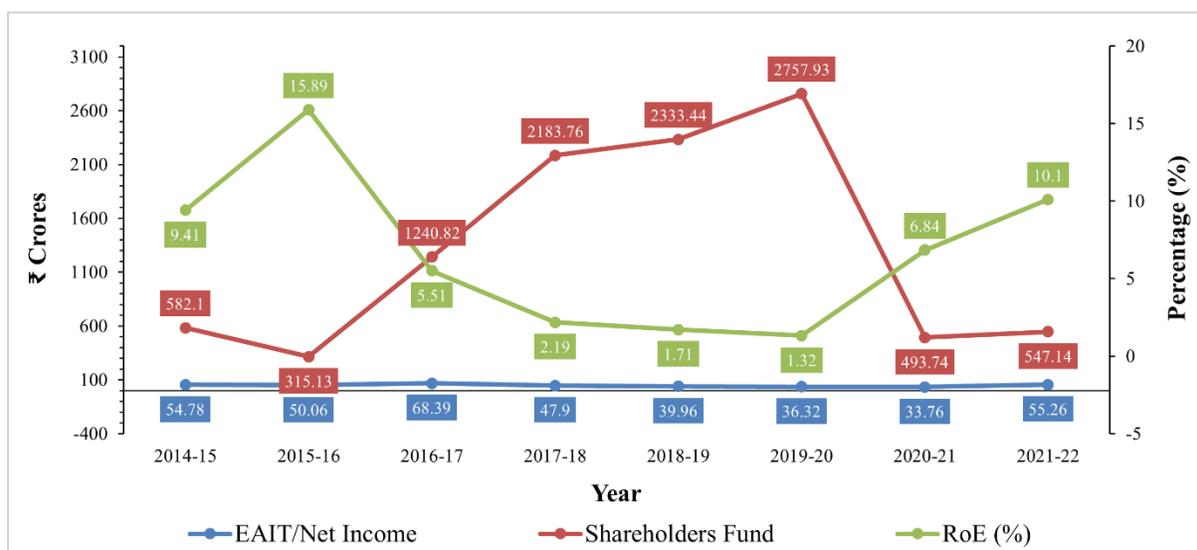
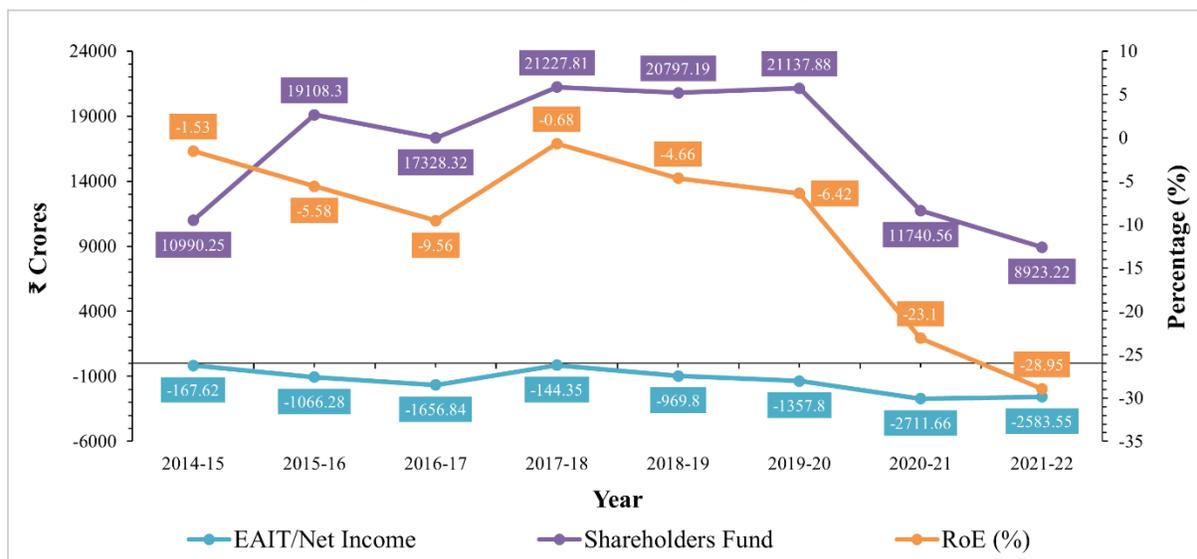
8.5. Financial Performance of SPSEs

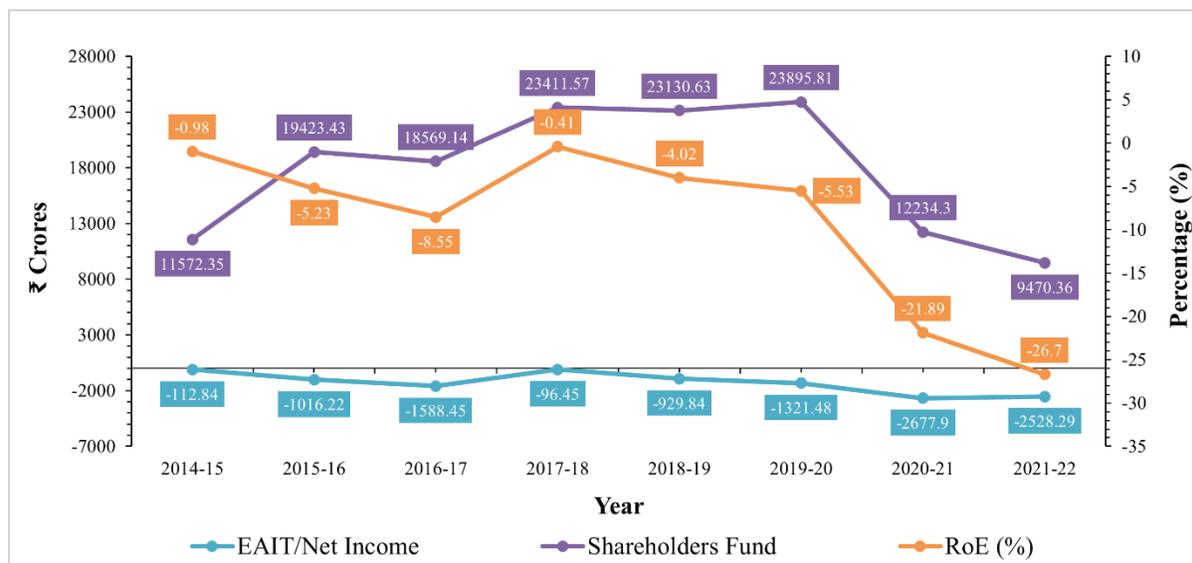
To elaborate on the financial performance of SPSEs of Jharkhand, we have analysed two key financial metrics which help in assessing profitability: the first one is return on capital employed, and the second one is return on equity. This analysis has been conducted separately for both the power sector and the non-power sector SPSEs to capture sector-specific performance, as well as in total to assess the overall performance.

8.5.1. Return on Capital Employed

Return on Capital Employed (RoCE) is a key financial metric that assesses a company’s profitability and efficiency in utilising its capital to generate earnings. If the RoCE is higher, it specifies better efficiency in the use of capital. When the RoCE is low or showing a decreasing trend, it implies a poor return on investment. RoCE is calculated by dividing the company’s earnings before interest and tax (EBIT) by its capital employed. The figure below describes the details of the RoCE of both the power sector and the non-power sector SPSEs.

Figures 8.5: Return on Capital Employed





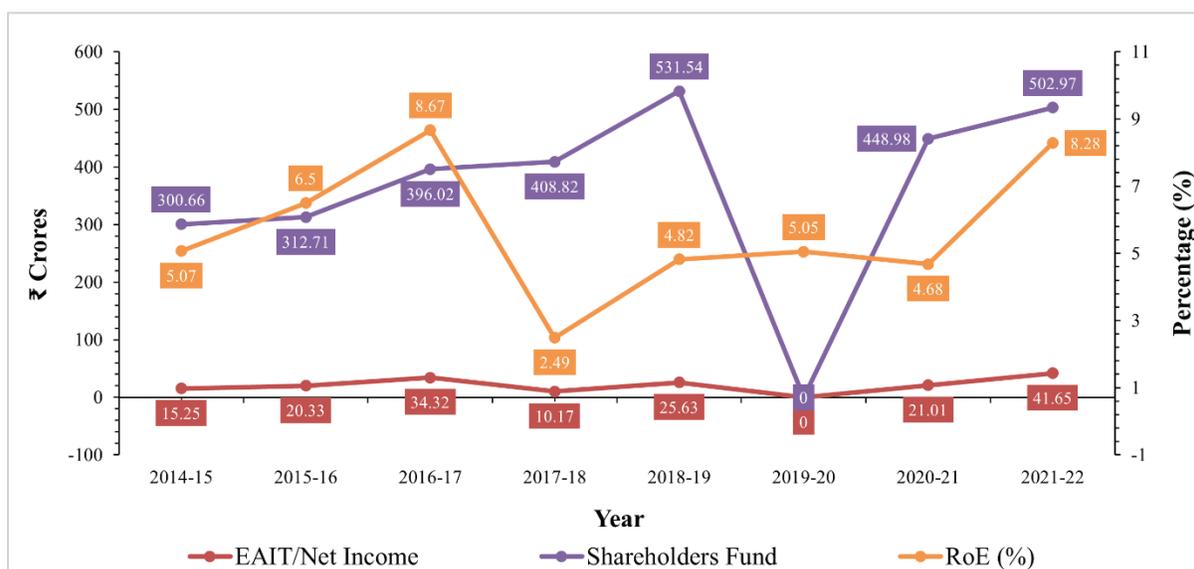
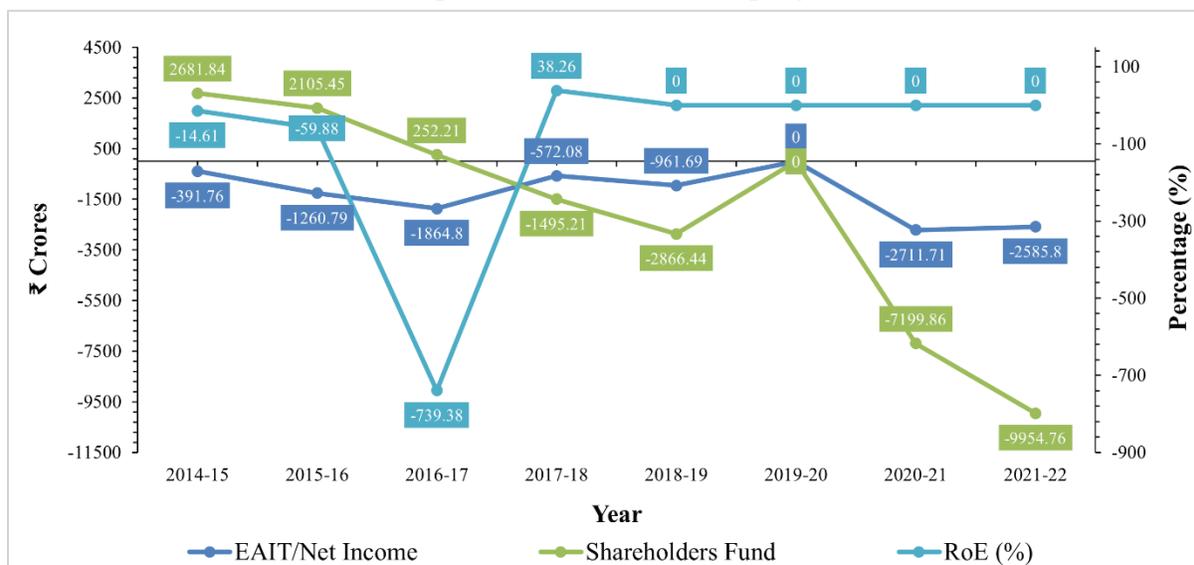
Source: Annual CAG Reports, Government of Jharkhand

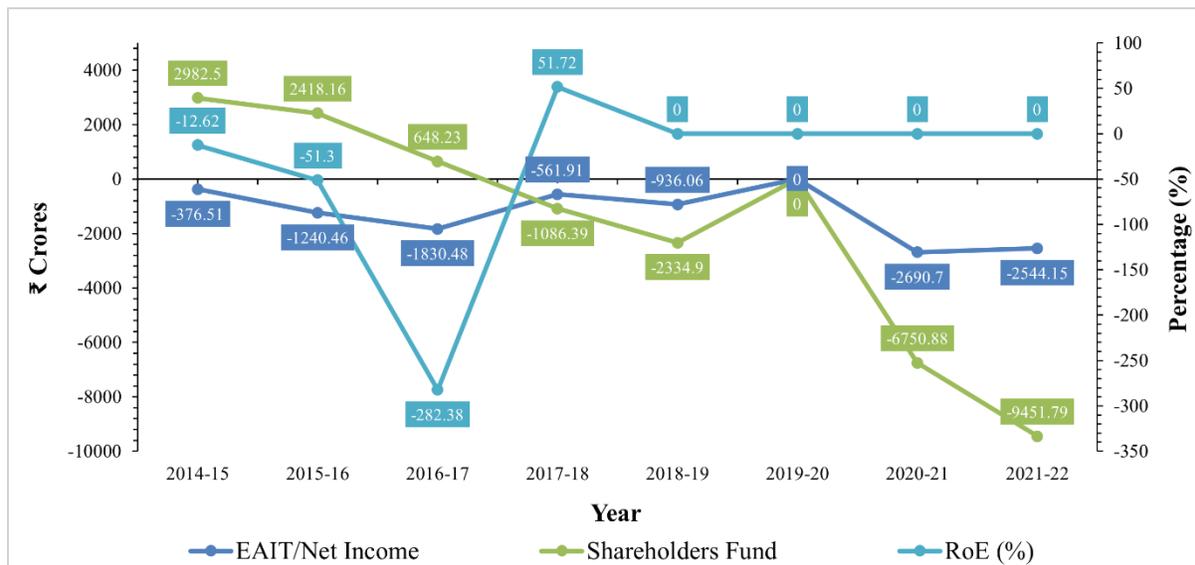
It can be seen that the RoCE of power sector SPSEs is constantly negative since the EBIT of the power sector SPSEs is negative. The losses incurred by the power sector SPSEs are reduced in 2021-22 to Rs ₹ 2583.55 Crores as compared to 2020-21 of ₹ 2711.66 Crores. As a result, the RoCE has also reduced to (-)28.95% in 2021-22 from (-)23.10% in 2020-21. However, the RoCE of the non-power sector SPSEs are always positive as they are profit-making companies. From 2014-15 to 2019-20, the RoCE decreased from 9.41 to 1.32. In 2020-21, it increased to 6.84% and further increased to 10.10% in 2021-22. We can conclude that non-power sector SPSEs are more efficient in utilising their investment.

8.5.2. Return on Equity

Return on equity is a financial ratio calculated by dividing net income by the shareholders' equity. This measures how well a company can generate profit from its assets. So, return on equity has two key components: net income and shareholders' funds. Net income is profit after interest and taxes, while shareholder's funds are the owners' claim on the assets after liability deduction. A positive shareholders' fund reveals the company has enough assets to cover its liabilities. In contrast, a negative shareholder's fund reveals that the company doesn't have enough assets, and the liability exceeds its assets. Higher return on equity implies better use of shareholders' equity in profit generation, while a lower return indicates inefficiency. In the figure below, we present the return on equity of the SPSEs from 2014-15 onwards.

Figures 8.6: Return on Equity





Source: Annual CAG Reports, Government of Jharkhand

In Figures 8.6 above, we can see the RoE from 2014-15 to 2021-22. From 2014-15 to 2016-17, the power sector SPSEs were loss-making, but their shareholder's funds were positive, so they accounted for a negative RoE. From 2017-18, both the net profit and the shareholder's fund were negative, so there was no point in calculating the RoE for the said years. In the case of non-power sector SPSEs from 2014-15 to 2016-17, the RoE increased as the net profit grew. In 2016-17, the return on equity was 8.67%, which was reduced to 2.49% in 2017-18 due to a decrease in profit from ₹ 34.32 Crores to ₹ 10.17 Crores. It has further increased during 2018-19 and 2019-20. Return on equity in the year 2021-22 has been reported at 8.28% compared to its previous year, i.e., 4.68%, which is the result of an increase in the net profit of non-power sector SPSEs from ₹ 21.01 Crores to ₹ 41.65 Crores. Therefore, non-power sector SPSEs are more efficient in generating profit from their equity, which is improving.

8.6. Impact of SPSEs on State Financial Health

The role of State Public Sector Enterprises (SPSEs) in the financial health of Jharkhand state is very critical both in terms of generating revenue for the state and maintaining fiscal stability. The contribution of SPSEs to the GSDP (Gross State Domestic Product) of Jharkhand is very marginal, and it accounts for around 1.73% as per the latest data available. The turnover of SPSEs, which is in comparison to the state economy, very small, was recorded as ₹ 6219.92 Crores in 2022-23 as compared to ₹ 2563.86 Crores in 2012-13. In terms of investment, the SPSEs, especially power sector SPSEs, have a heavy investment in the form of equity and long-term loans from Jharkhand's state government. There are a few inactive SPSEs that hold an investment of ₹ 48.99 Crores, which is an example of unproductive capital, as such capital cannot be utilised to generate returns. Regarding profitability, mainly non-power sector, SPSEs are profitable and accounted for a profit of ₹ 53.57 Crores in 2021-22 as compared to ₹ 31.11 Crores in 2020-21. As the profit of the SPSEs contributes to state revenue, it expands the financial health of the state. Whereas a few power sector SPSEs are loss-making SPSEs to the tune of ₹ 2597.72 Crores in 2022-23, which is a financial burden for the state govt. Due to the losses, the net worth of these power sector SPSEs is eroding, resulting in a declining state's economic health. Moreover, the government of Jharkhand

needs to back these SPSEs by providing subsidies, bailouts, debt restructuring, etc., which are also responsible for fund diversion and increases in state government liabilities. Therefore, to minimize the liabilities, SPSEs need to improve their management, address incompetencies, and ensure judicious investment.

8.7. Steps Taken to Improve the Performance of SPSEs

In this section, we will discuss the few actions the SPSEs took to improve their efficacy and financial condition. First of all, investment restructuring has been done in the power sector SPSEs. Jharkhand State Electricity Board (JSEB) had been restructured into four SPSEs, viz. Jharkhand Urja Vikas Nigam Ltd., Jharkhand Urja Utpadan Nigam Ltd., Jharkhand Bijli Vitran Nigam Ltd., Jharkhand Urja Sancharan Nigam Ltd., as per the Jharkhand State Electricity Reform Transfer Scheme 2013. This restructuring has resulted in the enhancement of operational proficiency and fiscal transparency. As a second step, a disinvestment procedure has been initiated for three inactive SPSEs that have no contribution to the state's economy. Out of these three, two SPSEs, viz. Patratu Energy Limited and Jharbihar Colliery Limited have already initiated their winding-up process. The state government may also ensure the liquidation of Karanpura Energy Limited through proper policy decisions. Irregularity in financial reporting is a big issue in SPSEs, which has been pointed out in the CAG Report. The third step that has been taken is a strict approach to financial monitoring, ensuring timely financial reporting.

8.8. Conclusion

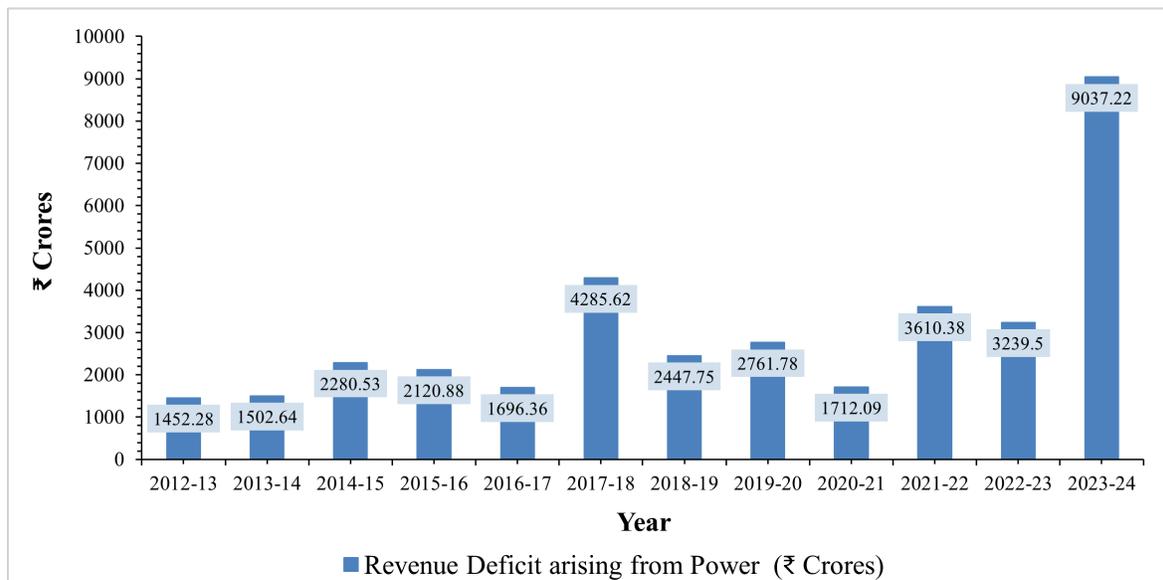
Amongst the 16 SPSEs covered in this chapter, two SPSEs had finalised their account till 2021-22, eight SPSEs had finalised till 2020-21, and six SPSEs had finalised till 2019-20. The management of these SPSEs does not submit financial statements on time, which needs to be monitored. Three inactive or nonworking SPSEs make no contribution to the state's economy. Power sector SPSEs are constantly loss-making to the extent that they erode their net worth. The reason behind the losses needs to be analysed, and proper steps need to be initiated for the efficient operation of these companies and to make them profitable. Delayed submission or no submission of financial statements is a significant concern in SPSEs, which needs to be monitored. Initially, the thrust of investment is on the power sector SPSEs. Focus should be on increasing investment in profit-generating non-power sector SPSEs.

Chapter 9: Impact of Power Sector Reforms on State's Fiscal Health

9.1. Introduction⁵

One of the major reasons for the financial distress of the State of Jharkhand is the Power Sector. Figure 9.1 reports the contribution to the Revenue Deficit arising out of the Power Sector. This figure is calculated as Revenue Receipts obtained from the Annual Financial Statements of the Budget documents of Jharkhand, receipts mainly arising from the sale of power, and even from loans received, and expenditure on this sector, which includes subsidies and grants given to the power sector and other administrative expenses related to this sector.

Figure 9.1: Revenue Deficit Arising out of Power Sector (₹ Crores)



Source: Annual Financial Statements, Government of Jharkhand

As we can see, this deficit number has increased about 6 times in the 11-year period from 2012-13 to 2023-24, with an 18% increase annually over this period. This period can be broken roughly into two main periods, one between 2012-13 to 2017-18, when no power subsidies were received, and from 2018-19 onwards when power subsidies were received. Till about 5th January 2014, the Power Sector was one integrated unit where accounting for Generation, Transmission and Distribution was done as a whole by the Jharkhand State Electricity Board (JSEB). Subsequently, JSEB was unbundled into four different companies, namely Jharkhand Urja Vikas Nigam Limited (JUVNL-Holding Company), Jharkhand Urja Utpadan Nigam Limited (JUUNL- State Generation Company), Jharkhand Urja Sancharan Nigam Limited (JUSNL- State Transmission Company) and Jharkhand Bijli Vitaran Nigam Limited (JBVNL- State Distribution Company), through the Jharkhand State Electricity Reforms Transfer Scheme 2013 vide Notification no. 18 dated 06.01.2014 (further revised by Notification no. 2917 dated 20.11.2015) by the state Government through the Department of Energy. The unbundling helped to understand where exactly the inefficiencies were arising from. With the unbundling, four different companies were formed. With the unbundling, the assets and liabilities of JSEB were redistributed amongst the four companies, and all these companies started operations from 6th January 2014.

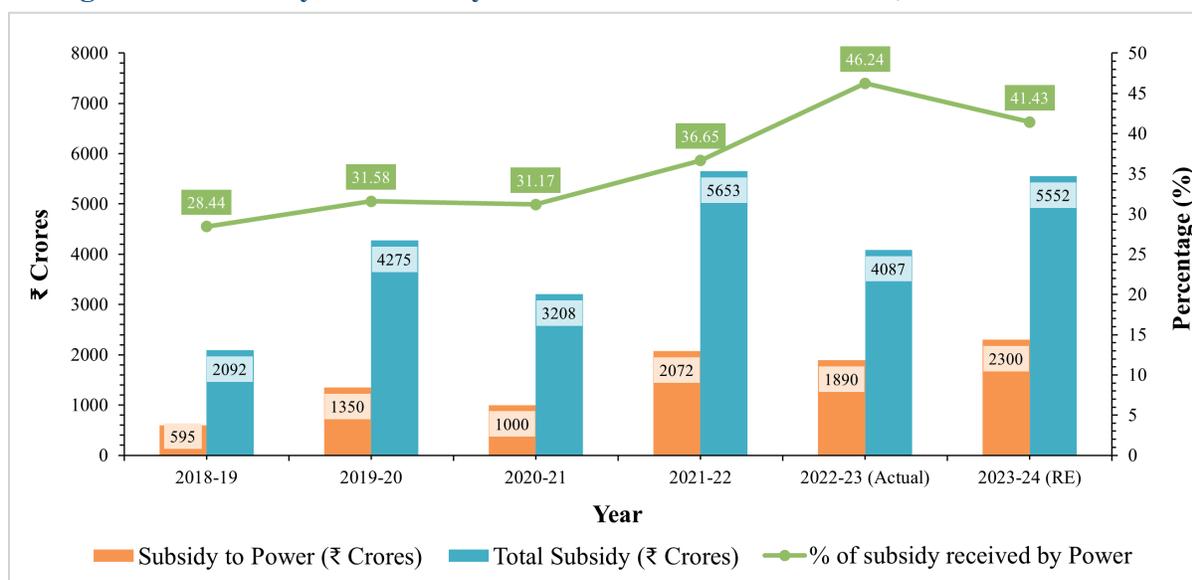
⁵ This chapter has been written with the help of inputs from Satya Narayan Prasad and with inputs from K. K. Verma, M. D. JREDA.

9.2. Experience with UDAY and Over to RDSS

Later, on 20th November 2015, the Government of India approved the Ujwal Discom Assurance Yojna Scheme (UDAY) for the Financial Turnaround of Power Distribution Companies (DISCOMs). After the signing of the UDAY scheme, JBVNL received ₹ 6136.37 Crores as support under the UDAY Scheme from the State Government. As per the scheme, the transfer was to be made in the form of assistance or a grant and in case of necessity, a maximum of 25% of it could be converted into equity; however, the amount was transferred in the form of a loan. In 2016, ₹ 6136.37 Crores was received, ₹ 4770 Crores was used to pay off the debts of the Damodar Valley Corporation, a Central Public Sector Undertaking (CPSU), a generating cum distribution company. Infusion of UDAY funds into the power sector greatly improved the financial standing of JBVNL, and for that reason, the revenue deficit arising from power in 2018 reduced from ₹ 4286 Crores in 2017-18 to ₹ 2448 Crores in 2018-19. The loan of ₹ 6136.37 Crores has been finally converted into a grant (75%) and equity (25%) in the F.Y. 2023-24. Till 2018, the government covered part of the losses of JBVNL in the form of Resource gap funding. From 2018-19, it stopped resource gap funding and started giving a subsidy to a certain category of consumers who were primarily domestic consumers in areas where the losses emerged.

One of the areas where the losses emerged from is collection losses, the inability to collect dues from the poorer households. To give relief on this front, the government started giving power subsidies from 2018-19. This improved the finances of JBVNL and increased the number of registered consumers since people wanted to avail themselves of the subsidy. The subsidy, though improving the finances of JBVNL has worsened the finances of the state government. From June 2024 onwards, Jharkhand has decided to increase the amount of free power up to 200 units a month, from the previous free 125 units a month. The government will bear an additional cost of ₹ 21.7 Crores per month on this. The Jharkhand government has also waived ₹ 3620.09 Crores in power dues for around 39.44 lakh consumers having monthly consumption of up to 200 units under Mukhyamantri Urja Khushali Yojna. This waiver applies to the arrears accumulated by these consumers⁶. Figure 9.2 reports the amount of subsidy received by the Power Sector.

⁶ Information obtained from Business Standard, 29th August, 2024.

Figure 9.2: Subsidy Received by the Power Sector: Jharkhand, 2018-19 to 2023-24

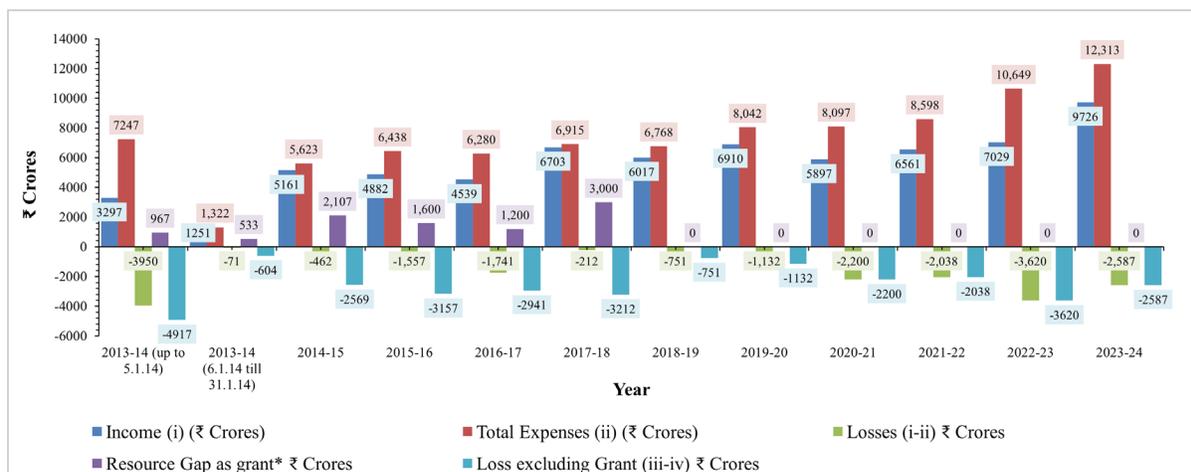
Source: Department of Finance, Government of Jharkhand

This subsidy was therefore mainly used for giving subsidised power to households with the objective of providing electricity to all households. The objective of 100% electrification is being achieved through the JSBAY scheme and the Har Ghar Bijli Yojana. The Tariff Commission Reports seem to indicate that the main reasons for the losses are the high T&D distribution losses (AT&C losses are reported in Figure 9.3). Had the losses not been there, the revenues from the sale of power should have been enough to pay both the distribution and the generation company.

Currently, JBVNL, DVC and JUSCO are involved in Distribution; however, JBVNL is catering to the largest portion of consumers. DVC is primarily catering to HT consumers, and JUSCO's reach is limited to Jamshedpur. In other words, JBVNL is distributing in both urban and rural areas where losses are high. DVC, NTPC, and JUUNL are involved in Generation, and PGCIL and JUSNL are involved in Transmission. The UDAY scheme, although it improved the financial status of the distribution units, did little to improve efficiency, since almost all the allocation under UDAY was used to pay up previous debts, which implied that fresh interest on past debts was not being generated. At the beginning of 2022-23, Jharkhand signed up for the Revamped Distribution Sector Scheme (RDSS). This scheme recognised the fact that improvements in the financial position of the utilities can only happen with investments for efficiency improvements. It is expected that with the RDSS scheme in operation, improvements in the financial situation will be seen since quite a few of the investments are in efficiency improvement, such as the installation of smart meters. Smart meters have already been installed in Ranchi and are now being put up in other cities.

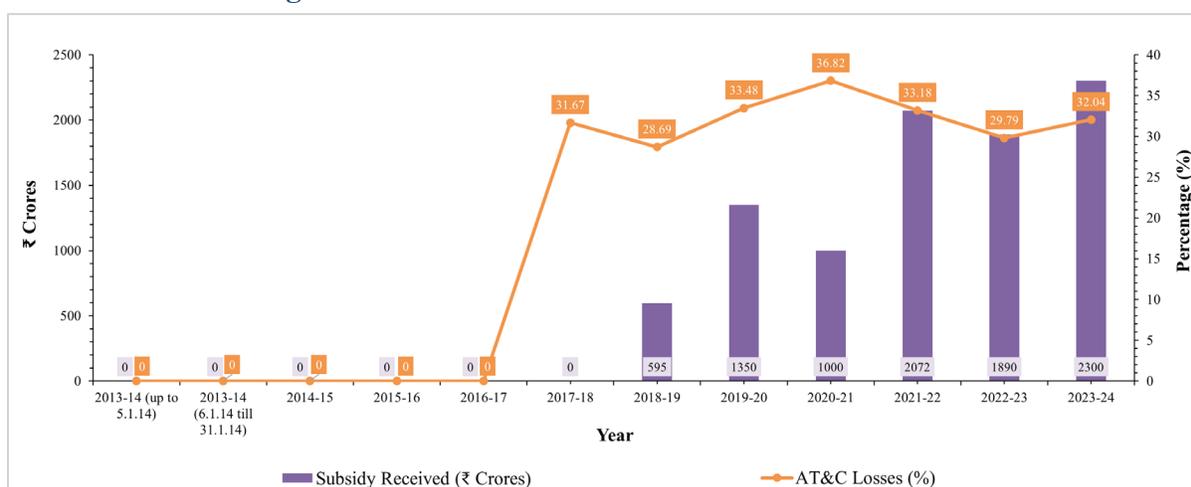
Figure 9.3: AT&C Losses and Financials of JBVNL

Since the actual revenues in Power emerge from distribution, the table for Figure 9.3 (see Appendix) reports the financial position of JBVNL.



Source: JBVNL Audited Accounts

Figure 9.4: AT&C Losses and Financials of JBVNL



Source: JBVNL Audited Accounts

From Table 9.2 and Table 9.3 (please refer to the Appendix) it is clear that the entire subsidy given to the power sector was received by JBVNL. To ensure financial viability and have a better collection, JBVNL has divided its consumer base into four categories:

1. Those who consume only up to 200 units
2. Those who consume 200 units plus
3. Consumers who have not paid for long, consumers disconnected or put under extreme surveillance
4. Industrial and Commercial Consumers.

Even if Generation happens, and if there is adequate demand, if there are insufficient transmission lines, the transfer is not possible. Between 2015-2019, 739 33/11 KV Power Stations were installed by virtue of Centrally Assisted schemes. The Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is a program by the Government of India to provide electricity to rural areas. In Jharkhand, the DDUGJY has been used to electrify villages and to improve the power supply in other areas⁷. 14 new grids came up in the last five years. Previously, one feeder line was used to

⁷ Information obtained from JREDA website

service eight substations, now it is reduced to three, so if there is any mishap, only 3 substations are affected. The quality of the power supply has improved, and Jharkhand now has almost a 23-hour power supply.

JBVNL, with the support of both the central and State governments, has been managing the distribution of electricity in a state with the following two key challenges:

- a. A high poverty rate, with 23.34% of the population living below the Multidimensional Poverty Index in 2023 and has various challenges.
- b. The plateau landscape with steep slopes and rocky terrain hinders the construction of infrastructure, making connectivity and distribution within the state challenging.

Despite such challenges, JBVNL has been able to increase its consumer base from 34 lakhs in 2013-14 to approximately 50 lakhs in 2024 and has improved its supply hours to an average of 22-23 hours a day. Billing and Collection have been the biggest roadblocks considering the issues faced in the state; however, with the implementation of Central and State schemes, it is able to navigate such challenges.

JBVNL, through the **assistance of GoI in earlier Schemes** since 2014, namely Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY); Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), and Integrated Power Development Scheme (IPDS), has been able to benefit:

- The Distribution system has been strengthened under DDUGJY and IPDS in rural and urban areas, respectively.
- Implementation of these schemes has also resulted in improved access to electricity.
- Steps have also been taken for automation and the use of Information Technology (IT) in the Distribution Sector under IPDS and R-APDRP urban areas.

Despite the above measures, the following are still to be achieved in the true sense:

- Reliable 24x7 electricity to Consumers
- Reduced Aggregate Technical and Commercial (AT&C) losses and the Average Cost of Supply-Average Revenue Realised (ACS-ARR)
- Improvement in operational efficiencies & financial sustainability
- Improved consumer services

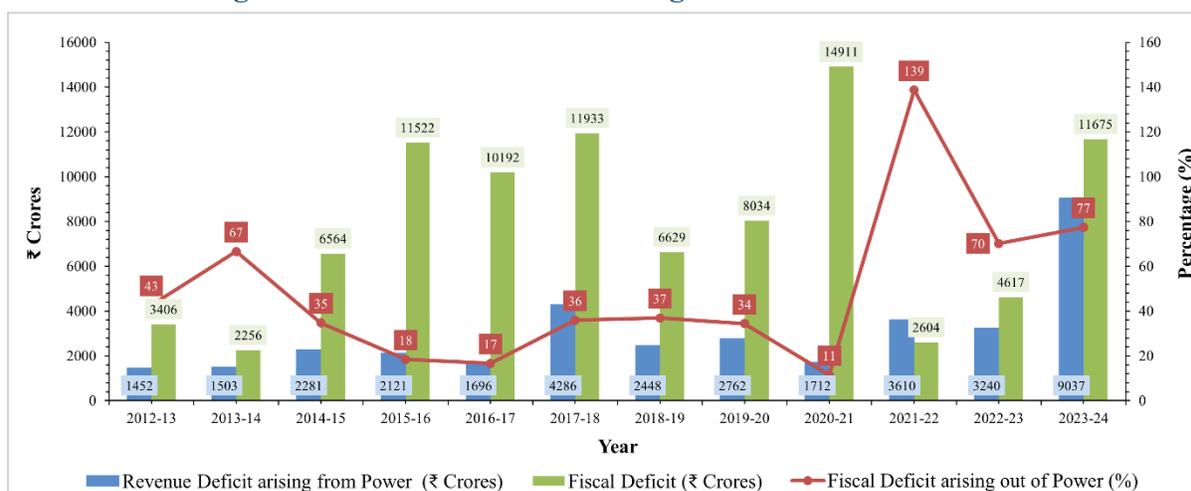
The above requires large-scale reforms in the Distribution Sector and schemes that would enable the DISCOMs to reduce losses to make them financially sustainable and operationally efficient.

It is with this aim and the Government of India's commitment to providing 24x7 uninterrupted, quality, reliable and affordable power supply, that the Revamped Reforms-Based and Results-Linked Distribution Sector Scheme has been formulated by the Ministry of Power for supporting DISCOMs to undertake reforms and improve performance in a time-bound manner.

9.3. The Situation as of Now

Despite all the efforts, the fiscal deficit arising from the revenue deficit in power seems to be increasing. Given that we have the actual budget figures till 2022, the percentage of the deficit arising out of power stands at 70% in 2022-23, and the budget estimates were 76% in 2023-24. This is one of the major pain points and needs to be resolved. If we look into Figure 9.5, we see that it reduced significantly once the debts were written off by the UDAY scheme, and it reduced in 2020-21 due to low demand for power due to low economic activity. This need not be absolutely seen in a negative light, since power is a basic necessity of all people; the state is trying hard for universal access, which is a good move. It may be the case that external funds may be needed to support this sector.

Figure 9.5: Revenue Deficit Arising out of the Power Sector



Source: Annual Financial Statements, Government of Jharkhand

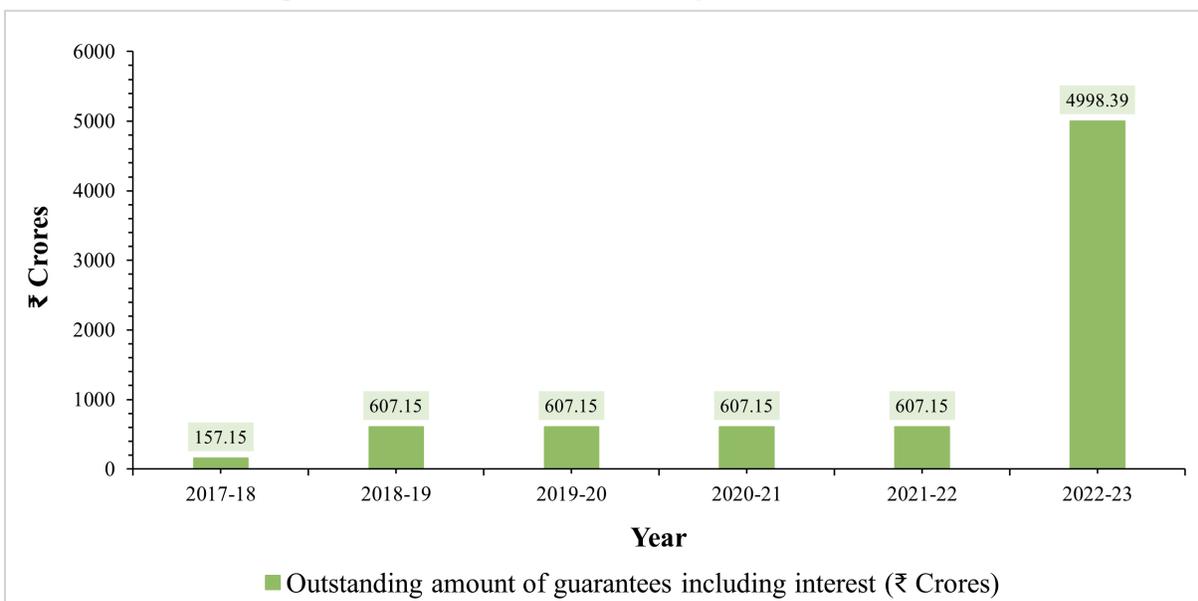
Chapter 10: Contingent Liabilities of the State

10.1. Introduction

Contingent liabilities are fiscal obligations that the state governments have to meet on the occurrence of a discrete event. Unlike non-contingent liabilities, where the nominal amount and the timing of the payment are fixed, for contingent liabilities, both these aspects are uncertain. Contingent liabilities could be explicit or implicit. Explicit liability is recognised by law or contract, whereas the implicit obligation of the government mainly reflects public expectations. At the state level, many of the contingent liabilities are explicit, where the state needs to contribute in case a public sector undertaking defaults, or a relief needs to be given in case of a state-insured crop failure. Implicit Contingent liabilities occur in the case of floods, droughts or natural calamities, where there are public expectations from the state to provide relief.

10.2. Explicit Contingent Liabilities

Information on explicit contingent liabilities of Jharkhand is available from the CAG reports. Guarantees are liabilities on the Contingent Fund of the State in case of default by borrowers. During the year 2012-13, there was an outstanding guarantee of ₹ 157.15 Crores against Jharkhand State Electricity Board (JSEB), of which a guarantee of ₹ 77.78 Crores was given. At the end of March 2014, guarantees of ₹ 157.15 Crores were outstanding as recorded in Statement 9 of Finance Accounts. No guarantee has been given or revoked during 2013-14. Again, the same amount ₹ 157.15 Crores, was due, but no guarantee was given or revoked in 2014-15. The same was the situation in 2015-16, guarantees worth ₹ 157.15 Crores were outstanding at the end of March 2016, but no guarantee was given or revoked. The CAG report mentions that, as per the recommendations of the 12th Finance Commission, the Government of Jharkhand was required to constitute a Guarantee Redemption Fund (GRF) with a minimum contribution of 0.50% of the outstanding guarantees at the beginning of the financial year 2016-17. By these standards, the Government of Jharkhand was required to create a GRF and transfer ₹ 6.32 Crores to the fund from 2005-06 (start of 12th Finance Commission Period) to 2016-17, but it failed to do so. Of this untransferred amount, ₹ 0.79 Crores pertains to 2016-17 alone. In 2015-16, the recommendation of CAG was that the Government of Jharkhand should create a Guarantee Redemption Fund; however, the fund was not created till the end of March 2018. The Government gave a letter of comfort (LOC) amounting to ₹ 450 Crores in favour of Jharkhand Bijli Vitaran Nigam Limited in December 20018. Further LOC of ₹ 157.15 Crores given on behalf of JSEB in February 2013 was pending for clearance in the accounts of the government even after the unbundling of the JSEB in January 2014. The guarantees given by the state government are provided in Figure 10.1.

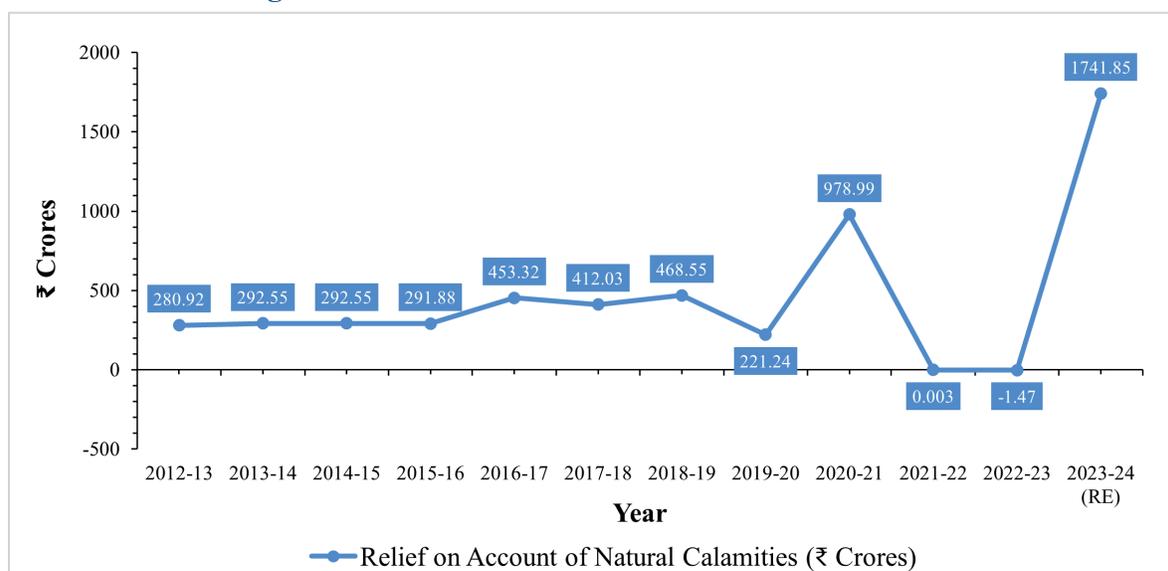
Figure 10.1: Guarantees Given by State Government

Source: CAG Reports for Jharkhand

The CAG reports that information provided by the Finance Department of Jharkhand guarantees that amounting to ₹ 2378.23 Crores has been given to power companies and ₹ 2463 Crores has been given to the Jharkhand State Food & Civil Supplies Corporation as of 2022-23.

10.3. Implicit Contingent Guarantees

Apart from the legal obligations for the government in case a public sector company fails to pay up, the government is also expected to contribute if a disaster of regional importance happens. Such situations usually come up in cases of floods or draughts, but in the two years of our study, 2020-21 and 2021-22 were pandemic years, and with establishments closed and livelihoods affected, the government was expected to contribute in terms of rations and basic necessities for the people. Figure 10.2 reports Relief on Account of Natural Calamities.

Figure 10.2: Relief on Account of Natural Calamities

Source: Annual Financial Statements, Government of Jharkhand

It is clear that the more than four-fold increase in expenditure in 2020-21 from ₹ 221.24 Crores in 2019-20 to ₹ 978.99 Crores in 2020-21 is on account of the pandemic. What is actually surprising is the drop to near zero and the negative figure reported for 2022-23. Since the pandemic was a disaster of unimagined proportions, provisions must now be made for it, and the Fifteenth Finance Commission reports that in April 2020, the Union Government released an amount of ₹ 11092 Crores as an advance to States under the SDRF to fight the pandemic⁸.

10.4. Final Assessment

The Finance Accounts of the Government of Jharkhand report the Guarantees and the Contingent liabilities of the State Government. The table below reports the information in each of the Finance Accounts from 2012-13 to 2022-23. Given that very few instances are reported and that too not of much amount, the issue of Contingent Liabilities of the State Government is not of much concern.

Table 10.3: Guarantees Given by the State Government

Year	Reason	Amount (₹ Crores)	Details
2012-13	No information received from State Government		
2013-14	No information received from State Government		
2014-15	No information received from State Government		
2015-16	No information received from State Government		

⁸ Source: Finance Commission in Covid Times: Report for 2021-26, Volume -III The Union October 2020 page 101.

Year	Reason	Amount (₹ Crores)	Details
2016-17	Not reported in Finance Accounts		
2017-18	1. Power Sector, letter of comfort, budget dated 07.02.2013	157.15	Payment for power purchased from DVC
2018-19	1. Repeat of 2017-18, No. 1		
2018-19	2. Government of Jharkhand, Energy Department	450.00	State Guarantee to JBVNL for repayment of current liabilities against the short-term loan borrowed at a subsidized rate.
2019-20	1. Repeat of 2017-18, No. 1		
2019-20	2. Repeat of 2018-19 No. 2		
2020-21	1. Repeat of 2017-18, No. 1		
2020-21	2. Repeat of 2018-19 No. 2		
2021-22	1. Repeat of 2017-18, No. 1		
2021-22	2. Repeat of 2018-19 No. 2		
2022-23	Jharkhand State Food and Civil Supplies Corporation Ltd. (JSFCSC)	2463	Not Available

Source: Finance Accounts, Government of Jharkhand

Chapter 11: Evaluation of Subsidies

11.1. Introduction

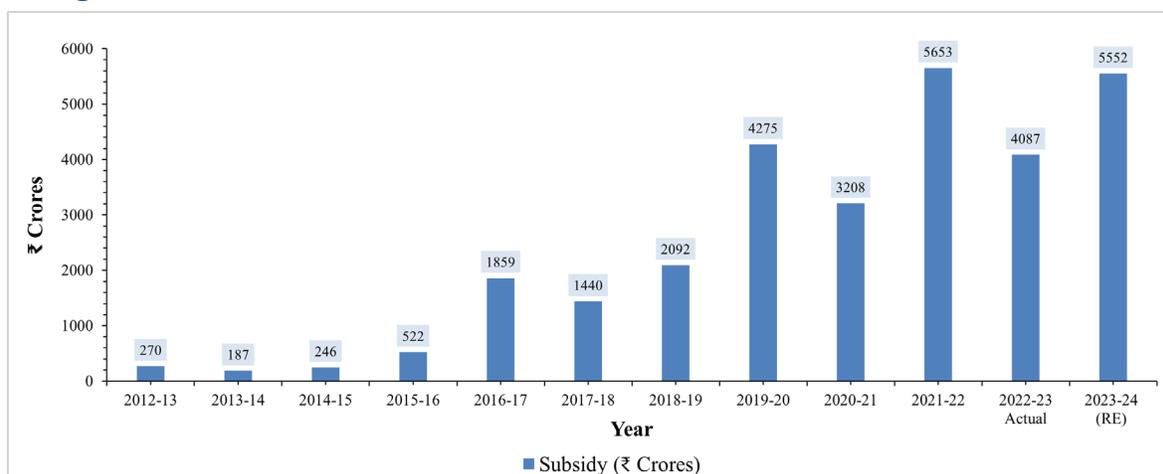
Subsidies have been given by the state government to various departments to help them break even and ensure that citizens have access to these services. Subsidies can have various forms within the same sector. In Power for example, the Distribution Power Company, may have to provide a certain amount of power free of cost to poor consumers, which is a subsidy given by the company to the poor consumers, and this may be compensated by the Government to the Utility, or the Utility may also receive cheap credit to pay up past dues.

In agriculture, for instance, farmers may receive fertiliser subsidies, which implies they receive fertilisers at less than the cost of production. Food grains are also distributed at ration shops at cheaper rates than the market, in which case the government provides subsidies to consumers for food. If there is a bumper harvest, prices drop below market prices are quite low, and then the Government buys the farmer's proceeds at some Minimum Support Price. The difference between the minimum support price and the price at which the government finally sells the grains is the subsidy provided for the food. Apart from food grains, in animal husbandry, the government may subsidise the buying of drought animals or vaccines for animals to keep them in good health. Subsidy is also extended to the Dairy Sector. Subsidy is also extended to the Civil Supplies Department, which looks after the procurement of food grains, disbursement of subsidised benefits through Aadhar, and distribution of LPG connections.

11.2. Overview of Subsidy over Time for Jharkhand

Figure 11.1 gives an overview of the increase in subsidies over different departments over time. We can see that the increase in subsidies over the 12-year period from 2012-13 to 2023-24, the average annual growth rate in subsidies has been 16.58%.

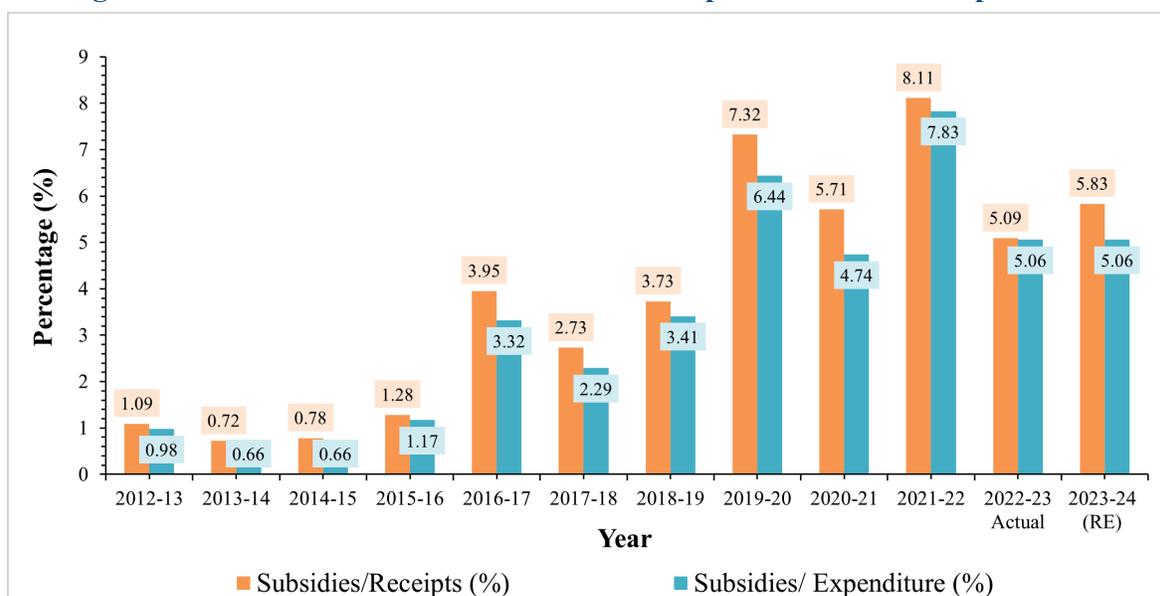
Figure 11.1: Overview of the Rise in Subsidies in Jharkhand: 2012-13 to 2023-24



Source: Ministry of Finance, Government of Jharkhand

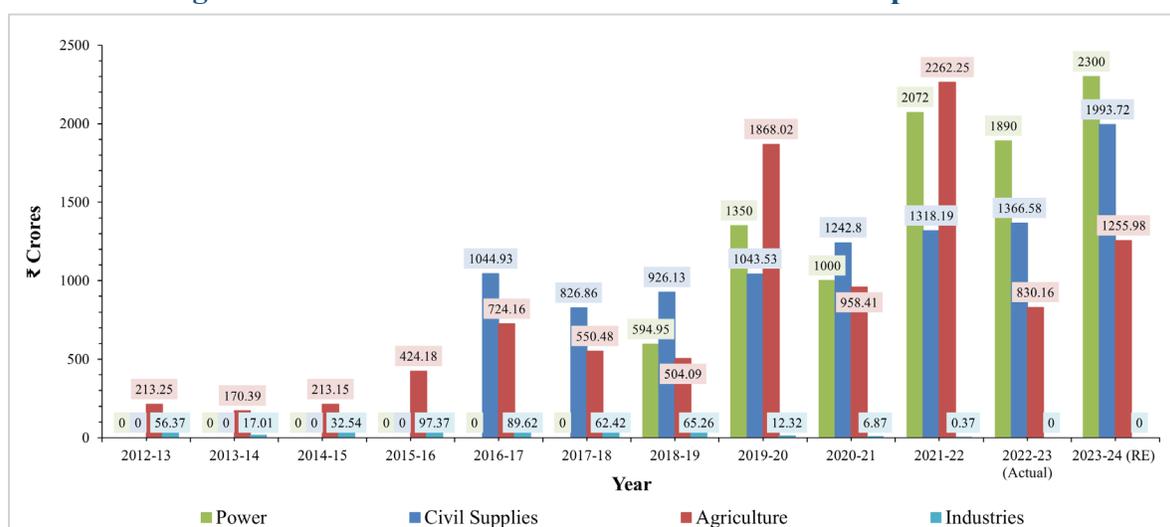
Figure 11.2 shows exactly the same pattern of a general increase from 1% in 2012-13 to over 5% in 2023-24. It hit a peak at around 8% during the COVID year 2020-21.

Figure 11.2: Subsidies as a % of Revenue Receipts and Revenue Expenditures



Source: Annual Financial Statements, Government of Jharkhand

Figure 11.3: Overview of Subsidies Over Different Departments



Source: Ministry of Finance, Government of Jharkhand

Figure 11.3 gives us the distribution of subsidies over different departments. Agriculture consumed a bulk of the subsidies, followed by Industries, which consumed about 15% to 20% of the subsidies till 2014-15. From 2015-16, Civil Supplies consumed more than half of the subsidies, and Industries consumed less than 5% of the subsidies. If we look at the overall data over the last three years, especially for 2022-23, for which the data in actuals is available, about 44.26% of the subsidies were taken by Power, 33.44% were taken up by Civil Supplies, and 18.44% were taken up by Crop Husbandry. The rest of the other 10 sectors constituted less than 5% of the entire share. Interestingly, at the start of our study period, in 2012-13, 66.16% of the subsidies went to Crop Husbandry, and 20.91% went to Industries. The share of the latter has come down to zero over the years, and that of Crop Husbandry has substantially fallen over the years. We now do a sectoral analysis of the subsidies over the main sectors.

11.3. Power

Of late, there has been a massive increase in power subsidies, from no subsidies till 2017-18, in 2018-19 it formed 28.44% of the total subsidies and it increased to 41.43% of the total subsidies in 2023-24, with an annual increase in allocation by 31.05% over the last five years from 2018-19 to 2023-24. The CAG report mentions that ₹ 1000 Crores was provided as grants-in-aid to Jharkhand State Electricity Board (JSEB), which increased to ₹ 1499.96 Crores in 2013-14. In 2016-17 and 2017-18, no subsidy was given for power or irrigation. The increase in subsidy by ₹ 652 Crores in 2018-19 over the previous year was mainly due to tariff subsidy (₹ 595 Crores) for consumers through Jharkhand Bijli Vitran Nigam Limited. No subsidy was given for irrigation in 2018-19. In 2021-22, subsidies increased by ₹ 1072 Crores due to tariff subsidy through JBVNL for consumers. From 2018, the subsidies provided to power were to provide free power to consumers to achieve access to electricity for the poorest sections of society.

11.4. Civil Supplies

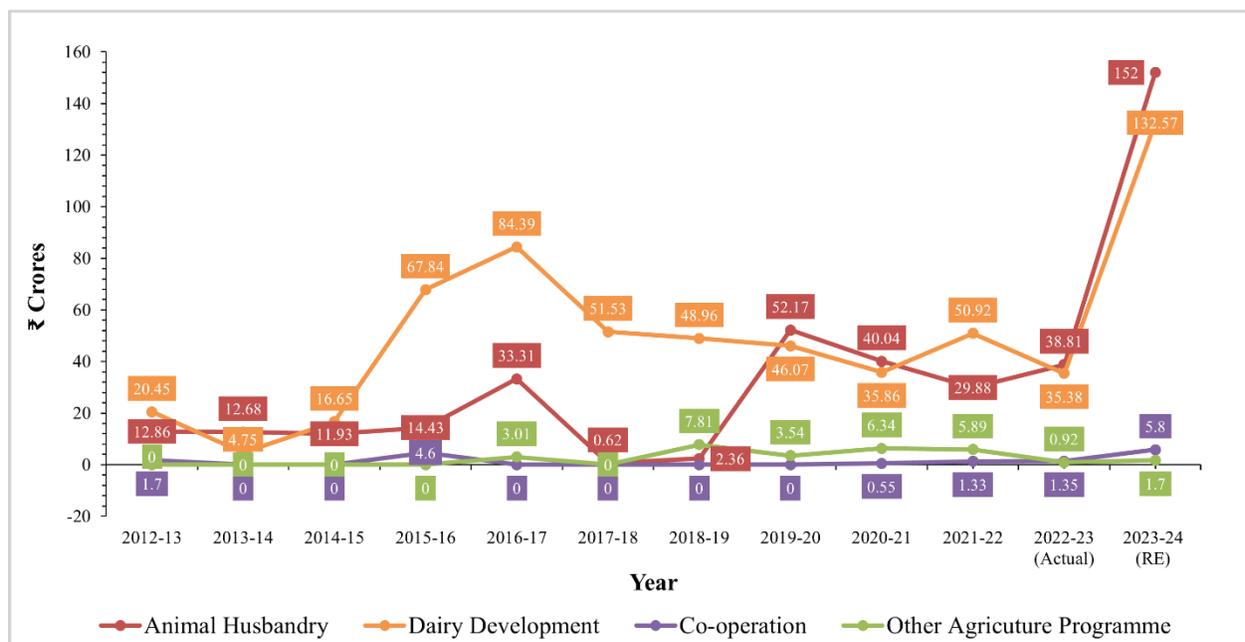
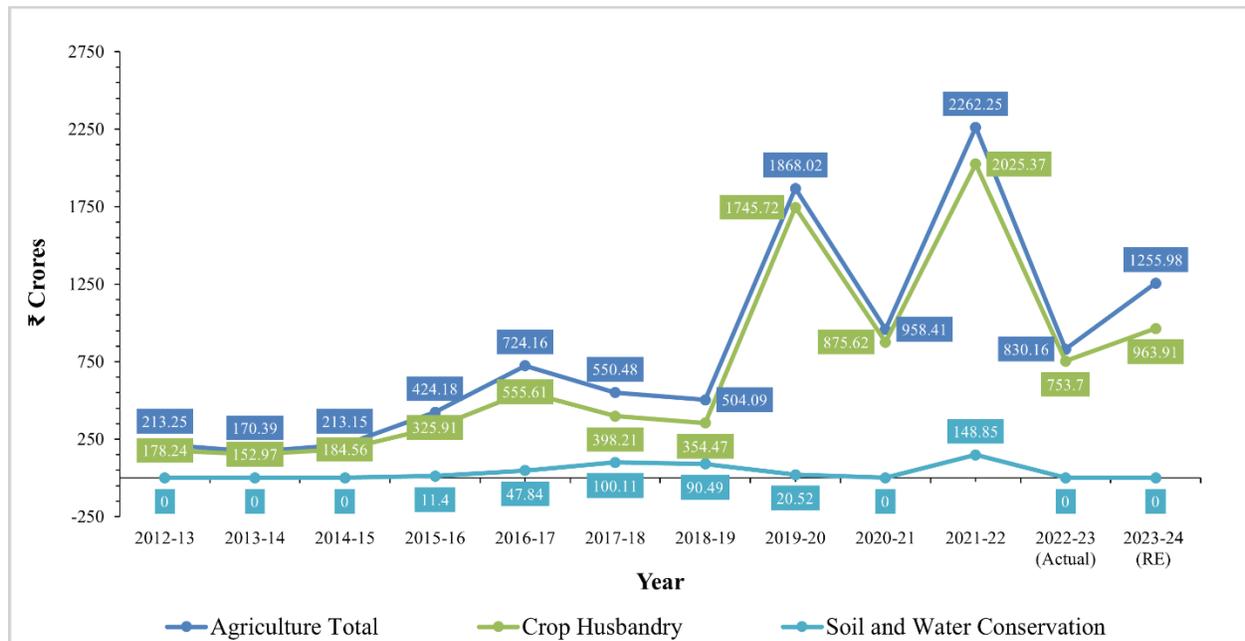
The Jharkhand State Food and Civil Supplies Corporation (JSF&CSCL) was established in 2010 to take care of the Public Distributions operations in the state. It procures foodgrains from the Food Corporation of India and distributes them across the states through the PDS channel. The corporation caters to various government schemes under PDS, such as Priority Household (PHH), Antyodaya Anna Yojna (AAY), welfare schemes like mid-day meals schemes (MDM), integrated child development scheme (ICDS). It is mainly responsible for procurement, storage and delivery of these commodities and the supply chain operations and management of any calamity in the state. Allocations to this department only started in 2015-16, most likely with the implementation of the allocations under the 14th Finance Commission and its share in subsidies shot up to 56.22% in 2016-17, but has come down to 35.91% in 2023-24, with an annual increase in allocation by 9.67% over these years.

CAG reports mention that subsidies are not only provided explicitly, but also implicitly by providing subsidised public services to people. ₹ 8 Crores was also provided for the distribution of bicycles to the students, of which ₹ 3.17 Crores was utilised. In 2013-14, ₹ 60.94 Crores was provided for the distribution of bicycles to the students, of which ₹ 55.94 Crores were utilised. The increase in subsidy from ₹ 522 Crores in 2015-16 to ₹ 1859 Crores in 2016-17 was due to provisions under Priority Household Scheme, Antyoday Anna Yojna, Distribution of Sugar/Salt and Pradhan Mantri Ujjawala Yojana under the Head Civil Supplies. There was a decrease in subsidy to ₹ 1440 Crores in 2017-18. This decrease in ₹ 419 Crores in 2017-18 was mainly due to less subsidy under the distribution of sugar/salt (₹ 208 Crores), Pradhan Mantri Ujjawala Yojana (₹ 24 Crores), Antyodaya Anna Yojana (₹ 2 Crores) and Bonus for Paddy Procurement (₹ 2 Crores) under the head Civil Supplies. and Implicit subsidies worth ₹ 347.72 Crores were provided for distribution of dress, bicycles, textbooks, school kit & reimbursement of examination fee for the students, distribution of blanket and cloth scheme etc., which was fully utilized. CAG reports mention that for 2022-23, ₹ 61.25 Crores was provided under Chief Minister Subsidy for the purchase of Petrol for Riding Two-Wheeler scheme, of which ₹ 6.07 Crores was spent.

11.5. Agriculture

The Department of Agriculture in the Government of Jharkhand looks after Crop Husbandry, Soil and Water Conservation, Animal Husbandry, Dairy Development, Co-operation and Other Agricultural Programmes. Figure 11.4 reports the distribution of this subsidy over different departments in Agriculture, and it is clear from the figure that the bulk of it goes into crop husbandry. The growth in agricultural subsidies has been at a rate of 17.47%.

Figure 11.4: Distribution of Agriculture Subsidy over Different Sub-Departments



Source: Ministry of Finance, Government of Jharkhand

Crop Husbandry comes under the Ministry of Agriculture and is mainly involved with issues related to food crops, such as distribution of good variety seeds and other related issues Crop

Husbandry constituted 66.11% of the subsidies in 2012-13 but has come down to 17.36% of the total allocation in 2023-24, with an annual growth rate of 16.67% over these 11 years.

From the CAG reports, we get to know that the increase in subsidy by ₹ 2183 Crores in 2019-20 was mainly due to subsidy for crop husbandry under Agriculture Farms by ₹ 600 Crores, special component plan for Scheduled Caste by ₹ 200 Crores, and tribal area sub-plan by ₹ 500 Crores. During the year 2020-21, the decrease in subsidy by ₹ 1073 Crores over the previous year was mainly due to a decrease in subsidy for Agriculture Farms under Crop Husbandry by ₹ 600 Crores, Mukhya Mantri Krishi Ahirvad Yojna by ₹ 700 Crores. During 2021-22, subsidy increased by ₹ 2445 Crores over the previous year, mainly due to the increase in subsidy for the loan waiver scheme for farmers by ₹ 1300 Crores. During the year 2022-23, subsidy decreased by ₹ 566 Crores over the previous year mainly due to a decrease in subsidy for loan waiver to farmers by ₹ 1184 Crores and horticulture development subsidy by ₹ 72 Crores.

11.6. Industries

Industries are vital for manufacturing in any state. Incentives mentioned in the Jharkhand Textile Apparel and Footwear Policy mention capital investment subsidy at the rate of 20% of investments made on fixed capital with a fixed upper cap of ₹ 50 Crores. There was an interest subsidy on the cost incurred for quality certification, on skill development, reimbursement of stamp duty/registration fees, and reimbursement of a part of the employers cost to skilled and unskilled workers. Similar policies have been mentioned in the Jharkhand Industrial and Investment Policy of 2021. What is most interesting is the fall in the subsidies to Industries, which constituted 20.91% of the total subsidies in 2012-13 but dropped to no allocation by 2022-23, with an annual decline in allocation by 39.23% over a 10-year period.

As for the cost-benefit analysis and the targeting and evaluation of subsidies, the same is difficult to do at a granular level due to the unavailability of outcomes in each department and linking them with the money spent on them. In recent years, more than 50% of the subsidies have been spent on power, and much of it is due to providing free power to all sections of society, so it can be thought of as money well spent. The spending on Civil Supplies, which essentially is for procurement, storage and distribution of food grains and other essentials to the below poverty line sections of society, which again is money well spent.

Chapter 12: Outcome Evaluation in the Context of Recommendations of the 14th and 15th Finance Commissions

12.1. Introduction

The period of study for us from 2012-13 to 2023-24 covers the period of three Finance Commissions, 2012-13 to 2014-15 falling under the grant recommendations of the 13th Finance Commission, from 2015-16 to 2019-20 falling under the 14th Finance Commission and finally from 2020-21 to 2023-24 under the 15th Finance Commission. The major difference happened from the 13th to the 14th Finance Commission when the share of the states from the divisible Central pool was increased from 32% to 42% from the 13th to the 14th Finance Commission. The same was reduced to 41% in the 15th Finance Commission on account of the decrease in the number of states due to removal of Jammu and Kashmir.

The grants decided under the 14th Finance Commission were:

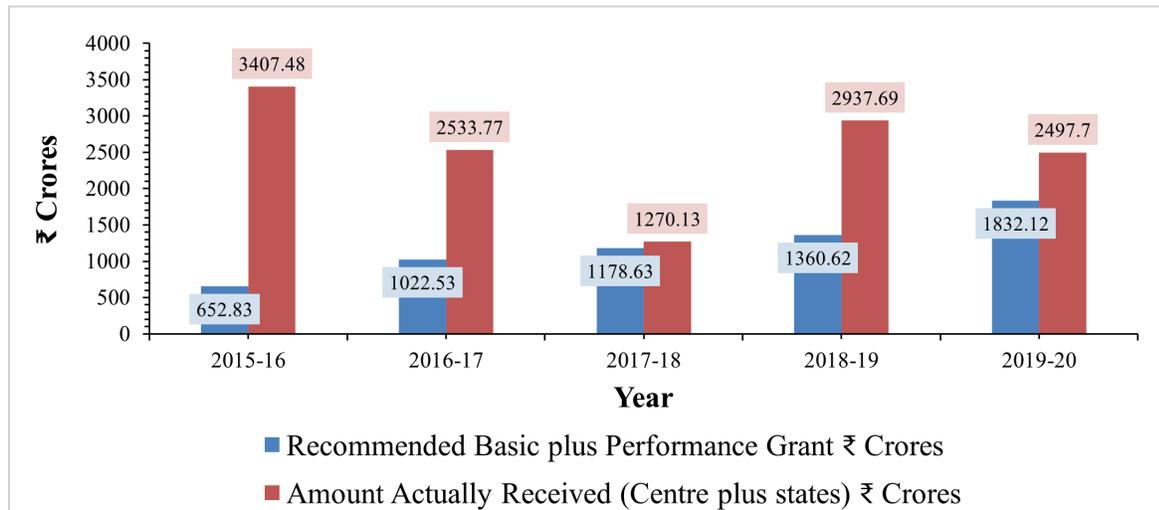
1. Revenue Deficit Grants.
2. Grants towards the equalisation, acknowledging that some states may not have the fiscal capacity to provide basic minimum services at a specified level, so Central grants were necessary to augment them.
3. Sector-specific grants of maintenance in four categories:
 - a. General administration (including judiciary and police),
 - b. Environment (forests),
 - c. Maintenance (irrigation, roads and bridges), and
 - d. Social sector (education, health, drinking water and sanitation).

The 13th Finance Commission recommended grants to Jharkhand local bodies of an amount of ₹ 2239.80 Crores⁹ from 2011-12 to 2014-15, but the amount actually received by PRIs as well as ULBs for the period 2012-13 to 2014-15 was ₹ 9406.65 Crores, which is substantially higher than the recommended amount¹⁰. As for the evaluation of the 14th Finance Commission, we have information on the amount of basic and performance grants recommended for both the rural and urban local bodies and information on what was actually received. Figures 12.1 and 12.2 give the situation regarding the amount of grants recommended and received by the 14th Finance Commission. We can see that both for rural as well as for urban, the amount actually received is substantially more than what was recommended for many years.

⁹ 13th Finance Commission Report page 253.

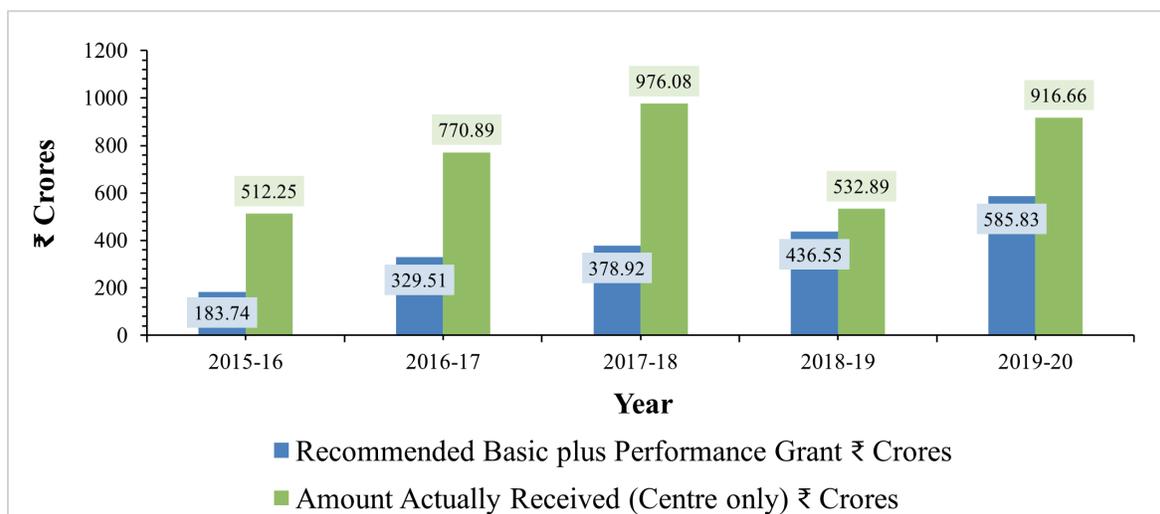
¹⁰ Authors own calculations from the data provided in Chapter 7. Part of the grant may also have come from the states.

Figure 12.1: Amount of Grant Recommended by 14th FC and the Amount Received by Rural Local Bodies



Source: 14th Finance Commission, pages 464-465, CAG Reports, Government of Jharkhand

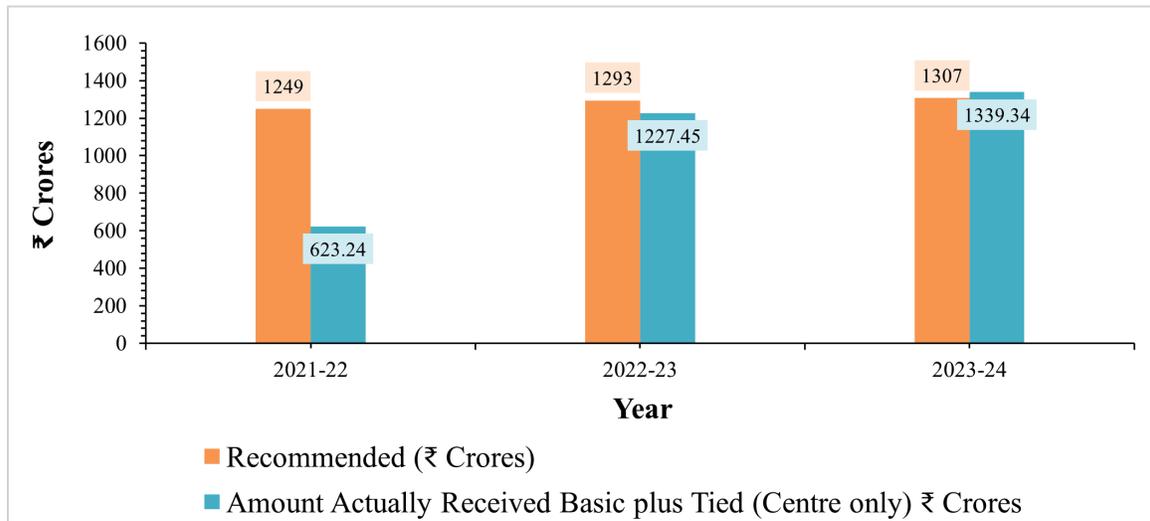
Figure 12.2: Amount of Grant Recommended by 14th FC and the Amount Received by Urban Local Bodies



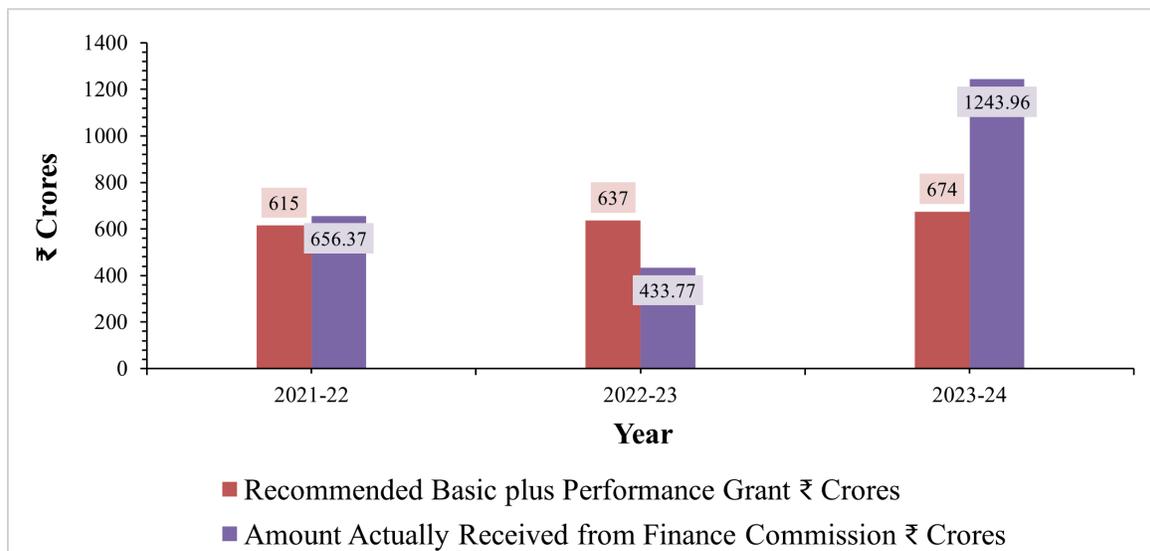
Source: 14th Finance Commission, pages 464-465, Urban Department, Government of Jharkhand

Figures 12.3 and 12.4 report the amount of grants recommended and that actually received during the tenure of the 15th Finance Commission for the Urban and Rural Local Bodies. It is interesting to see that for the Fifteenth Finance Commission, the amount actually received is more in line.

The 15th Finance Commission, for the period 2021-22 to 2025-26, had recommended ₹ 12322 Crores for local governments, ₹ 3138 Crores for disaster management, ₹ 1014 Crores for health, ₹ 966 Crores for PMGSY roads, ₹ 48 Crores for statistics, ₹ 275 Crores for judiciary, ₹ 179 Crores for higher education, ₹ 677 Crores for agriculture, and ₹ 1300 Crores as state specific grant.

Figure 12.3: Amount of Grant Recommended by 15th FC and the Amount Received by Rural Local Bodies

Source: 15th Finance Commission, page 281, www.egramswaraj.gov.in

Figure 12.4: Amount of Grant Recommended by 15th FC and the Amount Received by Urban Local Bodies

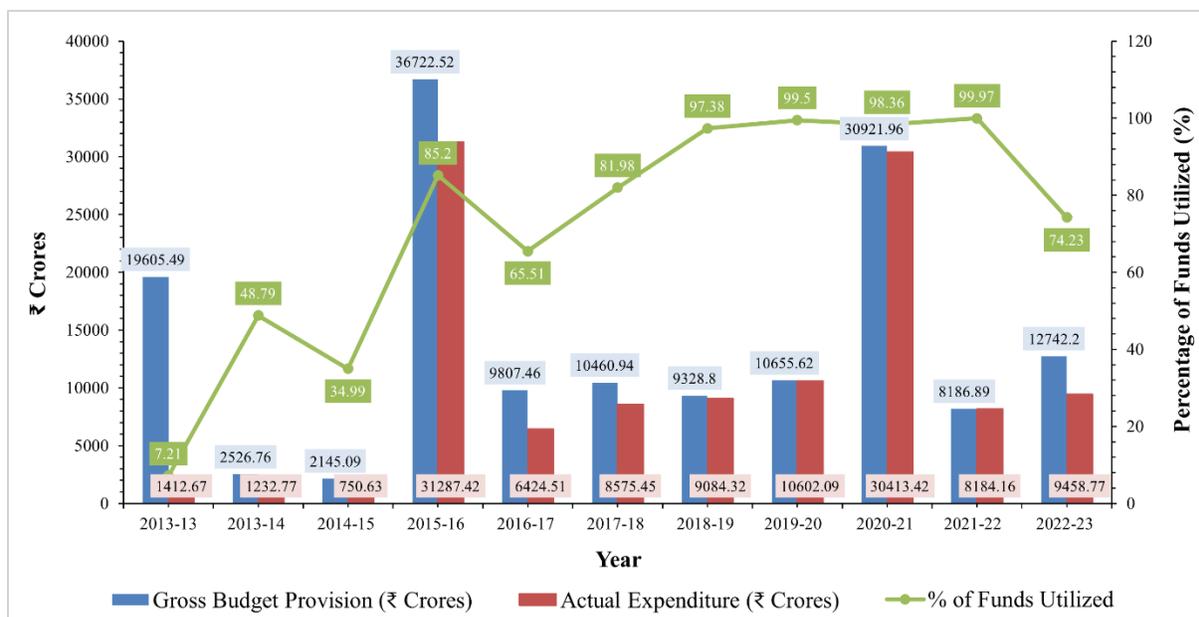
Source: 14th Finance Commission, pages 464-465, Urban Department, Government of Jharkhand

Apart from the formula grants that flow from the Centre to the States for the states to meet their overall budgetary requirements, the Central Government has its own notions of development of states on certain fronts, and has schemes running in states, which it funds, along with states pooling in their own resources for them. We will now discuss the various schemes of importance during the 13th Finance Commission and then the 14th and the 15th Finance Commission.

According to the 14th Finance Commission, states had supported additional maintenance expenditure from the Central Government. Apart from that, the Commission also considered health, education, drinking water and sanitation as public services of national importance having significant inter-state externalities. The Commission felt that grants should be effectively designed

to address these specific sectors and adequately monitored. The 15th Finance Commission classified spending on schemes for three main sectors, namely health, education, both school and higher education and agricultural sector and rural infrastructure, and finally on governance and administrative reforms. The number of schemes of both the Central Government and the State Government is huge, but in this chapter, we will report the allocation and utilisation of funds of both the Centre and the States for the major schemes in the Finance Accounts of the Jharkhand Government. The schemes in Finance Accounts appearing in Appendix VI from 2012-14 and in Appendix V from 2014-23 are classified as Plan A, where both the Central and State Government contributes, and Plan B, which are completely financed by the State Government. Both Plan A and Plan B schemes are classified as Tribal Area Sub-plan (T.S.P), Special Plan Component for Scheduled Castes (S.C.S.P), and Normal. We report now the major Plan A schemes operational from the details of the Plan A schemes.

Figure 12.5: Fund Allocation and Expenditure on Major Government of India Schemes



Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

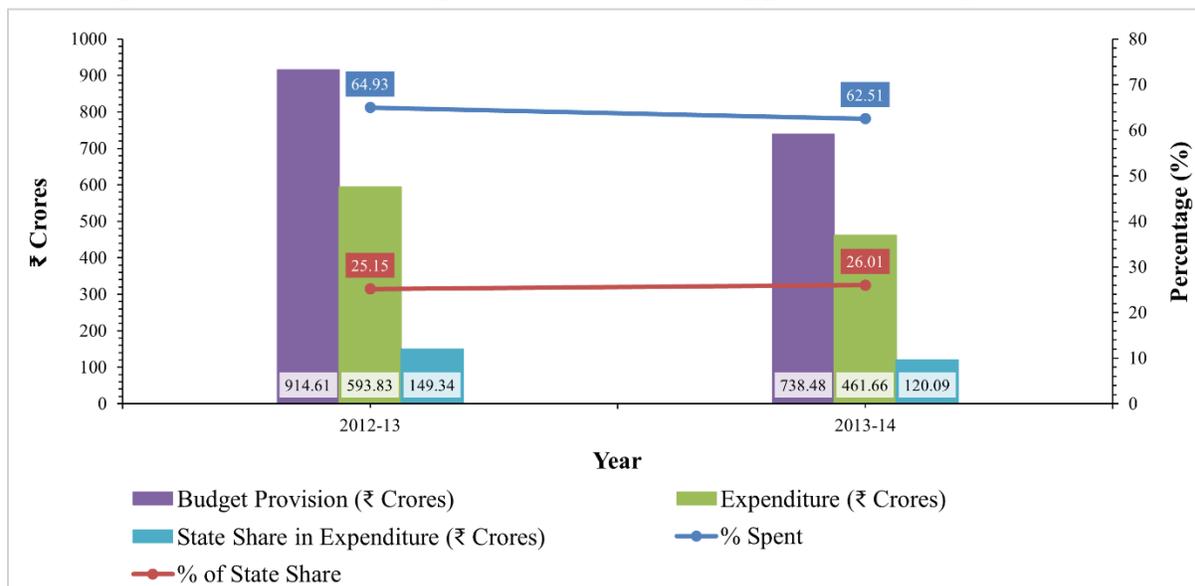
Figure 12.5 reports the expenditure on the major schemes, and it is evident that the percentage of funds utilised was less than 50% till 2014-15, and it sharply improved to over 80% from 2015-16 onwards, with the exception of 2016-17, when it fell sharply to 65%. From 2018 onwards, the utilisation of funds was more than 97%, with the exception of 2022-23, when it fell to 74.23%. The period 2012-13 to 2022-23 can be divided into two phases. There were three schemes running between 2012-13 to 2015-16, which no longer show up in future years as expenditure with major heads. This was roughly also the time when the Thirteenth Finance Commission came to an end and the Fourteenth Finance Commission was implemented.

12.2. Important Schemes During the 13th Finance Commission

Amongst them are the National Programme of Nutritional Support to Primary Education (MDMs), the Integrated Child Development Programme, and the National Rural Health Mission. In the

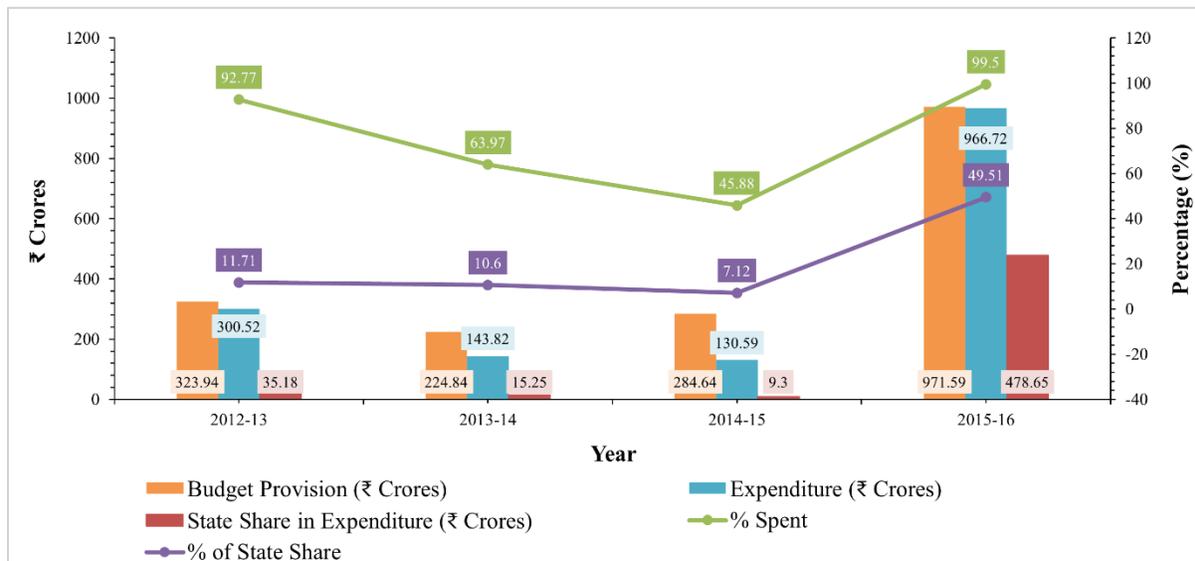
National Program for Nutritional Support to Primary Education, just over 60% of the budgeted expenditure could be spent. The State contribution was slightly over 25% over these two years. The state contributed to just over 25% of the total expenditure under the heads the Mid Day Meal Program, Handling charges for lifting food grains for the Mid Day Meal programme, Monitoring and evaluation of the mid day meal, Construction of store cum kitchen shed, Purchase of utensils and exchange/purchase of other equipment, and amount of price of food grains for Mid Day Meal Programme. The Integrated Child Development Scheme (ICDS) was launched in 1975 and is responsible for providing supplementary nutrition, immunisation and pre-school education. The percentage spent out of the total budget varied widely, from over 90% in 2012-13 and 2015-16, to less than 50% in 2014-15. The state share in this programme varied widely from 10% or less till 2014-15 to about 50% in 2015-16. Expenditure out of the state head came from 204 integrated child development projects and 20 district program offices, medicine kits, pre-school education kits, and some more heads. The National Rural Health Mission aims to provide equitable, affordable and quality health care to the rural population, especially to the vulnerable groups. The percentage of total allocation spent has been coming down since 2012-13, with slightly over 100% in 2012-13, to about 61% in 2013-14 to about 36% in 2014-15. The state contribution has varied widely from 62% in 2012-13 to no contribution in 2013-14 to about 42% in 2014-15.

Figure 12.6: National Program of Nutritional Support to Primary Education



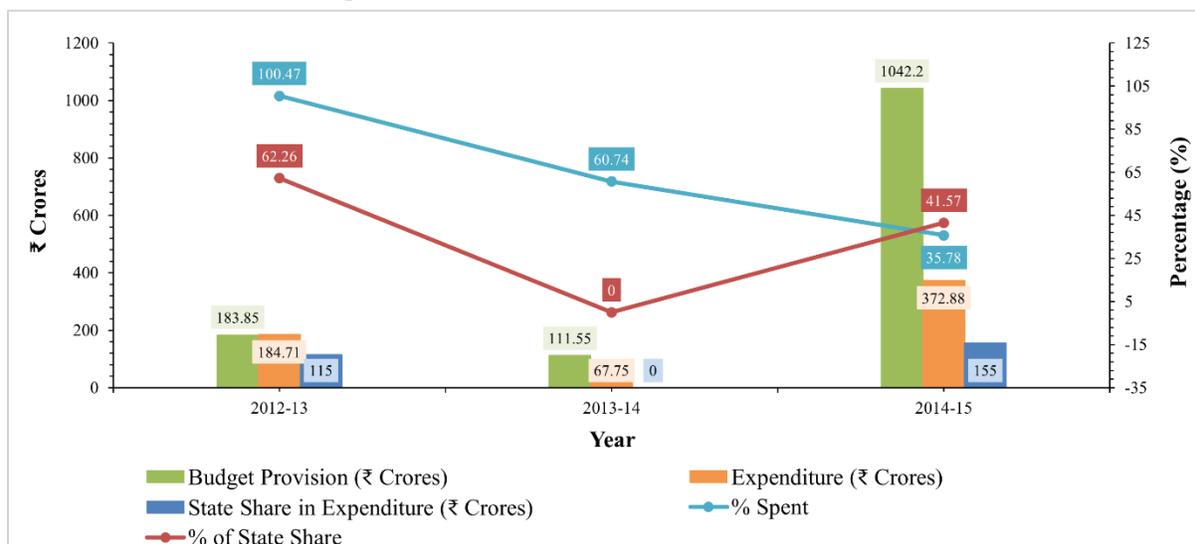
Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand

Figure 12.7: Integrated Child Development Scheme



Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand

Figure 12.8: National Rural Health Mission



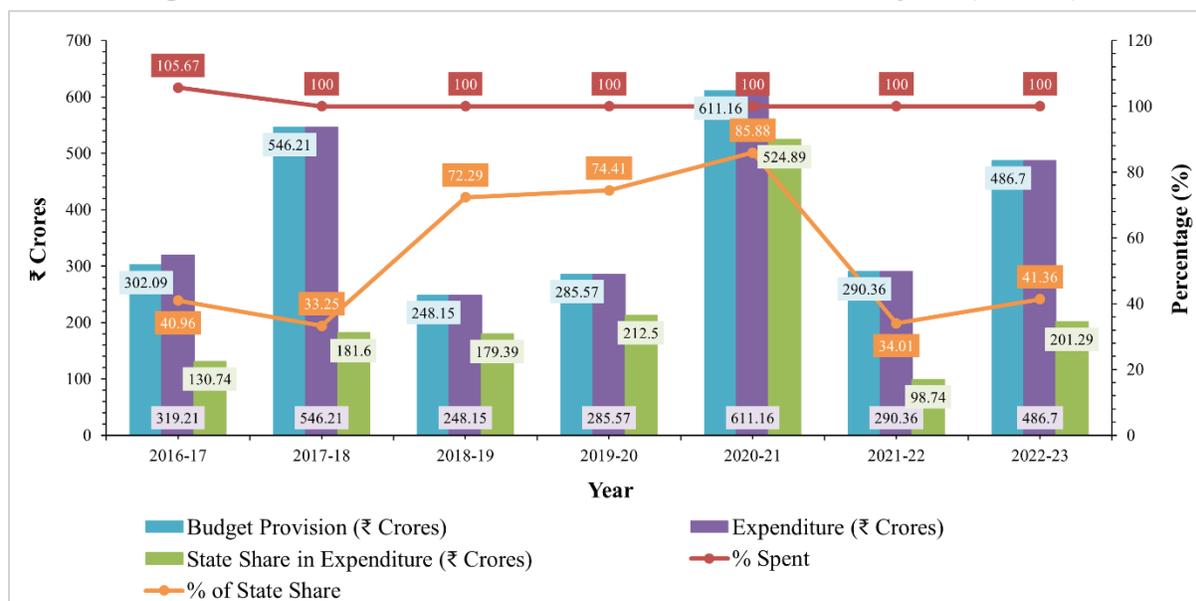
Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand

12.2. Important Schemes During the 14th and 15th Finance Commissions

Since 2016-17 till 2022-23, the major schemes in operation were the Pradhan Mantri Awas Yojana (PMAY), Swachhh Bharat Mission, Mission for 100 Smart Cities, Rashtriya Uchhatar Siksha Abhiyan (R.U.S.A), Urban Renewal Mission 500 and Day NULM (Deen Dayal Antodaya Yojana-National Urban Livelihood Mission), the details of which are provided in Figures 12.9 to 12.13, respectively. The Pradhan Mantri Awas Yojana is a flagship program launched in 2015 to address the housing shortage in urban areas and provide pucca houses to economically weaker sections. This constituted the major expenditure amongst Plan A schemes for this period. The entire budget allocation was spent for all the years during this period. The state contribution to the expenditure was about 40% in most of the years, but it shot up to more than 70% for the years 2018-19 and 2019-20, and it shot up to more than 85% in 2020-21. The Swachhh Bharat Mission, initiated in

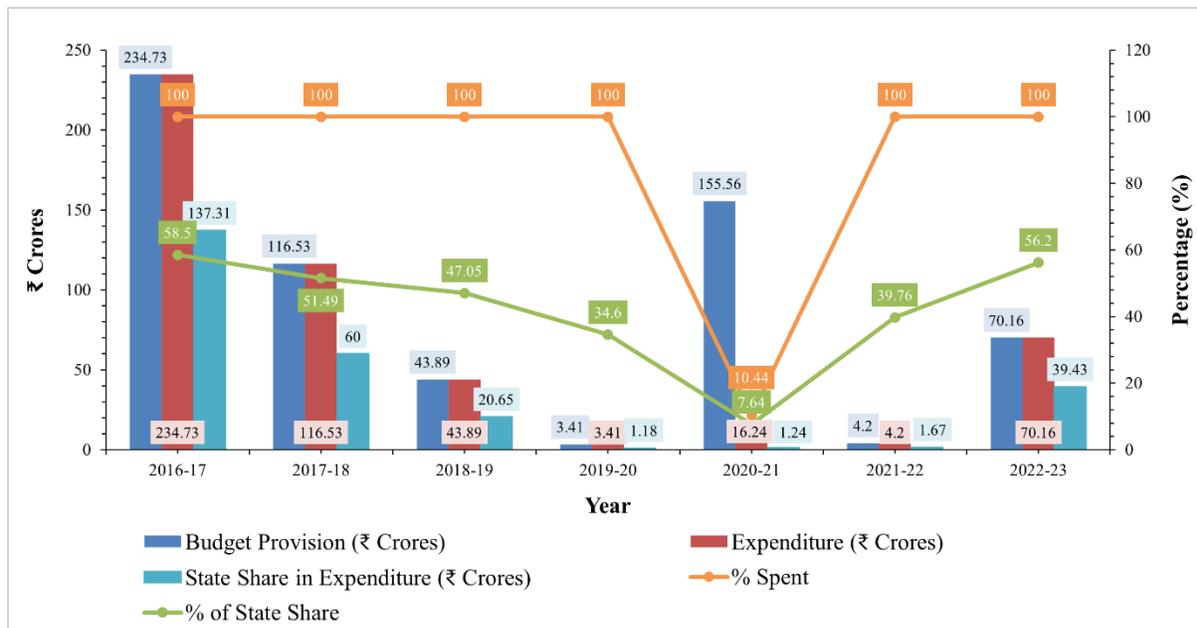
2014, represents a transformative phase in India's sanitation narrative with the aim of making India open defecation-free. Again, all the sanctioned amount was fully utilised during this period. The state share was usually over 50% in this scheme; however, for 2019-20 and 2021-22, it was less than 40%, but it dropped sharply to 8% in 2020-21. The Rashtriya Uchhatar Siksha Abhiyan (R.U.S.A), launched in 2013, aims at providing strategic funding to eligible state higher educational institutions. Only in 2022-23 was 25% of the allocated budget spent; in all other years, the entire budgeted amount was spent. The state share has fluctuated widely to around 30% or less, but it dropped to 14% in 2019-20, and there was no state share in 2020-21. The state share became as high as 91% in 2021-22. The Urban Renewal Mission aimed for the modernisation of identified cities. 100% of the allocated budget has been spent in all the years, the state share has been around 50% in most of the years, except in 2018-19, when there was no state share. The National Urban Livelihood Mission aimed at reducing urban poverty by enabling people to gain self-employment or skilled employment opportunities. The budgeted amount has been entirely spent in most years. The state share has been around 40% in most years. The budgeted amount fell sharply in 2022-23, but the expenditure rose sharply.

Figure 12.9: Grants in aid for Pradhan Mantri Awas Yojana (PMAY)



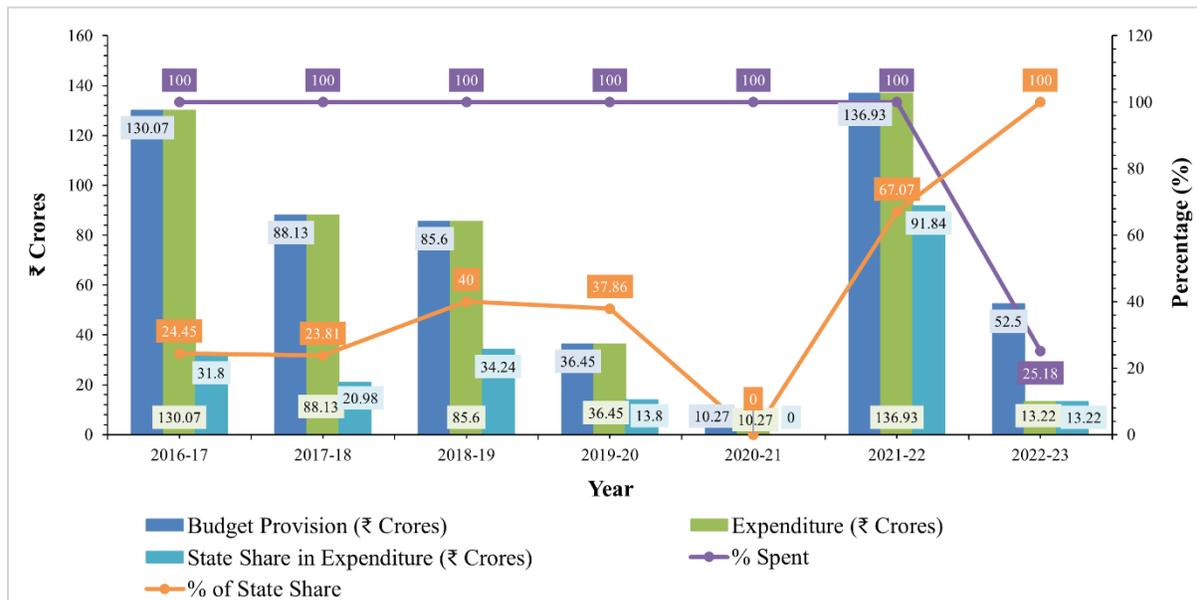
Source: Appendix V, Finance Accounts, Government of Jharkhand

Figure 12.10: Swachhh Bharat Mission



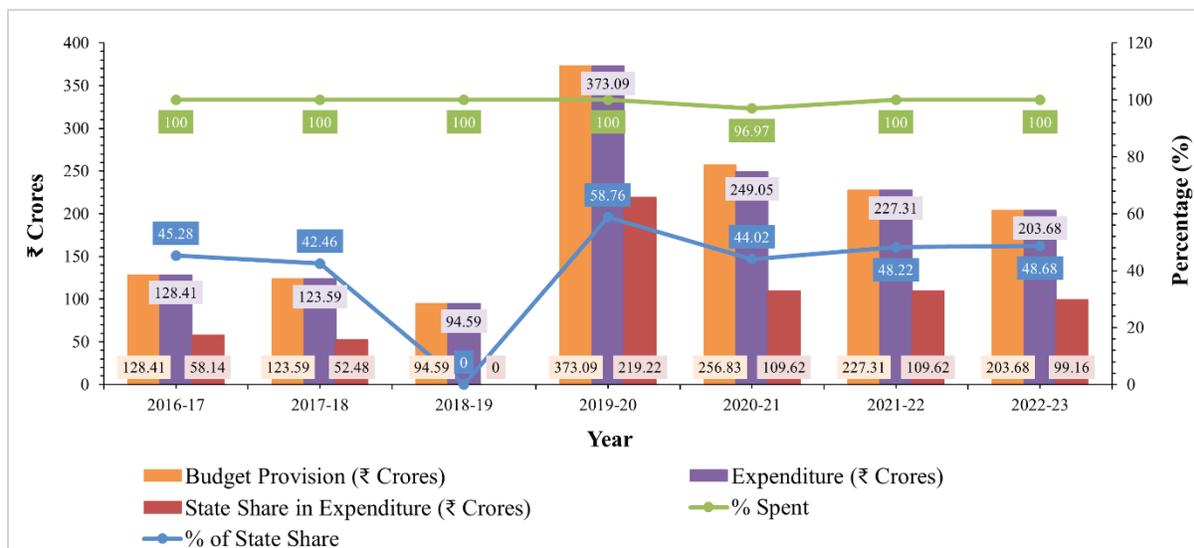
Source: Appendix V, Finance Accounts, Government of Jharkhand

Figure 12.11: Rashtriya Uchhatar Siksha Abhiyan (R.U.S.A)



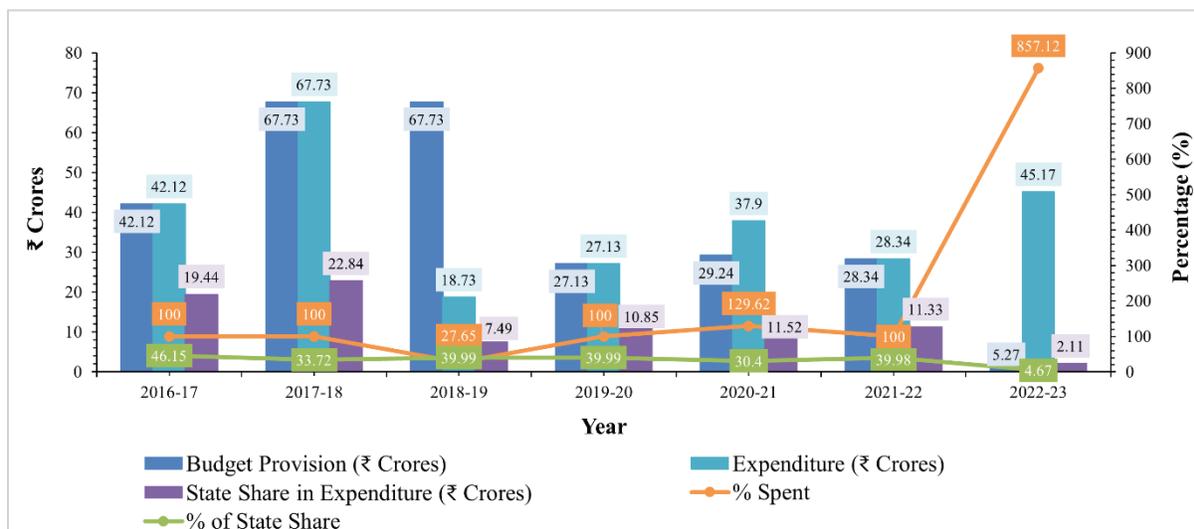
Source: Appendix V, Finance Accounts, Government of Jharkhand

Figure 12.12: Urban Renewable Mission 500



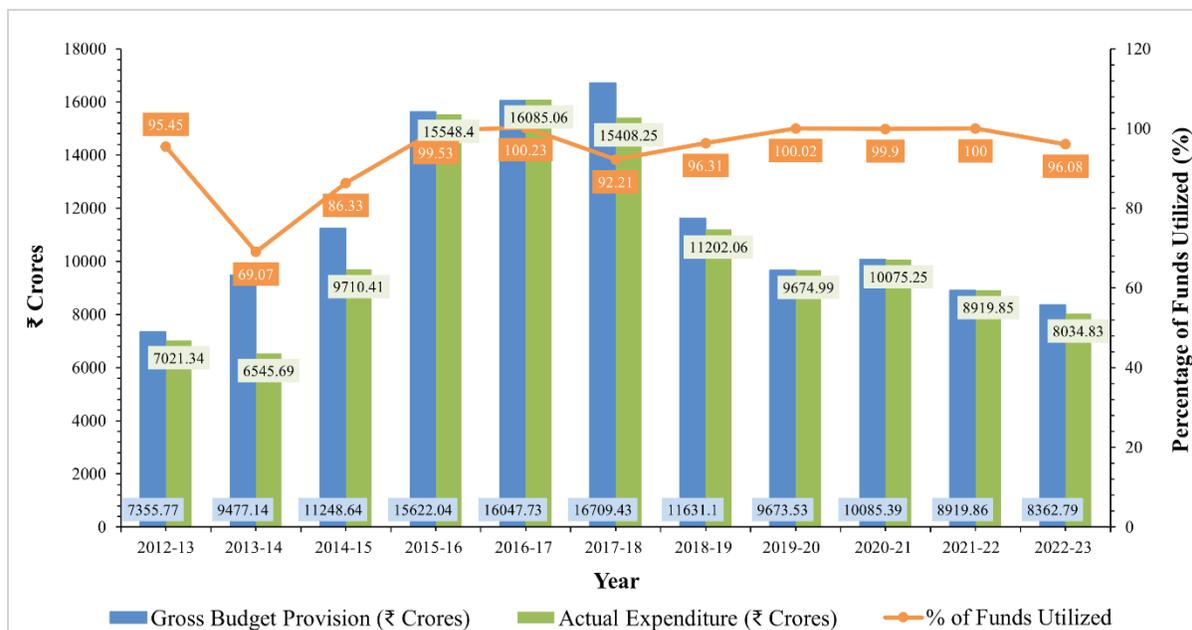
Source: Appendix V, Finance Accounts, Government of Jharkhand

Figure 12.13: Day NULM (Deen Dayal Antodaya Yojana-National Urban Livelihood Mission)



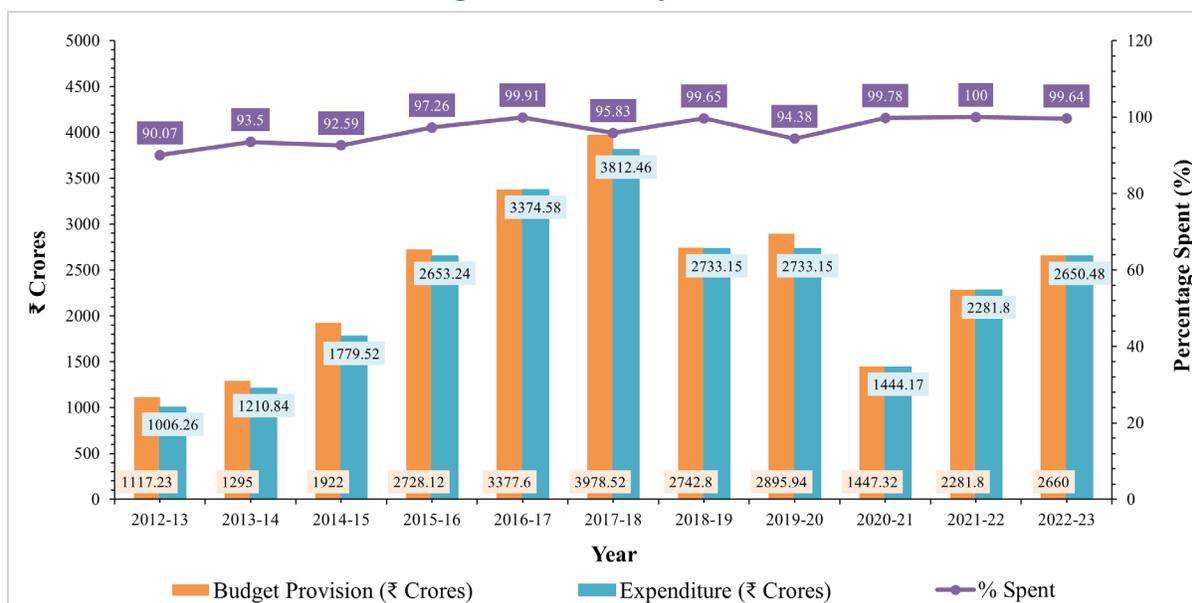
Source: Appendix V, Finance Accounts, Government of Jharkhand

Figure 12.14: Fund Allocation and Expenditure on Major State Schemes



Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Figure 12.15: Major Roads



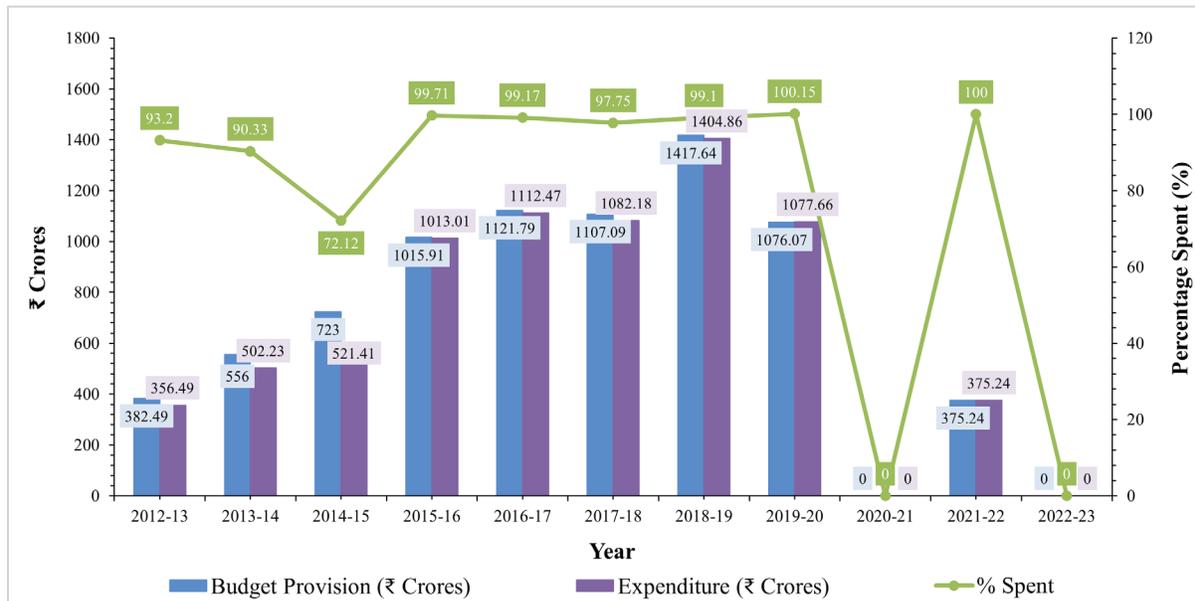
Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

12.3. Plan B State Schemes

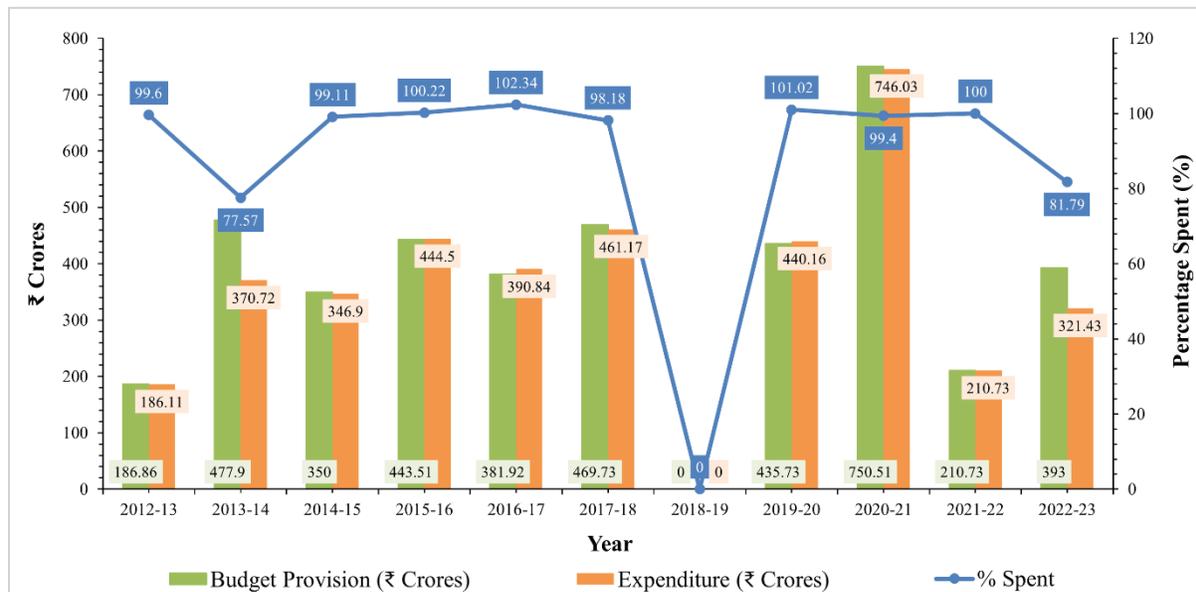
In Plan B state schemes, the entire expenditure for the schemes comes from the states. The Finance Accounts reports about 30 major schemes each year. Figure 12.14 gives the total fund allocation and expenditure on major state schemes from 2012-13 to 2022-23. In all the years, more than 90% of the allocated expenditure was utilised. Throughout the entire 12-year period, the expenditure was on six schemes, which are Major Roads, Minimum Needs Programme, Chief Minister’s

Village Bridge Scheme, Sarva Siksha Abhiyan, National Rural Employment Guarantee Act and Subarnarekha Project, the details of which are provided in Figures 21.15 to 12.20. One of the major areas of spending by the State on schemes is on roads, and it has consistently been so. In all the years, almost the entire budgeted amount was utilised. The minimum needs programme was introduced in 1974 to address the basic minimum needs and improve the standards of living of the people. Budget allocation and expenditure have been really fluctuating, with the amount allocated and spent in 2021-22 being lower than that in 2012-13. There were no allocations for the programme in 2020-21 and 2022-23.

Figure 12.16: Minimum Needs Programme



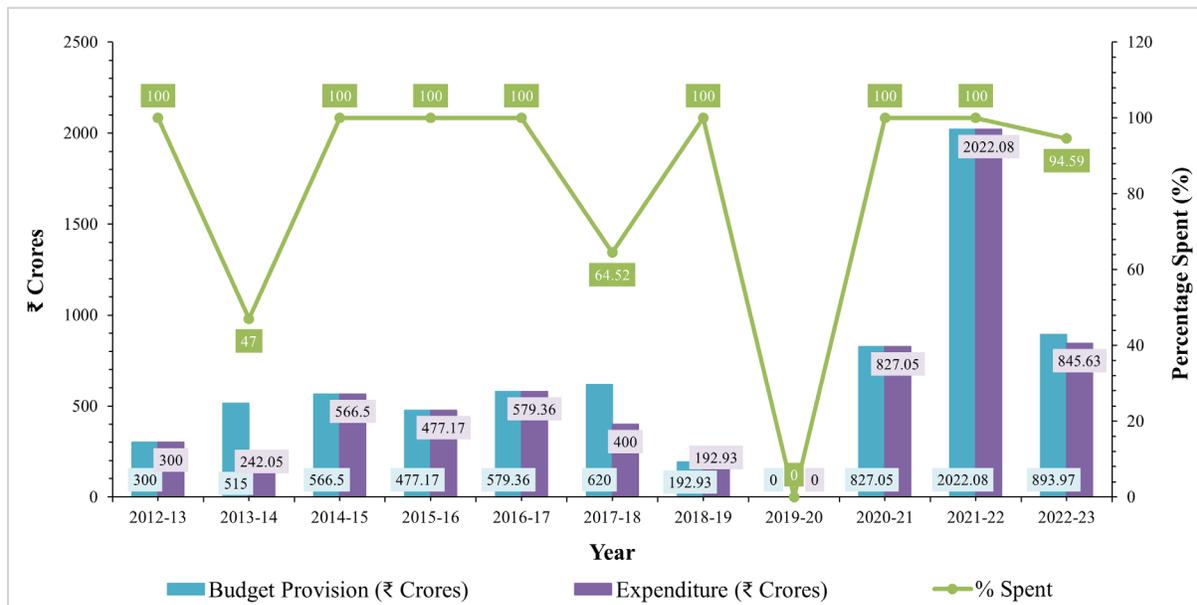
Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Figure 12.17: Chief Minister Village Bridge Scheme

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

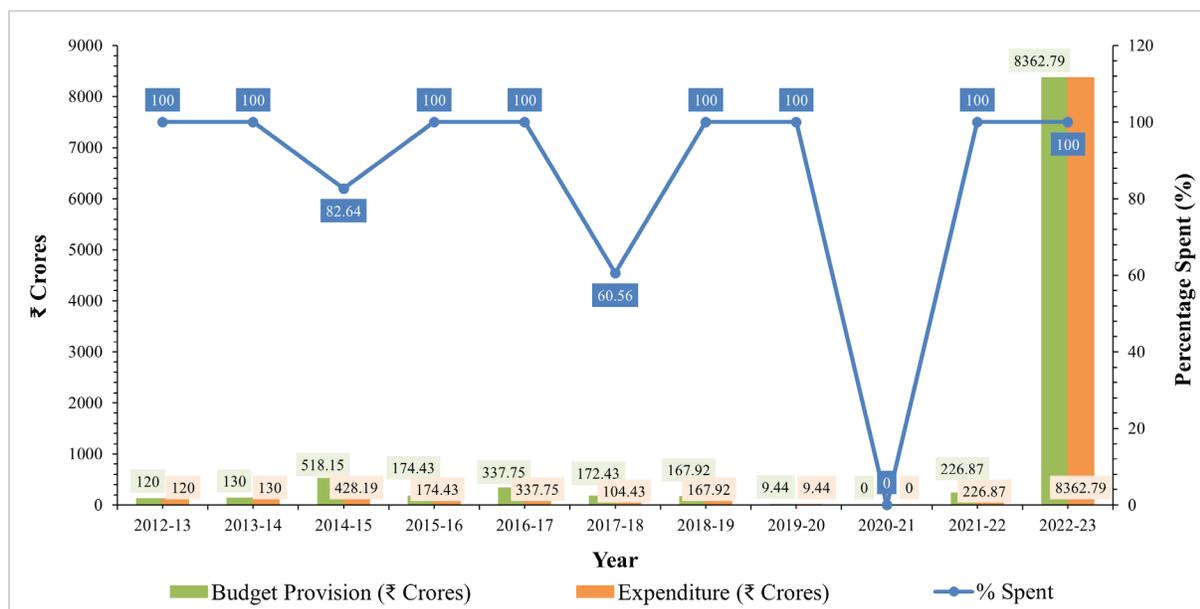
The Chief Minister's Village Bridge Scheme has also had low but fluctuating allocations over the years, the highest being during the pandemic year of 2020-21. There were, however, no allocations on this scheme in the year 2018-19. One of the major programs of the state is the Sarva Siksha Abhiyan, which aims to provide universal primary education to all children between 6-14. For most of the years, the whole budget allocation has been utilised except for 2013-14, when the utilisation was a mere 47%. Allocation and expenditure on this program have been really fluctuating, with the highest allocation during the second pandemic year of 2021-22 and with no allocation in 2019-20.

Figure 12.18: Sarva Siksha Abhiyan



Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Figure 12.19: National Rural Employment Guarantee Act

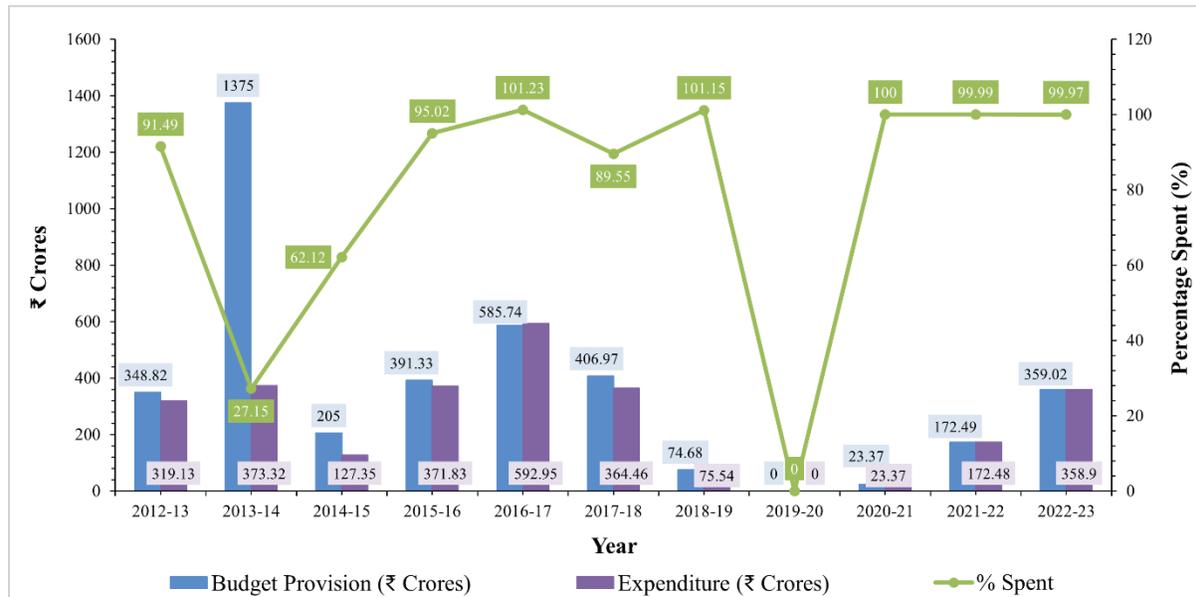


Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

The National Rural Employment Guarantee Act has also been a flagship program of the Indian Government. Its aim was to provide social security to rural households by assuring 100 days of employment in a year to any household member willing to do unskilled work. From Figure 12.19, we see that the increase in allocation was the highest in this scheme from ₹ 120 Crores in 2012-13 to ₹ 8362.79 Crores in 2022-23. For most years, the entire budget allocation on this scheme has been spent. However, there have been huge fluctuations in the allocation and expenditure on this scheme, with allocation falling as low as ₹ 9.44 Crores in 2019-20, with no allocation in the

pandemic year of 2020-21 and in 2022-23, there was an allocation of ₹ 8362.79 Crores, of which the entire money was spent.

Figure 12.20: Subarnarekha Project



Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Allocations for Subarnarekha Project, a major irrigation project, have been quite static, with the allocation in 2012-13 being ₹ 348.82 Crores, while in 2022-23, it had only increased to ₹ 359.02 Crores. The entire allocation on this project has been spent in most years, except in 2013-14, when the allocation increased four times as compared to the previous year to ₹ 1375 Crores, but only 27% of the funds were utilised. In 2019-20, there was no allocation for this project. Apart from these major long-term schemes, there were schemes of extending loans to Jharkhand State Electricity Board in the early years, and the Jharkhand Bijli Vitran Nigam Limited and to Jharkhand Urja Sancharan Nigam Limited. Since 2018-19, there have been allocations to Rural Piped Water Scheme, since 2017-18 there have been allocations to Priority Household Scheme which gives 5 kgs of ration at a subsidized price to households every month. From 2012-13 till 2015-16, the Patra Grishast Yojana Mukhyamantri Kanyadan Sahayata Yojana received substantial allocation but there were no listings on this scheme post 2016. All in all, most schemes both Central and State had schemes concentrating on health, education, sanitation and infrastructure.

12.4. Evaluation of Schemes

A NITI Aayog study on the Evaluation of Integrated Child Development Scheme (ICDS) scheme in 2020, found that as of 2018-19, 30.1% of sanctioned positions for Child Development Project Officers (CDPOs) and 27.7% of sanctioned positions for Supervisors are vacant across the country. Jharkhand had more than 40% of CDPO vacant sanctioned posts. Due to large vacancies there is an increased burden of monitoring and review on the CDPOs and AW Supervisors. The audit of the ICDS program was carried out for the period 2006-07 to 2010-11 to understand why it has not

achieved the desired goals. The findings indicate that the program has been unable to address the nutrition health issues and immunization coverage has remained low because of absence of the monitoring mechanisms. A study team by NFHS 2015-16 reports that state wise utilization of ICDS services by mother during pregnancy in Jharkhand was 78.2% for rural and 48% for urban. The availability of drinking water facility in Jharkhand was 66.1% 2015-16 and remained the same in 2018-19, with no increase in coverage. As for toilet facility, the coverage for the same in 2015-16 was 30.4% and in 2018-19 was 66.1%.

A study on the Evaluation of the implementation of Pradhan Mantri Awas Yojana (PMAY Urban) tabled by the Standing Committee of Urban Affairs in 2022-23, report that for Jharkhand, as on 31st October 2022, 3,931 houses were sanctioned under the In-Setu Slum Redevelopment (ISSR), 14,941 were sanctioned under the Credit Linked Subsidy Scheme (CLSS), 32701 houses under the Affordable Housing in Partnership (AHP) scheme, and 182541 under the Beneficiary Led Construction (BLC) scheme. Of these 73.3% were completed under the ISSR scheme, 94.6% were completed under the CLSS scheme, 4.45% were completed under the AHP scheme and 53.5% were completed under the BLC scheme. The number of projects were 453, the number of houses sanctioned were 219173, of which 46.5% were completed, and the number of beneficiaries were 168465. The Central Assistance involved was ₹ 3682.33 Crores, of which 68.8%. 1.43 lakhs are either slum or migrant households and 2.34 lakh households have been sanctioned by the ministry. Overall, Jharkhand has an impressive 73.31% of sanctioned houses completed and delivered.

In the Economic Survey of 2019-20 reports under the Swachch Bharat Mission, under the Individual Household Latrine (IHHL) scheme, Jharkhand has shown remarkable progress from 2012-13 to 2018-19. Jharkhand is 100% open defecation free. An evaluation of the Rashtriya Uchhayatar Siksha Abhiyan (RUSA), in their own website, as of 2016, the concerns were the large number of vacancies 35.52% of the posts being vacant in colleges, the need for the construction of new professional colleges, allocations were for upgradation of existing autonomous colleges to universities, and infrastructure grants to universities.

Chapter 13: Determination of a Sustainable Debt Roadmap for 2026-31

13.1. Introduction

Fiscal consolidation aimed towards reducing fiscal deficit and stabilizing public debt through the formulation of a sustainable debt roadmap serves as a cornerstone for economic growth, particularly for an emerging economy like India. In fact, successive Finance Commissions have emphasized the same while also presenting the challenges in achieving fiscal consolidation and highlighting the steps to achieve the same. It also entails combining expenditure rationalization, i.e., reduction in non-essential government spending and revenue enhancements. Essentially, the debt roadmap serves as a blueprint for sustainable debt management in any economy.

The Finance Commission formulates the principles of fiscal consolidation by assessing the financial position of the Union and various states based on a range of indicators. In their reports, the 14th and the 15th Finance Commissions outlined several recommendations drawing on inputs from stakeholders, including state governments, the Union Government, and the Comptroller and Auditor General (CAG). Highlighted below are some key recommendations made by the 14th and 15th Finance Commissions and the subsequent amendments to the FRBM Act in designing a fiscal roadmap for the states.

- Fiscal deficits of the state must be within 3%, with a 0.5% flexibility over and above the 3% ceiling if the state is able to eliminate the revenue deficit. Further, out of this 0.5%, 0.25% flexibility is allowed if the state has a debt-to-GSDP ratio of 25% or less, and the remaining 0.25% is allowed if the interest payments to revenue receipts are less than or equal to 10%.
- The Commissions set borrowing limits for states, allowing a net borrowing of 4% of GSDP in 2021-22, 3.5% in 2022-23, and 3% from 2023-24 to 2025-26 and thereafter. An additional borrowing of 0.5% of GSDP is allowed for states that meet the criteria for power sector reforms.
- The Commission suggested restructuring the Fiscal Responsibility and Budget Management (FRBM) Act to define and achieve debt sustainability. It recommended the formation of independent public debt management cells to manage state borrowing programs efficiently. It also suggested the replacement of the FRBM Act with the Debt Ceiling and Fiscal Responsibility Legislation.
- Implementation of a stronger compliance mechanism to be accountable for the fiscal target.
- An establishment of an independent fiscal council to assess the implications of the fiscal policy undertakings is recommended.
- They suggested the exclusion of the state from the operations of the NSSF Scheme.
- Further, there was a suggestion regarding setting up a Consolidated Sinking Fund.

These are some key recommendations made by the 14th and 15th Finance Commissions, emphasizing the fiscal responsibility of both the Union and the states. From these recommendations, certain metrics emerged as the basis for defining and measuring debt sustainability. It is worthwhile to examine how Jharkhand has performed over the last few years against these parameters to assess the state's debt sustainability report.

We start by assessing Jharkhand's performance with respect to interest payments and *revenue receipts*. Interest payments are payments made on the debt incurred in the past. However, these interest payments mustn't exceed the revenue-generating capacity. In other words, interest payments come under the category of committed expenditures for the state. From 2012-13 to 2023-24, the interest payments have grown from ₹ 2391 Crores to ₹ 6839 Crores and are projected to be at ₹ 7055 Crores in 2024-25. The interest payments have grown with a CAGR of 9.15% from 2012-13 to 2023-24. As a percentage of revenue receipts, the interest payments have been within the stipulated limit of 10%, except for 2020-21, i.e., during the COVID-19 outbreak year. A closer look at that ratio indicates that since 2020-21, it has been showing a declining trend and is projected to fall below the 6.4% mark in 2024-25.

Another key parameter for measuring debt sustainability is the *debt-to-GSDP ratio*. According to the FRBM, any state should maintain a debt-to-GSDP ratio of up to 20%. For Jharkhand, this metric is concerning. From 2014-15 onwards, the debt-to-GSDP ratio has consistently risen and reached 36.8% during the FY 2020-21. Though it has fallen since then in subsequent years, indicating partial recovery, it remains higher compared to the recommended threshold till 2021-22. Subsequently, it has fallen below 30% in the following two fiscal years. The same has now been projected to fall below 28% in 2024-25.

13.2. Projection of Jharkhand's Fiscal Indicators

Due to the COVID-19 crisis, the public finances were strained primarily due to the reduction in the economic activities resulting from the lockdown and the repositioning of expenditures. The state, however, has been on the path of recovery since then. Hence, it is imperative to understand how fiscal indicators have been shaping since the pandemic subsided. In addition, the country also witnessed a tax reform in 2017 through Goods and Services taxes (GST). Unlike VAT, which was an origin-based tax (allocating revenue to the state where goods were produced), GST is a destination-based tax (granting revenue to the state where goods are consumed). For a resource-rich but economically less developed state like Jharkhand, which has low income and consumption levels, this shift from an origin-based tax to a destination-based tax allocation scheme was challenging as it was expected to lose heavily from the same. A GST compensation mechanism was introduced for states to cope during this transition phase, ensuring that states would receive compensation if their tax revenue growth fell below 14% annually. However, the GST compensation ceased to exist from 2022 onwards, despite states like Jharkhand requesting an extension beyond 2022. The discontinuity of GST compensation will have a major impact on several indicators, such as tax revenue, tax buoyancy, fiscal deficit, and state debt.

Thus, it is worthwhile to understand how the fiscal scenario of the state will be in the next five years or so after going through two shocks in the form of GST implementation and COVID-19. Against this background, we project the fiscal indicators of the state as described below:

Scenario: Using the CAGR of different parameters from 2012-13 to 2023-24 and then making the projections (this included the economic shocks through COVID-19 and GST Implementation).

13.3. Methodology

In the first scenario, we use the actual data for 2023-2024 as the base year and then come up with projections from 2024-25 till 2030-31. Using the Compounded Annual Growth rate from 2012-13 to 2023-24, the forecasted estimates from 2024-25 to 2030-31 for various parameters are provided. Table 13.1 lists the CAGR rates calculated to come up with the forecasted estimates from 2024 to 2031.

The forecasted estimates are calculated using the formula:

$X_{n+1} = X_n(1 + CAGR)$ where X is any particular metric that we are focussing on.

These actuals, estimates, and forecasted values are provided for tax, non-tax revenues, and expenditures by the Ministry of Finance and the Government of Jharkhand.

Table 13.1: CAGR Rates Computed for Various Indicators Used to Produce Forecasted Estimates

Particulars	Actual 2012-13	Actual 2023-24	CAGR calculated from 2012-13 to 2023-24
Own Tax Revenue	8180	28005	11.84%
Own Non-Tax Revenue	3536	9146	9.02%
State Share from Centre	8232	37352	14.74%
Grants from Centre	4822	13425	9.76%
Revenue Receipts	24770	87928	12.21%
Capital Receipts	5733	19993	12.03%
Revenue Expenditure	23400	76676	11.39%
Capital Expenditure	7102	31245	14.42%

Source: Ministry of Finance, Government of Jharkhand

Using these actual and forecasted estimates for all indicators, we calculate the following:

- Fiscal Deficit (FD) is then calculated using the formula Revenue Receipts + Internal Debt + Loans and Advances from the Centre + Capital Receipts - Borrowing and Other Liabilities - Revenue Expenditure
- Debt is calculated using the formula: $Debt_t = Debt_{t-1} + FD_t$
- Finally, fiscal indicators such as Debt/GSDP, Fiscal Deficit/GSDP, and tax buoyancy are estimated. Tax buoyancy is defined as $\frac{\% \text{ Change in Tax Revenue}}{\% \text{ Change in GSDP}}$

Table 13.2: Forecasted Values for Various Economic Indicators for Jharkhand Using CAGR from 2012-13 to 2023-24 (₹ Crores)

Particulars	2023-24 (BE)	2024-25 (FE)	2025-26 (FE)	2026-27 (FE)	2027-28 (FE)	2028-29 (FE)	2029-30 (FE)	2030-31 (FE)
Share in Central Taxes	37352	42857	49174	56422	64738	74280	85229	97791

Particulars	2023-24 (BE)	2024-25 (FE)	2025-26 (FE)	2026-27 (FE)	2027-28 (FE)	2028-29 (FE)	2029-30 (FE)	2030-31 (FE)
Grants from Centre	13425	14735	16172	17750	19481	21381	23467	25756
State's Own Tax	28005	31320	35028	39174	43812	48998	54798	61285
State's Own Non-Tax	9146	9971	10871	11852	12922	14088	15359	16746
Revenue Receipts	87928	98661	110704	124218	139381	156395	175485	196907
Capital Receipts	19993	22397	25091	28109	31489	35276	39519	44271
Total Receipts	107921	121059	135796	152327	170870	191671	215004	241178
Revenue Expenditure	76676	85412	95143	105983	118058	131508	146491	163181
Capital Expenditure	31245	35749	40903	46800	53547	61267	70100	80206
Total Expenditure	107921	121161	136046	152783	171605	192775	216591	243387
Loans and Advances from Centre	342	371	403	438	475	516	560	608
Revenue Deficit	-11252	-13249	-15561	-18235	-21323	-24886	-28994	-33725
Borrowing and Other Liabilities	12716	13681	14718	15835	17036	18328	19718	21214
Internal Debt	6042	6667	7358	8119	8960	9887	10911	12040
Fiscal Deficit	6332	6641	6957	7276	7599	7922	8243	8559
GSDP	461010	503519	549947	600657	656042	716534	782604	854767
Debt	127432	134073	141030	148307	155905	163827	172070	180629
Fiscal Deficit/ GSDP (in %)	1.374	1.319	1.265	1.211	1.158	1.106	1.053	1.001
Debt/ GSDP (in %)	27.642	26.627	25.644	24.691	23.765	22.864	21.987	21.132
Tax Buoyancy	-	1.464	1.466	1.468	1.470	1.471	1.473	1.475

Source: Ministry of Finance, Government of Jharkhand

The Forecasted Estimates (FE) are calculated using the CAGR of each fiscal indicator from 2012-13 to 2023-24. These estimates reveal that the state's own tax revenue is projected to grow at an annual rate of 11.84%, while the state's non-tax revenue is projected to increase at 9.02% year-on-year. Further, the revenue receipts are projected to grow at 12.21% yearly, which is higher than the state's revenue expenditure growth rate. Thus, the state will likely maintain its revenue surplus throughout the forecast period.

Further, a lot of the state's emphasis has been on boosting capital expenditure. The same is likely to grow at 14.42% yearly. Additionally, the state's debt levels are likely to show a downtrend compared to GSDP. The debt to GSDP ratio is likely to reach 21% by the FY 2030-31, which is substantially lower, as stipulated by the FRBM. This is mainly due to the fiscal prudence being showcased by the state and the GSDP growth rate outpacing the growth rate of fiscal deficit. Further, the debt to GSDP ratio will remain substantially lower than the threshold set for debt sustainability at 35%. Though capital expenditure is extremely crucial for a state's growth, the state needs to start prioritizing high-return capital projects over low-return capital projects.

Further, the state's fiscal deficit as a percentage of GSDP is likely to remain within 1.2% from the FY 2027-28 onwards, which is again a sign of fiscal prudence. Further, in order to remain within the targets of deficit and debt as mandated by the FRBM, it is suggested that the state cut down on its revenue expenditure mainly on non-developmental and administrative spending, since it is showing a CAGR of 11.39% from 2012-13 to 2023-24.

Moreover, the tax buoyancy of the state is likely to remain at around 1.47, showing a slight increase on a year-on-year basis, indicating that the growth rate of tax collections is outpacing that of GSDP by 47%. In order to maintain the debt at sustainable levels, it is required for the state to boost its revenue, especially the tax revenue.

To conclude, while the state demonstrates strong revenue growth and efforts to enhance capital expenditure, it needs to cut its planned expenditure to ensure that the fiscal deficit and accumulated debt levels remain within the stipulated limit set by the FRBM. The state needs to strategically manage its expenditures to ensure that accumulated debt remains within the limits, ensuring debt sustainability.

Appendix

The Appendix comprises tables for each chapter for reference. Data from these tables have been used to generate the corresponding figures in each chapter. You can refer to the respective figures for the tables in this Appendix while reviewing the chapters or through the Table of Contents.

Table for Figure 1.1: Tax Revenue as a Proportion of Total Revenue

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue (₹ Crores)	16,412	18,319	19,837	27,448	32,441	33,497
Total Revenue (₹ Crores)	24,770	26,137	31,565	40,638	47,054	52,756
Tax Revenue/Total Revenue (%)	66	70	63	68	69	63

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Tax Revenue (₹ Crores)	38,658	37,364	36,592	49,024	56,522	65,357
Total Revenue (₹ Crores)	56,152	58,417	56,150	69,722	80,245	87,929
Tax Revenue/Total Revenue (%)	69	64	65	70	70	69

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 1.2: Own Tax Revenue as a percentage to GSDP Jharkhand 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jharkhand Value	5.4	5.4	4.8	5.0	6.6	5.2
18 States Average	7.5	7.2	6.7	6.6	6.7	6.7
State Name	Karnataka	Karnataka	Goa	Madhya Pradesh	Chhattisgarh/Telangana	Uttar Pradesh
Maximum	10.4	10.2	9.6	7.6	7.8	8
State Name	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	Gujarat
Minimum	5.4	5.1	4.9	4.6	4.6	5.6

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23 (RE)	2023-24 (BE)
Jharkhand Value	5.0	5.2	6.6	5.9	6.3	7.1
18 States Average	6.4	5.9	6.1	6.3	6.6	7.1
State Name	Telangana	Uttar Pradesh	Telangana	Telangana	Telangana	Uttar Pradesh
Maximum	7.6	7.3	7.8	8.1	8.4	9.8
State Name	Gujarat	Gujarat	West Bengal	Gujarat	West Bengal	West Bengal

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23 (RE)	2023-24 (BE)
Minimum	5.4	4.8	4.6	5.0	5.1	5.2

Source: Reserve Bank of India, Report on State Finances

Table for Figure 1.3: Composition of Taxes: Jharkhand 2017-18 to 2023-24

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
SGST (₹ Crores)	4124	8201	8418	7931	9557	11374	12,348
Tax Revenue (₹ Crores)	33,497	38,658	37,658	36,592	49024.25	56521.62	65,357
SGST/Tax Revenue (%)	12.31	21.21	22.53	21.67	19.49	20.12	18.89

Source: CAG Reports, Government of Jharkhand

Table for Figure 1.4: GST Compensation Received by the State

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
GST Compensation (₹ Crores)	1265	1029	1533	1958	1526	2065	166
Tax Revenue (₹ Crores)	33,497	38,658	37,364	36,592	49,024	56,222	65357
GST Compensation/ Tax Revenue (%)	3.78	2.66	4.10	5.35	3.11	3.65	0.25

Source: Finance Accounts, Volume 1, CAG Reports, Government of Jharkhand.

Table for Figure 1.5: GST Collections 2017-18 to 2022-23

Financial Year	Target (₹ Crores)	GST Collection (₹ Crores)	Target Achievement
2017-18	-	5388.66	-
2018-19	10600.00	9229.9	87%
2019-20	11200.00	9949.51	89%
2020-21	11017.51	11591.61	105%
2021-22	11067.51	13713.14	124%
2022-23 up to March 17, 2023	10450.00	12612.9	121%

Source: "A Giant Leap: Revenue Augmentation", 2023, Commercial Tax Department, Government of Jharkhand

Table for Figure 1.6: VAT collection 2017-18 to 2022-23

Financial Year	Target (₹ Crores)	VAT Collection (₹ Crores)	% Growth in VAT Collection
2018-19	4900.00	3456.23	-
2019-20	5050.00	3986.18	15%
2020-21	5862.66	4282.25	7%
2021-22	6465.42	5162.88	21%
2022-23 up to March 17, 2023	6450.00	6216.18	21%

Source: "A Giant Leap: Revenue Augmentation", 2023, Commercial Tax Department, Government of Jharkhand

Table for Figure 1.7: Electricity Duty collection 2018-19 to 2023-24

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Electricity Duty (₹ Crores)	209	236	195	792	1132	1395

Source: CAG Reports, Government of Jharkhand

Table for Figure 1.8a and 1.8b: Top Individual State Taxes, 2012-13 to 2023-24

Revenue Heads	2012-13	2013-14	2014-15	2015-16	2016-17
Taxes on Sales, Trade, etc., (₹ Crores)	6422	7305	8070	8999	10549
State Excise (₹ Crores)	578	628	740	912	962
Taxes on Vehicles (₹ Crores)	465	495	660	633	682
Stamps Duty and Registration Fees (₹ Crores)	492	502	531	532	607
Taxes and Duties on Electricity and Other Taxes (₹ Crores)	170	219	264	239	259

Revenue Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Taxes on Sales, Trade, etc., (₹ Crores)	5715	3475	3996	4301	5213	6271	6949
SGST (₹ Crores)	4124	8201	8418	7931	9557	11374	12348

Revenue Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
State Excise (₹ Crores)	841	1083	2009	1821	1807	2057	2376
Taxes on Vehicles (₹ Crores)	778	864	1129	976	1236	1574	1756
Stamps Duty and Registration Fees (₹ Crores)	469	451	560	708	987	1108	1468
Land Revenue (₹ Crores)	156	389	338	873	1621	1557	1666
Taxes and Duties on Electricity (₹ Crores)	270	209	236	195	792	1132	1395
Others (₹ Crores)	-	80	85	75	50	45	47

Source: CAG Reports, Government of Jharkhand

*Note: For 2017-18, Other Taxes are combined with taxes and Duties for Electricity as in previous years

Table for Figure 2.1: Non-Tax Revenues and Total Revenues, Jharkhand: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Revenue (₹ Crores)	24,770	26,137	31,565	40,638	47,054	52,756
Non-Tax Revenues (₹ Crores)	3536	3753	4335	5853	5351	7847
Non-Tax Revenues/ Total Revenues (%)	14.27	14.36	13.73	14.40	11.37	14.87

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Total Revenue (₹ Crores)	56,152	58,417	56,150	69,722	80,245	95,229
Non-Tax Revenues (₹ Crores)	8258	8750	7564	10031	12830	16116
Non-Tax Revenues/ Total Revenues (%)	14.71	14.98	13.47	14.39	15.99	16.92

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 2.2: Other Non-Tax Revenues as a percentage of GSDP, Jharkhand: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jharkhand Value	2.3	2.2	2.0	2.5	3.9	2.8
18 States Average	1.7	1.6	1.6	1.5	1.6	1.4
State Name	Goa	Goa	Goa	Goa	Goa	Goa
Maximum	4.3	3.4	5.7	4.5	4.2	4.3
State Name	West Bengal					
Minimum	0.3	0.3	0.2	0.2	0.2	0.3

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23 (RE)	2023-24 (BE)
Jharkhand Value	2.8	2.7	4.0	2.8	3.3	3.9
18 States Average	1.5	1.5	1.5	1.6	1.7	1.9
State Name	Goa	Uttar Pradesh	Goa	Odisha	Odisha	Chhattisgarh
Maximum	3.9	4.8	4.1	8.1	6	6.6
State Name	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal	West Bengal
Minimum	0.3	0.3	0.2	0.1	0.1	0.4

Source: Reserve Bank of India, Report on State Finances, Author's Own Calculation

Table for Figure 2.3: Contributors to Other Non-Tax Revenues, Jharkhand: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Services (%)	1.14	2.57	2.40	10.87	8.91	5.01
Social Services (%)	3.05	3.27	4.34	7.09	7.04	8.77
Economic Services (%)	95.81	94.16	93.26	82.04	84.05	86.22

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
General Services (%)	2.37	3.34	5.23	6.98	10.40	6.37
Social Services (%)	14.75	15.03	8.79	5.24	2.90	2.33
Economic Services (%)	82.88	81.63	85.98	87.78	86.70	91.29

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 2.4: Top Three Contributing Sectors in Economic Services, Jharkhand: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Highest Contributing Sector	MI	MI	MI	MI	MI	MI
(%)	97.15	96.30	96.31	95.67	97.06	94.42
Second Highest Contributing Sector	RB	MIP	MIP	RB	RB	CH
(%)	1.28	1.37	4.99	1.48	2.61	2.51
Third Highest Contributing Sector	MMI	RB	ORD	ORD	MMI	MMI
(%)	0.75	1.34	2.48	0.93	1.31	2.16

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Highest Contributing Sector	MI	MI	MI	MI	MI	MI
(%)	94.02	91.51	91.83	95.43	98.53	97.32
Second Highest Contributing Sector	MIP	MIP	CH	FW	FW	FW
(%)	4.71	6.15	8.65	7.52	5.86	5.43
Third Highest Contributing Sector	RB	CS	FW	CS	CS	CS
(%)	2.11	6.09	5.11	1.51	0.41	0.99

MI: Metallurgical Industries, MIP: Medium Irrigation Projects, CH: Crop Husbandry, FW: Forest & Wildlife, MMI: Major and Medium Irrigation Projects, RB: Roads and Bridges, CS: Civil Supplies

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 2.5: Recovery Rates for Other Non-Tax Revenues, Jharkhand: 2012-13 to 2023-24

HEADS	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Services	0.0045	0.0095	0.0095	0.0519	0.0358	0.0232
Social Services	0.0127	0.0146	0.0153	0.0274	0.0198	0.0344
Economic Services	0.5166	0.6515	0.4224	0.4843	0.3254	0.4467

HEADS	2018-19	2019-20	2020-21	2021-2022	2022-23	2023-24 (BE)
General Services	0.0110	0.0151	0.0196	0.0322	0.0561	0.0366
Social Services	0.0645	0.0591	0.0281	0.0211	0.0132	0.0104
Economic Services	0.4796	0.4229	0.4010	0.5259	0.6894	0.5665

Source: Annual Financial Statements, Government of Jharkhand, Author's Calculations

Table for Figure 2.6: Recovery Rates in Economic Services, Jharkhand 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sector	MI	MI	MI	MI	MI	MI
Highest Recovery Rate	178.11	184.34	172.78	189.14	150.30	173.02
Sector	T	MMI	MMI	OAP	R&D	MEI
Second Highest Recovery Rate	1.18	0.39	1.50	1.82	0.50	0.95

Year	2018-19	2019-20	2020-21	2021-2022	2022-23	2023-24
Sector	MI	MI	MI	MI	MI	MI
Highest Recovery Rate	149.04	99.29	135.92	161.74	259.97	238.49
Sector	MMI	MMI	F&W	F&W	F&W	MMI
Second Highest Recovery Rate	1.94	2.66	0.64	1.32	0.91	0.69

MI: Metallurgical Industries, O: Others, T: Tourism, MMI: Major and Medium Irrigation, OAP: Other Agricultural Programs, MEI: Medium Irrigation, F&W: Forestry & Wildlife, R&D: Roads and Bridges

Source: Reserve Bank of India, Report on State Finances, Authors Calculations

Table for Figure 2.7: Major Royalty Revenues (₹ Crores)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Coal	2207.74	2305.87	2331.48	2718.01	2875.46	3505.41
Iron Ore and Manganese Ore	639.09	582.43	792.69	1070.47	610.07	1091.77
Bauxite	21.24	23.66	23.46	24.61	40.29	124.17
Other Minerals	NA	NA	NA	NA	227.01	281.15
Total	-	-	-	-	3752.83	5002.5

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Coal	2973.43	3279.51	3039.51	3954.49	5127.79	5306.26
Iron Ore and Manganese Ore	1078.73	1100.99	989.58	2710.51	3532.47	1879.51
Bauxite	38.75	24.44	27.89	53.89	70.2	53.86
Other Minerals	230.57	312.73	438.79	434.55	653.18	29.71
Total	4321.48	4717.67	4495.77	7153.44	9383.64	7269.34

Source: Department of Mines and Geology, Government of Jharkhand

Table for Figure 3.1a: Expenditure Composition of Jharkhand: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Expenditure (₹ Crores)	27618.30	28194.39	37337.84	44711.34	55949.72	62904.78
Total Revenue Expenditure (₹ Crores)	23399.87	23471.89	31794.90	36552.83	45089.04	50952.07
Total Capital Expenditure (₹ Crores)	4218.43	4722.50	5542.94	8158.51	10860.68	11952.71

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (₹ Crores)	61342.44	66335.34	67729.25	72154.82	80697.23	109767.04
Total Revenue Expenditure (₹ Crores)	50630.73	56456.63	59263.59	62777.91	66681.64	88093.19
Total Capital Expenditure (₹ Crores)	10711.71	9878.71	8465.65	9376.91	14015.59	21673.85

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 3.1b: Total Expenditure/GSDP (%)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Expenditure/GSDP (%)	15.81	14.95	17.09	21.64	23.68	23.31

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure/GSDP (%)	20.07	21.38	22.83	19.18	19.34	23.81

Source: Directorate of Economics & Statistics of respective State Governments.

Table for Figure 3.2: Growth Rates in Total Expenditure, Revenue Expenditure and Capital Expenditure: 2013-14 to 2023-24

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
% Growth Total Expenditure	2.09	2.09	19.75	25.14	12.43	-2.48
% Growth Revenue Expenditure	0.31	0.31	14.96	23.35	13.00	-0.63
% Growth Capital Expenditure	11.95	11.95	47.19	33.12	10.05	-10.38

Year	2019-20	2020-21	2021-22	2022-23	2023-24
% Growth Total Expenditure	8.14	2.10	6.53	11.84	36.02
% Growth Revenue Expenditure	11.51	4.97	5.93	6.22	32.11
% Growth Capital Expenditure	-7.78	-14.30	10.76	49.47	54.64

Source: Annual Financial Statements, Government of Jharkhand, Authors Calculations

Table for Figure 3.3: Composition of Revenue Expenditure: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Expenditure (₹ Crores)	23399.87	23471.89	31794.90	36552.83	45089.04	50952.07
General Services (%)	37.16	42.43	33.41	32.84	28.88	32.50
Social Services (%)	35.51	35.00	37.48	40.61	41.16	38.42
Economic Services (%)	27.33	22.57	29.11	26.55	29.96	29.08

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Expenditure (₹ Crores)	50630.73	56456.63	59263.59	62777.91	66681.64	88093.19
General Services (%)	34.87	33.15	33.58	34.34	34.88	31.05
Social Services (%)	37.10	37.99	39.40	39.25	41.45	40.18

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Economic Services (%)	28.02	28.86	27.02	26.42	23.67	28.77

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 3.4: Composition of Revenue Expenditure on General Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure General Services (₹ Crores)	8696.49	9959.36	10623.45	12002.43	13023.76	16558.33
Pensions & Misc. General Services (%)	33.71	34.99	32.62	33.26	31.78	35.74
Interest Payment and Servicing of Debt (%)	27.50	26.25	27.57	27.66	32.04	28.15
Administrative Services (%)	32.63	32.87	32.17	33.12	30.04	30.21

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Expenditure General Services (₹ Crores)	17655.66	18713.86	19902.68	21555.30	23261.05	27353.87
Pensions & Misc. General Services (%)	33.96	32.10	34.15	35.32	33.57	32.02
Interest Payment and Servicing of Debt (%)	27.48	28.36	30.62	30.09	28.97	30.58
Administrative Services (%)	32.22	31.87	29.19	28.80	30.42	29.66

Source: Annual Financial Statements, Government of Jharkhand,

Table for Figure 3.5: Composition of Revenue Expenditure on Social Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure Social Services (₹ Crores)	8308.58	8215.34	11915.34	14843.81	18557.36	19574.97
General Education (%)	51.63	45.47	46.37	42.45	41.17	38.40
Social Security & Welfare (%)	12.44	13.32	11.03	10.47	10.34	10.40
Medical & Public Health (%)	8.76	10.94	10.72	11.84	10.12	12.56

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Expenditure Social Services (₹ Crores)	18786.03	21447.88	23347.07	24639.33	27639.99	35397.86

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
General Education (%)	38.80	43.39	41.83	43.90	40.40	37.82
Social Security & Welfare (%)	11.12	16.37	15.11	16.00	19.85	17.62
Medical & Public Health (%)	16.06	13.00	14.90	17.57	16.84	16.48

Source: Annual Financial Statements, Government of Jharkhand.
The list here is not exhaustive, so the totals do not add up to 100.

Table for Figure 3.6: Composition of Revenue Expenditure on Economic Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure Economic Services	6394.79	5297.19	9256.11	9706.59	13507.92	14818.77
Power (%)	22.83	28.49	24.78	21.89	12.61	28.96
Other Rural Development Programmes (%)	23.29	21.29	21.03	21.14	29.86	19.97
Rural Employment (%)	3.48	4.71	15.67	18.85	20.20	16.55

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Expenditure Economic Services	14189.04	16293.67	16013.85	16583.28	15780.59	25341.32
Power (%)	17.55	17.46	11.69	22.06	20.53	35.69
Other Rural Development Programmes (%)	25.05	23.13	18.87	9.78	14.30	15.59
Rural Employment (%)	23.91	21.46	25.75	21.76	18.26	10.82

Source: Annual Financial Statements, Government of Jharkhand. The list here is not exhaustive, so the totals do not add up to 100

Table for Figure 3.7: Composition of Capital Expenditures: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Expenditure (₹ Crores)	4218.43	4722.50	5542.94	8158.51	10860.68	11952.71
General Services (%)	4.17	3.56	5.89	7.00	5.43	6.75
Social Services (%)	24.41	19.57	16.41	12.54	14.11	12.78
Economic Services (%)	71.42	76.87	77.70	80.45	80.47	80.46

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Capital Expenditure (₹ Crores)	10711.71	9878.71	8465.65	9376.91	14015.59	21673.85
General Services (%)	7.38	12.54	9.11	7.83	6.23	6.40
Social Services (%)	15.08	14.48	17.62	17.01	37.25	33.46
Economic Services (%)	77.53	72.98	73.28	75.16	56.52	60.15

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 3.8: Composition of Capital Expenditure on General Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure General Services (₹ Crores)	175.91	168.09	326.33	571.36	589.61	807.11
Police (%)	64.41	43.25	47.13	36.69	32.00	46.09
Public Works (%)	35.18	54.75	48.68	57.44	61.77	46.88
Other Administrative Services (%)	0.41	2.00	0.99	0.21	0.03	0.09

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Expenditure General Services (₹ Crores)	791.04	1239.17	770.92	734.30	872.98	1386.27
Police (%)	58.56	65.09	74.05	61.16	42.72	60.65
Public Works (%)	34.01	29.55	24.49	37.01	55.37	34.15
Other Administrative Services (%)	0.52	0.29	0.33	0.78	1.19	4.83

Source: Annual Financial Statements, Government of Jharkhand. The list here is not exhaustive, so the totals do not add up to 100.

Table for Figure 3.9: Composition of Capital Expenditure on Social Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure Social Services (₹ Crores)	1029.78	924.12	909.50	1023.41	1532.02	1528.06
Water Supply and Sanitation (%)	28.77	34.74	15.31	18.87	14.42	21.74
Education, Sports, Art & Culture (%)	8.81	15.71	9.12	10.10	16.55	23.58
Medical & Public Health (%)	14.26	17.98	28.69	33.21	33.39	20.25

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Expenditure Social Services (₹ Crores)	1615.45	1430.31	1491.46	1595.26	5220.99	7251.68
Water Supply and Sanitation (%)	24.77	37.67	29.39	31.66	35.24	49.14
Education, Sports, Art & Culture (%)	22.06	18.05	6.36	5.91	19.38	14.78
Medical & Public Health (%)	16.92	24.31	39.30	30.63	11.96	12.06

Source: Annual Financial Statements, Government of Jharkhand. The list here is not exhaustive, so the totals do not add up to 100.

Table for Figure 3.10: Composition of Capital Expenditure on Economic Services: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure Economic Services (₹ Crores)	3012.74	3630.29	4307.10	6563.74	8739.05	9617.53
Roads & Bridges (%)	49.75	51.71	56.56	51.40	49.12	52.37
Other Rural Development Programmes (%)	29.44	31.65	31.58	26.69	23.74	21.76
Power Projects (%)	0.00	0.00	0.00	0.00	0.00	0.00

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Expenditure Economic Services (₹ Crores)	8305.22	7209.23	6203.28	7047.34	7921.62	13035.90
Roads & Bridges (%)	46.27	50.97	49.67	44.60	42.33	37.94
Other Rural Development Programmes (%)	29.63	27.62	20.69	16.22	28.02	29.57
Power Projects (%)	0.00	0.00	10.09	1.24	1.94	12.32

Source: Annual Financial Statements, Government of Jharkhand. The list here is not exhaustive, so the totals do not add up to 100.

Table for Figure 3.11: Non-Development Revenue Expenditure to GSDP Ratio 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jharkhand Value	5.7	5.8	4.9	5.2	5.7	6
18 States Average	5	4.9	4.7	4.7	5	5
State Name	Uttar Pradesh	Uttar Pradesh	Bihar	Bihar	Bihar	Uttar Pradesh
Maximum	7.7	7.2	7.1	7.3	8.4	7.7

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
State Name	Haryana	Haryana	Telangana	Karnataka	Karnataka	Karnataka
Minimum	3.5	3.5	2.8	3	2.9	2.6

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23	2023-24 (RE)
Jharkhand Value	5.9	5.8	6.4	6	5.6	5.9
18 States Average	5.1	5	5.5	5.3	5.2	5.3
State Name	Uttar Pradesh	Punjab	Bihar	Punjab	Bihar	Bihar
Maximum	7.9	7.2	8.5	7.7	7.9	8.4
State Name	Karnataka	Karnataka	Gujarat	Gujarat	Gujarat	Karnataka/ Gujarat
Minimum	2.8	3	3.1	2.9	2.8	2.8

Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Actuals are not available for the year 2020-21

Table for Figure 3.12: Interest Payment to GSDP 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jharkhand Value	1.6	1.5	1.3	1.4	1.7	1.7
18 States Average	1.7	1.7	1.6	1.6	1.7	1.8
State Name	West Bengal	West Bengal	West Bengal	Punjab/ West Bengal	Punjab	Punjab
Maximum	2.9	2.9	2.7	2.5	2.8	3.2
State Name	Chhattisgarh	Chhattisgarh	Chhattisgarh	Chhattisgarh	Chhattisgarh	Karnataka
Minimum	0.7	0.7	0.7	0.8	0.9	1

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23	2023-24 (RE)
Jharkhand Value	1.6	1.7	1.8	1.8	1.5	1.9
18 States Average	1.8	1.8	2	1.9	1.8	1.8
State Name	Punjab	Punjab	Punjab	Punjab	Punjab	Punjab
Maximum	3.1	3.3	3.5	3.1	2.9	3

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23	2023-24 (RE)
State Name	Karnataka	Odisha	Odisha	Odisha	Odisha	Odisha
Minimum	1	1.1	1.3	0.9	0.7	0.8

Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Actuals are not available for the year 2020-21

Table for Figure 3.13: Pension Payment to GSDP 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Jharkhand Value	1.9	2	1.6	1.7	1.9	2.1
18 States Average	1.7	1.7	1.6	1.6	1.7	1.8
State Name	Bihar	Bihar	Bihar	Bihar	Bihar	Bihar
Maximum	2.8	2.8	3	3.1	3.7	2.9
State Name	Maharashtra	Maharashtra	Telangana	Maharashtra	Maharashtra	Maharashtra
Minimum	0.9	0.9	0.8	0.8	0.8	0.8

Year	2018-19	2019-20	2020-21 (BE)	2021-22	2022-23	2023-24 (RE)
Jharkhand Value	2	1.9	2.1	2.1	1.9	2
18 States Average	1.8	1.8	1.9	1.9	1.8	1.8
State Name	Bihar	Bihar	Bihar	Bihar	Bihar	Bihar
Maximum	3	2.9	3.3	3.1	3.1	3.4
State Name	Maharashtra	Maharashtra	Telangana	Gujarat	Gujarat	Gujarat
Minimum	0.8	1	1	1	1	1

Source: Reserve Bank of India, Report on State Finances, Author's Calculations

*Actuals are not available for the year 2020-21

Table for Figure 4.1: Deficit position of the state (₹ Crores)

Particular	Revenue Deficit	Fiscal Deficit	Primary Deficit
2011-12	-1428	1924	-343
2012-13	-1370	3406	1015

Particular Year	Revenue Deficit	Fiscal Deficit	Primary Deficit
2013-14	-2665	2256	-358
2014-15	230	6564	3635
2015-16	-4086	11522	8202
2016-17	-1965	10192	6020
2017-18	-1804	11933	7271
2018-19	-5521	6629	1777
2019-20	-1961	8034	2727
2020-21	3114	14911	8816
2021-22	-6944	2604	-3682
2022-23	-13564	4617	-1622
2023-24 (BE)	-13661	11675	4887

Source: Jharkhand Economic Survey 2023-24

Table for Figure 4.2: Indicators of Deficits as a Percentage of GSDP

Particular Year	GSDP (₹ Crores)	Revenue Deficit/ GSDP (%)	Fiscal Deficit/ GSDP (%)	Primary Deficit/ GSDP (%)
2011-12	150918	-0.94	1.27	-0.22
2012-13	174724	-0.78	1.94	0.58
2013-14	188567	-1.41	1.19	-0.18
2014-15	218525	0.11	3	1.66
2015-16	231294	-1.77	4.98	3.55
2016-17	236250	-0.83	4.31	2.55
2017-18	269816	-0.67	4.42	2.69
2018-19	305695	-1.81	2.17	0.58
2019-20	310305	-0.63	2.59	0.88
2020-21	296664	1.05	5.03	2.97
2021-22	358863	-1.93	0.73	-1.03
2022-23	393722	-3.44	1.17	-0.41
2023-24 (BE)	428155	-3.19	2.73	1.14

Source: Jharkhand Economic Survey 2023-24 and Author's Calculations

Table for Figure 4.3: Other Deficit Indicators

Particulars \ Year	Year						
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts Y-o-Y % Growth	31.9	10.5	5.5	20.8	28.8	15.8	12.1
Revenue Deficit as % of Revenue Receipts	-6.4	-5.5	-10.2	0.7	-10.1	-4.2	-3.4
Revenue Expenditure Y-o-Y % Growth	17.0	11.5	0.3	35.5	15.0	23.4	13
Capital Receipts Y-o-Y % Growth	6.7	56.5	-24.5	96.0	62.8	-10.8	21.5
Capital Expenditure Y-o-Y % Growth	24.4	31.5	11.6	69.6	116.9	-20.2	17.4
Fiscal deficit as a % of Revenue Receipts	8.9	14.2	8.8	20.8	28.4	21.7	22.6
Interest Payment Y-o-Y % Growth	1.7	5.5	9.3	12.04	13.35	25.70	11.70
Interest Payment as % of Revenue Receipt	10.1	9.7	10.0	9.28	8.17	8.90	8.80
Interest Payment as % GSDP	1.50	1.37	1.39	1.34	1.44	1.77	1.73

Particulars \ Year	Year					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Revenue Receipts Y-o-Y % Growth	6.4	3.6	-3.4	24.2	15.1	22.5
Revenue Deficit as % of Revenue Receipts	-9.8	-3.4	5.5	-10	-16.9	-13.9
Revenue Expenditure Y-o-Y % Growth	-0.6	11.5	5	5.9	6.2	27
Capital Receipts Y-o-Y % Growth	-34.9	26.5	43.8	-37.1	2.3	58.7
Capital Expenditure Y-o-Y % Growth	-8.9	-6.4	2.2	3.4	65.4	27.2
Fiscal deficit as a % of Revenue Receipts	11.8	13.8	26.6	3.7	5.8	11.9
Interest Payment Y-o-Y % Growth	4.10	9.40	14.80	3.10	7.20	0.70
Interest Payment as % of Revenue Receipt	8.60	9.10	10.90	9.00	8.40	6.90

Particulars \ Year	Year					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Interest Payment as % GSDP	1.59	1.71	2.05	1.75	1.71	1.59

Source: Jharkhand Economic Survey 2023-24 and Author's calculation

Table for Figure 5.1: Debt-to-GSDP Ratio

Year	GSDP (₹ Crores)	Gross Borrowings (₹ Crores)	Gross Borrowings as % of GSDP	Net Borrowings (₹ Crores)	Net Borrowings as % of GSDP	Total Debt (₹ Crores)	Total Debt /GSDP
2011-12	150918	8561.46	5.67	2008.71	1.33	30651.00	20.31%
2012-13	174724	14717.8	8.42	4205.22	2.41	34856.00	19.95%
2013-14	188567	12840.7	6.81	2724.86	1.45	37592.00	19.93%
2014-15	218525	19808.6	9.06	5975.25	2.73	43568.00	19.94%
2015-16	206613	33843.3	14.63	12961.4	5.6	56530.00	27.36%
2016-17	236250	19192.63	8.1	10296.48	4.4	66826.97	28.29%
2017-18	269816	25205.53	9.3	10268.08	3.8	77095.05	28.57%
2018-19	305695	22223.77	7.3	6687.87	2.2	83782.92	27.41%
2019-20	310305	30980.35	10	10623.67	3.4	94406.59	30.42%
2020-21	296664	32562.62	11	14778.39	5	109185	36.80%
2021-22	358863	25623.41	7.1	4297.5	1.2	113482.5	31.62%
2022-23	393722	31856.4	8.1	4965.74	1.3	118448	30.08%
2023-24 (BE)	428155	33841.7	7.9	12509	2.9	130957	30.59%

Source: Jharkhand Economic Survey 2023-24

Table for Figure 5.2: Interest Payment to Revenue Receipts (₹ Crores)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts	22420	24770	26137	31565	40638	47054	52756
Interest Payments	2267	2391	2614	2929	3320	4172	4662
Interest Payments/ Revenue Receipts (in %)	10.1	9.7	10.0	9.3	8.2	8.9	8.8

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Revenue Receipts	56152	58417	56150	69722	80245	98337
Interest Payments	4852	5308	6094	6286	6738	6787
Interest Payments/ Revenue Receipts (in %)	8.6	9.1	10.9	9.0	8.4	6.9

Source: Jharkhand Economic Survey 2023-24

Table for Figure 5.3: Uses of Debt (₹ Crores)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net Borrowings	2008	4205	2724	5975	12961	10296	10268
Revenue Receipts	22420	24770	26137	31565	40638	47054	52756
Growth (in %)	31.9	10.5	5.5	20.8	28.8	15.8	12.1
Revenue Expenditure	20992	23400	23472	31795	36553	45089	50952
Growth (in %)	17.0	11.5	0.3	35.5	15.0	23.4	13.0
Revenue Deficit	-1428	-1370	-2665	230	-4086	-1965	-1804
Capital Receipts	3663	5733	4325	8477	13799	12309	14950
Growth (in %)	7%	57%	-25%	96%	63%	-11%	21%
Net Borrowing as % of Capital Receipts (in %)	55%	73%	63%	70%	94%	84%	69%

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Net Borrowings	6688	10624	14778	4298	4966	12509
Revenue Receipts	56152	58417	56150	69722	80245	98337
Growth (in %)	6.4	4	-3.9	24.2	15.1	22.6
Revenue Expenditure	50631	56457	59264	62778	66682	84676
Growth (in %)	-0.63	11.5	5.0	5.9	6.2	27.0
Revenue Deficit	-5521	-1961	3114	-6944	-13564	-13661
Capital Receipts	9737	12315	17704	11132	11393	18081
Growth (in %)	-35%	26%	44%	-37%	2%	59%
Net Borrowing as % of Capital Receipts (in %)	69%	86%	83%	39%	44%	69%

Source: Jharkhand Economic Survey 2017-18, 2023-24, and Author's Calculations

Table for Figure 5.4: The Composition of Annual Public Borrowing by Type (₹ Crores)

Year (Actual)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
GOI (1)	32	239	106	153	165	234	232
Borrowing from RBI (2)	1254	3600	2950	4950	5350	5154	6000
Power Bond (3)	0	0	0	0	5553	0	0
Negotiated Loan (4)	873	770	1031	814	1045	1693	1906
Ways & Means Advances (5)	229	368	315	0	0	0	0
NSSF Fund (6)	281	221	299	773	1132	0	0
GPF Provident Fund (7)	613	667	760	843	830	873	1016
Reserve Fund (8)	138	279	293	308	522	453	401
Deposits (9)	5138	8571	7084	11968	19247	10786	15651
Gross Borrowing (10-- 1 to 9)	8561	14717	12840	19809	33843	19193	25206
Repayment (11)	6552	10512	10115	13833	20882	8896	14937
Net borrowing (12= (10-11))	2008	4205	2724	5975	12961	10296	10268
Borrowing Ceiling (13)	3915	4876	5586	6393	6360	7993	8384
Cumulative Debt (14)	30651	34856	37592	43568	56530	66827	77095

Year (Actual)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
GOI (1)	273	426	2588	3246	3627	4000
Borrowing from RBI (2)	5509	7500	9400	5000	4000	10700
Power Bond (3)	0	0	0	0	0	0
Negotiated Loan (4)	2022	1667	1558	1594	1515	3300
Ways & Means Advances (5)	0	0	0	0	0	0
NSSF Fund (6)	0	0	0	0	0	0
GPF Provident Fund (7)	1120	1175	1179	1172	1397	1858
Reserve Fund (8)	421	4379	1681	1026	862	1432
Deposits (9)	12879	15833	16156	13586	20455	12552
Gross Borrowing (10-- 1 to 9)	22224	30980	32563	25623	31856	33842
Repayment (11)	15536	20357	17784	21326	26891	21333
Net borrowing (12= (10-11))	6688	10624	14778	4298	4966	12509
Borrowing Ceiling (13)	8598	10294	11505	11505	13124	12039
Cumulative Debt (14)	83783	94407	109185	113483	118448	130957

Source: Jharkhand Economic Survey 2017-18, 2018-19, and 2023-24

Table for Figure 5.5: Composition of Outstanding Debt (₹ Crores)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Liabilities (1 to 3)	3668	6388	4722	7855	15207	12374	13218
1. Public Debt	2671	5199	4703	6690	13245	7081	8137
of which							
a. Internal Debt	2639	4960	4597	6537	13080	6847	7905
b. Loans and advances from centre	32	239	106	153	165	234	232
2. Public Account (net)	997	1189	19	1165	1963	5293	5081
3. Contingency Fund	0	0	0	0	0	0	0

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Total Liabilities (1 to 3)	9748	14855	17523	8545	11695	20295
1. Public Debt	7803	9593	13547	9840	9142	18000
of which						
a. Internal Debt	7531	9167	10958	6594	5515	12726
b. Loans and advances from centre	273	426	2588	3246	3627	5274
2. Public Account (net)	1945	5262	3977	-1295	2553	2295
3. Contingency Fund	0	0	0	0	0	0

Source: The Department of Finance, Government of Jharkhand, CAG report of Jharkhand state for FY 2018-19 and FY 2022-23 and Author's calculation

Table for Figure 5.6: Composition of Internal Debt (₹ Crores)

Year (Actual)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Internal Debt (1-5)	2639	4960	4597	6537	13080	6847	7905
Market Loans (1)	1254	3600	2950	4950	5350	5154	6000
Loans from NSSF (2)	281	221	300	773	1132	0	0
Loans from banks and other FIs or Negotiated Loans (3) (a to f)	874	770	1032	814	1045	1693	1906
(a) Loans from LIC	0	0	0	0	0	0	0
(b) Loans from GICI	0	0	0	0	0	0	0
(c) Loans from NABARD	651	750	750	790	900	1416	1600

Year (Actual)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
(d) Loans from SBI and other financial institutions	0	0	0	0	0	0	0
(e) Loans from NCDC	8	2	37	8	0	25	0
(f) Loans from Other institutions	215	19	245	16	145	252	306
Ways & Means Advances from RBI (4)	229	369	316	0	0	0	0
Compensation and Other Bonds including Power Bonds (5)	0	0	0	0	5553	0	0

Year (Actual)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Internal Debt (1-5)	7531	9167	10958	6594	5515	12726
Market Loans (1)	5509	7500	9400	5000	4000	9500
Loans from NSSF (2)	0	0	0	0	0	0
Loans from banks and other FIs or Negotiated Loans (3) (a to f)	2022	1667	1558	1594	1515	3000
(a) Loans from LICICI	0	0	0	0	0	0
(b) Loans from GICI	0	0	0	0	0	0
(c) Loans from NABARD	1764	1433	1558	1594	1515	3200
(d) Loans from SBI and other financial institutions	0	0	0	0	0	0
(e) Loans from NCDC	0	3	0	0	0	1
(f) Loans from Other institutions	257	230	0	0	0	225
Ways & Means Advances from RBI (4)	0	0	0	0	0	0
Compensation and Other Bonds including Power Bonds (5)	0	0	0	0	0	0

Source: The Department of Finance, Government of Jharkhand

Table for Figure 5.7: Composition of Public Account Debt (₹ Crores)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public Account (1 to 3)	997	1189	19	1165	1963	5293	5081
(i) State small savings & PF	613	668	760	843	830	873	1016

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
(ii) Reserve Funds	139	280	293	308	522	453	401
(iii) Others	245	242	-1035	15	611	3967	3663

Particular	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Public Account (1 to 3)	1945	5262	3977	-1295	2553	2295
(i) State small savings & PF	1120	1175	1179	1172	1397	1858
(ii) Reserve Funds	421	4379	1681	1026	862	1432
(iii) Others	404	-292	1116	-3493	294	-995

Source: The Department of Finance, Government of Jharkhand, CAG report of Jharkhand state for FY 2018-19 and FY 2022-23 and Author's calculation

Table for Figure 6.2: Revenue Deficit Position of the State

Year \ Particular	Revenue Deficit (₹ Crores)	Revenue Deficit/ GSDP (%)
2011-12	-1428	-0.94
2012-13	-1370	-0.78
2013-14	-2665	-1.41
2014-15	230	0.11
2015-16	-4086	-1.77
2016-17	-1965	-0.83
2017-18	-1804	-0.67
2018-19	-5521	-1.81
2019-20	-1961	-0.63
2020-21	3114	1.05
2021-22	-6944	-1.93
2022-23	-13564	-3.44
2023-24 (BE)	-13661	-3.19

Source: Jharkhand Economic Survey 2023-24

Table for Figure 6.3: Fiscal Deficit Position of the State

Year \ Particular	Fiscal Deficit (₹ Crores)	Fiscal Deficit/ GSDP (%)
2011-12	1924	1.27
2012-13	3406	1.94
2013-14	2256	1.19
2014-15	6564	3
2015-16	11522	4.98
2016-17	10192	4.31
2017-18	11933	4.42
2018-19	6629	2.17
2019-20	8034	2.59
2020-21	14911	5.03
2021-22	2604	0.73
2022-23	4617	1.17
2023-24 (BE)	11675	2.73

Source: Jharkhand Economic Survey 2023-24

Table for Figure 6.4: Primary Deficit Position of the State

Year \ Particular	Primary Deficit (₹ Crores)	Primary Deficit/ GSDP (%)
2011-12	-343	-0.22
2012-13	1015	0.58
2013-14	-358	-0.18
2014-15	3635	1.66
2015-16	8202	3.55
2016-17	6020	2.55
2017-18	7271	2.69
2018-19	1777	0.58
2019-20	2727	0.88
2020-21	8816	2.97

Year \ Particular	Primary Deficit (₹ Crores)	Primary Deficit/ GSDP (%)
2021-22	-3682	-1.03
2022-23	-1622	-0.41
2023-24 (BE)	4887	1.14

Source: Jharkhand Economic Survey 2023-24

Table for Figure 6.5: Debt Position of the State

Year	Total Debt (₹ Crores)	Total Debt /GSDP (in %)	Debt as % of Total Revenue Receipts
2011-12	30651.00	20.31	136.71
2012-13	34856.00	19.95	140.72
2013-14	37592.00	19.93	143.83
2014-15	43568.00	19.94	138.03
2015-16	56530.00	27.36	139.11
2016-17	66826.97	28.29	142.02
2017-18	77095.05	28.57	146.14
2018-19	83782.92	27.41	149.21
2019-20	94406.59	30.42	161.61
2020-21	109185	36.80	194.45
2021-22	113482.5	31.62	162.76
2022-23	118448	30.08	147.61
2023-24 (BE)	130957	30.59	133.17

Source: Jharkhand Economic Survey 2023-24 and Author's Calculation

Table for Figure 6.6: Interest Payments of the State

Year	Interest Payment (₹ Crores)	Interest Payment as % of Total Revenue Receipts
2011-12	2267	10.1
2012-13	2391	9.7
2013-14	2614	10
2014-15	2929	9.3

Year	Interest Payment (₹ Crores)	Interest Payment as % of Total Revenue Receipts
2015-16	3320	8.2
2016-17	4172	8.9
2017-18	4662	8.8
2018-19	4852	8.6
2019-20	5308	9.1
2020-21	6094	10.9
2021-22	6286	9
2022-23	6738	8.4
2023-24 (BE)	6787	6.9

Source: Jharkhand Economic Survey 2023-24 and Author's Calculation

Table for Figure 6.7: Salary Paid and Non-interest Committed Expenditure of the State

Year	Salary (₹ Crores)	State's Own Revenue (Tax + Non-Tax) (₹ Crores)	Salary as a % of the state's own revenue	Pensions (₹ Crores)	Non-interest committed revenue expenditure (Salary+ Pensions) (₹ Crores)	Mandated Revenue (State's Share of Central Taxes) (₹ Crores)	State's Own Revenue+ Mandated Revenue (State's Share of Central Taxes) (₹ Crores)	Non-interest committed revenue expenditure as a % of the state's own plus mandated revenue
2011-12	6305.0	9986.3	61.6	2296.7	8601.7	7169.9	17156.2	49.2
2012-13	6435.0	11747.3	54.8	2931.2	9366.2	8231.5	19978.8	46.9
2013-14	6924.0	13128.4	52.7	3484.3	10408.3	8939.3	22067.7	47.2
2014-15	7381.6	14678.2	50.3	3465.3	10846.9	9487.0	24165.3	44.9
2015-16	8177.9	17340.7	47.2	3992.3	12170.2	15968.8	33309.4	36.5
2016-17	8889.0	18626.6	47.7	4138.4	13027.4	19141.9	37768.6	34.5
2017-18	10789.7	20008.2	53.9	5917.8	16707.5	21143.6	41151.9	40.6
2018-19	12091.4	22888.9	52.8	5996.4	18087.8	23906.2	46795.0	38.7
2019-20	12782.3	25451.4	50.2	6006.6	18788.9	20593.0	46044.4	40.8
2020-21	12836.6	24413.8	52.6	6796.5	19633.1	19712.2	44126.0	44.5
2021-22	13121.7	31301.3	41.9	7614.3	20736	27734.7	59035.9	35.1

Year	Salary (₹ Crores)	State's Own Revenue (Tax + Non-Tax) (₹ Crores)	Salary as a % of the state's own revenue	Pensions (₹ Crores)	Non-interest committed revenue expenditure (Salary+ Pensions) (₹ Crores)	Mandated Revenue (State's Share of Central Taxes) (₹ Crores)	State's Own Revenue+ Mandated Revenue (State's Share of Central Taxes) (₹ Crores)	Non-interest committed revenue expenditure as a % of the state's own plus mandated revenue
2022-23	13760.0	37999.1	36.2	7808.0	21568	31404.1	69403.2	31.1
2023-24 (BE)	16643.0	40467.3	41.1	8758.0	25401	33779.3	74246.6	34.2

Source: Jharkhand Economic Survey 2023-24, Jharkhand Economic Survey 2017-18, Jharkhand Budget Files and Author's Calculation

Table for Figure 7.1: Transfers from Both Centre and States to Local Bodies in Jharkhand

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Panchayat Raj Institutions (₹ Crores)	3078.86	910.68	3378.42	3407.48	2533.77	1270.13
Urban Local Bodies (₹ Crores)	330.54	88.38	1619.77	1830.77	2961.14	1155.11

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Panchayat Raj Institutions (₹ Crores)	2937.69	2497.7	1771.19	772.76	1462.57
Urban Local Bodies (₹ Crores)	1748.5	1504.45	1930.03	1042.33	1266.41

Source: CAG Reports, Government of Jharkhand

Table for Figure 7.2: Transfers to Panchayati Raj Institutions by the 14th FC

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Transfers to Panchayati Raj Institutions (₹ Crores)	653	903.96	1044.45	1208.24	1632.59

Source: Department of Panchayati Raj, Government of Jharkhand

Table for Figure 7.3: Allocation and Expenditure from the 15th FC Grants at Zilla Panchayat Level

Year	2020-21	2021-22	2022-23	2023-24
Allotment (₹ Crores)	168.900	124.900	129.300	130.700
Expenditure (₹ Crores)	0.000	105.943	80.844	72.809

Year	2020-21	2021-22	2022-23	2023-24
% Spent	0.00	84.82	62.52	55.71

Source: Department of Panchayati Raj, Government of Jharkhand

Table for Figure 7.4: Allocation and Expenditure from the 15th FC Grants at Block Panchayat Level

Year	2020-21	2021-22	2022-23	2023-24
Allotment (₹ Crores)	253.35	187.35	193.95	196.05
Expenditure (₹ Crores)	9.82	235.27	110.35	148.74
% Spent	3.88	125.58	56.89	75.87

Source: Department of Panchayati Raj, Government of Jharkhand

Table for Figure 7.5: Allocation and Expenditure from the 15th FC Grants at Gram Panchayat Level

Year	2020-21	2021-22	2022-23	2023-24
Allotment (₹ Crores)	1266.750	936.750	969.750	980.250
Expenditure (₹ Crores)	303.873	1161.582	538.823	872.484
% Spent	23.99	124.00	55.56	89.01

Source: Department of Panchayati Raj, Government of Jharkhand

Table for Figure 7.11: Total Receipts and Expenditures of ULBs 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Receipts (₹ Crores)	107.57	148.98	395.16	626.19	944.81	1168.00
Total Expenditure (₹ Crores)	148.73	188.93	395.98	522.83	722.29	844.53

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Total Receipts (₹ Crores)	790.71	1171.91	1298.39	1323.68	1129.04	3255.67
Total Expenditure (₹ Crores)	1088.24	936.65	833.46	1099.99	1407.14	5181.87

Source: Urban Department, Government of Jharkhand

Table for Figure 7.12: Details of Revenue Receipts of ULBs: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Tax Revenue (₹ Crores)	12.89	14.29	50.11	64.98	114	104.65

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Non-Tax Revenues (₹ Crores)	49.24	40.49	36.75	48.97	59.92	87.28
Transfers from the Centre (₹ Crores)	45.43	94.2	308.3	512.25	770.89	976.08

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Total Tax Revenue (₹ Crores)	129.02	126.26	120.62	151.89	181.25	248.92
Total Non-Tax Revenues (₹ Crores)	128.81	129	107.95	135.68	177.46	421.09
Transfers from the Centre (₹ Crores)	532.89	916.66	1,069.82	1,036.10	770.32	2,585.66

Source: Urban Department, Government of Jharkhand

Table for Figure 7.13: Details of Revenue Expenditure of ULBs: 2012-13 to 2023-24

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Establishment Expenses and Administrative Expenses (₹ Crores)	41.47	75.11	93.99	93.06	123.44	155.00
Operation and Maintenance (O&M) (₹ Crores)	17.22	13.94	29.25	31.55	30.00	45.81
Loan repayment (Interest payments) (₹ Crores)	-	-	-	-	-	39.69
Others (any other revenue expenditure which is not salaries, O&M or Interest Payment) (₹ Crores)	-	-	-	-	-	2.47
Total Revenue Expenditure (₹ Crores)	58.69	89.06	123.25	124.61	153.44	242.96

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (BE)
Establishment Expenses and Administrative Expenses (₹ Crores)	196.99	171.34	158.26	200.34	236.22	357.42
Operation and Maintenance (O&M) (₹ Crores)	60.16	72.20	59.81	70.80	88.15	215.63
Loan repayment (Interest payments) (₹ Crores)	40.74	36.95	40.76	42.79	50.40	16.61
Others (any other revenue expenditure which is not salaries, O&M or Interest Payment) (₹ Crores)	1.25	13.30	1.05	1.10	2.29	18.38
Total Revenue Expenditure (₹ Crores)	299.15	293.79	259.87	315.03	377.06	608.04

Source: Urban Department, Government of Jharkhand

Table for Figure 7.15: Achievements Under Social and Economic Mobilization

Schemes/Year	2023-24 up to September 2023	2022-23	2021-22
No. of self-help groups formed under NULM	260	2844	4463
No. of members of self-help groups under NULM	2600	28440	44630
People completed training under Skill Training and Placement (EST&P)	7287	7417	2215
Beneficiaries under Financial Inclusion and Self Employment Programme (FI&SEP)	2163	24323	12954

Source: Jharkhand Economic Survey, 2023-24

Table for Figure 7.16: Achievements Under Water Supply and Sanitation

Schemes/Year	2023-24 up to September 2023	2022-23	2021-22
% of households with Piped Water	22.43	21.25	20
% of households with toilet	91.03	91	90.97

Source: Jharkhand Economic Survey, 2023-24

Table for Figure 8.1: PSU Turnover vis-à-vis State GDP

Particular	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Turnover	2564	3066	3206	1866	4053	5265
Power Sector SPSEs	-	-	3620	3717	3817	4123
Non-Power Sector SPSEs	-	-	1148	1135	1130	1142
State GSDP	174724	188567	218525	206613	236250	276243
Percentage of Turnover to State GSDP	1.47	1.63	1.47	0.9	1.72	1.91

Particular	2018-19	2019-20	2020-21	2021-22	2022-23
Total Turnover	4434	5554	5082	6220	6220

Particular	2018-19	2019-20	2020-21	2021-22	2022-23
Power Sector SPSEs	4363	5485	5019	6139	6139
Non-Power Sector SPSEs	71	69	63	81	81
State GSDP	307581	321157	296664	358863	393722
Percentage of Turnover to State GSDP	1.44	1.73	1.71	1.73	1.58

Source: Annual CAG Reports, Government of Jharkhand

Table for Figure 8.2: Equity Investment and Loans in Govt. Companies and Govt. Controlled Other Companies

Sources of Investment	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Equity	-	199	202	-	-	-	4608	4619	5255	9509	9562
Long Term Loans	-	6541	1582	-	-	-	14611	15250	18775	19090	22499
Total Investment	6606	6740	1784	2361	10753	-	19219	19870	24029	28598	32062

Source: Annual CAG Reports, Government of Jharkhand

*Data for 2017-18 is not available in any of the CAG reports

Table for Figure 8.3: Profit Making SPSEs

Sl No.	Name of SPSE	Net Profit	Percentage of Profit to total profit of SPSEs	
			2020-21	2021-22
1	Greater Ranchi Development Authority	4.94	15.88	2.43
2	Jharkhand Industrial Infrastructure Development Corporation Ltd.	1.3	4.18	1.79
3	Jharkhand Silk Textile & Handicraft Development Corporation Ltd.	0.09	0.29	1.47
4	Jharkhand Urban Infrastructure Development Company Ltd.	9.8	31.5	7.5

Sl No.	Name of SPSE	Net Profit	Percentage of Profit to total profit of SPSEs	Net Profit	Percentage of Profit to total profit of SPSEs
5	Jharkhand Railway Infrastructure Development Corporation Ltd.	0.06	0.19	-	-
6	Jharkhand Plastic Park Ltd.	-	-	0.33	0.62
7	Jharkhand Medical & Health Infrastructure Procurement Development Corporation Ltd.	2.13	6.85	2.13	3.98
8	Jharkhand State Building Construction Corporation Ltd.	12.79	41.11	29.49	55.05
9	Jharkhand Police Housing Corporation Ltd.	-	-	2.63	4.91
10	Jharkhand Urja Utpadan Nigam Ltd.	-	-	11.9	22.21
11	Patratu Energy Ltd.	-	-	0.02	0.04
	Total	31.11	100	53.57	100

Source: CAG Reports, Government of Jharkhand

Table for Figure 8.4: Loss Making SPSEs

Year	No. of SPSEs which incurred loss	Accumulated Losses	Net Worth
2014-15	5	1293.89	3085.42
2015-16	5	3143.5	1091.82
2016-17	5	4996.74	-761.42
2017-18	5	6744.16	-2508.84
2018-19	5	6744.16	-2508.84
2019-20	8	1651.19	-4555.38
2020-21	8	2721.81	-7185.21
2021-22	3	2597.72	-9971.2
2022-23	3	2597.72	-9971.2

Source: Annual CAG Reports, Government of Jharkhand

Table for Figure 8.5: Return on Capital Employed

Financial Year	Sector	EBIT	Capital Employed	RoCE (%)
2014-15	Power	-167.62	10990.25	-1.53
	Non-power	54.78	582.1	9.41
	Total	-112.84	11572.35	-0.98
2015-16	Power	-1066.28	19108.3	-5.58
	Non-power	50.06	315.13	15.89
	Total	-1016.22	19423.43	-5.23
2016-17	Power	-1656.84	17328.32	-9.56
	Non-power	68.39	1240.82	5.51
	Total	-1588.45	18569.14	-8.55
2017-18	Power	-144.35	21227.81	-0.68
	Non-power	47.9	2183.76	2.19
	Total	-96.45	23411.57	-0.41
2018-19	Power	-969.8	20797.19	-4.66
	Non-power	39.96	2333.44	1.71
	Total	-929.84	23130.63	-4.02
2019-20	Power	-1357.8	21137.88	-6.42
	Non-power	36.32	2757.93	1.32
	Total	-1321.48	23895.81	-5.53
2020-21	Power	-2711.66	11740.56	-23.10
	Non-power	33.76	493.74	6.84
	Total	-2677.9	12234.3	-21.89
2021-22	Power	-2583.55	8923.22	-28.95
	Non-power	55.26	547.14	10.10
	Total	-2528.29	9470.36	-26.70

Source: Annual CAG Reports, Government of Jharkhand

Table for Figure 8.6: Return on Equity

Financial Year	Sector	EAIT/Net Income	Shareholders Fund	RoE (%)
2014-15	Power	-391.76	2681.84	-14.61
	Non-power	15.25	300.66	5.07
	Total	-376.51	2982.5	-12.62
2015-16	Power	-1260.79	2105.45	-59.88
	Non-power	20.33	312.71	6.50
	Total	-1240.46	2418.16	-51.30
2016-17	Power	-1864.8	252.21	-739.38
	Non-power	34.32	396.02	8.67
	Total	-1830.48	648.23	-282.38
2017-18	Power	-572.08	-1495.21	38.26
	Non-power	10.17	408.82	2.49
	Total	-561.91	-1086.39	51.72
2018-19	Power	-961.69	-2866.44	-
	Non-power	25.63	531.54	4.82
	Total	-936.06	-2334.90	-
2019-20	Power	-	-	-
	Non-power	-	-	5.05
	Total	-	-	-
2020-21	Power	-2711.71	-7199.86	-
	Non-power	21.01	448.98	4.68
	Total	-2690.7	-6750.88	-
2021-22	Power	-2585.8	-9954.76	-
	Non-power	41.65	502.97	8.28
	Total	-2544.15	-9451.79	-

Source: Annual CAG Reports, Government of Jharkhand

Table for Figure 9.1: Revenue Deficit Arising out of Power Sector (₹ Crores)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Deficit arising from Power (₹ Crores)	1452.28	1502.64	2280.53	2120.88	1696.36	4285.62

Year	2018-19	2019-20	2020-21	2021-2022	2022-23	2023-24
Revenue Deficit arising from Power (₹ Crores)	2447.75	2761.78	1712.09	3610.38	3239.50	9037.22

Source: Annual Financial Statements: Government of Jharkhand

Table for Figure 9.2: Subsidy Received by the Power Sector: Jharkhand, 2018-19 to 2023-24

Year	2018-19	2019-20	2020-21	2021-22	2022-23 (Actual)	2023-24 (RE)
Subsidy to Power (₹ Crores)	595	1350	1000	2072	1890	2300
Total Subsidy (₹ Crores)	2092	4275	3208	5653	4087	5552
% of subsidy received by Power	28.44	31.58	31.17	36.65	46.24	41.43

Source: Department of Finance, Government of Jharkhand

Table for Figures 9.3 and 9.4: AT&C Losses and Financials of JBVNL

Sl. No.	Year	2013-14 (up to 5.1.14)	2013-14 (6.1.14 till 31.1.14)	2014-15	2015-16	2016-17	2017-18
i	Income (i) (₹ Crores)	3,297	1,251	5,161	4,882	4,539	6,703
ii	Total Expenses (ii) (₹ Crores)	7,247	1,322	5,623	6,438	6,280	6,915
iii	Losses (i-ii) (₹ Crores)	-3,950	-71	-462	-1,557	-1,741	-212
iv	Resource Gap as grant* (₹ Crores)	967	533	2,107	1,600	1,200	3,000
v	Loss excluding Grant (iii-iv) (₹ Crores)	-4,917	-604	-2,569	-3,157	-2,941	-3,212
vi	AT&C Losses (%)	-	-	-	-	-	31.67
vii	Subsidy Received (₹ Crores)	-	-	-	-	-	-

Sl. No.	Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
i	Income (i) (₹ Crores)	6,017	6,910	5,897	6,561	7,029	9,726
ii	Total Expenses (ii) (₹ Crores)	6,768	8,042	8,097	8,598	10,649	12,313
iii	Losses (i-ii) (₹ Crores)	-751	-1,132	-2,200	-2,038	-3,620	-2,587
iv	Resource Gap as grant* (₹ Crores)	-	-	-	-	-	-
v	Loss excluding Grant (iii-iv) (₹ Crores)	-751	-1,132	-2,200	-2,038	-3,620	-2,587
vi	AT&C Losses (%)	28.69	33.48	36.82	33.18	29.79	32.04
vii	Subsidy Received (₹ Crores)	595	1350	1000	2072	1890	2300

Source: JBVNL Audited Accounts

*Till 2017-18, State Government used to fund JBVNL against revenue gap for meeting expenses called 'Resource Gap' in the form of Revenue Grant which was booked in P&L reducing the loss

Table for Figure 9.5: Revenue Deficit Arising out of the Power Sector

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Deficit arising from Power (₹ Crores)	1452	1503	2281	2121	1696	4286
Fiscal Deficit	3406	2256	6564	11522	10192	11933
Fiscal deficit arising out of power (%)	43	67	35	18	17	36

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit arising from Power (₹ Crores)	2448	2762	1712	3610	3240	9037
Fiscal Deficit	6629	8034	14911	2604	4617	11675
Fiscal deficit arising out of power (%)	37	34	11	139	70	77

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 10.1: Guarantees Given by State Government

Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding amount of guarantees including interest (₹ Crores)	157.15	607.15	607.15	607.15	607.15	4998.39

Source: CAG Reports for Jharkhand

Table for Figure 10.2: Relief on Account of Natural Calamities

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Relief on Account of Natural Calamities (₹ Crores)	280.92	292.55	292.55	291.88	453.32	412.03

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (RE)
Relief on Account of Natural Calamities (₹ Crores)	468.55	221.24	978.99	0.003	-1.47	1741.85

Source: Annual Financial Statements, Government of Jharkhand

Table for Figure 11.1: Overview of the Rise in Subsidies in Jharkhand: 2012-13 to 2023-24

Department/Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 Actual	2023-24 (RE)
Subsidy (₹ Crores)	270	187	246	522	1859	1440	2092	4275	3208	5653	4087	5552
Power (%)	0.00	0.00	0.00	0.00	0.00	0.00	28.44	31.58	31.17	36.65	46.24	41.43
Civil Supplies (%)	0.00	0.00	0.00	0.00	56.22	57.43	44.27	24.41	38.74	23.32	33.44	35.91
Crop Husbandry (%)	66.11	81.63	75.12	62.49	29.89	27.66	16.94	40.84	27.29	35.83	18.44	17.36
Animal Husbandry (%)	4.77	6.76	4.86	2.77	1.79	0.04	0.11	1.22	1.25	0.53	0.95	2.74
Dairy Development (%)	7.58	2.53	6.78	13.01	4.54	3.58	2.34	1.08	1.12	0.90	0.87	2.39
Co-operation (%)	0.63	0.00	0.00	0.88	0.00	0.00	0.00	0.00	0.02	0.02	0.03	0.10
Civil Aviation (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04
Other Agriculture Programme (%)	0.00	0.00	0.00	0.00	0.16	0.00	0.37	0.08	0.20	0.10	0.02	0.03
Soil and Water Conservation (%)	0.00	0.00	0.00	2.19	2.57	6.95	4.33	0.48	0.00	2.63	0.00	0.00

Department/ Year	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23 Actual	2023- 24 (RE)
Forestry and Wildlife (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Industries (%)	20.91	9.08	13.25	18.67	4.82	4.34	3.12	0.29	0.21	0.01	0.00	0.00
Road Transport Services (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tourism (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.02	0.00	0.00	0.00	0.00
Total (%)	100	100	100	100	100	100	100	100	100	100	100	100

Source: Ministry of Finance, Government of Jharkhand

Table for Figure 11.2: Subsidies as a Percentage of Revenue Receipts and Revenue Expenditures

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Subsidies/Receipts (%)	1.09	0.72	0.78	1.28	3.95	2.73
Subsidies/ Expenditure (%)	0.98	0.66	0.66	1.17	3.32	2.29

Year	2018-19	2019-20	2020-21	2021-22	2022-23 Actual	2023-24 (RE)
Subsidies/Receipts (%)	3.73	7.32	5.71	8.11	5.09	5.83
Subsidies/ Expenditure (%)	3.41	6.44	4.74	7.83	5.06	5.06

Source: Ministry of Finance, Government of Jharkhand

Table for Figure 11.3: Overview of Subsidies over different Departments: 2012-13 to 2023-24 (₹ Crores)

Departments	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total	269.62	187.40	245.69	521.56	1858.71	1439.76
Power	0.00	0.00	0.00	0.00	0.00	0.00
Civil Supplies	0.00	0.00	0.00	0.00	1044.93	826.86
Agriculture	213.25	170.39	213.15	424.18	724.16	550.48
Industries	56.37	17.01	32.54	97.37	89.62	62.42

Departments	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Others	0.00	0.00	0.00	0.00	0.00	0.00

Departments	2018-19	2019-20	2020-21	2021-22	2022-23 (Actual)	2023-24 (RE)
Total	2092.03	4274.87	3208.09	5652.81	4087.23	5551.89
Power	594.95	1350.00	1000.00	2072.00	1890.00	2300.00
Civil Supplies	926.13	1043.53	1242.80	1318.19	1366.58	1993.72
Agriculture	504.09	1868.02	958.41	2262.25	830.16	1255.98
Industries	65.26	12.32	6.87	0.37	0.00	0.00
Others	1.60	1.00	0.00	0.00	0.50	2.20

Source: Ministry of Finance, Government of Jharkhand

Table for Figure 11.4: Distribution of Agriculture Subsidy Over Different Sub-Departments

Description of Objective/Scheme	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Agriculture Total	213.25	170.39	213.15	424.18	724.16	550.48
1. Crop Husbandry	178.24	152.97	184.56	325.91	555.61	398.21
2. Soil and Water Conservation	0.00	0.00	0.00	11.40	47.84	100.11
3. Animal Husbandry	12.86	12.68	11.93	14.43	33.31	0.62
4. Dairy Development	20.45	4.75	16.65	67.84	84.39	51.53
5. Co-operation	1.70	0.00	0.00	4.60	0.00	0.00
6. Other Agriculture Programme	0.00	0.00	0.00	0.00	3.01	0.00

Description of Objective/Scheme	2018-19	2019-20	2020-21	2021-22	2022-23 (Actual)	2023-24 (RE)
Agriculture Total	504.09	1868.02	958.41	2262.25	830.16	1255.98
1. Crop Husbandry	354.47	1745.72	875.62	2025.37	753.70	963.91
2. Soil and Water Conservation	90.49	20.52	0.00	148.85	0.00	0.00
3. Animal Husbandry	2.36	52.17	40.04	29.88	38.81	152.00

Description of Objective/Scheme	2018-19	2019-20	2020-21	2021-22	2022-23 (Actual)	2023-24 (RE)
4. Dairy Development	48.96	46.07	35.86	50.92	35.38	132.57
5. Co-operation	0.00	0.00	0.55	1.33	1.35	5.80
6. Other Agriculture Programme	7.81	3.54	6.34	5.89	0.92	1.70

Source: Ministry of Finance, Government of Jharkhand

Table for Figure 12.1: Amount of Grant Recommended by 14th FC and the Amount Actually Received by Rural Local Bodies

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Recommended Basic plus Performance Grant (₹ Crores)	652.83	1022.53	1178.63	1360.62	1832.12
Amount Actually Received (Centre plus states) (₹ Crores)	3407.48	2533.77	1270.13	2937.69	2497.7

Source: 14th Finance Commission, page 464-465, CAG Reports, Government of Jharkhand

Table for Figure 12.2: Amount of Grant Recommended by 14th FC and the Amount Actually Received by Urban Local Bodies

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Recommended Basic plus Performance Grant (₹ Crores)	183.74	329.51	378.92	436.55	585.83
Amount Actually Received (Centre only) (₹ Crores)	512.25	770.89	976.08	532.89	916.66

Source: 14th Finance Commission, page 464-465, Urban Department, Government of Jharkhand

Table for Figure 12.3: Amount of Grant Recommended by 15th FC and the Amount Actually Received by Rural Local Bodies

Year	2021-22	2022-23	2023-24
Recommended (₹ Crores)	1249	1293	1307
Amount Actually Received Basic plus Tied (Centre only) (₹ Crores)	623.24	1227.45	1339.34

Source: 15th Finance Commission, page 281, www.egramswaraj.gov.in

Table for Figure 12.4: Amount of Grant Recommended by 15th FC and the Amount Actually Received by Urban Local Bodies

Year	2021-22	2022-23	2023-24
Recommended Basic plus Performance Grant (₹ Crores)	615.00	637.00	674.00

Year	2021-22	2022-23	2023-24
Amount Actually Received from Finance Commission (₹ Crores)	656.37	433.77	1243.96

Source: 14th Finance Commission, page 464-465, Urban Department, Government of Jharkhand

Table for Figure 12.5: Fund Allocation and Expenditure on Major Government of India Schemes

Year	2013-13	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Budget Provision (₹ Crores)	19605.49	2526.76	2145.09	36722.52	9807.46	10460.94
Actual Expenditure (₹ Crores)	1412.67	1232.77	750.63	31287.42	6424.51	8575.45
% of funds utilized	7.21	48.79	34.99	85.20	65.51	81.98
No. of Major Schemes	15	15	15	15	19	18

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Budget Provision (₹ Crores)	9328.80	10655.62	30921.96	8186.89	12742.20
Actual Expenditure (₹ Crores)	9084.32	10602.09	30413.42	8184.16	9458.77
% of funds utilized	97.38	99.50	98.36	99.97	74.23
No. of Major Schemes	18	18	18	19	22

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.6: National Program of Nutritional Support to Primary Education

Year	2012-13	2013-14
Budget Provision (₹ Crores)	914.61	738.48
Expenditure (₹ Crores)	593.83	461.66
% Spent	64.93	62.51
State Share in Expenditure (₹ Crores)	149.34	120.09
% of State Share	25.15	26.01

Source: Appendix VI, Finance Accounts, Government of Jharkhand

Table for Figure 12.7: Integrated Child Development Scheme

Year	2012-13	2013-14	2014-15	2015-16
Budget Provision (₹ Crores)	323.94	224.84	284.64	971.59
Expenditure (₹ Crores)	300.52	143.82	130.59	966.72
% Spent	92.77	63.97	45.88	99.50
State Share in Expenditure (₹ Crores)	35.18	15.25	9.30	478.65
% of State Share	11.71	10.60	7.12	49.51

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand

Table for Figure 12.8: National Rural Health Mission

Year	2012-13	2013-14	2014-15
Budget Provision (₹ Crores)	183.85	111.55	1042.20
Expenditure (₹ Crores)	184.71	67.75	372.88
% Spent	100.47	60.74	35.78
State Share in Expenditure (₹ Crores)	115.00	0.00	155.00
% of State Share	62.26	0.00	41.57

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand

Table for Figure 12.9: Grants in aid for Pradhan Mantri Awas Yojana (PMAY)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	302.09	546.21	248.15	285.57	611.16	290.36	486.7
Expenditure (₹ Crores)	319.21	546.21	248.15	285.57	611.16	290.36	486.7
% Spent	105.67	100.00	100.00	100.00	100.00	100.00	100.00
State Share in Expenditure (₹ Crores)	130.74	181.6	179.39	212.5	524.89	98.74	201.29
% of State Share	40.96	33.25	72.29	74.41	85.88	34.01	41.36

Source: Appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.10: Swachhh Bharat Mission

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	234.73	116.53	43.89	3.41	155.56	4.20	70.16
Expenditure (₹ Crores)	234.73	116.53	43.89	3.41	16.24	4.20	70.16
% Spent	100.00	100.00	100.00	100.00	10.44	100.00	100.00
State Share in Expenditure (₹ Crores)	137.31	60.00	20.65	1.18	1.24	1.67	39.43
% of State Share	58.50	51.49	47.05	34.60	7.64	39.76	56.20

Source: Appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.11: Rashtriya Uchhatar Siksha Abhiyan (R.U.S.A)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	130.07	88.13	85.60	36.45	10.27	136.93	52.50
Expenditure (₹ Crores)	130.07	88.13	85.60	36.45	10.27	136.93	13.22
% Spent	100.00	100.00	100.00	100.00	100.00	100.00	25.18
State Share in Expenditure (₹ Crores)	31.80	20.98	34.24	13.80	0.00	91.84	13.22
% of State Share	24.45	23.81	40.00	37.86	0.00	67.07	100.00

Source: Appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.12: Urban Renewable Mission 500

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	128.41	123.59	94.59	373.09	256.83	227.31	203.68
Expenditure (₹ Crores)	128.41	123.59	94.59	373.09	249.05	227.31	203.68
% Spent	100.00	100.00	100.00	100.00	96.97	100.00	100.00
State Share in Expenditure (₹ Crores)	58.14	52.48	0	219.22	109.62	109.62	99.16
% of State Share	45.28	42.46	0.00	58.76	44.02	48.22	48.68

Source: Appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.13: Day NULM (Deen Dayal Antodaya Yojana-National Urban Livelihood Mission)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	42.12	67.73	67.73	27.13	29.24	28.34	5.27
Expenditure (₹ Crores)	42.12	67.73	18.73	27.13	37.9	28.34	45.17
% Spent	100.00	100.00	27.65	100.00	129.62	100.00	857.12
State Share in Expenditure (₹ Crores)	19.44	22.84	7.49	10.85	11.52	11.33	2.11
% of State Share	46.15	33.72	39.99	39.99	30.40	39.98	4.67

Source: Appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.14: Fund Allocation and Expenditure on Major State Schemes

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Budget Provision (₹ Crores)	7355.77	9477.14	11248.64	15622.04	16047.73	16709.43
Actual Expenditure (₹ Crores)	7021.34	6545.69	9710.41	15548.40	16085.06	15408.25
% of funds utilized	95.45	69.07	86.33	99.53	100.23	92.21
No. of Major Schemes	31	31	31	21	35	35

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Budget Provision (₹ Crores)	11631.10	9673.53	10085.39	8919.86	8362.79
Actual Expenditure (₹ Crores)	11202.06	9674.99	10075.25	8919.85	8034.83
% of funds utilized	96.31	100.02	99.90	100.00	96.08
No. of Major Schemes	35	31	31	31	31

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.15: Major Roads

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	1117.23	1295.00	1922.00	2728.12	3377.60	3978.52

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure (₹ Crores)	1006.26	1210.84	1779.52	2653.24	3374.58	3812.46
% Spent	90.07	93.50	92.59	97.26	99.91	95.83

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	2742.80	2895.94	1447.32	2281.80	2660.00
Expenditure (₹ Crores)	2733.15	2733.15	1444.17	2281.80	2650.48
% Spent	99.65	94.38	99.78	100.00	99.64

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.16: Minimum Needs Programme

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	382.49	556.00	723.00	1015.91	1121.79	1107.09
Expenditure (₹ Crores)	356.49	502.23	521.41	1013.01	1112.47	1082.18
% Spent	93.20	90.33	72.12	99.71	99.17	97.75

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	1417.64	1076.07	0.00	375.24	0.00
Expenditure (₹ Crores)	1404.86	1077.66	0.00	375.24	0.00
% Spent	99.10	100.15	-	100.00	-

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.17: Chief Minister Village Bridge Scheme

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	186.86	477.90	350.00	443.51	381.92	469.73
Expenditure (₹ Crores)	186.11	370.72	346.90	444.50	390.84	461.17

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
% Spent	99.60	77.57	99.11	100.22	102.34	98.18

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	0.00	435.73	750.51	210.73	393.00
Expenditure (₹ Crores)	0.00	440.16	746.03	210.73	321.43
% Spent	-	101.02	99.40	100.00	81.79

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.18: Sarva Siksha Abhiyan

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	300	515.00	566.50	477.17	579.36	620.00
Expenditure (₹ Crores)	300	242.05	566.50	477.17	579.36	400.00
% Spent	100.00	47.00	100.00	100.00	100.00	64.52

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	192.93	0.00	827.05	2022.08	893.97
Expenditure (₹ Crores)	192.93	0.00	827.05	2022.08	845.63
% Spent	100.00	-	100.00	100.00	94.59

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.19: National Rural Employment Guarantee Act

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	120	130	518.15	174.43	337.75	172.43
Expenditure (₹ Crores)	120	130	428.19	174.43	337.75	104.43
% Spent	100.00	100.00	82.64	100.00	100.00	60.56

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	167.92	9.44	0	226.87	8362.79
Expenditure (₹ Crores)	167.92	9.44	0	226.87	8362.79
% Spent	100.00	100.00	-	100.00	100.00

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand

Table for Figure 12.20: Subarnarekha Project

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision (₹ Crores)	348.82	1375.00	205.00	391.33	585.74	406.97
Expenditure (₹ Crores)	319.13	373.32	127.35	371.83	592.95	364.46
% Spent	91.49	27.15	62.12	95.02	101.23	89.55

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Provision (₹ Crores)	74.68	0.00	23.37	172.49	359.02
Expenditure (₹ Crores)	75.54	0.00	23.37	172.48	358.90
% Spent	101.15	-	100.00	99.99	99.97

Source: 2012-2014, appendix VI, Finance Accounts, Government of Jharkhand, 2014-23, appendix V, Finance Accounts, Government of Jharkhand