

# Bihar Budget Analysis 2025-26

The Finance Minister of Bihar, Mr Samrat Chaudhary, presented the Budget for the state for the financial year 2025-26 on March 3, 2025.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Bihar for 2025-26 (at current prices) is projected to be Rs 10.97 lakh crore, amounting to growth of 22% over 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 2,94,075 crore, a decrease of 10% from the revised estimates of 2024-25. In addition, debt of Rs 22,820 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 2,61,357 crore, an increase of 7% as compared to the revised estimate of 2024-25.
- **Revenue surplus** in 2025-26 is estimated to be 0.8% of GSDP (Rs 8,831 crore), as compared to a revenue deficit of 4.1% of GSDP (Rs 36,788 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3% of GSDP (Rs 32,718 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 9.2% of GSDP, higher than the budgeted 3% of GSDP.

## Policy Highlights

- **Women welfare:** Establishment of a mahila haat (women's marketplace) in Patna, the implementation of pink toilets across all districts, and the introduction of pink buses in major urban areas, staffed by female drivers and conductors has been announced.
- **Infrastructure:** The construction of greenfield airports in Sultanganj (Bhagalpur district) and Raxaul (East Champaran district) has been announced.
- **Establishment of cold storage facilities:** Cold storage facilities will be established in all sub-divisions and blocks of the state in a phased manner

## Bihar's Economy

- **GSDP:** In 2023-24, Bihar's GSDP (at constant prices) is estimated to grow by 9.2% over the previous year. In comparison, India's GDP is estimated to grow by 9.2% in 2023-24.
- **Sectors:** In 2023-24, services sector is estimated to grow by 10.8% (at constant prices), followed by manufacturing (8.2%), and agriculture (5.7%). In 2023-24, agriculture, manufacturing, and services are estimated to contribute 24%, 18%, and 58% to the economy, respectively (at current prices).
- **Per capita GSDP:** In 2023-24, Bihar's per capita GSDP (at current prices) is estimated to be Rs 66,828, an increase of 13% over 2022-23. India's per capita GDP in 2023-24 is estimated to be Rs 2,15,935, an increase of 11% over the previous year.

**Figure 1: Growth in Bihar's GSDP at constant prices (2011-12)**



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: MoSPI; PRS.

## Budget Estimates for 2025-26

- **Total expenditure (excluding debt repayment)** in 2025-26 is targeted at Rs 2,94,075 crore. This is a decrease of 10% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,61,357 crore and net borrowings of Rs 32,918 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 7% over the revised estimate of 2024-25.
- The state estimates a **revenue surplus** of 0.8% of GSDP (Rs 8,831 crore) in 2025-26, as compared to a revenue deficit of 4.1% of GSDP at the revised estimate stage of 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3% of GSDP (Rs 32,718 crore), lower than the revised estimates for 2024-25 (9.2% of GSDP).

**Table 1: Budget 2025-26 - Key figures (in Rs crore)**

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Total Expenditure	2,52,082	2,78,726	3,49,818	26%	3,16,895	-9%
(-) Repayment of debt	22,979	22,393	22,393	0%	22,820	2%
<b>Net Expenditure (E)</b>	<b>2,29,103</b>	<b>2,56,333</b>	<b>3,27,425</b>	<b>28%</b>	<b>2,94,075</b>	<b>-10%</b>
Total Receipts	2,53,661	2,78,926	3,08,614	11%	3,17,095	3%
(-) Borrowings	60,218	51,688	63,667	23%	55,738	-12%
<b>Net Receipts (R)</b>	<b>1,93,443</b>	<b>2,27,238</b>	<b>2,44,947</b>	<b>8%</b>	<b>2,61,357</b>	<b>7%</b>
<b>Fiscal Deficit (E-R)</b>	<b>35,660</b>	<b>29,095</b>	<b>82,478</b>	<b>183%</b>	<b>32,718</b>	<b>-60%</b>
as % of GSDP	4.2%	3.0%	9.2%		3.0%	
<b>Revenue balance</b>	<b>2,833</b>	<b>1,121</b>	<b>-36,788</b>	<b>-3380%</b>	<b>8,831</b>	<b>-124%</b>
as % of GSDP	0.3%	0.1%	4.1%		0.8%	
<b>Primary Deficit</b>	<b>18,054</b>	<b>8,569</b>	<b>61,952</b>	<b>623%</b>	<b>9,704</b>	<b>-84%</b>
as % of GSDP	2.1%	0.9%	6.9%		0.9%	
GSDP	8,54,429	9,76,514	8,96,429	-8%	10,97,264	22%

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

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; PRS.

## Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 2,52,000 crore, a decrease of 10% over the revised estimate of 2024-25. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2025-26 is proposed to be Rs 40,532 crore, a decrease of 7% from the revised estimate of 2024-25. Capital outlay indicates the expenditure towards creation of assets. In 2024-25, capital outlay is estimated to be 49% higher than budget estimates. Expenditure on health and family welfare, and energy are estimated to be more than three times the budget estimate.
- In 2025-26, loans and advances by the state are expected to be Rs 1,543 crore, 38% lower as compared to the revised estimate of 2024-25.

**Table 2: Expenditure budget 2025-26 (in Rs crore)**

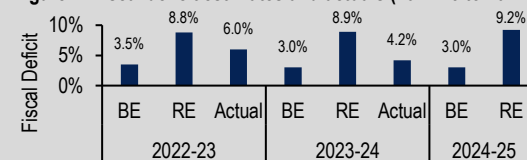
Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Revenue Expenditure	1,90,514	2,25,677	2,81,230	25%	2,52,000	-10%
Capital Outlay	36,453	29,416	43,686	49%	40,532	-7%
Loans given by the state	2,136	1,240	2,508	102%	1,543	-38%
<b>Net Expenditure</b>	<b>2,29,103</b>	<b>2,56,333</b>	<b>3,27,425</b>	<b>28%</b>	<b>2,94,075</b>	<b>-10%</b>

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; PRS.

### Credibility of revised estimates

The purpose of revised estimates in the budget is to provide a more realistic picture of the ongoing financial year, based on actual data for 9-10 months. However, in Bihar, expenditure estimates at the revised stage are often unrealistic, leading to fiscal deficit estimates being above the permitted limit. From 2022-23 to 2024-25, the budget estimate for fiscal deficit has been 3%-3.5%. However, these estimates increase to almost 9% at the revised stage. The actual fiscal deficit was 2.8 percentage points less than the revised estimate in 2022-23, and 4.7 percentage points less in 2023-24. However, actual expenditure is 4% less than budgeted (see Table 7).

**Figure 2: Fiscal deficit estimates and actuals (2022-23 to 2024-25)**



Source: Bihar budget documents; PRS.

**Committed expenditure:** Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities, such as capital outlay. In 2025-26, Bihar is estimated to spend Rs 1,08,094 crore on committed expenditure, which is 42% of its estimated revenue receipts. This comprises spending on salaries (20% of revenue receipts), pension (13%), and interest payments (9%). In 2023-24, as per actual figures, 36% of revenue receipts were spent on committed expenditure.

**Table 3: Committed Expenditure in 2025-26 (in Rs crore)**

Committed Expenditure	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Salaries	27,017	40,559	46,073	14%	51,690	12%
Pension	24,291	31,796	31,796	0%	33,389	5%
Interest payment	17,606	20,526	20,526	0%	23,014	12%
<b>Total</b>	<b>68,913</b>	<b>92,882</b>	<b>98,395</b>	<b>6%</b>	<b>1,08,094</b>	<b>10%</b>

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; PRS.

**Sector-wise expenditure:** The sectors listed below account for 66% of the total expenditure on sectors by the state in 2025-26. A comparison of Bihar's expenditure on key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Bihar Budget 2025-26 (in Rs crore)**

Sectors	2023-24 Actuals	2024-25 BE	2024-25 RE	2025-26 BE	% change from RE 24-25 to BE 25-26	Budget Provisions 2023-24 BE
Education, Sports, Arts, and Culture	43,878	54,605	79,915	63,335	-21%	<ul style="list-style-type: none"> <li>Rs 13,421 crore has been allocated as assistance to government schools for salaries and allowances.</li> <li>Rs 5,584 crore has been allocated as assistance to universities.</li> </ul>
Rural Development	25,207	27,101	30,910	30,150	-2%	<ul style="list-style-type: none"> <li>Rs 4,392 crore has been allocated towards MGNREGS.</li> <li>Rs 4,320 crore is allocated towards Pradhan Mantri Awas Yojana.</li> </ul>
Health and Family Welfare	13,014	14,488	20,355	19,184	-6%	<ul style="list-style-type: none"> <li>Rs 4,198 crore has been allocated towards Urban health facilities-Allopathy.</li> </ul>
Social Welfare and Nutrition	12,437	14,718	20,930	15,344	-27%	<ul style="list-style-type: none"> <li>Rs 828 crore has been allocated towards the Mukhyamantri Vriddhajan Pension Yojana.</li> </ul>
Police	11,742	13,528	14,074	14,653	4%	<ul style="list-style-type: none"> <li>Rs 8,448 crore is allocated towards the district police.</li> </ul>
Energy	15,892	11,334	20,897	13,401	-36%	<ul style="list-style-type: none"> <li>Rs 10,638 crore has been allocated towards subsidies for affordable power</li> </ul>
Urban Development	8,788	10,370	13,528	10,928	-19%	<ul style="list-style-type: none"> <li>Rs 2,355 crore has been allocated towards PM Awas Yojana-Urban.</li> </ul>
Irrigation and Flood Control	7,382	5,388	6,783	9,238	36%	<ul style="list-style-type: none"> <li>Rs 7,642 crore is allocated towards capital outlay on irrigation and flood control.</li> </ul>
Roads and Bridges	13,142	7,723	11,784	8,832	-25%	<ul style="list-style-type: none"> <li>Rs 4,487 crore has been allocated for capital outlay on roads and bridges.</li> </ul>
Agriculture and Allied Activities	5,159	7,943	9,371	8,039	-14%	<ul style="list-style-type: none"> <li>Rs 340 crore has been allocated towards animal husbandry, Rs 170 crore towards dairy development, and Rs 228 crore towards fisheries.</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>73%</b>	<b>66%</b>	<b>71%</b>	<b>66%</b>		

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; PRS.

## Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 2,60,831 crore, an increase of 7% over the revised estimate of 2024-25. Of this, Rs 67,741 crore (26%) will be raised by the state through its **own resources**, and Rs 1,93,091 crore (74%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (53% of revenue receipts) and grants (21% of revenue receipts).
- **Devolution:** In 2025-26, the state's share in central taxes is estimated at Rs 1,38,516 crore, an increase of 7% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 54,575 crore, an increase of 2% over the revised estimates for 2024-25. This is significantly higher than the actuals of 2023-24 (Rs 26,125 crore).
- **State's own tax revenue:** Bihar's total own tax revenue is estimated to be Rs 59,520 crore in 2025-26, an increase of 10% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 5.4% in 2025-26, lower than the revised estimates for 2024-25. As per the actual figures for 2023-24, own tax revenue as a percentage of GSDP was 5.7%.

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

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State's Own Tax	48,361	54,300	54,300	0%	59,520	10%
State's Own Non-Tax	5,257	7,326	7,326	0%	8,221	12%
Share in Central Taxes	1,13,604	1,13,012	1,29,435	15%	1,38,516	7%
Grants-in-aid from Centre	26,125	52,161	53,382	2%	54,575	2%
<b>Revenue Receipts</b>	<b>1,93,347</b>	<b>2,26,798</b>	<b>2,44,443</b>	<b>8%</b>	<b>2,60,831</b>	<b>7%</b>
Non-debt Capital Receipts	96	439	504	15%	525	4%
<b>Net Receipts</b>	<b>1,93,443</b>	<b>2,27,238</b>	<b>2,44,947</b>	<b>7.8%</b>	<b>2,61,357</b>	<b>7%</b>

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

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; PRS.

- In 2025-26, **State GST** is estimated to be the largest source of own tax revenue (57% share). State GST revenue is estimated to increase by 8% over the revised estimates of 2024-25.
- Revenue from Sales tax/ VAT in 2025-26 is expected to be 12% higher than the revised estimate stage of 2024-25.
- Revenue from Stamps Duty and Registration Fees is estimated to be 10% higher in 2025-26 over the revised estimate of 2024-25.

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

Head	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State GST	27,678	31,565	31,565	0%	34,009	8%
Sales Tax/ VAT	9,371	10,010	10,010	0%	11,200	12%
Stamps Duty and Registration Fees	6,348	7,500	7,500	0%	8,250	10%
Taxes on Vehicles	3,358	3,700	3,700	0%	4,070	10%
Taxes and Duties on Electricity	846	750	750	0%	1,016	35%
Land Revenue	580	600	600	0%	700	17%

Sources: Annual Financial Statement, Revenue Budget, Bihar Budget Documents 2025-26; PRS.

## Deficits, Debt, and FRBM Targets for 2025-26

The Bihar Fiscal Responsibility and Budget Management Act, 2006 provides annual targets to progressively reduce the outstanding debt, revenue deficit, and fiscal deficit of the state government.

**Revenue balance:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue surplus of Rs 8,831 crore (or 0.8% of the GSDP) in 2025-26.

**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2025-26, the fiscal deficit is estimated to be 3% of GSDP. For 2025-26, the central government has permitted fiscal deficit of up to 3% of GSDP to states. Additional borrowing space up to 0.5% of GSDP will also be available for undertaking certain power sector reforms.

As per the revised estimates, in 2024-25, the fiscal deficit of the state is expected to be 9.2% of GSDP. This is higher than the budget estimate of 3% of GSDP.

**Outstanding debt:** Outstanding debt is the accumulation of total borrowings at the end of a financial year. At the end of 2025-26, the outstanding debt is estimated to be 37% of GSDP, similar to the revised estimate for 2024-25 (37.1% of GSDP).

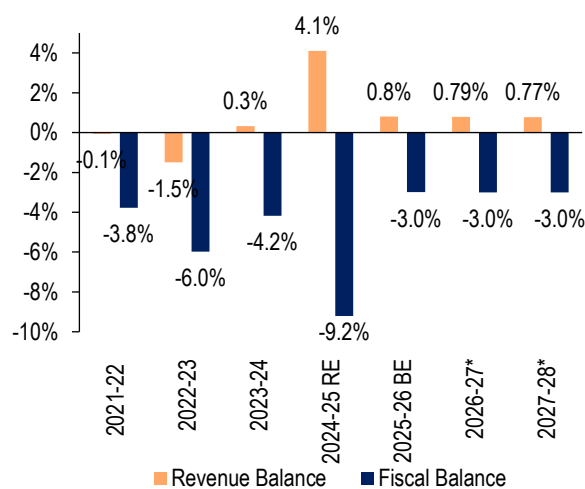
### Working of State Public Sector Enterprises (SPSEs)

As of March 31, 2023, Bihar had 76 SPSEs. CAG (2024) noted that 59 SPSEs failed to adhere to the prescribed timelines for submitting financial statements, resulting in 1,133 accounts being in arrears. Among the working SPSEs, 16 reported a collective profit of Rs 318 crore, with 58% contributed by three SPSEs. Out of the total loss of Rs 2,848 crore incurred by 15 working SPSEs, Rs 2,798 crore was incurred by five SPSEs.

Up to March 31, 2023, the State Government extended budgetary support worth Rs 51,583 crore to 17 functional SPSEs, one Statutory Corporation, and 15 non-functional SPSEs. As of August 31, 2023, these entities had not finalized their accounts for periods ranging up to 45 years. This failure to finalize accounts has hindered the CAG's ability to conduct supplementary and statutory audits. CAG recommended that government should urge SPSE management to ensure the timely submission of financial statements to maintain legislative oversight over government investments.

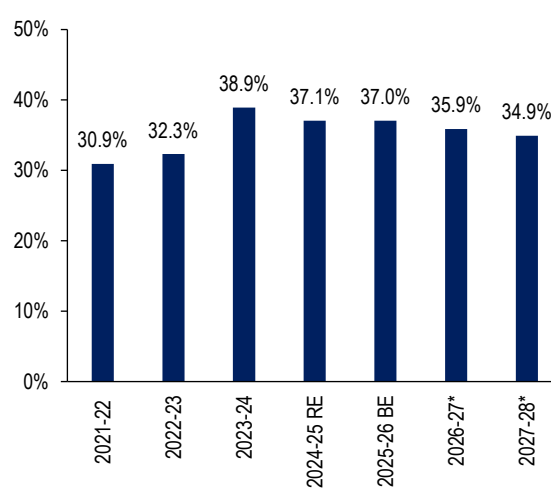
Source: State Finance Audit Report for the year ended March 31, 2023, CAG; PRS.

**Figure 3: Revenue and Fiscal Balance (% of GSDP)**



Note: \*Figures from 2026-27 onwards are projections. RE is Revised Estimates; BE is budget estimates. Negative figures indicate a deficit.  
Sources: FRBM, Bihar Budget Documents 2025-26; PRS.

**Figure 4: Outstanding Debt (as % of GSDP)**



Note: \*Figures from 2026-27 onwards are projections. BE is budget estimates.  
Sources: FRBM Statement, Bihar Budget Documents 2025-26; PRS.

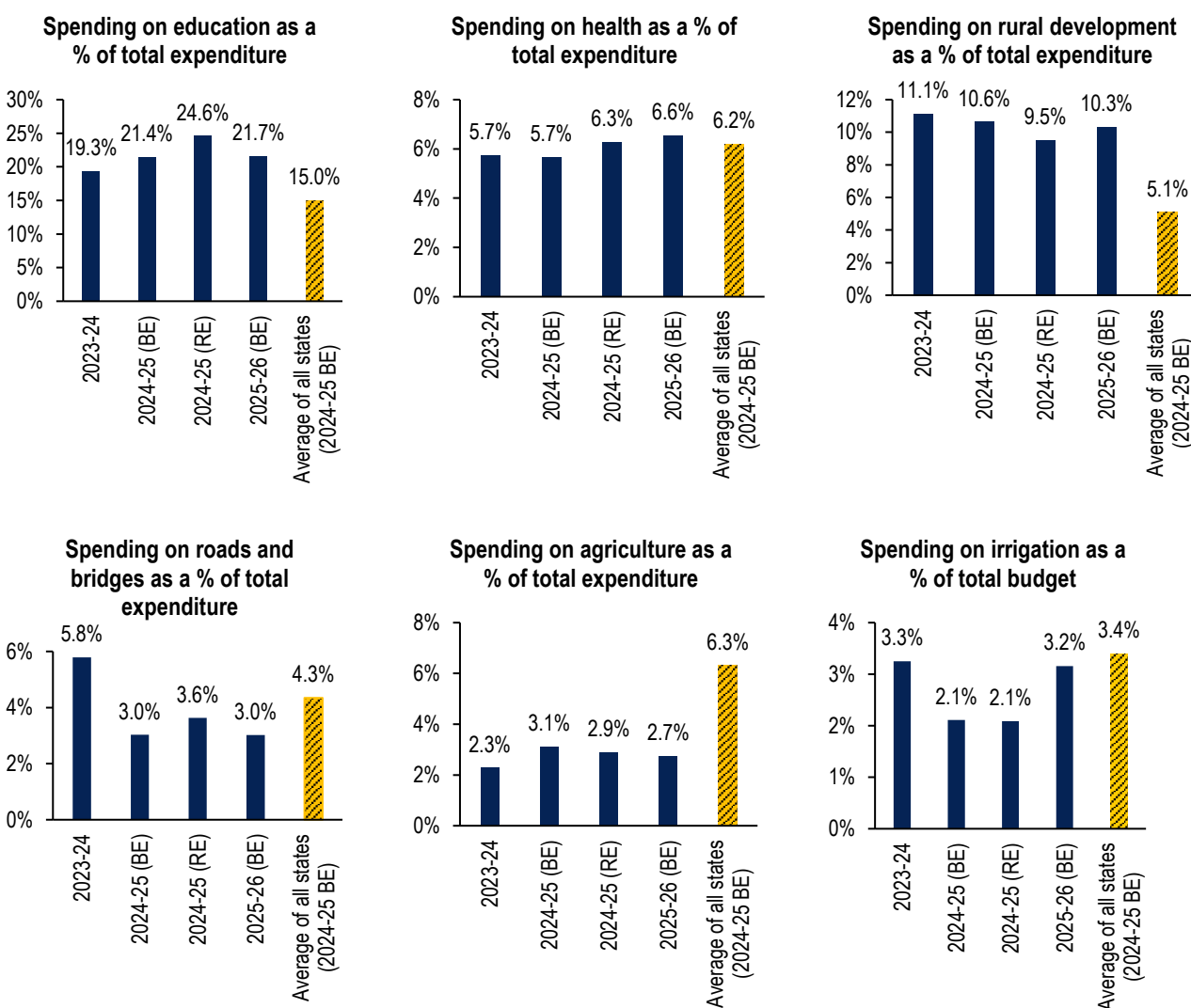
**Outstanding Government Guarantees:** Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2024, the state's outstanding guarantee is estimated to be Rs 26,715 crore, which is 3.1% of Bihar's GSDP. Of these guarantees, 63% belong to the power sector (Rs 16,907 crore).

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## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Bihar's expenditure in 2025-26 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Bihar) as per their budget estimates of 2024-25.<sup>1</sup>

- **Education:** Bihar has allocated 21.7% of its expenditure on education in 2025-26. This is higher than the average allocation for education by states in 2024-25 (15%).
- **Health:** Bihar has allocated 6.6% of its expenditure on health in 2025-26. This is higher than the average allocation for health by states in 2024-25 (6.2%).
- **Rural development:** Bihar has allocated 10.3% of its expenditure on rural development in 2025-26. This is higher than the average allocation for rural development by states in 2024-25 (5.1%).
- **Roads and bridges:** Bihar has allocated 3% of its expenditure on roads and bridges in 2025-26. This is lower than the average allocation for roads and bridges by states in 2024-25 (4.3%).
- **Agriculture:** Bihar has allocated 2.7% of its expenditure on agriculture in 2025-26. This is lower than the average allocation for agriculture by states in 2024-25 (6.3%).
- **Irrigation:** Bihar has allocated 3.2% of its expenditure on irrigation in 2025-26. This is lower than the average allocation for irrigation by states in 2024-25 (3.4%).



Note: 2023-24, 2024-25 (BE), 2024-25 (RE), and 2025-26 (BE) figures are for Bihar.

Sources: Annual Financial Statement, Bihar Budget Documents 2025-26; various state budgets; PRS.

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



## Annexure 2: Comparison of 2023-24 Budget Estimates and Actuals

The following tables compare the actuals of 2023-24 with budget estimates for that year.

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

Particular	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
<b>Net Receipts (1+2)</b>	2,12,759	1,93,443	-9%
1. Revenue Receipts (a+b+c+d)	2,12,327	1,93,347	-9%
a. Own Tax Revenue	49,700	48,361	-3%
b. Own Non-Tax Revenue	6,512	5,257	-19%
c. Share in central taxes	1,02,737	1,13,604	11%
d. Grants-in-aid from the Centre	53,378	26,125	-51%
2. Non-Debt Capital Receipts	432	96	-78%
3. Borrowings	49,327	60,218	22%
<b>Net Expenditure (4+5+6)</b>	2,38,327	2,29,103	-4%
4. Revenue Expenditure	2,07,848	1,90,514	-8%
5. Capital Outlay	29,257	36,453	25%
6. Loans and Advances	1,221	2,136	75%
7. Debt Repayment	23,559	22,979	-2%
<b>Revenue Balance</b>	4,479	2,833	-37%
Revenue Balance (as % of GSDP)	0.52%	0.3%	
<b>Fiscal Deficit</b>	25,568	35,660	39%
Fiscal Deficit (as % of GSDP)	2.98%	4.2%	

Source: Bihar Budget Documents of various years; PRS.

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

Tax Source/Head	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
State GST	31,111	27,678	-11%
Stamps Duty and Registration Fees	6300	6,348	1%
Taxes on Vehicles	3300	3,358	2%
Land Revenue	550	580	5%
Sales Tax/ VAT	7934	9,371	18%
Taxes and Duties on Electricity	330	846	157%

Source: Bihar Budget Documents of various years; PRS.

**Table 9: Allocation towards Key Sectors**

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Housing	7,504	1,425	-81%
Welfare of SC, ST, OBC, and Minorities	3,769	1,024	-73%
Agriculture and Allied Activities	7,726	5,159	-33%
Health and Family Welfare	16,704	13,014	-22%
Social Welfare and Nutrition	14,763	12,437	-16%
Rural Development	25,270	25,207	0%
Urban Development	8,783	8,788	0%
Police	11,686	11,742	0%
Education, Sports, Arts, and Culture	42,381	43,878	4%
Irrigation and Flood Control	5,360	7,382	38%
Energy	11,436	15,892	39%
Transport	9,887	13,935	41%
<i>of which Roads and Bridges</i>	9,430	13,142	39%
Water Supply and Sanitation	4,738	8,694	84%

Source: Bihar Budget Documents of various years; PRS.