

# Jharkhand Budget Analysis 2022-23

The Finance Minister of Jharkhand, Dr Rameshwar Oraon, presented the Budget for the state for the financial year 2022-23 on March 3, 2022.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Jharkhand for 2022-23 (at current prices) is projected to be Rs 4,01,997 crore. This is a growth of 10.7% over the revised estimate of GSDP for 2021-22 (Rs 3,63,085 crore).
- **Expenditure (excluding debt repayment)** in 2022-23 is estimated to be Rs 94,387 crore, an 11% increase over the revised estimates of 2021-22 (Rs 84,918 crore). In addition, debt of Rs 6,714 crore will be repaid by the state in 2022-23. In 2021-22, expenditure (excluding debt repayment) is estimated to be 2% lower than the budget estimate.
- **Receipts (excluding borrowings)** for 2022-23 are estimated to be Rs 83,101 crore, an increase of 12% over the revised estimates of 2021-22 (Rs 73,935 crore). In 2021-22, receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 2,841 crore (decrease of 4%).
- **Fiscal deficit** for 2022-23 is targeted at Rs 11,286 crore (2.81% of GSDP). In 2021-22, as per the revised estimates, fiscal deficit is expected to be 3.03% of GSDP, which is lower than the budget estimate of 2.83% of GSDP.
- **Revenue surplus** for 2022-23 is estimated to be Rs 6,752 crore, which is 1.68% of the GSDP. In 2021-22, the state is estimated to observe a revenue surplus of Rs 500 crore, as compared to a revenue surplus of Rs 951 crore estimated at the budget stage.

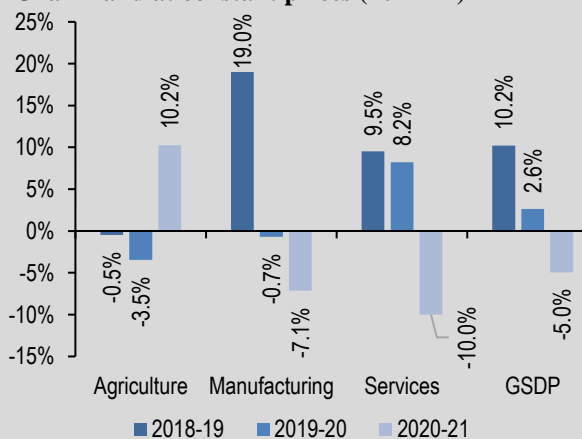
## Policy Highlights

- **Rural Development:** Under Pradhan Mantri Awas Yojana - Grameen, construction of the remaining 5.22 lakh houses will be completed. The state government will provide an additional sum of Rs 50,000 per household for the construction of another room in the house (made under Pradhan Mantri Awas Yojana - Grameen).
- **Education:** To facilitate the availability of credit for students availing higher education, the Guruji Credit Card Scheme is proposed. Further, the Marang Gomke Jaipal Singh Munda Trans-National Scholarship scheme will now be extended to students of Scheduled Caste, backward and minority communities
- **Food and Public Distribution:** The state government proposes to launch a scheme to distribute pulses to families (covered under the National Food Security Act and Jharkhand Food Security Scheme) at the rate of one rupee per kilogram.

## Jharkhand's Economy

- **GSDP:** For 2020-21, Jharkhand's GSDP (at constant prices) is estimated to decrease by 5%. This is lesser than the contraction in GDP (of 6.6%) at the national level in 2020-21.
- **Sectors:** In 2020-21, agriculture, manufacturing, and services sectors contributed 23%, 33%, and 44% to the state's economy respectively. In 2020-21, the manufacturing and services sectors contracted by 7.1% and 10% respectively, with respect to 2019-20.
- **Per capita GSDP:** The per capita GSDP of Jharkhand in 2020-21 (at current prices) was Rs 75,587, which is lesser than the per capita GDP at the national level (Rs 1,46,087 at current prices).

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



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

Sources: Jharkhand Economic Survey 2021-22; PRS.

## Budget Estimates for 2022-23

- **Expenditure (excluding debt repayment)** in 2022-23 is targeted at Rs 94,387 crore. This is an increase of 11% over the revised estimate of 2021-22 (Rs 84,918 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 83,101 crore and **net borrowings** of Rs 11,286 crore. Receipts (excluding borrowings) for 2022-23 are expected to register an increase of 12% over the revised estimate of 2021-22. In 2021-22, receipts are estimated to be 4% lower than the budget estimates.
- In 2022-23, the state is estimated to observe a **revenue surplus** of Rs 6,752 crore, which is 1.68% of GSDP. In 2021-22, the state estimates a revenue surplus of Rs 500 crore. Note that in 2020-21, the state observed a revenue deficit of Rs 3,115 crore (1.09% of GSDP).
- **Fiscal deficit** in 2022-23 is estimated to be 2.81% of GSDP, which is within the limit of 4% of GSDP permitted by the central government in Union Budget 2022-23 (of which, 0.5% of GSDP will be made available upon undertaking power sector reforms). In 2021-22, the state has estimated a fiscal deficit of 3.03% of GSDP, which is lower than the limit of 4.5% of GSDP permitted by the central government (of which, 0.5% of GSDP becomes available upon undertaking power sector reforms).

**Table 1: Budget 2022-23 - Key figures (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21- 22 to RE 21- 22	2022-23 BE	% change from RE 21- 22 to BE 22- 23
Total Expenditure	73,855	91,277	89,207	-2%	1,01,101	13%
(-) Repayment of debt	2,745	4,289	4,289	0%	6,714	57%
<b>Net Expenditure (E)</b>	<b>71,110</b>	<b>86,988</b>	<b>84,918</b>	<b>-2%</b>	<b>94,387</b>	<b>11%</b>
Total Receipts	69,745	91,276	89,207	-2%	1,01,101	13%
(-) Borrowings	13,547	14,500	15,272	5%	18,000	18%
<b>Net Receipts (R)</b>	<b>56,198</b>	<b>76,776</b>	<b>73,935</b>	<b>-4%</b>	<b>83,101</b>	<b>12%</b>
<b>Fiscal Deficit (E-R)</b>	<b>14,912</b>	<b>10,212</b>	<b>10,983</b>	<b>8%</b>	<b>11,286</b>	<b>3%</b>
as % of GSDP	5.20%	2.83%	3.03%		2.81%	
<b>Revenue Balance</b>	<b>-3,115</b>	<b>951</b>	<b>500</b>	<b>-47%</b>	<b>6,752</b>	<b>1250%</b>
as % of GSDP	-1.09%	0.26%	0.14%		1.68%	
<b>Primary Deficit</b>	<b>9,122</b>	<b>4,025</b>	<b>4,796</b>	<b>19%</b>	<b>4,624</b>	<b>-4%</b>
as % of GSDP	2.58%	1.11%	1.32%		1.15%	

Note: BE is Budget Estimates; RE is Revised Estimates. Negative numbers in revenue balance indicate revenue deficit.

Sources: Jharkhand Budget Documents 2022-23; Jharkhand Economic Survey 2021-22; PRS.

## Expenditure in 2022-23

- **Revenue expenditure** in 2022-23 is estimated to be Rs 76,273 crore, which is an increase of 4% over the revised estimate of 2021-22 (Rs 73,364 crore). This expenditure includes the payment of salaries, pensions, interest, and subsidies.
- **Capital outlay** in 2022-23 is estimated to be Rs 16,606 crore, which is an increase of 68% over the revised estimate of 2021-22. Capital outlay comprises expenditure towards creation of assets. This includes expenditure on building school buildings, hospitals, and roads and bridges. The highest capital outlay is for water supply and sanitation (Rs 3,472 crore), and roads and bridges (Rs 3,300 crore). The capital outlay on education has increased from Rs 99 crore in 2021-22 to Rs 1,129 crore in 2022-23.

**Table 2: Expenditure budget 2020-21 (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
Revenue Expenditure	59,264	75,755	73,364	-3%	76,273	4%
Capital Outlay	8,466	9,661	9,895	2%	16,606	68%
Loans given by the state	3,380	1,572	1,660	6%	1,411	-15%
<b>Net Expenditure</b>	<b>71,110</b>	<b>86,988</b>	<b>84,918</b>	<b>-2%</b>	<b>94,290</b>	<b>11%</b>

Sources: Jharkhand Budget Documents 2022-23; PRS.

**Committed expenditure:** Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as developmental schemes and capital outlay. In 2022-23, Jharkhand is estimated to spend Rs 30,651 crore on committed expenditure items, which is 37% of its revenue receipts. This comprises spending on salaries (19% of revenue receipts), pension (10%), and interest payments (8%). Note that Jharkhand's expenditure on salaries (19%) is lower than the average for all states (30%).

**Table 3: Committed Expenditure in 2022-23 (in Rs crore)**

Items	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
Salaries	12,090	15,046	14,657	-3%	15,944	9%
Pension	6,797	6,804	7,424	9%	8,045	8%
Interest Payment	5,790	6,187	6,187	0%	6,662	8%
<b>Total Committed Expenditure</b>	<b>24,677</b>	<b>28,037</b>	<b>28,268</b>	<b>1%</b>	<b>30,651</b>	<b>8%</b>

Sources: Jharkhand Budget Documents 2022-23; PRS.

**Sector-wise expenditure:** The sectors listed below account for **76%** of the total expenditure on sectors by the state in 2022-23. A comparison of Jharkhand's expenditure on the key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Jharkhand Budget 2022-23 (in Rs crore)**

Sectors	2020-21 Actuals	2021-22 BE	2021-22 RE	2022-23 BE	% change from RE 21-22 to BE 22-23	Budget Provisions (2022-23)
Education, Sports, Arts, and Culture	10,147	13,596	12,112	14,220	17%	<ul style="list-style-type: none"> <li>Rs 1,933 crore has been allocated for Samagra Shiksha.</li> <li>Rs 655 crore has been allocated for Mid-Day Meal Programme.</li> </ul>
Rural Development	9,521	12,899	11,246	12,711	13%	<ul style="list-style-type: none"> <li>Rs 1,300 crore has been allocated for Mahatma Gandhi National Rural Employment Guarantee Scheme.</li> </ul>
Social Welfare and Nutrition	4,784	6,624	6,837	7,287	7%	<ul style="list-style-type: none"> <li>Rs 945 crore has been allocated towards State Old Age Pension Scheme.</li> </ul>
Police	5,510	5,971	6,136	6,532	6%	<ul style="list-style-type: none"> <li>Rs 3,306 crore and Rs 297 crore has been allocated for district police and village police, respectively.</li> </ul>
Health and Family Welfare	4,070	4,445	5,237	5,630	8%	<ul style="list-style-type: none"> <li>Rs 1,467 crore has been allocated for National Health Mission.</li> </ul>
Agriculture and allied activities	2,160	4,990	4,828	5,054	5%	<ul style="list-style-type: none"> <li>Rs 372 crore has been allocated for Paramparagat Krishi Vikas Yojana.</li> </ul>
Water Supply and Sanitation	1,295	3,387	1,865	4,072	118%	<ul style="list-style-type: none"> <li>Rs 3,472 crore has been allocated towards capital outlay on water supply and sanitation.</li> </ul>
Roads and Bridges	3,489	4,018	3,891	3,840	-1%	<ul style="list-style-type: none"> <li>A capital outlay of Rs 3,300 crore has been allocated for state highways.</li> </ul>
Energy	2,648	2,712	3,549	3,478	-2%	<ul style="list-style-type: none"> <li>Rs 1,800 crore has been allocated towards tariff subsidy scheme for consumers through Jharkhand Bijli Vitran Nigam Limited.</li> </ul>
Urban Development	2,862	2,775	2,590	2,998	16%	<ul style="list-style-type: none"> <li>Rs 360 crore has been allocated for PMAY (Urban).</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>66%</b>	<b>68%</b>	<b>70%</b>	<b>76%</b>		

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

Sources: Jharkhand Budget Documents 2022-23; PRS.

## Receipts in 2022-23

- **Total revenue receipts** for 2022-23 are estimated to be Rs 83,025 crore, an increase of 12% over the revised estimate of 2021-22. Of this, Rs 38,613 crore (47%) will be raised by the state through its **own resources**, and Rs 44,412 crore (53%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (33% of revenue receipts) and grants (21% of revenue receipts).
- **Devolution:** In 2022-23, the state estimates to receive Rs 27,007 crore in the form of share in central taxes, an increase of 9% over the revised estimates of 2021-22. In 2021-22, the devolution is expected to increase from Rs 22,050 at budget estimates stage, to Rs 24,675 crore at the revised estimates stage.
- **State's own tax revenue:** Total own tax revenue of Jharkhand is estimated to be Rs 24,850 crore in 2022-23, an increase of 20% over the revised estimate of 2021-22. This is higher than the growth rate of Jharkhand's GSDP at 10.7% in 2022-23. Jharkhand's own tax revenue as a percentage of GSDP is estimated to rise from 5.9% of GSDP in 2020-21 (as per actuals) to 6.2% of GSDP in 2022-23 (as per budget estimate).
- **State's non-tax revenue:** In 2022-23, the state is estimated to earn Rs 13,763 crore in the form of non-tax revenue, a 17% increase over the revised estimates of 2021-22. In 2021-22, state's own non-tax revenue (Rs 11,759 crore) is estimated to register a decrease of 13% over the budget estimates (Rs 13,500 crore).

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

Sources	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
State's Own Tax	16,880	23,265	20,716	-11%	24,850	20%
State's Own Non-Tax	7,564	13,500	11,759	-13%	13,763	17%
Share in Central Taxes	19,712	22,050	24,675	12%	27,007	9%
Grants-in-aid from Centre	11,993	17,891	16,714	-7%	17,405	4%
<b>Revenue Receipts</b>	<b>56,149</b>	<b>76,706</b>	<b>73,864</b>	<b>-4%</b>	<b>83,025</b>	<b>12%</b>
Non-debt Capital Receipts	49	70	71	1%	76	7%
<b>Net Receipts</b>	<b>56,198</b>	<b>76,776</b>	<b>73,935</b>	<b>-4%</b>	<b>83,101</b>	<b>12%</b>

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

Sources: Jharkhand Budget Documents 2022-23; PRS.

- In 2022-23, **SGST** is estimated to be the largest source of own tax revenue (42%). SGST revenue in 2022-23 is estimated at Rs 10,450 crore, which is a 23% increase over the revised estimates of 2021-22. In 2021-22, SGST revenue is estimated to fall short of the budget estimates by Rs 1,000 crore. GST compensation grants are estimated to decrease from Rs 2,096 crore in 2021-22 (revised estimates stage) to Rs 500 crore in 2022-23, at the budget estimates stage.
- In 2022-23, the state estimates receiving **GST compensation loans** of Rs 1,981 crore. Note that as of date, the compensation loan facility is available only until March 2022.

### GST Compensation grants end in June 2022

When the GST was introduced, the central government guaranteed states a 14% compounded annual growth in their GST revenue for a period of five years. Any shortfall in a state's GST revenue from this level is covered by the Centre by providing compensation grants to the state. This guarantee ends in June 2022. During 2018-22, Jharkhand has relied on GST compensation grants to achieve the guaranteed SGST revenue level. In 2021-22, Jharkhand is estimated to receive Rs 2,096 crore in the form of GST compensation grants, which is about 8% of its own tax revenue. Hence, beyond June 2022, Jharkhand might see a decline in the level of revenue receipts.

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

Taxes	2020-21 Actuals	2021-22 BE	2021-22 RE	% change from BE 21-22 to RE 21-22	2022-23 BE	% change from RE 21-22 to BE 22-23
State GST	7,931	9,500	8,500	-11%	10,450	23%
Sales Tax/ VAT	4,301	6,415	6,085	-5%	6,450	6%
State Excise	1,821	2,460	1,800	-27%	2,500	39%
Taxes on Vehicles	976	1,650	1,574	-5%	1,650	5%
Land Revenue	873	1,100	1,183	8%	1,500	27%
Stamps Duty and Registration Fees	708	1,200	1,144	-5%	1,200	5%
GST Compensation Grants	1,958	168	2,096	1,148%	500	-76%
GST Compensation Loans	1,689	0	1,981	-	1,915	-3%

Sources: Jharkhand Budget Documents 2022-23; PRS.

## Deficits, Debt, and FRBM Targets for 2022-23

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

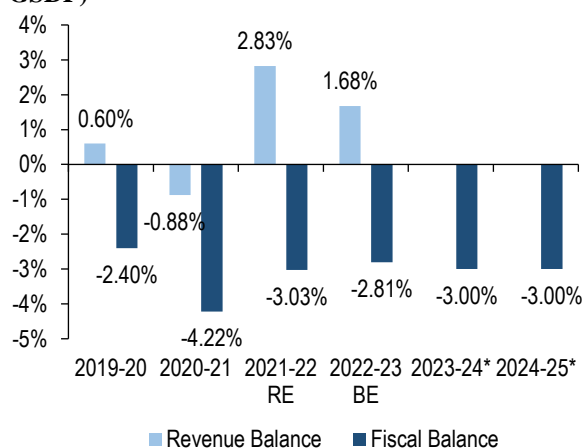
**Revenue Balance:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. In 2022-23, Jharkhand is estimated to observe a revenue surplus of Rs 6,752 crore, which is 1.68% of the GSDP. In 2021-22, the state estimates a revenue surplus of Rs 500 crore. Note that in 2020-21, the state observed a revenue deficit of Rs 3,115 crore (1.09% of GSDP).

**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities of the state government. In 2022-23, the fiscal deficit is estimated to be Rs 11,286 crore (2.81% of GSDP). This is lower than the limit of 3.5% of GSDP for 2022-23, under the FRBM Act. It is also within the limit of 4% of GSDP permitted by the central government in 2022-23 as per the Union Budget (of which, 0.5% of GSDP will be made available upon undertaking power sector reforms).

As per the revised estimates, in 2021-22, the fiscal deficit of the state is expected to be 3.03% of GSDP, which is higher than the budget estimate of 2.83% of GSDP. These deficit levels are within the 4.5% limit permitted by the central government in 2022-23 (of which, 0.5% of GSDP to be made available only upon undertaking power sector reforms).

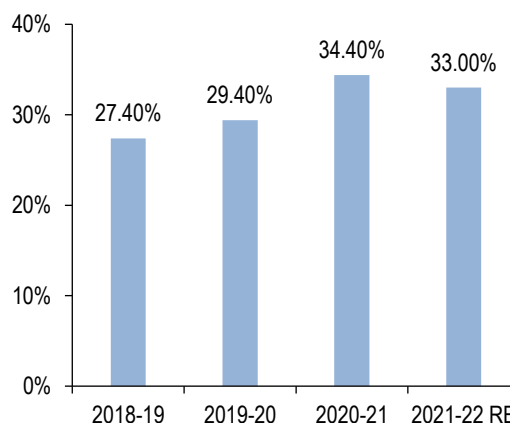
**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of March 2022, the outstanding liabilities of the state are estimated to be 33% of the GSDP. This is 1.4% lesser than the corresponding figure in 2020-21 (34.4% of GSDP).

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



Note: RE is Revised Estimates; BE is budget estimates. A positive figure means a surplus, a negative figure means a deficit.  
 \*Figures for 2023-24 and 2024-25 are projections. Revenue balance data is not available for 2023-24 2024-25.  
 Sources: Jharkhand Budget Documents 2022-23; PRS.

**Figure 3: Outstanding Liabilities (% of GSDP)**



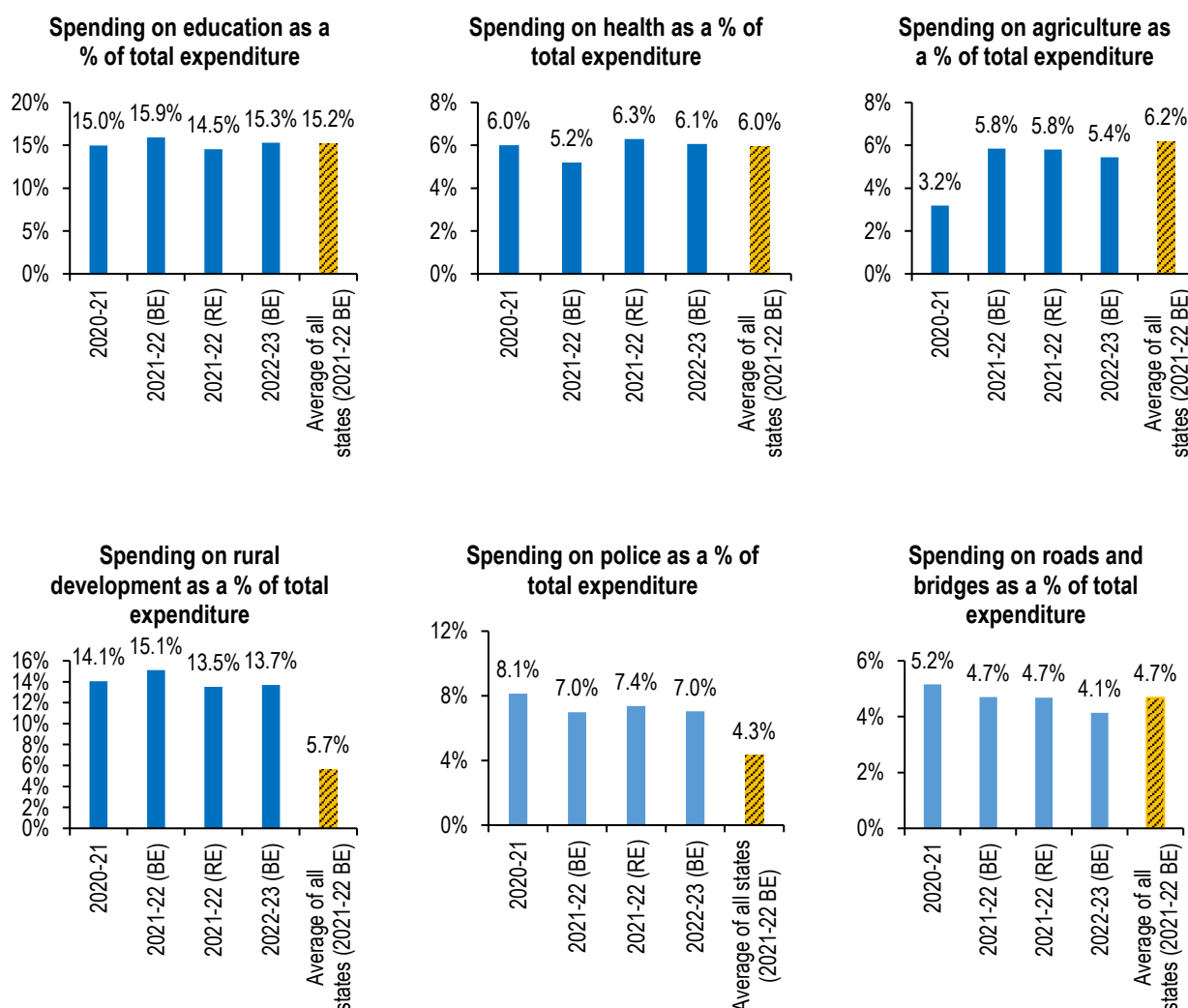
Note: RE is Revised Estimates; BE is budget estimates.  
 Sources: Jharkhand Budget Documents 2022-23; PRS.

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

The graphs below compare Jharkhand's expenditure 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 30 states (including Jharkhand) as per their budget estimates of 2021-22.<sup>1</sup>

- **Education:** Jharkhand has allocated 15.3% of its total expenditure for education in 2022-23. This is similar to the average allocation (15.2%) for education by all states (2021-22 BE).
- **Health:** Jharkhand has allocated 6.1% of its total expenditure on health, which is similar to the average allocation for health by states (6%).
- **Agriculture:** The state has allocated 5.4% of its total expenditure towards agriculture and allied activities. This is lower than the average allocation for agriculture by states (6.2%).
- **Rural development:** Jharkhand has allocated 13.7% of its expenditure on rural development. This is significantly higher than the average allocation for rural development by states (5.7%).
- **Police:** Jharkhand has allocated 7% of its total expenditure on police, which is higher than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Jharkhand has allocated 4.1% of its total expenditure on roads and bridges, which is lower than the average allocation by states (4.7%).



Note: 2020-21, 2021-22 (BE), 2021-22 (RE), and 2022-23 (BE) figures are for Jharkhand.  
Sources: Jharkhand Budget in Brief 2022-23; various state budgets; PRS.

<sup>1</sup> The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

## Annexure 2: Comparison of 2020-21 Budget Estimates and Actuals

The following tables compare the actuals of 2020-21 with budget estimates for that year.

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

Particular	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
<b>Net Receipts (1+2)</b>	<b>76,776</b>	<b>56,198</b>	<b>-27%</b>
1. Revenue Receipts (a+b+c+d)	76,706	56,149	-27%
a. Own Tax Revenue	23,265	16,880	-27%
b. Own Non-Tax Revenue	13,500	7,564	-44%
c. Share in central taxes	22,050	19,712	-11%
d. Grants-in-aid from the Centre	17,891	11,993	-33%
Of which GST compensation grants	168	1,958	
2. Non-Debt Capital Receipts	70	49	-30%
3. Borrowings	14,500	17,655	22%
Of which GST compensation loan	0	0	-
<b>Net Expenditure (4+5+6)</b>	<b>86,988</b>	<b>71,110</b>	<b>-18%</b>
4. Revenue Expenditure	75,755	59,264	-22%
5. Capital Outlay	9,661	8,466	-12%
6. Loans and Advances	91,277	73,855	-19%
7. Debt Repayment	86,988	71,110	-18%
<b>Revenue Balance</b>	<b>951</b>	<b>-3,115</b>	<b>-428%</b>
Revenue Balance (as % of GSDP)	0.26%	-1.09%	-
<b>Fiscal Deficit</b>	<b>-10,212</b>	<b>-14,912</b>	<b>46%</b>
Fiscal Deficit (as % of GSDP)	-2.83%	-5.20%	-

Note: A negative revenue balance indicates a deficit.

Source: Jharkhand Budget Documents of various years; PRS.

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

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Land Revenue	1,000	873	-13%
State GST	9,450	7,931	-16%
State Excise	2,301	1,821	-21%
Sales Tax / VAT	5,862	4,301	-27%
Stamps Duty and Registration Fees	1,007	708	-30%

Source: Jharkhand Budget Documents of various years; PRS.

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

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Urban Development	2,483	2,862	15%
Police	6,023	5,509	-9%
Irrigation and Flood Control	1,549	1,413	-9%
Roads and Bridges	3,893	3,489	-10%
Health and Family Welfare	4,587	4,070	-11%
Social Welfare and Nutrition	5,701	4,784	-16%
Rural Development	11,416	9,521	-17%
Energy	3,353	2,648	-21%
Education, Sports, Arts, and Culture	13,504	10,147	-25%
Welfare of SC, ST, OBC, and Minorities	1,927	1,181	-39%
Agriculture and allied activities	4,718	2,160	-54%
Water Supply and Sanitation	3,106	1,295	-58%
Housing	177	58	-67%

Source: Jharkhand Budget Documents of various years; PRS.