Chapter I: Overview of Finances of the State

This chapter provides a snapshot of Jharkhand's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels, and fiscal deficits, highlighting persistent imbalances and reliance on borrowings. The chapter also flags issues like low cash balances, low returns on investments *etc*.

1.1 Profile of the State

Jharkhand, a predominantly agrarian State in east India, covers 79,716 sq. km. and comprises 24 districts and 32,394 villages. As per the report of the Technical Group on Population Projections (2011-2036), the population of the State, during the year 2025, was projected to be 4.05 crore (2.87 *per cent* of the population of India), with a density of 508 persons per sq. km. This section provides an overview of the demography, GSDP, and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* the national average are presented in **Table 1.1** below.

Table 1.1: Demographic profile of the State

	Jharkhand	National average
Rural Population (*per cent*)	73.48	64.30
Urban Population (*per cent*)	26.52	35.70
Population density *(Population projections 2011-36, MoHFW)*	508	430
Sex Ratio per 1,000 Males *(Census of India, 2011)*	948	947
Infant Mortality Rate per 1,000 Live births *(Sample Registration System, Statistical Report 2020)*	29	25
Maternal Mortality Rate per 1,000 Live births *(Maternal Mortality Bulletin)*	4	5
Total Fertility Rate (*per cent*) *(Population projections 2011-36, MoHFW)*	2.17	1.94
Life Expectancy at Birth (*Years*) *(Report on Technical Population, 2020)*	69.5	70.3
Population below Poverty Line (*per cent*) *(Multidimensional Poverty Index, 2023, NITI Aayog)*	28.81	14.96
Literacy Rate (*per cent*) *(NCS Report, 2012-18)*	76.7	80.9

1.1.2 Economy of the State

Gross State Domestic Product (GSDP) and per capita income are important indicators of the State's economy as discussed in the succeeding paragraphs. As per the current series with base year 2011-12, GSDP figures for the years 2022-23 and 2023-24 have changed. Accordingly, the percentages/ratios in relevant tables for the relevant years, published in the previous years' Audit Reports, have undergone changes.

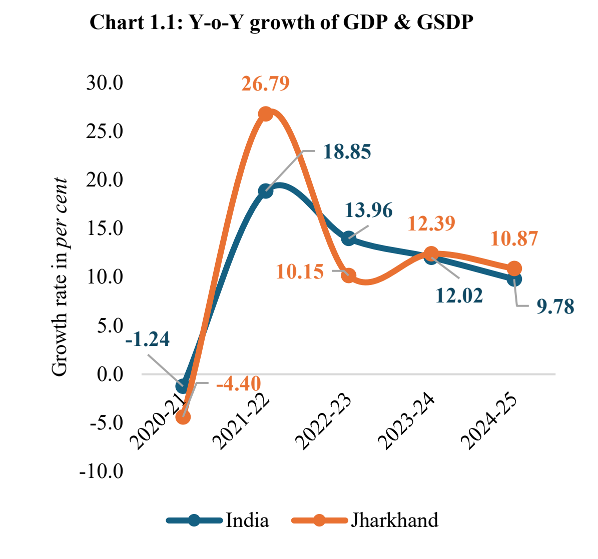
1.1.2.1 Gross State Domestic Product and Per Capita Income

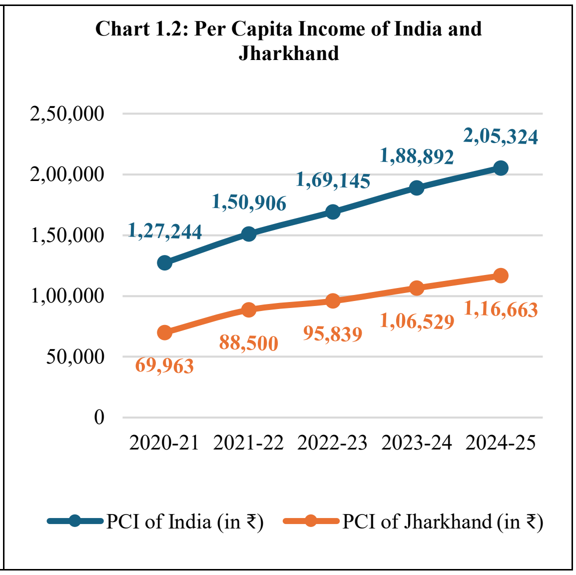
Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP is given in **Table 1.2**. Year-on-year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1**, and Per Capita Income (PCI) of the Country and PCI of the State, is depicted in **Chart 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP (₹ in crore)	2,96,664	3,76,127	4,14,308	4,65,638	5,16,255
PCI- All India (in ₹)	1,27,244	1,50,906	1,69,145	1,88,892	2,05,324
PCI (Jharkhand) (in ₹)	69,963	88,500	95,839	1,06,529	1,16,663

Source: NSO, Ministry of Statistics and Programme Implementation, GoI





The growth of GSDP of Jharkhand (74 *per cent*) was higher than the GDP growth of India (67 *per cent*) in the last five years. However, contribution of Jharkhand in the GDP of India remained nearly same at 1.5 *per cent* during 2020-25. Growth of GSDP was higher than the Growth of GDP of India during 2020-25, except in 2020-21 and 2022-23.

PCI of Jharkhand ranged from 55 to 59 *per cent* of the PCI of India during the period 2020-25.

1.1.2.2 Sectoral contribution to GSDP

The sectoral contribution of various sectors during 2024-25 and sectoral growth in GSDP, during the last five years, are depicted in **Chart 1.3** and **Chart 1.4** respectively.

Chart 1.3: Sectoral contribution in GSDP 2024-25

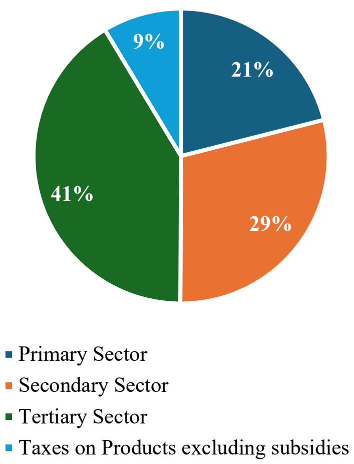


Chart 1.4 Sectoral growth in GSDP

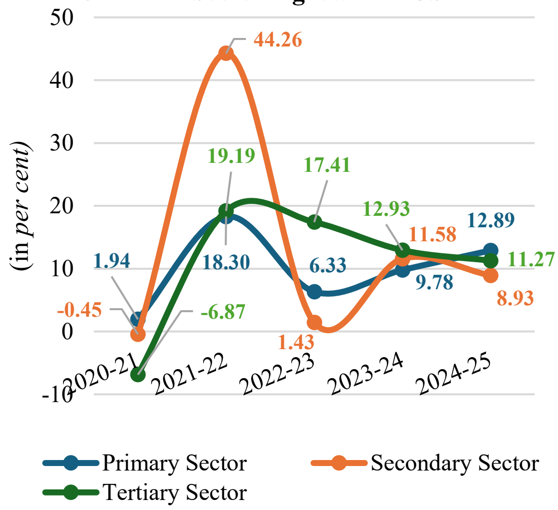
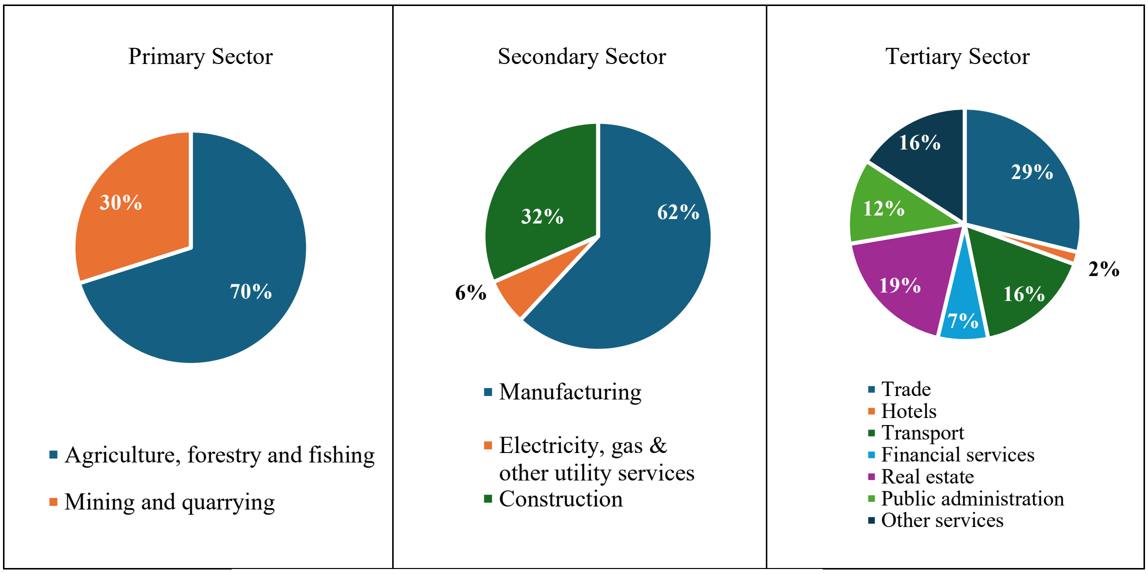


Chart 1.5 shows the composition of each sector during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Ministry of Statistics and Programme Implementation, GoI.

The tertiary sector remained the largest contributor throughout the last five years, while the secondary sector showed post-pandemic recovery and the primary sector maintained a relatively stable share.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of the State for the years 2023-24 and 2024-25 *vis-à-vis* Budget Estimates (BE), Revised Estimates (RE) and percentage of actuals to GSDP, for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	**Tax Revenue**	**65,357.12**	**74,538.22**	**76,385.28**	**71,058.60**	**95.33**	**13.76**
(i)	*Own Tax Revenue*	*28,004.77*	*34,196.67*	*32,827.00*	*28,501.30*	*83.35*	5.52
(ii)	*Share of Union taxes/duties*	*37,352.35*	*40,341.55*	*43,558.28*	*42,557.30*	*105.49*	8.24
2	Non-Tax Revenue	13,425.12	19,300.43	20,026.54	14,231.39	73.74	2.76
3	Grants-in-aid from Central Government	9,146.26	16,961.35	13,925.93	9,198.62	54.23	1.78
4	**Revenue Receipts (1+2+3)**	**87,928.50**	**1,10,800.00**	**1,10,337.75**	**94,488.61**	**85.28**	**18.30**
5	Recovery of Loans and Advances	7,276.70	100	380.61	196.69	196.69	0.04
6	Other Receipts	0.00	0.00	0.00	0.00	0.00	0.00
7	Borrowings and other liabilities*	6,331.76	9,499.68	11,482.69	14,526.81	152.92	2.81
8	**Capital Receipts (5+6+7)**	**13,608.46**	**9,599.68**	**11,863.30**	**14,723.50**	**153.37**	**2.85**
9	**Total Receipts (4+8)**	**1,01,536.96**	**1,20,399.68**	**1,22,201.05**	**1,09,212.11**	**90.71**	**21.15**
10	**Revenue Expenditure**	**76,676.42**	**91,831.54**	**98,474.22**	**86,565.04**	**94.27**	**16.77**
11	Interest payments	6,838.95	7,054.57	7,152.38	5,863.01	83.11	1.14
12	Capital Expenditure	20,569.69	23,987.25	19,095.94	18,409.98	76.75	3.57
13	Loans and advances	4,290.85	4,580.89	4,630.89	4,237.10	92.50	0.82
14	**Total Expenditure (10+12+13)**	**1,01,536.96**	**1,20,399.68**	**1,22,201.05**	**1,09,212.12**	**90.71**	**21.15**
15	**Revenue Surplus (+)/ Deficit (-) (4-10)**	**11,252.08**	**18,968.46**	**11,863.53**	**7,923.57**	**41.77**	**1.53**
16	**Fiscal Surplus (+)/ Deficit (-) {(4+5+6)-14}**	**-6,331.76**	**-9,499.68**	**-11,482.69**	**-14,526.82**	**152.92**	**-2.81**
17	**Primary Deficit (-)/ Surplus (+) (16-11)**	**507.19**	**-2,445.11**	**-4,330.31**	**-8,663.81**	**354.33**	**-1.68**

Source: Finance Accounts and Annual Financial Statement of the State

**Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance.*

As can be seen from **Table 1.3**, the State had revenue surplus during 2024-25. However, the revenue surplus decreased significantly over the previous year due to higher growth of RE in comparison to RR.

The details of State Government Finances for the FY 2020-21 to 2024-25 is given in ***Appendix 1.1***.

1.1.4 Ten-year Trend Analysis of Major Fiscal Parameters

A comprehensive ten-year trend analysis covering the period from 2015-16 to 2024-25 of the major fiscal and economic parameters of the State (presented in ***Appendix 1.2***), has been carried out to provide a long-term perspective on the State's fiscal sustainability. The analysis includes calculation of CAGR for each component over the ten-year period. It enables an assessment of the structural strengths and weaknesses of the State's finances, identifies emerging risks and highlights systemic trends that have influenced the fiscal position over the decade.

➢ **Revenue Receipts**

Revenue Receipts registered a steady upward movement over the last ten years, recording a CAGR of about 9.83 *per cent*. This growth was primarily driven by higher own tax revenue and an increase in the State's share of Union taxes and duties. Over this ten-year period, the pace of revenue growth was mostly sufficient to keep up with the rise in revenue expenditure leading to revenue surplus during the period from 2015-16 to 2024-25, except in 2020-21. Revenue surplus grew with a CAGR of 7.64 *per cent* during the period.

- **Own Tax Revenue**

Own Tax Revenue grew at a CAGR of 10.63 *per cent*. This growth was supported by improvement in SGST collection and higher collections from State Excise, taxes on vehicles, *etc.*

- **Non-Tax Revenue**

Non-Tax Revenue grew at a CAGR of 10.38 *per cent* during the period. The year-to-year variations were mainly due to variation in Interest Receipts and collection of revenue under Miscellaneous General Services, User Charges *etc*.

- **State's Share in Union Taxes and Duties**

The State's share in Union Taxes and Duties grew at a CAGR of around 11.51 *per cent*. It showed consistent growth between 2015-16 and 2024-25, except a decline during the pandemic years. This component continues to play primary role in the State's fiscal stability.

- **Grants-in-Aid from Government of India**

Grants-in-Aid from GoI declined sharply in the latter part of the ten-year period, particularly in 2023-24 and 2024-25 due to reductions in grants for Centrally Sponsored Schemes and grants for GST compensation.

➢ **Revenue Expenditure**

Revenue Expenditure increased at a faster pace than Revenue Receipts, growing at about 10.05 *per cent* CAGR. However, the State's revenue expenditure was overall lower than revenue receipts throughout the decade except in 2020-21 which indicates fiscal sustainability. Committed expenditure ranged between 36.65 *per cent* and 45.42 *per cent* of revenue expenditure during the period between 2015-16 and 2024-25.

- **Interest Payments**

Interest Payments increased due to the rise in public debt, and increased at a CAGR of about 6.52 *per cent*. Thus interest payments were between 6.20 *per cent* and 10.31 *per cent* of revenue receipts during the period between 2015-16 and 2024-25.

- **Subsidies**

Subsidies rose at a CAGR of about 35.22 *per cent* in the period between 2015-16 and 2024-25 with sharp increases during and after the pandemic, reflecting expanded welfare spending. The growing subsidy burden requires periodic review to ensure that such expenditure remains targeted and does not strain the State's finances.

➢ **Capital Receipts**

Capital Receipts decreased at a CAGR of about (-) 3.81 *per cent* between 2015-16 and 2024-25. Non-debt capital receipts, such as recoveries of loans and advances, remained minimal except in 2023-24.

Capital Expenditure

Capital Expenditure grew at a CAGR of around 9.46 *per cent* which showed emphasis on asset creation. Capital Expenditure was highest in 2023-24 and slightly decreased during 2024-25.

➢ **Fiscal Deficit**

Fiscal Deficit (FD) expanded at a CAGR of about 2.61 *per cent*. However, during the period between 2015-16 and 2024-25, it remained under the targets prescribed in MTFPSs of the respective years, except in 2020-21.

➢ **Primary Deficit**

The State had primary surplus during 2021-22 to 2023-24, while in the remaining financial years (between 2015-16 and 2024-25), the State had primary deficit. The primary deficit grew at a CAGR of 0.61 *per cent* over the last ten years.

➢ **Outstanding Liabilities**

Outstanding liabilities more than doubled over the decade, growing at a CAGR of 9.67 *per cent* during 2015-16 to 2024-25. The Debt-GSDP ratio remained under the prescribed limit in MTFPSs during the period, except during 2017-21.

The ten-year fiscal trend shows that:

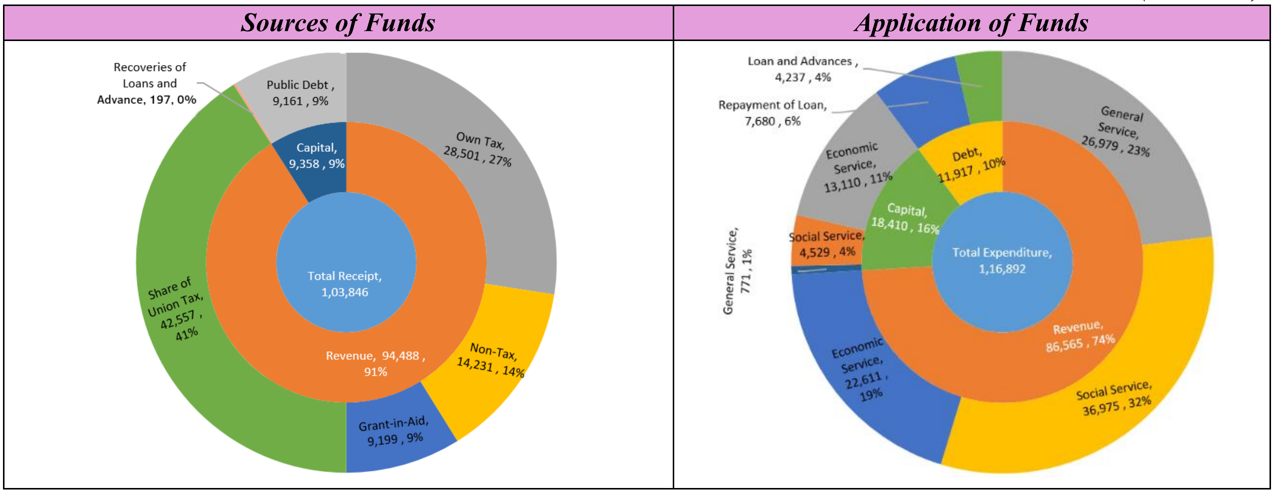
- The growth in revenue expenditure was higher than State's revenue receipts which may lead to revenue imbalance.
- Rising subsidies and committed expenditure reduced the space for expenditure on development schemes.
- Increased Capital expenditure showed long-term asset creation and economic growth.

1.1.5 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year is given in **Chart 1.6**.

Chart 1.6: Details of sources and application of funds during 2024-25

(₹ in crore)



Source: Finance Accounts

Appendix 1.3 provides details of receipts and disbursements and the overall fiscal position of the State during the current year as well as the previous year.

1.1.6 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.4*** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, loans and advances given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4**.

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)

Liabilities					Assets				
		2023-24	**2024-25**	***Per cent* increase /decrease**			**2023-24**	**2024-25**	***Per cent* increase/ decrease**
Consolidated Fund									
A	Internal Debt	70,658.82	69,595.32	-1.51	A	Gross Capital Expenditure	1,39,979.87	1,58,389.84	13.15
B	Loans and Advances from GoI*	16,148.68	15,574.66	-3.55	B	Loans and Advances	25,527.35	29,567.76	15.83
Contingency Fund		**500**	**500**	**0**					
Public Account									
A	Small Savings, Provident Funds, etc.	1,557.43	2,238.21	43.71	A	Advances with Departmental officers	0	4.22	100
B	Deposits	30,847.92	31,560.28	2.31	B	Remittances	0	0	0
C	Reserve Funds	10,666.62	14,725.39	38.05	C	Suspense and Miscellaneous	0	0	0
D	Remittances	48.08	224.38	366.68	Cash balance (including investment in Earmarked Funds)		10,735.61	3,295.67	-69.30
E	Suspense and Miscellaneous	380.83	362.72	-4.76	Suspense and Miscellaneous		0.00	0.00	0.00
	Cumulative excess of receipts over expenditure	45,434.45	56,476.53	24.30	Cumulative excess of expenditure over receipts		0.00	0.00	0.00
Total		**1,76,242.83**	**1,91,257.49**	**8.52**	**Total**		**1,76,242.83**	**1,91,257.49**	**8.52**

Source: Finance Accounts of respective years

**The opening balance of 2024-25 has been decreased by ₹ 3,118.51 crore (back-to-back loans) by making proforma correction in the accounts.*

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans forms part of the Consolidated Fund of the State.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to GSDP over the five-year period (2020-25) are shown in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**56,150**	**69,722**	**80,245**	**87,929**	**94,489**
Tax Revenue	**36,592**	**49,025**	**56,522**	**65,357**	**71,058**
Own Tax Revenue	*16,880*	*21,290*	*25,118*	*28,005*	*28,501*
State's share of Union taxes and duties	*19,712*	*27,735*	*31,404*	*37,352*	*42,557*
Non-tax Revenue	**7,564**	**10,031**	**12,830**	**13,425**	**14,231**
Grants-in-aid from GoI	**11,993**	**10,667**	**10,894**	**9,146**	**9,199**
State's Own Revenue (Own Tax and Non-tax Revenue)	24,444	31,321	37,948	41,430	42,732
GSDP (2011-12 series)	2,96,664	3,76,127	4,14,308	4,65,638	5,16,255
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	-3.88	24.17	15.09	9.58	7.46
State's Own Revenue	-4.22	28.13	21.16	9.18	3.14
State's Own Tax Revenue	0.65	26.12	17.98	11.50	1.77
GSDP	-4.4	26.79	10.15	12.39	10.87
Buoyancy Ratios					
State's Own Tax Revenue Buoyancy w.r.t GSDP	*	0.97	1.77	0.93	0.16

Source: Finance Accounts for Revenue Receipts and MoSPI for GSDP figures

** Buoyancy ratio was not calculated as GSDP growth was negative.*

Revenue Receipts as percentage of GSDP, and contribution from various sources in revenue receipts is given in **Chart 1.7** and **Chart 1.8**.

Chart 1.7: Revenue Receipts as percentage of GSDP

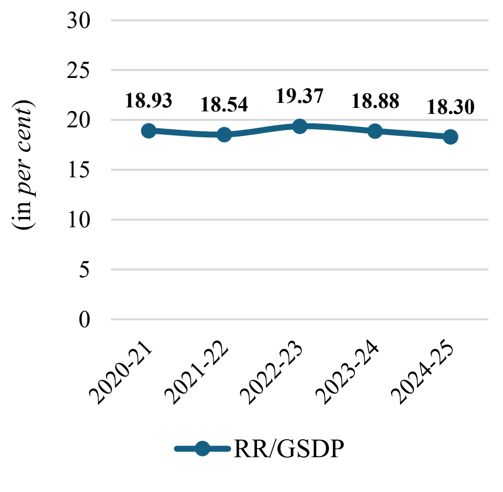
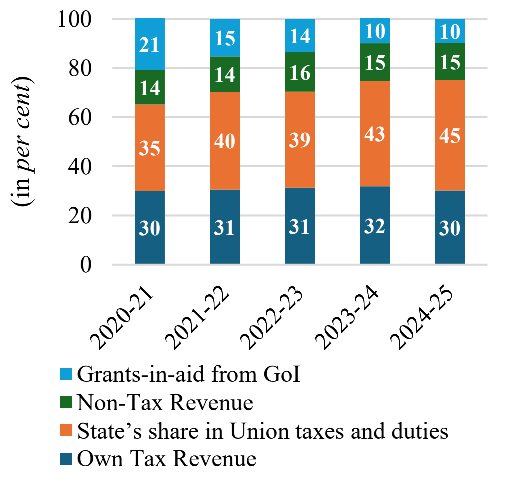


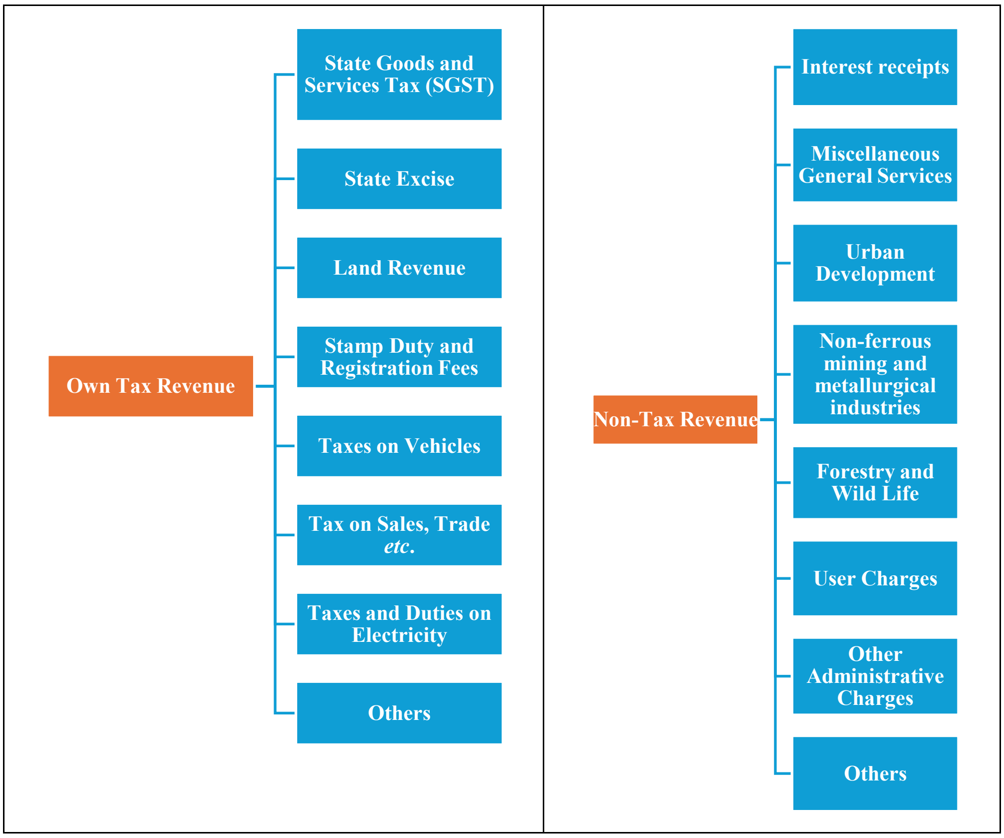
Chart 1.8: Contribution in revenue receipts



As can be seen from **Table 1.5**, the buoyancy of own tax revenue of the State to GSDP decreased in the current year. This is due to less growth of own tax revenue in comparision to GSDP. Further, as can be seen from **Chart 1.7**, RR to GSDP ratio showed a decreasing trend from 2022-23. Contribution of State's share in Union taxes and duties in revenue receipts has increased in last two years, as can be seen in **Chart 1.8**.

A. State's Own Resources

Chart 1.9: Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the Constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Own Tax Revenue for the FY 2024-25 are given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

(₹ in crore)

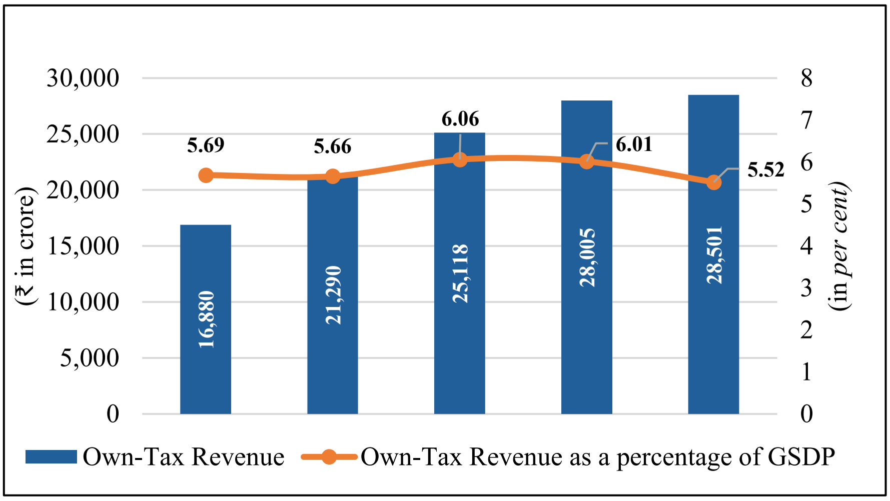
Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
State Goods and Services Tax (SGST)	12,348	15,375	15,000	13,980
Taxes on Sales, Trades, *etc.*	6,949	9,121	9,000	6,686
State Excise	2,376	2,700	2,800	2,708
Taxes and Duties on Electricity	1,395	1,413	1,450	1,367
Land Revenue	1,666	1,700	1,700	543
Stamp Duty and Registration Fees	1,468	1,450	1,500	1,258
Taxes on Vehicles	1,756	2,350	2,290	1,912
Others	47	88	87	47
TOTAL	**28,005**	**34,197**	**33,827**	**28,501**

Source: Finance Accounts and Budget documents of the State

As can be seen from the **Table 1.6**, the Own Tax Revenue of the State increased marginally during 2024-25 as compared to the previous year.

Trends of Own Tax Revenue and its components during 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

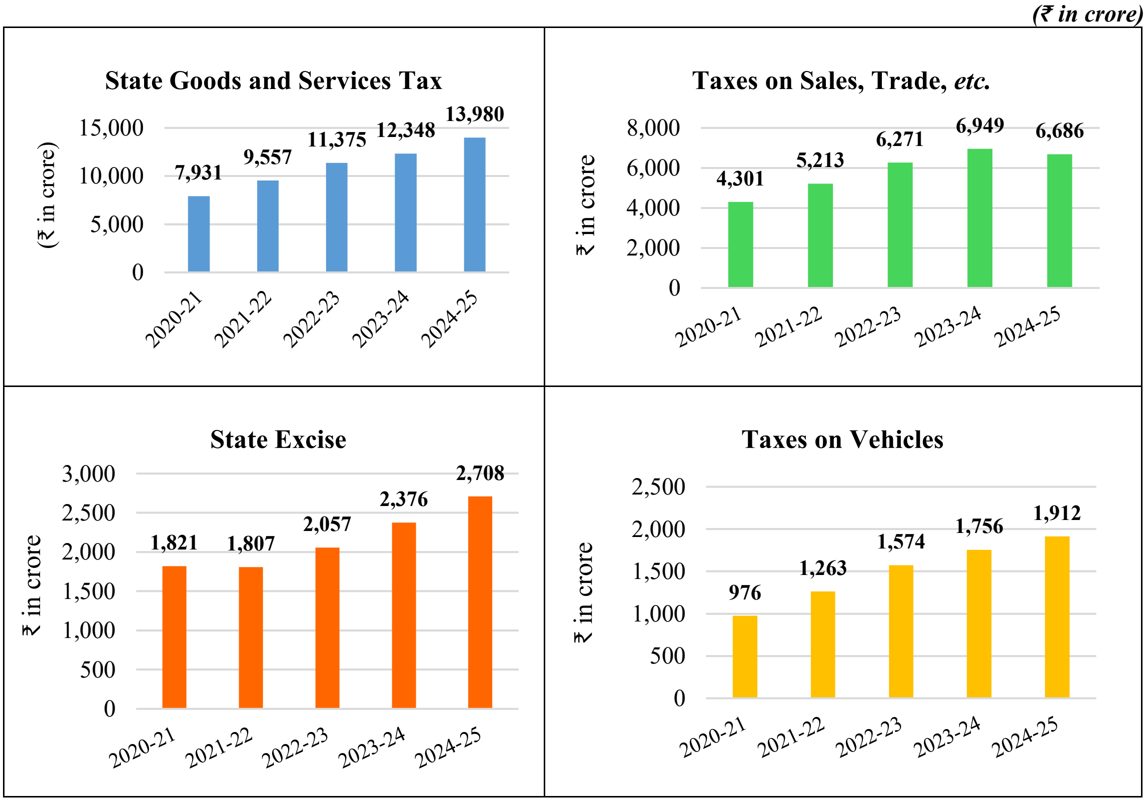
Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25

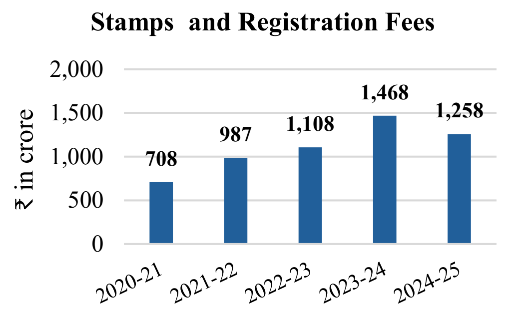


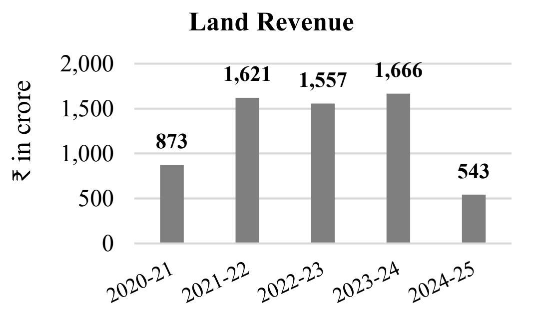
Source: Finance Accounts

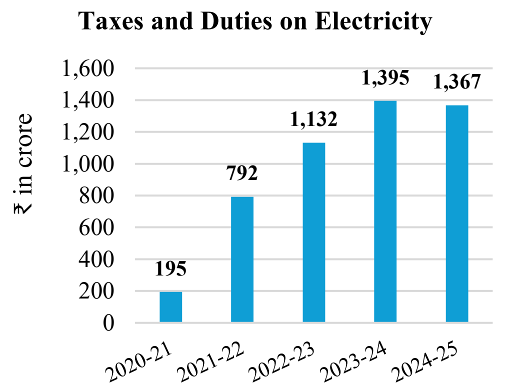
Chart 1.11: Major components of State's Own Tax Revenue

(₹ in crore)









Source: Finance Accounts

As can be seen from **Chart 1.11**, own tax collections of the State increased marginally as compared to the previous year. However, significant changes were noticed in SGST and Land Revenue as detailed below:

- State Goods and Services Tax (SGST) increased by ₹ 1,632 crore. This was due to significant increase in 'Input Tax Credit cross utilisation of SGST and IGST' and 'Apportionment of IGST transfer-in of Tax component of SGST'.
- Collection of Land Revenue decreased significantly by ₹1,123 crore to ₹ 543 crore during 2024-25. Higher receipts during the last three years was due to collection on account of transfer of Government land on lease.

(ii) Non-Tax Revenue

Non-Tax Revenue of a State refers to the rent, fees, royalties and other receipts, of the State Government from sources other than taxes.

Actuals of Non-Tax Revenue for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals for the FY 2024-25, is given in **Table 1.7**.

Table 1.7: Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

(₹ in crore)

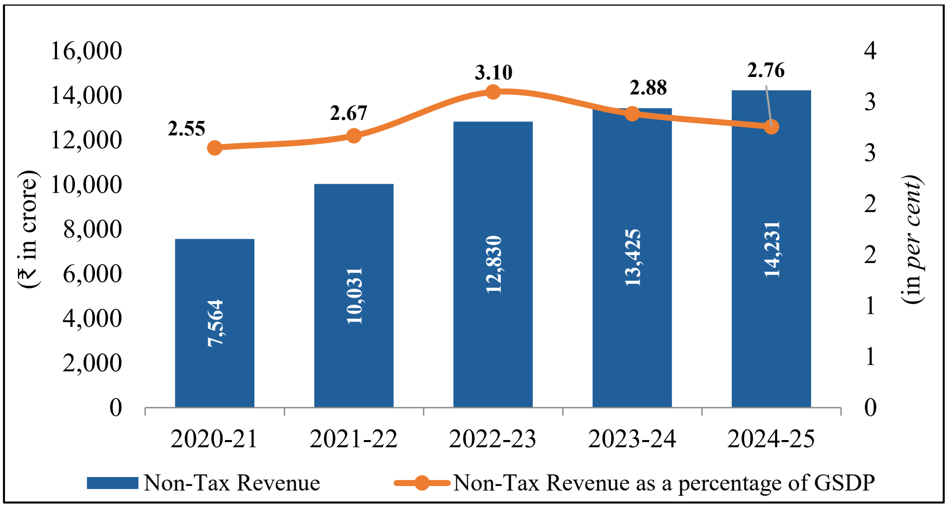
Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Non-ferrous Mining and Metallurgical Industries	10,597	15,500	17,642	12,086
Forestry and Wild Life	816	900	100	926
Interest Receipts	431	380	572	137
User Charges*	283	347	464	386
Urban Development	138	267	175	165
Other Administrative Services	186	210	200	49

Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Miscellaneous General Services	413	946	295	4
Others	561	750	579	578
Total	**13,425**	**19,300**	**20,027**	**14,231**

**All non-tax revenue under Education, Health, Water Supply and Sanitation, Irrigation, Transport and Tourism pertaining to Major Head 0202, 0210, 0700, 0701, 1054 and 1452 are user charges.*

Trends of non-tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

Chart 1.12: Trends in Non-Tax Revenue

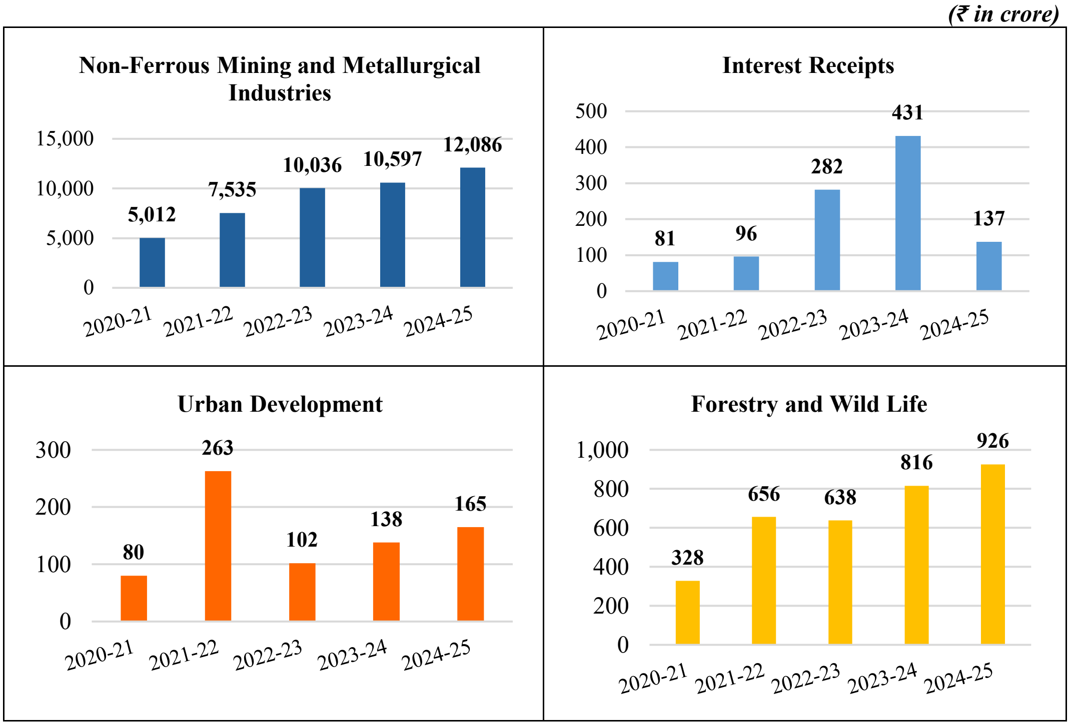


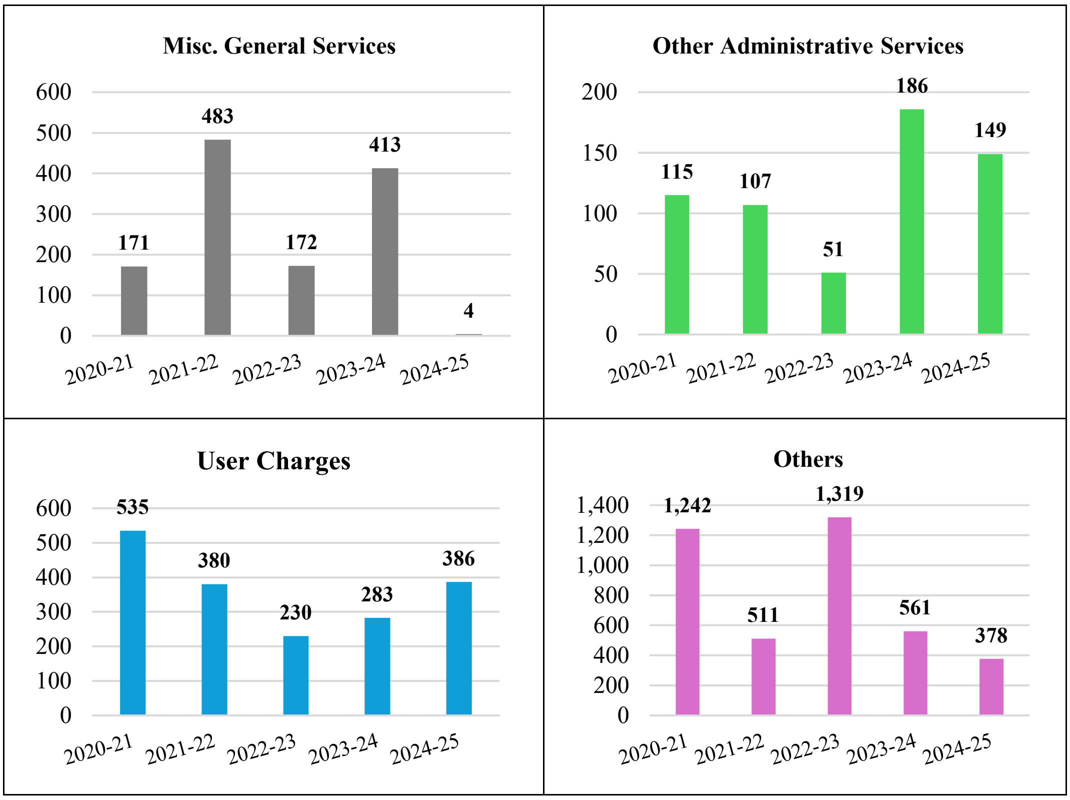
Source: Finance Accounts of respective years

Non-tax Revenue increased by six *per cent* in 2024-25 over the previous year due to increase in collection of revenue under Non-ferrous Mining and Metallurgical Industries which was partially offset by less collection under Miscellaneous General Services, Interest Receipts and Other Administrative Services.

Chart 1.13: Major components of State's Non-Tax Revenue

(₹ in crore)





Source: Finance Accounts of respective years

Though the collection of revenue under Non-ferrous Mining and Metallurgical Industries increased in the current year by 14 *per cent* over the previous year, its collection compared to the estimate of the State, was very low. Collection of Interest Receipts and Miscellaneous General Services was also significantly less than the budget estimates.

B. State's share of Union taxes and duties

Trends in the components of State's share of Union taxes and duties are shown in **Table 1.8.**

Table 1.8: State's share in Union taxes and duties

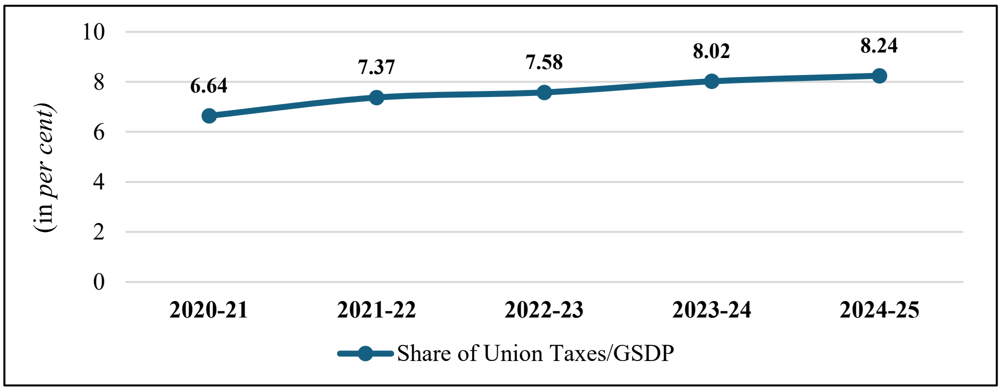
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	5,863	8,367	8,874	11,336	12,429
Integrated Goods and Services Tax (IGST)	0	0	0	0	0
Corporation Tax	5,944	7,139	10,529	11,212	12,076
Taxes on Income other than Corporation Tax	6,093	8,693	10,279	12,948	15,400
Customs	1,050	2,060	1,235	1,309	2,165
Union Excise Duties	663	1,089	387	495	417
Service Tax	85	356	49	7	1
Other Taxes	14	31	51	45	69
Total	**19,712**	**27,735**	**31,404**	**37,352**	**42,557**

Source: Finance Accounts

Percentage of State's share of Union taxes and duties to GSDP is given in **Chart 1.14**.

Chart 1.14: Percentage of total State's share in Union taxes and duties to GSDP



State's share of Union taxes and duties increased consistently during 2020-21 to 2024-25.

The growth rate of State's share of Union taxes and duties during the year, was only 14 *per cent* as compared to the previous year's growth rate of 19 *per cent.* However, its percentage to GSDP increased from 8.02 *percent* in 2023-24 to 8.24 *percent* in 2024-25 as can be seen in **Chart 1.14**.

C. Grants-in-aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 1.9**.

Table 1.9: Grants-in-aid from Government of India

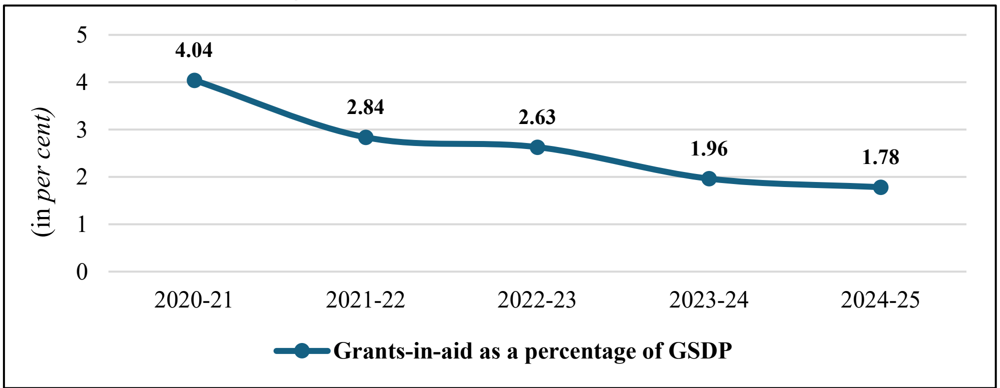
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Plan Schemes	0.00	0.00	0.00	(-) 63.36	0.00
Grants for Centrally Sponsored Schemes	6,838.85	6,577.16	6,871.79	6,330.07	6,714.04
Finance Commission Grants	2,990.50	2,198.30	1,826.59	2,378.28	2,144.92
Other transfers/Grants to States/Union Territories with Legislature	2,164.06	1,891.40	2,195.16	501.27	339.65
Total	**11,993.41**	**10,666.86**	**10,893.54**	**9,146.26**	**9,198.61**

Source: Finance Accounts

Percentage of Grants-in-aid from Government of India to GSDP is given in **Chart 1.15**

Chart 1.15: Percentage of Grant-in-aid from Government of India to GSDP



Grants-in-aid from GoI decreased from ₹ 11,993.41 crore in 2020-21 to ₹ 9,198.61 crore in 2024-25, which was due to discontinuation of compensation to the State for loss of revenue arising on account of implementation of GST. However, GIA remained nearly same during 2023-24 and 2024-25.

(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 6,714.04 crore for Centrally Sponsored Schemes during 2024-25, major allocations were made in the State budget to the schemes shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants

Name of the Scheme	2023-24 Amount (₹ in crore)	2024-25 Amount (₹ in crore)	Percentage change over previous year
Samagra Shiksha under Sarva Shiksha Abhiyan	1,354.00	1,234.00	-8.86
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission	181.73	82.27	-54.73
Pradhan Mantri Awas Yojana (Urban)	162.08	98.35	-39.32
Construction of Roads and Bridges under Prime Minister Gram Sadak Yojana	231.46	971.77	319.84
National Rural Livelihood Mission	12.00	658.22	5385.17
Indira Gandhi Old Age Pension Scheme	227.73	259.19	13.81

Source: Finance Accounts

As may be seen, there were significant variations in the allocations made for major CSS schemes to the State, between 2023-24 and 2024-25 (except in case of Samagra Shiksha Abhiyan). However, reasons for these variations were not available on record.

(ii) Fifteenth Finance Commission Grants

Fifteenth Finance Commission (15^{th} FC) grants were provided to the States for Local Bodies, State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and for the Health Sector under Local Bodies (LB). Details of grants provided by GoI are given in **Table 1.11**.

Table 1.11: Recommended amount, actual release and transfers of Grants-in-aid

(₹ in crore)

Transfers		Recommendation of 15^{th} FC for 2024-25	Actual release by GoI, during 2024-25	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to PRIs		**1,385.00**	**653.50**	**653.50 (*47*)**
(a)Performance/Tied Grants		831.00	392.10	392.10 (*100*)
(b)Untied Grants		554.00	261.40	261.40 (*100*)
(ii) Grants to ULBs		**713.00**	**0.00**	**0.00**
(a) Million Plus Cities (Performance/Tied Grant)		279.00	0.00	**0.00**
(b) Non-Million Plus Cities (60 *per cent* Tied+40 *per cent* Untied Grant)		434.00	0.00	**0.00**
(iii) Grants for Health Sector under LB		**492.10**	**464.22**	**130.24 (*28*)**
Total for Local Bodies (i+ii+iii)		**2,590.10**	**1,117.72**	**783.74 (*70*)**
State Disaster Response Fund (SDRF)	Central Share	526.00	1,027.20	465.79 (*45*)
	State Share	175.00	0.00	
State Disaster Mitigation Fund (SDMF)	Central Share	131.55	0.00	227.20[1]
	State Share	43.85	0.00	75.60[2]
Total for SDRMF		**876.40**	**1,027.20**	**768.59[3] (*75*)**

Source: 15^{th} FC Report and Finance Accounts.

PRIs - Panchayati Raj Institutions and ULBs - Urban Local Bodies

[1] *₹ 113.60 crore for 2020-21 and 2021-22 each received during 2021-22 and 2022-23 respectively released by the State during 2024-25.*

[2] *₹ 37.80 crore for 2020-21 and 2021-22 each as state share transferred by the State during 2024-25.*

[3] *Total consists of amount shown in footnote 1 and 2 also.*

As can be seen from **Table 1.11**, the State did not release the complete amount received from GoI for 'Health Sector under LBs' and 'SDRF' to the appropriate bodies/ accounts which not only created liability for the State but also affected the intended schemes/ purposes.

The State did not receive the second instalment of grants recommended by the 15th Finance Commission for Panchayati Raj Institutions (PRI) during 2024-25 due to non-compliance of preconditions that after March 2024, grants shall be released to the States only after acting upon the recommendations of the State Finance Commission (SFC). Four SFCs were constituted between 2004 and 2024 but no recommendations were made. The 5th State Finance Commission has been constituted by the State in February 2024, but recommendations were not adopted during 2024-25.

Further, the State did not receive grants from GoI for Urban Local Bodies (ULBs) during 2024-25 due to non-compliance to the precondition that ULBs would be deemed eligible for release of grants only if duly elected bodies are in place. Since, the Local Body elections have not been held in the State, the ULBs were not eligible for the receipt of grant.

1.2.2 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Trends of capital receipts and their components during 2020-21 to 2024-25 are shown in **Table 1.12**.

Table 1.12: Trends in growth and composition of capital receipts

(₹ in crore)

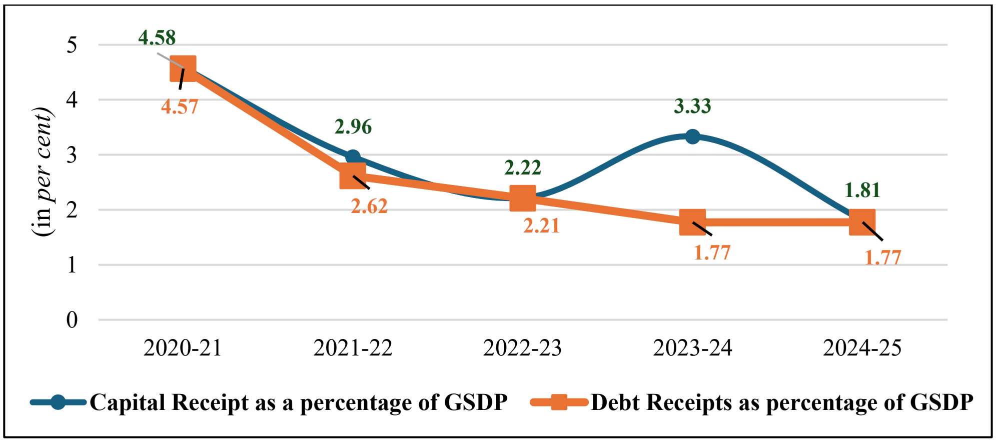
Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	**13,595.36**	**11,131.60**	**9,188.71**	**15,523.83**	**9,357.31**
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	48.78	1,291.73	46.41	7,276.70	196.69
Public Debt Receipts	13,546.58	9,839.87	9,142.30	8,247.13	9,160.62
*Internal Debt**	*10,958.31*	*6,594.22*	*5,515.20*	*3,120.45*	*6,230.71*
Loans and advances from GoI	*2,588.27*	*3,245.65*	*3,627.10*	*5,126.68*	*2,929.91*
Year-on-Year growth rates (in per cent)					
GSDP	(-) 4.40	26.79	10.15	12.39	10.87
Capital Receipts	41.00	(-) 18.12	(-) 17.45	68.94	(-)39.72
Public Debt Receipts	41.21	(-) 27.36	(-) 7.09	(-) 9.79	11.08
Internal Debt	19.54	(-) 39.82	(-) 16.36	(-) 43.42	99.67
Loans and advances from GoI	507.60	25.40	11.75	41.34	(-)42.85

Source: Finance Accounts

* *Including net figure under Ways and Means Advances*

Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**

Chart: 1.16 Capital Receipts as percentage of GSDP



Debt receipts of the State were not high, rather it can be seen that they were decreasing during the period 2020-21 to 2023-24. However, they increased by ₹ 913.49 crore during the current year. As can be seen from **Chart 1.16**, debt receipts as a percentage to GSDP showed a decreasing trend during the period from 2020-21 to 2023-24.

Capital receipts as percentage of GSDP showed significant increase during 2023-24 due to surrender of unutilised balances of loans & advances by the State DISCOM.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP of the 15th Finance Commission and actuals for the FY 2020-21 to FY 2024-25 are given in **Table 1.13**.

Table 1.13: 15th FC Projection *vis-à-vis* actuals

(₹ in crore)

	2021-22		2022-23		2023-24		2024-25	
	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual
GSDP (2011-12 Series - Current Prices)	3,19,220	3,76,127	3,44,757	4,14,308	3,75,786	4,65,638	4,11,485	5,16,255
Own Revenue Receipts	23,962	31,321	26,179	37,948	28,902	41,430	32,079	42,732
State's Own Tax Revenue	15,041	21,290	16,472	25,118	18,235	28,005	20,297	28,501
State's Non-Tax Revenue	8,921	10,031	9,707	12,830	10,667	13,425	11,782	14,231
State's share in Union Taxes/Duties	21,780	27,735	24,228	31,405	27,262	37,352	30,972	42,557
Revenue Deficit (+)/ Surplus (-) as percentage of GSDP	-2.20	-1.85	-2.70	-3.27	-3.30	-2.42	-3.80	-1.53
Fiscal Deficit as percentage of GSDP	4.00	0.69	3.50	1.11	3.00	1.36	3.00	2.81

As can be seen from **Table 1.13**, achievement in actual collection of Own Revenue receipts including own tax and non-tax receipts, was more than the projections of the 15th Finance Commission.

1.2.4 Expenditure

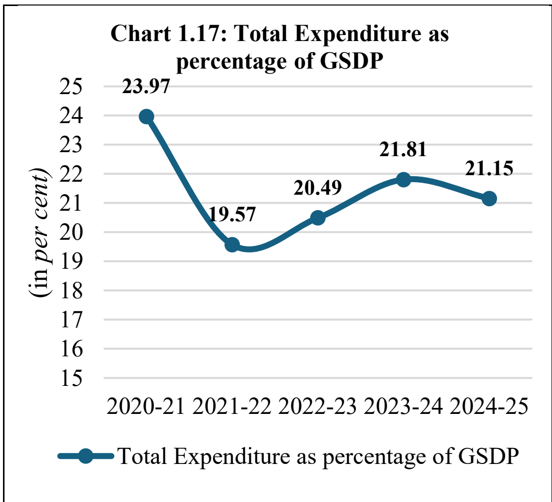
Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components is given in **Table 1.14, Chart 1.17** and **Chart 1.18** respectively.

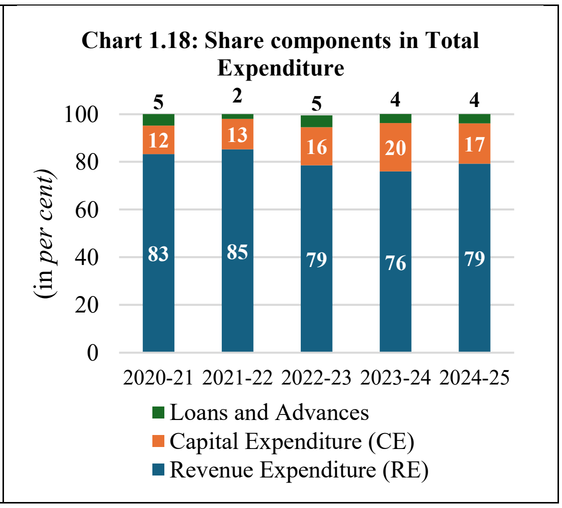
Table 1.14: Total expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	71,110	73,618	84,908	1,01,537	1,09,212
Revenue Expenditure (RE)	59,264	62,778	66,681	76,676	86,565
Capital Expenditure (CE)	8,466	9,377	14,016	20,570	18,410
Loans and Advances	3,380	1,463	4,211	4,291	4,237

Source: Finance Accounts





Source: Finance Accounts

Out of the total expenditure of ₹ 1,09,212 crore incurred by the State during the financial year 2024-25, ₹ 653.50 crore pertained to pass-through transactions received from the Finance Commission for PRIs and ULBs.

As can be seen from **Chart 1.18,** there was higher share of capital expenditure in the post-Covid years (2022-23 and 2023-24). This was due to increased spending on infrastructure development projects under rural development and transport sectors. This resulted in a decrease in the contribution of revenue expenditure to total expenditure from 85.28 *per cent* in 2021-22 to 75.52 *per cent* in 2023-24. A decline in capital expenditure subsequently in 2024-25 led to a slight increase in the share of revenue expenditure in the total expenditure.

Sector-wise Total Expenditure

Sector-wise composition of expenditure is given in **Table 1.15** and the relative share of various sectors in total expenditure is depicted in **Chart 1.19**.

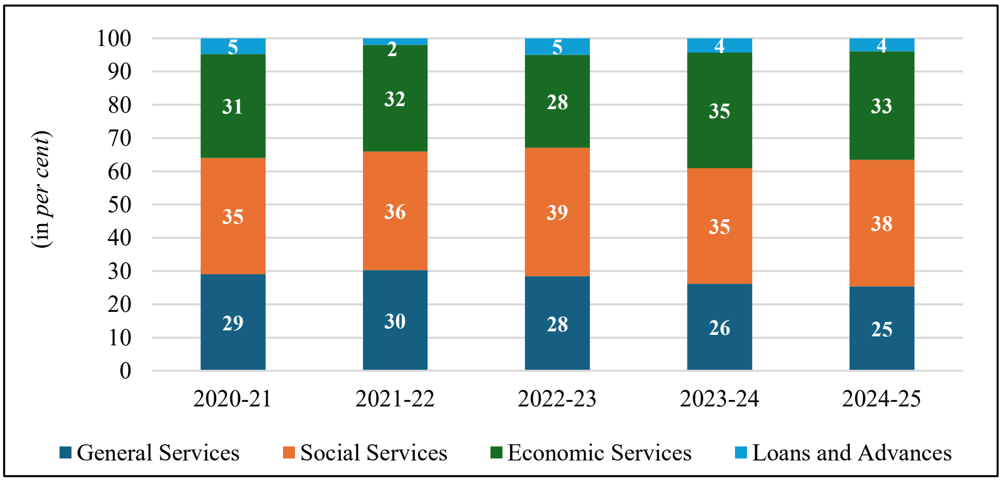
Table 1.15: Sector-wise total expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	20,674	22,290	24,134	26,559	27,749
Social Services	24,839	26,234	32,861	35,323	41,504
Economic Services	22,217	23,631	23,702	35,364	35,722
Grants to Local Bodies	0.00	0.00	0.00	0.00	0.00
Loans and Advances	3,380	1,463	4,211	4,291	4,237
Total expenditure	**71,110**	**73,618**	**84,908**	**1,01,537**	**1,09,212**

Source: Finance Accounts

Chart 1.19: Relative share of various sectors in Total Expenditure



Source: Finance Accounts

As shown in **Chart 1.19**, social services consumed a major share of the total expenditure followed by economic services during the period 2020-25 while general services *i.e.* administrative expenditure decreased in the post COVID years.

1.2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth in revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	71,110	73,618	84,908	1,01,537	1,09,212
Revenue Expenditure (RE)	59,264	62,778	66,681	76,676	86,565
Revenue Receipts (RR)	56,150	69,722	80,245	87,929	94,489
RE as percentage of Revenue Receipts	105.55	90.04	83.10	87.20	91.61
RE as percentage of TE	83.34	85.28	78.53	75.52	79.26
RE/GSDP (*per cent*)	19.98	16.69	16.09	16.47	16.77
Year-on-year growth (in *per cent*)					
Revenue Expenditure	4.97	5.93	6.22	14.99	12.90
GSDP Growth	-4.40	26.79	10.15	12.39	10.87

Source: Finance Accounts

A. Sector-wise Revenue Expenditure

Sector-wise composition of Revenue Expenditure is given in **Table 1.17** and relative share of various sectors in Revenue Expenditure is depicted in **Chart 1.20**. Detailed sector-wise expenditure is given in ***Appendix 1.3***.

Table 1.17: Sector-wise Revenue Expenditure

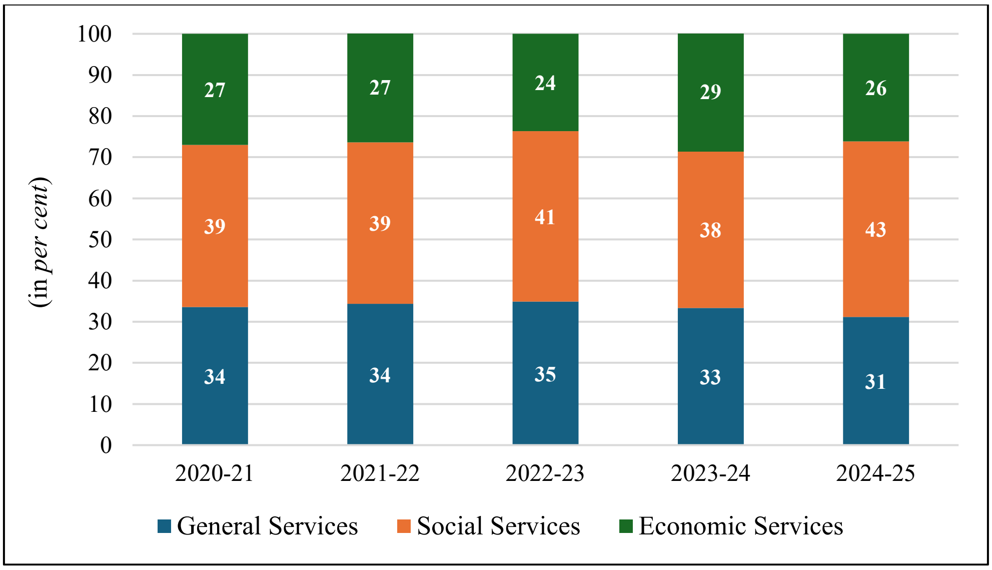
(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	19,903	21,556	23,261	25,590	26,979
Social Services	23,347	24,639	27,640	28,709	36,975
Economic Services	16,014	16,583	15,781	22,377	22,611
Grants-in-Aid and Contributions	0	0	0	0	0

Source: Finance Accounts

Social services consumed a major share of revenue expenditure while economic services consumed a major share of capital expenditure.

Chart 1.20: Relative share of various sectors in Revenue Expenditure



Source: Finance Accounts

Since Jharkhand is a revenue surplus State and its RE to TE ratio decreased in the post COVID years, except for a slight increase during 2024-25, it had more fiscal space for capital expenditure. The RE to GSDP ratio ranged between 16 and 17 *per cent* during the period 2020-25, except 2020-21 (COVID year).

As shown in **Chart 1.20**, social services consumed a higher share of RE followed by economic services which indicated that the State was spending more on development activities *viz.,* education, sports, art & culture (₹ 12,775 crore), social welfare and nutrition (₹ 15,928 crore), rural development (₹ 8,674 crore) and energy (₹ 7,908 crore).

B. Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. The component of committed expenditure is given in **Table 1.18** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

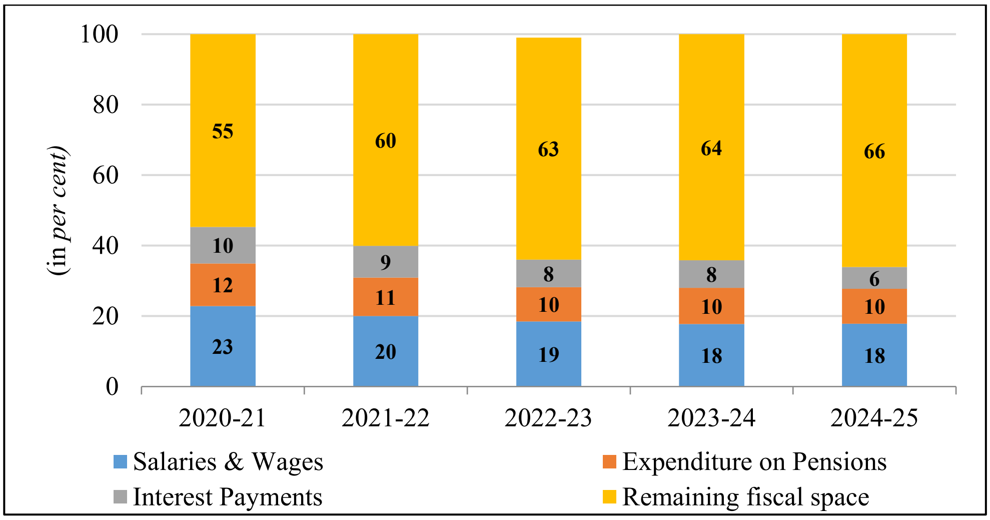
Table 1.18: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages[4]	12,837	13,929	14,852	15,634	16,849
Expenditure on Pensions	6,797	7,614	7,803	9,014	9,522
Interest Payments	5,790	6,286	6,238	6,838	5,863
Total	**25,424**	**27,829**	**28,893**	**31,486**	**32,234**
Committed Expenditure as a percentage of Revenue Expenditure	42.90	44.33	43.33	41.06	37.24

Source: Finance Accounts

Chart 1.21: Committed Expenditure as a percentage of Revenue receipts and remaining fiscal space



Source: Finance Accounts

As shown in **Chart 1.21**, the composition of committed expenditure components reveals that, despite fluctuations in the contribution of individual components of committed expenditure in revenue expenditure, the share of committed expenditure in revenue expenditure has been consistently declining since 2021-22, providing the State with greater fiscal space to focus on other priorities.

C. Subsidies

The subsidies during the current year increased by ₹ 3,058 crore (63.31 *per cent*) from the previous year. The increase was mainly due to increase of ₹ 3,237 crore on account of power subsidy.

Department-wise major subsidies for FYs 2020-21 to 2024-25, are shown in **Table 1.19**.

[4] Includes Grants-in-aid (Salary): 2020-21 (₹ 2,872 crore); 2021-22 (₹ 2,915 crore); 2022-23 (₹ 3,253 crore); 2023-24 (₹ 3,600 crore) and 2024-25 (₹ 4,172 crore).

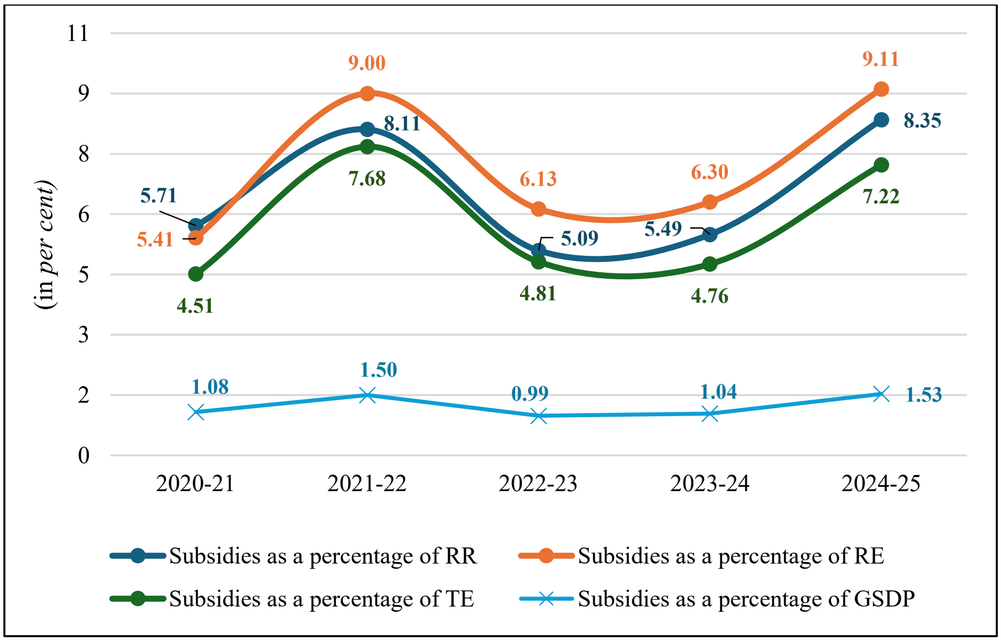
Table 1.19: Department-wise Subsidies during FYs 2020-21 to 2024-25

(₹ in crore)

Sl. No.	Departments	2020-21	2021-22	2022-23	2023-24	2024-25
1	Crop Husbandry	876	2,025	754	615	877
2	Energy	1,000	2,072	1,890	2,300	5,537
3	Civil Supplies	1,243	1,318	1,367	1,689	1,233
4	Dairy Development	36	51	35	87	101
5	Animal Husbandry	40	30	39	133	124
6	Other Departments	13	157	2	7	17
Total Subsidy		**3,208**	**5,653**	**4,087**	**4,831**	**7,889**

Source: Finance Accounts of respective years, Government of Jharkhand

Chart 1.22: Trend analysis of subsidies

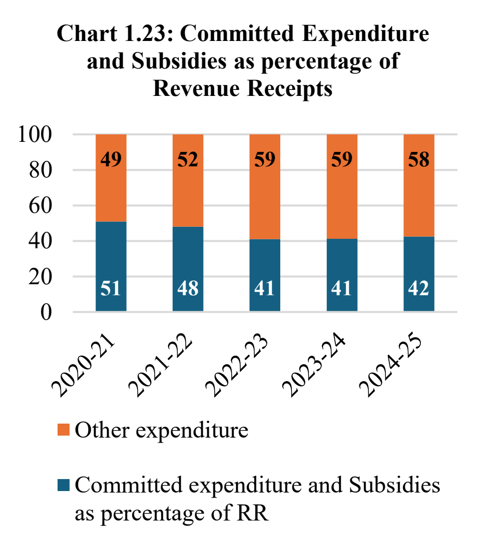


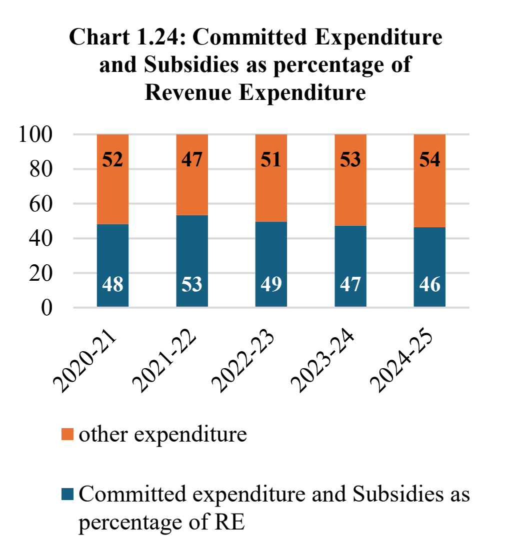
Source: Finance Accounts

Expenditure on subsidies increased sharply during 2024-25 due to increase in power subsidy as the State Government increased free supply of electricity from 125 units to 200 units for each consumer from August 2024. Despite increase in subsidy by ₹ 3,058 crore during 2024-25, the State had a revenue surplus of ₹ 7,923.57 crore during the year, and its Fiscal Deficit to GSDP ratio remained under the target of three *per cent*.

Fiscal stress from committed expenditure and subsidies

Chart 1.23 and **Chart 1.24** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during FY 2020-25 respectively.





In 2024-25, the State's committed expenditure of ₹ 32,234 crore comprising salaries (₹ 16,849 crore), pensions (₹ 9,522 crore), and interest payments (₹ 5,863 crore), accounted for 34.11 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 7,889 crore, bringing the total rigid expenditure to ₹ 40,123 crore, which was 42.46 *per cent* of the State's revenue receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities.

Expenditure reform should be done through rationalisation of subsidies, improved targeting, and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

D. Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.20.**

Table 1.20: Financial assistance to Local Bodies and other institutions

(₹ in crore)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A)Local Bodies					
(i) Municipal Corporations and Municipalities	1,930.03	1,042.33	1,266.41	940.50	450.50
GIA for creation of Capital assets to Municipal Corporations and Municipalities	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(ii) Zilla parishads and other Panchayati Raj Institutions	1,771.20	772.76	1,462.57	2,278.59	5,022.00
GIA for creation of Capital assets to PRIs	**78.00**	**125.68**	**95.00**	**750.29**	**4,148.83**
Total (A (i) + (ii))	**3,701.23**	**1,815.09**	**2,728.98**	**3,219.09**	**5,472.50**
(B)Others					
Universities	1,771.17	1,807.60	2,393.67	2,423.63	2,410.61
Development Authorities	8,283.26	8,751.59	8,033.52	7,154.86	5,888.96
Public Sector Undertakings	2,119.77	2,469.66	1,000.70	2,867.77	3,274.61
Other Institutions	4,202.24	4,786.01	8,037.18	14,372.85	8,164.45
Total (B)	**16,376.44**	**17,814.86**	**19,465.07**	**26,819.11**	**19,738.63**
Total (A+B)	**20,077.67**	**19,629.95**	**22,194.05**	**30,038.20**	**25,211.13**
Total GIA for creation of Capital assets	4,207.24	125.68	95.00	750.29	4,148.83
Revenue Expenditure	59,264.00	62,778.00	66,681.00	76,676.00	86,565.00
Assistance as percentage of Revenue Expenditure	33.88	31.27	33.28	39.18	29.12

Source: Finance Accounts

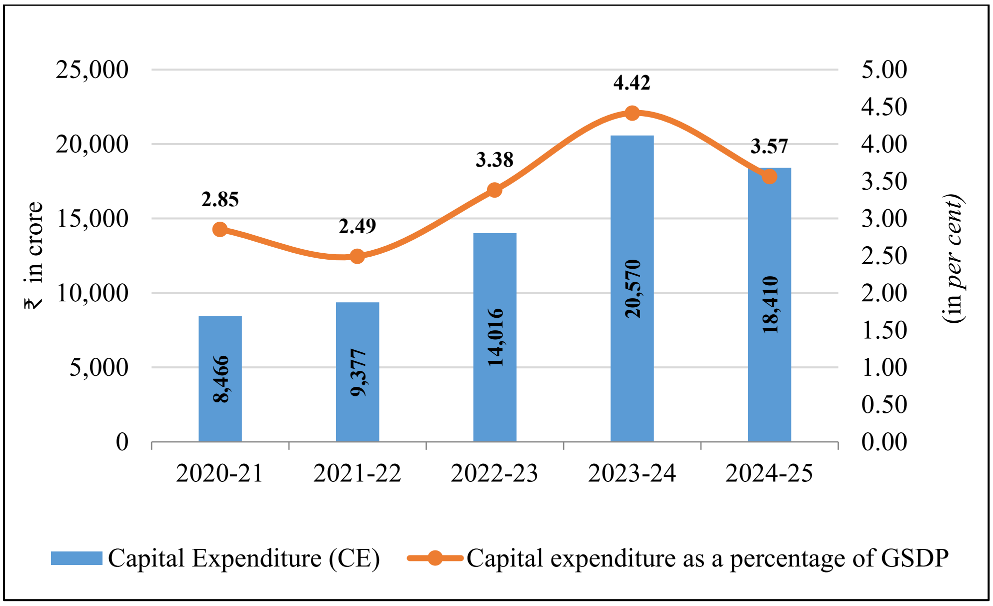
During the current year, financial assistance to the local bodies and other institutions decreased by ₹ 4,827.07 crore (16.07 *per cent*) over the previous year. The decrease was mainly due to decrease in assistance to Municipal Corporations and Municipalities (₹ 490.00 crore: 52.10 *per cent*) and Other Institutions (₹ 6,208.40 crore: 43.20 *per cent*) *viz.* GIA for drinking water and sanitation (by ₹ 1,916.43 crore), power companies (₹ 5,658.57 crore). The overall quantum of financial assistance to the local bodies and other institutions, as a percentage to revenue expenditure, decreased to 29.12 *per cent* during the current year from 39.18 *per cent* in the previous year.

However, GIA for creation of Capital assets to PRIs increased significantly by ₹ 3,398.54 crore mainly due to more funds provided to *Abua Awas Yojana* (by ₹ 3,482.14 crore) which was offset by less allocation to *Ambedkar Awas Yojana* (by ₹ 100 crore) over previous year.

1.2.4.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc*. Capital expenditure, at both the Central and the State levels, is being met from budgetary support and extra budgetary resources/off-budget borrowings. It also includes investments made by the State Government in Companies/Corporations. Trends of capital expenditure in the State over the last five years, *i.e.* 2020-25, are given in **Chart 1.25**.

Chart 1.25: Capital Expenditure in the State



Source: Finance Accounts of respective years

Ratio of CE to GSDP showed an increasing trend during 2021-22 to 2023-24 before decreasing during 2024-25.

Apart from Capital expenditure of ₹ 18,410 crore during 2024-25, the State Government also transferred ₹ 9,633 crore as Grants-in-aid for creation of capital assets, including ₹ 4,148.83 crore to Local Bodies and other institutions.

Sector-wise Capital Expenditure

Sector-wise composition of Capital expenditure is given in **Table 1.21**. Detailed Sector-wise expenditure is given in ***Appendix 1.3.***

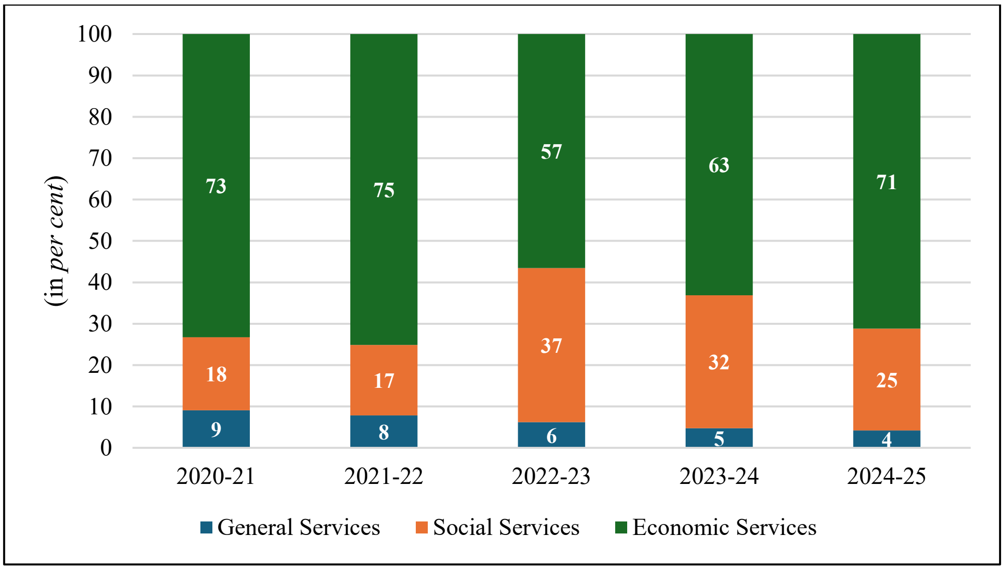
Table 1.21: Sector-wise Capital expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	771	734	873	969	771
Social Services	1,492	1,595	5,221	6,614	4,529
Economic Services	6,203	7,048	7,922	12,987	13,110

Source: Finance Accounts

Chart 1.26: Relative share of various sectors in Capital expenditure



Source: Finance Accounts

As can be seen from **Table 1.24** and **Chart 1.26**, economic services consumed major share of capital expenditure pertaining to higher expenditure on Rural Development (₹ 5,419 crore), Transport (₹ 5,211 crore) and Irrigation & Flood Control (₹ 1,759 crore). Expenditure on social services decreased significantly during 2024-25 due to less expenditure on Water Supply, Sanitation, Housing & Urban Development (by ₹ 1,548 crore) and Welfare of SC, ST & Other Backward Classes (by ₹ 250 crore).

Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects (physical status upto 90 *per cent*) are shown in **Table 1.22** (based on information provided by the State Government for *Appendix-IX* of the Finance Accounts for the year 2024-25).

Table 1.22: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on			
As on 31 March 2025			
Year	**No. of incomplete projects**	**Estimated cost**	**Expenditure incurred**
2011-12	1	56.79	40.80
2013-14	1	12.19	7.66
2016-17	2	113.60	72.14
2018-19	3	58.49	38.24
2019-20	7	598.48	333.59
2020-21	11	501.16	320.95
2021-22	5	239.35	184.48
2022-23	8	112.55	67.62
2023-24	74	1,416.56	809.14
2024-25	43	770.05	295.27
Total	**155**	**3,879.22**	**2,169.89**

Department-wise profile of incomplete projects		
As on 31 March 2025		
Department	**No. of incomplete projects**	**Estimated. Cost (Expenditure incurred)**
Road Construction	43	1,748.72 (942.35)
Rural Development	7	54.08 (33.73)
Rural Works	74	812.35 (352.58)
Drinking Water and Sanitation	9	358.61 (264.65)
Building Construction	4	185.27 (57.98)
Water Resources	18	720.19 (518.60)
Total	**155**	**3,879.22 (2,169.89)**

Out of the estimated cost of ₹ 3,879.22 crore on these 155 ongoing projects, ₹ 2,169.89 crore was spent till 2024-25. Due to non-completion of these 155 projects, Capital Expenditure of ₹ 2,169.89 crore remained blocked. These projects were delayed between one to 12 years from the target year of completion.

Due to incomplete information in *Appendix-IX* (Commitments of the Government-List of Incomplete Capital Works) of the Finance Accounts for the year 2024-25 (provided by the State Government), Audit could not ascertain the actual progressive expenditure, physical progress of work, position of pending payment (future liability) and revised cost, if any, as on 31 March 2025.

A. Quality of investments in companies and other bodies

As of 31 March 2025, the State Government's investment in companies and other bodies stood at ₹ 4,311.37 crore, comprising 23 Government Companies (₹ 3,936.37 crore), 22 Co-operative Societies (₹ 328.59 crore) and one Rural Bank (₹ 46.41 crore).

Trends of investment at the end of the year in companies, corporations, and co-operative banks and societies, and return on this investment is depicted in **Chart 1.27**. Rate of return on investment made *vis-à-vis* average rate of interest on government borrowing is depicted in **Chart 1.28**.

Chart 1.27:Investment and Return

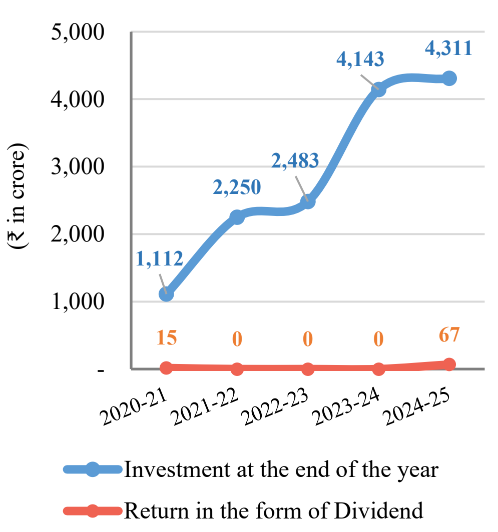
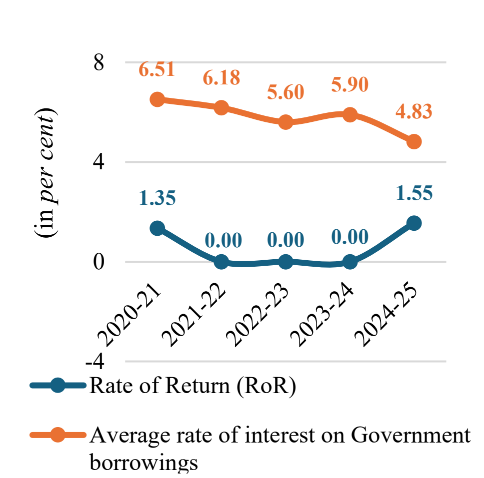


Chart 1.28: RoR on investment vis-a-vis average rate of interest on Government borrowings



During 2024-25, the return on investment was ₹ 66.93 crore (1.55 *per cent*) (based on historical cost and not on net present value basis). The return was only between zero and 1.55 *per cent* during 2020-25. Further, it was noticed that ₹ 3,936.37 crore was invested in 23 government companies upto FY 2024-25 of which only five[5] companies paid dividend of ₹ 66.93 crore during the FY 2024-25.

Lack of Dividend Policy and its impact

A well-defined dividend policy mandating a minimum return from profit-making enterprises, enables the State Government to optimise its returns from investments in PSUs and enhances monitoring of the financial performance of the PSUs. It was observed that the State has not formulated or enforced a dividend policy for its Public Sector Undertakings (PSUs).

There are 32 PSUs in the State of which 29 are operational and three are non-operational. Out of the 29 operational PSUs, two[6] PSUs had submitted the financial statements of 2024-25. Scrutiny of financial statements of these PSUs revealed that one PSU (Jharkhand State Police Housing Corporation Limited) had a net profit of ₹ 9.75 crore and had paid a dividend of ₹ 4.00 crore during the year.

Analysis of DISCOM losses

In Jharkhand, the only DISCOM (*Jharkhand Bijli Vitran Nigam* Limited) has been suffering losses over the years. Details of losses from 2020-21 to 2024-25 is given in **Table 1.23**.

5 (i) Jharkhand State Police Housing Corporation Limited: ₹ 4.00 crore (ii) Jharkhand State Mineral Development Corporation: ₹ 15.70 crore (iii) Jharkhand State Beverage Corporation Ltd: ₹ 20.00 crore. (iv) Jharkhand Exploration and Mining Corporation Ltd: ₹ 27.01 crore. (v) Jharkhand Medical and Health Infrastructure Development and Procurement Corporation Limited: ₹ 0.22 crore

6 Jharkhand State Police Housing Corporation Limited and JBVNL

Table 1.23: Quantum of losses of JBVNL during 2020-25

(₹ in crore)

Financial Year	Annual loss as per audited accounts
2020-21	2,200.00
2021-22	2,088.38
2022-23	3,618.51
2023-24	2,620.56
2024-25	1,999.69

No subsidy support was given by the State to the DISCOM either to recover or mitigate the losses. However, subsidy was provided to the DISCOM for providing subsidised electricity to consumers subject to adjustment from the consumer bills.

During scrutiny it was noticed that the government provided loans to JBVNL for payment of dues of power purchase from PSUs & Others amounting to ₹ 2,369.52 crore, ₹ 2,105.31 crore and ₹ 1,407.60 crore in 2022-23, 2023-24 and 2024-25 respectively.

During 2015-16, the State provided ₹ 5,553.37 crore as one-time borrowing under Ujjwal DISCOM Assurance Yojana (UDAY) bonds. No borrowing was made on UDAY bonds after that.

It was further noticed that at the end of bill month September 2025, 31 departments of the State had an arrear of ₹ 956.16 crore against consumption of electricity. Departments with large arrears of electricity bills are shown in **Table 1.24**.

Table 1.24: Departments having large arrears of electricity bills, as on 31.10.2025

Sl. No.	Name of Department	Amount (*₹ in crore*)
1	Urban Development and Housing	423.23
2	Drinking Water and Sanitation	261.95
3	Home, Jail and Disaster Management	57.50
4	Health, Medical Education & Family Welfare	53.77
5	School Education and Literacy Development	50.87
6	Rural Development (Panchayati Raj Division)	21.88
7	Agriculture, Animal Husbandry and Co-operative	15.88
8	Water Resources	13.54

Large arrears of electricity bills against government departments added to the financial strain on the loss-making DISCOM.

Further, to increase revenue collection and to mitigate the risk of delayed/non-payment of electricity bills by the consumers, JBVNL has initiated replacement of existing meters with prepaid smart meters. Against the target of 18.70 lakh, only 10.17 lakh meters were replaced, as of October 2025. Similarly, against the target of installing meters in 1,37,693 distribution transformers, and rural and urban feeders to enable feeder-wise energy accounting, only 21,667 meters were installed as of October 2025.

B. Loans and advances by the State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to several institutions/organisations. **Table 1.25** presents the position of outstanding loans and advances, as on 31 March 2025, and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings, during the last five years.

Table 1.25: Quantum of loans disbursed and recovered during 2020-25

(*₹ in crore*)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	**20,846.24**	**24,177.23**	**24,348.48**	**28,513.21**	**25,527.36**
Amount advanced during the year	3,379.77	1,462.98	4,211.14	4,290.85	4,237.10
Amount recovered during the year	48.78	1,291.73	46.41	7,276.70	196.69
Closing Balance of the loans outstanding	**24,177.23**	**24,348.48**	**28,513.21**	**25,527.36**	**29,567.77**
Net addition	3,330.99	171.25	4,164.73	-2,985.85	4,040.41
Interest received	22.62	35.88	70.55	16.62	35.31
Interest rate on Loans and Advances given by the Government	0.11	0.16	0.29	0.06	0.13
Average rate of interest on Government Borrowings (*per cent*)	6.51	6.18	5.60	5.90	4.83
Difference between the rate of interest received and interest paid (*per cent*)	(-)6.40	(-)6.02	(-)5.31	(-)5.84	(-)4.70

Source: Finance Accounts

As can be seen from **Table 1.25**, a large amount of ₹ 29,568 crore was outstanding against the institutions of the State, of which, a large share of ₹ 28,407 crore was outstanding with power companies. Amount recovered against the outstanding balance was very low during the last five years except in 2023-24 when unutilised balance of ₹ 7,231 crore was returned by the power companies.

1.3 Contingency Fund

The Contingency Fund of the Government of Jharkhand is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 500 crore.

During 2024-25, ₹ 635.96 crore had been withdrawn from the fund under various budgetary heads. However, the total amount was recouped by the end of the FY 2024-25. As on 31st March 2025, the Contingency Fund retained its balance of ₹ 500 crore.

Details of expenditure made out of the Contingency Fund are discussed in Paragraph 2.8 of Chapter-II.

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc*., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account Balances

The component-wise net balances in the Public Account of the State are given in **Table 1.26**.

Table 1.26: Component-wise net balances in Public Account

(₹ in crore)

Sector	Sub Sector	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings, Provident Funds *etc*.	Small Savings, Provident Funds *etc*.	-1,194.40	-1,001.19	-1,016.98	-1,557.44	-2,238.21
Reserve Funds	(a) Reserve Funds bearing Interest	-6,320.39	-5,904.48	-5,131.79	-7,995.66	-10,680.10
	(b) Reserve Funds not bearing Interest	0.00	0.00	0.00	0.00	-750.00
Deposits and Advances	(a) Deposits bearing Interest	-25.33	-24.15	-78.94	-79.27	-23.87
	(b) Deposits not bearing Interest	-24,331.45	-23,585.14	-26,876.14	-30,768.65	-31,536.41
	(c) Advances	19.67	19.67	17.66	0.00	4.23
Suspense and Miscellaneous	(b) Suspense	-146.35	-119.25	-414.30	-382.43	-364.32
	(c) Other Accounts	2,855.90	4,519.46	5,187.74	8,151.32	53.47
	(d) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(e) Miscellaneous	1.60	1.60	1.60	1.60	1.60
Remittances	(a) Money Orders, and other Remittances	-133.68	-125.38	-87.35	-53.36	-227.05
	(b) Inter-Governmental Adjustment Account	7.23	12.74	10.81	5.27	2.67
Total		**-29,267.20**	**-26,206.12**	**-28,387.69**	**-32,678.62**	**-45,757.99**

Source: Finance Accounts

Note: +ve figures denote debit balance and –ve figures denote credit balances.

Credit balance increased during 2024-25 due to increase in Reserve Funds bearing Interest and Small Savings, Provident Funds. Deposits not bearing Interest under Major Head 8443-108- Public Works Deposit and 8448-107- State Electricity Board Working Funds also contributed to increase in the credit balance.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing reserve funds and reserve funds not bearing interest.

There were three interest bearing funds and two Reserve Funds not bearing interest as on 31 March 2025. The balances lying in these Reserve Funds as on 31 March 2025 are given in **Table 1.27**.

Table 1.27: Details of major Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
A	**Reserve Funds bearing Interest**	**8,395.67**	**3,012.18**	**0.00**	**327.75**	**11,080.10**
1.	State Disaster Response Fund	3,034.96	1,368.80	0.00	52.88	4,350.88
2.	State Compensatory Afforestation Fund	5,209.31	1,491.98	0.00	274.87	6,426.42
3.	State Disaster Mitigation Fund	151.40	151.40	0.00	0.00	302.80
B	**Reserve Funds not bearing Interest**	**2,270.95**	**1,324.41**	**49.92**	**0.00**	**3,645.28**
1.	Sinking Fund	1,570.87	592.00	0.00	0.00	2,162.87
2.	Other Fund (Pension Redemption Fund)	700.08	732.41	49.92	0.00	1,482.41
	Grand Total	**10,666.62**	**4,336.59**	**49.92**	**327.75**	**14,725.38**

Source: Finance Accounts

Out of total closing balance of ₹ 14,725.38 crore under the reserve funds, only ₹ 3,295.28 crore were invested and the balance remained as liabilities of the State.

1.4.3 Cash Balances

As per the agreement with the Reserve Bank of India (RBI), State Governments must maintain a minimum daily cash balance (₹ 0.45 crore) with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI. The limit for ordinary WMA to the State Government was revised by the RBI from time to time (₹ 1,152 crore *w.e.f.* 17 April 2020, which subsequently decreased to ₹ 1,067 crore *w.e.f.* 31 March 2022). The limit for ordinary ways and means advances to the State Government was ₹ 1,225.00 crore during the year 2024-25 (As on 31 March 2025).

The State Government had not taken Ordinary Ways and Means Advances; however, during the year 2024-25 the Government has taken total amount of ₹ 1,327.87 crore as special WMA on three different occasions in the month of March 2025 but repaid an amount of ₹ 886.94 crore on three different occasions in the month of March 2025 leaving a balance of ₹ 440.93 crore. No interest on WMA has, however, been charged in the year 2024-25.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.28.**

Table 1.28: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Deposits with Reserve Bank of India	-86.66	-53.08
Investments held in Cash Balance Investment Account	8,114.26	0.00
Total (A)	**8,027.60**	**-53.08**
B. Other Cash Balances and Investments		
Cash with departmental officers *viz.* Forest and Public Works	36.90	53.31
Permanent advances with departmental officers for contingent expenditure	0.16	0.16
Investment of earmarked funds	2,670.95	3,295.28
Total (B)	**2,708.01**	**3,348.75**
Total (A + B)	**10,735.61**	**3,295.67**
Interest realised	**97.12**	**101.19**

Source: Finance Accounts

The balance under the earmarked funds was ₹ 14,725.39 crore of which ₹ 3,295.28 crore was invested by the Government and ₹ 11,430.11 crore was utilised by the Government.

Details of Cash Balance Investment Account during the last five years are given in **Table 1.29**.

Table 1.29: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	3,070.62	2,811.20	(-) 259.42	58.58
2021-22	2,811.20	4,480.63	1,669.43	58.63
2022-23	4,480.63	5,149.41	668.78	91.14
2023-24	5,149.41	8,114.26	2,964.85	97.12
2024-25	8,114.26	0.00	(-) 8,114.26	101.19

Source: Finance Accounts

As can be seen from **Table 1.29**, closing balance of Cash Balance Investment Account was zero at the end of 2024-25. The Government received interest of ₹ 101.19 crore during the year.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures that it can meet its current and future obligations such as public services, infrastructure, and debt repayments, without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.29** and **Chart 1.30** shows receipts and expenditure of the State as a percentage of GSDP, during FY 2020-25 respectively.

Chart 1.29: Receipts of the State

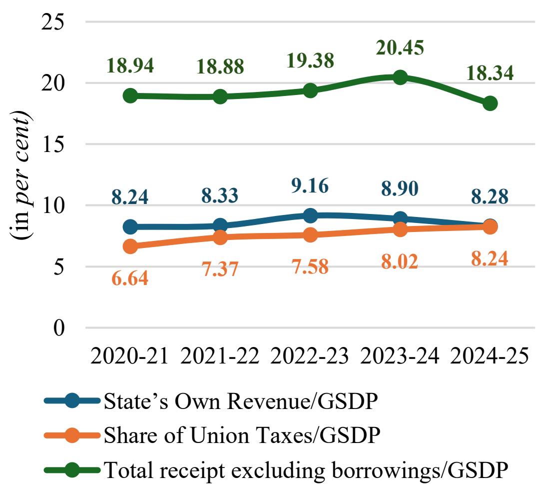
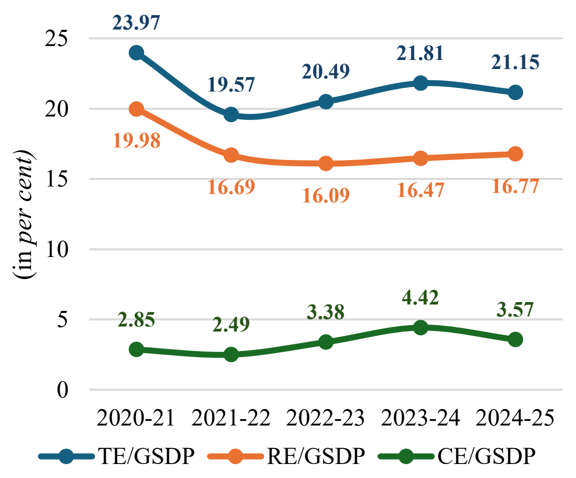


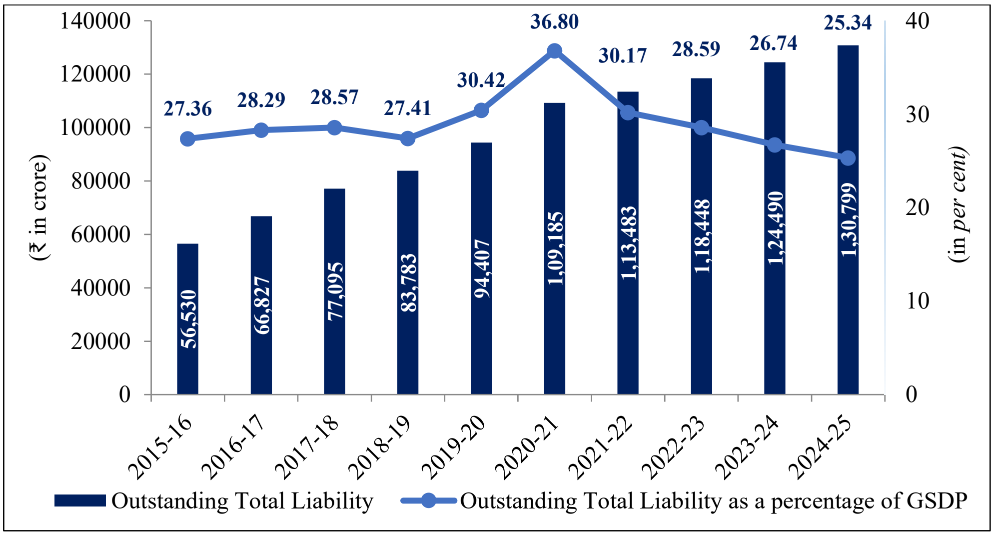
Chart 1.30: Expenditure of the State



1.5.1 Public Liability Management

Outstanding liabilities of the State along with its percentage to GSDP for the years 2015-16 to 2024-25 is depicted in **Chart 1.31**.

Chart 1.31: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts

As can be seen from **Chart 1.31**, the ratio of outstanding total liability as a percentage of GSDP shows a decreasing trend in the latter half of the ten-year period which indicates signs of improvement in the State's financial condition.

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government, and Public Account Liabilities. The component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in **Table 1.30**.

Table 1.30: Component-wise liability trends

(₹ in crore)

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability	**1,09,184.99**	**1,13,482.47**	**1,18,448.22**	**1,24,490.00**	**1,30,798.56**
Public Debt	**76,938.35**	**82,531.53**	**84,944.37**	**83,688.98**	**85,169.98**
Internal Debt	*71,956.90*	*74,538.31*	*73,580.43*	*70,658.82*	*69,595.32*
*Loans from GoI**	*4,981.45*	*7,993.22*	*11,363.94*	*13,030.16*	*15,574.66*
Public Account Liabilities	**32,246.24**	**30,950.94**	**33,503.85**	**40,801.02**	**45,628.58**
Small Savings, Provident Funds, etc.	*1,194.40*	*1,001.19*	*1,016.98*	*1,557.44*	*2,238.20*
Reserve Funds bearing Interest	*6,720.39*	*6,340.46*	*5,531.78*	*8,395.66*	*11,080.09*
Reserve Funds not bearing Interest	*0.00*	*0.00*	*0.00*	*0.00*	*750.00*
Deposits bearing Interest	*25.33*	*24.15*	*78.94*	*79.27*	*23.87*
Deposits not bearing Interest	*24,306.12*	*23,585.14*	*26,876.15*	*30,768.65*	*31,536.42*
Rate of growth of outstanding total liability (*per cent*)	15.65	3.94	4.38	5.10	5.07
Gross State Domestic Product (GSDP)	296,664	376,127	414,308	465,638	516,255
Outstanding Total Liability/GSDP (*per cent*)	36.80	30.17	28.59	26.74	25.34
Borrowings and Other Liabilities					
Total Receipts	32,562.62	25,623.42	31,856.35	44,607.36	41,329.08
Total Repayments	17,784.23	21,325.90	26,890.62	35,447.09	35,020.51
Net funds available without interest payments	14,778.39	4,297.52	4,965.73	9,160.27	6,308.57
Repayments/ Receipts (per cent)	54.62	83.23	84.41	79.46	84.74

Source: Finance Accounts

** During the years 2020-21 and 2021-22, Loans from GoI includes ₹ 1,689 crore and ₹ 2,484.41 crore respectively, received as back-to-back loans from GoI in lieu of shortfall in GST Compensation, which are not to be repaid by the State from its sources.*

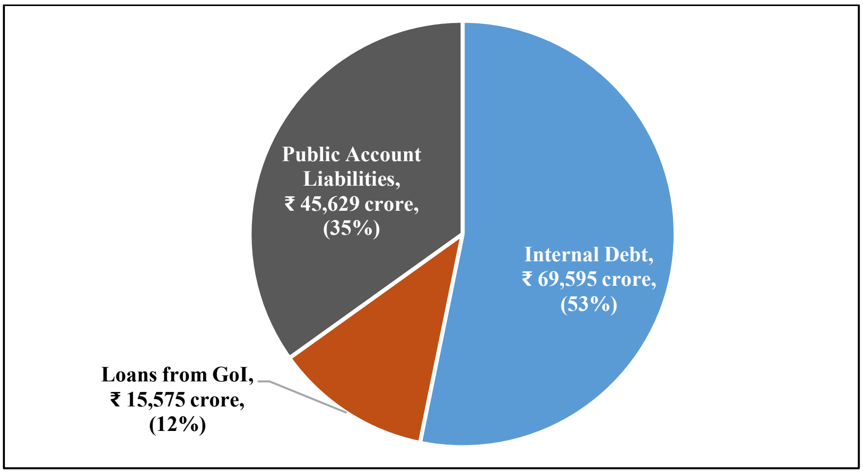
Out of ₹ 4,173.41 crore received during 2020-21 and 2021-22 as back-to-back loans from GoI in lieu of shortfall in GST compensation, ₹ 3,118.51 crore was adjusted from the balance of GoI loans by making proforma corrections. Balance amounting to ₹ 1,054.90 crore was included in the outstanding liabilities during 2023-24 and 2024-25.

It can be seen from **Table 1.30** that the internal debt of the State decreased consistently from 2022-23. Loans from GoI increased during 2020-21 to 2024-25 due to back-to-back loans from GoI in lieu of shortfall in GST Compensation[7] (₹ 4,173.41 crore) and special assistance for capital creation[8] (₹ 10,263.25 crore).

Ratio of outstanding total liabilities to GSDP decreased consistently from 36.80 *per cent* in 2020-21 to 25.34 *per cent* in 2024-25.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.32**.

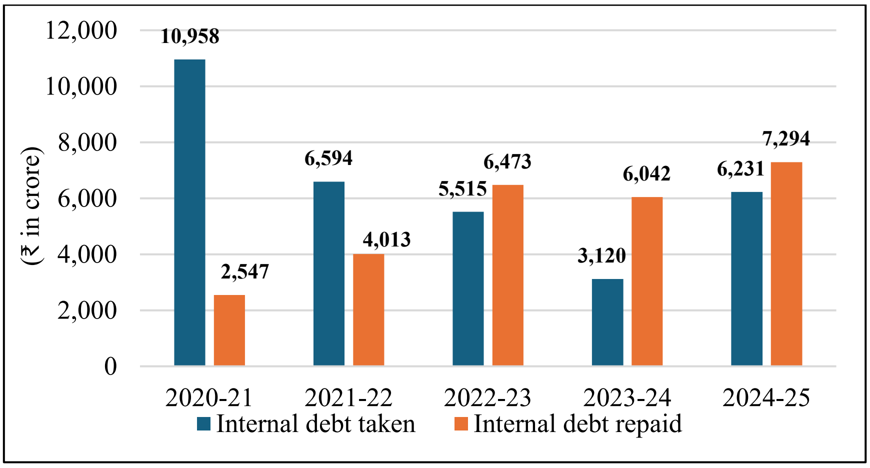
Chart 1.32: Break-up of outstanding total liabilities at the end of 2024-25



Source: Finance Accounts

Chart 1.33 depicts the quantum of internal debt receipts of the State *vis-à-vis* repayments during the period of five years *i.e.* 2020-25.

Chart 1.33: Internal debt receipts *vis-à-vis* repayments



Source: Finance Accounts

7 ₹ 1,689 crore in 2020-21 and ₹ 2,484.41 crore in 2021-22.

8 ₹ 2,964.32 crore in 2022-23, ₹ 4,580.61 crore in 2023-24 and ₹ 2,718.32 crore in 2024-25.

As can be seen from **Chart 1.33**, Internal debt receipts of the State ranged between ₹ 3,120 crore and ₹ 6,594 crore during 2021-22 to 2024-25. In 2023-24, borrowings under market loans (₹ 1,000 crore) was lower while it was significantly high (₹ 10,958 crore) in 2020-21 to cover revenue deficit due to COVID.

Apportionment of fiscal liabilities of the composite State of Bihar between the successor States of Bihar and Jharkhand has not been done, as of March 2025, despite a lapse of almost 25 years after bifurcation.

1.5.1.2 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 1.31** depicts the utilisation and trends of borrowed funds during 2020-25 respectively.

Table 1.31: Utilisation of borrowed funds

(₹ in crore)

Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings*	13,546.58	9,839.87	9,142.30	8,247.13	9,160.62
2.	Repayment of earlier borrowings (Principal)	2,744.82	4,247.08	6,729.46	6,384.02	7,679.63
3.	Net capital expenditure	8,465.66	9,376.90	14,015.59	20,569.69	18,409.97
4.	Net loans and advances	3,330.99	17.25	4,164.73	-2,985.85	-4,040.39
5.	Portion of Revenue expenditure met out of net available borrowings	In view of Revenue Surplus during these years, borrowed funds were not utilised for revenue expenditure.				

Source: Finance Accounts

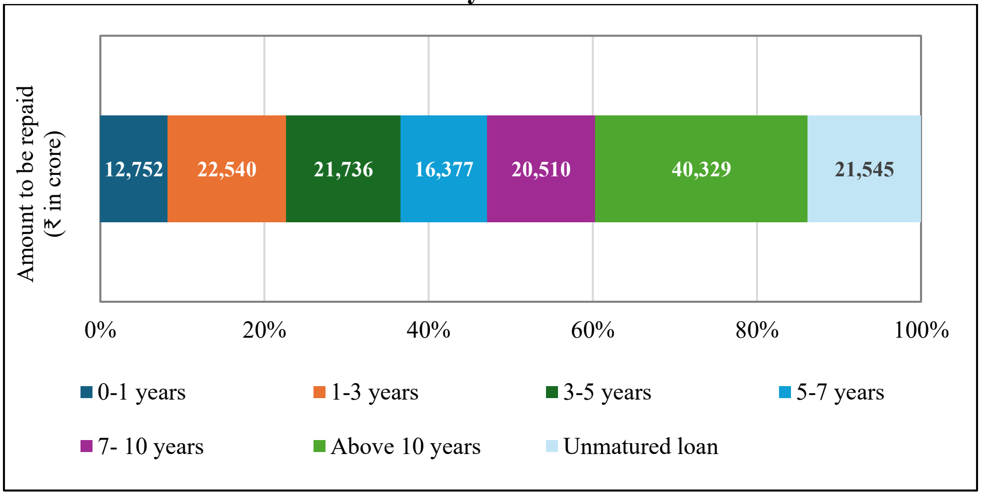
** Including ₹ 1,689 crore and ₹ 2,484.41 crore received as back-to-back loans from GoI during 2020-21 and 2021-22 respectively, in lieu of shortfall in GST Compensation, which are not to be repaid by the State from its sources.*

The State had to repay of ₹ 7,679.63 crore against earlier borrowings during 2024-25, which was met from the revenue surplus during the year.

1.5.1.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government towards debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.34**.

Chart 1.34: Maturity Profile of Public Debt



Source: Finance Accounts

** Excluding ₹ 4,173.41 crore received during 2020-22 as back-to-back loans from GoI in lieu of shortfall in GST Compensation.*

Note: Interest on debt repayments calculated on the basis of average rate of interest paid by the State in the past five years.

As can be seen from **Chart 1.34**, the State will have to repay an amount of ₹ 93,915 crore in the next 10 years. However, payment of principal and interest will be sustainable in the light of the current financial condition of the State, but this may change in the event of fresh borrowings.

1.5.1.4 Financing pattern of fiscal deficit

Financing pattern of the fiscal deficit during 2020-25 is depicted in **Table 1.32**.

Table 1.32: Components of fiscal deficit and its financing pattern

(₹ in crore)

	Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
1	Revenue Surplus (+)/ Revenue Deficit (-)	-3,114	6,944	13,564	11,252	7,924
2	Net Capital Expenditure	-8,466	9,377	14,016	20,570	18,410
3	Net Loans and Advances	-3,331	171	4,165	-2,986	4,040
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	8,900	3,746	400	-1,950	-1,450
2	Loans from GoI	2,390	3,012	3,372	4,785	2,544
3	Special Securities issued to NSSF	-769	-770	-769	-769	-769
4	Loans from Financial Institutions	281	-395	-588	-202	1,156
5	Small Savings, PF, *etc.*	-23	-193	16	540	681
6	Deposits and Advances	3,215	-722	3,346	3,910	708
7	Suspense and Miscellaneous	53	-27	295	-32	-18
8	Remittances	44	-14	-36	-28	176
9	Reserve Funds	1,076	-180	-309	4,131	4,059
10	**Overall Deficit**	**15,167**	**4,457**	**5,727**	**10,385**	**7,087**
11	Increase/Decrease in cash balance	-256	-1,853	-1,110	-4,053	7,440
12	**Gross Fiscal Deficit**	**14,911**	**2,604**	**4,617**	**6,332**	**14,527**

Source: Finance Accounts

It can be seen from **Table 1.32** that the Fiscal Deficit (₹ 14,527 crore) occurred due to funds borrowed for capital expenditure and for payment of loans & advances by the State. The fiscal deficit of ₹ 14,527 crore was mainly financed by loans from GoI (₹ 2,544 crore) and Reserve Funds (₹ 4,059 crore).

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for FY 2024-25, the Revenue Surplus of the State was ₹ 7,923.57 crore (1.53 *per cent* of GSDP), fiscal deficit was ₹ 14,526.81 crore (2.81 *per cent* of GSDP) whereas primary deficit was ₹ 8,663.80 crore (1.68 *per cent* of GSDP). However, during 2024-25, the State Government had booked Grants-in-aid of Revenue nature amounting to ₹ 2,879.71 crore under Capital Expenditure. Similarly, an amount of ₹ 42.45 crore was booked under Revenue section instead of Capital section as discussed in Paragraph 2.5.6 of Chapter-II.

Further, it was noticed that ₹ 314.10 crore (Interest of SDRF: ₹ 262.75 crore, Interest of Defined Contribution Pension Scheme for Government Employees: ₹ 5.31 crore and Short transfer to Sinking Fund: ₹ 46.04 crore) were not transferred to their designated funds.

Non-transfer of interest, short transfer to designated funds and misclassification of expenditure totalling ₹ 314.10 crore resulted in overstatement of revenue surplus to that extent. The post audit revenue surplus, therefore, worked out to ₹ 4,772.21 crore (0.92 *per cent* of the GSDP). Further, post-audit fiscal deficit and primary deficit will be ₹ 14,840.91 crore and ₹ 8,977.90 crore in place of ₹ 14,526.81 crore and ₹ 8,663.80 crore respectively.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

As per the FRBM Act of 2007 and its amendments aligned with the 15th Finance Commission, The State Government aims to:

- Eliminate revenue deficit and maintain the fiscal deficit within the ceiling of 3 *per cent* of GSDP, with an additional 0.5 *per cent* permitted on fulfilling reform milestones.
- The outstanding debt-to-GSDP ratio is to be contained below 25 *per cent*.
- Interest payments are capped at 18 to 25 *per cent* of revenue receipts, and
- Salary expenditure should not exceed 80 *per cent* of the State's Own Revenue Receipts.
- Jharkhand also follows a Medium-Term Fiscal Plan (MTFP) and is required to disclose contingent liabilities and off-budget borrowings.

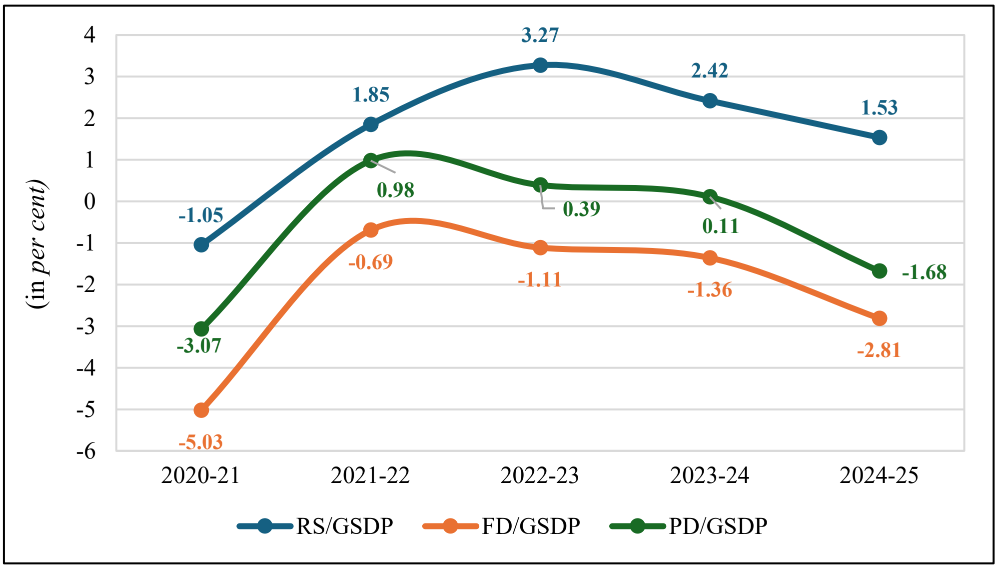
Achievements, *vis-à-vis* the fiscal targets, prescribed in the State FRBM Act for the FYs 2020-21 to 2024-25, are detailed in **Table 1.33**.

Table 1.33: Compliance with provisions of State FRBM Act

Fiscal Parameters		Achievement *vis-à-vis* targets set in MTFP prepared under FRBM				
		2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	Reduction of Revenue Deficit to Nil.				
	A	-3,114	6,944	13,564	11,252	7,924
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	T	-5.00	-4.00	-3.50	-3.00	-3.00
	A	-5.03	-0.69	-1.11	-1.36	-2.81
Ratio of total outstanding liability to GSDP (in *per cent*)	T	27.00	33.00	33.15	30.60	27.00
	A	36.23	29.06	27.58	26.51	25.13
Interest payment as percentage of Revenue Receipts	T	18 to 25 *per cent* of revenue receipt				
	A	10.31	9.02	7.77	7.78	6.20

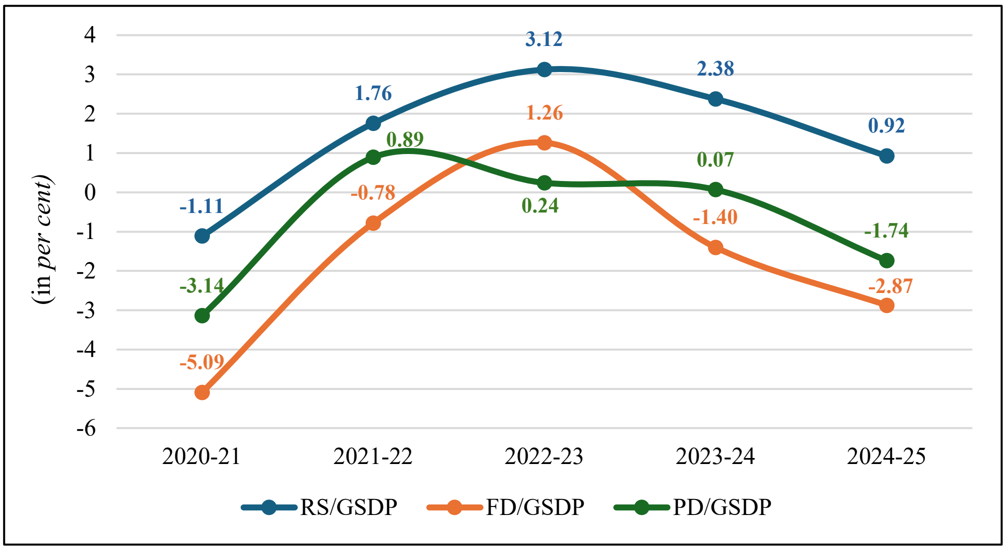
As can be seen from **Table 1.33,** targets of Revenue Deficit, Fiscal Deficit, ratio of outstanding liability to GSDP and Interest payments as percentage of Revenue Receipts were within the FRBM targets during the period 2020-21 to 2024-25, except in 2020-21 (COVID year).

Chart 1.35: Trend analysis of deficits



Considering non-transfer of interest, short transfer to designated funds and misclassification of expenditure, the post audit deficit as percentage of GSDP would change, as shown in **Chart 1.36**.

Chart 1.36: Trend analysis of deficits post audit



The targets set by the 15th FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.37**, **Chart 1.38** and **Chart 1.39**.

Chart 1.37: Revenue Surplus as percentage of GSDP

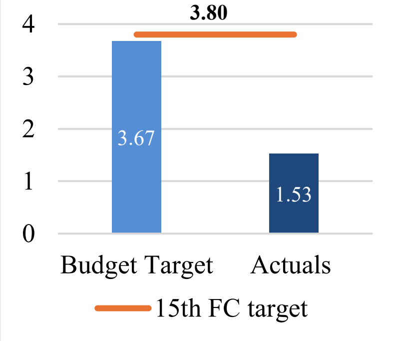


Chart 1.38: Fiscal Deficit as percentage of GSDP

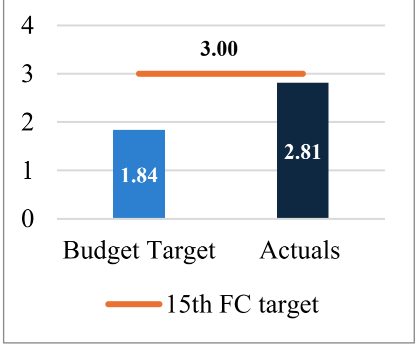
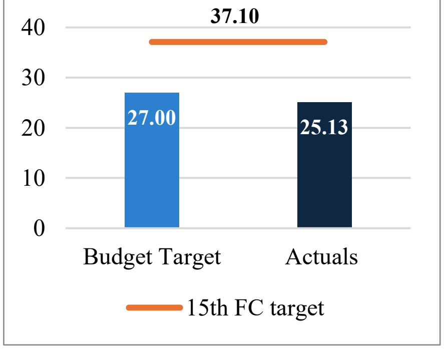


Chart 1.39: Outstanding Liability as percentage of GSDP



Source: Finance Accounts and budget documents

Except in 2020-21, the State had Revenue Surplus during the period 2020-25. The Fiscal Deficit was below the prescribed target during 2020-25, except in 2020-21. The ratio of outstanding liability to GSDP, which had crossed the norms prescribed in the MTFP under the Jharkhand FRBM Act, during the year 2020-21, came well within the target for the rest of the period.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in the future. Analysis of variations in debt sustainability indicators is given in **Table 1.34**.

Table 1.34: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt	1,07,495.99	1,09,309.06	1,14,274.81	1,23,435.09	1,29,743.66
2	Rate of Growth of Overall Debt (*per cent*)	13.86	1.69	4.54	8.02	5.11
3	GSDP (in nominal terms)	2,96,664.00	3,76,126.69	4,14,308.00	4,65,638.00	5,16,255.00
4	Nominal GSDP growth (*per cent*)	-4.40	26.79	10.15	12.39	10.87
5	Overall Debt/GSDP (*per cent*)	36.23	29.06	27.58	26.51	25.13
6	Repayment to Gross Borrowings (*per cent*)	72.40	107.76	103.99	94.80	98.92
7	Net borrowings available as a percentage of Gross Borrowings	27.60	-7.76	-3.99	5.20	1.08
8	Interest payments on Overall Debt	5,790.48	6,286.05	6,238.29	6,838.95	5,863.01
9	Effective rate of interest on Overall Debt (per cent)	7.41	7.48	7.38	8.12	6.85
10	Interest payment to Revenue Receipts (*per cent*)	10.31	9.02	7.77	7.78	6.20
11	Revenue Deficit/Surplus	-3,113.86	6,943.94	13,563.59	11,252.08	7,923.57
12	Primary Revenue Balance (PRB)	2,676.62	13,229.99	19,801.88	18,091.03	13,786.58
13	Primary Balance (PB)	-9,119.52	3,682.05	1,621.29	507.19	-8,663.80
14	PB/GSDP (*per cent*)	-3.07	0.98	0.39	0.11	-1.68
15	Difference between RoI[$] and effective rate of interest on Overall Debt	-7.31	-7.33	-7.11	-8.06	-6.48
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	Nil	16.00	Nil	Nil	3.00
17	Debt Stabilisation (Quantum spread + Primary balance)	-18,909.64	20,131.87	3,948.57	4,121.54	-5,176.22
18	**Domar gap**					
a	GSDP (in constant terms)	2,19,483.31	2,45,855.59	2,63,531.00	2,83,284.00	3,03,178.00
b	Real Growth (in constant terms)	-5.30	12.02	7.19	7.50	7.02
c	Inflation based on CPI (*per cent*)	5.32	4.51	6.14	5.73	3.77
d	Effective Rate of interest	7.41	7.48	7.38	8.12	6.85
e	Real effective rate of interest (Effective rate of interest-Inflation)	2.09	2.97	1.24	2.39	3.08
f	Growth Interest Differential (Real growth-Real effective rate of interest)	-7.39	9.05	5.95	5.11	3.95
g	Primary Balance (PB)	-9,119.52	3,682.05	1,621.29	507.19	-8,663.80

Source: Finance Accounts

[*] *Outstanding Public Debt is the sum of outstanding balances under the Heads 6003-'Internal Debt' and 6004-'Loans and Advances from the Central Government'. Excludes back-to-back loans received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 amounting to ₹ 1,689 crore and ₹ 2,484.41 crore respectively.*

$ Return on Investment (RoI) as measured by effective rate of interest receipts.

*RoI = Interest Receipts/Average of Opening & Closing Stock of Loans and Advances Disbursed *100*

***Interest paid/(OB of Public Debt + CB of Public Debt/2) (in per cent)*

[#] *Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public debt.*

A falling debt-GSDP ratio can be considered as leading towards stability. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. It can be seen from **Table 1.34** that:

- The debt burden of the State is measured by total liability to GSDP ratio. As a result of recovery from the pandemic, the State's fiscal health started improving, leading to a steady improvement in the State's debt burden in the post-pandemic years and debt-GSDP ratio decreased from 36.23 *per cent* in 2020-21 to 25.13 *per cent* in 2024-25. Given the signs of improvement in the State's financial situation, the State has been able to consistently generate revenue surplus in the post-COVID years.

- Contrary to the nominal growth, effective interest rate was largely driven by inflation which was hovering in the upper tolerance bandwidth (Approx. 4-6 *per cent*) in the post-pandemic period (2021-25) set by the RBI, indicating that inflation helped the State to keep the real rate of interest low so as to keep the Growth Interest Differential (GID) favourable in real terms.

- Decomposing the contribution of the GID and the primary balance on change in the debt burden of the State reveals that both the unfavourable GID and negative primary balance contributed to rise in overall liability—GSDP ratio in 2020-21, turned favourable leading to a steady decline in the overall liability-GSDP ratio from 2021-22 onwards.

- Domar criteria show that growth was not strong enough to cover borrowing costs in 2020-21, making the GID unfavourable. However, following signs of economic recovery, the State saw a five year high real growth of 12.02 *per cent* in 2021-22 due to the base effect, leading to favourable GID at 9.05 *per cent*. GID remained favourable upto 2024-25 while PB turned to negative ₹ 8,663.80 crore in 2024-25.

- Debt burden of the State measured by overall liability-GSDP ratio, if the pandemic year 2020-21 is ignored, remained within the targets set as per the FRBM Act of the State. The State also managed to keep its debt burden within the indicative debt path prescribed by the Finance Commission during 2020-25.

- Falling IP-RR ratio and difference between RoI and effective rate of interest on Overall Debt indicates improvements in State's financial situation during 2020-25.

1.5.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case a borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, local bodies, co-operative institutions etc. Details of guarantees and status of outstanding guarantees to total receipts for the last five years are given in **Table 1.35**.

Table 1.35: Guarantees given by the State Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding amount of guarantees at the beginning of the year	607.15	607.15	607.15	4,998.38	4,998.38
Outstanding guarantees at the end of the year	607.15	607.15	4,998.38	4,998.38	2,823.38

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees for ₹ 2,823.38 crore as on 31 March 2025 were in respect of Power (₹ 2,535.38 crore) and Food and Civil Supplies (₹ 288 crore). However, no Guarantees were given by the State Government during 2024-25.

The State had not constituted Guarantee Redemption Fund and no limit was prescribed in the Jharkhand FRBM Act, 2007, in respect of amount of guarantees to be given by the State.

The State Government in reply stated (25 November 2025) that Cabinet approval for setting up a Guarantee Redemption Fund has been obtained and the same will be made applicable in due course.

Guarantees amounting to ₹ 2,175 crore were deleted from the accounts of the State during the year from the outstanding guarantees of ₹ 4,998.38 crore at the beginning of 2024-25, leaving a closing balance of ₹ 2,823.38 crore.

1.5.6 Undischarged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the State's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several undischarged liabilities over the years, which have significant implications for fiscal sustainability. These include:

- Short contribution to the Consolidated Sinking Fund (CSF) amounting to ₹ 46.04 crore.
- Undischarged interest liabilities totalling ₹ 268.06 crore (paragraph 3.2.1).

The cumulative value of these undischarged liabilities amounted to ₹ 314.10 crore, which is equivalent to 0.06 *per cent* of the GSDP and 2.16 *per cent* of the Fiscal Deficit for the year 2024-25.

1.6 Conclusion

The State has achieved the target of reducing its revenue deficit to zero, much before the timeline given in the Jharkhand FRBM Act and had revenue surplus during the last five years, except in 2020-21. Fiscal Deficit of the State was within the FRBM targets during the period 2020-21 to 2024-25, except in 2020-21, when it was just beyond the target.

State's own tax revenue buoyancy showed decreasing trend from 2022-23 onwards. Buoyancy w.r.t. GSDP decreased by 0.77 percentage points during 2024-25.

Committed expenditure as percentage of revenue receipts decreased consistently from 45 *per cent* in 2020-21 to 34 *per cent* in 2024-25. However, subsidy as a percentage of revenue receipts was increasing from 2022-23 onwards. During 2024-25, it was 8.35 *per cent* of revenue receipts.

Total liabilities of the State increased from ₹ 1,23,435 crore in 2023-24 to ₹ 1,29,744 crore in 2024-25. The fiscal liabilities to GSDP ratio was 25.13 *per cent* against the target of 27.00 *per cent*. Apportionment of fiscal liabilities of the composite Bihar State between the successor States of Bihar and Jharkhand has not been done so far.

1.7 Good Practices

- The State Government transferred ₹ 2,162.87 crore upto 2024-25 to the Consolidated Sinking Fund established for amortisation of loans.
- A Pension Redemption Fund has been established, and ₹ 1,482.41 crore was transferred upto 2024-25 to meet future financial obligations arising due to switching over to the Old Pension Scheme.

1.8 Recommendations

- Strengthen revenue mobilisation by improving tax compliance and enforcing a clear non-tax revenue policy, especially for dividends, mining, and interest receipts, and revising user charges and fees periodically.
- Rationalise revenue expenditure and committed liabilities and better targeting of subsidies to create fiscal space for developmental spending.
- Improve return on public investments by framing a dividend policy for PSUs and enhancing monitoring of loans and advances, given by the State to its entities and employees, to ensure financial discipline and accountability.
- Ensure fiscal transparency and better fund management by reconciling and timely transferring CSS funds to SNA SPARSH accounts.