

---

## **Chapter-2**

# **FINANCES OF THE STATE**

---



## CHAPTER 2

### FINANCES OF THE STATE

This chapter provides a broad perspective of the finances of the State and analyses the critical changes in major fiscal aggregates relative to the previous year. It discusses the overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and information obtained from the State Government, where necessary.

#### 2.1 Major changes in key fiscal aggregates *vis-à-vis* 2022-23

**Table 2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year 2023-24, compared to the previous year. Each of these indicators have been analysed in the succeeding paragraphs.

**Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>✓ Revenue Receipts of the State increased by 9.57 <i>per cent</i></li> <li>✓ Own Tax Receipts of the State increased by 11.49 <i>per cent</i></li> <li>✓ Non-tax Receipts increased by 4.64 <i>per cent</i></li> <li>✓ State's Share of Union Taxes and Duties increased by 18.94 <i>per cent</i></li> <li>✓ Grants-in-Aid from Government of India decreased by 16.04 <i>per cent</i></li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Revenue Expenditure increased by 14.99 <i>per cent</i></li> <li>✓ Revenue Expenditure on General Services increased by 10.01 <i>per cent</i></li> <li>✓ Revenue Expenditure on Social Services increased by 3.87 <i>per cent</i></li> <li>✓ Revenue Expenditure on Economic Services increased by 41.80 <i>per cent</i></li> </ul>
<b>Capital Receipts</b>	<ul style="list-style-type: none"> <li>✓ Debt Capital Receipts decreased by 9.79 <i>per cent</i></li> <li>✓ Non-debt Capital Receipts increased by ₹ 7,230.29 crore</li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Capital Expenditure increased by 46.76 <i>per cent</i></li> <li>✓ Capital Expenditure on General Services increased by 10.98 <i>per cent</i></li> <li>✓ Capital Expenditure on Social Services increased by 26.68 <i>per cent</i></li> <li>✓ Capital Expenditure on Economic Services increased by 63.94 <i>per cent</i></li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>✓ Disbursement of Loans and Advances increased by 1.89 <i>per cent</i></li> <li>✓ Recoveries of Loans and Advances increased by ₹ 7,230.29 crore</li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>✓ Public Debt Receipts decreased by 9.79 <i>per cent</i></li> <li>✓ Repayment of Public Debt decreased by 5.13 <i>per cent</i></li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>✓ Public Account Receipts increased by 52.85 <i>per cent</i></li> <li>✓ Disbursement of Public Account increased by 41.38 <i>per cent</i></li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>✓ Cash balance increased by ₹ 4,052.93 crore (60.65 <i>per cent</i>) during 2023-24</li> </ul>

#### 2.2 Sources and Application of Funds

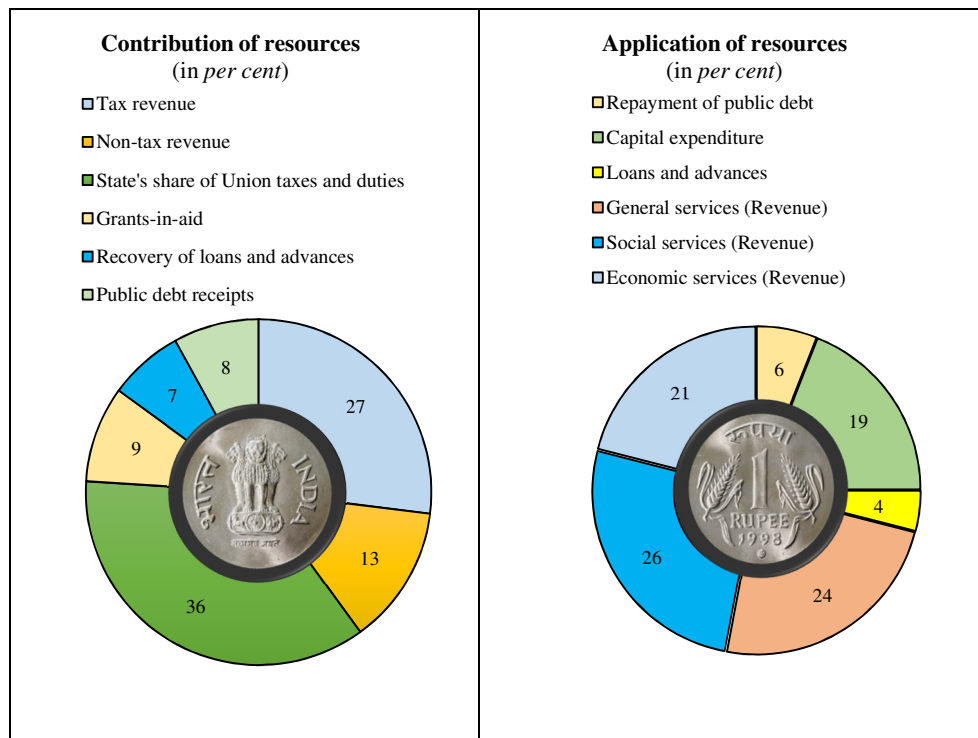
**Table 2.2** compares the sources and application of funds of the State during 2023-24 with 2022-23. More details are given in **Appendix 2.1**.

**Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24**

(₹ in crore)

	Particulars	2022-23	2023-24	Increase (+)/ Decrease (-)
<b>Sources</b>	Opening Cash Balance with RBI	149.37	91.07	-58.30
	Revenue Receipts	80,245.22	87,928.50	7683.28
	Recoveries of Loans and Advances	46.41	7,276.70	7,230.29
	Public Debt Receipts (Net)	2,412.84	1,863.13	-549.71
	Public Account Receipts (Net)	2,145.59	4,290.90	2,145.31
	<b>Total</b>	<b>84,999.43</b>	<b>1,01,450.30</b>	<b>16,450.87</b>
<b>Application</b>	Revenue Expenditure	66,681.63	76,676.42	9,994.79
	Capital Expenditure	14,015.59	20,569.69	6,554.10
	Disbursement of Loans and Advances	4,211.14	4,290.85	79.71
	Closing Cash Balance with RBI	91.07	-86.66	-177.73
	<b>Total</b>	<b>84,999.43</b>	<b>1,01,450.30</b>	<b>16,450.87</b>

**Chart 2.1** gives details of receipts and expenditure from the Consolidated Fund of the State, during 2023-24 in terms of percentages.

**Chart 2.1: Details of Sources and Application of funds during 2023-24**

### 2.3 Resources of the State

This paragraph provides details of the composition of the overall receipts. Besides the Capital and Revenue Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit.

The resources of the State are described below:

- Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
- Capital receipts (Debt and non-debt 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.

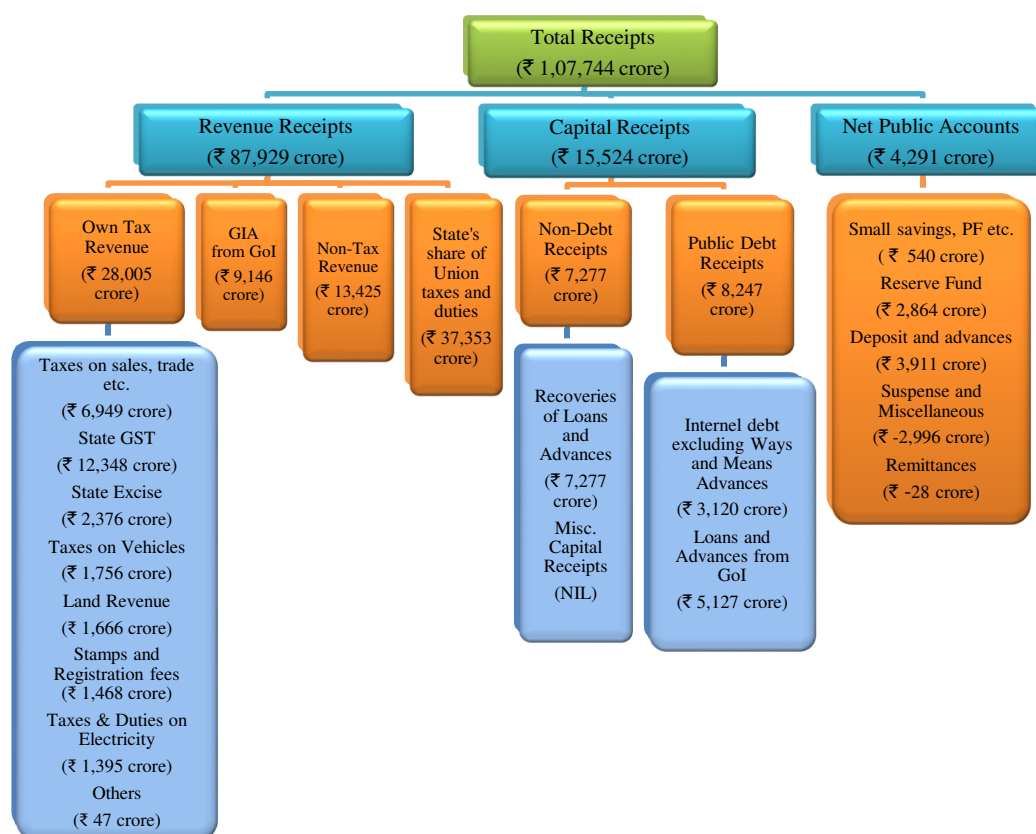
Both revenue and capital receipts form part of the Consolidated Fund of the State.

3. **Net Public Accounts receipts:** These are receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense *etc.*, which do not form part of the Consolidated Fund. These 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. Here, the Government acts as a banker. The balance, after disbursements, is the fund available with the Government for use.

### 2.3.1 Receipts of the State

Composition of receipts of the State, during FY 2023-24, is given in **Chart 2.2**.

**Chart 2.2: Composition of receipts of the State during 2023-24**



### 2.3.2 State's Revenue Receipts

This paragraph analyses trends in total revenue receipts and its components. It is followed by analysis of trends in the receipts, bifurcated into receipts from the Central Government and State's own receipts.

### 2.3.2.1 Trends and growth of Revenue Receipts

**Table 2.3** shows the trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period. Trends in revenue receipts relative to GSDP and composition of revenue receipts are also given in **Appendix 2.2**.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	58,417	56,150	69,722	80,245	87,929
Rate of growth of RR ( <i>per cent</i> )	4.03	-3.88	24.17	15.09	9.57
Own Tax Revenue	16,771	16,880	21,290	25,118	28,005
Rate of growth of Own Tax Revenue	13.69	0.65	26.12	17.98	11.49
Non-Tax Revenue	8,750	7,564	10,031	12,830	13,425
Rate of growth of Non-Tax Revenue	5.96	-13.55	32.61	27.91	4.64
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	10.91	-4.22	28.13	21.16	9.18
Gross State Domestic Product (₹ in crore) (2011-12 Series)	3,10,305	2,96,664	3,76,127	4,17,361	4,61,010
Rate of growth of GSDP ( <i>per cent</i> )	1.51	-4.40	26.79	10.96	10.46
RR/GSDP ( <i>per cent</i> )	18.83	18.93	18.54	19.23	19.07
<b>Buoyancy Ratios<sup>1</sup></b>					
Revenue Buoyancy w.r.t. GSDP	2.67	*	0.90	1.38	0.92
State's Own Revenue Buoyancy w.r.t. GSDP	7.22	*	1.05	1.93	0.88
Buoyancy of Revenue Receipts w.r.t. Own Tax Revenue	0.29	#	0.93	0.84	0.83

Source of GSDP figures: MoSPI

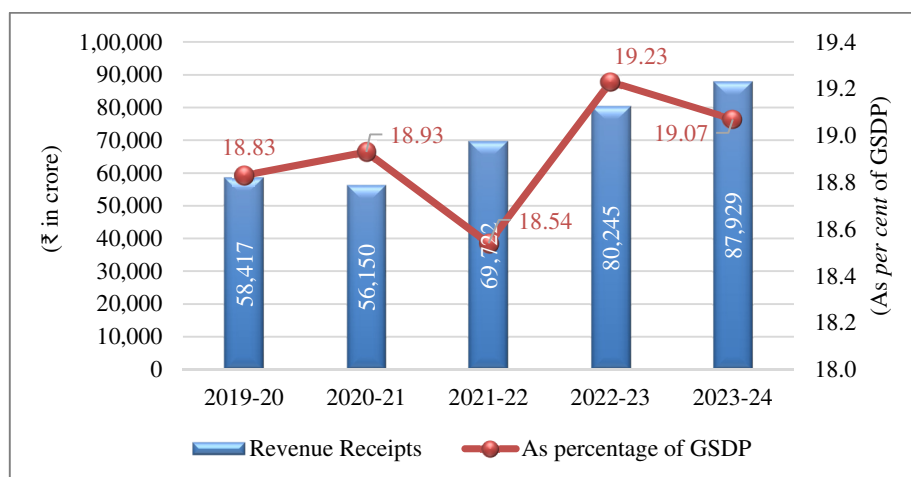
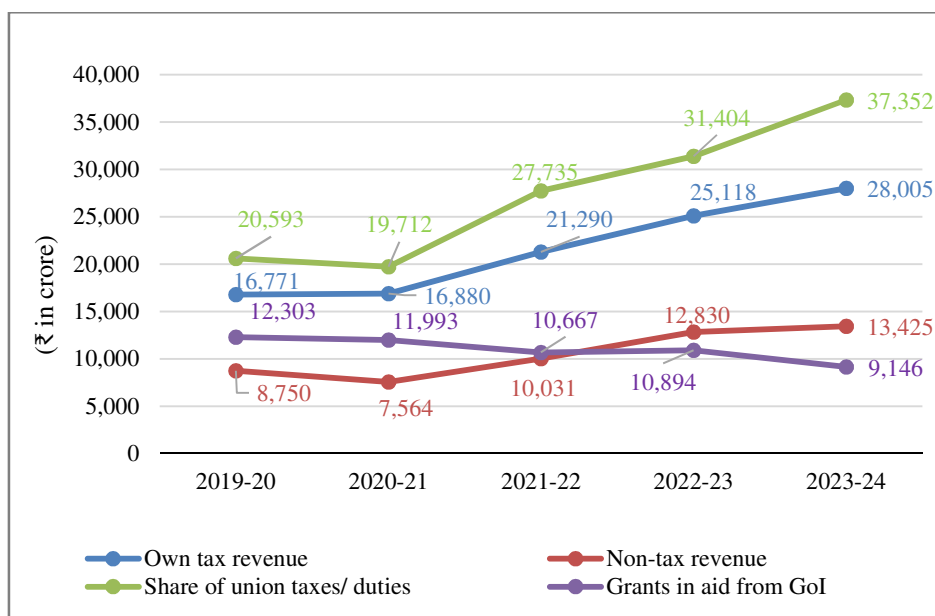
\*Since growth of GSDP was negative, buoyancy has not been calculated.

# Since growth of Revenue Receipts was negative, buoyancy has not been calculated.

Though the Revenue Receipts of the State increased from 80,245 crore in FY 2022-23 to 87,929 crore in FY 2023-24, the growth rate decreased from 15.09 *per cent* in FY 2022-23 to 9.57 *per cent* in FY 2023-24.

As can be seen from **Table 2.3**, the buoyancy of revenue and own revenue w.r.t. GSDP decreased during FY 2023-24, due to lower growth rate of revenue receipts and own revenue of the State over the previous year, whereas growth rate of GSDP remained almost constant.

<sup>1</sup> Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

**Chart 2.3: Trends in Revenue Receipts****Chart 2.4: Trends of components of Revenue Receipts**

Further, as shown in **Table 2.3**, the State's own revenues increased by 9.18 *per cent* during 2023-24. The increase in own tax revenue was mainly due to increase in collection of SGST by ₹ 974 crore and Taxes on Sales, Trades etc., by ₹ 678 crore, whereas non-tax revenue increased mainly due to increase in collection under Non-ferrous Mining & Metallurgical Industries by ₹ 561 crore, Forestry & Wildlife by ₹ 178 crore and Interest Receipts by ₹ 149 crore.

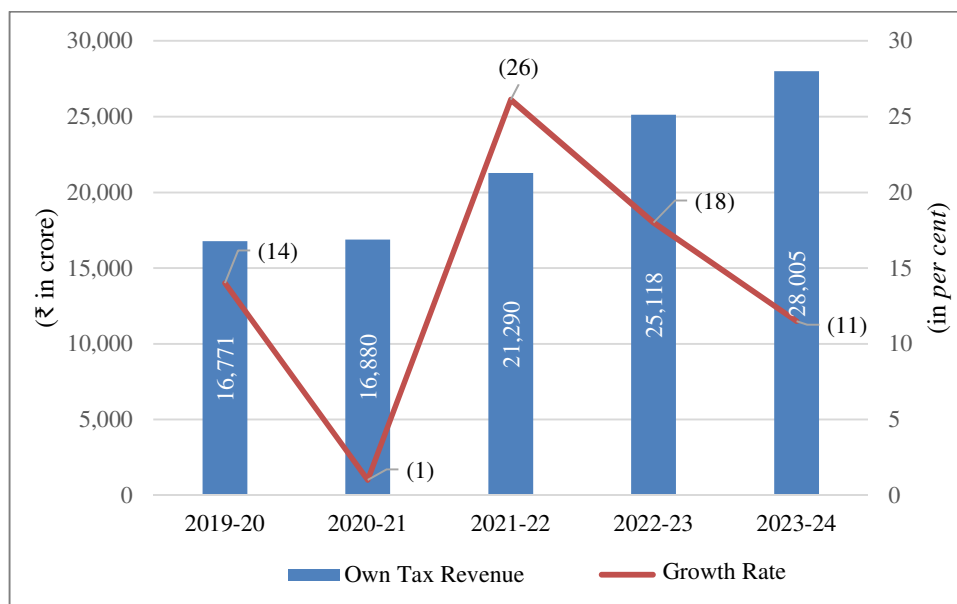
### State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission while Grants-in-aid from GOI are determined by the quantum of Central tax receipts and anticipated Central assistance for schemes. The performance of the State in mobilisation of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

## A. Own Tax revenue

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Sales Tax on Petroleum and Alcohol, Stamps and Registration fees, land revenue, Taxes and Duties on Electricity, *etc.* **Chart 2.5** shows growth of tax revenue of the State and **Table 2.4** presents trend of components of own tax revenue, during the period 2019-20 to 2023-24.

**Chart 2.5: Growth of Own Tax Revenue during 2019-20 to 2023-24**



**Table 2.4: Components of State's Own Tax Revenue during 2019-20 to 2023-24**

(₹ in crore)						
Year	2019-20	2020-21	2021-22	2022-23	2023-24	Sparklines
Taxes on Sales, Trades etc.	3,996	4,301	5,213	6,271	6,949	
SGST	8,418	7,931	9,557	11,374	12,348	
State Excise	2,009	1,821	1,807	2,057	2,376	
Taxes on Vehicles	1,129	976	1,263	1,574	1,756	
Stamps and Registration fees	560	708	987	1,108	1,468	
Land Revenue	338	873	1,621	1,557	1,666	
Taxes & Duties on Electricity	236	195	792	1,132	1,395	
Others	85	75	50	45	47	
<b>Total</b>	<b>16,771</b>	<b>16,880</b>	<b>21,290</b>	<b>25,118</b>	<b>28,005</b>	

Source: Finance Accounts

The growth rate of own tax revenue showed wide fluctuation between one and 26 *per cent* during the period 2019-20 to 2023-24. Own-tax revenue grew by 11 *per cent* over the previous year mainly due to more collection of Taxes on Sales, Trade *etc.* (11 *per cent*) and SGST (9 *per cent*).

During FY 2023-24, actual collection of SGST (₹ 12,348 crore) was lower than the budget estimate (₹ 14,000 crore).

### Audit of GST Receipts

Jharkhand is a Model-II State and with effect from January 2021, user-id based access to the back-end system has been provided to audit teams, at the premises of Commercial Taxes Circle as and when required. The Secretary,



Commercial Taxes Department was requested (September 2024) to provide dedicated user-id based access to Audit.

### **State Goods and Services Tax (SGST)**

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 *per cent* from the base year (2015-16), for a period of five years ending in June 2022. The Centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed.

During 2023-24, Jharkhand received a grant of ₹ 165.63 crore for compensation of shortfall in revenue arising on account of implementation of GST pertaining to the period April 2021 to June 2022.

### **Analysis of arrears of revenue and arrears of assessment**

The arrears of revenue indicate delayed realisation of revenue that is due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

As on 31 March 2024, arrears in collection of revenue were ₹ 84.72 crore (Excise and Prohibition Department), of which ₹ 38.91 crore was outstanding for more than five years. Out of the total arrears in the Department, ₹ 7.72 crore was held up in the Courts and other appellate authorities. While it was intimated that there were no arrears in Land Revenue Department, information in regard to other departments was not made available as of December 2024.

## **B. Non Tax Revenue**

Non-Tax revenue (NTR) consists of interest receipts, dividends and profits, receipts from mining, departmental receipts, *etc.*

Non-Tax revenue collected during 2023-24 was ₹ 13,425 crore and was significantly lower than the budget estimates of ₹ 17,259 crore for the year. Component-wise NTR collected during 2019-20 to 2023-24 is as shown in **Table 2.5**.

**Table 2.5: Non-tax revenue collected during 2019-20 to 2023-24**

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Interest Receipts	310	81	96	282	431	
Dividends and Profits	0	15	0	0	0	
Other Non-tax Receipts	8,440	7,468	9,935	12,548	12,994	
(a) Non-ferrous Mining & Metallurgical Industries	5,461	5,012	7,535	10,036	10,597	
(b) Education, Sports, Art & Culture	469	166	128	6	5	
(c) Urban Development	529	80	263	102	138	
(d) Major Irrigation	424	32	79	71	125	
(e) Civil Supplies	420	137	132	36	113	
(f) Miscellaneous General Services	140	171	483	1,172	413	
(g) Forestry and Wild Life	18	328	656	638	816	
(h) Others	979	1,542	659	487	787	
<b>Total</b>	<b>8,750</b>	<b>7,564</b>	<b>10,031</b>	<b>12,830</b>	<b>13,425</b>	

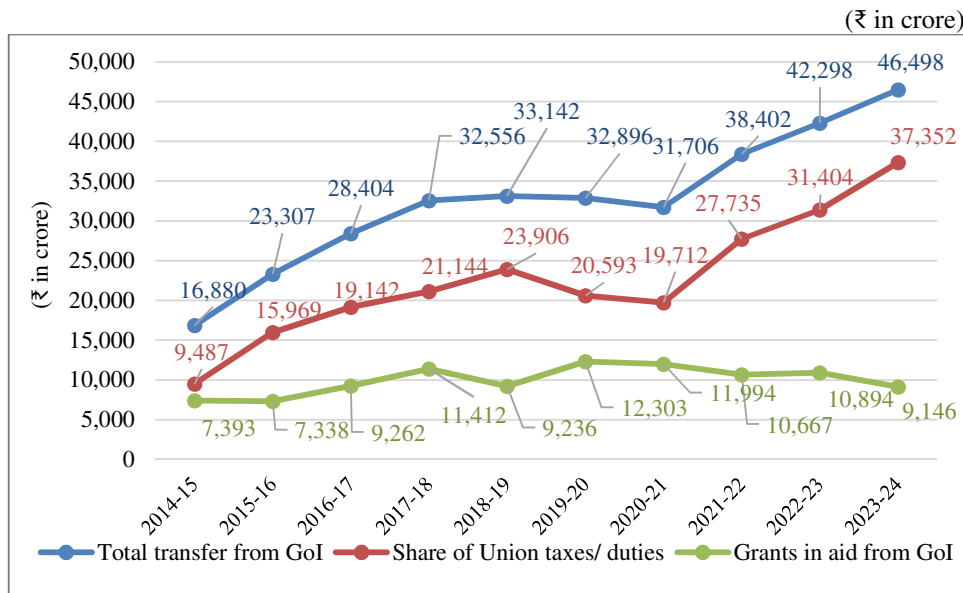
Source: Finance Accounts of respective years

The share of NTR in revenue receipts ranged between 13.47 *per cent* and 15.99 *per cent* during the period 2019-20 to 2023-24. It decreased from 15.99 *per cent* in 2022-23 to 15.27 *per cent* in 2023-24. The main source of NTR was Non-ferrous Mining and Metallurgical Industries which increased by ₹ 561 crore in 2023-24 over the previous year. Significant decrease was noticed in Miscellaneous General Services (by ₹ 759 crore) during 2023-24.

### C. Transfers from the Central Government

Transfers from the Central Government to the State in the form of Central Tax Transfers and Grants-in-aid were more than 50 *per cent* of the total Non-debt receipts of the State during 2023-24. The ratio of transfers from the Central Government to non-debt receipts was highest during 2017-18 (62 *per cent*) due to fall in collection of own revenue. During 2023-24, the ratio stood at 48.84 *per cent*.

Chart 2.6: Transfer from the Central Government to the State



As shown in **Chart 2.6** the devolution of taxes from the Central Government to the State, increased consistently from ₹ 9,487 crore in 2014-15 to ₹ 37,352 crore in 2023-24, except in 2019-20 and 2020-21.

#### Central Tax Transfers

Component-wise trend of Central Tax Transfers (CTT) over the past five years is depicted in **Table 2.6**.

Table 2.6: Central Tax Transfers

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Central Goods and Services Tax (CGST)	5,844	5,863	8,367	8,874	11,336
Integrated Goods and Services Tax (IGST)	0	0	0	0	0
Corporation Tax	7,021	5,944	7,139	10,529	11,212
Taxes on Income other than Corporation Tax	5,502	6,093	8,693	10,279	12,948
Customs	1,305	1,050	2,060	1,235	1,309
Union Excise Duties	908	663	1,089	387	495
Service Tax	0	85	356	49	7
Other Taxes <sup>2</sup>	13	14	31	51	45

<sup>2</sup> Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services

<b>Central Tax Transfers</b>	<b>20,593</b>	<b>19,712</b>	<b>27,735</b>	<b>31,404</b>	<b>37,352</b>
Percentage of increase over previous year	-14	-4	41	13	19
Percentage of Central tax transfers to Revenue Receipts	35	35	40	39	42

It can be seen from the above table that CTT had increased in 2023-24 over the previous year by ₹ 5,948 crore. This was mainly due to increase in the transfer of CGST and Taxes on Income other than Corporation Tax.

### ***Grants-in-aid from GoI***

Growth rate of GIA from GoI was highest during the year 2019-20 (33.21 *per cent*) but stood at negative 16.04 *per cent* during 2023-24. The decrease during 2023-24, compared to the previous year (PY), was mainly due to less receipts of compensation for loss of revenue arising out of GST (by ₹ 1,899 crore). Details of Grants-in-aid from GoI is shown in **Table 2.7**.

**Table 2.7: Grants-in-aid from Government of India**

(₹ in crore)					
<b>Head</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Grants for Centrally Sponsored Schemes (CSS)	7,339.05	6,838.85	6,577.16	6,871.79	6,266.71
Finance Commission Grants	3,154.60	2,990.50	2,198.30	1,826.59	2,378.28
<i>Grants for Rural Local Bodies</i>	<i>2,236.71</i>	<i>1,689.00</i>	<i>699.30</i>	<i>1,271.00</i>	<i>1,300.00</i>
<i>Grants for Urban Local Bodies</i>	<i>586.39</i>	<i>733.50</i>	<i>600.20</i>	<i>441.94</i>	<i>166.00</i>
<i>Others (including SDRF, SDMF, Health Grants etc.)</i>	<i>331.50</i>	<i>568.00</i>	<i>898.80</i>	<i>113.65</i>	<i>912.28</i>
Other transfers/ Grants to States/Union Territories with Legislature	1,809.01	2,164.06	1,891.40	2,195.16	501.27
<i>Grants for State roads</i>	<i>137.67</i>	<i>78.77</i>	<i>40.79</i>	<i>81.56</i>	<i>192.64</i>
<i>Compensation for loss of revenue arising out of implementation of GST</i>	<i>1,531.82</i>	<i>1,958.32</i>	<i>1,525.63</i>	<i>2,064.64</i>	<i>165.63</i>
<i>Tribal Area Sub-plan</i>	<i>111.66</i>	<i>102.78</i>	<i>122.64</i>	<i>48.96</i>	<i>143</i>
<i>Others</i>	<i>27.86</i>	<i>24.19</i>	<i>202.34</i>	<i>0.00</i>	<i>0.00</i>
<b>Total</b>	<b>12,302.66</b>	<b>11,993.41</b>	<b>10,666.86</b>	<b>10,893.54</b>	<b>9,146.26</b>
Percentage of increase over the previous year	33.21	-2.51	-11.06	2.13	-16.04
Percentage of GIA to Revenue Receipts	21.06	21.36	15.30	13.58	10.40

Source: Finance Accounts

Grants-in-aid from GoI to the State ranged between ₹ 9,146.26 crore to ₹ 12,302.66 crore during 2019-20 to 2023-24 and their percentage in revenue receipts was between 10.40 to 21.36 *per cent* during the period. Growth of Grants-in-aid fluctuated between (-) 16.04 *per cent* and 33.21 *per cent* during the same period.

### ***Single Nodal Agency (SNA)***

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13) PFMS/FCD/2020 dated 23 March 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The SNA will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to

ensure that the entire unspent amount is returned by all the implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency.

The State Government received ₹ 6,439.24 crore being Central share for Centrally Sponsored Schemes, during 2023-24, in its Treasury Accounts. The State Government transferred ₹ 6,545.59 crore<sup>3</sup>, received in Treasury Accounts being Central share, and State share of ₹ 8,477.76 crore to the SNAs. No further details/documents (scheme-wise) were provided in this regard. As per PFMS portal of CGA/SNAs, ₹ 6,276.70 crore was lying unspent in the bank accounts of SNAs as on 31 March 2024.

### ***Fifteenth Finance Commission Grants (15<sup>th</sup> FC)***

Details of grants released by the Central Government to the State Government, on the recommendation of 15<sup>th</sup> FC, for Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs) of the State, in the form of basic and general performance grants, are given in **Table 2.8**.

**Table 2.8: Recommended amount, actual release and transfer of Grants-in-aid**

(₹ in crore)

	Recommendation of the 15 <sup>th</sup> FC	Release by GoI				Release by State Government (including release by GoI)			
Transfers		2021-26	2021-22	2022-23	2023-24	Total	2021-22	2022-23	2023-24
Local Bodies									
(i) Grants to PRIs	6,585.00	699.32	1,271.00	1,300.00	3,270.30	772.76	1,462.57	2,278.59	4,513.92
(a) General Basic Grant	2,634.00	699.30	883.10	261.40	1,843.80	772.76	1,462.57	2,278.59	4,513.92
(b) General Performance Grants	3,951.00	0.00	387.90	1038.60	1,426.50				
(ii) Grants to ULBs	3,367.00	600.20	441.94	166.00	1,208.14	1,042.33	1,266.41	940.51	3,249.25
(a) General Basic Grant	819.60	0.00	116.40	0.00	116.40	1,042.33	1,266.41	940.51	3,249.25
(b) General Performance Grants	2,547.40	600.20	325.54	166.00	1,091.74				
Health Grants	2,370.00	444.40	0.05	435.48	879.93	438.49	4.41	425.46	868.36
Total for Local Bodies	12,322.00	1,743.90	1,712.99	1,901.48	5,358.37	2,253.58	2,733.39	3,644.56	8,631.53
State Disaster Risk Management Fund*	4,182.00	454.40	0.00	476.80	931.20	605.60	0.00	1,012.92	1,618.52
Grand Total	16,504.00	2,198.30	1,712.99	2,378.28	6,289.57	2,859.18	2,733.39	4,657.48	10,250.05

\* Including State share of 25 per cent of total grant

Source: 15<sup>th</sup> FC Report and Finance Accounts

The Central Government released ₹ 5,358.37 crore between 2021-22 and 2023-24 for ULBs and PRIs against ₹ 12,322.00 crore recommended by the 15<sup>th</sup> FC for the period 2021-26. Further, out of total release of ₹ 3,644.56 crore to the ULBs and PRIs by the State during the year 2023-24, ₹ 1,901.48 crore was received from the Central Government.

### **2.3.3 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. Details of capital receipts during 2019-24 are given in **Table 2.9**.

<sup>3</sup> Including balance from previous years.

**Table 2.9: Trends in growth and composition of capital receipts**

(₹ in crore)

Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Capital Receipts</b>	<b>9,642.31</b>	<b>13,595.36</b>	<b>11,131.62</b>	<b>9,188.71</b>	<b>15,523.83</b>
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	49.19	48.78	1,291.73	46.41	7276.70
<b>Net Public Debt Receipts</b>	<b>5,361.72</b>	<b>10,801.76</b>	<b>5,592.79</b>	<b>2,412.84</b>	<b>1,863.12</b>
<i>Internal Debt</i>	5,109.14	8,411.43	2,581.42	(-)957.88	(-)2,921.61
<i>Growth rate (in per cent)</i>	10.17	64.63	-69.31	(-)137.11	(-)205.01
<i>Loans and advances from GoI</i>	252.44	2,390.33*	3,011.37*	3,370.72#	4,784.73#
<i>Growth rate (in per cent)</i>	137.66	846.89	25.98	11.93	41.95
Rate of growth of debt Capital Receipts (per cent)	22.93	41.21	(-) 27.36	(-)7.09	(-)9.79
Rate of growth of non-debt capital receipts (per cent)	4.66	(-)0.83	2,548.07	(-)96.41	15,579.16
Rate of growth of GSDP (per cent)	1.51	(-)4.40	26.79	10.96	10.46
Rate of growth of Capital Receipts (per cent)	22.83	41.00	(-)18.12	(-)17.45	68.94

Source: Finance Accounts and MoSPI website

\*Includes back to back loans, received from GoI, in lieu of GST compensation (₹ 1,689 crore in 2020-21 and ₹ 2,484.41 crore in 2021-22)

# Includes Special assistance of ₹ 2,964.32 crore and ₹ 4,580.61 crore received for capital expenditure in 2022-23 and 2023-24 respectively.

As depicted in the above table, rate of growth of capital receipts showed wide fluctuation between (-) 18.12 per cent and 68.94 per cent during 2019-20 to 2023-24. However, during 2023-24, capital receipts of the State increased over the previous year mainly due to more receipts of GoI loans as Special assistance for capital expenditure (by ₹ 1,616.29 crore).

Amount of non-debt capital receipts increased significantly during 2023-24 due to significant recovery of loans and advances from ₹ 46.41 crore in 2022-23 to ₹ 7,276.70 crore. Recovery mainly consisted of surrender of unused balance of ₹ 7,230.80 crore (₹ 1,094.44 crore from Annual Development Programme & payment of dues of power purchase from PSUs and ₹ 6,136.36 crore from UDAY scheme provided by the Government in previous years), by JBVNL.

### **Writing off of Central Loans**

As recommended by the Thirteenth Finance Commission, Ministry of Finance, GoI, had written off (February 2012) loans advanced to the State Government by various Ministries (except those advanced by the Ministry of Finance itself) as on 31 March 2010, towards Central Plan and Centrally Sponsored Schemes. The Ministry of Finance had permitted the State Governments to adjust the excess repayments of principal and interest made from the effective date of the order (31 March 2010) and its implementation, against future repayments to the Ministry of Finance. The Government of Jharkhand had made excess repayment of ₹ 5.73 crore (Principal: ₹ 2.50 crore and Interest: ₹ 3.23 crore) of which, Ministry of Finance has so far adjusted ₹ 3.51 crore. No adjustments have been made during FYs 2022-23 and 2023-24.

### **2.3.4 State's performance in mobilisation of resources**

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The mobilisation of

resources with respect to projections made in the budget/MTFP and 15<sup>th</sup> FC projections for 2023-24, is shown in **Table 2.10**.

**Table 2.10: Tax and non-tax receipts *vis-à-vis* projections for 2023-24**

(₹ in crore)

	MTFP projections	15 <sup>th</sup> FC projections	Actual	Percentage variation of actual over MTFP projection
Own Tax revenue	30,860.00	18,235.00	28,004.76	-9.25
Non-tax revenue (own)	17,259.44	10,667.00	13,425.14	-22.22

As shown in **Table 2.10**, actual collection of Own tax and Non-tax revenue was higher than the 15<sup>th</sup> FC projections but lower than the MTFP projections during FY 2023-24.

## 2.4 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and the social sector.

### *Growth and composition of expenditure*

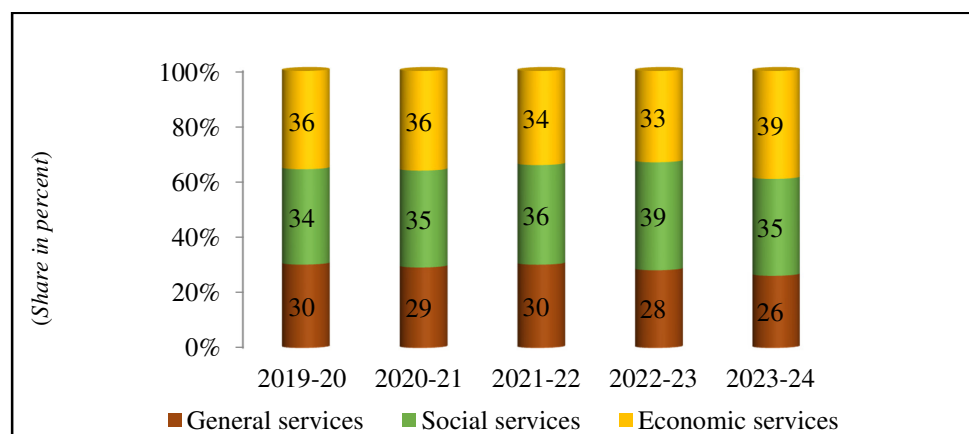
**Table 2.11**, **Chart 2.7** and **Appendix 2.2** present the trends in Total Expenditure and its composition over the last five years (2019-20 to 2023-24).

**Table 2.11: Total expenditure and its composition**

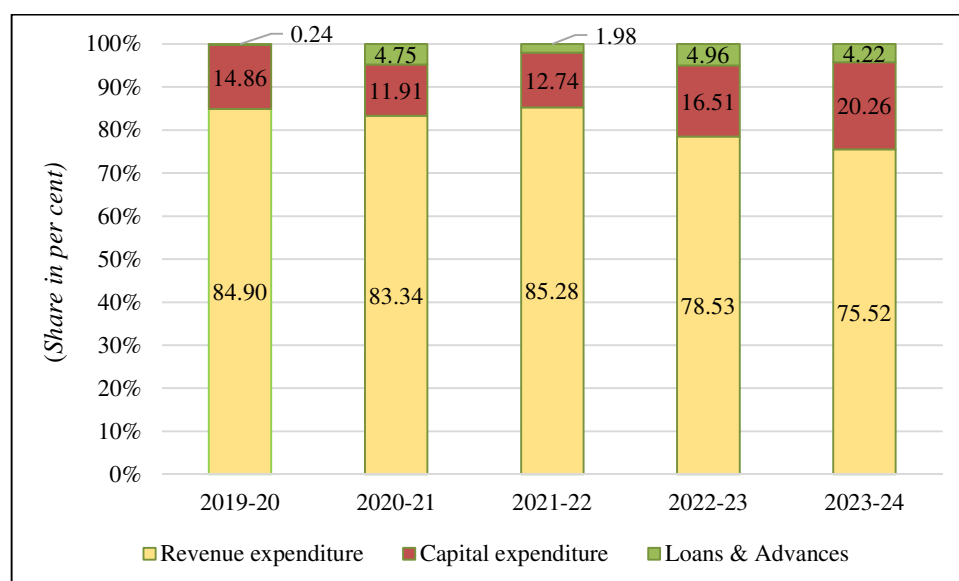
(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Expenditure (TE)</b>	<b>66,501</b>	<b>71,110</b>	<b>73,618</b>	<b>84,908</b>	<b>1,01,537</b>
Revenue Expenditure (RE)	56,457	59,264	62,778	66,681	76,676
Capital Expenditure (CE)	9,879	8,466	9,377	14,016	20,570
Loans and Advances (L&A)	165	3,380	1,463	4,211	4,291
<b>As a percentage of GSDP</b>					
TE/GSDP	21.40	24.00	19.57	20.34	22.02
RE/GSDP	18.19	19.98	16.69	15.98	16.63
CE/GSDP	3.18	2.85	2.49	3.36	4.46
L&A/GSDP	0.05	1.14	0.39	1.01	0.93

As shown in **Table 2.11**, ratio of RE and CE to GSDP increased during 2023-24 in comparison to its ratio during 2022-23. TE and Loans & Advances to GSDP ratio decreased during 2023-24 over the previous year. CE to GSDP ratio increased from 3.36 *per cent* in 2022-23 to 4.46 *per cent* in 2023-24 due to increase in CE by ₹ 6,554 crore. CE as a percentage to the total budget of the State (₹ 1,41,499 crore) stood at 14.54 *per cent* during FY 2023-24.

**Chart 2.7: Total Expenditure- Expenditure by Activities**

From **Chart 2.7**, it can be seen that the share of expenditure on social services increased consistently during 2019-20 to 2022-23, but decreased during 2023-24. While the share of expenditure on economic services increased by six percentage points during 2023-24 over the previous year, the share of general services decreased in 2022-23 and 2023-24 by two percentage points each, over the previous year.

**Chart 2.8: Total Expenditure- Trends in share of its components**

As can be seen from **Chart 2.8**, Share of capital expenditure increased significantly during 2023-24, over the previous year.

### 2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

The overall Revenue Expenditure, its rate of growth and its ratio to Total Expenditure *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.12**.



It was observed that Revenue Expenditure (RE) as a percentage to GSDP increased from 15.98 *per cent* in 2022-23 to 16.63 *per cent* in 2023-24.

**Table 2.12: Revenue Expenditure – Basic Parameters**

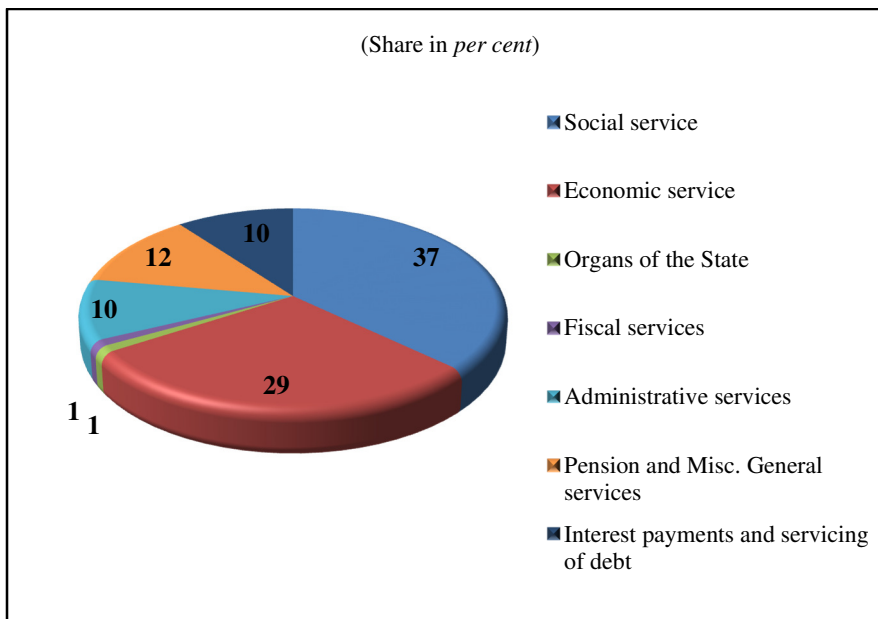
(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	66,501	71,110	73,618	84,908	1,01,537
Revenue Expenditure (RE)	56,457	59,264	62,778	66,681	76,676
Rate of Growth of RE ( <i>per cent</i> )	11.51	4.97	5.93	6.22	14.99
Revenue Expenditure as percentage of TE	84.90	83.34	85.28	78.53	75.52
RE/GSDP ( <i>per cent</i> )	18.19	19.98	16.69	15.98	16.63
RE as percentage of RR	96.64	105.55	90.04	83.10	87.20

Source: Finance Accounts of respective years

Revenue expenditure on different services, as a percentage of total revenue expenditure, during 2023-24, is shown in **Chart 2.9**.

**Chart 2.9: Sector wise distribution of Revenue Expenditure**



Out of the total revenue expenditure of ₹ 76,676.42 crore during 2023-24, ₹ 36,536.69 crore was spent on establishment and ₹ 40,139.73 crore on State and Central schemes. Further, the major share (37 *per cent*) of revenue expenditure, was incurred on social services, followed by economic services (29 *per cent*).

Growth of Revenue Expenditure increased significantly from 6.22 *per cent* in 2022-23 to 14.99 *per cent* in 2023-24 though its percentage to total expenditure decreased by three percentage points over the previous year. The revenue expenditure was lower by ₹ 8,000 crore *vis-à-vis* the budget estimate (₹ 84,676 crore) during 2023-24.

#### **Major changes in Revenue Expenditure**

Significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year are detailed in **Table 2.13**.



**Table 2.13: Variation in Revenue Expenditure on major components during 2023-24 compared to 2022-23**

(₹ in crore)

Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-)
2049-Interest Payment	6,238.29	6,838.95	600.66
2055-Police	5,932.65	6,154.49	221.84
2071-Pension	7,803.17	9,014.47	1,211.30
2202-General Education	11,166.76	11,410.92	244.16
2217-Urban Development	1,945.13	1,231.51	-713.62
2235-Social Security & Welfare	5,486.89	5,481.85	-5.04
2236-Nutrition	357.67	685.28	327.61
2401-Crop Husbandry	909.17	753.53	-155.64
2505-Rural Employment	2,881.84	1,901.73	-980.11
2801-Power	3,239.96	8,995.50	5,755.54
2515-Other Rural Development Programmes	2,256.42	3,660.14	1,403.72
3451-Secretariat-Economic Services	492.66	71.39	-421.27

As can be seen in the above table, revenue expenditure on components of the social and economic sector, such as, Crop Husbandry, Urban Development, Rural Employment and Secretariat economic services decreased during 2023-24 over the previous year.

Decrease in revenue expenditure on Crop Husbandry was mainly due to less expenditure on Food Grain Crops. Less expenditure on Urban Development was mainly due to less assistance to Local Bodies Corporations, Urban Development authorities etc., Municipalities/Municipal corporations and Tribal Area Sub-plan. Less expenditure on Rural Employment was mainly due to less expenditure on Jawahar Gram Samridhi Yojana and Tribal area sub-plan.

More expenditure on Power was mainly due to increased assistance to JBVNL.

#### 2.4.2 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 the first charge on Government resources. Upward trend in committed expenditure leaves the Government with lesser flexibility for development expenditure.

Apart from the above, there are certain items of inflexible expenditure, which cannot be ordinarily altered or varied or are statutorily required on an annual basis unlike for variable transactions such as capital expenditure *etc.* For example, the following items may be considered as inflexible expenditure:

- Devolution to local bodies - statutory devolution to local bodies for pay and allowances (devolution / transfer for capital expenditure)
- Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF) *etc.*
- Recoupment of Contingency Fund - Amount recouped within the year
- Transfer of cess to reserve fund / other bodies, which are statutorily required

- v. Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs / spent by the State
- vi. Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest Payment.

Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.14**.

**Table 2.14: Components of Committed and Inflexible expenditure**

(₹ in crore)

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries & Wages	12,782	12,837	13,929	14,852	15,634
Expenditure on Pensions	6,005	6,797	7,614	7,803	9,014
Interest Payments	5,308	5,790	6,286	6,238	6,839
<b>Total</b>	<b>24,095</b>	<b>25,424</b>	<b>27,829</b>	<b>28,893</b>	<b>31,487</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	21.88	22.86	19.98	18.51	17.78
Expenditure on Pensions	10.28	12.11	10.92	9.72	10.25
Interest Payments	9.09	10.31	9.02	7.77	7.78
<b>Total</b>	<b>41.25</b>	<b>45.28</b>	<b>39.91</b>	<b>36.01</b>	<b>35.81</b>
<b>Components of Inflexible Expenditure</b>					
Statutory devolution to local bodies	NA	NA	NA	NA	NA
Contribution to Reserve Funds	55	244	151	0	158
Recoupment of Contingency Fund	0	0	0	0	0
Transfer of cess to reserve fund/ other bodies	0	0	0	154	154
Share contribution of CSS against the Central Funds received	6,957	7,972	7,278	7,421	8,652
Payment of interest on the balances of the interest bearing funds	241	478	480	425	1,107
<b>Total</b>	<b>7,254</b>	<b>8,694</b>	<b>7,910</b>	<b>8,000</b>	<b>10,071</b>
<b>Inflexible expenditure as percentage to RE</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>13</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	22.64	21.66	22.19	22.27	20.39
Expenditure on Pensions	10.64	11.47	12.13	11.70	11.76
Interest Payments	9.40	9.77	10.01	9.35	8.92
<b>Total</b>	<b>42.68</b>	<b>42.90</b>	<b>44.33</b>	<b>43.33</b>	<b>41.06</b>

During 2023-24, Salaries & Wages, Interest Payments and Pension together accounted for 41.06 *per cent* of the revenue expenditure against 43.33 *per cent* in 2022-23, whereas its share in revenue receipts decreased to 35.81 *per cent* in 2023-24 against 36.01 *per cent* in 2022-23.

### **Interest payments**

The growth rate of interest payments in 2023-24 was 9.63 *per cent* against (-) 0.76 *per cent* in 2022-23. Percentage of interest payments to revenue receipts remained nearly same during 2023-24 (7.78 *per cent*) as compared to 2022-23 (7.77 *per cent*).

### **Pension payments**

Government of Jharkhand paid ₹ 9,014.47 crore (including ₹ 7.66 crore transferred to NSDL as employer's contribution) as pension and other retirement benefits to its retired employees during 2023-24. The total pension and other retirement benefit including employer's contribution (₹ 9,014.47

crore) stood at 10.25 *per cent* and 11.76 *per cent* of RR and RE respectively. The percentage of total pension payment, as compared with the total salary and wages paid by the Government, was 57.47 *per cent* during the year 2023-24.

### ***Undischarged liabilities in the National Pension System***

State Government employees recruited on or after 1 December 2004 are covered under the National Pension System (NPS) which is a defined contributory pension scheme. In terms of the Scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance, against which 14 *per cent* of basic pay and dearness allowance is contributed by the State Government w.e.f. 1 April 2019, and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

The State Government of Jharkhand has notified reversion to the old pension scheme (OPS) w.e.f. 1 September 2022. Out of total employees, 1,14,462 opted for the OPS, 76 opted for NPS and 1,024 have not exercised any option. Since, majority of employees opted for OPS the employer's contribution to NSDL decreased from ₹ 400.85 crore in 2022-23 to ₹ 7.66 crore in 2023-24.

During 2023-24, the State Government transferred ₹ 4.28 crore against receipt of ₹ 4.61 crore as employees contribution in the public account to the designated fund manager through NSDL. Short transfer of ₹ 0.33 crore during the year combined with the opening balance of ₹ 78.94 crore resulted in a closing balance of ₹ 79.27 crore in the Public Account (Major Head 8342-117-Defined Contribution Pension Scheme) at the end of 2023-24.

### ***Inflexible expenditure***

The components of Inflexible expenditure which include contribution to Reserve Funds, transfer of cess collected by the Government, share contribution of CSS against Central Funds received and interest accrued on 'interest bearing funds' fluctuated between ₹ 7,254 crore to ₹ 10,071 crore during the period 2019-20 to 2023-24. As a percentage of revenue expenditure, the inflexible expenditure fluctuated between 12 *per cent* and 15 *per cent*. Further, the inflexible expenditure (₹ 10,071 crore) increased by 25.89 *per cent* during 2023-24 over the previous year (₹ 8,000 crore).

### ***Subsidies***

As can be seen from the details given in **Table 2.15**, subsidies increased during 2023-24 over the previous year. Subsidies, as a percentage of Revenue Receipts, increased from 5.09 *per cent* in 2022-23 to 5.49 *per cent* in 2023-24. Similarly, as a percentage of Revenue Expenditure, Subsidies increased from 6.13 *per cent* in 2022-23 to 6.30 *per cent* in 2023-24.

**Table 2.15: Expenditure on subsidies during 2019-20 to 2023-24**

	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	4,275	3,208	5,653	4,087	4,831
Subsidies as a percentage of RR	7.32	5.71	8.11	5.09	5.49
Subsidies as a percentage of RE	7.57	5.41	9.00	6.13	6.30

Source: Finance and Appropriation Accounts

During 2023-24, subsidy increased mainly under MH 2801-Power (by ₹ 410 crore) and 3456- Civil Supplies (by ₹ 322 crore). During the year, total subsidy given for power and civil supplies was ₹ 2,300 crore and ₹ 1,689 crore respectively.

### ***Financial assistance by the State Government to Local Bodies and Other Institutions***

Financial assistance is provided by the State Government to Local bodies and other institution by way of grants. Details are given in **Table 2.16**.

**Table 2.16: Financial Assistance to Institutions etc.**

(₹ in crore)

<b>Financial Assistance to Institutions</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	1,505.45	1,930.03	1,042.33	1,266.41	940.50
Panchayati Raj Institutions	2,497.70	1,771.20	772.76	1,462.57	2,278.59
<b>Total (A)</b>	<b>4,003.15</b>	<b>3,701.23</b>	<b>1,815.09</b>	<b>2,728.98</b>	<b>3,219.09</b>
<b>(B) Others</b>					
Universities	1,265.29	1,771.17	1,807.60	2,393.67	2,423.63
Development Authorities	10,771.73	8,283.26	8,751.59	8,033.52	7,154.86
Public Sector Undertakings	1,753.28	2,119.77	2,469.66	1,000.70	2,867.77
Other Institutions	1,398.01	4,202.24	4,786.01	8,037.18	14,372.85
<b>Total (B)</b>	<b>15,188.31</b>	<b>16,376.44</b>	<b>17,814.86</b>	<b>19,465.07</b>	<b>26,819.11</b>
<b>Total (A+B)</b>	<b>19,191.46</b>	<b>20,077.67</b>	<b>19,629.95</b>	<b>22,194.05</b>	<b>30,038.20</b>
GIA for salary	1,386.79	2,871.82	2,914.63	3,253.09	3,600.27
GIA for non-salary	10,725.29	10,835.98	11,356.68	12,889.08	17,888.63
GIA for creation of Capital assets	7,079.39	6,369.87	5,358.63	6,051.88	8,549.30
GIA given in kind	Information not provided by the State Government				
Revenue Expenditure	56,457	59,264	62,778	66,681	76,676
Assistance as percentage of Revenue Expenditure	33.99	33.88	31.27	33.28	39.18

During 2023-24, financial assistance to ULBs decreased by ₹ 325.90 crore mainly due to less grant provided under Pradhan Mantri Awas Yojana (by ₹ 243.97 crore). Financial assistance to PRIs increased by ₹ 816.02 crore due to more receipt of grants under Swarna Jayanti Gram Swarajgar Yojana (by ₹ 204.23 crore) and grant to MNREGA workers (by ₹ 187.66 crore) over the previous year.

The financial assistance given for creation of Capital assets increased significantly during 2023-24. GIA for salary and non-salary purpose showed increasing trend during the last five years. Share of financial assistance as percentage of revenue expenditure fluctuated between 31.27 *per cent* to 39.18 *per cent* during 2019-20 to 2023-24.

### ***Recommendations of the State Finance Commissions***

Article 243 I and 243 Y of the Constitution stipulates that the Governor of the State shall constitute a Finance Commission, within one year from the commencement of the Act, and thereafter, at the expiration of every fifth year, will review the financial position of the Local Bodies (LBs), and make recommendations to the Governor regarding distribution of taxes, duties, fees *etc.*, between the State and LBs, determination of taxes, duties, fees *etc.*,

grants-in-aid to LBs and the measures needed to improve financial position of the LBs.

The State Government constituted four State Finance Commissions (SFCs) during the period January 2004 to January 2024. The recommendations of the first SFC were only for the ULBs. The second and third SFCs, constituted in December 2009 and April 2015 respectively, did not submit any Report/s to the State Government. No recommendations were made by any of the SFCs for Rural Local Bodies.

Though the notification for constitution of the fourth SFC was issued by the State Government in July 2019, the Chairperson of the SFC was not appointed and the term of the fourth SFC expired in January 2024. The Fifth SFC has been constituted vide Finance Department notification no. 526 dated 23 February 2024 for the next five years i.e. upto 27 January 2029.

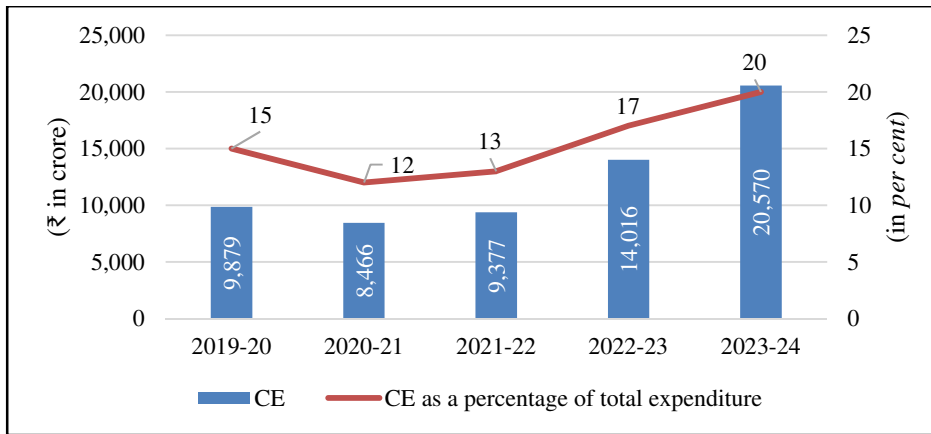
The first SFC had recommended a “Core Municipal Services Provision Grants” at the rate of ₹ 375 per capita in 2009-10 with an annual increase of 10 *per cent* for the next four years in lieu of taxes not assigned/ shared with ULBs by the State Government. However, neither was the financial condition of ULBs reviewed nor was the principle for allocation of adequate financial resources determined by the SFC.

The recommendations of the first SFC were not implemented by the State Government and it was decided (October 2013) to provide 40 *per cent* loan and 30 *per cent* grants to the ULBs to meet salary of employees. Various *sairats*<sup>4</sup> were also transferred to the ULBs to generate their own revenue. Further, as per recommendations of the first SFC, Jharkhand Urban Development Fund for Urban Infrastructure Development Projects (UIDP) was created and the State made budgetary provision for this during the financial years 2016-17 to 2018-19. However, the funds were not transferred to the ULBs. No provisions were made in the budget, in this regard, by the State Government after 2018-19.

### 2.4.3 Capital Expenditure

Capital Expenditure (CE) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.* CE, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget. It also includes investments made by the State Government in Companies/Corporations. Trend of CE in the State, over the last five years *i.e.*, 2019-20 to 2023-24, is given in **Chart 2.10**.

<sup>4</sup> *Sairats* means revenue earning municipal assets viz. public land, markets, ponds *etc.*

**Chart 2.10: Capital Expenditure in the State****Major changes in Capital Expenditure**

CE increased consistently from ₹ 8,466 crore in 2020-21 to ₹ 20,570 crore in 2023-24. During 2023-24, CE increased mainly due to more expenditure on economic services (by 63.94 *per cent*) over the previous year. CE on social services, during the current year, also increased by 26.68 *per cent* in comparison to the previous year.

CE on Social Services increased by ₹ 1,393 crore during 2023-24 mainly due to increased expenditure on 'Capital outlay on Water Supply, Sanitation' (by ₹ 1,627 crore) which was offset by less expenditure on 'Capital outlay on Education, Sports, Art and Culture' (by ₹ 265 crore).

Similarly, in comparison to the previous year, CE on Economic Services increased by ₹ 5,065 crore in 2023-24. Increases were mainly under Transport (by ₹ 1,854 crore) and Power (by ₹ 1,452 crore) during 2023-24.

However, overall CE of the State (₹ 20,570 crore), during 2023-24, was less than the budget provision (by ₹ 679 crore). Major changes in components of Capital Outlay during 2023-24 *vis-à-vis* 2022-23 have been shown in **Table 2.17**.

**Table 2.17: Capital Expenditure during 2023-24 compared to 2022-23**

(₹ in crore)			
Major Heads of Accounts	2022-23	2023-24	Increase (+)/ Decrease (-)
<b>Capital outlay on</b>			
4202-Education, Sports, Art and Culture	1,011.79	747.28	-264.51
4215-Water Supply and Sanitation	1,840.08	3467.14	1,627.06
4217-Urban Development	721.66	584.49	-137.17
4225-Welfare of SC, ST, OBC and other Minorities	848.34	877.73	29.39
4402-Soil & Water Conservation	456.15	458.84	2.69
4425-Co-operation	116.04	379.45	263.41
4515-Rural Development Programme	2,219.58	3514	1,294.42
4701-Medium irrigation	714.76	968.31	253.55
4702-Minor irrigation	257.78	222.6	-35.18
4801-Power projects	153.96	1605.78	1,451.82
5054-Roads & Bridges	3352.85	5206.8	1,853.95



#### 2.4.4 Quality of capital expenditure

This section presents an analysis of investments and other CE undertaken by the Government during the current year.

##### *Quality of investments in the Companies, Corporations and other bodies*

As per the latest finalised accounts received from 17 out of the total 32 companies in Jharkhand, net worth of six companies<sup>5</sup> was completely eroded as their cumulative net worth was (-) ₹ 13,287.27 crore, as on 31 March 2024. Accumulated loss of these SPSEs was ₹ 17,868.68 crore as on 31 March 2024.

Further, as per their accounts, three companies were loss making and their loss during 2023-24 was ₹ 3,944.48 crore. Out of these loss making companies, two companies (Jharkhand Bijli Vitran Nigam Limited and Jharkhand Urja Sancharan Nigam Limited) received Government loans amounting to ₹ 4,227.75 crore during 2023-24.

It was also noticed that the total investment in the 32 SPSEs of Jharkhand was ₹ 33,355.42 crore, of which, the total investment by the State was ₹ 30,795.58 crore, as on 31 March 2024.

##### *Investment in equity by the Government*

As per Finance Accounts of the State ending 31 March 2024, the State Government had invested ₹ 4,142.64 crore in three Regional Rural Banks<sup>6</sup> (RRB) (₹ 46.41 crore), 22 Government Companies/corporations (₹ 3,807.14 crore) and 22 Co-operatives Banks and Societies (₹ 289.09 crore) since the formation of the State in November 2000. However, verification of PSUs accounts and sanction orders of the State during 2016-17 revealed that the Government accounts had understated investment by ₹ 124.54 crore in nine companies/ corporations during 2000-2016, due to erroneous budgetary categorisation, viz., not providing for the investment under appropriate minor head and depicting investment in share capital as GIA instead of investment in equity. After being pointed out by Audit, the Finance Department of the State reconciled and corrected investment figures in respect of four companies amounting to ₹ 65 crore<sup>7</sup> at the end of 2020-21. However, investments of ₹ 59.54 crore<sup>8</sup> against five entities at the end of the current financial year still remains unsettled.

Details of Return on Investment from three RRBs, 22 companies/ corporations and 22 co-operative banks and societies to the State Government during the last five years, is shown in **Table 2.18**.

<sup>5</sup> Jharkhand Bijli Vitran Nigam Ltd. (- ₹ 12,065.74 crore), Jharkhand Urja Sancharan Nigam Ltd. (- ₹ 1,137.64 crore), Jharkhand Silk Textile and Handicraft Development Corporation Ltd. (- ₹ 33.20 crore), Jharbhar Colliery Ltd. (- ₹ 2.99 crore), Patratu Energy Ltd. (- ₹ 16.36 crore) and Karanpura Energy Ltd. (- ₹ 31.34 crore)

<sup>6</sup> State Government Kshetriya Gramin Bank (₹ 18.96 crore), Jharkhand Rural Bank, Ranchi (₹ 19.05 crore) and Vananchal Rural Bank, Dumka (₹ 8.40 crore)

<sup>7</sup> Jharkhand Hill Area Lift Irrigation Corporation: ₹ 5 crore; Jharkhand Urban Infrastructure Development Corporation: ₹ 35 crore; Jharkhand Silk Textile and Handicraft Development Corporation: ₹ 10 crore and Jharkhand Urban Transport Corporation Ltd.: - ₹ 15 crore.

<sup>8</sup> Greater Ranchi Development Authority: ₹ 39.14 crore; Jharkhand State Agriculture Development Corporation Ltd.: ₹ 2 crore; Jharkhand Medical and Health Infrastructure Development and Procurement Corporation Ltd.: ₹ 5 crore; Jharkhand Urja Vikas Nigam Ltd.: ₹ 8.40 crore and Jharkhand State Food and Civil Supplies Corporation Ltd.: ₹ 5 crore.

**Table 2.18: Return on Investment**

Investment/return/ cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore)	447.95	1,111.65	2,250.22	2,483.36	4,142.64
Return (₹ in crore)	0.00	15.00	0.00	0.00	0.00
Return ( <i>per cent</i> )	0.00	1.35	0.00	0.00	0.00
Average rate of interest on Government Borrowings ( <i>per cent</i> )	6.34	6.13	5.76	5.50	5.77
Difference between interest rate and return ( <i>per cent</i> )	-6.34	-4.78	-5.76	-5.50	-5.77

Source: Finance Accounts

Despite no return on its investments, the State Government made further investment of ₹ 1,659.28<sup>9</sup> crore in the form of equity during 2023-24.

Investments made by the erstwhile State of Bihar in the form of equity in Damodar Valley Corporation (₹ 1,781.55 crore) and Tenughat Vidyut Nigam Limited (₹ 100 crore) up to 14 November 2000 have not yet been apportioned between the successor States of Bihar and Jharkhand.

#### 2.4.5 Loans and Advances given by the Government

Apart from equity investments in the entities shown in **Table 2.18**, the State Government has also been providing loans and advances to many of these entities and its employees. **Table 2.19** presents the outstanding loans and advances as on 31 March 2024 and interest receipts *vis-à-vis* interest payments during the last five years.

**Table 2.19: Quantum of loans disbursed and recovered during 2019-20 to 2023-24**

Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Opening Balance of loans outstanding</b>	<b>20,729.99</b>	<b>20,846.24</b>	<b>24,177.23</b>	<b>24,348.48</b>	<b>28,513.21</b>
Amount advanced during the year	165.43	3,379.77	1,462.98	4,211.14	4,290.85
Amount recovered during the year	49.19	48.78	1,291.73	46.41	7,276.70
<b>Closing Balance of loans outstanding</b>	<b>20,846.23</b>	<b>24,177.23</b>	<b>24,348.48</b>	<b>28,513.21</b>	<b>25,527.36</b>
Net addition	116.24	3,330.99	171.25	4,164.73	-2,985.85
Interest received	38.91	22.62	35.88	70.55	16.62
Interest rate on Loans and Advances given by the Government.	0.19	0.11	0.15	0.29	0.07
Rate of Interest paid on the outstanding borrowings of the Government	6.34	6.13	5.76	5.50	5.77
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	6.34	6.13	5.76	5.21	5.70

Note: OB in 2020-21 increased by 0.01 crore due to rounding off in the accounts

A significant portion of the total outstanding loans at the end of March 2024 (₹ 25,527 crore) was mainly outstanding with Power Companies (₹ 24,515 crore) and Water Supply and Sanitation (₹ 294 crore), Housing (₹ 74 crore) and Urban Development (₹ 453 crore).

Loans advanced during the year was ₹ 4,290.85 crore, of which disbursement to power companies was ₹ 4,227.75 crore. Recovery mainly consisted of surrender of unused balance of ₹ 7,230.80 crore (₹ 1,094.44 crore from Annual Development Programme & payment of dues of power purchase

<sup>9</sup> Jharkhand Urja Sancharan Nigam Limited: ₹ 66.78 crore; Sidho Kanho Agriculture and Forest Produce State Co-operative Federation Ltd.: ₹ 48.00 crore; Tribal Co-operative Development Corporation: ₹ 0.50 crore; Jharkhand Central Railway Project: ₹ 5.00 crore and Jharkhand Bijli Vitran Nigam Ltd.: ₹ 1,539.00 crore.



from PSUs and ₹ 6,136.36 crore from UDAY scheme provided by the Government in previous years), by JBVNL.

Outstanding arrears of loanee entities at the end of March 2024 amounted to ₹ 4,095.22 crore (Principal: ₹ 2,059.87 crore and Interest: ₹ 2,035.35 crore).

Loan to Jharkhand State Food and Civil Supplies Corporation Ltd. (₹ 44 crore) in 2011-12 was understated in Government accounts due to incorrect budgetary categorisation under revenue expenditure instead of capital expenditure. Loans to Jharkhand State Electricity Board (JSEB) amounting to ₹ 7,222.18 crore continued to be depicted in Government accounts as receivable from the Board, even though the Board was unbundled in January 2014 into separate companies.

Further, loans made by the erstwhile State of Bihar to Tenughat Vidyut Nigam Limited (₹ 608 crore) before 14 November 2000 have not been apportioned between the successor States of Bihar and Jharkhand.

#### 2.4.6 Capital locked in incomplete projects

Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra burden in terms of servicing of debt and interest liabilities.

Year-wise and Department-wise information pertaining to incomplete projects (physical status upto 90 *per cent*), which were to be completed on or before 31 March 2024, is given in **Table 2.20** and **Table 2.21** respectively.

**Table 2.20: Age profile of incomplete projects as on 31 March 2024**

(₹ in crore)

Completion Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2024)	Revised estimates	
				No. of projects	Amount
Upto 2019	31	524.42	330.76	0	0
2020	34	1,213.09	761.49	0	0
2021	18	869.55	545.05	0	0
2022	20	2,352.10	1,126.07	0	0
2023	65	693.89	373.94	0	0
<b>Total</b>	<b>168</b>	<b>5,653.05</b>	<b>3,137.31</b>	<b>0</b>	<b>0</b>

**Table 2.21: Department-wise profile of incomplete projects as on 31 March 2024**

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Expenditure	Revised estimates	
				No. of projects	Amount increased
Road Construction Department	61	2,399.07	1,380.71	0	0
Rural Development Department	15	80.45	52.28	0	0
Water Resources Department	41	2,841.93	1,526.94	0	0
Rural Works Department	34	90.62	53.74	0	0
Drinking Water and Sanitation	13	218.05	115.19	0	0
Building Construction Department	4	22.93	8.45	0	0
<b>Total</b>	<b>168</b>	<b>5,653.05</b>	<b>3,137.31</b>	<b>0</b>	<b>0</b>

Source: Finance Accounts of the State Government

As can be seen from the above table, 168 projects with an estimated cost of ₹ 5,653.05 crore were incomplete in spite of expenditure of ₹ 3,137.31 crore at the end of FY 2023-24. These projects were delayed between one to 12 years from the target year of completion. Since the departments did not furnish the details of the revised costs, they have not been shown in the Finance Accounts and hence the cost overrun on these projects could not be ascertained.

#### 2.4.7 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. Expenditure priority of the State is shown in **Table 2.22**.

**Table 2.22: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

	CE/ TE	SSE/ TE	ESE/ TE	DE/TE	Education/ TE	Health/ TE
General Category States (2018-19)	15.58	36.60	30.65	67.24	14.76	5.07
Jharkhand (2018-19)	19.41	32.51	38.06	70.56	12.95	5.41
General Category States (2023-24)	16.50	37.92	30.01	67.93	14.36	5.71
Jharkhand (2023-24)	24.48	34.81	39.00	73.81	12.24	5.44

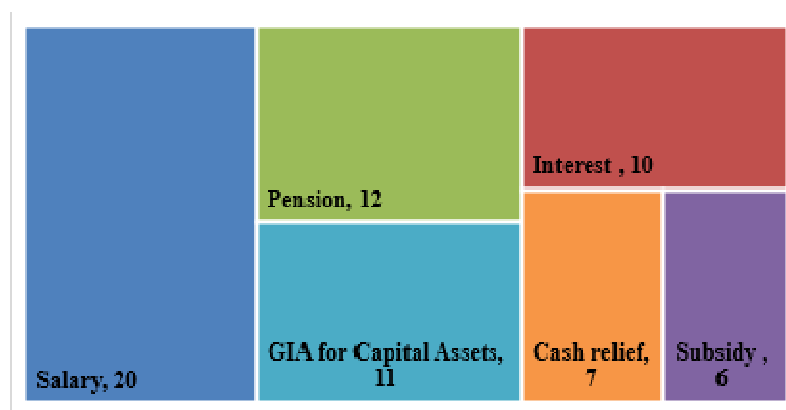
(in per cent)

As can be seen from the **Table 2.22**, during 2023-24, while the ratio of economic sector expenditure and social sector expenditure to total expenditure (TE) increased, ratio of expenditure on education and health to TE remained nearly as it was during 2018-19.

Further, during 2023-24, ratio of sectoral expenditure to total expenditure of the State other than education, health and social sectors was higher than the ratio of General Category States.

#### 2.4.8 Object head-wise expenditure

The Finance Accounts generally depict transactions only up to the Minor Head level. Therefore, Statement four of the Finance Accounts gives a view up to the object head level. **Chart 2.11** shows the share of object/ purpose of Revenue Expenditure on major items.

**Chart 2.11: Revenue Expenditure on major items (in per cent)**

As depicted in **Chart 2.11**, a major share (48 per cent) of Revenue Expenditure was consumed by expenditure on Salaries, Pension, Interest and Subsidies during the year 2023-24. More than 11 per cent of revenue expenditure was utilised on GIA for creation of capital assets in the State, of which a major portion was provided to developmental authorities (₹ 2,584.33 crore) and Executive Engineer, DW&S Division, Ranchi West (₹ 3,144.14 crore).

## 2.5 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 Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

### 2.5.1 Net Public Account Balances

The component-wise net balances in the Public Account of the State are given in **Table 2.23**.

**Table 2.23: Component-wise net balances in Public Account as of 31 March 2024**

(₹ in crore)						
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds <i>etc.</i>	Small Savings, Provident Funds <i>etc.</i>	(-)1,216.86	(-)1,194.40	(-)1,001.19	(-)1,016.98	(-)1,557.44
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)5,948.02	(-)6,320.39	(-)5,904.48	(-)5,131.79	(-)7,995.66
	(b) Reserve Funds not bearing Interest	0.00	0.00	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	(-)39.55	(-)25.33	(-)24.15	(-)78.94	(-)79.27
	(b) Deposits not bearing Interest	(-)21,065.20	(-)24,331.45	(-)23,585.14	(-)26,876.14	(-)30,768.65
	(c) Advances	7.15	19.67	19.67	17.66	0.00
L. Suspense and Miscellaneous	(b) Suspense	(-)91.29	(-)146.35	(-)119.25	(-)414.30	(-)382.43
	(c) Other Accounts	3,117.62	2,855.90	4,519.46	5,187.74	8,151.32
	(d) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(e) Miscellaneous	0.00	1.60	1.60	1.60	1.60

Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
M. Remittances	(a) Money Orders, and other Remittances	(-)114.25	(-)133.68	(-)125.38	(-)87.35	(-)53.36
	(b) Inter-Governmental Adjustment Account	31.95	7.23	12.74	10.81	5.27
<b>Total</b>		<b>(-)25,318.45</b>	<b>(-)29,267.20</b>	<b>(-)26,206.12</b>	<b>(-)28,387.69</b>	<b>(-)32,678.62</b>

Note: (+) ve denotes debit balance and (-) ve denotes credit balances

Credit balances increased during 2023-24 due to increase in Deposits and Advances mainly under Major Head 8448- Deposits of Local Fund-Other Funds (by ₹ 2,581.94 crore).

### 2.5.2 Reserve Funds bearing interest

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 of the State. There were two interest bearing reserve funds in the State during the year 2023-24 (1) State Disaster Risk Management Fund (SDRMF) and (2) State Compensatory Afforestation Fund. SDRMF comprises two funds (i) State Disaster Response Fund and (ii) State Disaster Mitigation Fund.

Closing balance of reserve funds bearing interest as on 31 March 2024 (₹ 8,395.66 crore) was significantly higher in comparison to the previous year (₹ 5,531.79 crore) mainly due to transfer of ₹ 1,390 crore (State share+Central share) to SDRF. Central share was not received in previous year, hence no amount was transferred in the SDRF. Further, receipt of ₹ 1,262.55 crore from 'National Compensatory Afforestation Fund' also contributed in increasing the closing balance of reserve fund.

#### *State Disaster Response Fund*

As per Para 7 of SDRF guidelines 2015, the State Government is required to transfer the contribution to the SDRF received from GoI, along with its share, to the Public Account within 15 days of its receipt. Any delay will require the State Government to release the amount with interest (rate applicable to overdrafts under the RBI Overdraft Regulation Guidelines) for the number of days of delay.

As per Para 19 and 20 of SDRF guidelines 2015, the balances under the funds should be invested by the State in (a) Central Government dated securities (b) auctioned treasury bills and (c) interest earning deposits and certificates of deposits with Scheduled Commercial Banks. The Finance Department of the Govt. of Jharkhand (GoJ) stated (July 2019) that ₹ 400 crore was invested in Scheduled Commercial Banks during the year 2012-13 but no investment was made after 2012-13.

Further, as per the guidelines, the Government was required to pay interest on the non-invested balances at the rate of interest (8.5 per cent) payable on overdrafts, which is to be added to the corpus of the fund itself. Since its creation, interest on SDRF works out to ₹ 1,098.66 crore at the applicable rates of interest for the period 2011-24, of which ₹ 703.70 crore pertaining to previous years was transferred by the State into the fund during 2023-24. Of the unpaid interest of ₹ 394.96 crore, interest for 2023-24 alone amounted to ₹ 94.46 crore. Non-transfer of interest of ₹ 94.46 crore pertaining to

2023-24 resulted in overstatement of revenue surplus and understatement of fiscal deficit for the year. Consequently, the non-invested balances of ₹ 2,786.36 crore in the Fund as on 31 March 2024 are only book entries and do not represent actual cash balance. Such unpaid interest represents the unaccounted liabilities of the State. **Table 2.24** presents details of expenditure charged on SDRF.

**Table 2.24: Details of expenditure charged to SDRF**

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2023-24
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	1.65
	113-Assistance for repair/reconstruction of houses	0.75
	114-Assistance to farmers for purchase of agriculture input	1.02
<b>Sub-Total</b>		<b>3.42</b>
2245- Relief on Account of Natural Calamities 05-State Disaster Response Fund	101-Transfer to reserve fund and deposit account- SDRF	635.20
	901- <i>Deduct</i> - Amount met from State Disaster Response Fund	41.52
<b>Sub-Total</b>		<b>593.68</b>
2245- Relief on Account of Natural Calamities 80- General	101-Centre for Training in disaster preparedness.	0.70
	102-Management of Natural Disasters, Contingency plans in Disaster prone areas etc.	37.09
<b>Sub-Total</b>		<b>37.79</b>
<b>Grand Total</b>		<b>634.89</b>

Apart from the above, ₹ 200 crore received from GOI as Central support for the cyclonic storm “Yaas” during 2022-23, was transferred to, and included in SDRF in the same FY.

### ***State Disaster Mitigation Fund***

The State Disaster Mitigation Fund (SDMF) is to be constituted under Section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation projects in respect of disasters covered under the State Disaster Response Fund (SDRF) / National Disaster Response Fund (NDRF) and State specific local disasters notified by the State Government from time to time. The State Government created the SDMF through a notification in December 2022. The Central and the State Governments are required to contribute to the Fund in the proportion of 75:25. However, the State Government has not made any budgetary provision for this purpose under the Major Head ‘8121-130- State Disaster Mitigation Fund’ as on 31 March 2024. Consequently, the State Government has not transferred any amount to the Fund, including the amount of ₹ 113.60 crore received from the Central Government during 2022-23 pertaining to the financial year 2021-22 and its corresponding State share of ₹ 37.80 crore. During 2023-24, the State Government did not receive the share from Central Government on this account.

**State Compensatory Afforestation Fund**

As per Compensatory Afforestation Fund (Accounting Procedure) Rules, 2018, all monies realised from the User Agencies are required to be credited to Minor Head '103-State Compensatory Afforestation Deposits' below the Major Head '8336-Civil Deposits' at the first instance. Thereafter, 90 *per cent* shall be transferred to Minor Head '129-State Compensatory Afforestation Fund' below the Major Head '8121-General and other Reserve Funds'. The balance 10 *per cent* shall be transferred to the National Fund on a monthly basis by crediting Minor Head '102-National Compensatory Afforestation Deposits' under the Major Head '8336-Civil Deposits-11-Jharkhand'.

Besides, on receipt of 90 *per cent* of the State's share from the *ad hoc* Authority (one-time measure), the same shall also be credited to Minor Head '129-State Compensatory Afforestation Fund' below the Major Head '8121-General and other Reserve Funds'.

While the opening balance in SCAF was ₹ 4,020.53 crore, the receipt during 2023-24 was ₹ 1,397.24 crore. During the year, an expenditure of ₹ 208.46 crore, was incurred by the State, leaving a balance of ₹ 5,209.31 crore in SCAF as on 31 March 2024.

As the SCAF is an interest bearing reserve fund, the Government paid an interest of ₹ 134.69 crore calculated as per Circulars issued by Ministry of Environment, Forests and Climate Change, GOI (3.35 *per cent* on the opening balance of ₹ 4,020.53 crore).

**2.5.3 Reserve Funds not bearing interest**

Closing balance of ₹ 1,003.87 crore at the end of March 2023 in reserve funds not bearing interest increased significantly to ₹ 2,270.95 crore at the end of March 2024 due to transfer of ₹ 1,267.08 crore in 'reserve funds not bearing interest' as detailed in following sub-paras.

**Consolidated Sinking Fund**

Following the recommendations of the Twelfth Finance Commission, the State has set up (2016-17) the Consolidated Sinking Fund for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Funds *etc.*

The Government of Jharkhand set up the Consolidated Sinking Fund for amortization of loans in 2016-17. According to the guidelines of the Fund, States may contribute a minimum of 0.50 *per cent* of their outstanding liabilities (internal debt + public account) as at the end of the previous year to the Consolidated Sinking Fund (total internal debt and public account) of the State Government.

During 2023-24, the State Government transferred ₹ 567.00 crore into the Sinking Fund, which added to the opening balance of ₹ 1,003.87, leading to

a closing balance of ₹ 1,570.87 crore at the end of March 2024. The balance in the fund was invested by the State Government (₹ 303.87 crore in 2020-21, ₹ 200.00 crore in 2021-22, ₹ 500.00 crore in 2022-23, ₹ 567.00 crore in 2023-24) in scheduled commercial banks.

### ***Guarantee Redemption Fund***

The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed.

As per the recommendation of the Twelfth Finance Commission, 'the State Government was to constitute a Guarantee Redemption Fund (GRF) for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. However, the Fund has not been created.

As per the Finance Accounts of the Government of Jharkhand, guarantees amounting to ₹ 4,998.38 crore were given by the State as of 31 March 2024.

### ***Labour Cess***

As per Section 5 of the Building and Other Construction Workers' Welfare Cess Rules 1998, amounts collected as Labour Cess from contractors were required to be transferred to the Jharkhand Building and Other Construction Workers' (BOCW) Welfare Board.

As per the Finance Accounts, during the year 2023-24 the Government collected ₹ 93.34 crore as Labour Cess leading to a total collection of ₹ 826.34 crore as cess by the Government from contractors executing Government projects during the period 2008-24. **Table 2.25** shows the Labour Cess collected by the Government and transferred to the Jharkhand Building and Other Construction Workers' (BOCW) Welfare Board.

**Table 2.25: Labour Cess collected by the Government and transferred to the Board**

(₹ in crore)			
Year	Amount received as Cess	Amount transferred by the Government	Outstanding balance with Government
Upto 2016-17	312.90	4.83*	513.51
2017-18	80.77	-	
2018-19	79.81	-	
2019-20	76.70	-	
2020-21	59.15	-	
2021-22	54.86	-	
2022-23	68.81	154.00	
2023-24	93.34	154.00	
<b>Total</b>	<b>826.34</b>	<b>312.83</b>	<b>513.51</b>

\*Revised as per clarification received from BOCW

The Jharkhand BOCW Board had prepared its accounts upto 2023-24. As of March 2024, the State Government had transferred only ₹ 312.83 crore out of the total collection of ₹ 826.34 crore to the Board. As a result, the liability of the State Government increased to that extent.

Receipts and utilisation of funds till 2023-24, as furnished by the Board, is shown in **Table 2.26**.



**Table 2.26: Amounts received by the Board and its utilisation**

(₹ in crore)

Year	Amount provided by the Government	Cess received directly by the Board	Total receipts	Amount spent by the Board on schemes <sup>10</sup>	Amount spent on establishment	Total expenditure	Unutilised balance amount
(1)	(2)	(3)	{(2+3)=4}	(5)	(6)	{(5+6)=7}	{(4-7)=8}
Upto 2015-16	4.83*	252.16	256.99	104.08	1.66	105.74	151.25
2016-17	0.00	70.26	70.26	48.33	1.29	49.62	20.64
2017-18	0.00	74.01	74.01	41.64	0.90	42.54	31.47
2018-19	0.00	90.19	90.19	59.19	0.89	60.08	30.10
2019-20	0.00	120.00	120.00	75.78	0.83	76.61	43.40
2020-21	0.00	171.65	171.65	101.30	1.60	102.90	68.75
2021-22	0.00	124.31	124.31	101.64	2.23	103.87	20.44
2022-23	154.00	371.92	525.92	94.26	1.98	96.24	429.68
2023-24	154.00	400.07	554.07	53.64	5.92	59.56	494.51
<b>Total</b>	<b>312.83</b>	<b>1,674.57</b>	<b>1,987.40</b>	<b>679.86</b>	<b>17.30</b>	<b>697.16</b>	<b>1,290.24</b>

Source: Jharkhand Building and Other Construction Workers Welfare Board

\*Revised as per clarification received from BOCW

During the period 2009-10 to 2023-24, ₹ 679.86 crore was spent by the Board on welfare schemes while ₹ 17.30 crore was spent on establishment expenses. The Board had utilised only 35.08 per cent of the available funds.

#### **Other Cess/fee/surcharges**

As per the Finance Accounts, the Government collected ₹ 0.57 crore as Land Cess during the year 2023-24 leading to a total collection of ₹ 185.30 crore during the period 2008-24. However, no amount was transferred to the designated fund (Major Head '8448-101 District Fund) by the State as of March 2024.

Thus, the total Cess liable to be transferred by the Government to the Labour Welfare Board (Labour Cess: ₹ 93.34 crore) and Zila Parishads (Land Cess: ₹ 0.57 crore) was ₹ 93.91 crore during FY 2023-24. Non-transfer of the same resulted in an overstatement of the revenue surplus and understatement of the fiscal deficit of the State.

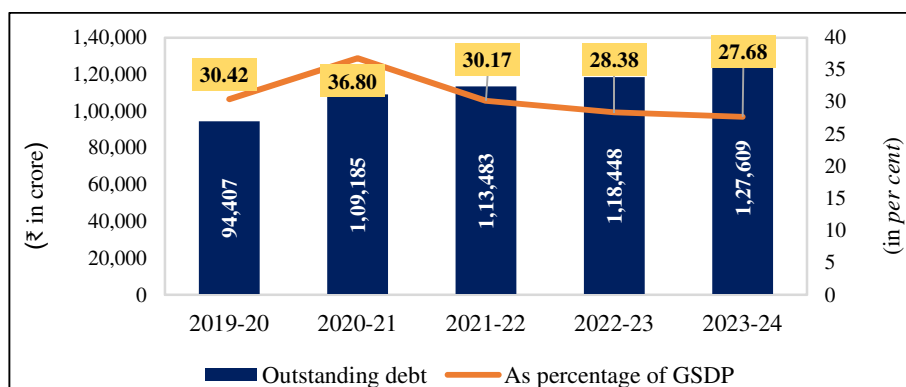
#### **2.5.4 Public Liability management**

Management of public liability is the process of establishing and executing a strategy for managing the Government's liability in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

The outstanding liability of the State along with its percentage to GSDP for the period 2019-20 to 2023-24 has been shown in **Chart 2.12**. Abstract of liabilities and assets of the State, as on 31 March 2024, are given in **Appendix 2.3**.

<sup>10</sup> 16 schemes are running under the Welfare Board as per statement dated 14.11.2024 provided by Jharkhand Building and Other Construction Workers Welfare Board.



**Chart 2.12: Outstanding Public debt and its percentage to GSDP**

Note: Outstanding debt includes ₹ 1,689.00 crore in 2020-21 and ₹ 2,484.41 crore in 2021-22, passed on as back-to-back loans by Government of India, in lieu of shortfall in GST compensation.

#### 2.5.4.1 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.

Details of availability of funds on account of receipts and repayments under public liabilities and public account liabilities during 2019-24 are given in **Table 2.27**.

**Table 2.27: Component wise liability trends**

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Outstanding Total Liability (A+B)</b>	<b>94,406.60</b>	<b>1,09,184.99<sup>#</sup></b>	<b>1,13,482.47<sup>#</sup></b>	<b>1,18,448.22</b>	<b>1,27,608.51</b>
A. Public Liability	66,136.98	76,938.35	82,531.53	84,944.37	86,807.49
(i) Internal debt	63,545.46	71,956.90	74,538.31	73,580.43	70,658.82
(ii) Loans & Advances from GoI	2,591.52	4,981.45	7,993.22	11,363.94	16,148.67
B. Liabilities on Public Account	28,269.62	32,246.24	30,950.94	33,503.85	40,801.02
Small Savings, Provident Funds etc.	1,216.85	1,194.40	1,001.19	1,016.98	1,557.44
Reserve funds bearing Interest	5,948.03	6,720.39	6,340.46	5,531.78	8,395.66
Deposits bearing Interest	39.55	25.33	24.15	78.94	79.27
Deposits not bearing Interest	21,065.19	24,306.12	23,585.14	26,876.15	30,768.65
C. Off Budget borrowings	NIL	NIL	NIL	NIL	NIL
Rate of growth of outstanding liability (percentage)	12.68	15.65	3.94	4.38	7.73
Gross State Domestic Product (GSDP)	3,10,305	2,96,664	3,76,127	4,17,361	4,61,010
Total Liability /GSDP (per cent)	30.42	36.23*	29.51*	28.38	27.68
<b>Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)</b>					
Total Receipts	30,980.35	32,562.62	25,623.42	31,856.35	44,607.36
Total Repayments	20,356.68	17,784.23	21,325.90	26,890.62	35,447.09
Interest payments	5,307.71	5,790.00	6,286.05	6,238.29	6,838.95
Net funds available	5,315.96	8,988.39	(-)1,988.53	(-)1,272.56	2,321.32
Repayments/ Receipts (percentage)	82.84	72.40	107.76	103.99	94.80

<sup>#</sup> Outstanding debt includes ₹ 1,689.00 crore in 2020-21 and ₹ 2,484.41 crore in 2021-22, passed on as back-to-back loans by Government of India, in lieu of shortfall in GST compensation.

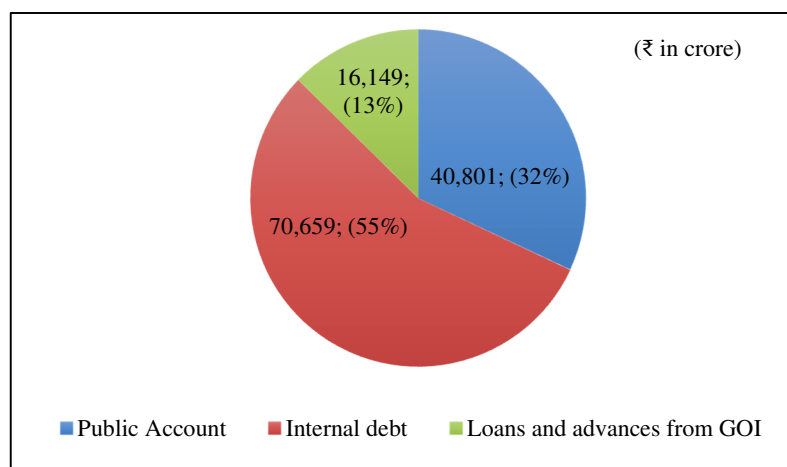
\* Total Liability/GSDP ratio does not include back-to-back loans passed on by GoI, in lieu of shortfall in GST compensation, as this was not to be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Apportionment of fiscal liabilities of the composite Bihar State between the successor States of Bihar and Jharkhand has not been done so far.

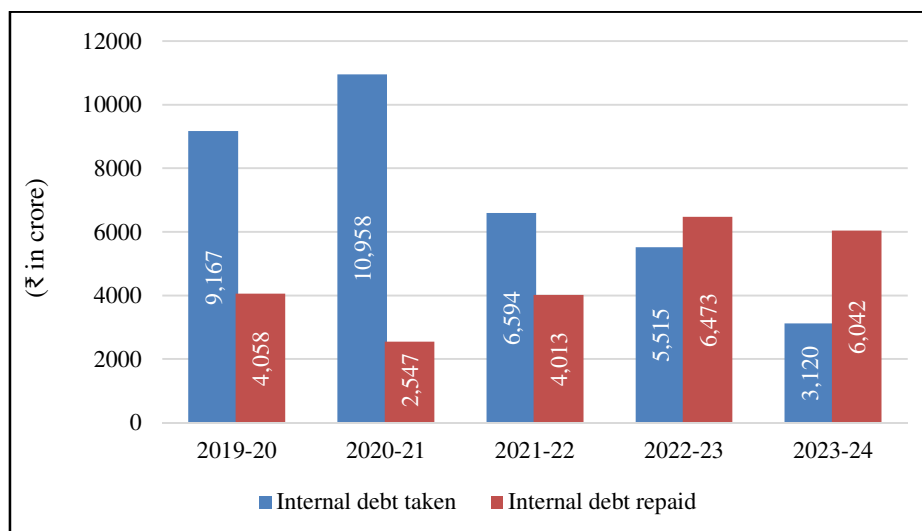
Net availability of borrowed funds showed wide fluctuations between (-) ₹ 1,988.53 crore and ₹ 8,988.39 crore during 2019-20 to 2023-24. It increased significantly to ₹ 2,321.32 crore in 2023-24 from negative ₹ 1,272.56 crore in 2022-23. During 2023-24, increase in availability of funds was mainly due to more receipt of loans & advances from GoI and more receipt in Public Account.

During 2023-24, the receipts of the State under public debt and other liabilities increased by 40.03 *per cent* against the increase of 24.33 *per cent* in 2022-23. Repayment of public debt and other liabilities including interest increased by 27.64 *per cent* over the previous year (increase of 19.98 *per cent*). Since receipts under public debt and other liabilities increased significantly over repayments, the net effect was more availability of borrowed funds with the State. Component wise outstanding liability trends during 2023-24 has been shown in **Chart 2.13**, whereas, **Chart 2.14** shows Internal Debt taken *vis-à-vis* repaid, during 2019-24.

**Chart 2.13: Break-up of outstanding total liabilities at the end of 2023-24**



**Chart 2.14: Internal Debt taken *vis-à-vis* repaid**



Details of financing pattern of fiscal deficit during the period 2019-24 are given in **Table 2.28**.

**Table 2.28: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
<b>Composition of Fiscal Deficit</b>						
1	Revenue Surplus (+)/Revenue Deficit (-)	1,960	-3,114	6,944	13,564	11,252
2	Net Capital Expenditure	-9,879	-8,466	9,377	14,016	20,570
3	Net Loans and Advances	-116	-3,331	171	4,165	-2,986
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	5,656	8,900	3,746	400	-1,950
2	Loans from GOI	252	2,390	3,012	3,372	4,785
3	Special Securities issued to NSSF	-769	-769	-770	-769	-769
4	Loans from Financial Institutions	222	281	-395	-588	-202
5	Small Savings, PF, etc.	6	-23	-193	16	540
6	Deposits and Advances	1,238	3,215	-722	3,346	3,910
7	Suspense and Miscellaneous	97	53	-27	295	-32
8	Remittances	-17	44	-14	-36	-28
9	Reserve Fund	4,018	772	-380	-809	2,864
10	Investment in earmarked fund	0.00	304	200	500	1,267
11	<b>Overall Deficit</b>	<b>10,703</b>	<b>15,167</b>	<b>4,457</b>	<b>5,727</b>	<b>10,385</b>
12	Increase/Decrease in cash balance	-2,668	-256	-1,853	-1,110	-4,053
13	<b>Gross Fiscal Deficit</b>	<b>8,035</b>	<b>14,911</b>	<b>2,604</b>	<b>4,617</b>	<b>6,332</b>
<i>Note:</i> The revenue surplus is overstated and the fiscal deficit is understated by ₹ 188.37 crore, as detailed in Paragraph 1.5.						

It can be seen from **Table 2.28** that the State had a revenue surplus of ₹ 11,252 crore during 2023-24 which indicates that revenue expenditure and a major part of capital expenditure (₹ 20,570 crore) was met from the revenue receipts of the State. Therefore, the borrowed funds were utilised on capital outlay and providing loans and advances to the institutions of the State leading to a Fiscal Deficit of ₹ 6,332 crore.

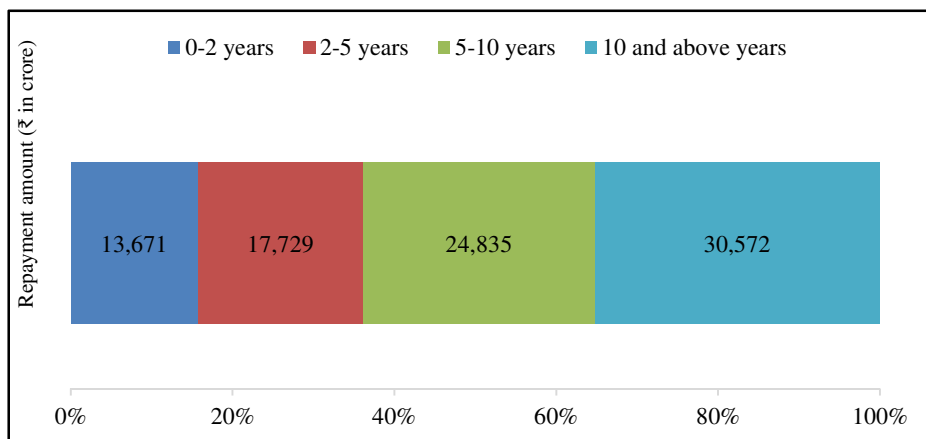
During 2023-24, the fiscal deficit of ₹ 6,332 crore was mainly financed by loans from GoI (₹ 4,785 crore) and Deposits and Advances (₹ 3,910 crore).

## 2.6 Public Debt Maturity Profile and Repayment

Public Debt maturity and repayment profile indicates commitment on the part of the Government for public debt repayment or debt servicing.

**Table 2.29: Debt Maturity profile of repayment of State debt**

Period of repayment (Years)	Amount (₹ in crore)	Percentage w.r.t. Public debt
0-2	13,671.39	16
2-5	17,729.45	20
5-10	24,834.99	29
10 and above	30,571.66	35
<b>Total</b>	<b>86,807.49</b>	<b>100</b>

**Chart 2.15: Public Debt Maturity profile**

As can be seen from **Table 2.29** and **Chart 2.15**, the redemption pressure, due to maturity of public debts, would be around ₹ 5,000 crore to ₹ 6,000 crore per year in the next ten years. However, it will change in case of fresh borrowings of the State.

Further, analysis of debt repayments and interest payments, in the next 10 years, on the basis of the calculations provided by the Finance Department, Government of Jharkhand in earlier years, revealed a mixed trend, as shown in **Table 2.30**.

**Table 2.30: Public Debt repayment profile of the State in the next ten years**

(₹ in crore)

Year	Repayment	Interest	Total
2023-24	6,384	5,718	12,102
2024-25	4,616	5,972	10,588
2025-26	6,654	5,862	12,517
2026-27	6,941	5,607	12,548
2027-28	6,504	5,350	11,854
2028-29	4,318	5,145	9,463
2029-30	6,780	5,120	11,900
2030-31	4,707	4,912	9,619
2031-32	5,727	4,875	10,602
2032-33	3,989	4,765	8,754

Source: Finance Department, Government of Jharkhand

As can be seen from **Table 2.30**, the maturity profile of public debt redemption of the State, as per current debt liability, will remain nearly uniform during 2023-24 to 2032-33. Based on current liability, the total repayment of principal and interest will range between ₹ 8,754 crore and ₹ 12,548 crore during the next 10 years. The payment of principal and interest will be sustainable in the light of the current financial condition of the State, which may change in the event of fresh borrowings by the State in the coming years.

## 2.6.1 Fiscal Deficit and Debt Sustainability

### 2.6.1.1 Debt sustainability analysis based on FRBM indicators

In the context of fiscal sustainability, the Thirteenth Finance Commission defined debt sustainability in terms of debt-GSDP ratio and also in terms of interest payments relative to revenue receipts. The Finance Commission (FC)

recommended fiscal consolidation for the Central and State Government and provided limits for fiscal deficit and debt stock as a percentage of GSDP. Government of Jharkhand in its FRBM Act, 2007, decided to maintain its fiscal deficit at not more than three *per cent* of the estimated GSDP. In view of the FRBM Act, targets for the debt stock to GSDP percentage were given every year, in the MTFP statement submitted with the budget.

The status of debt stock, *vis-à-vis* the FFC targets and FRBM targets, was as shown in **Table 2.31**.

**Table 2.31: Debt sustainability – FRBM indicator based analysis**

Year	Fiscal Deficit to GSDP (in per cent)		Outstanding liabilities to GSDP (in per cent)		Interest Payment to Revenue Receipts (in per cent)	
	Target as per MTFP prepared under FRBM Act	Actual	Target as per MTFP prepared under FRBM Act	Actual	FFC targets	Actual
2019-20	3.00	2.59	27.10	30.42	8.08	9.09
2020-21	5.00*	5.03	27.00	36.23 <sup>#</sup>	-	10.31
2021-22	4.00*	0.69	33.00	29.51 <sup>#</sup>	-	9.02
2022-23	3.50	1.11	33.15	28.38	-	7.77
2023-24	3.00	1.37	30.60	27.68	-	7.78

Source: Finance Accounts of the respective years, MTFP and FC Report

Note: The fiscal deficit is understated by ₹ 188.37 crore, as detailed in Paragraph 1.5.

<sup>#</sup>Does not include ₹ 1,689.00 crore in 2020-21 and ₹ 2,484.41 crore in 2021-22, passed on as back-to-back loans by Government of India, in lieu of shortfall in GST compensation.

\*The Fiscal Deficit target for the year 2020-21 and 2021-22 had increased by 2 per cent and 1 per cent respectively in view of the para 2(1) of the FRBM (Amendment) Act, 2020.

It can be seen from **Table 2.31** that the State Government was able to maintain the fiscal deficit within the defined targets during 2023-24. The debt to GSDP ratio was within the target during FYs 2021-22 to 2023-24. Targets for ratio of interest payment to revenue receipts (burden of interest payment) was not set by the Fifteenth Finance Commission. During 2023-24, ratio of interest payments to revenue receipts was 7.78 *per cent*.

#### 2.6.1.2 Debt Sustainability Indicators

Debt sustainability analysis has been carried out on the basis of fiscal & debt parameters and Domar approach. The results of the analysis are given in the following paragraphs:

(A) 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 are given in **Table 2.32** and **Chart 2.16**.

**Table 2.32: Trends in Debt Sustainability Indicators**

(₹ in crore)

S. N.	Debt Sustainability Indicators	Y <sub>1</sub> (2019-20)	Y <sub>2</sub> (2020-21)	Y <sub>3</sub> (2021-22)	Y <sub>4</sub> (2022-23)	Y <sub>5</sub> (2023-24)
1	Overall Liabilities or Overall Debt	94,406.60	107,495.99	110,998.06	118,448.22	127,608.51
2	Rate of Growth of Overall Debt (per cent)	12.68	13.86	3.26	6.71	7.73
3	GSDP (in nominal terms)	310,305.36	296,664.00	376,126.69	417,361.14	461,010.45
4	Nominal GSDP growth (per cent)	1.51	-4.40	26.79	10.96	10.46
5	Overall Debt/GSDP (per cent)	30.42	36.23	29.51	28.38	27.68
6	Maturity profile of Public Debt.	66,136.99	76,938.74	82,531.54	84,944.38	86,807.49
6a	0-2 years	4,293.99	8,007.24	9,835.50	11,270.52	13,671.39
6b	2-5 years	16,222.16	18,020.08	19,960.88	17,762.84	17,729.45
6c	5-10 years	27,549.96	26,098.33	23,257.64	27,624.62	24,834.99
6d	Over 10 years	18,070.88	24,813.09	29,477.52	28,286.40	30,571.66
7	Repayment to Gross Borrowings (per cent)	82.84	72.40	107.76	103.99	96.07
8	Net borrowings available as a percentage of Gross Borrowings	17.16	27.60	-7.76	-3.99	3.93
9	Interest payments on Overall Debt	5,307.71	5,790.48	6,286.05	6,238.29	6,838.95
10	Effective rate of interest on Overall Debt (per cent)	7.73	7.41	7.35	7.06	7.56
11	Interest Payment to Revenue Receipts (per cent)	9.09	10.31	9.02	7.77	7.78
12	Revenue Deficit/Surplus	1,960.51	-3,113.86	6,943.94	13,563.59	11,252.08
13	Primary Revenue Balance (PRB)	7,268.22	2,676.62	13,229.99	19,801.88	18,091.03
14	Primary Balance (PB)	-2,726.87	-9,119.52	3,682.05	1,621.29	507.19
15	PB/GSDP (per cent)	-0.88	-3.07	0.98	0.39	0.11
16	Difference between RoI and effective rate of interest on Overall Debt	-7.55	-7.31	-7.20	-6.79	-7.50
17	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	16	Nil	16	Nil	Nil
18	Debt Stabilisation (Quantum spread + Primary Balance)	-7,292.46	-18,909.64	20,818.82	5,081.44	3,179.01
19	<b>Domar Criteria</b>					
a	GSDP (in constant terms)	231,755.39	219,483.31	245,855.59	265,121.43	285,070.00
b	Real Growth (in constant terms)	1.08	-5.30	12.02	7.84	7.52
c	Inflation based on CPI (per cent)	4.14	5.32	4.51	6.14	5.73
d	Effective Rate of interest	7.73	7.41	7.35	7.06	7.56
e	Real effective rate of interest (Effective rate of interest-Inflation)	3.59	2.09	2.84	0.92	1.83
f	Growth Interest Differential (Real growth-Real effective rate of interest)	-2.51	-7.39	9.18	6.92	5.69

Source: Finance Accounts

Overall Liabilities or Overall debt consists of Public Debt (including Ways and Means Advances) and other liabilities including Public Account Liability (including interest and non-interest bearing reserve funds and deposits). During 2020-21 and 2021-22, it excludes ₹ 1,689 crore and ₹ 2,484.41 crore respectively as back-to-back loans from GoI in lieu of shortfall in GST compensation which are not to be repaid by the State.

PRB: Revenue Receipts-Revenue Expenditure (net of interest payments), where (-) PRB implies Primary Revenue Deficit and vice-versa.

PB: Total Receipts (net of borrowings) -Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

Effective Rate of Interest: {Interest Payments/[(Average Outstanding Debt of Previous and Current Financial Year (Excluding Non-Interest Bearing Liabilities))}

Liquidity Management: Amount availed against Special Drawing Facility, Ways and Means Advances & Overdraft

Quantum Spread: Interest Spread\*Debt

RoI: Return on Investment

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 2.32** that:

- The debt burden of the State measured by total liability to GSDP ratio ranged between 27.68 *per cent* to 36.23 *per cent* during 2019-2024. It witnessed a steady increase and rose from 27.40 *per cent* in 2018-19 to 30.42 *per cent* in 2019-20 and 36.23 *per cent* in 2020-21. 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. After two years of fiscal stress, State finances showed signs of improvement leading to a reduction in borrowing requirements, as evident from the significant narrowing of fiscal deficit-GSDP ratio. The fiscal deficit-GSDP ratio of the State declined from a five year high of 5.03 *per cent* in 2020-21 to a record low of 0.69 *per cent* in 2021-22 and remained below pre-pandemic levels during 2021-2024. The debt burden of the State that had increased to 36.23 *per cent* in 2020-21 from 30.42 *per cent* in 2019-20 continued to decline from 2021-22 and reached a five-year low of 27.68 *per cent* in 2023-24. The decline in the overall liability-GSDP ratio from 2021-22 can be mainly attributed to the consistent positive primary balance that the State has been able to generate in the last three years. Contrary to the nominal growth, effective interest rate was largely driven by inflation which was hovering in the upper tolerance bandwidth (4-6 *per cent*) in the post-pandemic period (2021-2024) 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) favorable 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 unfavorable GID and negative primary balance contributed to rise in overall liability—GSDP ratio in 2019-20 and 2020-21. Despite the declining trend, both GID and primary balances, which were in negative territory till 2020-21, turned favorable leading to a steady decline in the overall liability-GSDP ratio from 2021-22.
- Domar criteria show that growth was not strong enough to cover borrowing costs in 2019-20 and 2020-21, making the GID unfavorable in these years. 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, while the real interest rate of 2.84 *per cent* remained above the real interest rate in 2022-23 and 2023-24.
- 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 2019-2024.

(B) An analysis on debt sustainability was carried out based on a study by E.D. Domar [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for Government loans should not exceed the growth rate of GDP.

Fiscal liabilities are considered sustainable if the Government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. The Domar model is one of the models for analysis of public debt, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt. **Table 2.33** provides the Domar sustainability condition:

**Table 2.33: Debt sustainability criteria under Domar model**

<b>g-r (g: real economic growth rate; r: real interest rate), called Domar gap</b>	<b>s&lt;0 (primary deficit)</b>	<b>s&gt;0 (primary surplus)</b>
g-r > 0 (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero	Public debt as a percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r < 0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation

Applying the DOMAR analysis to Jharkhand showed that fiscal liabilities should converge to a stable level, as shown in **Table 2.34**.

**Table 2.34: Sustainability of debt stock of the State during 2019-24**

Year	Real economic growth (g)	Real interest rate (r)	Domar gap (g-r)	Primary deficit (-) / Surplus (+) (s)	Remarks
	(in <i>per cent</i> )			(₹ in crore)	
2019-20	1.08	3.59	-2.51	(-) 2,727	As g-r<0 and s<0; Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2020-21	-5.30	2.08	-7.38	(-) 9,120	
2021-22	12.02	2.82	9.20	3,682	As g-r>0 and s>0; Public debt as a percentage of GSDP should converge to a stable level less than zero leading to public savings.
2022-23	7.84	0.79	7.05	1,621	
2023-24	7.52	1.53	5.99	507	
Real economic growth rate has been calculated for real GSDP (i.e. at constant prices).					
Real interest rate is calculated as average interest rate on fiscal liabilities minus inflation.					
Average inflation has been obtained from CSO, MoSPI					

As shown in **Table 2.34** there was primary deficit in the State during the period 2019-20 and 2020-21, and Domar gap was negative during the period which was indicative of slow economic growth. During 2021-22 to 2023-24, Domar gap was positive along with primary surplus which indicates stable economic conditions leading to public savings. As per latest GSDP series, during 2021-22, real economic growth was highest (12.02 per cent) due to low base of 2020-21 (COVID year) resulting in significant positive Domar gap (9.20 per cent).



## 2.6.2 Utilisation of borrowed funds

Borrowed funds should ideally be used for capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Utilisation of borrowed funds is shown in **Table 2.35**.

**Table 2.35: Utilisation of borrowed funds**

(₹ in crore)

Sl. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Borrowings	9,593.12	13,546.58	9,839.87	9,142.30	8,247.13
2	Repayment of earlier borrowings (Principal)	4,231.40	2,744.82	4,247.08	6,729.46	6,384.02
3	Net capital expenditure	9,878.71	8,465.66	9,376.90	14,015.59	20,569.69
4	Net loans and advances	116.24	3,330.99	17.25	4,164.73	-2,985.85
5	Portion of Revenue expenditure met out of net available borrowings (1-2-3-4)	-4,633.23	-994.89	-3,801.36	-15,767.48	-15,720.73
6	Interest payment on public debt	5,066.29	5,312.44	5,805.62	5,813.08	5,718.27

Source: Finance Accounts

The State made repayments of ₹ 6,384.02 crore against earlier borrowings during 2023-24, which were met from the revenue surplus during the year, leading to more availability of borrowed funds for capital expenditure and loans and advances given by the State. The part of capital expenditure not covered by the public debt was met from the public account balances.

## 2.6.3 Status of Guarantees (Contingent Liabilities)

The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

The Government of Jharkhand has neither created the guarantee redemption fund nor made any policy in this regard. As per information provided by the Finance Department, guarantees amounting to ₹ 2,378.23 crore were given to the power companies and ₹ 2,463 crore was given to Jharkhand State Food & Civil Supplies Corporation, as of 2023-24.

Letter of Comfort (LOC) amounting to ₹ 157.15 crore, given on behalf of Jharkhand State Electricity Board (JSEB) in February 2013, was still pending clearance in the accounts of the Government even after unbundling of JSEB in January 2014. **Table 2.36** shows Guarantees given by the State Government.

**Table 2.36: Guarantees given by the State Government**

(₹ in crore)

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding amount of guarantees including interest	607.15	607.15	607.15	4,998.38	4,998.38

Source: Finance Accounts

## 2.7 Management of Cash Balances

As per an agreement with the Reserve Bank of India (RBI), State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is

made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. 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 remained unchanged during 2023-24.

No Ways & Means Advances and overdraft was taken by the State Government during the year 2023-24.

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'.

**Table 2.37** shows the comparative details of general cash balance and its investment during 2022-23 and 2023-24 and **Table 2.38** shows position of Cash Balance Investment Account (Major Head-8673) during the period 2019-20 to 2023-24.

**Table 2.37: Cash Balances and their investment**

(₹ in crore)

	Opening balance on 1 April 2023	Closing balance on 31 March 2024
<b>A. General Cash Balance</b>		
Cash in treasuries	0	0
Deposits with Reserve Bank of India	91.07	-86.66
Deposits with other Banks	0	0
Remittances in transit – Local	0	0
<b>Sub-total</b>	<b>91.07</b>	<b>-86.66</b>
Investments held in Cash Balance Investment Account	5,149.41	8,114.26
<b>Total (A)</b>	<b>5,240.48</b>	<b>8,027.60</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers <i>viz.</i> , Public Works, Forest Officers	38.17	36.90
Permanent advances for contingent expenditure with department officers	0.16	0.16
Investment in earmarked funds	1,403.87	2,670.95
<b>Total (B)</b>	<b>1,442.20</b>	<b>2,708.01</b>
<b>Total (A + B)</b>	<b>6,682.68</b>	<b>10,735.61</b>
<b>Interest realised</b>	<b>91.14</b>	<b>97.12</b>

Source: Finance Accounts

The balance in the Cash Balance Investment Account as on 31 March 2024 was ₹ 8,114.26 crore and the interest realised on investment during 2023-24 was ₹ 97.12 crore. During 2023-24, the cash balance investment of the State increased in comparison to the previous year.

The State Government had invested ₹ 400 crore from earmarked fund of SDRF in 2012-13. No amount was invested after the FY 2012-13 from the SDRF leading to a balance of ₹ 2,786.36 crore in the fund, on which the State Government was liable to pay interest as per SDRF guidelines. The State had transferred ₹ 1,570.87 crore to Sinking Fund and invested the whole amount in Scheduled Commercial Banks as of 31 March 2024, of which ₹ 567.00 crore was transferred and invested in 2023-24. The State Government had also invested ₹ 700.08 crore from Pension Redemption Fund during the FY 2023-24.

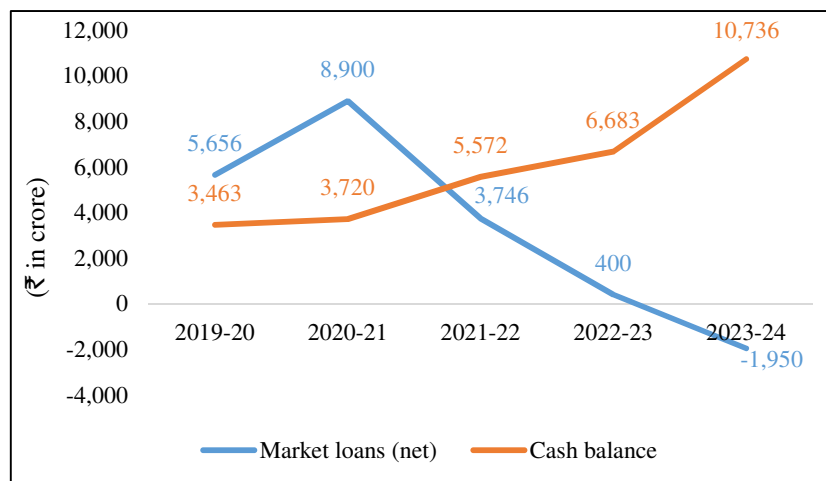
**Table 2.38: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2019-20	167.90	3,070.62	2,902.72	147.42
2020-21	3,070.62	2,811.20	(-)259.42	58.59
2021-22	2,811.20	4,480.63	1,669.43	60.21
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

There was a difference of ₹ 40.50 crore (net credit) between the figures reflected in the accounts {₹ 86.66 crore (credit)} and that intimated by the RBI {(₹ 46.16 crore (debit))} as on 31 March 2024. This difference has been taken up by the Principal Accountant General (A&E), Jharkhand with RBI, Ranchi for reconciliation and necessary correction.

**Chart 2.16** shows the comparative trend of market loans (net) and cash balances during the last five years.

**Chart 2.16: Trend of market loans (net) and cash balances**

During 2023-24, borrowings in the form of market loans were minimal (₹ 1,000 crore) as compared to the repayment of earlier borrowings (₹ 2,950 crore). The net market loans were, thus, negative (₹ 1,950 crore) indicating reduction of debt to that extent. The cash balance of the State also increased from ₹ 6,682.68 crore in 2022-23 to ₹ 10,734.61 crore at the end of FY 2023-24.

## 2.8 Conclusion

The State has achieved the target of reducing its revenue deficit to zero, much before the timeline given in the Jharkhand FRBM Act. The State had revenue surplus during the last five years, except in 2020-21. Fiscal Deficit of the State was within the targets during the period 2019-20 to 2023-24, except in 2020-21, when it was just beyond the target.

During 2023-24, revenue expenditure of the State constituted 75.52 *per cent* of the total expenditure. During 2023-24, capital expenditure was ₹ 20,570 crore against ₹ 14,016 crore in 2022-23.

In the total expenditure of the State, share of expenditure on social services decreased from 39 *per cent* in FY 2022-23 to 35 *per cent* in FY 2023-24, whereas share of economic services increased from 33 *per cent* to 39 *per cent* respectively during the same period. The share of general

services decreased in 2022-23 and 2023-24 by two percentage points each, over the previous year.

As per Finance Accounts of the State ending 31 March 2024, the Government had invested ₹ 4,142.64 crore (in Government companies, rural banks and co-operative banks and societies) since inception of the State in November 2000. Further, despite no return on its investments, the State Government made investment of ₹ 1,659.28 crore in Rural Bank, State PSUs and Co-operatives in the form of equity during 2023-24.

Total liabilities of the State increased from ₹ 1,18,448 crore in 2022-23 to ₹ 1,27,609 crore in 2023-24. The fiscal liabilities to GSDP ratio was 27.68 *per cent* against the MTFP target of 30.60 *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.

The Government had transferred ₹ 703.70 crore as interest to SDRF leaving a balance of ₹ 394.96 crore which includes ₹ 94.46 crore for 2023-24. Non-payment of interest had an impact on Revenue deficit and Fiscal Deficit of the State.

The Government had transferred ₹ 567 crore to the Sinking Fund during the year. Government departments did not transfer cesses collected to the concerned Boards.

## 2.9 Recommendations

- *State Government should rationalise its investments in various entities, so that the return on investment and loans matches the Government borrowing costs.*
- *The State Government may ensure complete transfer of Labour Cess to the Labour Welfare Board, as early as possible, so that the Board can fulfil its objectives of improving the working conditions of building and other construction workers and providing adequate financial assistance to them.*