

# Jharkhand Budget Analysis 2021-22

The Finance Minister of Jharkhand, Dr. Rameshwar Oraon, presented the Budget for the state for the financial year 2021-22 on March 3, 2021. Due to impact of COVID-19, 2020-21 was not a standard year with respect to the performance of the economy and government finances. In this note, 2021-22 budget estimates have been compared to the actuals for 2019-20 (in terms of compounded annual growth rate or CAGR). A comparison of the revised estimates for 2020-21 and budget estimates for 2021-22 has been provided in the Annexure.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Jharkhand for 2021-22 (at current prices) is projected to be Rs 3,61,381 crore. This is an annual increase of 5% over 2019-20. As per the revised estimates, in 2020-21, GSDP is estimated to decrease by 3% over the previous year (against an estimated growth of 12% from the revised stage of 2019-20 to the budget stage of 2020-21).
- **Total expenditure** for 2021-22 is estimated to be Rs 91,277 crore, an annual increase of 14% over 2019-20. As per the revised estimates, total expenditure in 2020-21 is estimated to be 7% less than the budget estimate (a decrease of Rs 6,363 crore).
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 76,777 crore, an annual increase of 15% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 8,363 crore (a decrease of 11%).
- In 2021-22, the state is estimated to have a **revenue surplus** of Rs 952 crore, which is 0.26% of the GSDP. In 2020-21, the state has estimated a revenue deficit of Rs 869 crore (0.27% of GSDP) at the revised stage against a revenue surplus of Rs 1,993 crore at the budget stage.
- **Fiscal deficit** in 2021-22 is estimated to be Rs 10,211 crore (2.83% of GSDP). In 2020-21, fiscal deficit is estimated to be 3.22% of GSDP, which is higher than the budget estimate of 2.15% of GSDP.

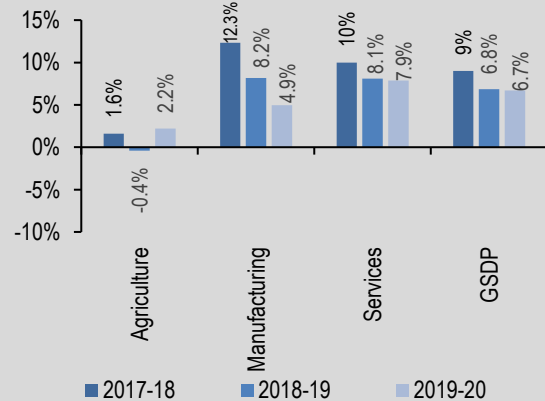
## Policy Highlights

- **Education:** Padhna Likhna Abhiyaan will be launched to achieve 100% literacy in the state. 500 primary schools will be developed into exemplar schools in 2021-22. In 2021-22, Jharkhand Tribal University and Jharkhand Open University will be established to ensure reach of higher education among students in remote rural regions of the state. A central placement cell will be established to ensure skill development and provide employment opportunities to students.
- **Agriculture:** Community solar irrigation facilities will be provided under the Kisan Samridhi Yojana in various blocks of the state. In 2021-22, Rs 1,200 crore has been allocated for Kisan Karj Mafi Yojana.
- **Health:** In 2021-22, Janaushadhi Kendras will be opened in every medical college, sadar hospital and community health centre of the state.

## Jharkhand's Economy

- **GSDP:** The growth rate of Jharkhand's GSDP (at constant prices) was 6.7% in 2019-20, which is similar to the growth rate in 2018-19 (6.8%).
- **Sectors:** In 2019-20, the contribution of agriculture, manufacturing, and services sectors in the economy was 21%, 33%, and 46%, respectively.
- **Per capita GSDP:** The per capita GSDP of Jharkhand in 2019-20 (at constant prices) was Rs 63,645, which is 5% higher than the corresponding figure in 2018-19.
- **Unemployment:** According to the Periodic Labour Force Survey (July 2018-June 2019), the unemployment rate among all age groups in Jharkhand was 5.3%, which is lower than the all-India level (5.8%).

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



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

Sources: Ministry of Statistics and Programme Implementation; PRS.

## Budget Estimates for 2021-22

- Total expenditure in 2021-22 is estimated to be Rs 91,277 crore. This is an annual increase of 14% over the actual expenditure in 2019-20. This expenditure is proposed to be met through the receipts (other than borrowings) of Rs 76,777 crore and borrowings of Rs 14,500 crore. Total receipts for 2021-22 (other than borrowings) are expected to register an annual increase of 15% over 2019-20.
- For 2021-22, the state has estimated a fiscal deficit of 2.83% of GSDP. This is lower than 4% limit for fiscal deficit of states allowed by the central government for 2021-22. Fiscal deficit is estimated to be 3.22% of GSDP in 2020-21 (as per revised estimate). In 2021-22, the state estimates to have a revenue surplus of Rs 952 crore (an annual decrease of 30% from 2019-20).
- As per the revised estimates for 2020-21, the receipts (other than borrowings) are estimated to be 11% less than the budget estimate, whereas the total expenditure is estimated to be 7% less than the budgeted. Jharkhand observed a revenue surplus in 2019-20, however, in 2020-21, as per revised figures, it is estimated to have a revenue deficit of Rs 869 crore (0.27% of GSDP).

**Table 1: Budget 2021-22 - Key figures (in Rs crore)**

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
<b>Total Expenditure</b>	<b>70,732</b>	<b>86,370</b>	<b>80,007</b>	<b>-7%</b>	<b>91,277</b>	<b>14%</b>
A. Receipts (except borrowings)	58,466	75,370	67,007	-11%	76,777	15%
B. Borrowings	9,593	11,000	13,000	18%	14,500	23%
<b>Total Receipts (A+B)</b>	<b>68,059</b>	<b>86,370</b>	<b>80,007</b>	<b>-7%</b>	<b>91,277</b>	<b>16%</b>
<b>Revenue Balance</b>	<b>1,961</b>	<b>1,993</b>	<b>-869</b>	<b>-144%</b>	<b>952</b>	<b>-30%</b>
As % of GSDP	0.60%	0.52%	-0.27%		0.26%	
<b>Fiscal Deficit</b>	<b>8,034</b>	<b>8,243</b>	<b>10,243</b>	<b>24%</b>	<b>10,211</b>	<b>38%</b>
As % of GSDP	2.44%	2.15%	3.22%		2.83%	
<b>Primary Deficit</b>	<b>2,726</b>	<b>2,598</b>	<b>4,598</b>	<b>77%</b>	<b>4,024</b>	<b>763%</b>
As % of GSDP	0.83%	0.68%	1.45%		1.11%	

Note: BE is Budget Estimates; RE is Revised Estimates; Negative revenue balance indicates revenue deficit.

Sources: Jharkhand Budget Documents 2020-22; PRS.

## Expenditure in 2021-22

- Capital expenditure** for 2021-22 is proposed to be Rs 15,522 crore, which is an annual increase of 4% over 2019-20. Capital expenditure includes expenditure affecting the assets and liabilities of the state, such as: (i) capital outlay, i.e., expenditure which leads to the creation of assets (such as bridges and hospitals), and (ii) repayment and grant of loans by the state government. Capital outlay in 2021-22 (Rs 9,661 crore) is estimated to decrease at an annualised rate of 1% over 2019-20.
- Revenue expenditure** for 2021-22 is proposed to be Rs 75,755 crore, which is an annual increase of 16% over 2019-20. This includes expenditure such as payment of salaries, pensions, interest, and subsidies. In 2020-21, revenue expenditure is estimated to be 7% less than the budget estimate.

**Table 2: Expenditure budget 2021-22 (in Rs crore)**

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
Capital Expenditure	14,276	13,054	12,186	-7%	15,522	4%
of which Capital Outlay	9,879	8,653	8,069	-7%	9,661	-1%
Revenue Expenditure	56,456	73,316	67,821	-7%	75,755	16%
<b>Total Expenditure</b>	<b>70,732</b>	<b>86,370</b>	<b>80,007</b>	<b>-7%</b>	<b>91,277</b>	<b>14%</b>
A. Debt Repayment	4,231	2,757	2,757	0%	4,289	1%
B. Interest Payments	5,308	5,646	5,646	0%	6,187	8%
<b>Debt Servicing (A+B)</b>	<b>9,539</b>	<b>8,402</b>	<b>8,402</b>	<b>0%</b>	<b>10,476</b>	<b>5%</b>

Note: BE is Budget Estimates; RE is Revised Estimates. Capital outlay denotes expenditure which leads to the creation of assets.

Sources: Jharkhand Budget Documents 2021-22; PRS.

## Sectoral expenditure in 2021-22

The sectors listed below account for **72%** of the total expenditure on sectors by the state in 2021-22. A comparison of Jharkhand's expenditure on the key sectors with that by other states can be found in Annexure 1.

**Table 3: Sector-wise expenditure under Jharkhand Budget 2021-22 (in Rs crore)**

Sector	2019-20 Actuals	2020-21 BE	2020-21 RE	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	Budget provisions 2021-22
Education, Sports, Arts, and Culture	10,005	13,504	11,681	13,595	17%	<ul style="list-style-type: none"> <li>Rs 2,802 crore has been allocated for Sarva Siksha Abhiyan. Rs 896 crore has been allocated for Mid-Day Meal Programme.</li> </ul>
Rural Development	9,864	11,415	11,922	12,900	14%	<ul style="list-style-type: none"> <li>Rs 1,135 crore has been allocated for Mahatma Gandhi National Rural Employment Guarantee Scheme.</li> <li>Rs 1,786 crore has been allocated for Pradhan Mantri Gram Sadak Yojana.</li> </ul>
Social Welfare and Nutrition	4,170	5,701	6,357	6,624	26%	<ul style="list-style-type: none"> <li>Rs 785 crore has been allocated towards State Old Age Pension Scheme.</li> <li>Rs 218 crore has been allocated towards Vidhwa Samman Pension Yojana.</li> <li>Rs 119 crore has been allocated towards Tejshwani Yojana for socio-economic empowerment of adolescent girls and young women.</li> </ul>
Police	5,708	6,023	5,544	5,971	2%	<ul style="list-style-type: none"> <li>Rs 2,996 crore and Rs 268 crore has been allocated for district police and village police, respectively.</li> </ul>
Agriculture and allied activities	3,159	4,718	3,421	4,990	26%	<ul style="list-style-type: none"> <li>Rs 1,200 crore has been allocated towards loan waivers for farmers under Kisan Karj Mafi Yojana.</li> </ul>
Health and Family Welfare	3,138	4,587	4,338	4,445	19%	<ul style="list-style-type: none"> <li>Rs 1,355 crore has been allocated for National Health Mission.</li> </ul>
Roads and Bridges	3,917	3,893	3,893	4,018	1%	<ul style="list-style-type: none"> <li>A capital outlay of Rs 3,631 crore has been allocated for state highways.</li> </ul>
Water Supply and Sanitation	1,194	3,106	1,520	3,387	68%	<ul style="list-style-type: none"> <li>Rs 747 crore has been allocated towards capital outlay on water supply and sanitation.</li> </ul>
Urban Development	2,517	2,483	2,843	2,775	5%	<ul style="list-style-type: none"> <li>Rs 360 crore has been allocated towards Pradhan Mantri Awas Yojana (PMAY) - Urban.</li> <li>Rs 200 crore has been allocated for Smart City Mission.</li> <li>Rs 165 crore and Rs 110 crore has been allocated towards grants to urban local bodies for civic amenities and urban transport system, respectively.</li> </ul>
Energy	3,000	3,353	2,268	2,712	-5%	<ul style="list-style-type: none"> <li>Rs 1,000 crore has been allocated towards tariff subsidy scheme for consumers through Jharkhand Bijli Vitran Nigam Limited.</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>70%</b>	<b>72%</b>	<b>71%</b>	<b>72%</b>		

Sources: Jharkhand Budget Documents 2021-22; PRS.

**Committed expenditure:** Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2021-22, Jharkhand is estimated to spend Rs 28,037 crore on committed expenditure, which is 37% of its revenue receipts. It comprises spending on salaries (20% of revenue receipts), pension (9% of revenue receipts), and interest payments (8% of revenue receipts). Committed expenditure is estimated to grow at 9% annually over 2019-20.

**Table 4: Committed Expenditure in 2021-22 (in Rs crore)**

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
Salaries	12,126	15,542	14,192	-9%	15,046	11%
Pensions	6,005	7,060	6,560	-7%	6,804	6%
Interest	5,308	5,646	5,646	0%	6,187	8%
<b>Total Committed Expenditure</b>	<b>23,439</b>	<b>28,248</b>	<b>26,398</b>	<b>-7%</b>	<b>28,037</b>	<b>9%</b>

Sources: Jharkhand Budget Documents 2021-22; PRS.

## Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 76,707 crore, an annual increase of 15% over actual revenue receipts in 2019-20. Of this, Rs 36,765 crore (48%) will be raised by the state through its **own resources**, and Rs 39,942 crore (52%) will come **from the Centre**. Resources from the Centre will be in the form of state's share in central taxes (29% of revenue receipts) and grants (23% of revenue receipts).
- **Devolution:** In 2021-22, receipts from the state's share in central taxes are estimated to be Rs 22,050 crore, an annual increase of 3% over 2019-20. In 2020-21, devolution at the revised stage is estimated to be 30% less than the budget estimate. Note that the Union Budget 2021-22 estimates the devolution to states in 2020-21 to be 30% less than the budget estimate.
- **State's own non-tax revenue:** In 2020-21, the own non-tax revenue of the state is estimated to be 8% higher than the budget estimate. This increase is estimated to come from higher revenue from economic services (such as non-ferrous mining and metallurgical industries, and major irrigation) at the revised stage (Rs 10,457 crore as compared to the budget estimate of Rs 9,780 crore).

**Table 5: Break up of state government receipts (in Rs crore)**

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
State's Own Tax	16,771	21,670	20,851	-4%	23,265	18%
State's Own Non-Tax	8,750	11,820	12,713	8%	13,500	24%
Share in Central Taxes	20,593	25,980	18,220	-30%	22,050	3%
Grants-in-aid from Centre	12,303	15,839	15,168	-4%	17,891	21%
<b>Total Revenue Receipts</b>	<b>58,417</b>	<b>75,309</b>	<b>66,952</b>	<b>-11%</b>	<b>76,707</b>	<b>15%</b>
Borrowings	9,593	11,000	13,000	18%	14,500	23%
Other receipts	49	61	55	-10%	70	19%
<b>Total Capital Receipts</b>	<b>9,642</b>	<b>11,061</b>	<b>13,055</b>	<b>18%</b>	<b>14,570</b>	<b>23%</b>
<b>Total Receipts</b>	<b>68,059</b>	<b>86,370</b>	<b>80,007</b>	<b>-7%</b>	<b>91,277</b>	<b>16%</b>

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

Sources: Jharkhand Budget Documents 2021-22; PRS.

**Table 6: Some of the major state's own tax revenue sources (in Rs crore)**

Head	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	% of Revenue Receipts in 2021-22
State GST (SGST)	8,418	9,450	9,064	-4%	9,500	6%	12.4%
Sales Tax/ VAT	3,996	5,862	5,268	-10%	6,415	27%	8.4%
State Excise	2,009	2,301	2,300	0%	2,460	11%	3.2%
Taxes on Vehicles	1,129	1,500	1,550	3%	1,650	21%	2.2%
Stamps Duty and Registration Fees	560	1,007	1,000	-1%	1,200	46%	1.6%
Land Revenue	338	1,000	1,000	0%	1,100	80%	1.4%
Taxes and Duties on Electricity	236	350	499	43%	750	78%	1%
<b>GST Compensation Grants</b>	<b>1,533</b>	<b>1,568</b>	<b>1,568</b>		<b>1,568</b>	<b>1%</b>	<b>2%</b>

Sources: Jharkhand Budget Documents 2021-22; PRS.

- **State's own tax revenue:** Total own tax revenue of Jharkhand is estimated to be Rs 23,265 crore in 2021-22, an annual increase of 18% over 2019-20. The growth rate for own tax revenue is estimated to be significantly higher than the growth rate for GSDP (an annual increase of 5% over 2019-20). Hence, the own tax to GSDP ratio is estimated to increase from 5.1% in 2019-20 to 6.4% in 2021-22.
- In 2021-22, SGST is estimated to be the largest source of its own tax revenue (41% of the state's own tax revenue). SGST in 2021-22 is estimated to be Rs 9,500 crore (an annual increase of 6% over 2019-20). In 2021-22, Jharkhand is expected to generate Rs 6,415 crore through the collection of Sales Tax and VAT, an annual increase of 27% over the 2019-20.

### GST Compensation

The GST (Compensation to States) Act, 2017 guarantees states compensation for five years (till 2022) for any revenue loss arising due to GST implementation. The Act guarantees states a 14% annual growth in their GST revenue, failing which compensation grants are provided to states to meet the shortfall. These grants are funded through the GST compensation cess levied by the centre. As the cess collection is not sufficient to meet the compensation requirement of states in 2020-21, a part of their requirement will be met through loans from the centre (which will be repaid using future cess collection). As per the revised estimate of 2020-21, Jharkhand is estimated to receive a total of Rs 1,568 crore as GST compensation grants. The amount of GST compensation loan in 2020-21 is not available in the budget documents.

The state estimates to receive Rs 1,568 crore as GST compensation grants for the year 2021-22.

## Deficits, Debts and FRBM Targets for 2021-22

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

**Revenue Balance:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. A revenue surplus implies that the revenue receipts of the state are sufficient to meet the revenue expenditure requirements. The state estimates a revenue surplus of Rs 952 crore (or 0.26% of the GSDP) in 2021-22.

**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2021-22, the fiscal deficit is estimated to be Rs 10,211 crore (2.83% of GSDP). This is lower than the 3% limit as per the Fiscal Responsibility and Budget Management (FRBM) Act. As per the revised estimates, in 2020-21, the fiscal deficit of the state is expected to be 3.22% of GSDP, which is higher than the budget estimate of 2.15%. In both 2020-21 and 2021-22, states have been allowed a higher fiscal deficit than the usual 3% limit under the FRBM Act for undertaking expenditure to support economic recovery.

**Enhanced borrowing limit in 2020-21:** Given the situation due to COVID-19, the central government permitted states to increase their fiscal deficit up to 5% of GSDP in 2020-21. All states are allowed to increase their fiscal deficit up to 4% of GSDP. The remaining 1% of GSDP is conditional on the implementation of reforms by states in the following areas (0.25% of GSDP for each reform): (i) one nation one ration card, (ii) ease of doing business, (iii) urban local body/ utility, and (iv) power distribution. As of February 19, 2021, Jharkhand has not completed any of these four reforms.

**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings (including any liabilities on public accounts) at the end of a financial year. In 2021-22, the outstanding liabilities is estimated to be 27% of the GSDP, which is lower than the budget estimate for 2020-21 (32.6% of GSDP).

### Fiscal Roadmap for 2021-26

The 15<sup>th</sup> Finance Commission recommended the following fiscal deficit targets for states for the 2021-26 period (as a % of GSDP): (i) 4% for 2021-22, (ii) 3.5% for 2022-23, and (iii) 3% for 2023-26. The Commission estimates that this path will enable Jharkhand to bring down its total liabilities from 37.2% of GSDP in 2020-21 to 36.8% of GSDP at the end of 2025-26.

If a state is unable to fully utilise the sanctioned borrowing limit as specified above in any of the first four years (2021-25), it can avail the unutilised borrowing amount in subsequent years (within the 2021-26 period). An additional borrowing worth 0.5% of GSDP will be allowed each year for the first four years (2021-25) upon undertaking certain power sector reforms including: (i) reduction in operational losses, (ii) reduction in revenue gap, (iii) reduction in payment of cash subsidy by adopting direct benefit transfer, and (iv) reduction in tariff subsidy as a percentage of revenue.

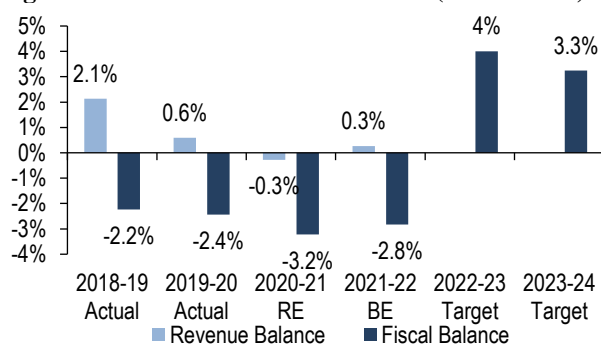
**Table 7: Budget targets for deficits for Jharkhand in 2021-22 (% of GSDP)**

Year	Revenue Balance	Fiscal Balance	Total Liabilities
2018-19 Actual	2.1%	-2.2%	28.2%
2019-20 Actual	0.6%	-2.4%	28.7%
2020-21 RE	-0.3%	-3.2%	32.6%*
2021-22 BE	0.3%	-2.8%	27%
2022-23 Target	-	4%	27%
2023-24 Target	-	3.3%	27%

Note: \*Budget Estimates.

Sources: Jharkhand Budget Documents 2021-22; PRS.

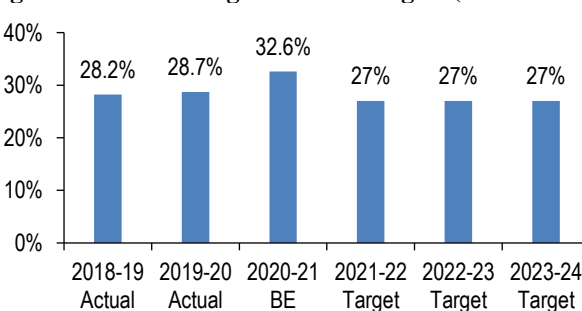
**Figure 2: Revenue and Fiscal Balance (% of GSDP)**



Note: Revenue Balance data not available for 2022-23 and 2023-24; RE is Revised Estimates; BE is budget estimates. Negative sign indicates a deficit, positive sign indicates a surplus.

Sources: Jharkhand Budget Documents 2021-22; PRS.

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



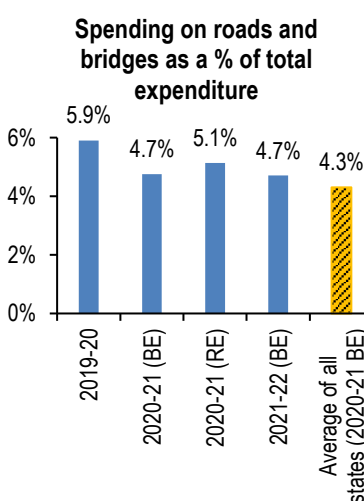
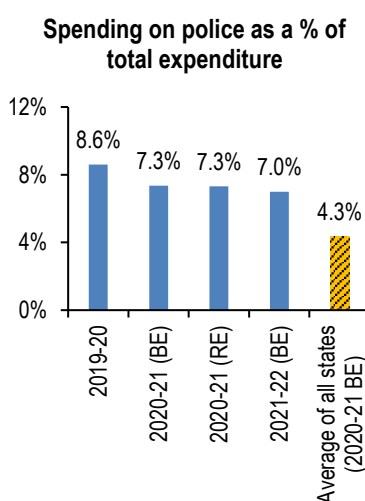
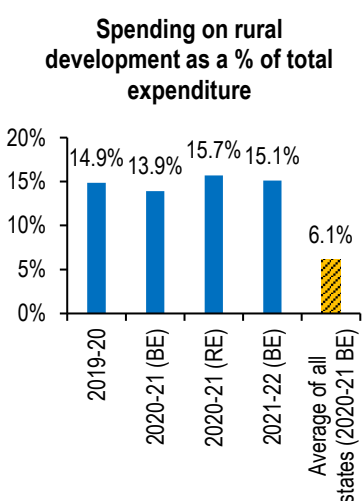
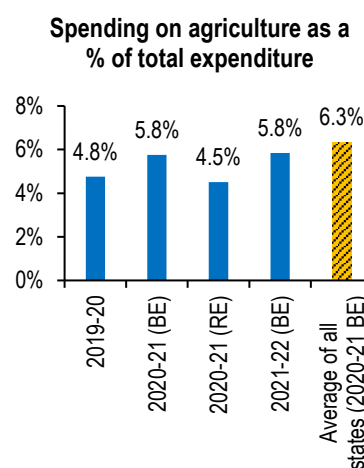
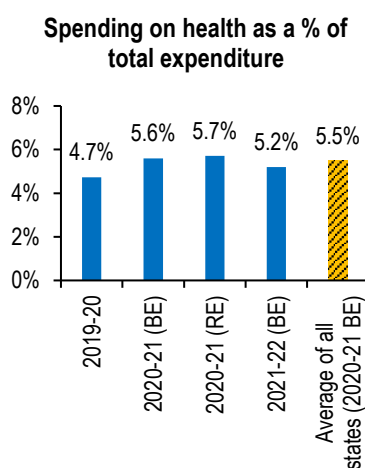
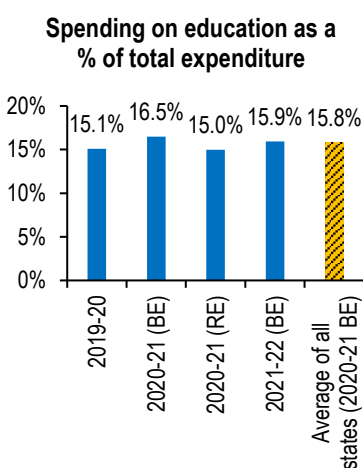
Note: BE is budget estimates.

Sources: Jharkhand Budget Documents 2021-22; PRS.

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

The graphs below compare Jharkhand's expenditure on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 30 states (including Jharkhand) as per their budget estimates of 2020-21.<sup>1</sup>

- **Education:** Jharkhand has allocated 15.9% of its total expenditure for education in 2021-22. This is similar to the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Jharkhand has allocated 5.2% of its total expenditure on health, which is marginally less than the average allocation for health by states (5.5%).
- **Agriculture:** The state has allocated 5.8% of its total expenditure towards agriculture and allied activities. This is lower than the average allocation for agriculture by states (6.3%).
- **Rural development:** Jharkhand has allocated 15.1% of its expenditure on rural development. This is significantly higher than the average allocation for rural development by states (6.1%).
- **Police:** Jharkhand has allocated 7% of its total expenditure on police, which is higher than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Jharkhand has allocated 4.7% of its total expenditure on roads and bridges, which is higher than the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Jharkhand. Sources: Jharkhand Budget in Brief 2021-22; various state budgets; PRS.

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

## Annexure 2: Recommendations of the 15<sup>th</sup> Finance Commission for 2021-26

The 15<sup>th</sup> Finance Commission's (FC) report for the 2021-26 period was released on February 1, 2021. For the 2021-26 period, the Commission has recommended the share of states in the divisible pool of central taxes to be 41%, same as that for 2020-21 (also recommended by the 15<sup>th</sup> FC in its report for 2020-21). This is 1% point lower than the 42% share recommended by the 14<sup>th</sup> FC (for the 2015-20 period) to separately provide funds for the newly formed union territories of Jammu and Kashmir and Ladakh. The 15<sup>th</sup> FC proposed revised criteria for determining the share of individual states (different from 14<sup>th</sup> FC). Based on the 15<sup>th</sup> FC's recommendations for the period 2021-26, Jharkhand will have a 1.36% share in the divisible pool of central taxes. This implies that out of every Rs 100 of revenue in the divisible pool during 2021-26, Jharkhand will receive Rs 1.36.

**Table 8: Share of states in the divisible pool of central taxes under the 14<sup>th</sup> and 15<sup>th</sup> FC periods**

State	14th FC	15th FC	15th FC	% change	
	2015-20	2020-21	2021-26	2015-20 to 2021-26	2020-21 to 2021-26
Andhra Pradesh	1.81	1.69	1.66	-8.2%	-1.6%
Arunachal Pradesh	0.58	0.72	0.72	25.2%	-0.2%
Assam	1.39	1.28	1.28	-7.8%	-0.1%
Bihar	4.06	4.13	4.12	1.6%	0.0%
Chhattisgarh	1.29	1.40	1.40	8.0%	-0.3%
Goa	0.16	0.16	0.16	-0.3%	0.0%
Gujarat	1.30	1.39	1.43	10.1%	2.4%
Haryana	0.46	0.44	0.45	-1.6%	1.0%
Himachal Pradesh	0.30	0.33	0.34	13.6%	3.9%
Jammu & Kashmir	0.78	-	-	-	-
<b>Jharkhand</b>	<b>1.32</b>	<b>1.36</b>	<b>1.36</b>	<b>2.8%</b>	<b>-0.2%</b>
Karnataka	1.98	1.50	1.50	-24.5%	0.0%
Kerala	1.05	0.80	0.79	-24.8%	-0.9%
Madhya Pradesh	3.17	3.23	3.22	1.5%	-0.5%
Maharashtra	2.32	2.52	2.59	11.7%	3.0%
Manipur	0.26	0.29	0.29	13.3%	-0.3%
Meghalaya	0.27	0.31	0.31	16.6%	0.3%
Mizoram	0.19	0.21	0.21	6.1%	-1.2%
Nagaland	0.21	0.24	0.23	11.5%	-0.7%
Odisha	1.95	1.90	1.86	-4.8%	-2.2%
Punjab	0.66	0.73	0.74	11.9%	1.1%
Rajasthan	2.31	2.45	2.47	7.1%	0.8%
Sikkim	0.15	0.16	0.16	3.2%	0.0%
Tamil Nadu	1.69	1.72	1.67	-1.0%	-2.6%
Telangana	1.02	0.88	0.86	-15.8%	-1.5%
Tripura	0.27	0.29	0.29	7.7%	-0.1%
Uttar Pradesh	7.54	7.35	7.36	-2.5%	0.0%
Uttarakhand	0.44	0.45	0.46	3.7%	1.3%
West Bengal	3.08	3.08	3.08	0.3%	0.1%
<b>Total</b>	<b>42.00</b>	<b>41.00</b>	<b>41.00</b>		

Note: % share in divisible pool has been rounded off. Although the 15<sup>th</sup> FC recommended the same criteria for 2020-21 and 2021-26 periods, the reference period for computation on some underlying indicators are different. This is why the share in the divisible pool in 2020-21 and 2021-26 differ for states.

Sources: Reports of 14<sup>th</sup> and 15<sup>th</sup> FCs; Union Budget Documents 2021-22; PRS.

The 15<sup>th</sup> FC recommended grants worth Rs 10.3 lakh crore for states over five years (2021-26). A portion of these grants will be conditional. 17 states will receive revenue deficit grants during this period. Sector-specific grants include grants for sectors such as health, agriculture, and education. Grants to local governments include: (i) Rs 1.2 lakh crore for urban local bodies, (ii) Rs 2.4 lakh crore for rural local bodies, and (iii) health grants worth Rs 70,000 crore through local bodies for healthcare infrastructure.

**Table 9: Grants recommended for 2021-26 (Rs crore)**

Grants	Total	Jharkhand
Revenue deficit grants	2,94,514	0
Local governments grants	4,36,361	12,322*
Sector-specific grants	1,29,987	3,159#
Disaster management grants	1,22,601	3,138
State-specific grants	49,599	1,300
<b>Total</b>	<b>10,33,062</b>	<b>19,919</b>

Note: This does not include competition-based grants including \*grants for incubation of new cities (part of local bodies grants), and #grants for school education, and aspirational districts and blocks.

Source: Report of 15<sup>th</sup> FC; PRS.

Grants recommended for Jharkhand include: (i) Rs 12,322 crore as grants for local bodies, (ii) Rs 3,138 crore as disaster management grants, and (iii) Rs 1,300 crore as state-specific grants. The state-specific grants are for purposes including: (i) development of energy infrastructure (such as strengthening urban and rural electricity distribution, and solar pumps), and (ii) development of tourism, sports, arts, and culture infrastructures (such as tribal museum at Ranchi and Dumka, outdoor stadium at Mandar, and big stadium at Kanke).

**Table 10: Taxes devolved to states as per Union Budget 2021-22**

State	2019-20	2020-21 Revised	2021-22 Budget
Andhra Pradesh	29,421	22,611	26,935
Arunachal Pradesh	9,363	9,681	11,694
Assam	22,627	17,220	20,819
Bihar	66,049	55,334	66,942
Chhattisgarh	21,049	18,799	22,676
Goa	2,583	2,123	2,569
Gujarat	21,077	18,689	23,148
Haryana	7,408	5,951	7,275
Himachal Pradesh	4,873	4,394	5,524
Jammu & Kashmir	12,623	-38	-
<b>Jharkhand</b>	<b>21,452</b>	<b>18,221</b>	<b>22,010</b>
Karnataka	32,209	20,053	24,273
Kerala	17,084	10,686	12,812
Madhya Pradesh	51,584	43,373	52,247
Maharashtra	37,732	33,743	42,044
Manipur	4,216	3,949	4,765
Meghalaya	4,387	4,207	5,105
Mizoram	3,144	2,783	3,328
Nagaland	3,403	3,151	3,787
Odisha	31,724	25,460	30,137
Punjab	10,777	9,834	12,027
Rajasthan	37,554	32,885	40,107
Sikkim	2,508	2,134	2,582
Tamil Nadu	27,493	23,039	27,148
Telangana	16,655	11,732	13,990
Tripura	4,387	3,899	4,712
Uttar Pradesh	1,22,729	98,618	1,19,395
Uttarakhand	7,189	6,072	7,441
West Bengal	50,051	41,353	50,070
<b>Total</b>	<b>6,83,353</b>	<b>5,49,959</b>	<b>6,65,563</b>

Note: Actuals for 2019-20 and Revised Estimates for 2020-21 have been reported in the Union Budget after adjusting for excess or less devolution in previous years.

Sources: Union Budget Documents 2021-22; PRS.



### Annexure 3: Comparison of 2020-21 Revised and 2021-22 Budget Estimates

The following tables compare the budget estimates for 2021-22 with the revised estimates for 2020-21.

**Table 11: Overview of Revised Estimates for 2020-21 and Budget Estimates for 2021-22 (in Rs crore)**

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
<b>Receipts (1+2)</b>	<b>80,007</b>	<b>91,277</b>	<b>14%</b>
Receipts except Borrowings	67,007	76,777	15%
1. Revenue Receipts (a+b+c+d)	66,952	76,707	15%
a. Own Tax Revenue	20,851	23,265	12%
b. Own Non-Tax Revenue	12,713	13,500	6%
c. Share in central taxes	18,220	22,050	21%
d. Grants-in-aid from the Centre	15,168	17,891	18%
<i>Of which GST compensation</i>	1,568	1,568	0%
2. Capital Receipts	13,055	14,570	12%
a. Borrowings	13,000	14,500	12%
<b>Expenditure (3+4)</b>	<b>80,007</b>	<b>91,277</b>	<b>14%</b>
3. Revenue Expenditure	67,821	75,755	12%
4. Capital Expenditure	12,186	15,522	27%
i. Capital Outlay	8,069	9,661	20%
ii. Debt Repayment	2,757	4,289	56%
Revenue Balance	-869	952	-210%
<b>Revenue Balance (as % of GSDP)</b>	<b>-0.27%</b>	<b>0.26%</b>	
Fiscal Deficit	10,243	10,211	-0.3%
<b>Fiscal Deficit (as % of GSDP)</b>	<b>3.22%</b>	<b>2.83%</b>	

Note: Negative revenue balance indicates revenue deficit.

Sources: Jharkhand Budget Documents 2021-22; PRS.

**Table 12: Key components of State's Own Tax Revenue (in Rs crore)**

Tax	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
SGST	9,064	9,500	4.8%
Sales Tax/VAT	5,268	6,415	21.8%
State Excise Duty	2,300	2,460	7.0%
Taxes on Vehicles	1,550	1,650	6.5%
Stamps Duty and Registration Fees	1,000	1,200	20.0%
Land Revenue	1,000	1,100	10.0%
Taxes and Duties on Electricity	499	750	50.3%

Sources: Jharkhand Budget Documents 2021-22; PRS.

**Table 13: Allocation towards key sectors (in Rs crore)**

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Education, Sports, Arts, and Culture	11,681	13,595	16%
Rural Development	11,922	12,900	8%
Social Welfare and Nutrition	6,357	6,624	4%
Police	5,544	5,971	8%
Agriculture and allied activities	3,421	4,990	46%
Health and Family Welfare	4,338	4,445	2%
Transport	4,309	4,305	0%
of which Roads and Bridges	3,893	4,018	3%
Water Supply and Sanitation	1,520	3,387	123%
Urban Development	2,843	2,775	-2%
Energy	2,268	2,712	20%
Welfare of SC, ST, OBC, and Minorities	1,791	2,016	13%
Irrigation and Flood Control	1,273	1,658	30%
Housing	137	156	14%

Sources: Jharkhand Budget Documents 2021-22; PRS.

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