



Summary Report for the State of Jharkhand



1. Demography

As per Census population projections for 2022-23, Jharkhand has a population of 39.5 million and represents 2.8 percent of the country's total population.¹ The State's projected population growth rate, at 1.3 percent is higher than the national average of 0.9 percent, as of 2022-23. The State's population density (483 persons per sq. km.) and dependency ratio (60.2 percent) are both above the respective national averages, as per 2021 projections. According to 2023 projections, nearly three-fourths of the State's population still lives in rural areas, as only 26.2 percent of its population resides in urban areas. The sex ratio in the State, as per NFHS V (2019-21), at 899 females per 1000 males, is lower than the national average of 929 females per 1000 males.

As of 2022-23, the State's annual unemployment rate, at 1.7 percent, is lower than the national average of 3.2 percent, and the Female Labour Force Participation Rate, at 45.8 percent, is higher than the national average. The working population in the State is predominantly concentrated in the Agriculture, Forestry, and Fishing (49.3 percent); Services (23.2 percent); Construction (17.4 percent); and, Manufacturing (8.9 percent) sectors, as of 2022-23.²

2. Economic Structure (Growth and Sectoral Composition)

Jharkhand's real GSDP grew at an average rate of 5.1 percent during the period 2012-13 and 2021-22, which is lower than the national average growth of 5.6 percent.³ The State's share in India's nominal GDP has decreased steeply from 2.7 percent in 1990-91 to 1.5 percent by 2021-22. Its nominal per capita income is 50 percent of the national per capita income, as of 2021-22.

Among the major sectors, the Services sector is the largest contributor to the State's GSVA with a share of 43.4 percent, followed by the Industry (38.2 percent) and Agriculture (18.2 percent) sectors, respectively, in that order as of 2021-22. During the period 2013-14 to 2022-23, its Services, Industry, and Agriculture sectors have grown by 6.4 percent, 4.2 percent, and 4.1 percent per annum, respectively.⁴

3. Socio-economic Indicators

Jharkhand's literacy rate, at 66.4 percent, is lower than the national average of 73 percent, as of 2011.⁵ As of 2016-17, the State had a higher school drop-out rate (36.6 percent for Classes VIII to X) but the pass percentage for both Class X (99.4 percent) and Class XII (94.1 percent) is higher as compared to the respective national benchmarks. The Gross Enrolment Ratio at both the Higher Secondary level (48.3 percent in 2015-16) and the Higher Education level (17

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "Population Projections for Indian States 2011-2036" by the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, Government of India.

² Data on unemployment, female labour force participation, and workforce distribution is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

³ Data on Economic Structure is sourced from Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023.

⁴ Data used is sourced from MoSPI, as of March 2024.

⁵ Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011.

percent in 2021) are below the respective national averages.⁶ For people aged 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) is close to the national average, as of 2021.⁷

As of 2020, life expectancy in the State, at 69.6 years, is close to the national average of 70 years. The Infant Mortality Rate, at 25 deaths per 1000 live births (2020), is lower but the Total Fertility Rate, at 2.3 children per woman (2019-21), is higher than the respective national averages. The share of fully immunised children in the State (73.9 percent) is below the national average of 76.4 percent, as of 2019-21. The State has shown improvement in the basic “quality of life” indicators but the share of households with access to electricity (93.8 percent), drinking water (86.8 percent), and sanitation facilities (55.4 percent) remain below the respective national averages, as of 2019-21.

4. State of Public Finances and Tax Devolutions

Jharkhand’s debt-to-GSDP ratio, at 30.2 percent in 2022-23,⁸ is close to that of a median State and its contingent liabilities, at 1.2 percent of GSDP, is lower than those of a median State, as of 2021-22.⁹ The fiscal deficit and primary deficit levels, at 2.2 percent and 0.5 percent, are lower than the respective levels of a median State, as of 2022-23. The State had a revenue surplus of 2.4 percent of GSDP in 2022-23 while a median State ran a deficit of 0.4 percent.

The Debt Sustainability Analysis shows that in the baseline scenario (where debt level, primary deficit, real GDP growth, real effective interest rate remains constant at their decadal average from 2012-13 to 2021-22.) and the scenario where contingent liabilities are absorbed, the State’s debt-to-GSDP ratio is projected to increase in the next five years, starting from 2021-22. This ratio is projected to decline meaningfully in the next five years only in the most optimistic scenario, wherein the State experiences higher growth and maintains a lower primary deficit than the corresponding averages of the last ten years.

As of 2022-23, the State’s total revenue receipts (own tax, own non-tax, and shared by the Centre) at 21.2 percent of GSDP, were higher than what a median State collected as of 2022-23. Its expenditure-to-GSDP ratio, at 23.4 percent, was also higher than that of a median State, as of 2022-23.

The State’s share in taxes from the Centre, as per the recommendations of the Finance Commission (FC), increased from 3.1 percent under the 14th FC to 3.3 percent under the 15th FC. The State’s share in the total grants-in-aid also increased by 0.2 percentage points to 2 percent under the 15th FC, as compared to the level of 1.8 percent under the 14th FC.

⁶ Data on drop-out rates, pass percentage of students, and Gross Enrolment Ratio at the Higher Secondary Level is taken from Unified District Information System for Education, 2015-16.

⁷ Data on Gross Enrolment Ratio at Higher Education Level, Gender Parity Index, and college density is taken from the All-India Survey on Higher Education, 2020-21.

⁸ Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

⁹ For calculation of a median State, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and the North-eastern States, except Assam). The Macro and Fiscal Landscape State brief includes this benchmark in the States’ Median (Large States), Column 6, Table 4A.

5. Fiscal Rules

As per the recommendations of the 12th Finance Commission (FC), the Jharkhand Fiscal Responsibility and Budget Management (JFRBM), Act was enacted in 2007.¹⁰ The JFRBM sets targets relating to the revenue deficit, fiscal deficit, and total liabilities, and requires the State to present a Medium-Term Fiscal Plan, which provides three-year rolling fiscal targets along with the budget.

Since 2007, the Act has been amended five times in 2010, 2012, 2015, 2020 and 2021.

The fiscal targets under these amendments have been modified as follows:

Revenue Deficit: The initial Act in 2007 had fixed a deadline of 31 March 2009 to eliminate the revenue deficit. The 2012 amendment extended this deadline to 31 March 2012, requiring the State to maintain a zero-revenue deficit until 2014-15, and a subsequent amendment in 2015 further pushed the target deadline to the end of 2015.

Fiscal Deficit: The Act initially mandated the State to reduce its fiscal deficit to a maximum of 3 percent of GSDP by 31 March 2009. A 2010 amendment extended the deadline to 31 March 2011 and the 2012 amendment required Jharkhand to achieve this target by 31 March 2012, and maintain it until 2014-15. A further amendment in 2015 increased the limit to 3.5 percent in 2015-16 and 2016-17, and 3.25 percent from 2017-18 to 2019-20 (excluding loans under the UDAY scheme¹¹ taken in the years 2015-16 and 2016-17). For the year 2020-21, the fiscal deficit target was increased to 5 percent, which was lowered to 4 percent for 2021-22, contingent on the State undertaking reforms suggested by the Union Government.

Outstanding Liabilities: The original Act had mandated the State to keep its outstanding liabilities within the 25 percent limit between 2007 to 2018. The 2012 amendment required the State to reduce its debt to 26.9 percent by 2014-15. However, following the amendments in 2015, the State's debt-to-GSDP ratio targets were fixed at 24.2 percent, 25.16 percent, 25.77 percent, and 26.31 percent for the years 2015-16, 2016-17, 2017-18, and 2018-19, respectively.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2017-18 to 2021-22, the State failed to achieve the revenue deficit targets only once (2020-21). It was able to meet the fiscal deficit target for four out of five years with the exception of 2017-18. However, it failed to meet the targeted achievements for the outstanding liabilities for four out of five years from 2017-18 to 2020-21 barring 2021-22 when it met the target.

¹⁰ Data is sourced from the State Audit Report of the CAG for the respective years and the State Government Gazette.

¹¹ Ujwal DISCOM Assurance Yojana