

Budgetary Performance of Jharkhand State: A Critical Analysis of Budget Estimates, Revised Estimates and Actual Expenditure during 2022–23 to 2024–25

Naveen Kumar

Research Scholar,

University Department of Commerce & Business Management

Vinoba Bhave University, Hazaribag

Dr. Md. Mokhtar Alam

Associate Professor & HOD,

University Department of Commerce & Business Management

Vinoba Bhave University, Hazaribag

Abstract

The State budget is a fundamental instrument of public financial management through which government priorities are translated into financial provisions and expenditure programmes. However, the effectiveness of a budget cannot be assessed solely by the magnitude of allocations. The correspondence between Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure (AE) provides important evidence regarding budget credibility, expenditure utilisation and implementation performance. The present study critically evaluates the budgetary performance of Jharkhand during the three financial years 2022–23 to 2024–25, with particular emphasis on total expenditure, revenue expenditure and capital expenditure. The study is based on secondary data compiled from the Budget-at-a-Glance documents of the Government of Jharkhand and supplemented, for contextual interpretation, by reports of the Comptroller and Auditor General of India (CAG), Reserve Bank of India (RBI) and relevant literature on fiscal marksmanship. Percentage variance, budget utilisation ratio, revised-estimate utilisation ratio and expenditure composition ratios are employed to assess budgetary performance. The findings indicate that aggregate utilisation of the original budget remained around 91–93 per cent during the study period. However, the aggregate position conceals a substantial difference between revenue and capital expenditure. Revenue expenditure utilisation improved consistently from 87.42 per cent in 2022–23 to 94.14 per cent in 2024–25, whereas capital expenditure utilisation declined from 100.52 per cent to 82.13 per cent over the same period. The study therefore finds that overall budget utilisation alone does not provide a sufficient measure of budgetary performance. The increasing gap in capital expenditure during 2024–25 requires particular attention because capital expenditure is closely associated with public asset creation and productive investment. The study concludes that greater realism in capital expenditure estimates, improved project implementation, periodic expenditure monitoring and stronger linkage between financial allocations and outcomes are required to improve the budgetary performance of Jharkhand.

Keywords: Jharkhand, State Budget, Budget Estimates, Revised Estimates, Actual Expenditure, Budgetary Performance, Fiscal Marksmanship, Revenue Expenditure, Capital Expenditure, Public Financial Management.

1. Introduction

Public budgeting is an essential component of government financial management. A government budget represents more than an annual statement of receipts and expenditure; it provides a framework for resource allocation, fiscal management, implementation of public policies and delivery of public services. At the subnational level, the credibility and effectiveness of the budget are particularly important because State Governments undertake substantial expenditure on social services, infrastructure, economic services and administrative functions.

The Government of Jharkhand prepares and presents its annual budget through the Finance Department. The State's budget documentation includes the Annual Financial Statement, Budget Summary, Demands for Grants and other supporting documents. These documents provide the financial projections against which subsequent expenditure can be assessed.

A budget estimate represents the government's initial financial projection for a financial year. During implementation, circumstances may change because of variations in revenue realisation, additional requirements, changes in government priorities, supplementary provisions, implementation constraints and other fiscal factors. Consequently, the Revised Estimate provides an updated assessment of expected expenditure. Actual expenditure at the end of the financial year provides the basis for assessing how far the government's financial intentions were translated into expenditure.

The comparison of Budget Estimates with Actual Expenditure is therefore an important component of assessing budget credibility. Fiscal marksmanship literature treats the correspondence between budgeted projections and actual outcomes as an important dimension of public financial management.

The present study focuses specifically on 2022–23, 2023–24 and 2024–25. It examines Budget Estimates, Revised Estimates and Actual Expenditure and analyses the differences between them for total, revenue and capital expenditure.

2. Conceptual Background

Budget Estimates (BE) represent the government's initial estimate of receipts and expenditure for the forthcoming financial year.

Revised Estimates (RE) represent an updated assessment of receipts and expenditure during the financial year.

Actual Expenditure (AE) represents expenditure recorded for the financial year after implementation.

For the purpose of this study, budgetary performance refers primarily to the degree of correspondence between the originally approved budget, revised financial expectations and actual expenditure.

3. Review of Literature

Chakraborty, Chakraborty and Shrestha examined fiscal forecasting errors across Indian States and argued that budget credibility is an important component of public financial management. Their analysis of 28 States for 2011–16 found heterogeneity in fiscal forecasting errors and reported that capital expenditure forecasts generally exhibited larger errors than revenue expenditure forecasts.

James and Saha specifically examined fiscal marksmanship of capital expenditure among Indian State Governments. Their study used marksmanship ratios, PEFA-based assessment and forecast-error analysis and found that States tended to overestimate capital expenditure to a greater extent than revenue expenditure.

RBI's analysis of State finances has highlighted relatively weaker fiscal marksmanship of capital expenditure compared with revenue expenditure and identifies programme-management and structural bottlenecks as factors that can hinder budget implementation.

The CAG's State Finance Audit Reports provide an institutional framework for assessing budgetary management in Indian States. The Jharkhand reports examine budgetary management, performance against budget intent, expenditure projections and variations.

4. Research Gap

Existing research establishes that budget credibility and fiscal marksmanship are important dimensions of public financial management. However, much of the available Indian evidence either examines multiple States over longer historical periods or focuses on broader State-finance indicators.

The present study narrows the analysis to Jharkhand's recent budget performance. It is particularly relevant because the three-year data show a contrasting pattern between revenue and capital expenditure. While revenue expenditure utilisation improves over the study period, capital expenditure utilisation declines sharply in 2024–25.

5. Objectives of the Study

1. To examine the trend of total budgetary expenditure in Jharkhand during 2022–23 to 2024–25.
2. To compare Budget Estimates, Revised Estimates and Actual Expenditure during the study period.
3. To measure the variation between Budget Estimates and Actual Expenditure.
4. To assess the utilisation of the original budgetary provisions.
5. To assess the correspondence between Revised Estimates and Actual Expenditure.
6. To examine the budgetary performance of revenue expenditure.
7. To examine the budgetary performance of capital expenditure.
8. To compare the relative performance of revenue and capital expenditure.
9. To identify major areas requiring improvement in budget formulation and implementation.

6. Research Questions

1. To what extent did Actual Expenditure correspond with Budget Estimates during 2022–23 to 2024–25?
2. Did the utilisation of the original budget improve during the study period?
3. What was the relationship between Revised Estimates and Actual Expenditure?
4. Did revenue and capital expenditure exhibit similar budgetary performance?
5. Which component experienced the greatest variation between Budget Estimates and Actual Expenditure?
6. Does aggregate budget utilisation adequately represent the budgetary performance of Jharkhand?

7. Hypotheses

H₀₁: There is no significant difference between Budget Estimates and Actual Expenditure in Jharkhand during 2022–23 to 2024–25.

H₁₁: There is a significant difference between Budget Estimates and Actual Expenditure in Jharkhand during 2022–23 to 2024–25.

H₀₂: There is no significant difference between revenue and capital expenditure in terms of budget utilisation during the study period.

H₁₂: There is a significant difference between revenue and capital expenditure in terms of budget utilisation during the study period.

H₀₃: There is no meaningful change in the budget utilisation ratio during the study period.

H₁₃: There is a meaningful change in the budget utilisation ratio during the study period.

Methodological note: Since the study covers only three annual observations at the aggregate level, conventional inferential testing has limited statistical power. Consequently, the principal analysis should be descriptive and comparative. Stronger hypothesis testing would require a larger dataset, such as grant-wise or department-wise observations over multiple years.

8. Research Methodology

Research Design: The study follows a descriptive, analytical and comparative research design. The descriptive component examines the magnitude and trend of expenditure. The analytical component measures deviations and utilisation ratios. The comparative component compares revenue and capital expenditure and examines changes across the three financial years.

Nature and Source of Data: The study is based on secondary data. The principal dataset was compiled from the Budget-at-a-Glance/Budget Documents of the Government of Jharkhand for the relevant financial years. The data contain Budget Estimates, Revised Estimates and Actual Expenditure for total expenditure, revenue expenditure and capital expenditure. CAG State Finance Audit Reports and State Accounts are considered for contextual and validation purposes.

Study Period: 2022–23, 2023–24 and 2024–25.

Unit of Analysis: The financial year is the principal unit of analysis.

Variables: Budget Estimate (BE), Revised Estimate (RE), Actual Expenditure (AE), Revenue Expenditure, Capital Expenditure and Total Expenditure.

9. Analytical Framework

Budget Utilisation Ratio (BUR) = $AE / BE \times 100$

Revised Estimate Utilisation Ratio (RUR) = $AE / RE \times 100$

Absolute Budget Variance (BV) = $BE - AE$

Percentage Budget Variance (PBV) = $(BE - AE) / BE \times 100$

Revised Estimate Variance (REV) = $RE - AE$

Percentage Revised Estimate Variance (PREV) = $(RE - AE) / RE \times 100$

Revenue Share = Revenue Expenditure / Total Actual Expenditure $\times$ 100

Capital Share = Capital Expenditure / Total Actual Expenditure $\times$ 100

10. Data Analysis and Interpretation

10.1 Total Expenditure

(Rs. in crore)

FY	BE	RE	AE	BE–AE	Variance %	BE Utilisation %	RE–AE	RE Utilisation %
2022–23	1,01,101.00	98,990.19	91,637.82	9,463.18	9.36	90.64	7,352.37	92.57
2023–24	1,16,418.10	1,20,518.37	1,07,920.97	8,497.13	7.30	92.70	12,597.40	89.55
2024–25	1,28,900.00	1,30,698.36	1,16,891.73	12,008.27	9.32	90.68	13,806.63	89.44

Source: Government of Jharkhand, Finance Department. (2022–2026). Budget Documents/Budget-at-a-Glance.

The total Budget Estimate increased from ₹1,01,101.00 crore in 2022–23 to ₹1,28,900.00 crore in 2024–25, while Actual Expenditure increased from ₹91,637.82 crore to ₹1,16,891.73 crore. Utilisation of the original budget increased from 90.64 per cent in 2022–23 to 92.70 per cent in 2023–24, before declining to 90.68 per cent in 2024–25. The absolute BE–AE gap increased to ₹12,008.27 crore in 2024–25.

10.2 Revenue Expenditure Performance

(Rs. in crore)

FY	BE	RE	AE	BE–AE	Variance %	BE Utilisation %	RE–AE	RE Utilisation %
2022–23	76,273.31	73,966.96	66,681.63	9,591.68	12.58	87.42	7,285.33	90.15
2023–24	84,676.10	88,093.20	76,676.42	7,999.68	9.45	90.55	11,416.78	87.04
2024–25	91,831.54	98,474.22	86,447.36	5,384.18	5.86	94.14	12,026.86	87.79

Source: Government of Jharkhand, Finance Department. (2022–2026). Budget Documents/Budget-at-a-Glance.

Revenue expenditure demonstrates a comparatively positive trend in relation to the original budget. Budget utilisation increased consistently from 87.42 per cent to 94.14 per cent. The percentage difference between the original Budget Estimate and Actual Expenditure declined from 12.58 per cent in 2022–23 to 5.86 per cent in 2024–25. However, actual revenue expenditure remained below Revised Estimates in all three years.

10.3 Capital Expenditure Performance

(Rs. in crore)

FY	BE	RE	AE	BE-AE	Variance %	BE Utilisation %	RE-AE	RE Utilisation %
2022-23	24,827.69	25,023.23	24,956.19	-128.50	-0.52	100.52	67.04	99.73
2023-24	31,742.00	32,425.17	31,244.55	497.45	1.57	98.43	1,180.62	96.36
2024-25	37,068.46	32,224.14	30,444.37	6,624.09	17.87	82.13	1,779.77	94.48

Source: Government of Jharkhand, Finance Department. (2022-2026). Budget Documents/Budget-at-a-Glance.

Capital expenditure presents a markedly different pattern. In 2022-23, actual capital expenditure marginally exceeded the original Budget Estimate. Utilisation declined to 98.43 per cent in 2023-24 and to 82.13 per cent in 2024-25. The BE-AE gap reached ₹6,624.09 crore in 2024-25, equivalent to 17.87 per cent of the original capital budget.

10.4 Comparative Revenue and Capital Expenditure Performance

(Rs. in crore)

FY	Revenue BE Utilisation %	Capital BE Utilisation %	Difference
2022-23	87.42	100.52	13.10 %
2023-24	90.55	98.43	7.88 %
2024-25	94.14	82.13	-12.01 %

Source: Government of Jharkhand, Finance Department. (2022-2026). Budget Documents/Budget-at-a-Glance.

The relationship between revenue and capital expenditure utilisation reversed in 2024-25. Revenue expenditure utilisation reached 94.14 per cent while capital expenditure utilisation declined to 82.13 per cent.

10.5 Composition of Actual Expenditure

(Rs. in crore)

FY	Revenue AE	Revenue Share	Capital AE	Capital Share
2022-23	66,681.63	72.77%	24,956.19	27.23%
2023-24	76,676.42	71.05%	31,244.55	28.95%
2024-25	86,447.36	73.96%	30,444.37	26.04%

Source: Government of Jharkhand, Finance Department. (2022-2026). Budget Documents/Budget-at-a-Glance.

Revenue expenditure constituted the majority of actual expenditure throughout the study period. Its share increased to 73.96 per cent in 2024-25, while the capital share declined to 26.04 per cent.

10.6. BE-RE-AE Relationship

In 2022-23, total expenditure followed the sequence BE ₹1,01,101.00 crore → RE ₹98,990.19 crore → AE ₹91,637.82 crore. In 2023-24, RE exceeded BE, but AE remained below BE. In 2024-25, RE again exceeded BE while AE remained below both. Thus, upward revisions in expected expenditure did not necessarily translate into proportionately higher actual expenditure.

11. Major Findings

- Overall budget utilisation remained within approximately 90.64–92.70 per cent.
- The highest overall utilisation occurred in 2023–24.
- Revenue expenditure utilisation improved continuously from 87.42 per cent to 94.14 per cent.
- The revenue BE–AE variance declined from 12.58 per cent to 5.86 per cent.
- Capital expenditure utilisation deteriorated significantly in 2024–25.
- The capital BE–AE gap reached ₹6,624.09 crore in 2024–25.
- Aggregate utilisation conceals substantial differences between revenue and capital expenditure.
- Actual expenditure remained below Revised Estimates in each of the three years for total expenditure.
- Revenue expenditure dominated actual expenditure throughout the period.
- 2024–25 requires particular attention because of the decline in capital expenditure utilisation.

12. Discussion

The results provide evidence of a mixed pattern of budgetary performance in Jharkhand. At the aggregate level, the State utilised approximately nine-tenths of its original expenditure provisions during each year. However, the disaggregated analysis reveals a substantially different picture. Revenue expenditure showed progressive improvement, whereas capital expenditure experienced a sharp decline in utilisation in 2024–25. This is broadly consistent with the wider Indian fiscal-marksmanship literature, which has identified comparatively greater forecasting and implementation difficulties in capital expenditure.

The findings also suggest that budget performance should not be measured by a single aggregate utilisation ratio. A State may achieve a relatively high overall utilisation ratio while experiencing substantial underutilisation in a strategically important expenditure category.

13. Policy Implications

- Improve the realism of capital budget estimates.
- Strengthen project readiness before inclusion in the annual budget.
- Strengthen quarterly expenditure monitoring.
- Improve coordination between Finance and implementing departments.
- Introduce stronger outcome-oriented monitoring.
- Use historical actual expenditure patterns while preparing future Budget Estimates.
- Investigate recurring and significant deviations through departmental reviews.

14. Limitations of the Study

The study covers only three financial years. It focuses primarily on financial utilisation and does not directly measure physical outputs or developmental outcomes. Aggregate State-level figures may conceal substantial variation across departments, grants and schemes.

15. Conclusion

The study examined the budgetary performance of Jharkhand during 2022–23 to 2024–25 by comparing Budget Estimates, Revised Estimates and Actual Expenditure. The analysis demonstrates that aggregate budget utilisation remained relatively stable, ranging from approximately 90.64 per cent to 92.70 per cent. However, this aggregate stability conceals significant differences between revenue and capital expenditure.

Revenue expenditure showed a consistent improvement in utilisation, increasing from 87.42 per cent in 2022–23 to 94.14 per cent in 2024–25. Capital expenditure showed a contrasting trend, with utilisation declining from 100.52 per cent to 82.13 per cent. The principal conclusion is therefore that Jharkhand's budgetary performance cannot be adequately assessed through aggregate budget utilisation alone. A more meaningful assessment requires examination of expenditure composition and implementation, particularly the distinction between revenue and capital expenditure.

From the perspective of the broader PhD research agenda—“Performance Evaluation of Budgetary Provisions of Jharkhand State towards Growth of the State: A Critical Study since 2015”—the present study provides a focused empirical component dealing with budget implementation performance. Future research can extend the analysis by examining whether variations in capital and developmental expenditure are associated with changes in GSDP, sectoral growth, employment, infrastructure and human-development indicators.

16. References

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