

Macro and Fiscal Landscape of the State of Bihar

Macro and Fiscal Brief: Bihar

March 2025

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1. Summary and Overview of the State of Bihar

Demography and Employment

- As per the Census population projections, Bihar's population is 127 million, representing 9.1 percent of India's total population. The projected population growth rate for Bihar is higher than the national average as of 2022-23.
- Bihar's population density as well as its dependency ratio have consistently exceeded their respective national averages, as of 2021 projections. A large majority of the State's population, about 88 per cent, still resides in rural areas, as of 2023.
- As per the latest round of the National Family Health Survey (NFHS V, 2019-21) Sex Ratio at Birth (female births per 1000 male births in a given population) in the state is lower than the national average.
- As of 2022-23, Bihar's annual unemployment rate at 3.9 per cent is slightly above the national average of 3.2 per cent, and the Female Labour Force Participation Rate is lower than the national average.
- As of 2022-23, the working population in Bihar is predominantly concentrated in agriculture, forestry, and fishing (49.6 per cent); services (28.9 per cent); and, construction sectors (18.4 per cent). The proportion of workers engaged in the manufacturing sector is only 5.7 percent of the total share of workers in 2022-23.

Economic Structure (Growth and Sectoral Composition)

- Bihar's real GSDP has grown at an average rate of 5.0 percent between 2012-13 and 2021-22, which is lower than the national average growth of 5.6 percent during the same period.
- During the last three decades, Bihar's share, in nominal terms, in the national GDP has decreased from 3.6 percent in 1990-91 to 2.8 percent in 2021-22. Its nominal per capita income was only 30 percent of the national per capita income in 2021-22.
- The services sector has the highest share in GSVA (57.1 per cent) followed by Agriculture (24.3 per cent) and industry (17.2 per cent) in that order.
- During the period from 2013-14 to 2022-23, state's service sector, industry, and agriculture have grown by 6.4 per cent, 8.6 per cent, and 2.6 per cent, respectively*.

Socio-Economic Indicators (Health and Education)

- Bihar's literacy rate at 61.8 per cent is much lower than the national average of 73 per cent, as of 2011 .
- As of 2016-17, the state has higher school dropout rates (39.7 per cent for classes VIII to X) and lower pass percentages (55.4 per cent for class X and 67.2 per cent for class XII).
- The Gross Enrolment Ratios at the Higher Secondary (35.6 per cent in 2015-16) and Higher Education (15.9 per cent in 2021) levels are also below the respective national averages .
- For people aged between 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) has improved, but it still continues to be lower than the national average as of 2021.
- As of 2020, life expectancy in Bihar at 69.5 years is nearly at par with the national average.
- The infant mortality rate (27 deaths per 1,000 live births in 2020) is also close to the national average, but the total fertility rate at 3 children per woman is higher than the national average for the same period (2019-21).
- Access to basic amenities such as household access to drinking water and electricity is either above or close to the national average, but the state continues to lag behind in access to sanitation facilities.

State of Public Finances and Tax Devolutions

- Bihar's debt-to-GSDP ratio at 39.6 percent in 2022-23, is higher than that of a median state or an average state. Its contingent liabilities, as well as its primary and fiscal deficits, are also higher than those of the median state as of 2022-23. Additionally, the state runs a Fiscal Deficit of 3.9 percent of its GSDP and a Primary Deficit of 1.8 percent of its GSDP in 2021-22, both nearly a percentage point higher than a median state in the same year.
- Bihar collects less in own tax and non-tax revenues compared to a median state. Transfers from the Centre are significantly above the level of a median state and constitute around 75 percent of the total revenue receipts. Its expenditure-to-GSDP ratio is higher, as both revenue and capital expenditure as a percentage of GSDP in 2021-22 was about 8 percentage points higher than a median state nearly 4 percentage points more than its total Revenue Receipts.
- Moreover, Debt Sustainability Analysis shows that under the baseline scenario (where debt level, primary deficit, real GDP growth, real effective interest rate remain as they are) Bihar's debt-to-GSDP ratio is not projected to decline over the next five years. Only with higher growth, or lower primary deficit, or with a combination of the two, debt to GSDP ratio can be expected to take a downward trajectory.
- Bihar's share in Taxes from Centre, as per the FC recommendations, increased from 9.7 percent under 14th FC to 10.1 percent under 15th FC. Its share in the total grants-in-aid increased by 0.5 percentage points under the 15th FC, compared to the 14th FC, at 5.3 percent.

Source: Reserve Bank of India, State Finances Report 2022-23.

Note: For calculation of median state, variable as a percentage of GSDP was computed for each state, with the median across 22 major states shown (excluding all Union Territories and North Eastern States, except Assam).

Fiscal Rules

- Following recommendations of the 12th FC, the Bihar Government enacted the Bihar Fiscal Responsibility and Budget Management (BFRBM) Act in 2006 in accordance with the Union FRBM, 2003. Since 2006, the BFRBM Act has been amended six times in 2010, 2016, 2020, 2021 (twice), and 2022.
- **Revenue Deficit:** Initially, the Act mandated to reduce revenue deficit/GSDP ratio every year by at least 0.1 percent depending upon the economic situation and eliminate revenue deficit by 2008-09 and generate revenue surplus thereafter.
- **Fiscal Deficit:** The Act mandated reducing the fiscal deficit-to-GSDP ratio by at least 0.3 percent annually if it exceeded 3 percent, targeting a cap of 3 percent by 2008-09. Amendments in 2010 under the 13th Finance Commission (FC) temporarily increased the fiscal deficit limit to 3.5 percent for 2010-11 before reverting to 3 percent. The 14th FC recommendations in 2016 anchored the fiscal deficit to 3 percent of GSDP but allowed flexibility up to 3.5 percent if interest payments equaled or exceeded 10 percent of revenue receipts. Subsequent amendments in 2020 and 2021 raised the fiscal deficit cap to 5 percent for 2020-21, revised to 4-4.5 percent for 2021-22. The 2022 amendment fixed the fiscal deficit at 3.5 percent for 2022-23 and 3 percent from 2023-24 to 2025-26, with additional conditional borrowing flexibility of 0.5 percent.
- **Debt:** The 2010 amendment, following the 13th FC recommendations, targeted reducing the state's debt-to-GSDP ratio from 48.2 percent in 2010-11 to 41.6 percent by 2014-15.
- **Fiscal Discipline:** As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period of 5 years from 2017-18 to 2021-22, the state could meet the revenue deficit targets for only 2 years (2017-18 and 2018-19) and fiscal deficit targets for three years (2018-19, 2019-20, and 2021-22). On debt also, the state was able to meet the targets for only 2 years (2020-21 and 2021-22).

2. Demography and Employment

- Population data covers the Census period 1951 – 2011;
- Population Projections cover the period 2012 – 2023;
- Employment data covers the period 2017-18 to 2022-23.

Table 2: Area and Demography of Bihar

Indicator	Most Recent Value	For Year	Decadal Change (b/w 2011 and 2021)	India's estimates for benchmark (iii)
Area (i)	94,163 sq. km.	2011	-	2.86 % of national total
Forest Cover	7,381 sq. km	2021	+ 0.04% points	1.03 % of national total
Total Population	126.8 million persons	2023*	-	9.13 % of national total
Population Growth Rate	1.5 %	2023*	- 0.5% points (b/w 2012 and 2021)	0.9 % (India)
Population Density (ii)	1,307 persons per sq. km.	2021*	-	415 persons per sq. km. (India)
Dependency Ratio	70.2 %	2021*	- 20.9% points	55.7 % (India)
Sex Ratio	933 females per 1000 males	2011	-	914 females per 1000 males (India)
Urban Population	12.3 % of State population	2023*	+ 0.8% points	35.1% of total population (India)
Rural Population	87.7 % of State population	2023*	- 0.8% points	64.9% of total population (India)
Urbanization Rate	4.3%	2023*	-8.5% (b/w 2011 and 2021)	3.7% (India)

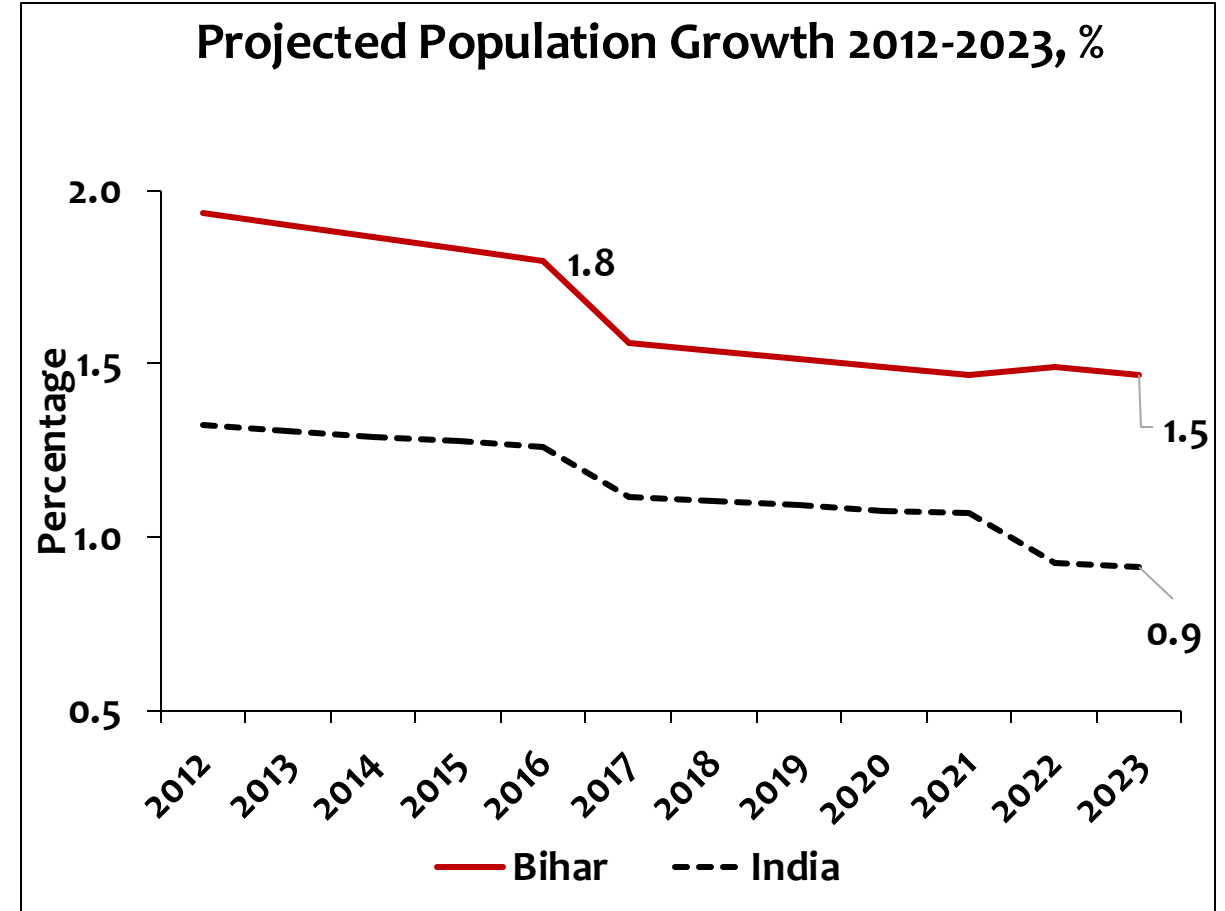
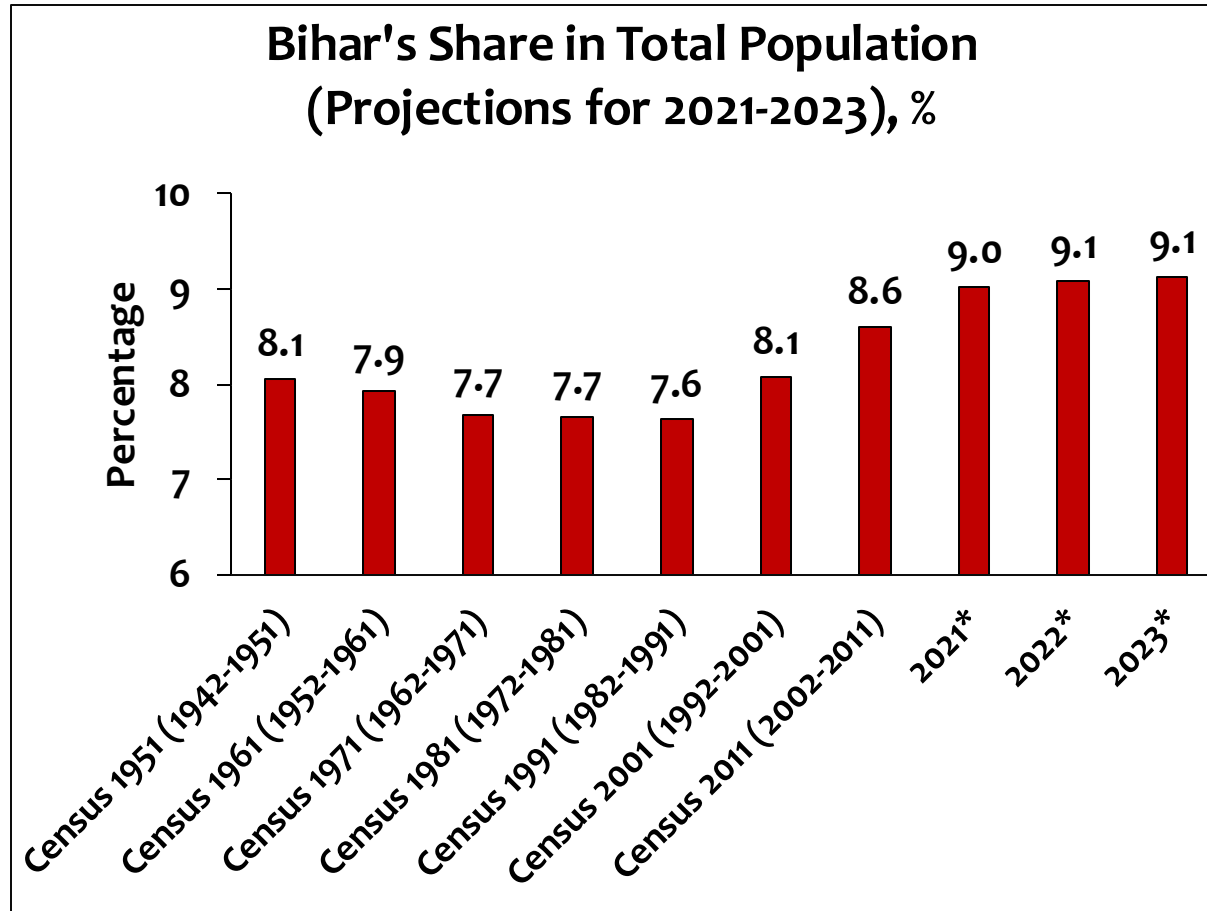
* Projected numbers are starred

Source: Census, Forest Survey of India, Ministry of Environment, Forest and Climate Change, and "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.

Note:

- i. Area figure for India (national total) includes the area under unlawful occupation of Pakistan and China. The area includes 78,114 Sq.km under illegal occupation of Pakistan, 5180 Sq.km illegally handed over by Pakistan to China and 37,555 Sq.km under illegal occupation of China.
- ii. For working out the density of India, the entire area and population of those portions of Jammu & Kashmir which are under illegal occupation of Pakistan and China have not been taken into account, except for 2011 census.
- iii. India's estimates for benchmark pertain to the actual data for India (except for Area, Forest Cover, and Total Population where the State's share in India's estimates have been shown).

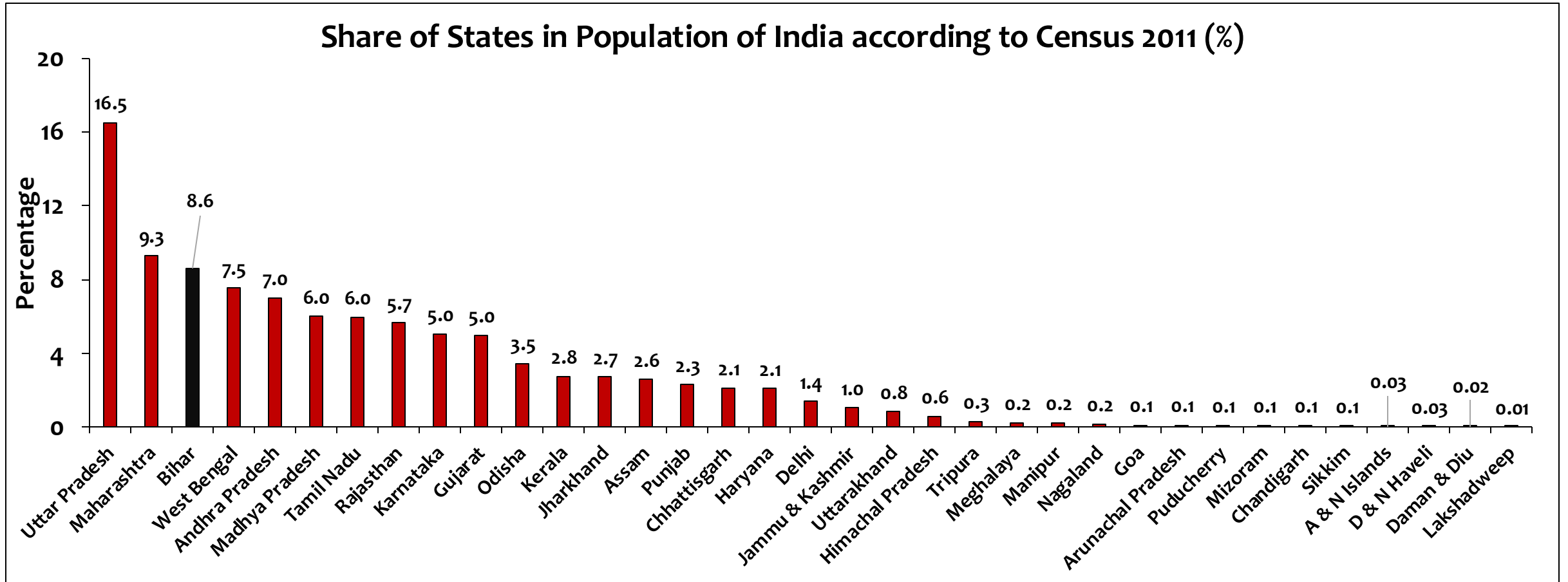
A relatively large state, Bihar has a share of 9.1 percent of national population and its projected population growth rate is higher than the national average



Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs. Projections are sourced from the “Report of the Technical group on Population Projections 2011 - 2036”, (July 2020) by National Commission on Population and Ministry of Health and Family Welfare.

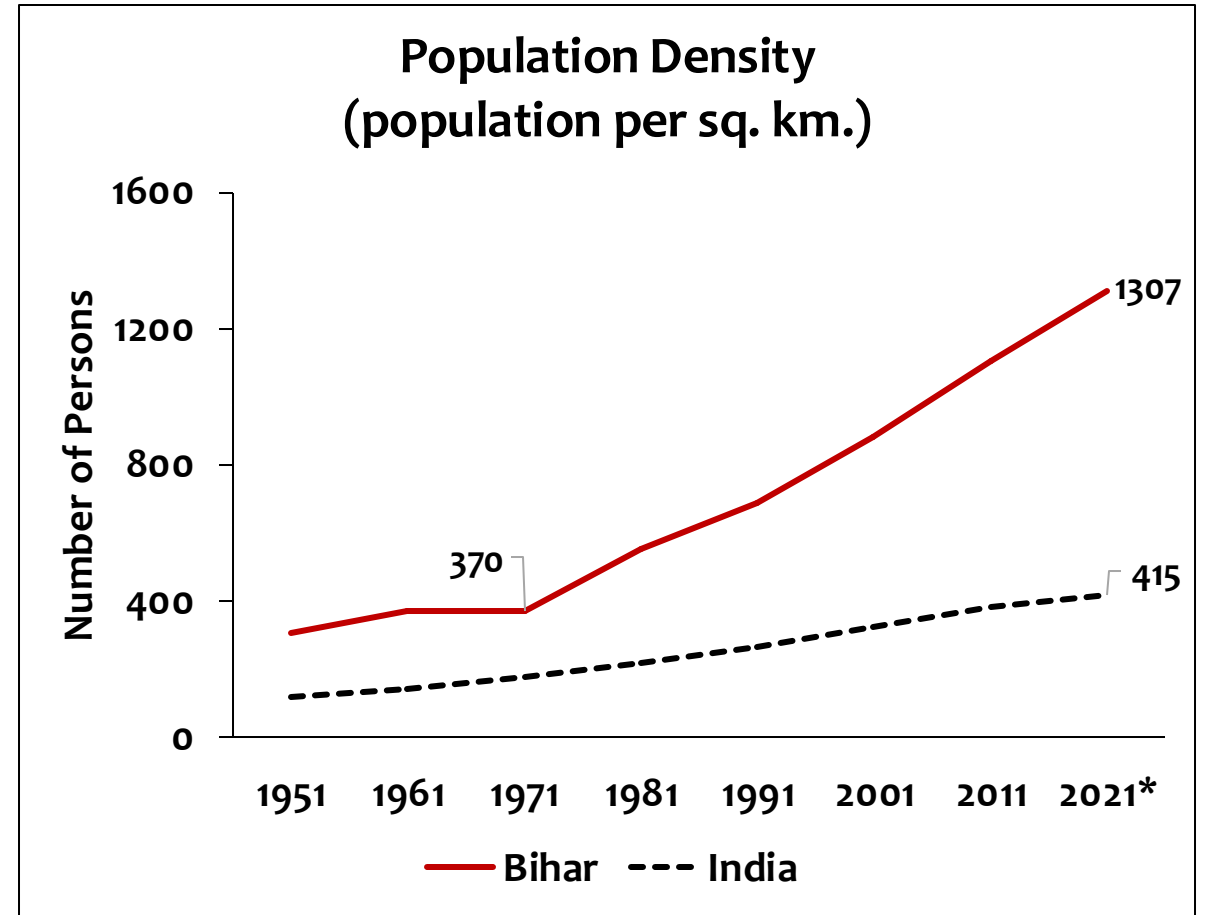
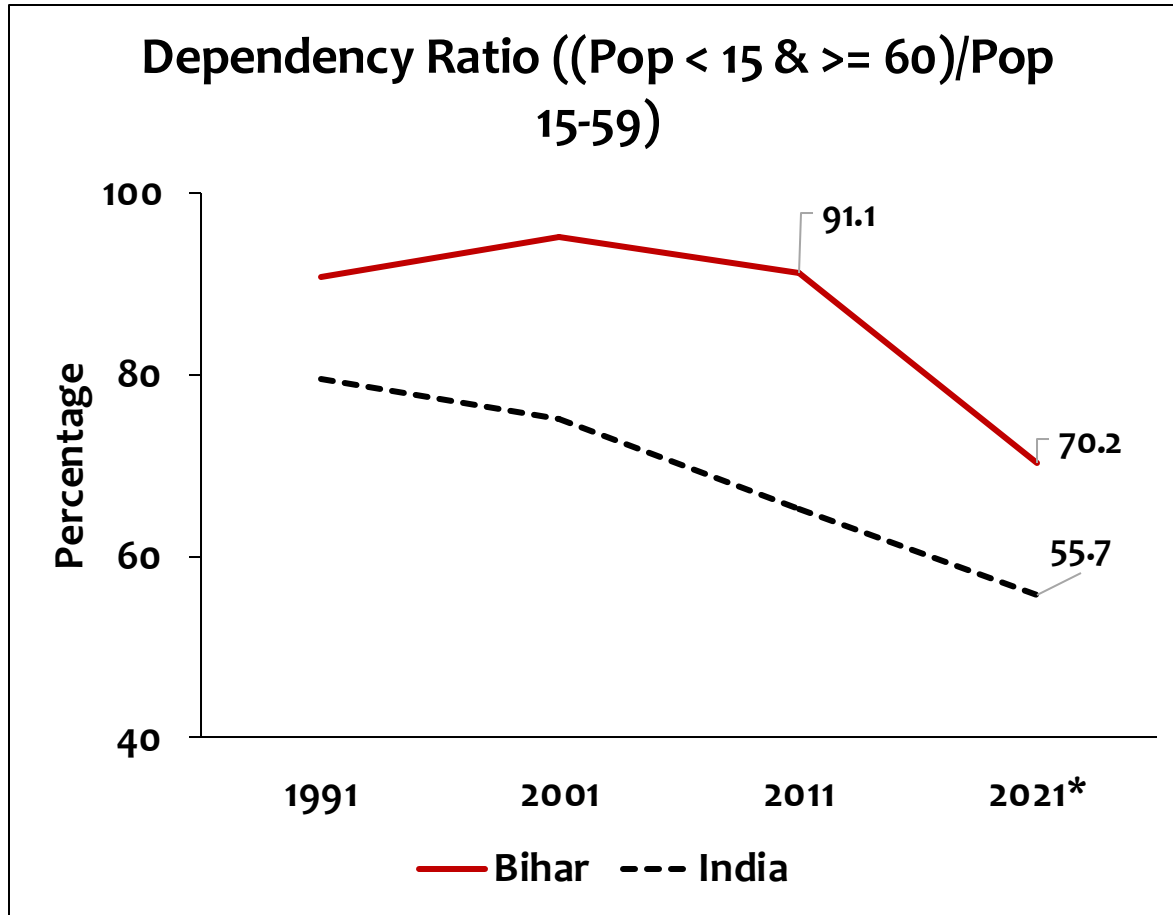
Note: Census Population Projections are constructed using the Cohort Component Method, where the components of population change (fertility, mortality and net migration) are used to project the base population each year separately for each birth cohort (persons born in a given year). The detailed methodology can be found in Chapter 2, [Population Projection Report 2011-2036](#).

As per Census 2011, Bihar ranked as the third-highest among states in terms of its share of the total population



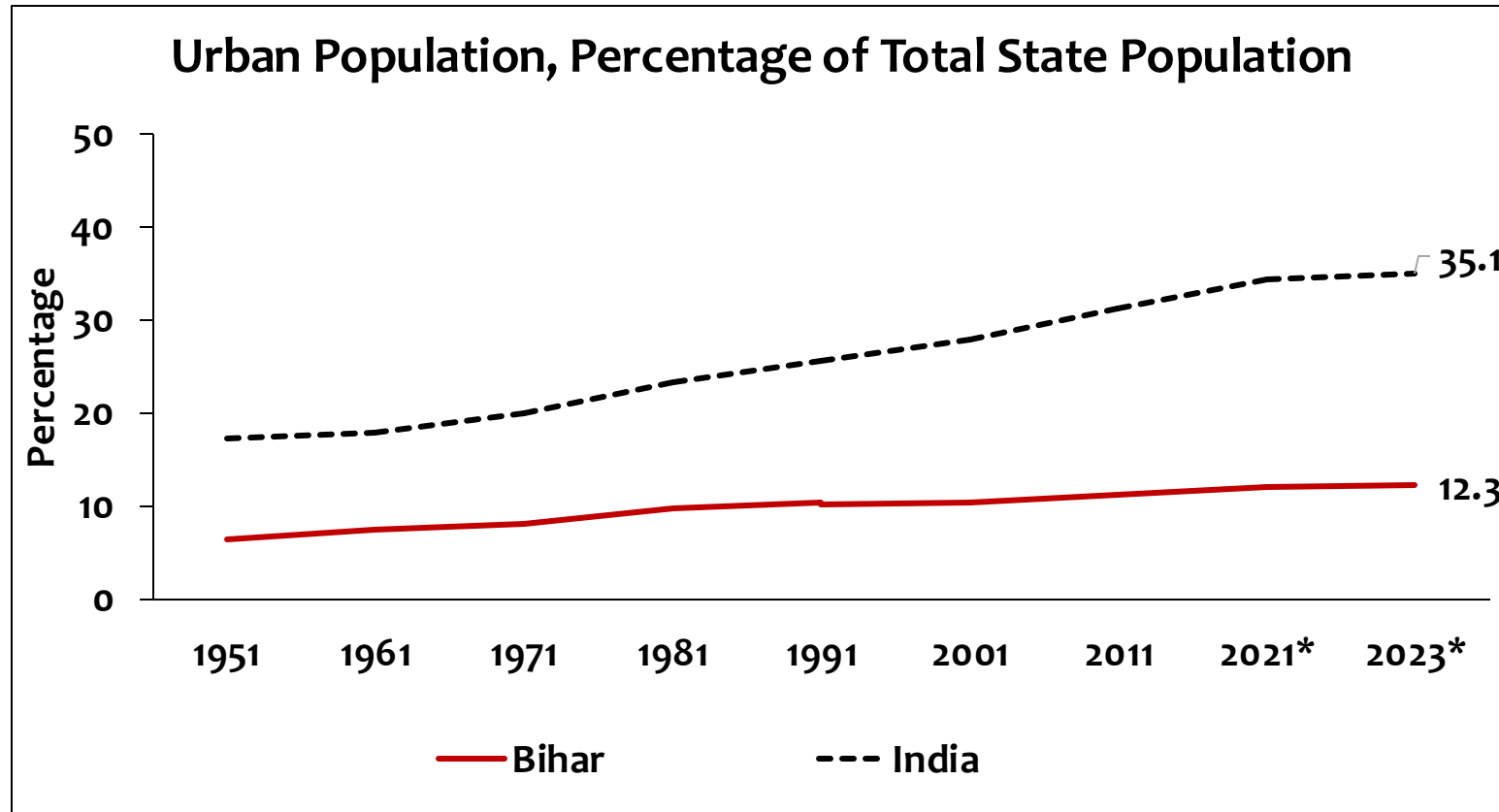
Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Dependency Ratio in Bihar has consistently exceeded the national average. Its Population Density has been higher than the national estimates and the wedge between the two has increased over time due to higher population growth



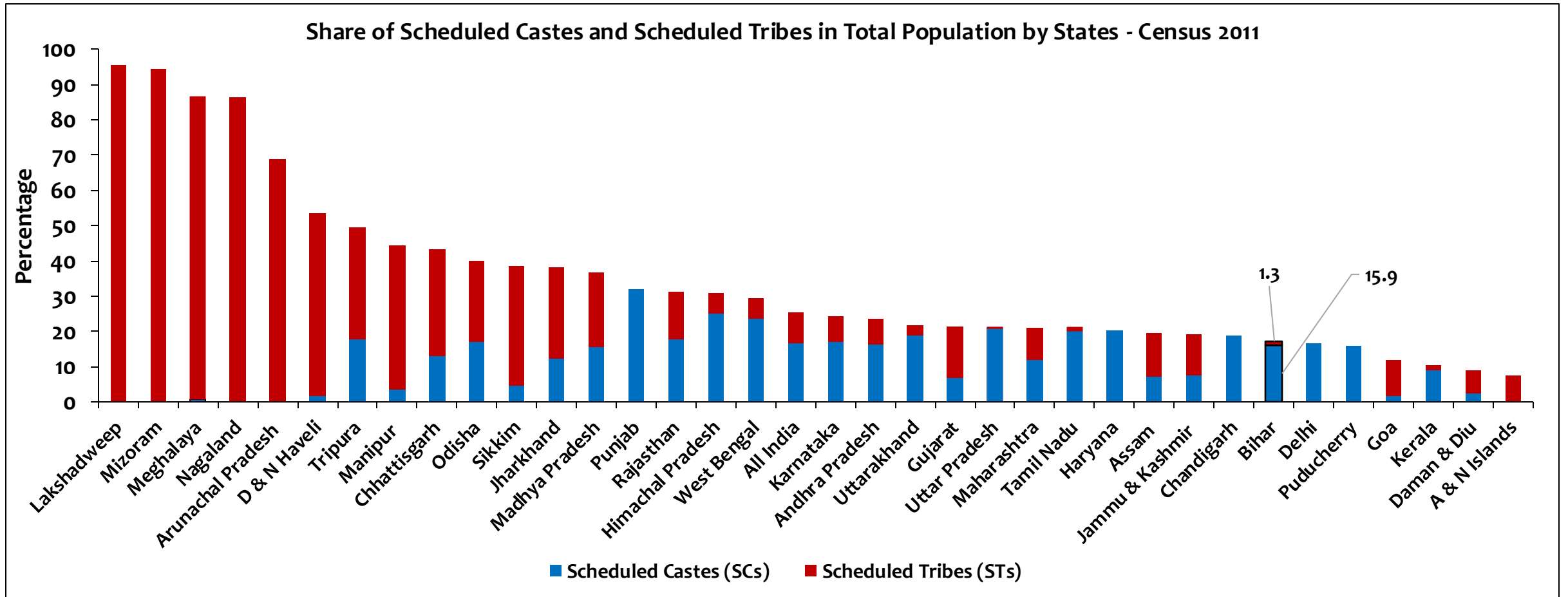
Source: Census data and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

Urban Population in Bihar has consistently remained below the national estimate, and the gap between the two has widened particularly over the past three decades due to higher population growth



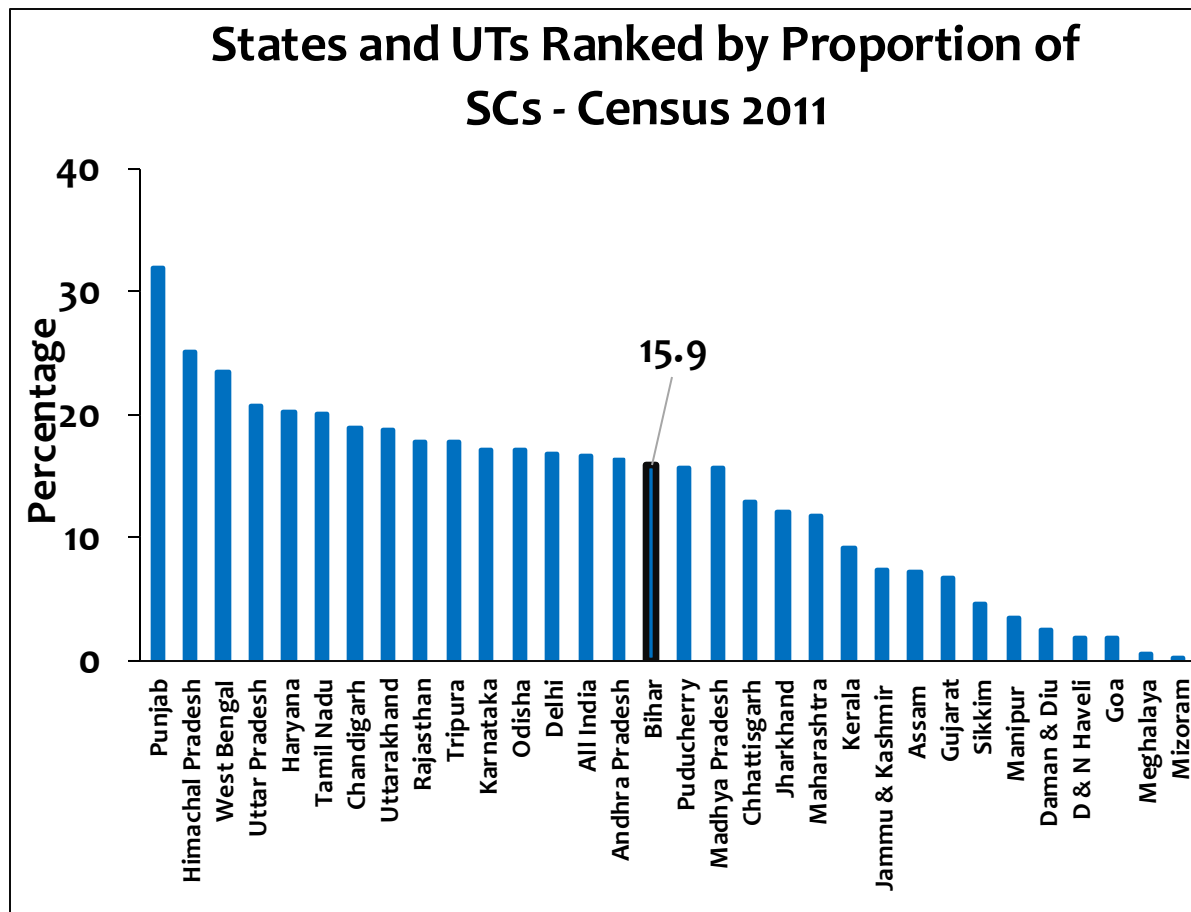
Source: Census data and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

In Bihar, Scheduled Castes (SCs) constituted 15.9 percent of its total population while Scheduled Tribes constituted 1.3 percent of its total population as per the 2011 Census



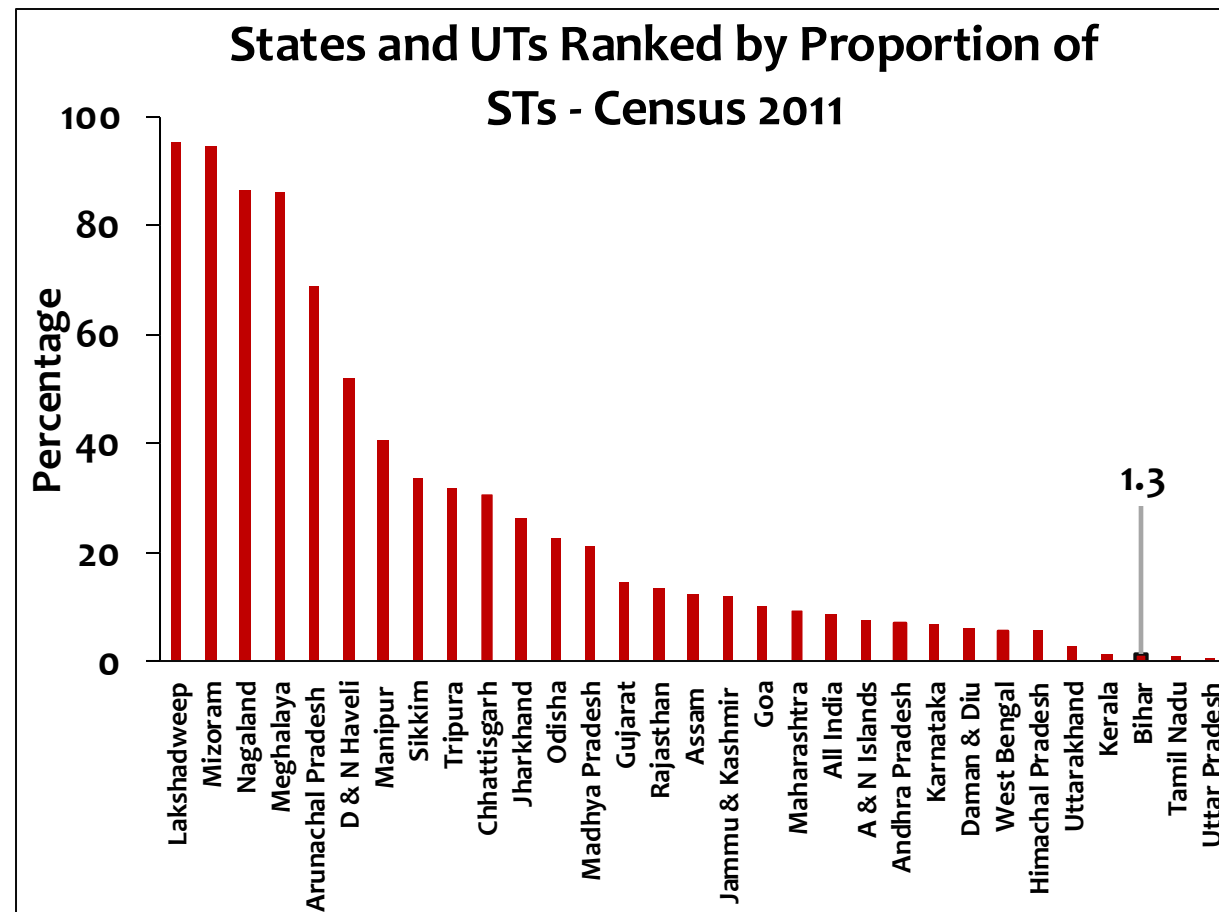
Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Bihar ranks sixteenth among states in terms of the percentage of SC population. It ranks among bottom three states in terms of the percentage of ST population.



Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

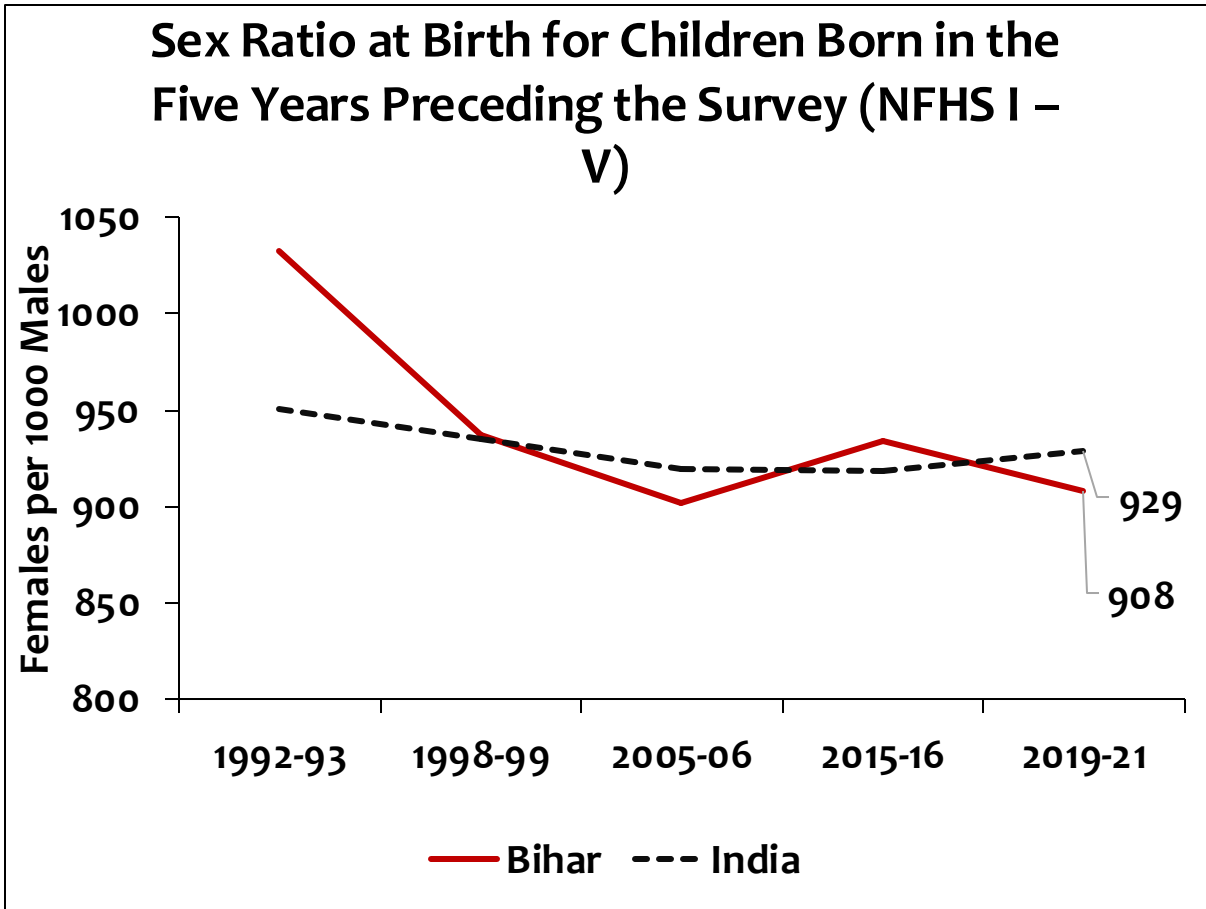
Note: As per the census data, Lakshadweep, Nagaland, Arunachal Pradesh, and Andaman & Nicobar Islands do not report any SC Population.



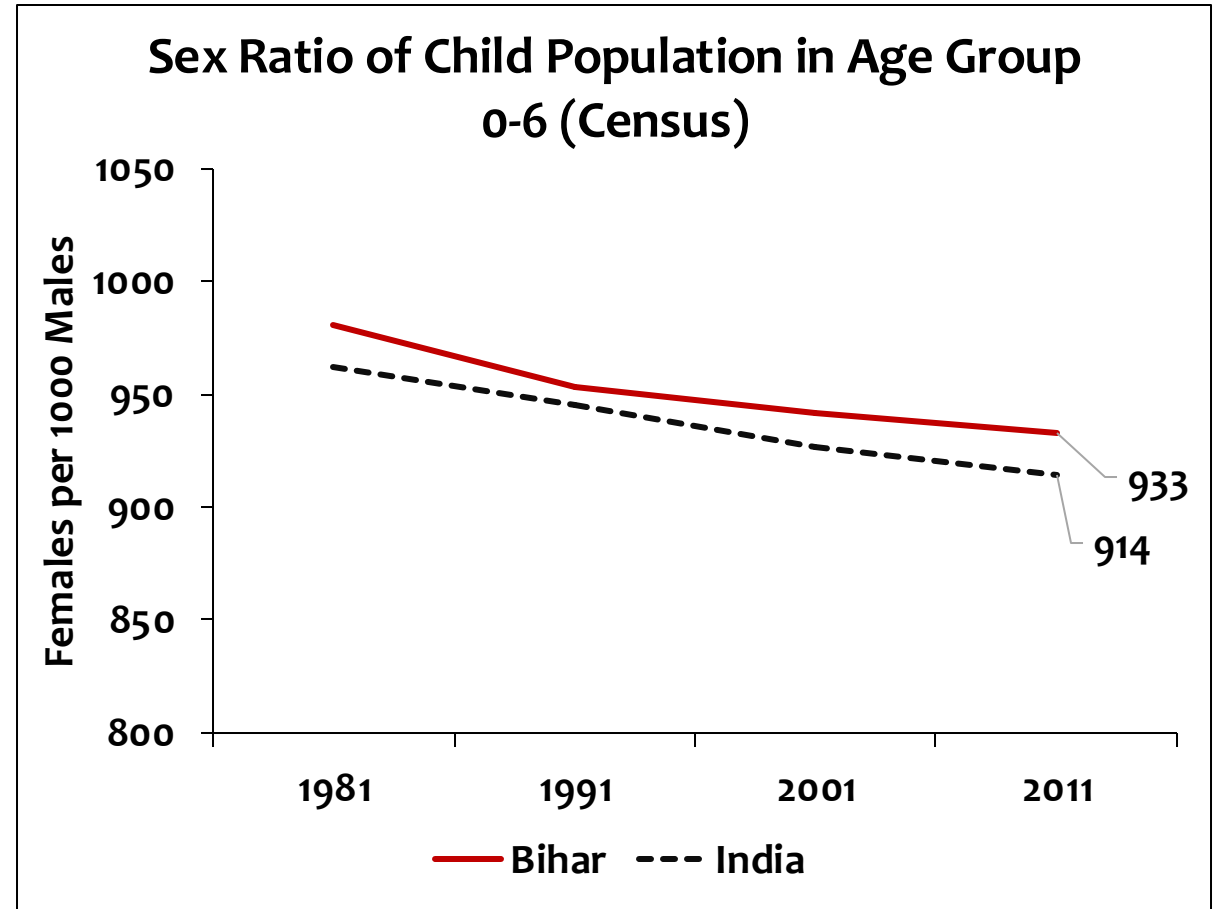
Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Note: As per the census data, Punjab, Haryana, Chandigarh, Delhi, and Puducherry do not report any ST population.

Sex Ratio at Birth (female births per 1000 male births in a given population) in Bihar as per the fifth round of NFHS has been lower than the national average in 2019-20 whereas the Census Sex Ratio of the child population in the 0-6 age group indicates that Bihar's Sex Ratio has consistently been higher than the national estimates since 1981

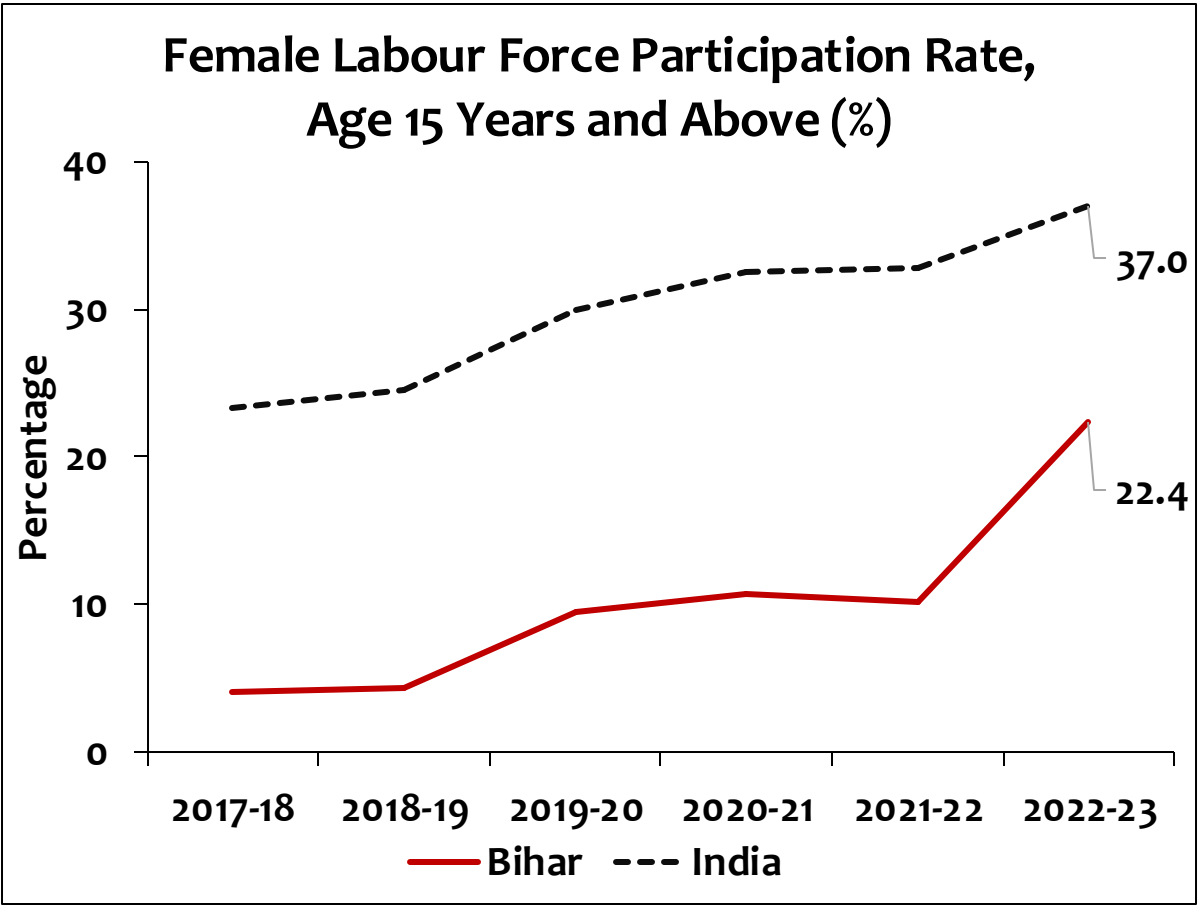
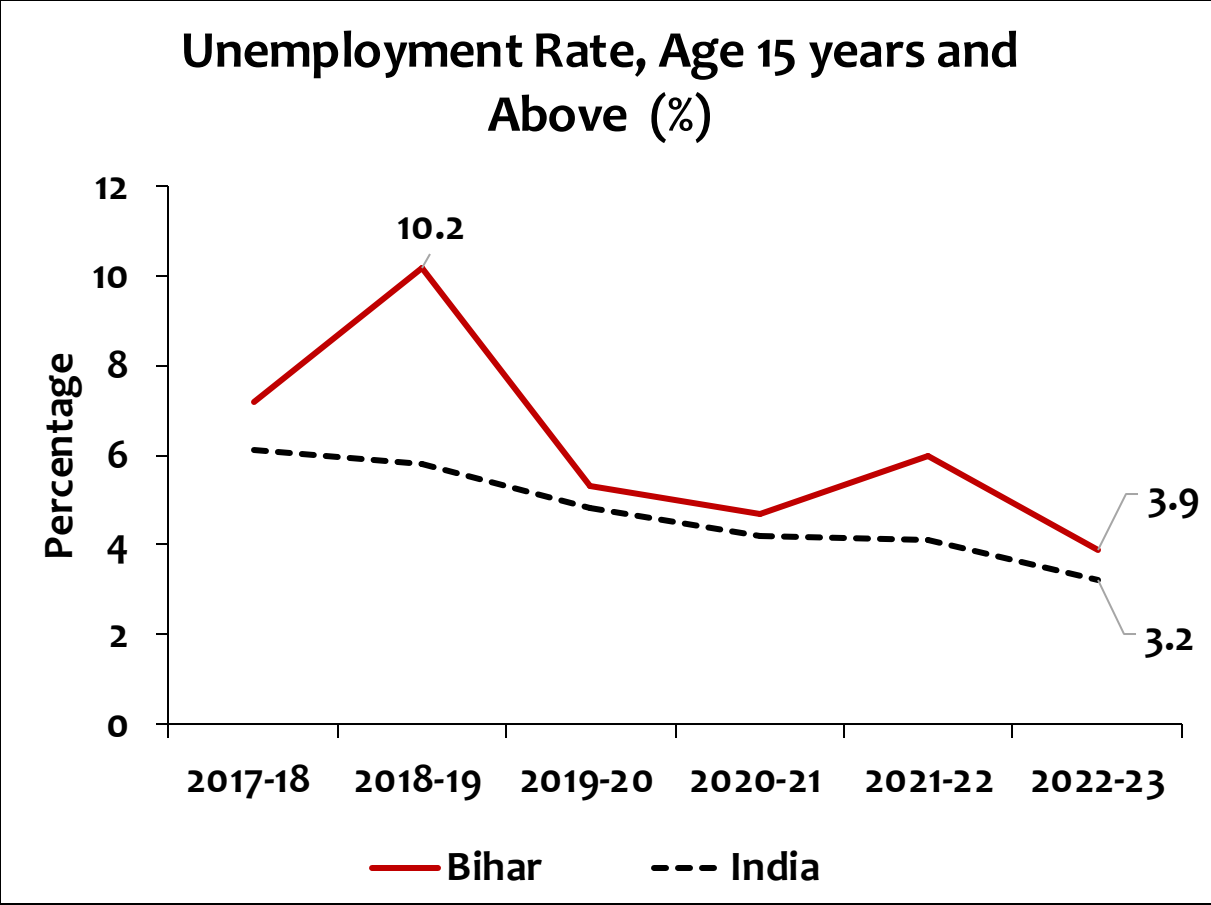


Source: NFHS I – V



Source: Census of India

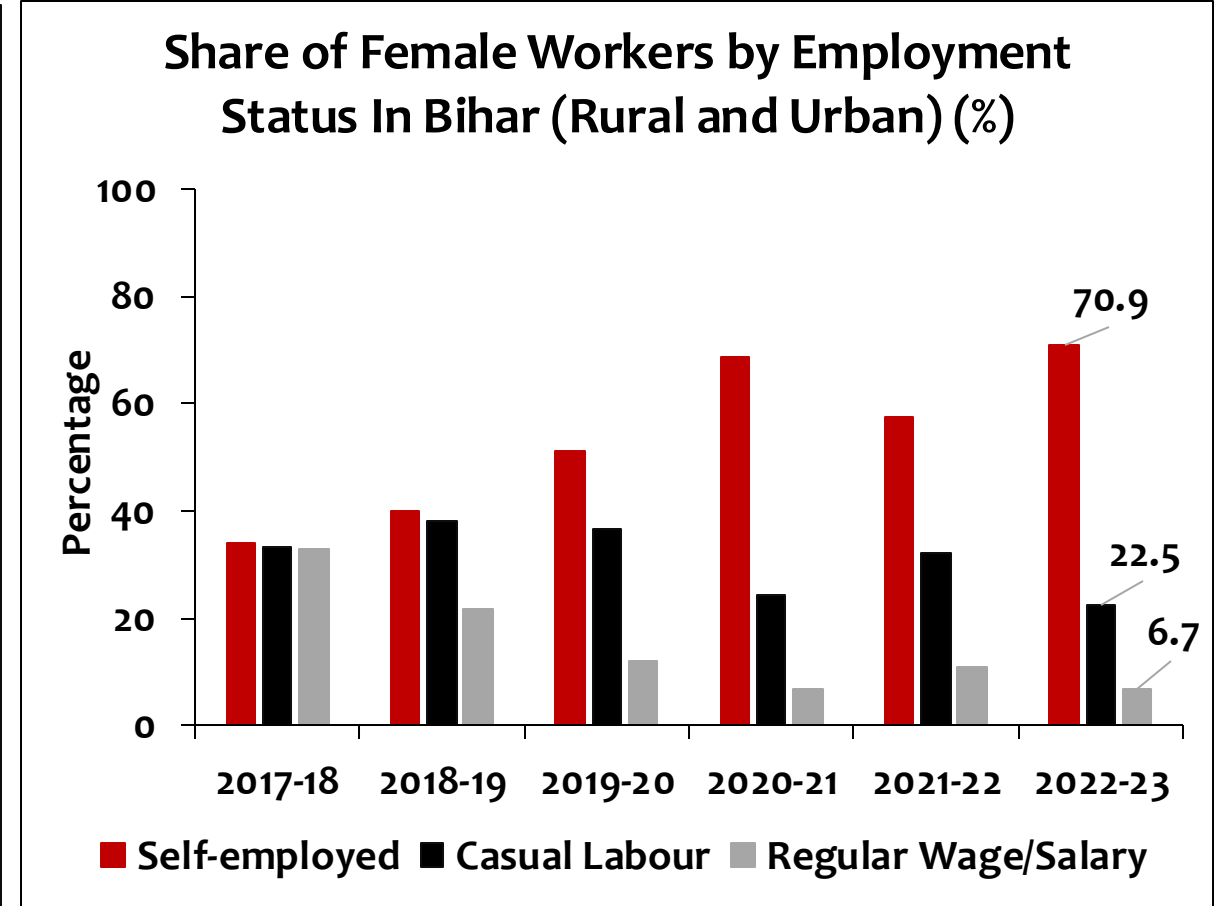
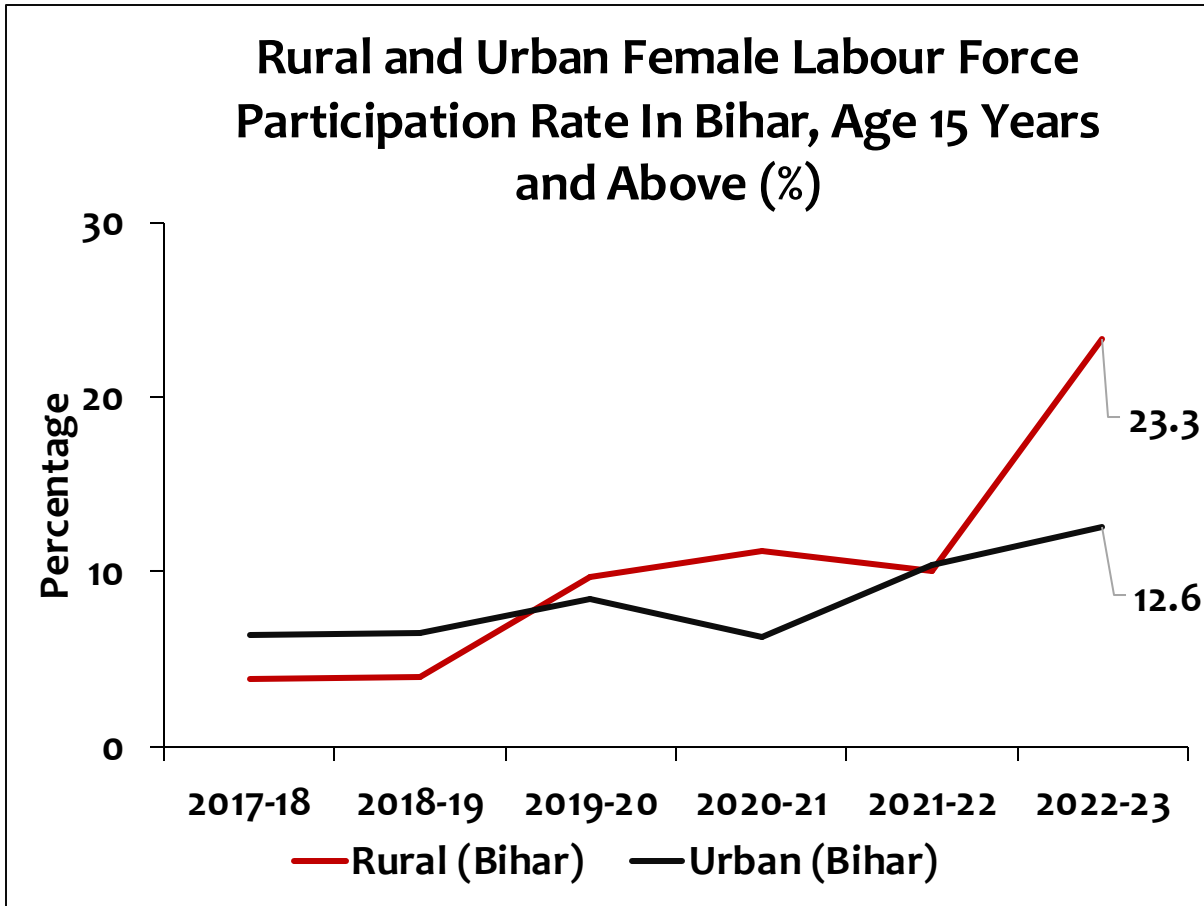
Annual Unemployment Rate for Bihar decelerated to 3.9 percent in 2022-23, aligning closely with the national estimates for the same period. Although Female Labour Force Participation improved to 22.4 percent in 2022-23 but it has remained lower than the national estimates



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. The Unemployment and Female Labour Force Participation Rate (FLFPR), is as per the Usual Status (PS+SS) approach, considering both Rural and Urban labour force for the age group 15 years and above. The PLFS uses two reference periods for measuring employment status, Principal Status (PS) and Subsidiary Status (SS). The PS+SS category combines information from both reference periods to determine the usual status of employment.¹⁸

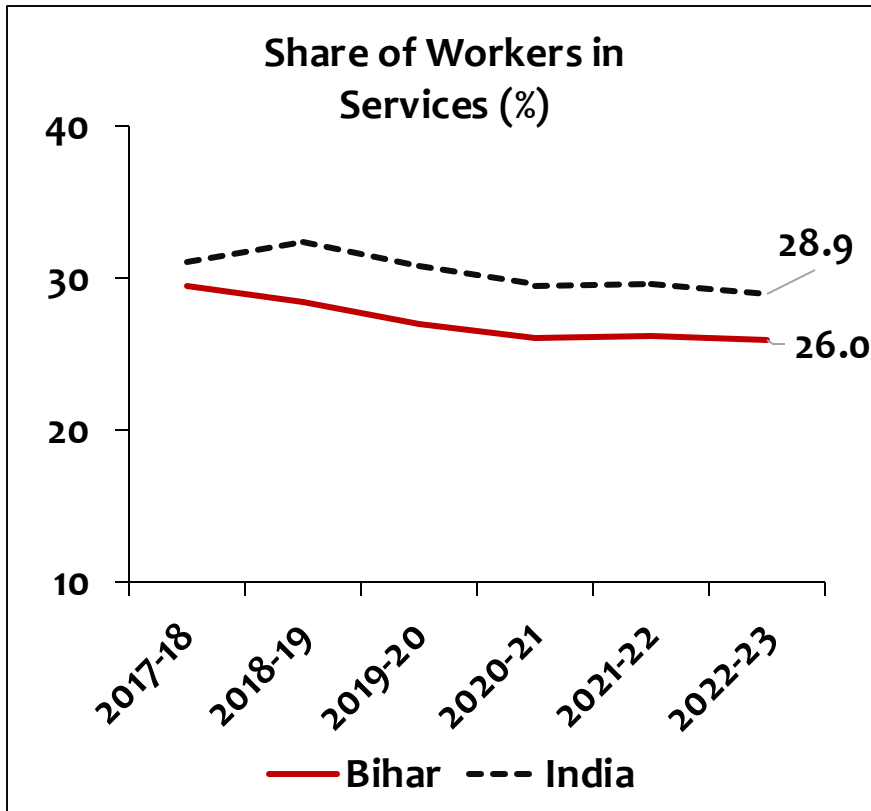
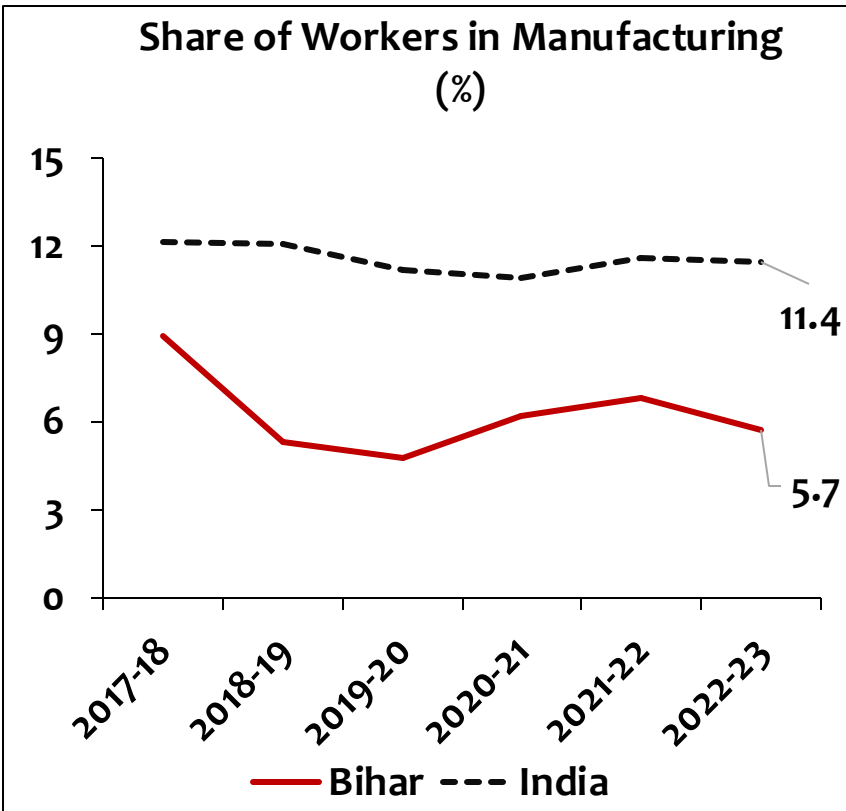
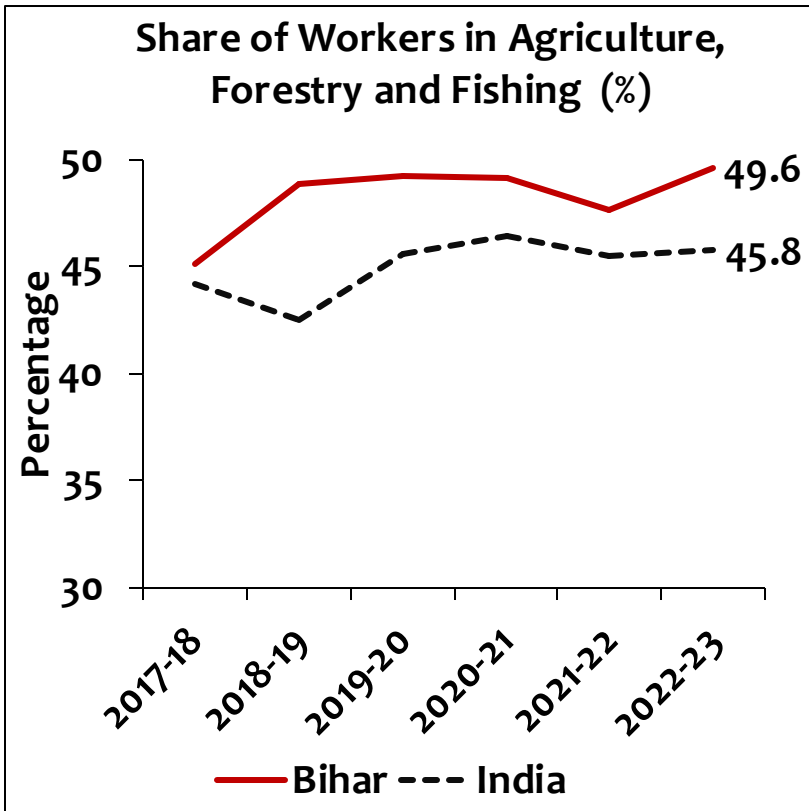
In Bihar, Female Labour Force Participation is predominantly higher in rural areas. Additionally, majority of the female workforce comprises Self-Employed individuals or Casual Labourers



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

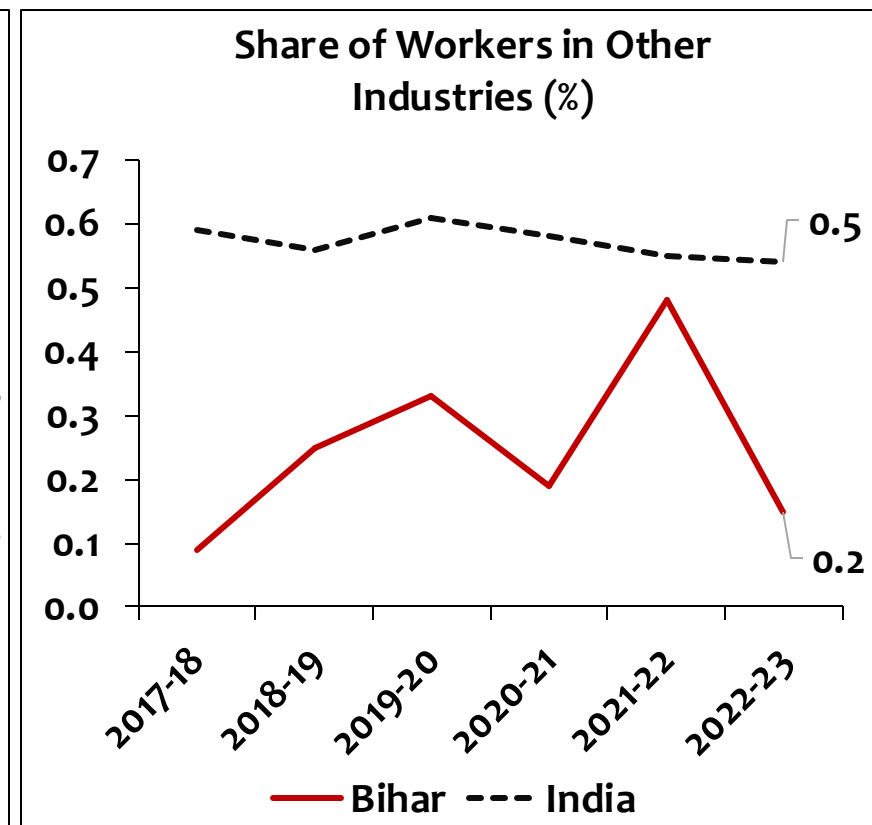
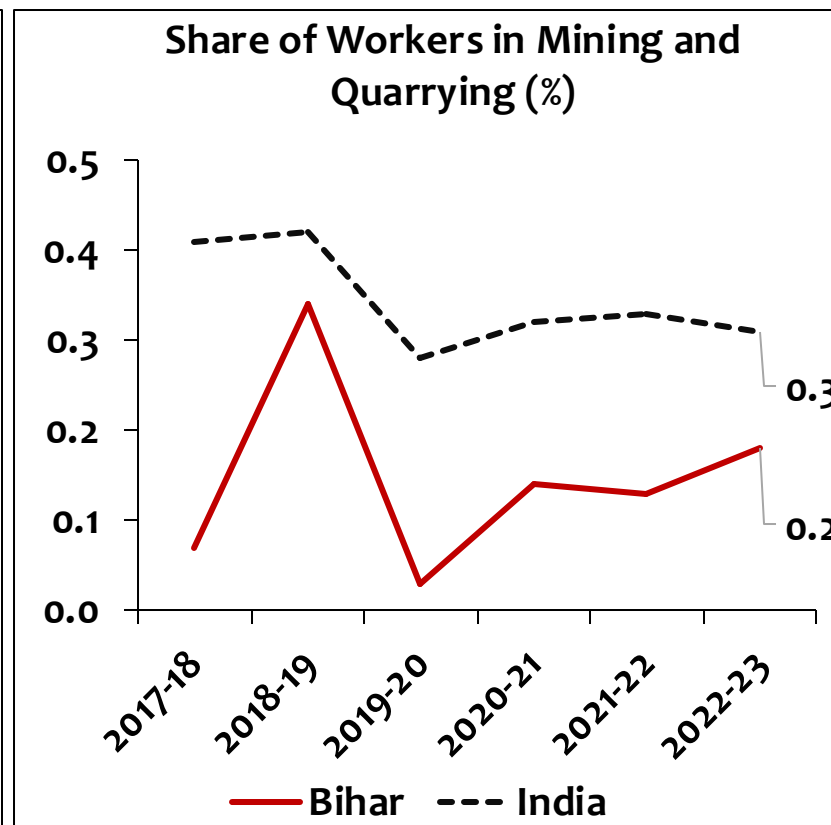
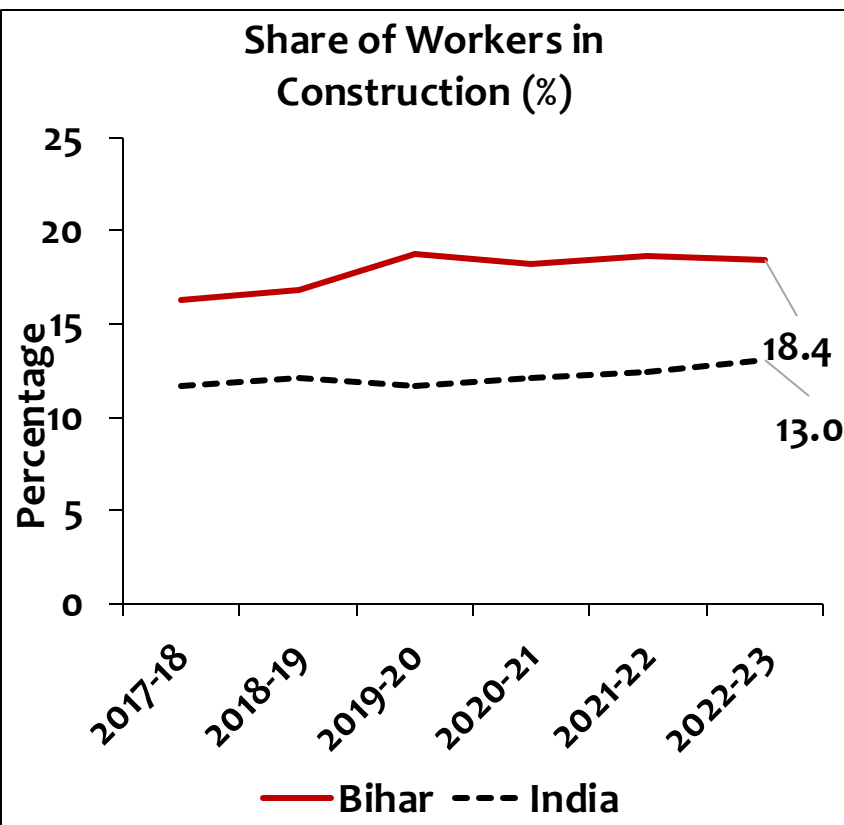
Note: The Unemployment and Female Labour Force Participation Rate (FLFPR), is as per the Usual Status (PS+SS) approach, considering both Rural and Urban labour force for the age group 15 years and above. The PLFS uses two reference periods for measuring employment status, Principal Status (PS) and Subsidiary Status (SS). The PS+SS category combines information from both reference periods to determine the usual status of employment.

Working population in Bihar is predominantly concentrated in Agriculture, Forestry, and Fishing; Services; and, Construction sectors. Manufacturing sector constitutes approximately 5.7 percent of the total share of workers in 2022-23 and has remained below the national estimates. Proportion of workers engaged in Mining and Quarrying and Other Industries have remained below the national estimates in 2022-23



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.
 Note: i. Number for India has been taken directly from the source; ii. Services includes Transportation and Storage; Accommodation and Food Service Activities; Information and Communication; Financial and Insurance Activities; Real Estate Activities; Professional, Scientific and Technical Activities; Administrative and Support Service Activities; Public Administration and Defense; Compulsory Social Security; Education; Human Health and Social Work Activities; Arts, Entertainment and Recreation; Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use; Activities of Extraterritorial Organizations and Bodies; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; and other Services.

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Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. Other industries include, Electricity, Gas, Steam and Air Conditioning Supply; and Water Supply, Sewerage, Waste Management and Remediation Activities.

3. Economic Structure (Growth and Sectoral Composition)

- Income data covers the fiscal period 1990-91 to 2021-22

Table 2A: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Bihar

Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2012-13 to 2021-22)	Source
Nominal Gross State Domestic Product (GSDP)	Rs. 65,030,243 (Lakh) (FY 2021-22)	Rs. 2,347,101,174 (Lakh; India) (FY 2021-22)	+130.3% growth	MoSPI; EPWRF
Nominal GSDP share in India's Nominal Gross Domestic Product (GDP), %	2.8% (FY 2021-22)	-	- 0.1% points	MoSPI; EPWRF
Real GSDP Growth Rate, %	5.0% (Decadal avg. b/w 2012-13 and 2021-22)	5.6% (Decadal avg. b/w 2012-13 and 2021-22 for India)	+ 4.5% points	MoSPI; EPWRF
Nominal Per Capita GSDP	Rs. 52,379 (FY 2021-2022)	Rs. 171,498 (India) (FY 2021-22)	+ 98.0% growth	MoSPI; EPWRF
Nominal Per Capita GSDP in India's Nominal Per Capita GSDP (Ratio)	0.3 (FY 2021-22)	-	- 0.02 points	MoSPI; EPWRF
Share of Agricultural Sector to Total GSVA (Nominal), %	24.9% (FY 2021-22)	19.7% (FY 2021-22)	- 2.9% points	MoSPI; EPWRF
Share of Industry Sector to Total GSVA (Nominal), %	18.2% (FY 2021-2022)	29.3% (FY 2021-22)	+ 2.7% points	MoSPI; EPWRF
Within Industry: Share of Manufacturing Sector to Total GSVA (Nominal), %	7.8% (FY 2021-22)	14.8% (FY 2021-22)	+ 4.1% points	MoSPI; EPWRF
Within Industry: Share of Construction Sector to Total GSVA (Nominal), %	8.7% (FY 2021-22)	7.7% (FY 2021-22)	- 1.3% points	MoSPI; EPWRF
Share of Service Sector to Total GSVA (Nominal), %	57.0% (FY 2021-2022)	51.0% (FY 2021-22)	+ 0.2% points	MoSPI; EPWRF
Within Services: Share of Trade and Hospitality Sector to Total GSVA (Nominal), %	14.6% (FY 2021-2022)	11.3% (FY 2021-22)	- 4.1% points	MoSPI; EPWRF
Within Services: Share of Other Services Sector to Total GSVA (Nominal), %	14.4% (FY 2021-2022)	10.1% (FY 2021-22)	+ 4.3% points	MoSPI; EPWRF

Source: Data is taken from MOSPI, as of August 2023.

Note: i. States' Average for shares are simple averages of each state's/UT's share for that year; ii. States' average growth rates are calculated as the simple average of each state/UT's growth rate for that year.

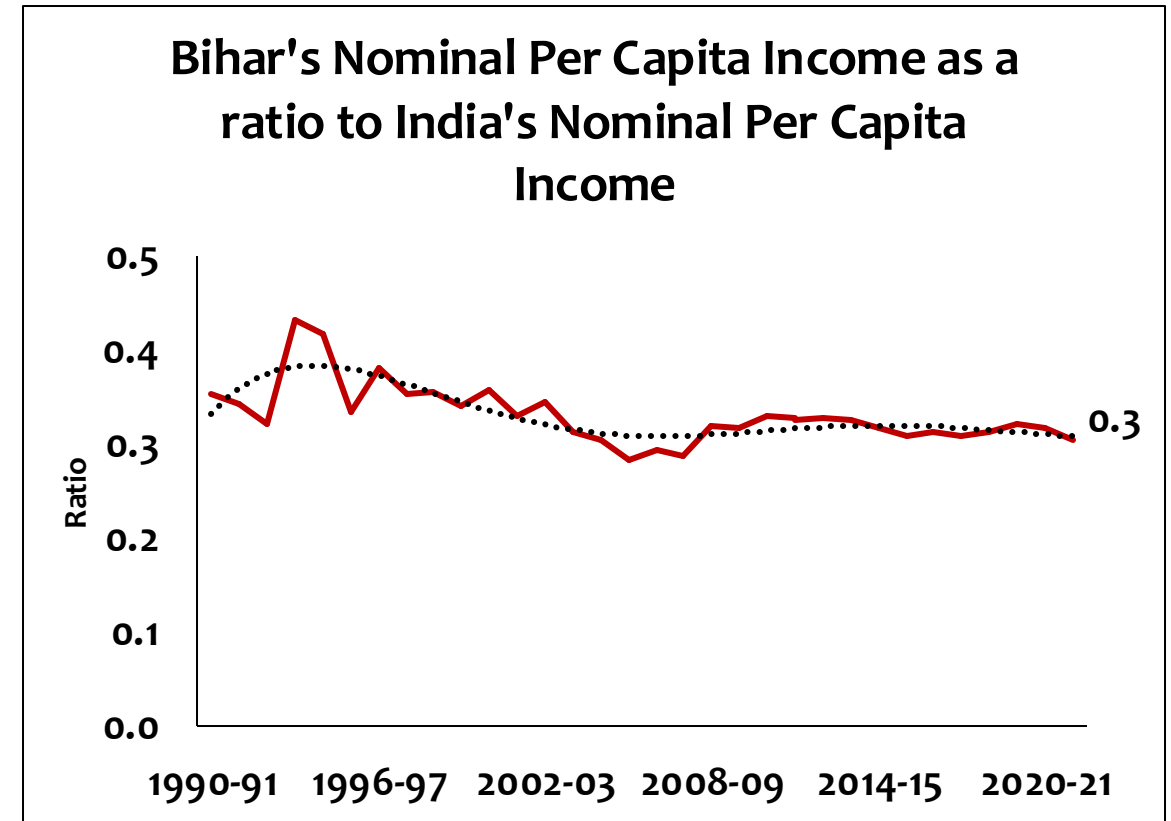
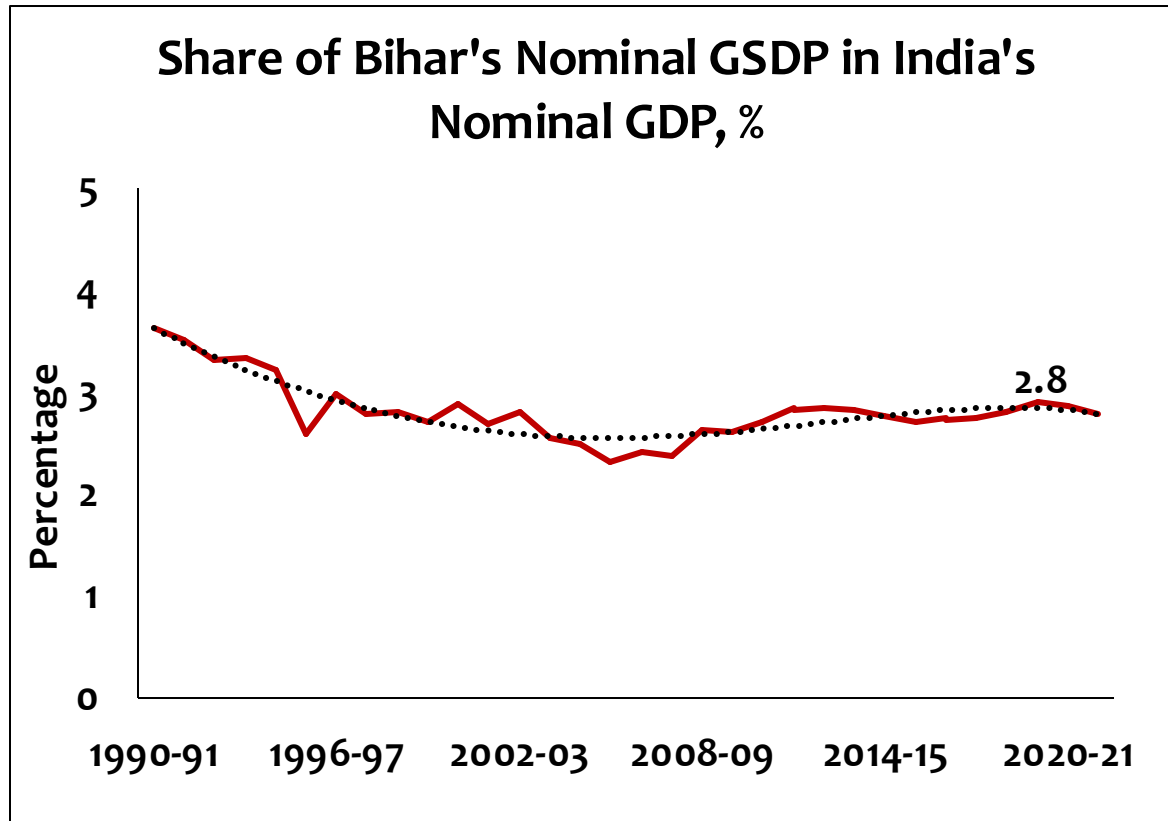
Table 2B: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Bihar

Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2013-14 to 2022-23)	Source
Share of Agricultural Sector to Total GSDP (Nominal), %	24.3% (FY 2022-23)	16.9% (FY 2022-23)	1.1% points	MoSPI; EPWRF
Share of Industry Sector to Total GSDP (Nominal), %	17.2% (FY 2022-23)	27.1% (FY 2022-23)	- 1.2% points	MoSPI; EPWRF
Within Industry: Share of Manufacturing Sector to Total GSDP (Nominal), %	6.9% (FY 2022-23)	14.4% (FY 2022-23)	+ 0.2% points	MoSPI; EPWRF
Share of Service Sector to Total GSDP (Nominal), %	57.1% (FY 2022-23)	45.0% (FY 2022-23)	+ 2.0% points	MoSPI; EPWRF
Inflation Rate (based on Consumer Price Index)	+ 6.1% (FY 2022-23)	+ 5.4 % (FY 2022-23)	- 2.0 points	MoSPI; EPWRF
FDI Inflow	~0.0 % of India's FDI Inflow (2023-24)	3% of India's FDI Inflow	- 0.1 % (b/w 2020-21 and 2023-24)	Department for Promotion of Industry and Internal Trade
Exports	2,610 Million \$ (2022-23)	15,346 Million \$ (All states/UT)	1,575 Million \$ (b/w 2014-15 and 2022-23)	Multiple Sources*

Source i. Data on sectoral shares to GSDP is taken from MOSPI, as of March 2024; ii. FDI data is available state-wise in a cumulative format with the starting date as December 2019 till the month and year of the DPIIT publication; iii. Multiple sources for exports are various Issues of Economic Survey, Department of Economic Affairs, (data.gov.in), Various Issues of Bulletin on Foreign Trade Statistics, Directorate General of Foreign Trade (DGFT).

Note: i. The State average for FDI has been calculated as the sum of all States/region divided by the number of States/regions, and this is divided by India's FDI inflow, multiplied by 100; ii. Benchmark number for exports is an average of all States/UT number

Bihar's share of GSDP in India's GDP and its Nominal Per Capita Income as a ratio to India's Nominal Per Capita Income have both declined since 1991



Source: The Ministry of Statistics and Programme Implementation (MoSPI), August 2023. Back series with 2011-12 base has been taken from Economic and Political Weekly Research Foundation (EPWRF).

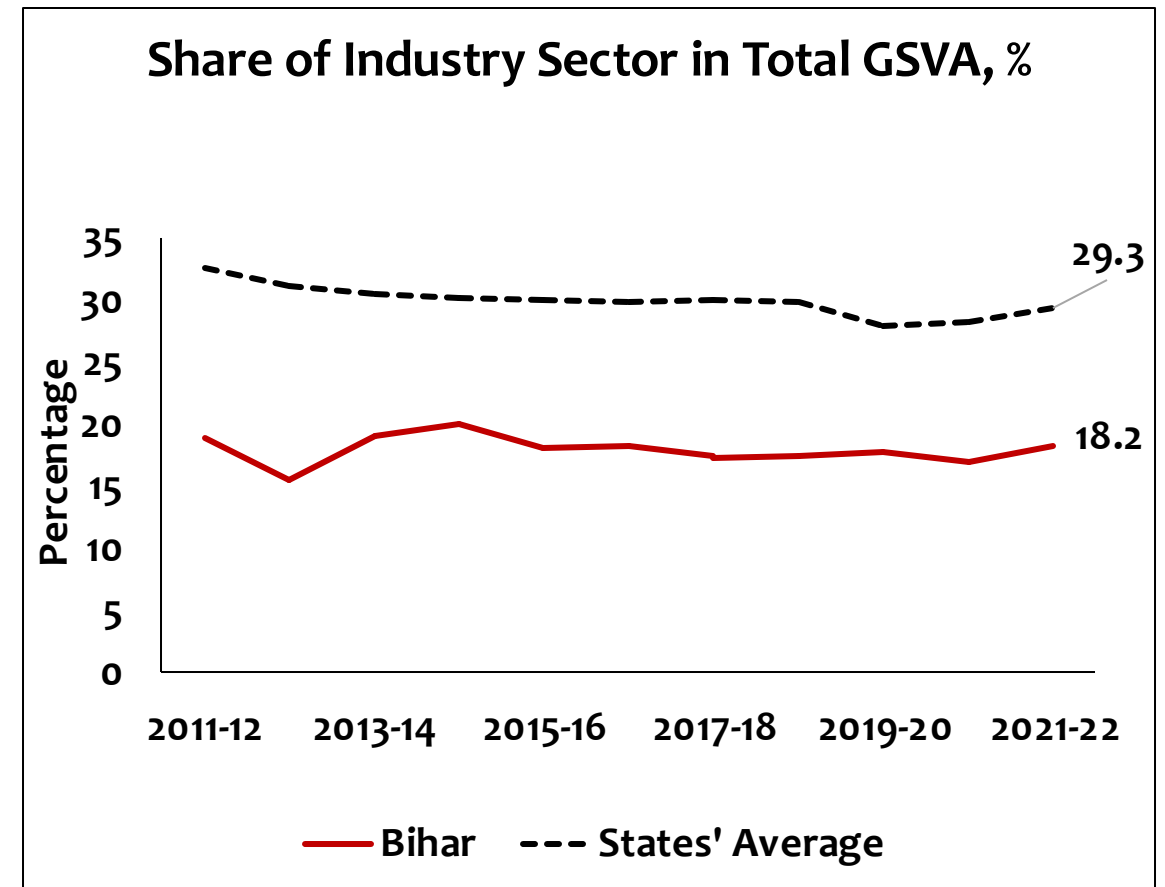
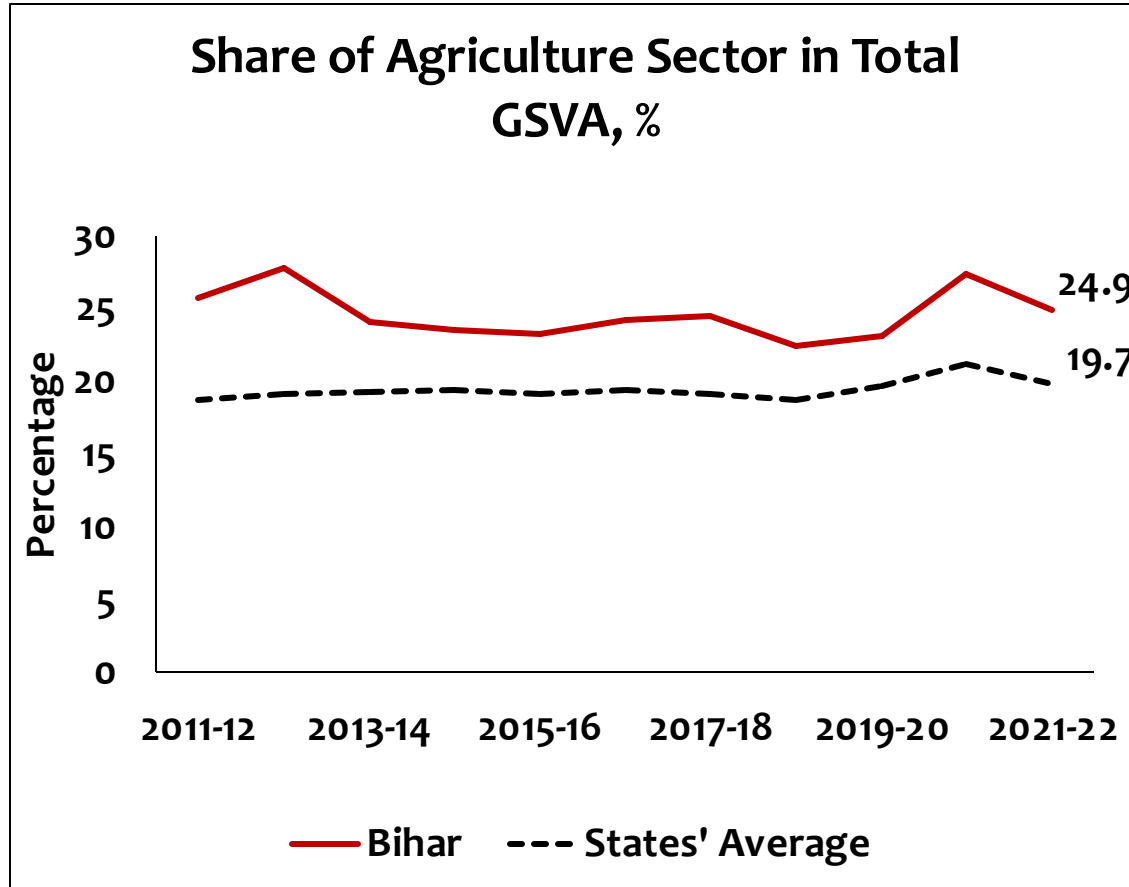
Note: i. GSDP refers to Gross State Domestic Product at current market prices; ii. As per EPWRF, this series is spliced with earlier GSDP series to generate the long time series; iii. National GDP is the National Gross Domestic Product of India at current market prices; iv. This series has been spliced with earlier GDP series to generate the long time series.

Sectoral Gross State Value Added (GSVA): Bihar vis-à-vis rest of India (FY 2021-22)

- According to official estimates for FY 2021-22, Bihar's share of Industry and Services sectors in its GSVA are 18.2 percent and 57 percent while for the same sectors, an average state's shares stand at 29.3 percent and 51 percent respectively.
- For FY 2021-22, Industry sector is driven primarily by Construction which commands a 8.7 percent share of total GSVA with minor contributions from Manufacturing (7.8 percent) Electricity (1.5 percent) and Mining (0.2 percent).
- For FY 2021-22, Bihar's Services sector has the highest share in GSVA. Within the Services sector, highest contributors are Trade and Hospitality services (14.6 percent) and Other services (14.4 percent).
- For FY 2021-22, Bihar ranks 28th out of 33 States and UTs in its share of the Industry sector in GSVA (18.2 percent) and 12th in its share of Services sector in GSVA (57 percent).

Note: Gross State Value Added (GSVA) is defined as the sum of the value added by each of the sectors under agriculture, industry, and services. This series currently is available at basic prices with 2011-12 base and it can be spliced with the earlier GSVA series to obtain the long time series for this variable.

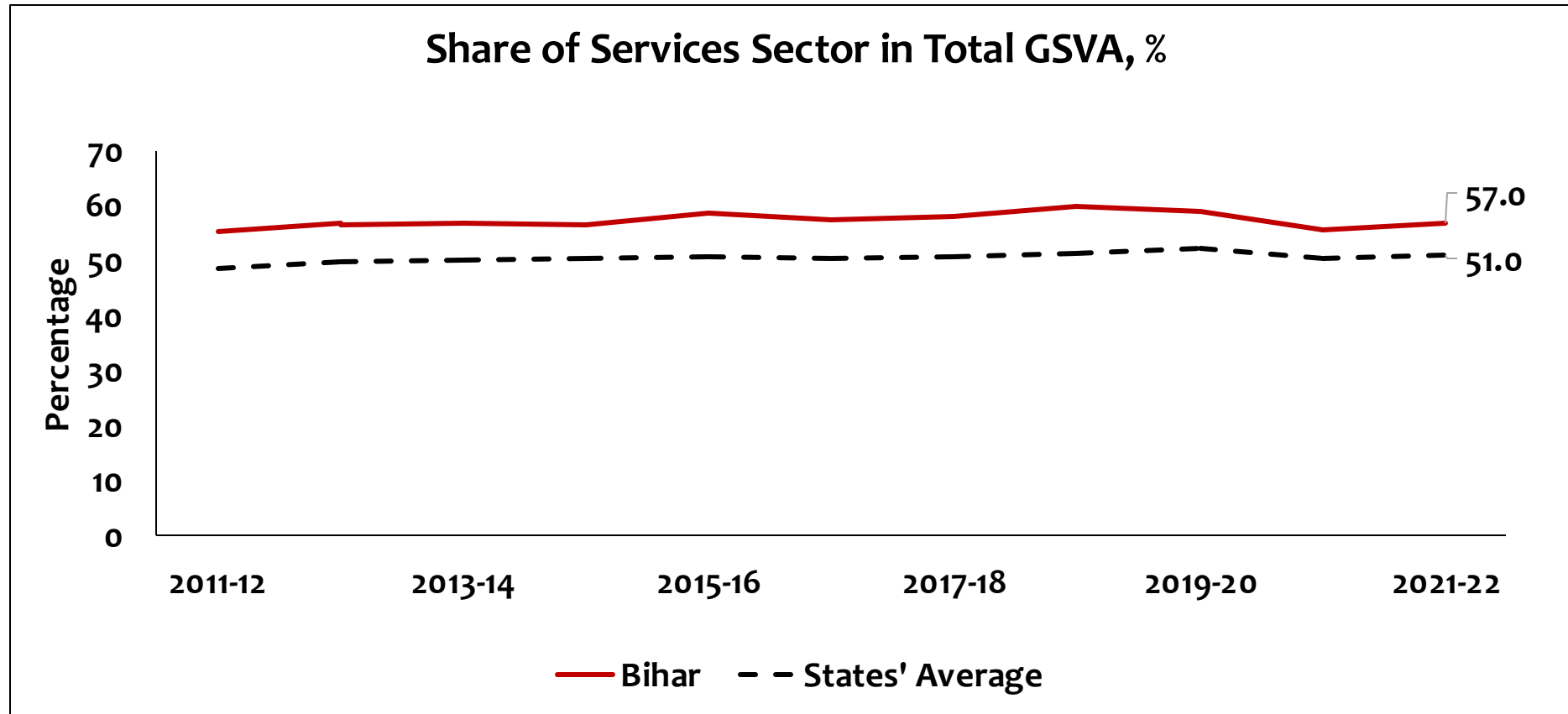
Share of Agriculture sector in Bihar's GSVA has remained above the average share of states but share of the industry sector in Bihar's GSVA has remained below the average share of states



Source: MoSPI, August 2023.

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares; iii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iv. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water.

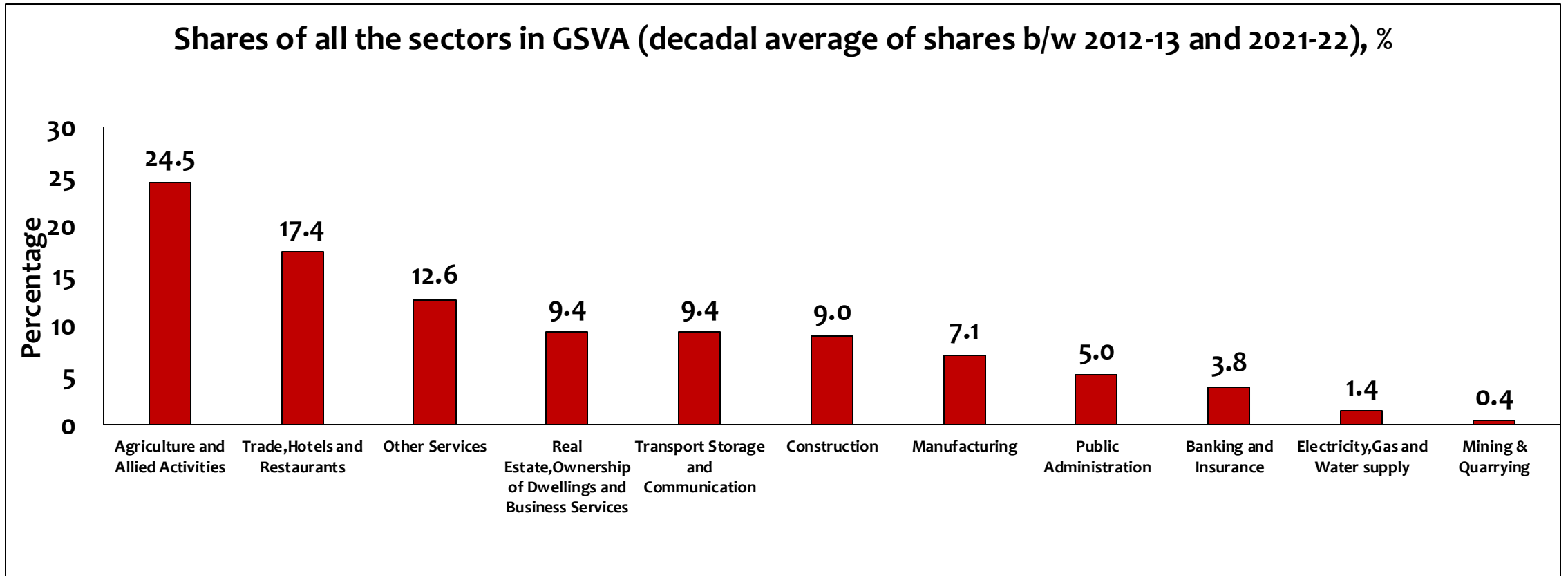
Share of the Services sector in Bihar's GSVA has been consistently higher than the average share of all Indian states since 2011-12



Source: MoSPI, August 2023.

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares; iii. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

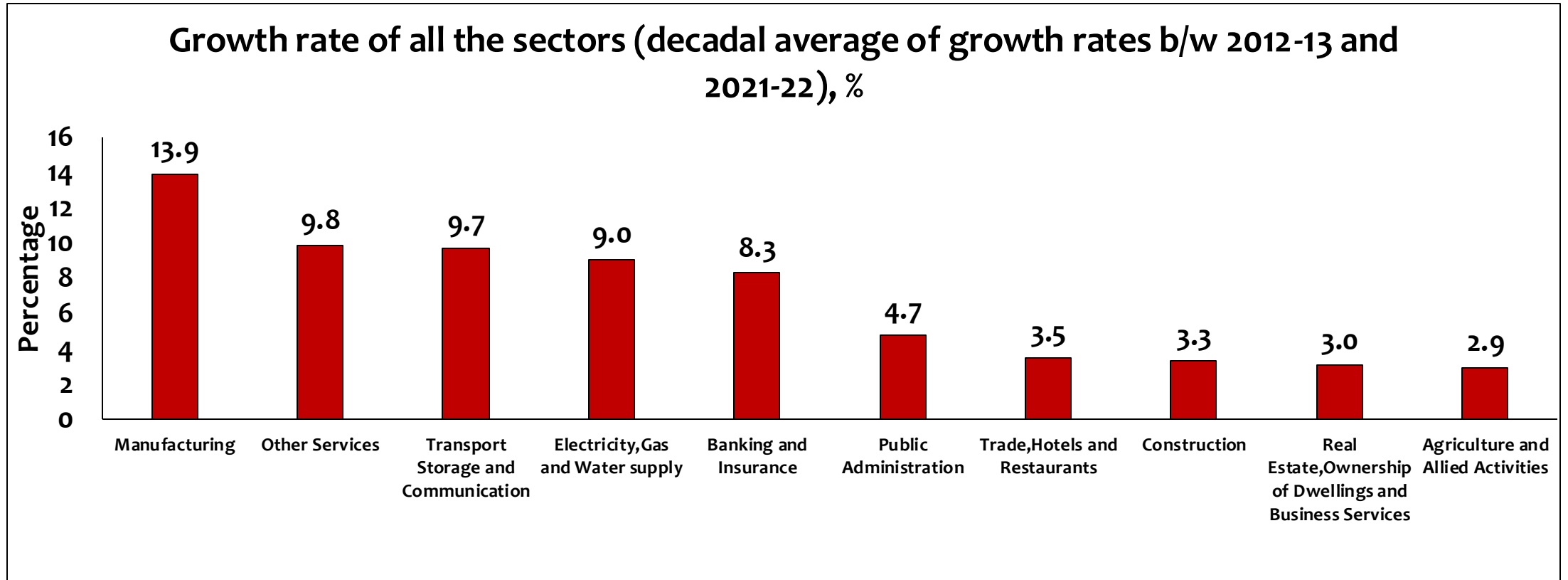
Among all major sectors, the Agriculture has had the largest share in GSVA in the last 10 years



Source: MoSPI, as of August 2023.

Note: i. Nominal variables have been used to calculate the shares; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

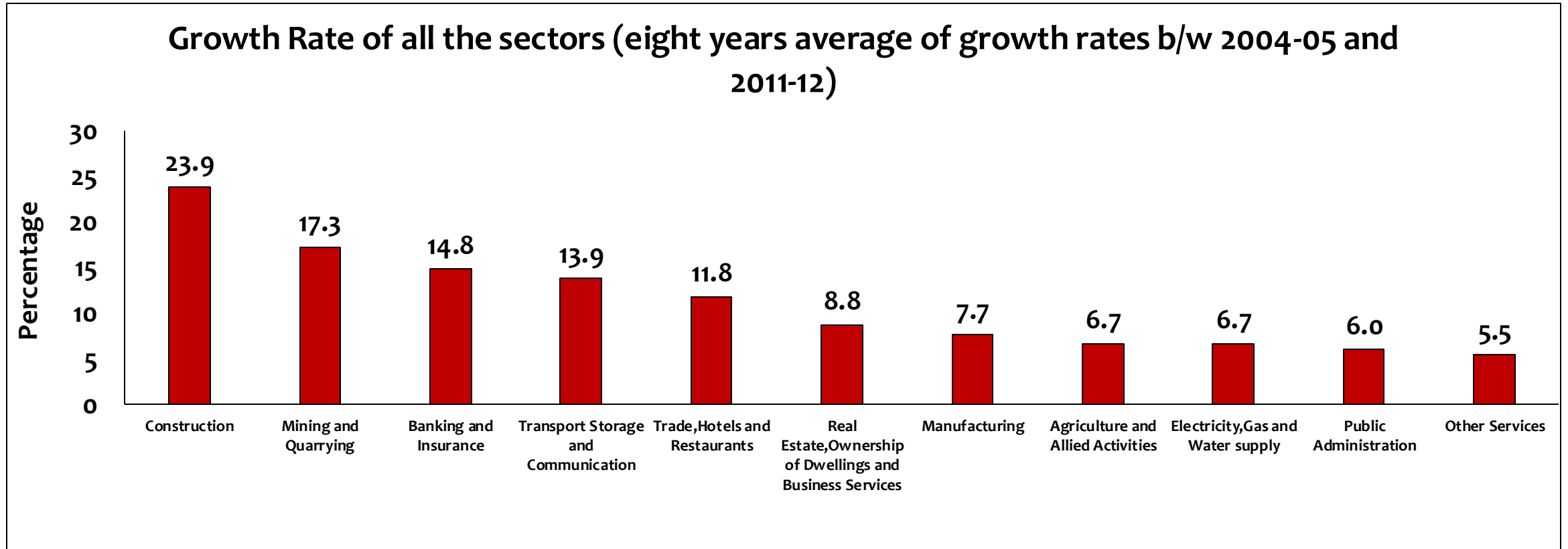
Among all major sectors in Bihar, the Manufacturing sector has shown the highest growth during the last 10 years



Source: MoSPI, as of August 2023.

Note: i. Mining and quarrying have been excluded from the chart because the data is erratic over the decade, resulting in very high decadal growth; ii. Real variables have been used to calculate the shares; iii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iv. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; v. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

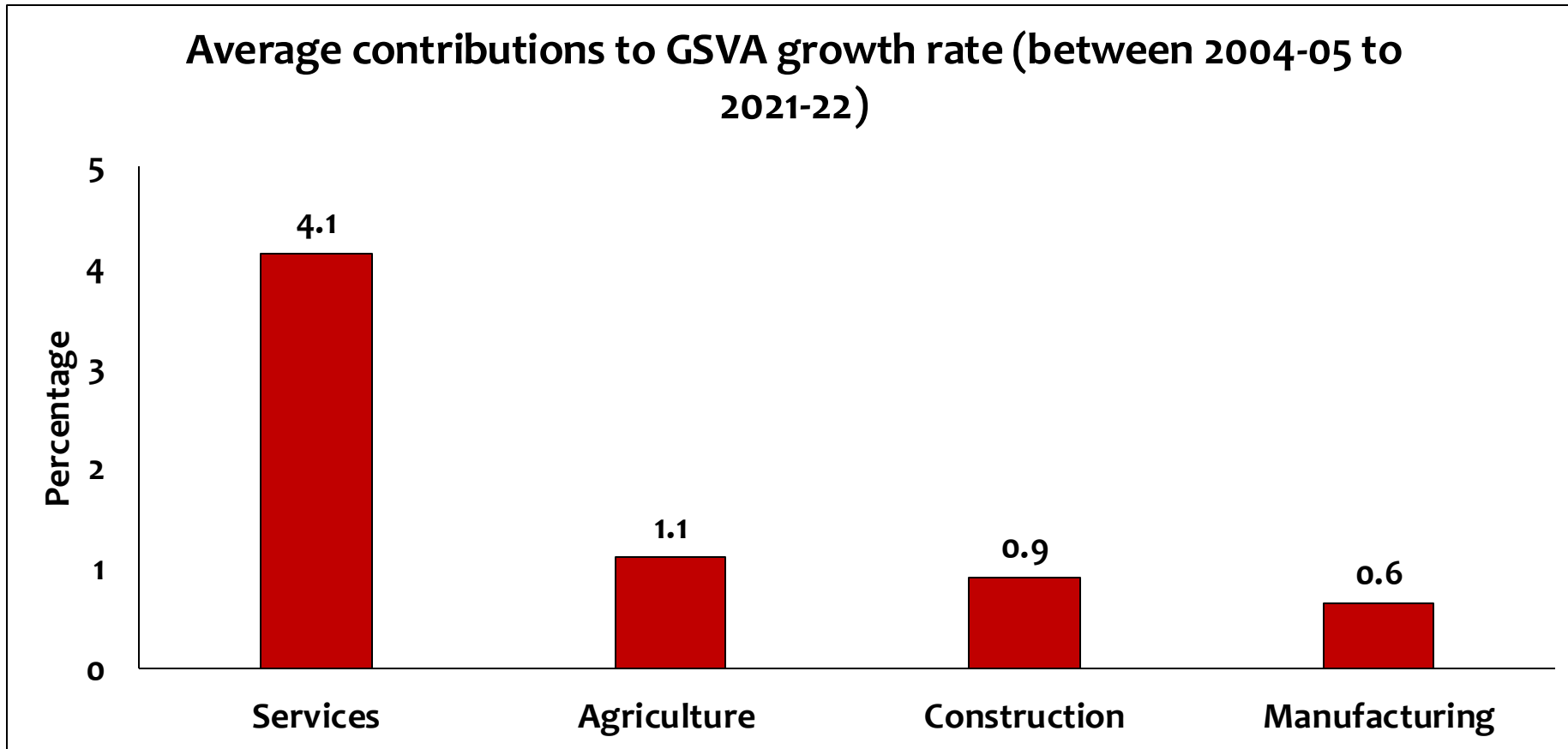
Between 2004-05 and 2011-12, Construction sector grew at nearly 24 percent, the highest among all the major categories



Source: MoSPI, as of August 2023.

Note: i. Mining and quarrying and manufacturing have been excluded from the chart because the data is erratic over the decade, resulting in very high decadal growth; ii. Real variables have been used to calculate the shares; iii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iv. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; v. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

In the last 15 years, Agriculture sectors' contribution to GSVA growth has reduced and that of Services sector has increased



Source: MoSPI, as of August 2023. Data with back series (prior to 2011-12) has been taken from EPWRF.

Table 2C: Bihar's Sectoral Growth Rates and Decadal Averages of Growth Rates

Sector	Latest Annual Growth Rate (2019-20)	Average of Growth rates (b/w 2004-05 and 2009-10)	Decadal Average of Growth rates (b/w 2010-11 and 2019-20)	Decadal Average of Growth rate for India (b/w 2010-11 and 2019-20)
Agriculture	1.1%	4.1%	4.6%	4%
Industry	5.4%	14.4%	8.8%	5%
Manufacturing	2.8%	8.0%	13.3%	6%
Services	4.6%	9.1%	7.9%	8%
GVA	4.0%	8.2%	7.2%	6.4%
GDP	4.4%	8.7%	7.5%	6.6%

Source: MoSPI, as of August 2023. Back series with 2011-12 base has been taken from EPWRF.

Note: i. Real variables have been used to calculate the growth rate; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

Table 2D: Bihar's Sectoral Growth Rates and Decadal Averages of Growth Rates

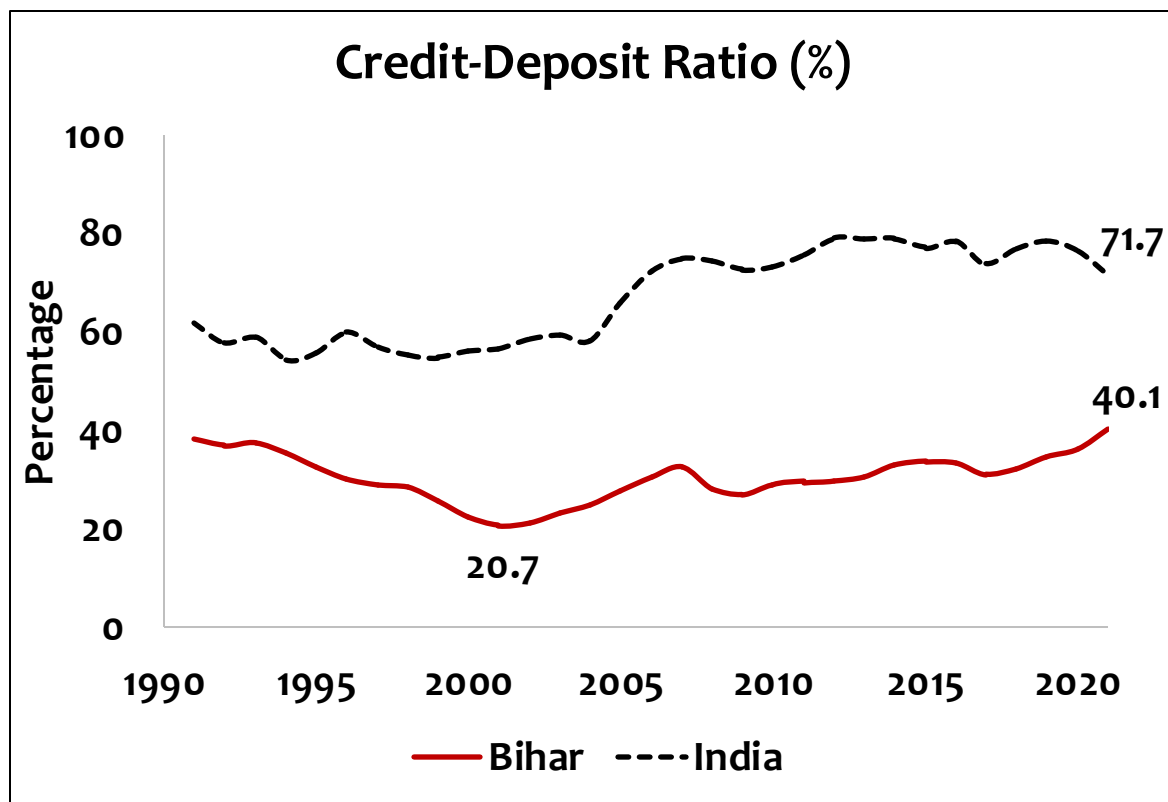
Sector	Latest Annual Growth Rate (2022-23)	Average of Growth rates (b/w 2018-19 and 2022-23)	Decadal Average of Growth rates (b/w 2013-14 and 2022-23)	Decadal Average of Growth rate for India (b/w 2013-14 and 2022-23)
Agriculture	6.6%	3.8%	2.6%	4.1%
Industry	6.9%	5.4%	8.6%	5.2%
Manufacturing	1.1 %	4.4%	17.4%	5.5%
Services	13.0%	6.5%	6.4%	6.6%
GVA	10.4%	5.6%	5.7%	5.7%
GDP	7.0%	4.2%	5.8%	5.8%

Source: MoSPI, as of March 2024. Back series with 2011-12 base has been taken from EPWRF.

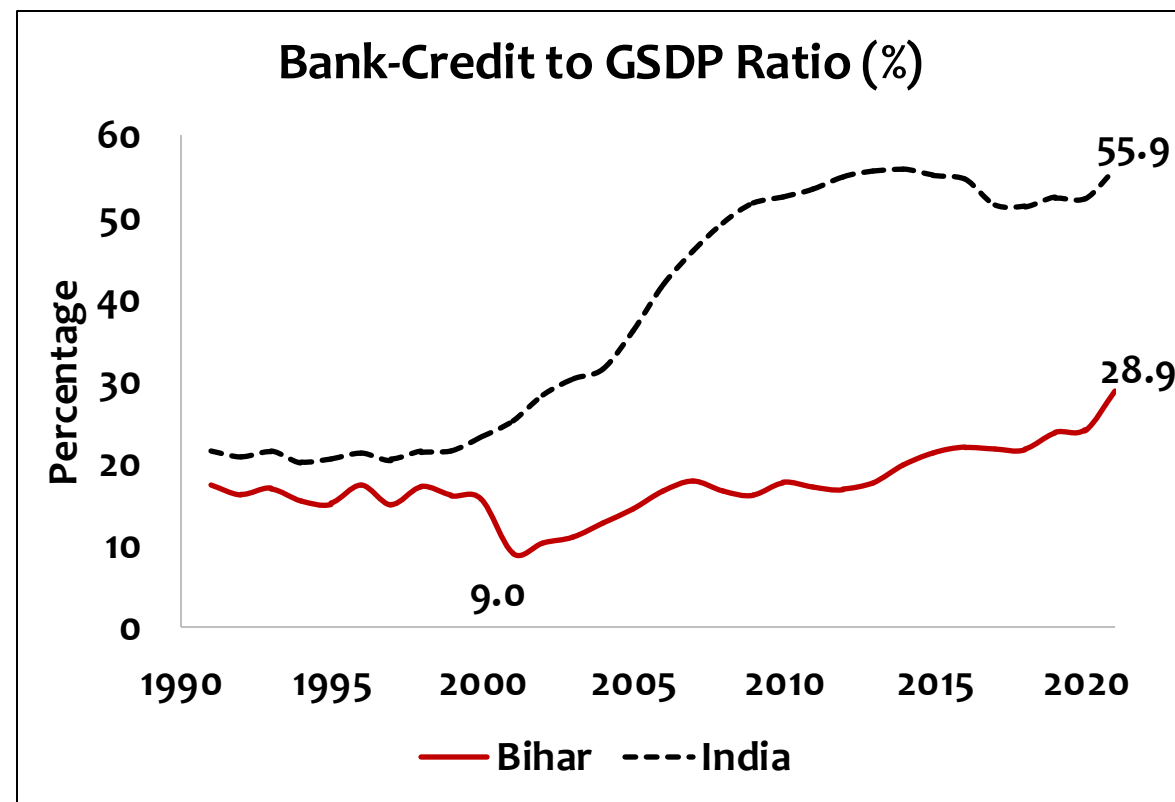
Note: i. India's GVA has been calculated taking a simple sum of the three sectors; ii. Real variables have been used to calculate the growth rate; iii. Sectoral growth rates are calculated based on GVA numbers; iv. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; v. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; vi. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

Bihar's Credit-Deposit Ratio has remained significantly lower than the all-India figure with an over 30 percentage point difference as of 2021. Credit to GSDP Ratio has also remained significantly lower than the all-India figures with the gap between the two increasing in the last decade

Indicators	Most Recent Value	Year	Decadal Change (b/w 2020-21 & 2011-12)	India
Credit - Deposit Ratio (%)	40.1 %	2020-21	+10.4% points	71.7%
Credit - GSDP Ratio (%)	28.9%	2020-21	+12.1% points	55.9%

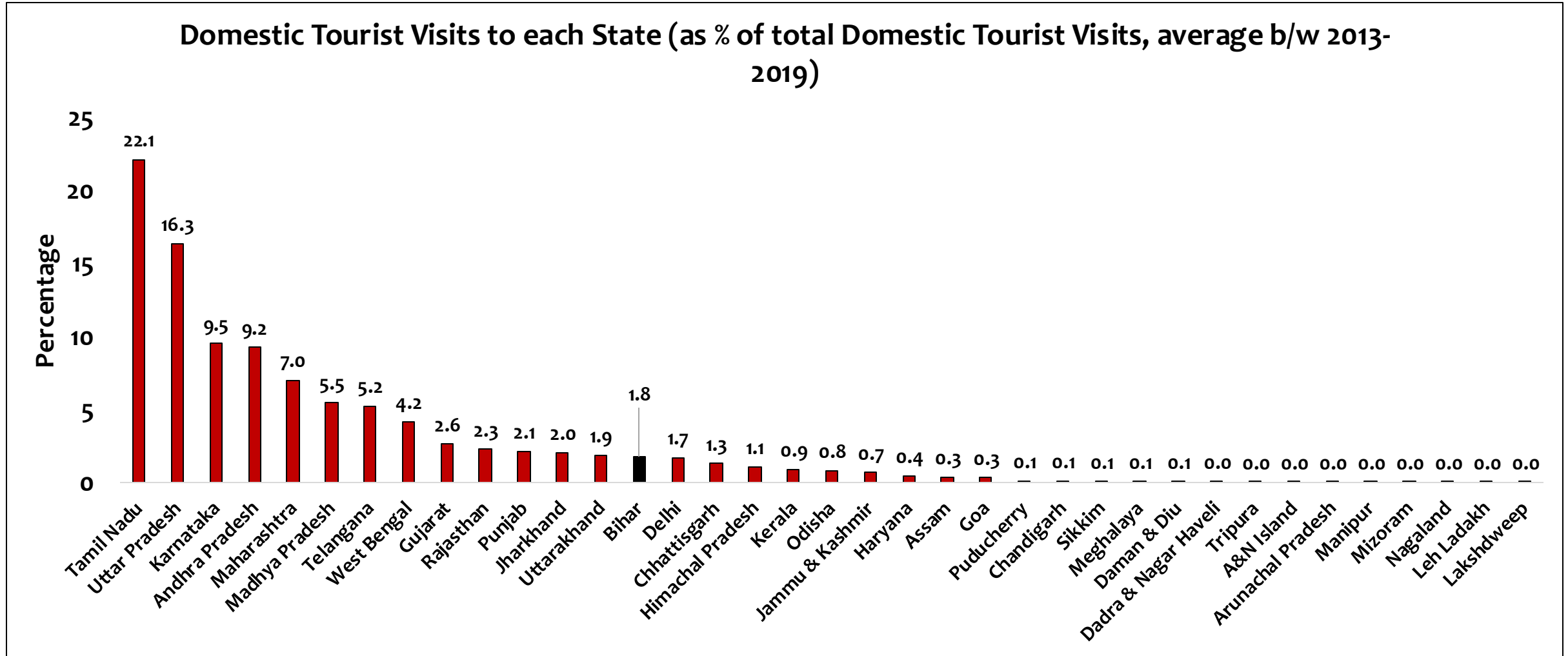


Source: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21).
 Note: Number for India has been taken directly from the source.



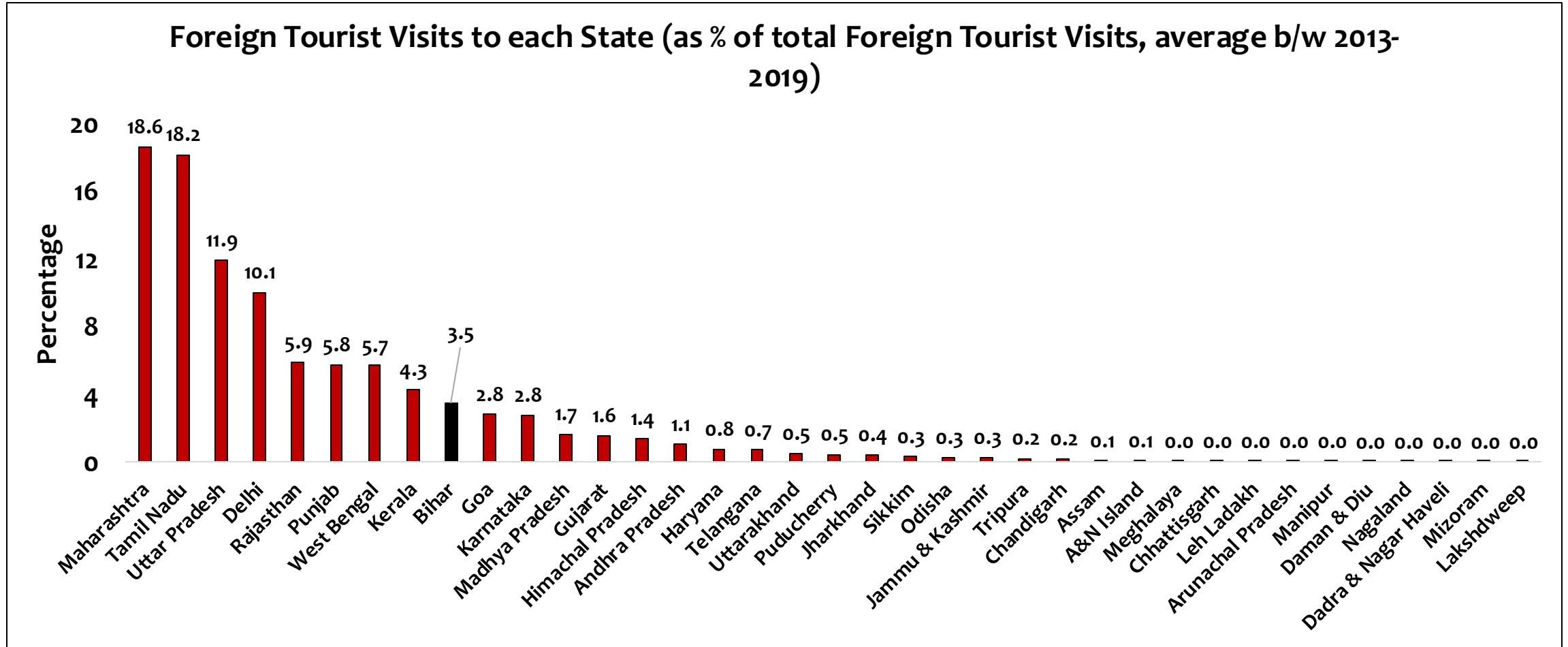
Source: i. Bank-Credit: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21); ii. GSDP: MOSPI (2020-21). Back series with 2011-12 base has been taken from EPWRF.
 Note: The Credit variable used is Credit Outstanding as per Sanction.

Bihar holds an average 1.8 percent share of total Domestic Tourist Visits between 2013 - 2019



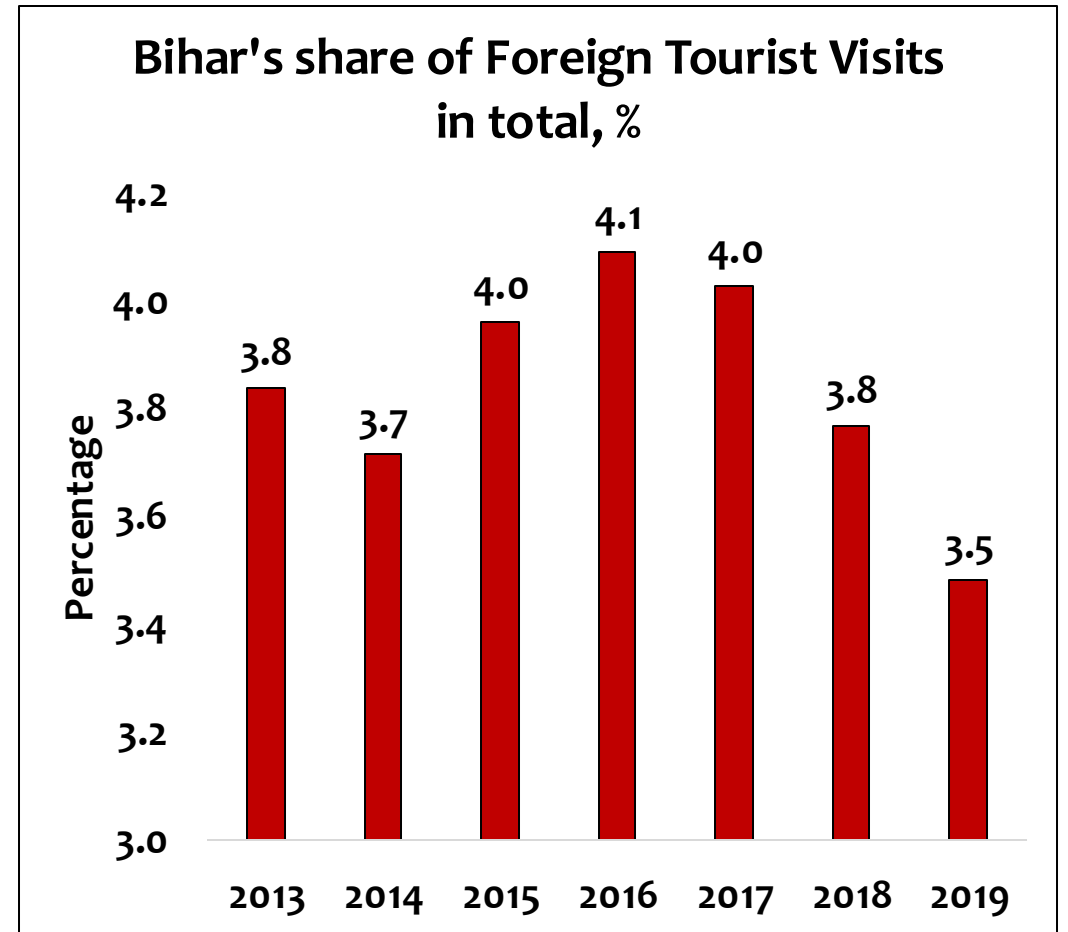
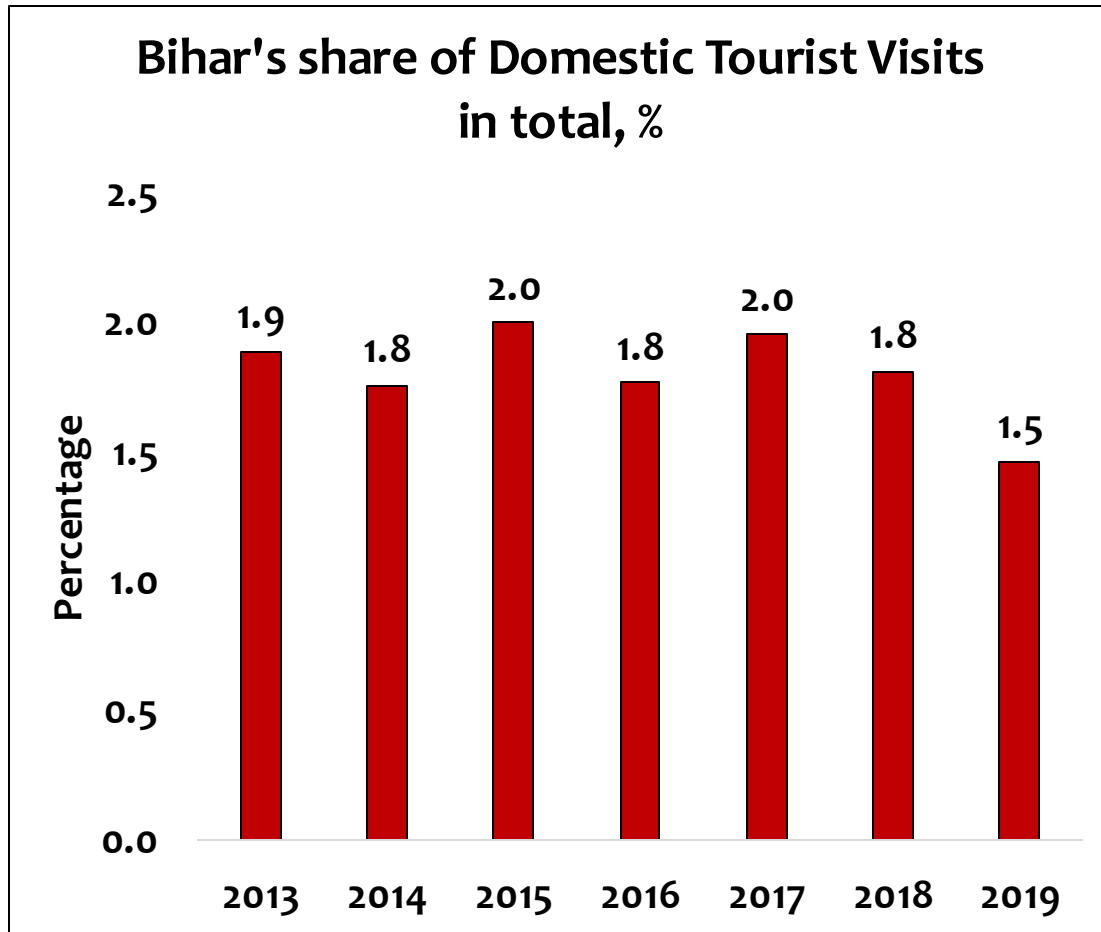
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013-19).

Bihar holds an average 3.5 percent share of total Foreign Tourist Visits between 2013 - 2019



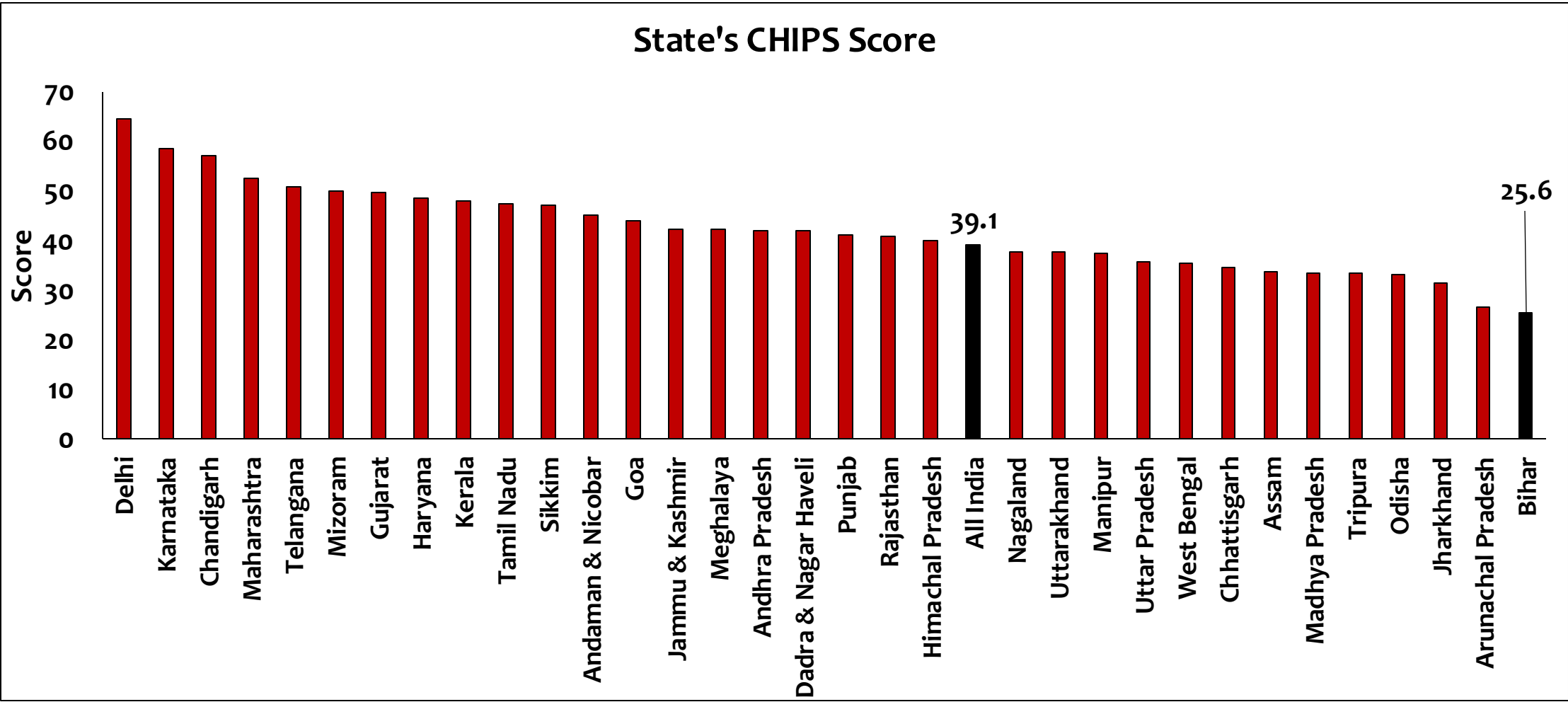
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013-19).

Domestic and Foreign Tourist Visits over the years for Bihar



Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013-19).

Bihar's CHIPS (Connect, Harness, Innovate, Protect, and Sustain) score is the lowest among all other states in India



Source: The State of India's Digital Economy Report 2024 by Indian Council for Research on International Economic Relations (ICRIER).

Note: 50 indicators have been used to measure the CHIPS score.

4. Socio-Economic Indicators (Education and Health)

- School Education data covers the period 2012-13 to 2016-17;
- Higher Education data covers the period 2012 to 2021;
- Health data covers the period 2011 – 2020 (SRS) and 1992-93 to 2019-21 (NFHS)

Table 3A: Education Indicators for Bihar

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
Literacy Rate	61.8% (2011)	73%	+14.8% points (b/w 2001 & 2011)	Census of India
Drop-Out Rates (Class X)	73.3% (2016-17)	35.2%	+12.2% points (b/w 2013-14 & 2016-17)	U-DISE
Drop-Out Rates (Class VIII-X)	39.7% (2016-17)	21.1%	+9.6% points (b/w 2013-14 & 2016-17)	U-DISE
Students passing Board Examinations (Class X)	55.4% (2016-17)	86.1%	-20.2% points (b/w 2012-13 & 2016-17)	U-DISE
Student passing Board Examinations (Class XII)	67.2% (2016-17)	87.3%	-13.8% points (b/w 2012-13 & 2016-17)	U-DISE
Gross Enrolment Ratio (Higher Secondary)	35.6% (2015-16)	56.2%	+22.1 points (b/w 2012-13 & 2015-16)	U-DISE
Gross Enrolment Ratio (Higher Education)	15.9% (2021)	27.3%	+3.4 points (b/w 2012 & 2021)	AISHE
Gender Parity Index (Higher Education)	0.91 (2021)	1.05	+0.14 points (b/w 2012 & 2021)	AISHE
Colleges per 100,000 population	8 (2021)	31	+1.8 points (b/w 2012 & 2021)	AISHE

Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal changes are across a period of 10 years unless data is available for a lesser period; iv. All years represent corresponding survey years.

Table 3B: Health Indicators for Bihar

Indicator	Most Recent Value	India Value	Decadal Change	Source
Infant Mortality Rate	27 deaths per 1000 live births (2020)	28 deaths per 1000 live births	44 deaths per 1000 live births (2011)	Sample Registration System
Total Fertility Rate	3 children per woman (2019-21)	2 children per woman	4 children per woman (2005-06)	NFHS
Life Expectancy	69.5 years (2020)	70 years	+3.2 years	Sample Registration System
Children Fully Immunized	71.0% (2019-21)	76.4%	+38.2% points	NFHS
Households with Access to Improved Drinking Water	99.1% (2019-21)	95.9%	+3.0% points	NFHS
Households with Access to Electricity	95.6% (2019-21)	96.5%	+67.9% points	NFHS
Households with Access to Sanitation Facilities	47.3% (2019-21)	69.3%	+32.7% points	NFHS

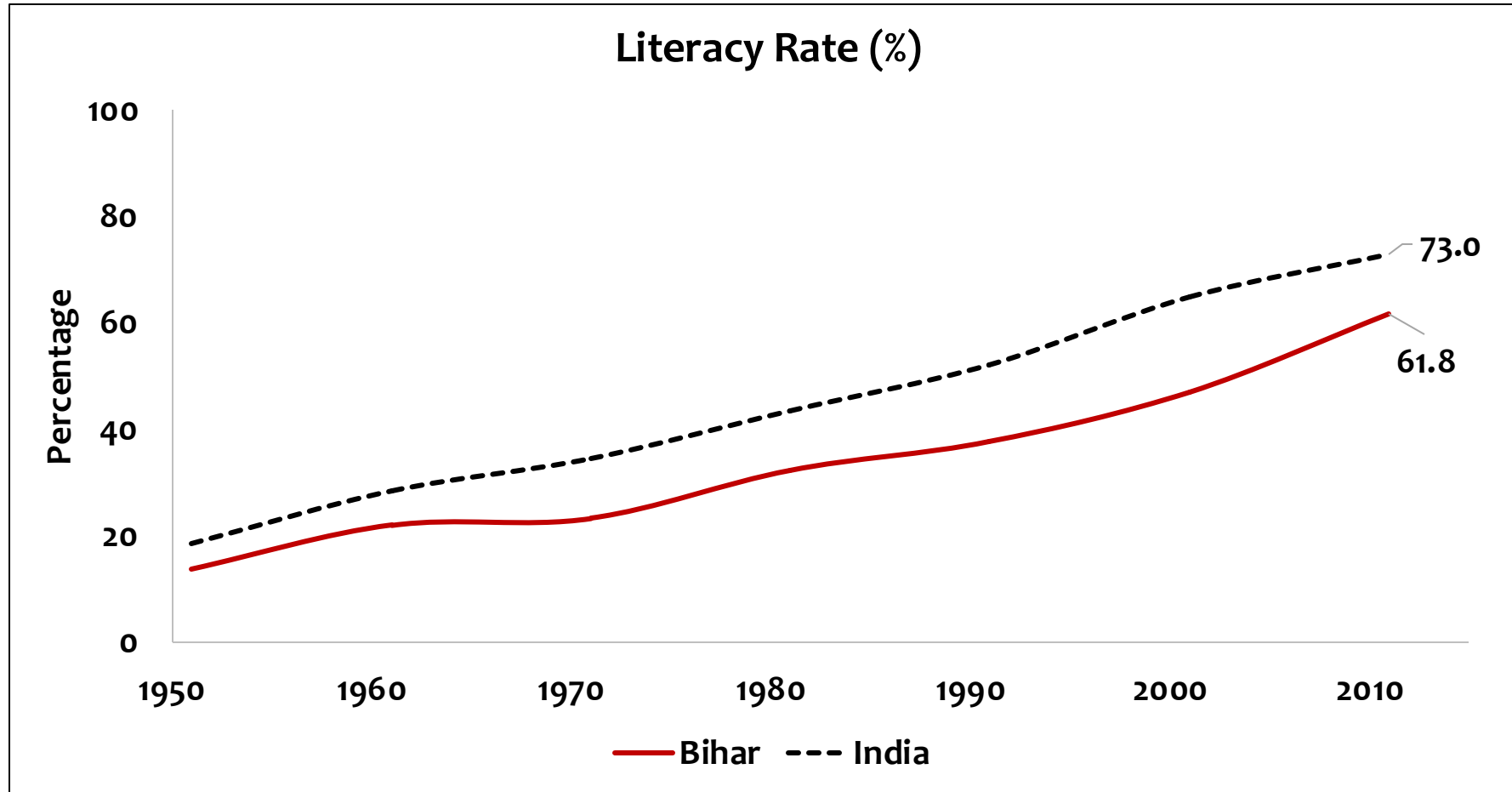
Note: i. Decadal change for NFHS variables taken from NFHS-V (2019-21) to NFHS-III (2005-06); ii. India number has been taken directly from the source; iii. All years represent corresponding survey years.

Table 3C: Other Socio-Economic Indicators for Bihar

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
Pupil-Teacher Ratio: Elementary	44 (2016-17)	25	-40 points (b/w 2002-03 & 2016-17)	U-DISE
Pupil-Teacher Ratio: Higher Secondary	48 (2016-17)	31	-82 points (b/w 2012-13 & 2016-17)	U-DISE
Pupil-Teacher Ratio: Higher Education	56 (2018-19)	24	+25 points (b/w 2008-09 & 2018-19)	AISHE
Underweight Children	41.0% (2019-21)	32.1%	-14.9% points (b/w 2005-06 and 2019-21)	NFHS
Stunting Among Children	42.9% (2019-21)	35.5%	-12.7% points (b/w 2005-06 and 2019-21)	NFHS
Anaemia Among Children	69.4% (2019-21)	67.1%	-8.6% points (b/w 2005-06 and 2019-21)	NFHS
Anaemia Among Women	63.5% (2019-21)	57%	-3.9% points (b/w 2005-06 and 2019-21)	NFHS
Under 5 Mortality Rate	56.4 deaths per 1000 live births	41.9 deaths per 1000 live births	-28.4 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
Infant Mortality Rate	46.8 deaths per 1000 live births	35.2 deaths per 1000 live births	-14.9 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
Multidimensional Poverty Index (MPI)	0.2 (2019-21)	0.1	-0.1 points (b/w 2015-16 & 2019-21)	NFHS
Sustainable Development Goals (SDG) Index	57 (2023-24)	71	+9 points (b/w 2018-19 & 2023-24)	NITI Aayog

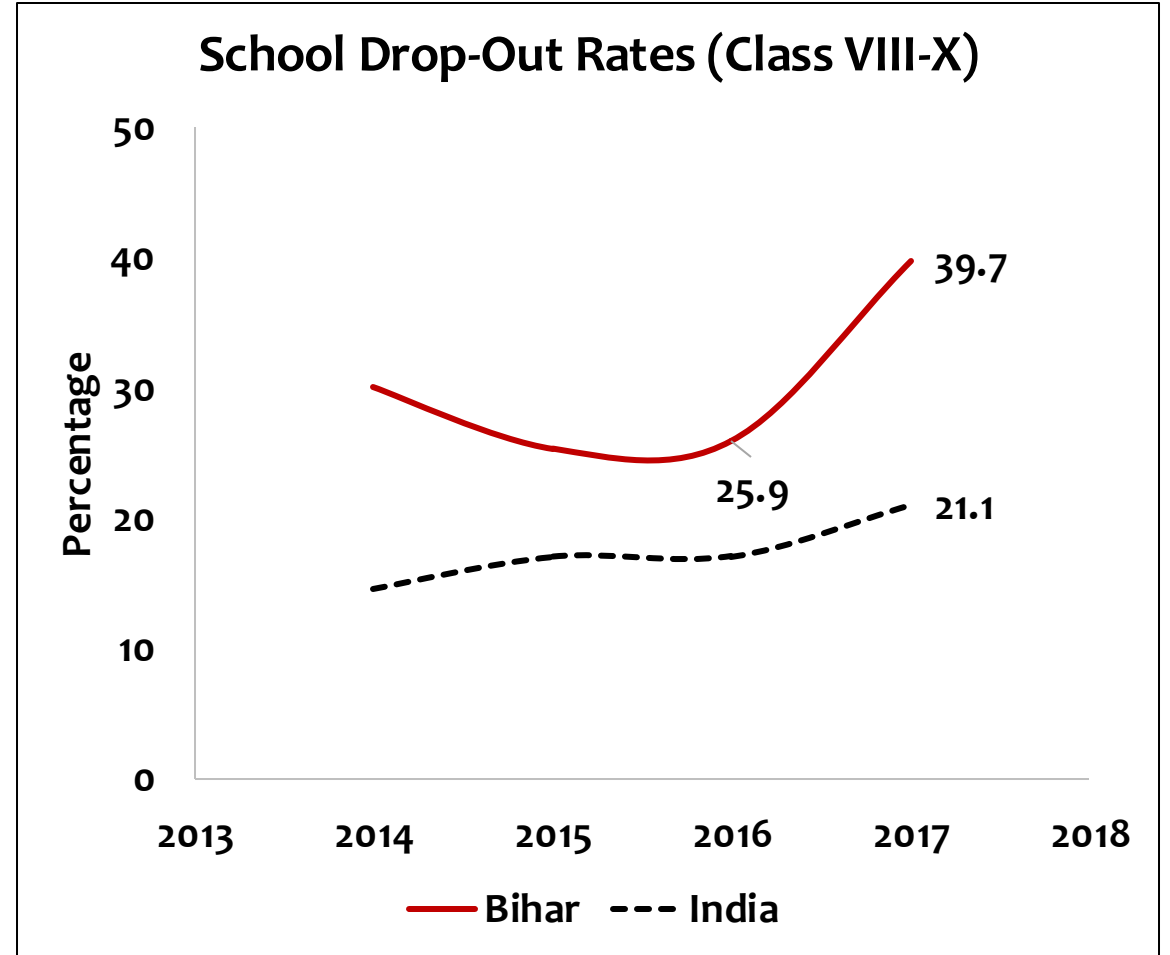
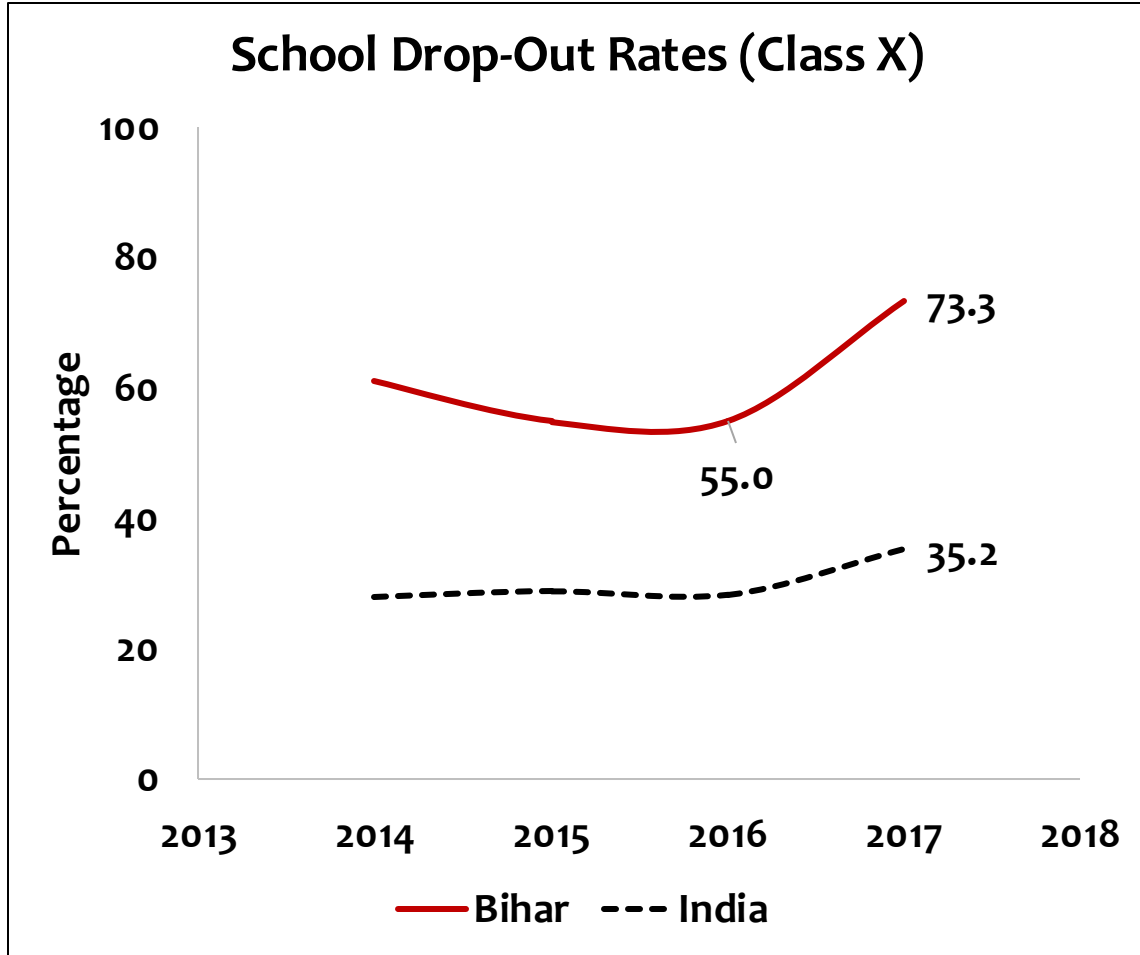
Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal change for NFHS variables taken from NFHS-III (2005-06) to NFHS-V (2019-21); iv. Infant Mortality Rate in Table 3B was defined using the SRS data and the Infant Mortality Rate defined here is based on the NFHS data; v. All years represent corresponding survey years.

Bihar's Literacy Rate has increased rapidly over the decades but it remains below the national average with a gap of over 10 percentage points, as of 2011



Source: Office of the Registrar General and Census Commissioner, Ministry of Home Affairs (1951 – 2011).
Note: i. India number has been taken directly from the source; ii. The Census Literacy Rate relates to population aged seven years and above from 1981.

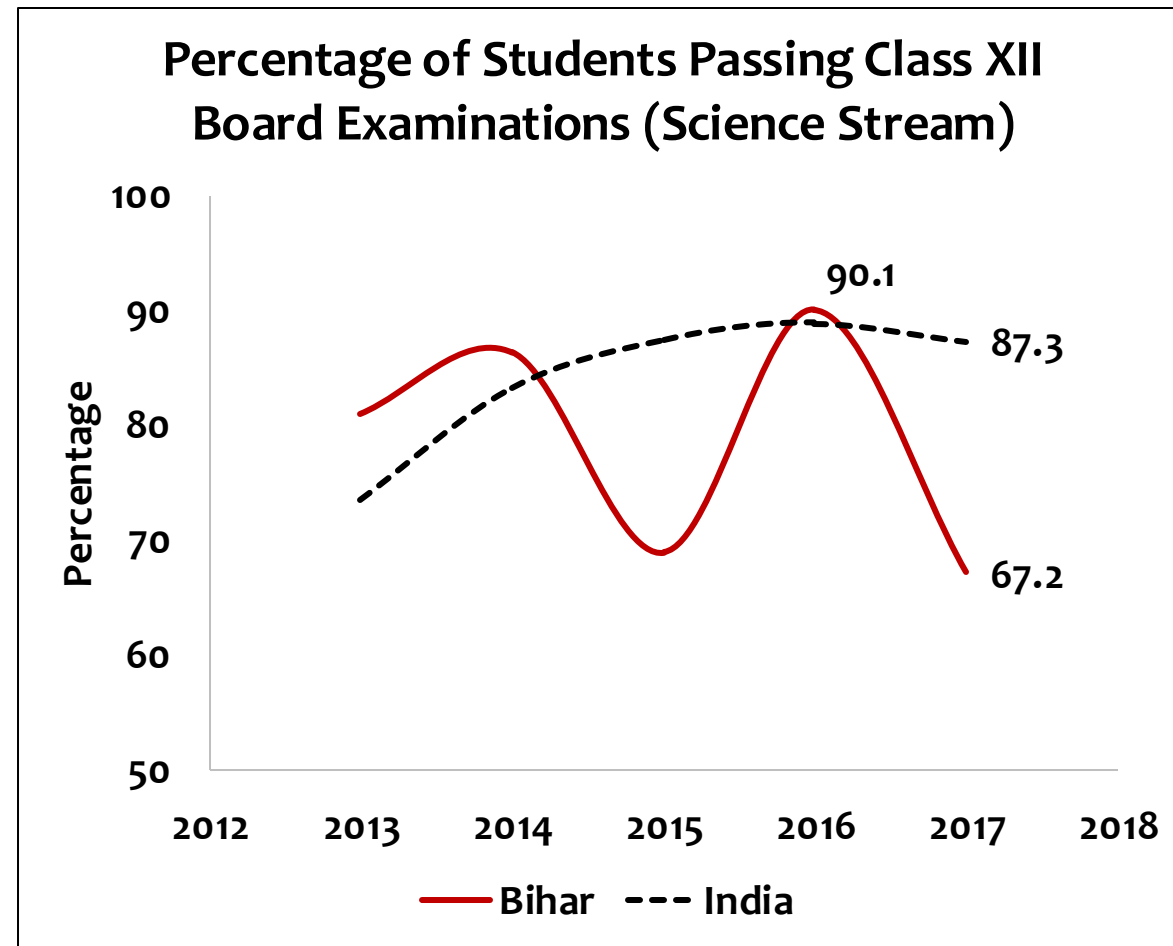
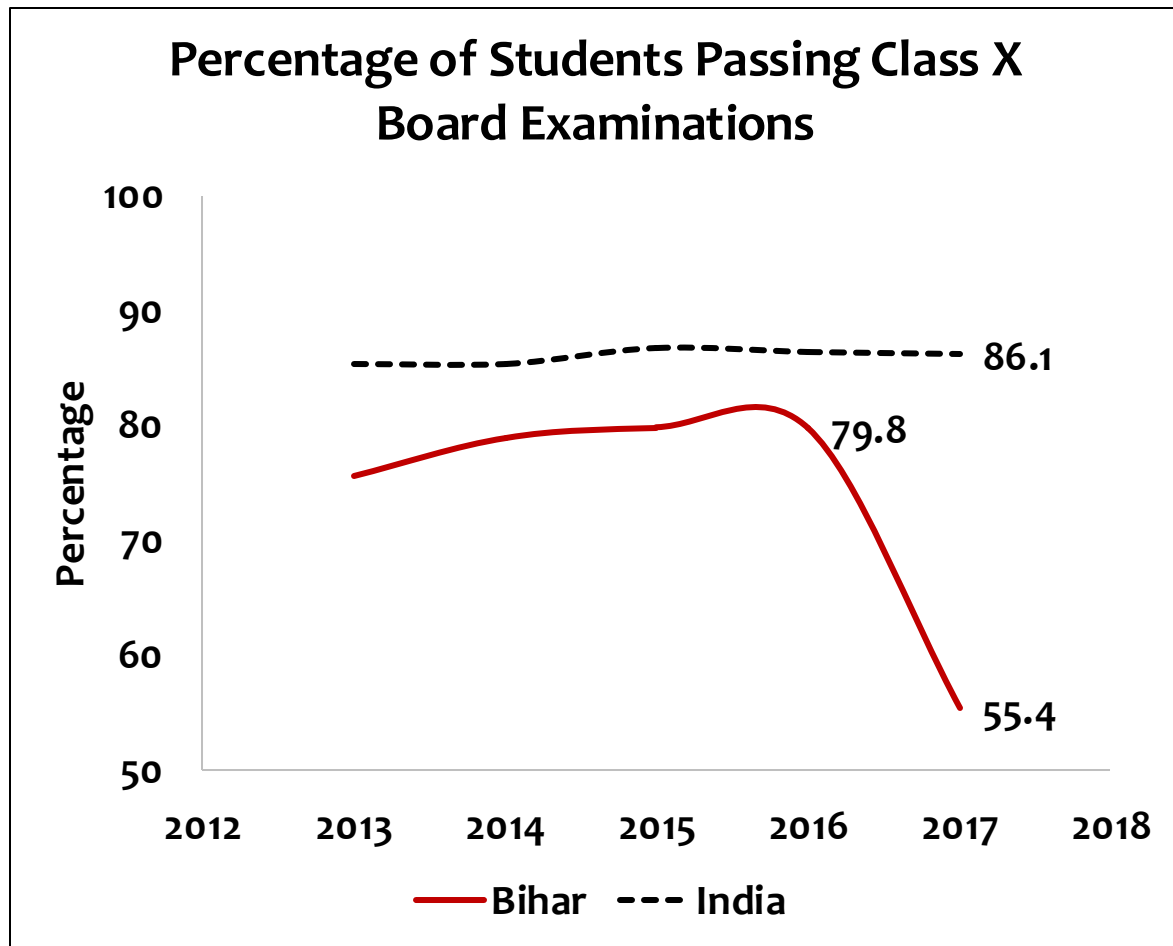
Bihar's School Drop-Out Rates for Class X and Secondary (Class VIII-X) Levels are much higher than the national figures for the period from 2013-14 to 2016-17, especially for the former



Source: Unified District Information System for Education (U-DISE), 2015-16.

Note: i. Drop-Out Rate is defined as the proportion of pupils from a cohort enrolled in a given stage in a school year who are no longer enrolled in the following school year; ii. India number has been taken directly from the source.

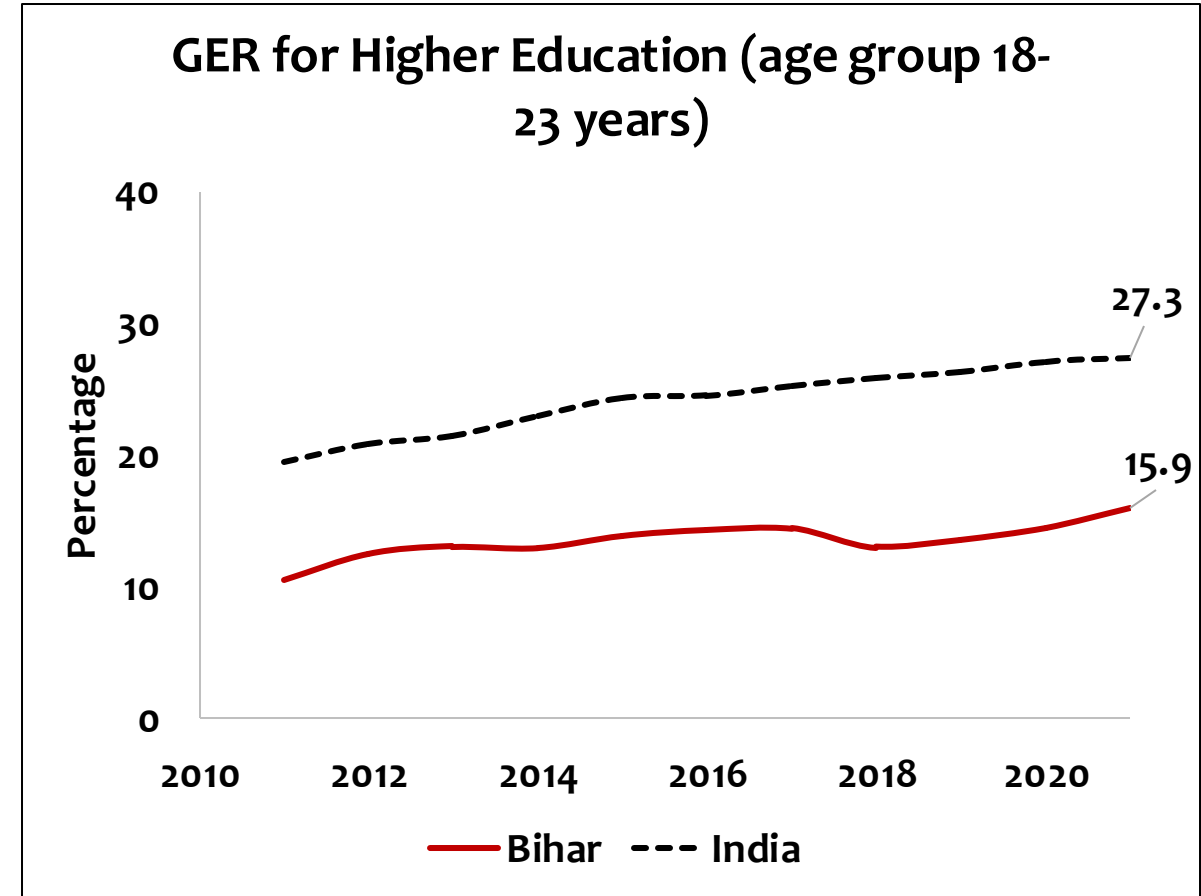
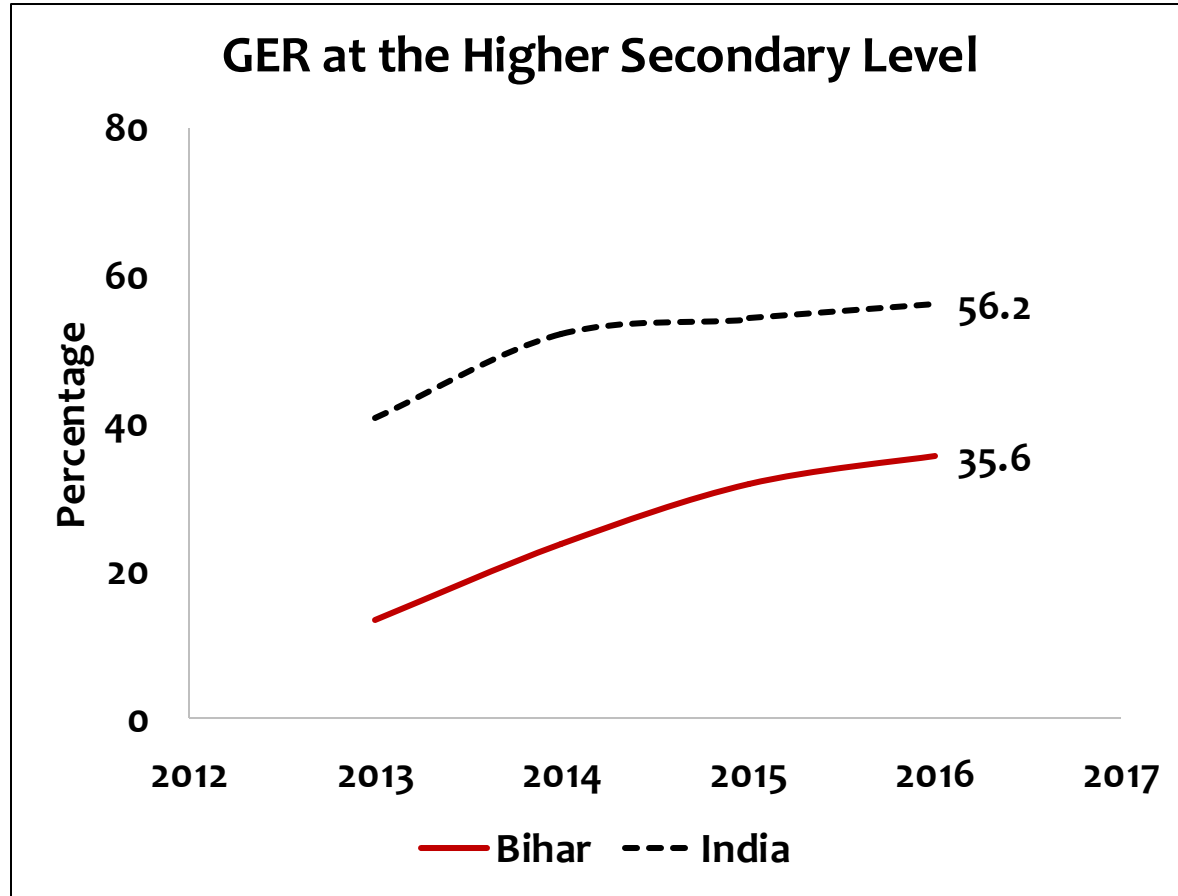
Bihar's pass percentage has seen a sharp decline in both Secondary (Class X) and Higher Secondary (Class XII) examinations, particularly in 2016-17.



Source: Unified District Information System for Education (U-DISE), 2015-16.

Note: i. Percentages are a simple average of the pass percentages for boys and girls as reported separately; ii. India number has been taken directly from the source; iii. Bihar's drastic fall in students passing the board exam in 2016-17 could be due to a closure of schools during this period ([News Article](#)); iv. Pass percentages for Higher Secondary Level are reported separately by Stream (Science, Arts, Humanities, Vocational, Others).

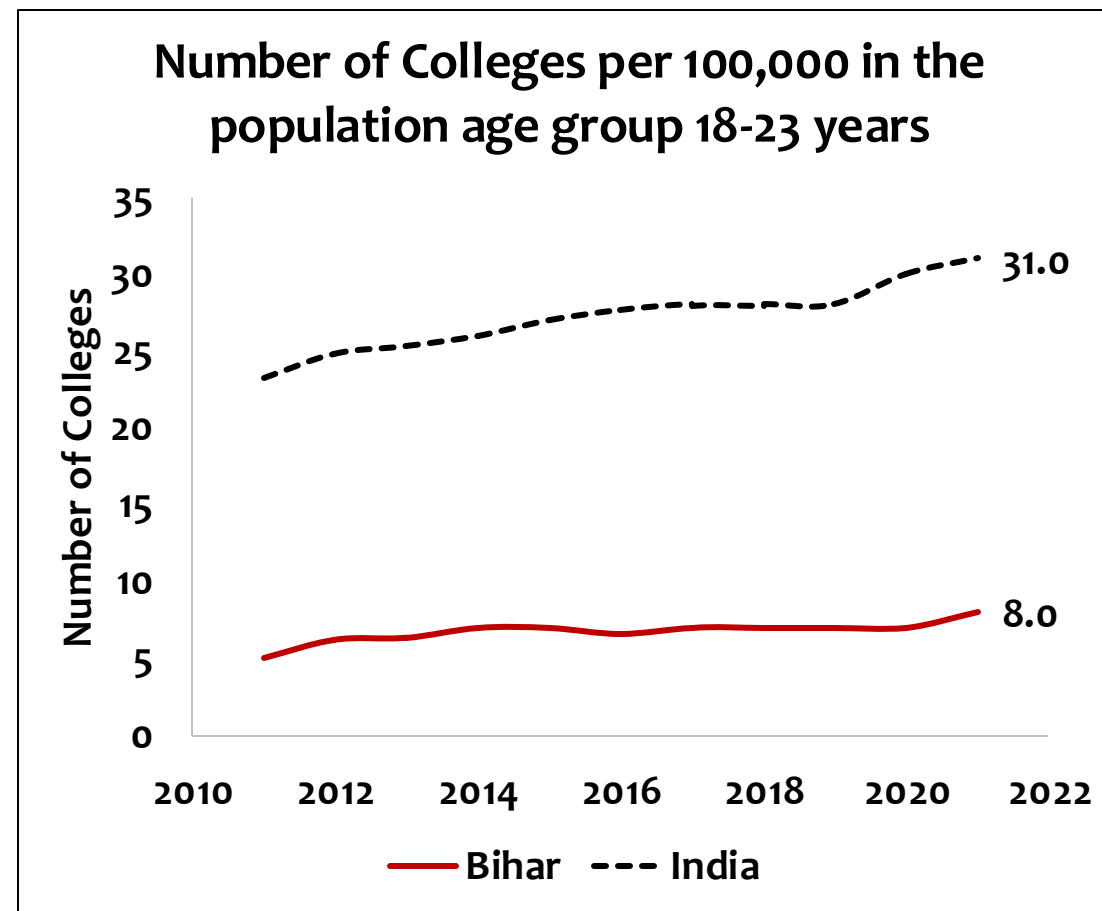
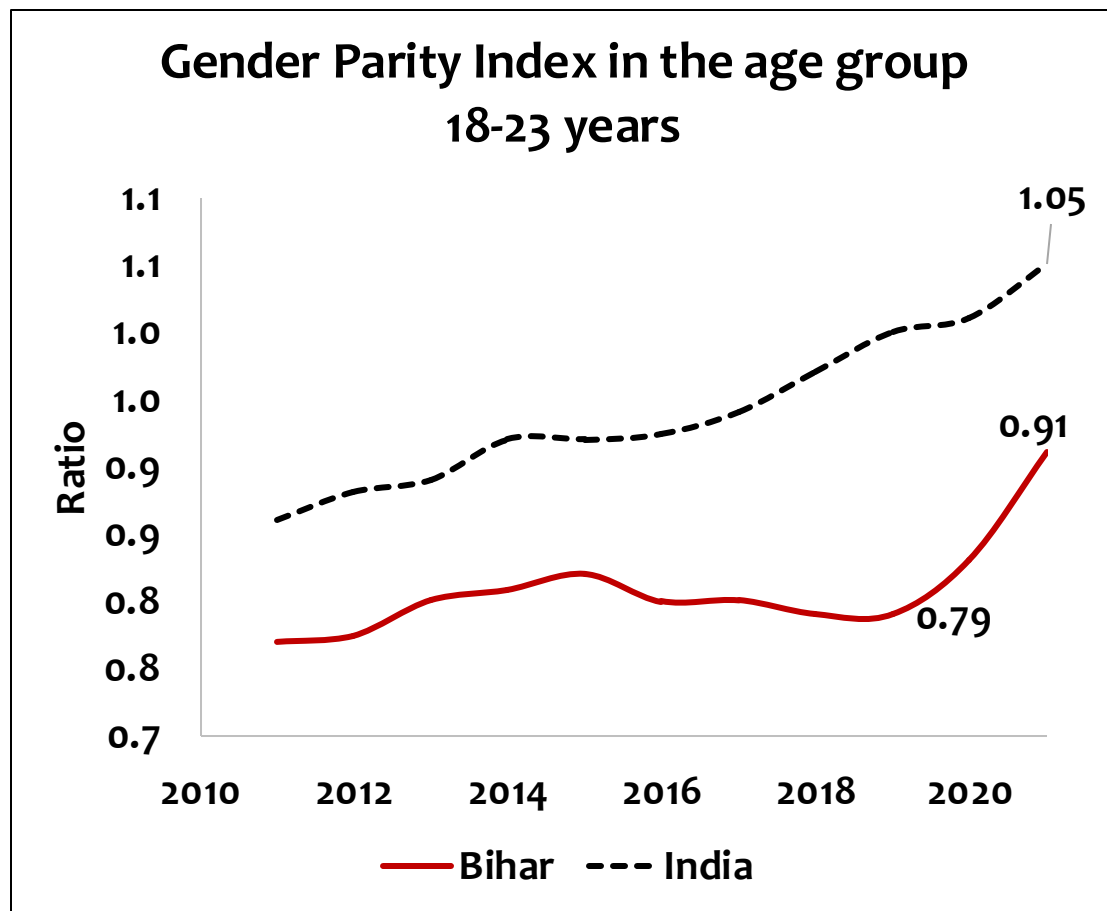
Bihar's Gross Enrolment Ratio (GER) at Higher Secondary (Class XII) and Higher Education (in the age group 18-23 years) Levels has been markedly lower than the all-India numbers, with a difference of over 20 and 11 percentage points as of 2016 and 2021 respectively



Source: i. Unified District Information System for Education (U-DISE), 2015-16; ii. All India Survey on Higher Education (AISHE), 2020-21.

Note: i. GER is the total enrolment in a particular stage of education, regardless of age, expressed as a percentage of the official age-group of the population which corresponds to the given stage of education in a given year. It is the general level of participation per stage of education; ii. The Higher Education GER represents share of enrollees to the total population in the age group 18-23 years; iii. India number has been taken directly from the source.

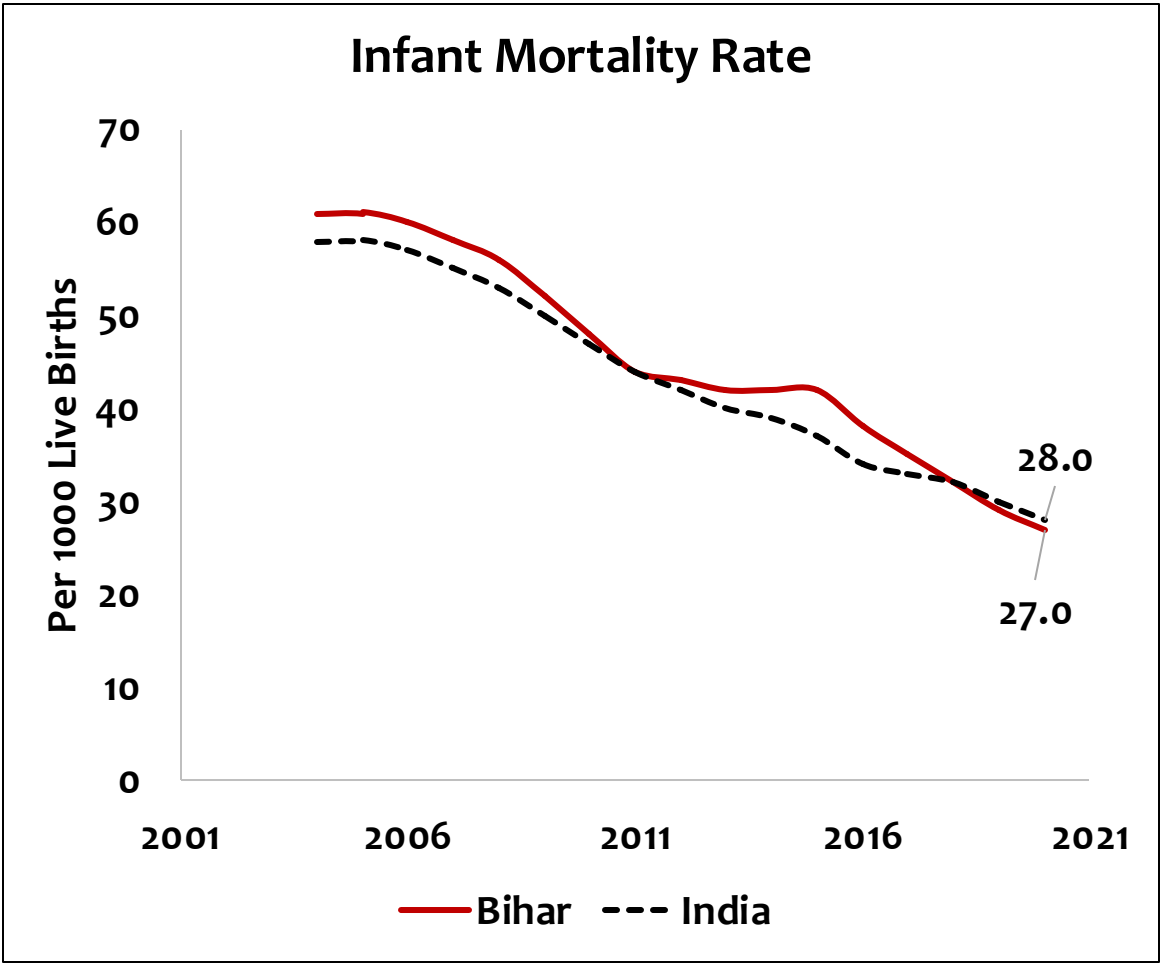
In terms of Gender Parity Index (share of girls to boys enrolled at Higher Education institutions in the age group 18-23 years), Bihar is positioned below the national benchmark. Bihar has 8 colleges per 100,000 people in the age-group 18-23 years which is the lowest in the country for its size and population



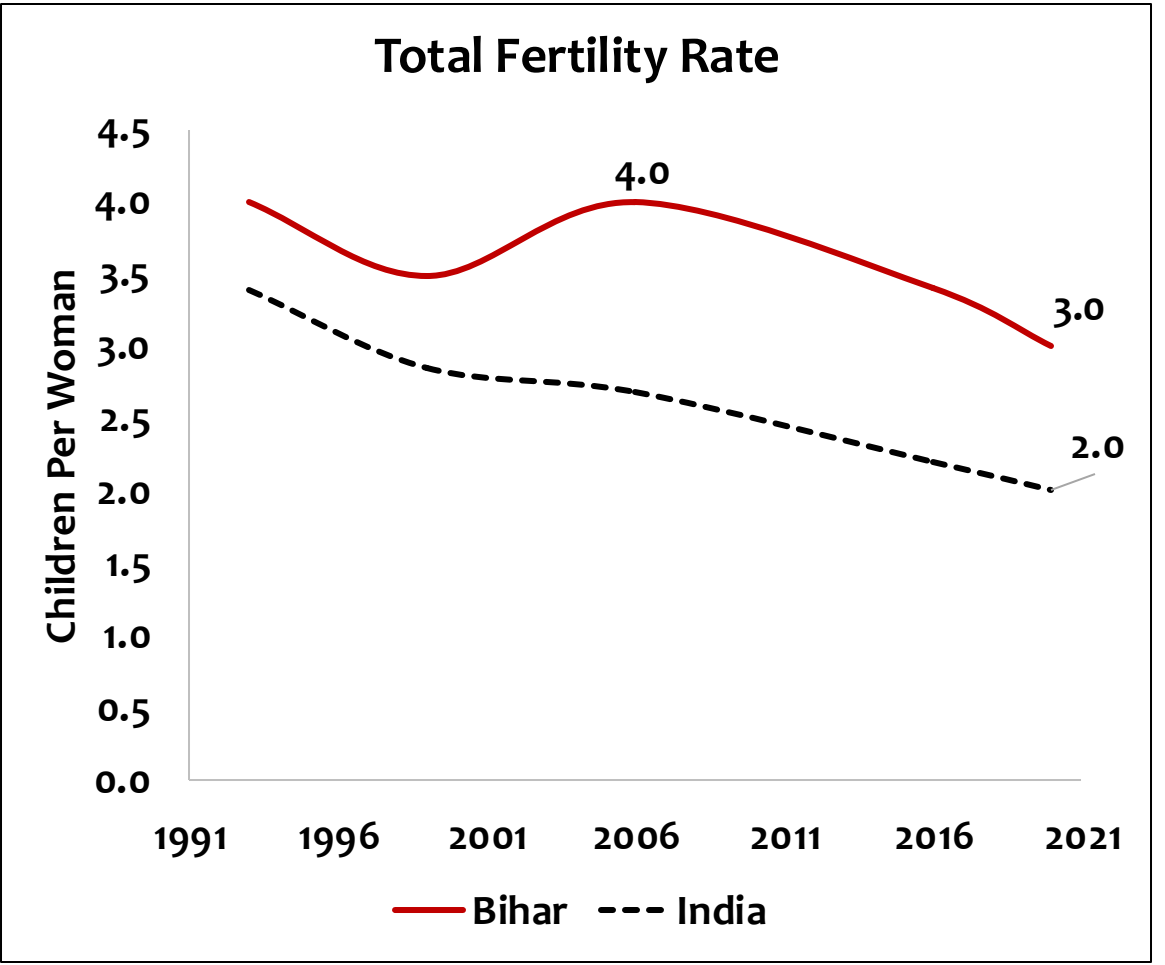
Source: All India Survey on Higher Education (AISHE), 2020-21

Note: i. The India number has been taken directly from the source; ii. Due to very few institutes of higher education in Bihar, the enrolment per college is extremely high ([News Article](#)).

Bihar has steadily reduced its Infant Mortality Rate over the past twenty years and is now equivalent to the national average as of 2020. Total Fertility Rate has declined but has remained above the national estimates as of 2020

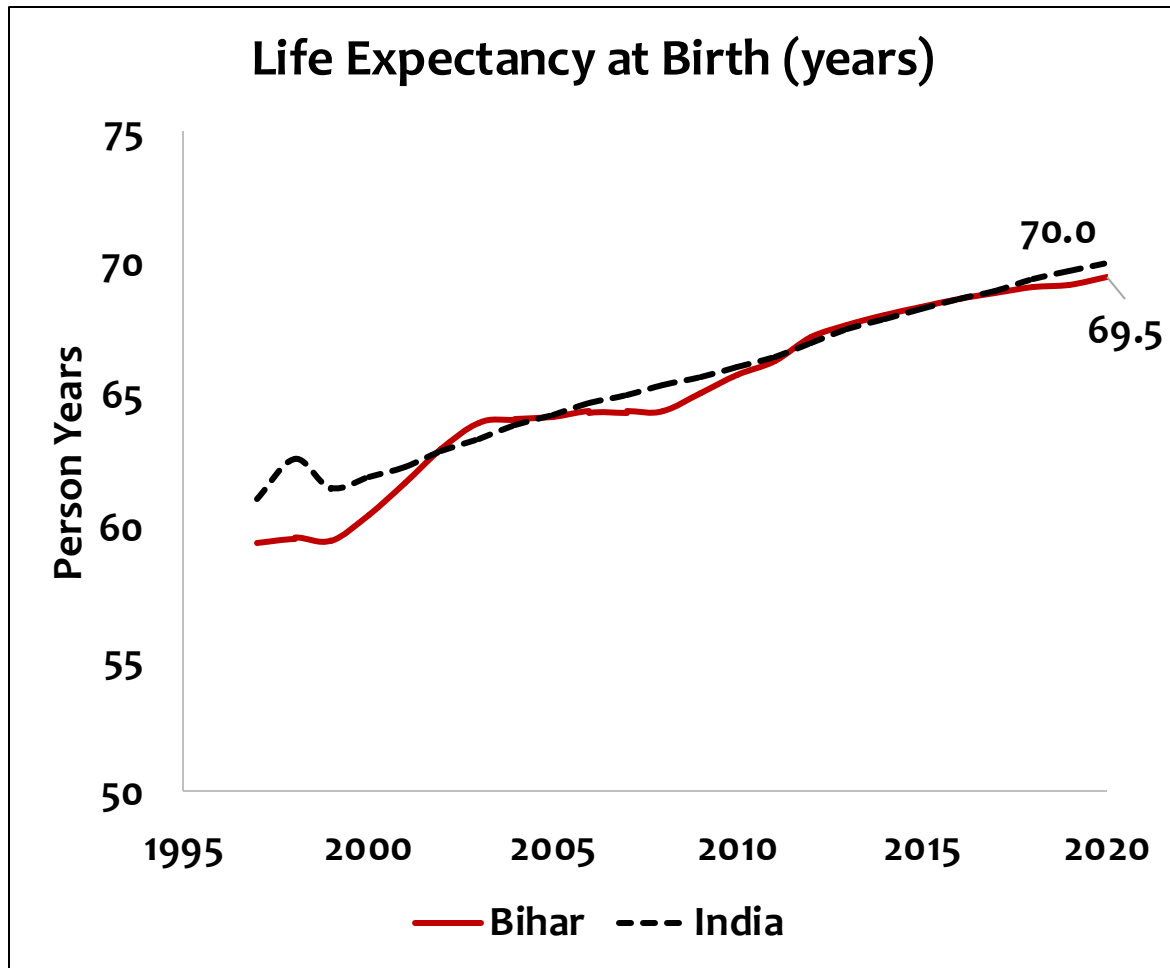


Source: Sample Registration System (SRS) Bulletin, Ministry of Home Affairs, 2020.
 Note: India Number has been taken directly from the source

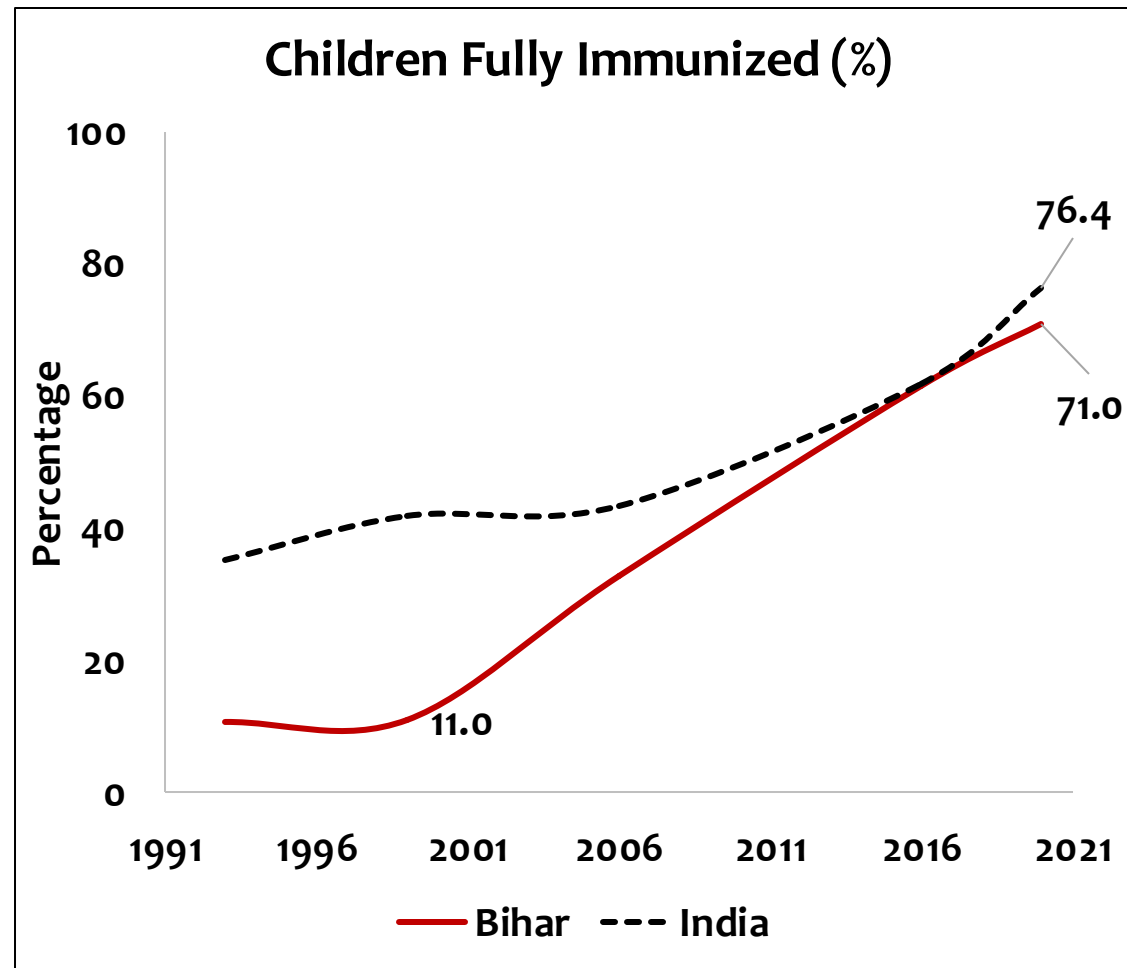


Source: National Family Health Survey (I - V).
 Note: India Number has been taken directly from the source

Life Expectancy in Bihar is the same as that of an average person in India, as of 2020. Although Bihar lagged behind the national estimates in 1991, it has made rapid progress over the past two decades in terms of fully immunizing children (12-23 months) with all basic vaccinations

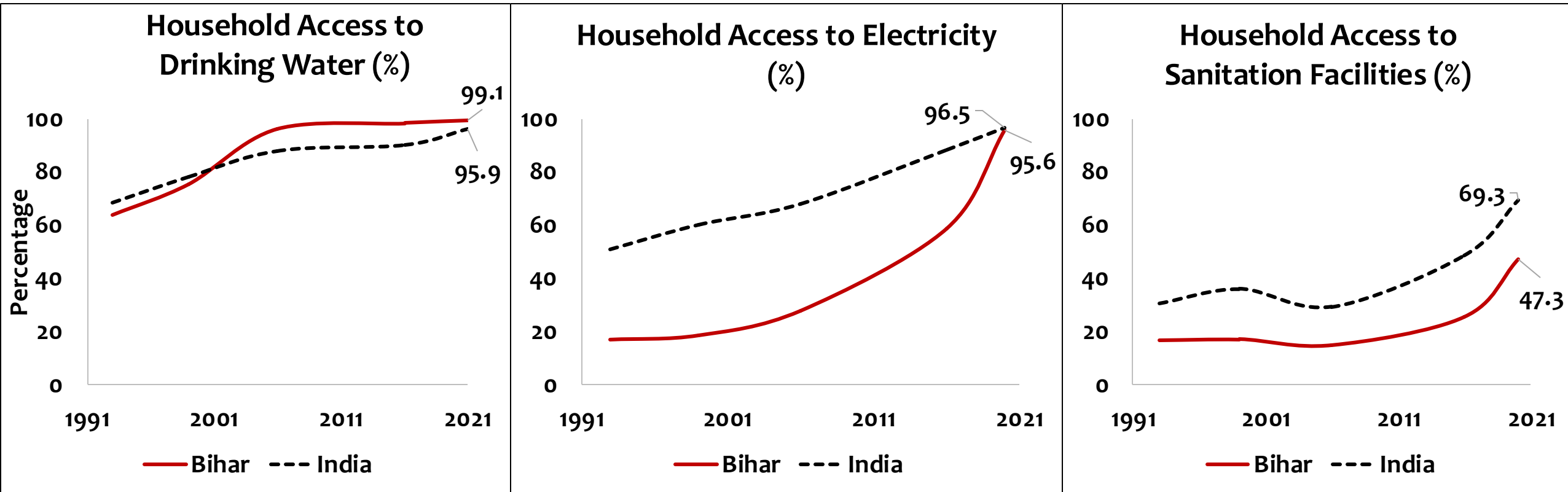


Source: Sample Registration System Bulletin, Ministry of Home Affairs, 2020; and Economic Survey, Ministry of Finance.
Note: India number has been taken directly from the source.



Source: National Family Health Survey (I – V).
Note: India number has been taken directly from the source.

As of 2021, Household Access to Drinking Water in Bihar is above the national benchmark. Household Access to Electricity has significantly increased since 2001, with Bihar being very close to the national estimates, as of 2021. However, it continues to lag behind the national benchmark in Access to Sanitation Facilities



Source: National Family Health Survey (I – V).

Note: i. India number has been taken directly from the source; ii. Drinking water and sanitation refers to improved sources and facilities respectively as defined in NFHS.

5. Fiscal Indicators

- **Fiscal Data covers the fiscal period 1990-91 to 2022-23**
- **Benchmark Includes all 29 States (all Union Territories are excluded)**

Table 4A: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Bihar

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2013-14 & 2022-23)	States' Median (All States)	States' Median (Larger States)	All States/UTs (% of National GDP)
Fiscal Deficit, % of GSDP	3.9 %	2021-22*	+ 1.6 % points	3.2 %	3.3 %	2.8 %
Primary Deficit, % of GSDP	1.8 %	2021-22	+ 1.1 % points	1.0 %	1.2 %	1.0 %
Revenue Surplus (+)/Deficit (-), % of GSDP	- 0.1 %	2021-22	- 1.9 % points	+ 0.3 %	-0.1 %	- 0.4 %
Total Revenue Receipts, % of GSDP	24.4 %	2021-22	+ 3.3 % points	18.8 %	15.5 %	13.7 %
Own Tax Revenue, % of GSDP	5.4 %	2021-22	- 0.4 % points	5.9 %	6.1 %	6.3 %
Own Non Tax Revenue, % of GSDP	0.6 %	2021-22	+ 0.2 % points	1.0 %	0.9 %	1.1 %
Total Expenditure, % of GSDP	28.4 %	2021-22	+ 4.9 % points	20.5 %	18.4 %	16.6 %
Revenue Expenditure, % of GSDP	24.5 %	2021-22	+ 5.2 % points	17.2 %	15.8 %	14.2 %
Capital Expenditure, % of GSDP	3.9 %	2021-22	- 0.3 % points	3.3 %	2.8 %	2.4 %
Capital Expenditure, % of Total Exp	13.6 %	2021-22	- 4.0 % points	15.0 %	14.9 %	14.7%
Total Public Debt, % of GSDP	39.6 %	2021-22	+ 12.1 % points	33.6 %	32.2 %	29.3 %
Contingent Liabilities, % of GSDP	3.8 %	2021-22	+ 3.4 % points	1.6 %	1.7 %	3.8 %

Source: Data is taken from State Finances Report (SFR), Reserve Bank of India (RBI), as of December 2023.

Note: i. Median of All States includes all 29 states (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 states, Delhi and Puducherry, expressed as a % of national gross domestic product; iv. Most Recent Values are the Revised Estimates for 2022-23 (except for Contingent Liabilities, for which the most recent value is for 2021-22).

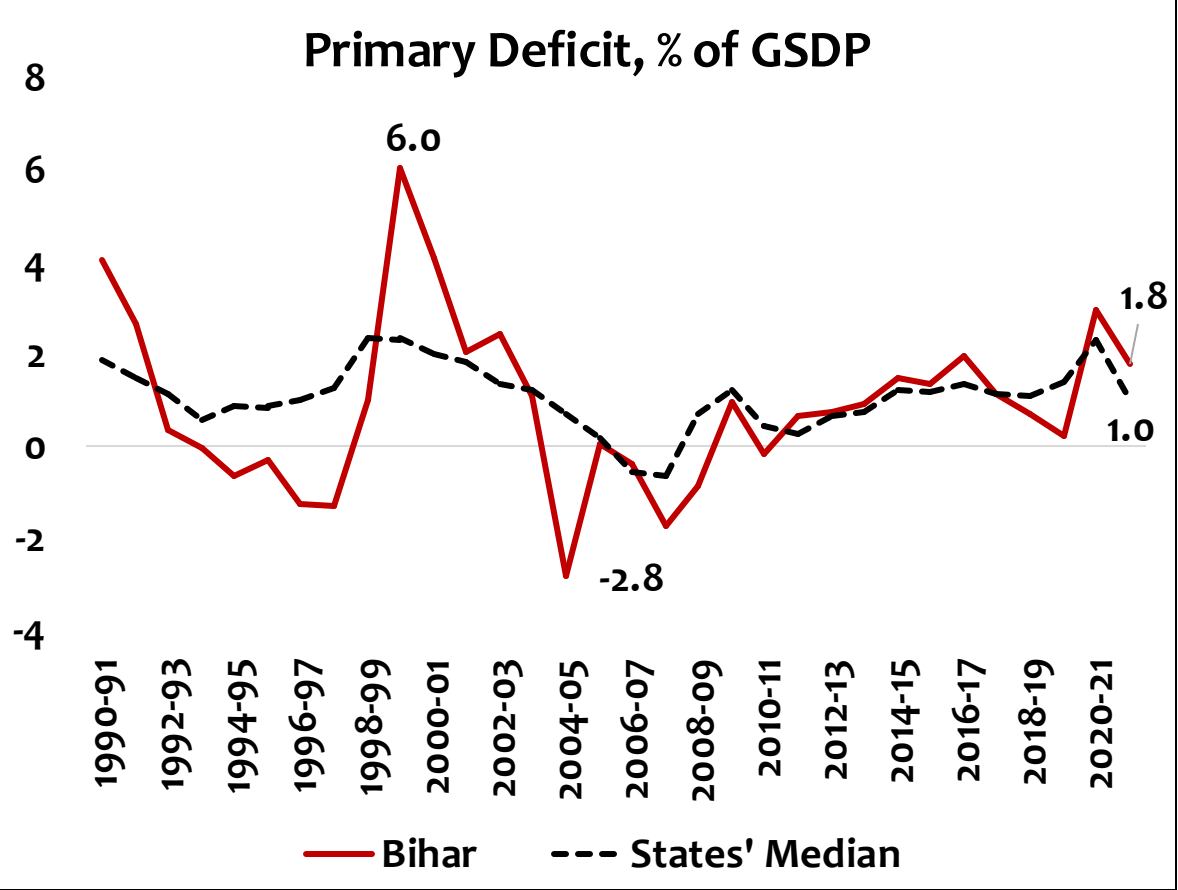
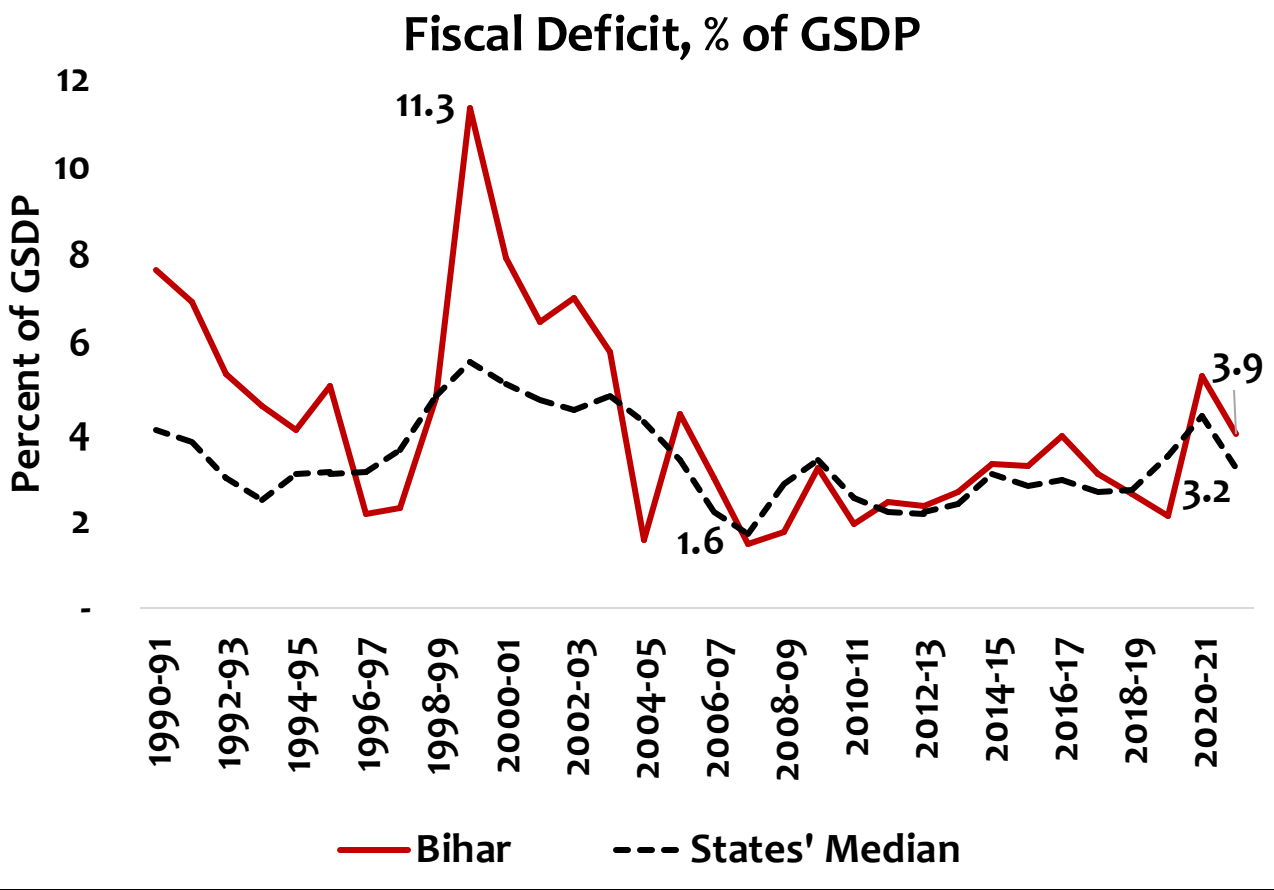
Table 4B: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Bihar

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2012-13 & 2021-22)	States' Median (All States)	States' Median (Larger States)	All States/UTs (% of National GDP)
Committed Expenditure, % of GSDP	9.1%	2021-22	-0.4% points	9.2%	8.5%	6.9%
Committed Expenditure, % of Total Expenditure	32.0%	2021-22	-8.4 points	46.4%	43.5%	41.9%
Subsidies, % of GSDP	1.6%	2021-22	+0.01% points (b/w 2018-19 & 2021-22)	0.7%	1.2%	1.6%
Subsidies, % of Total Expenditure	5.6%	2021-22	-0.1% points (b/w 2018-19 & 2021-22)	3.3%	7.4%	9.5%
Off-Budget Borrowings, % of GSDP	0.1%	2021-22	-	0.1%	0.1%	0.3%
Per Capita Social Expenditure	Rs. 8,142	2021-22	Rs. 5,261	Rs. 16,571	Rs. 14,401	Rs. 12,549
Per Capita Health Expenditure	Rs. 927	2021-22	Rs. 702	Rs. 2,287	Rs. 2,139	Rs. 1,834
Per Capita Education Expenditure	Rs. 2,917	2021-22	Rs. 1,563	Rs. 5,266	Rs. 4,995	Rs. 4,313
Social Expenditure, % of Total Expenditure	54.8%	2021-22	+8.3% points	43.6%	43.0%	44.0%
Health Expenditure, % of Total Expenditure	6.2%	2021-22	+2.6% points	6.7%	6.5%	6.4%
Education Expenditure, % of Total Expenditure	19.6%	2021-22	-2.2% points	14.8%	15.1%	15.1%
Buoyancy for Revenue Expenditure with GSDP - ratio	1.0%	2021-22	-0.2%	0.7%	0.7%	0.7%

Source: i. Subsidies, Wage and Salaries, Pension, Social sector expenditure, Medical and Public Health, Family Welfare, Education expenditure, Total Expenditure data are from the RBI's SFR, as of December 2023; ii. OffBudget Borrowing data is from Ministry of Expenditure (2021-22); iii. Data for Population and GSDP are taken from MoSPI.

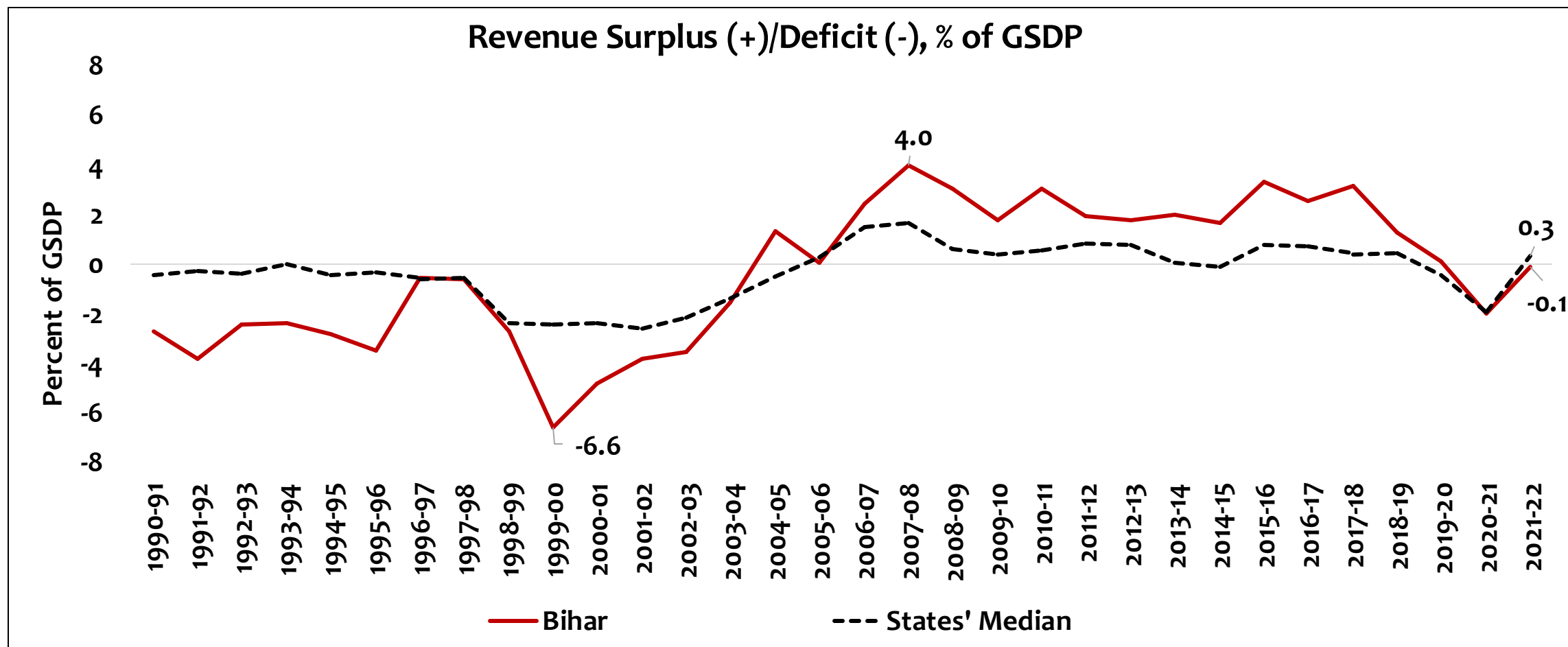
Note: i. Median of All States includes all 29 states (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 states, Delhi and Puducherry, expressed as a % of national gross domestic product; iv. Committed Expenditure is calculated as the sum of Wage, Salaries, and Pension; v. Health Expenditure is calculated as the sum of Medical and Public Health, Family Welfare; vi. Social, Health, and Education Expenditures are calculated as per capita values by dividing the respective expenditure by the population; vii. Total Expenditure is calculated as the sum of Revenue Expenditure (RevEx), Capital Outlay, and Loans and Advances; viii. The Buoyancy of RevEx is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.

Bihar ran a Fiscal Deficit of 3.9 percent of its GSDP and a Primary Deficit of 1.8 percent of its GSDP in 2021-22, both nearly a percentage point higher than a median state in the same year



Source: i. Fiscal Deficit (FD) is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. Primary Deficit (PD) is calculated as Fiscal Deficit minus Interest Payments. Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded)

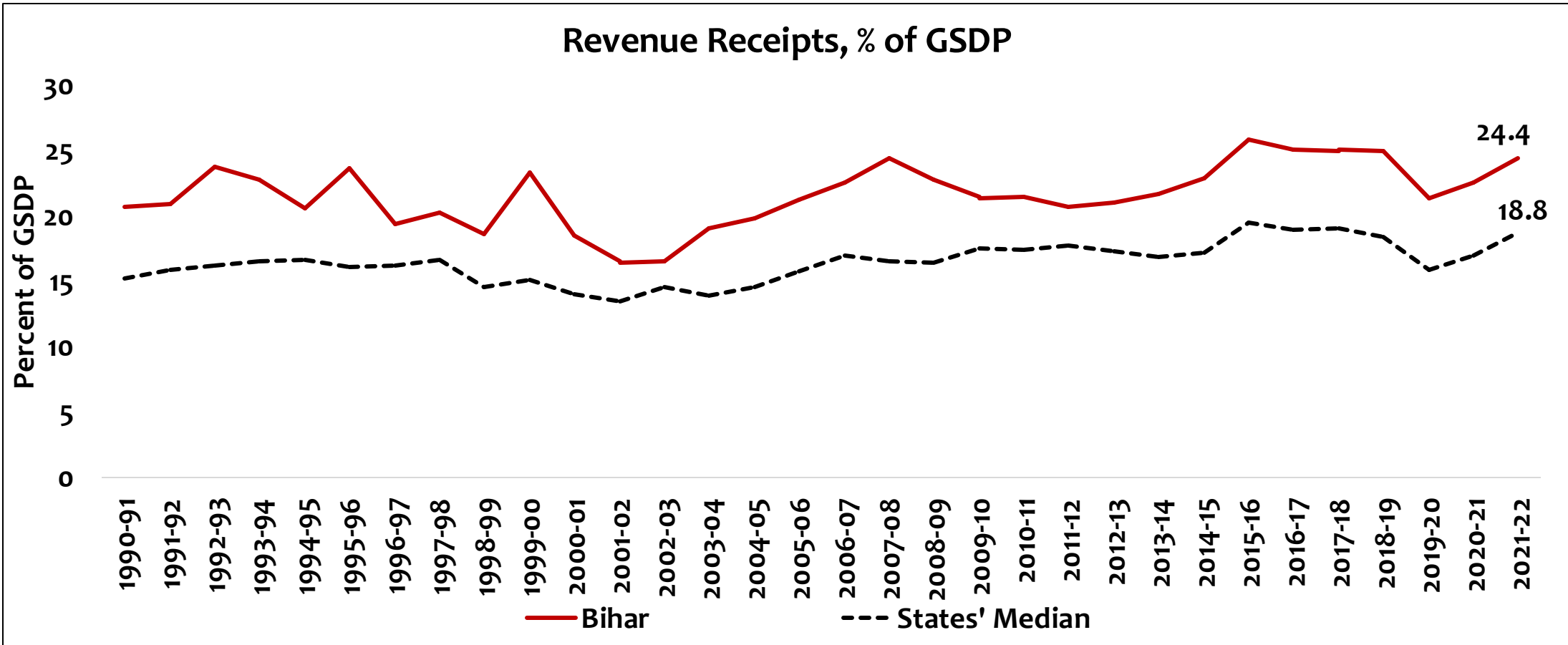
Bihar's Revenue Deficit was 0.1 percent of its GSDP in 2021-22, while a median state ran a Revenue Surplus of 0.3 percent of its GSDP in the same year



Source: i. Revenue Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

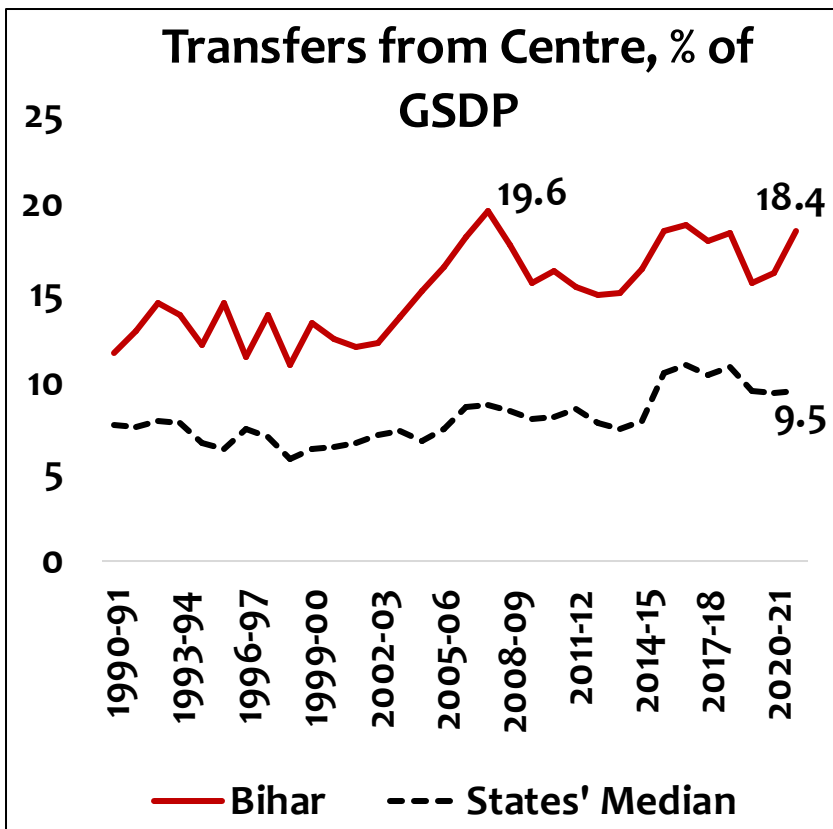
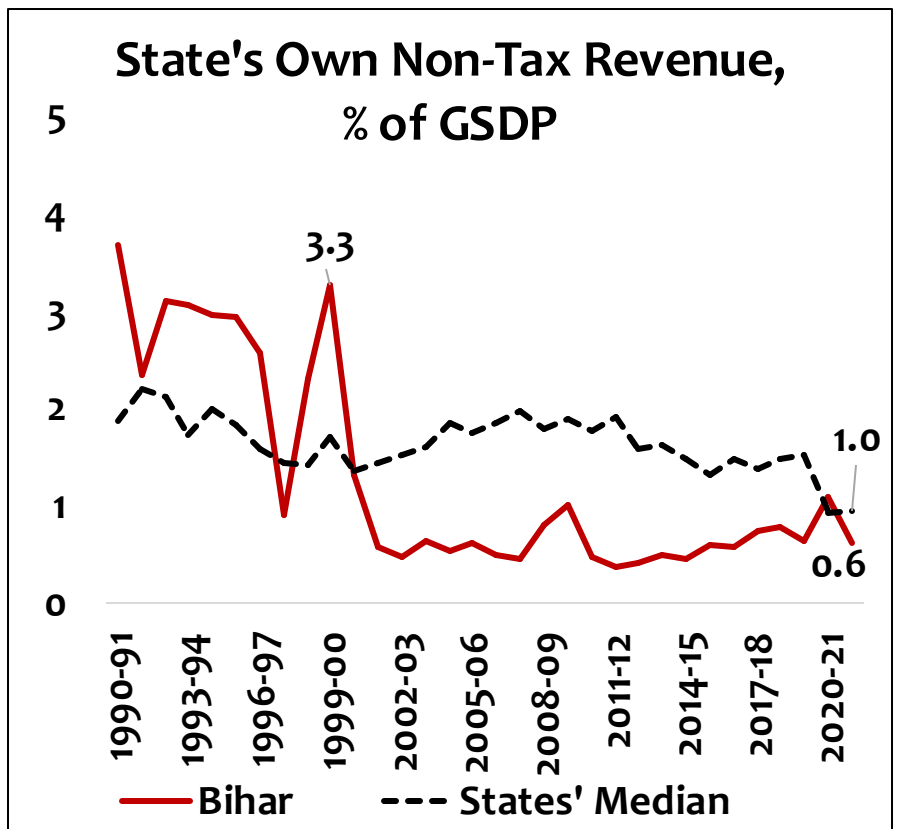
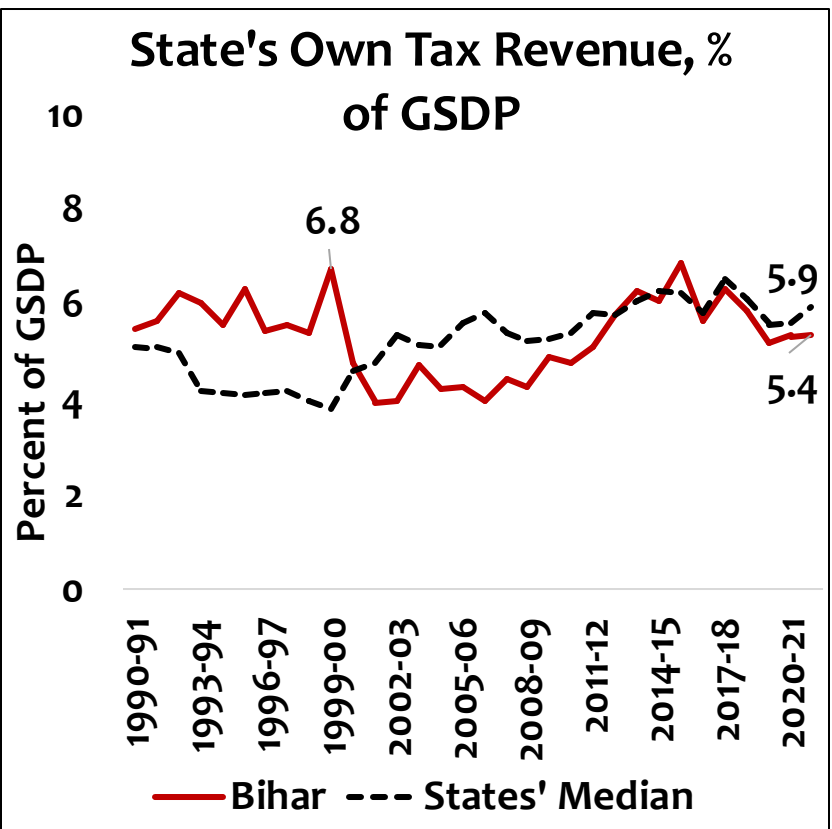
Note: The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

Bihar's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre), at about 24 percent of its GSDP in 2021-22, were 5.6 percentage points higher than what a median state collected



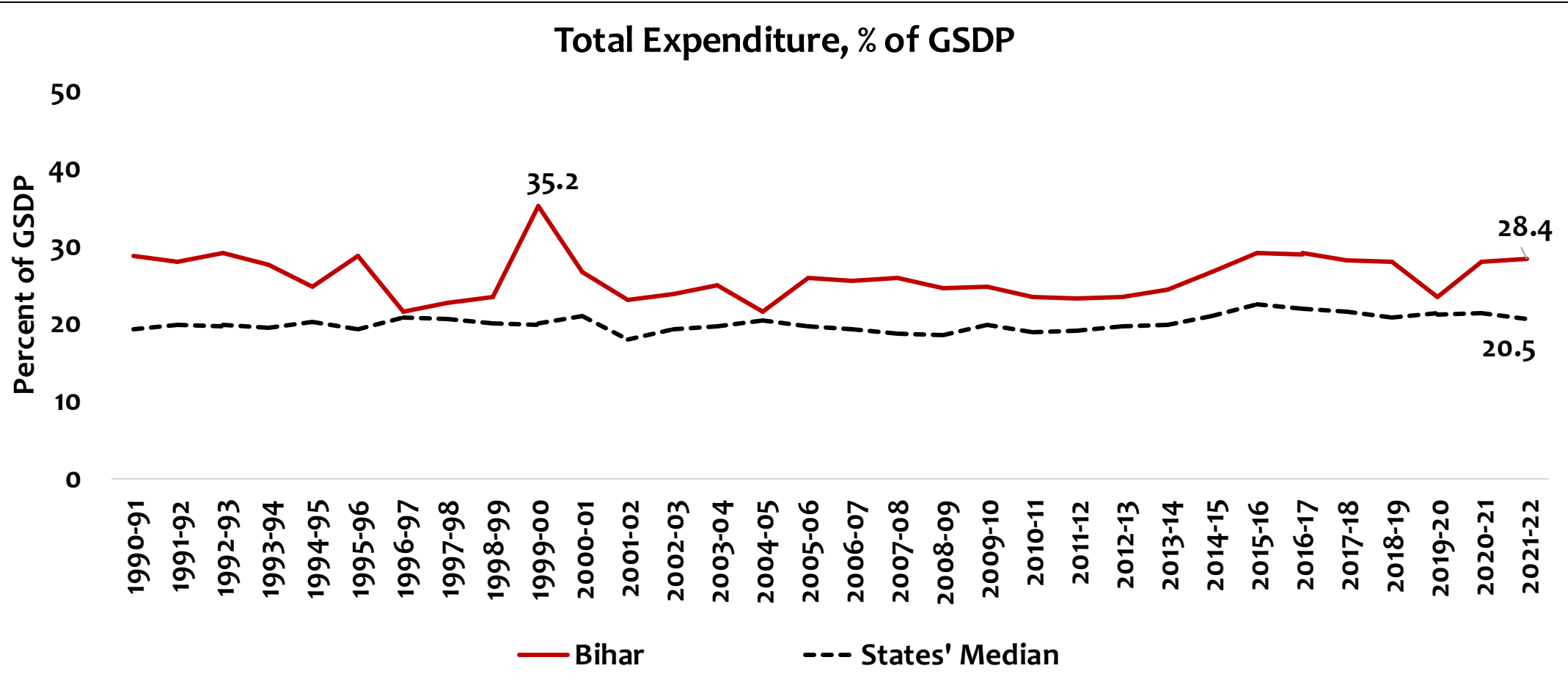
Source: i. Revenue Receipts from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).
Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded);

Transfers from the Centre constituted about 75 percent of Bihar's Revenue Receipts in 2021-22. Its Own Tax and Non-Tax Revenue at 5.4 and 0.6 percent of its GSDP respectively, were both lower than those of a median state



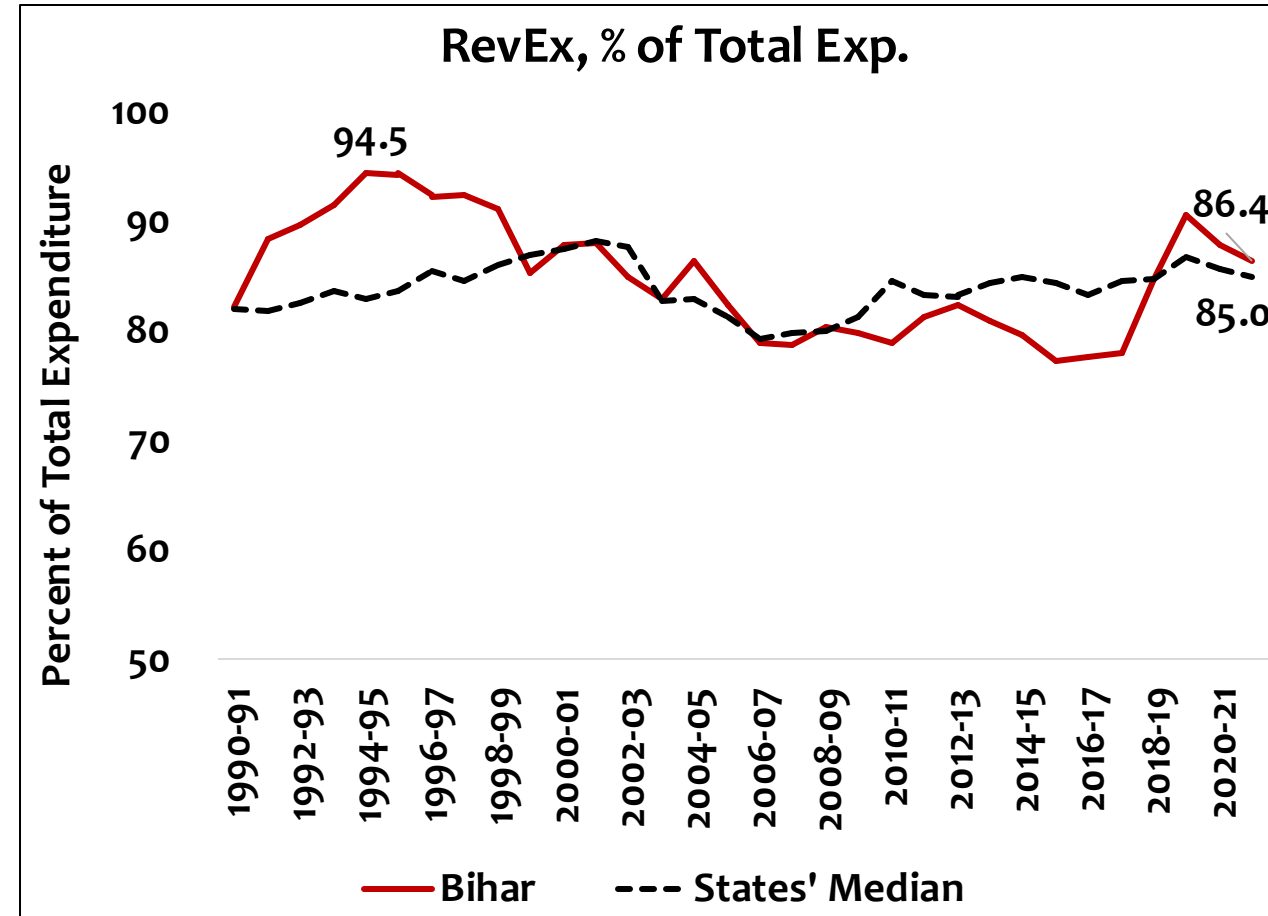
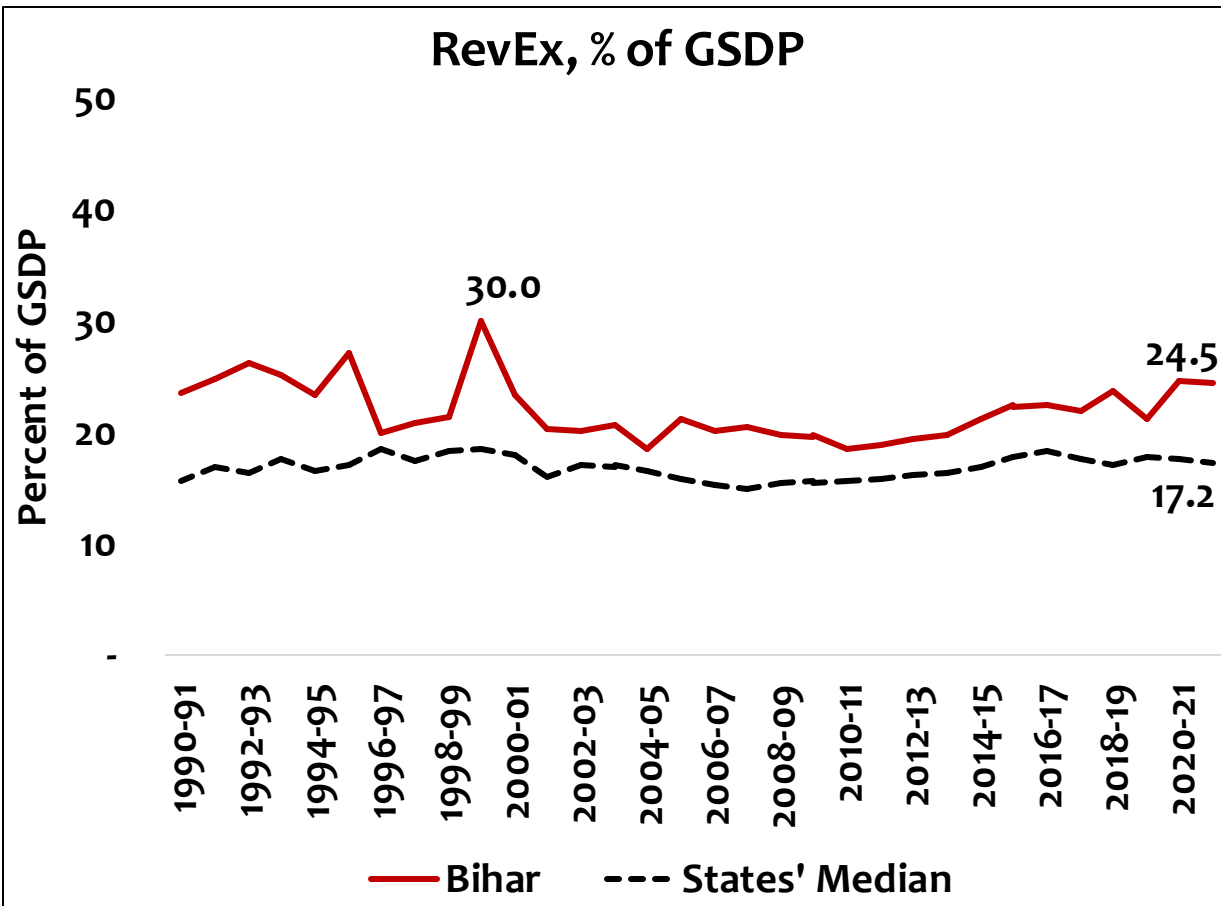
Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre from RBI SFR (2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.

In 2021-22, Bihar's Expenditure was about 8 percentage points higher than that of a median state and nearly 4 percentage points more than its total Revenue Receipts



Source: i. Total Expenditure is from RBI SFR (2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

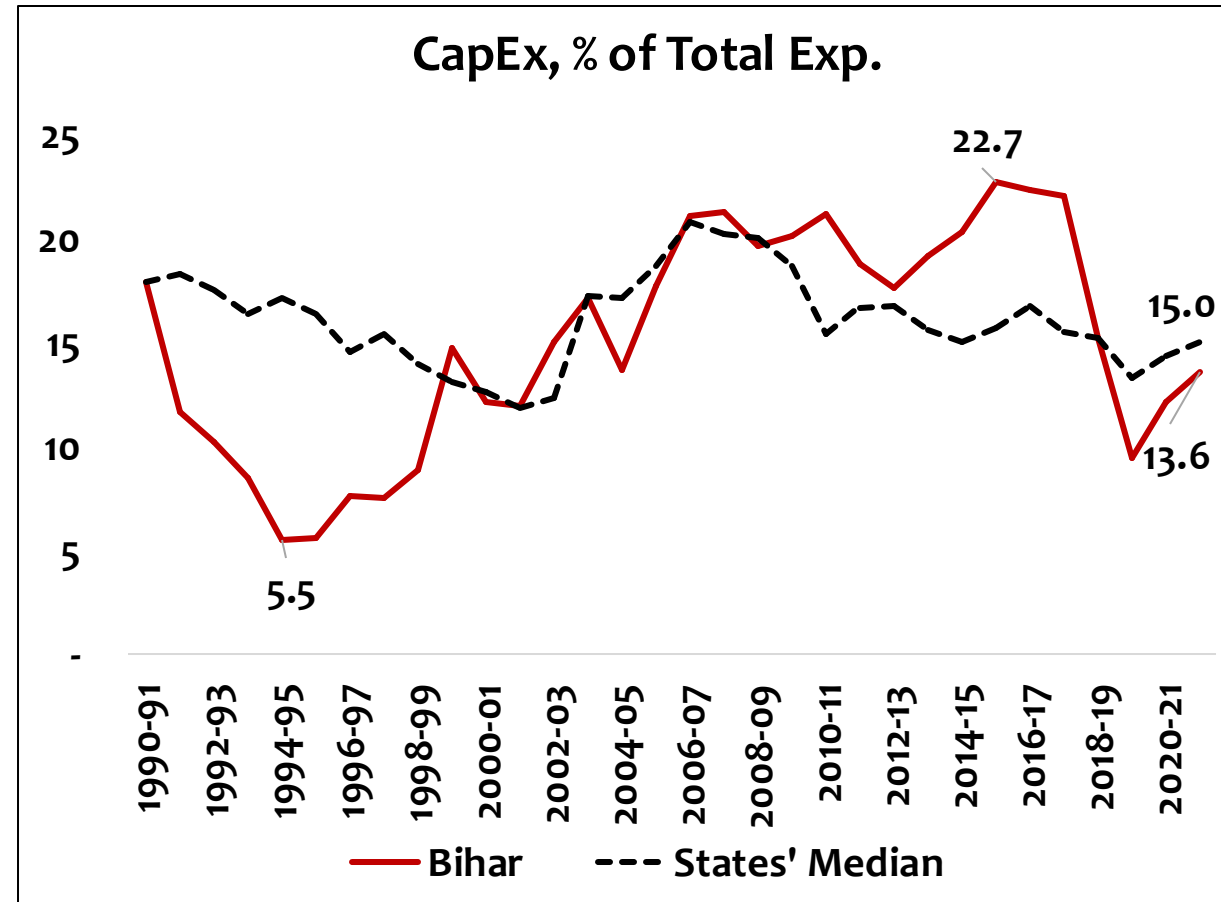
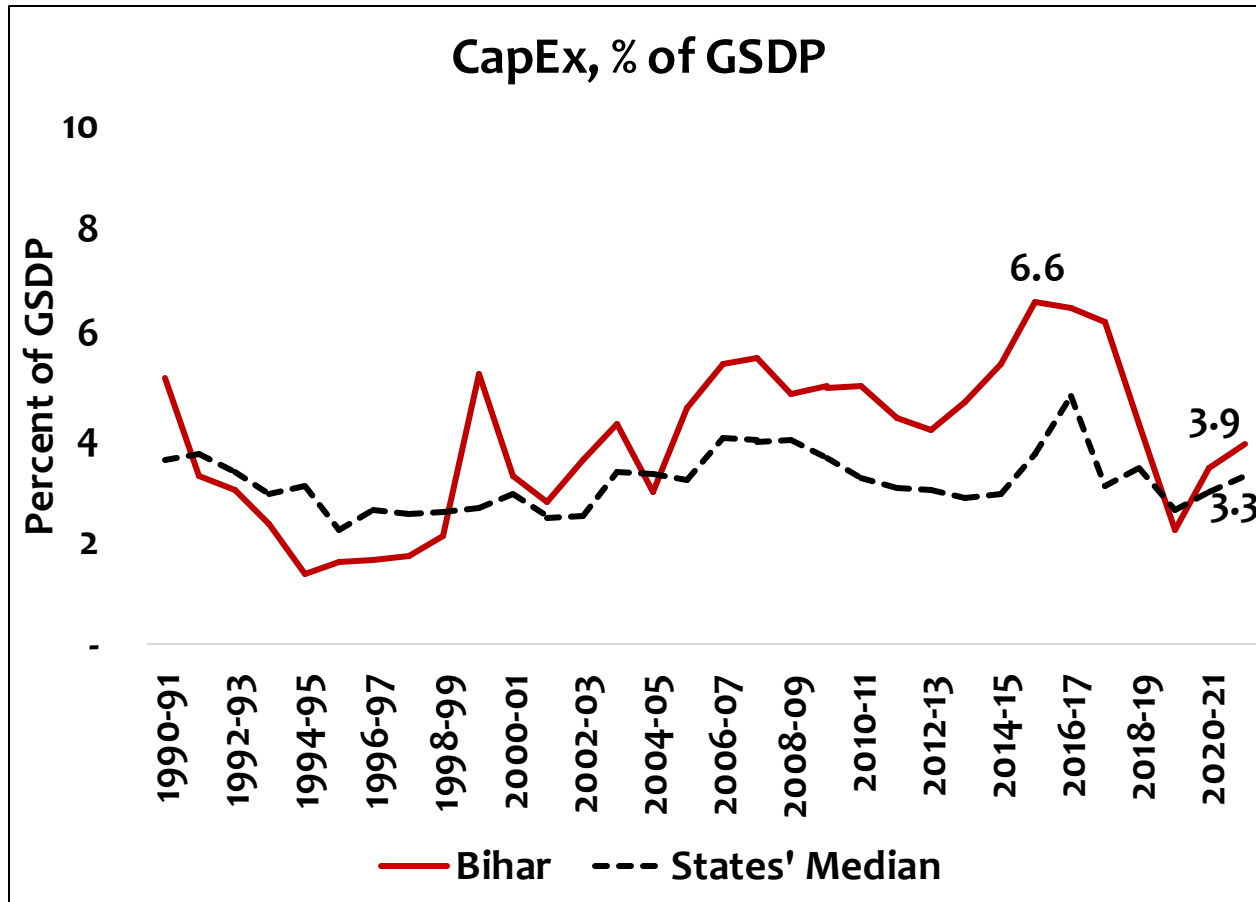
Bihar's RevEx at 24.5 percent of its GSDP, was about 7 percentage points higher than a median state's RevEx in 2021-22 and as a share of total expenditure it was 1.4 percentage points higher than that of a median state



Source: i. Revenue Expenditure is from RBI SFR (2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

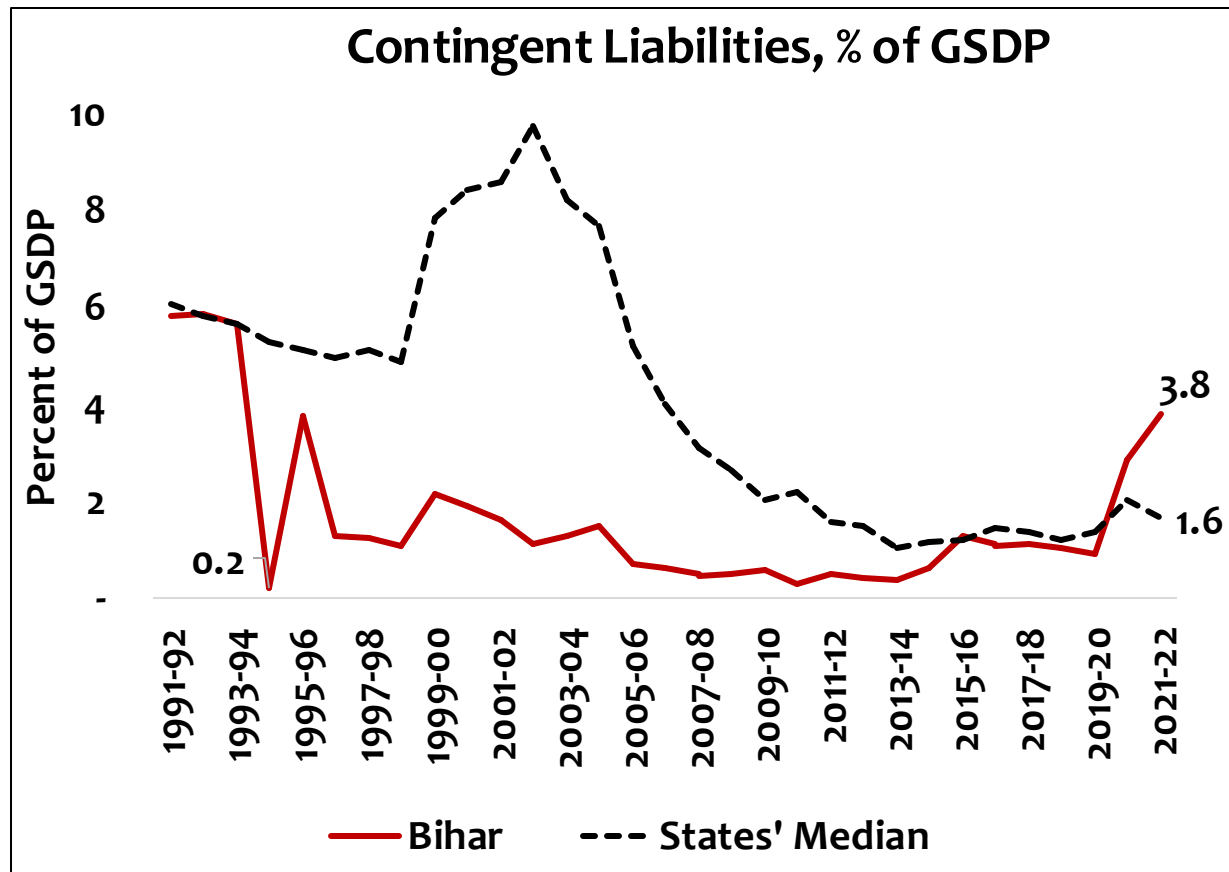
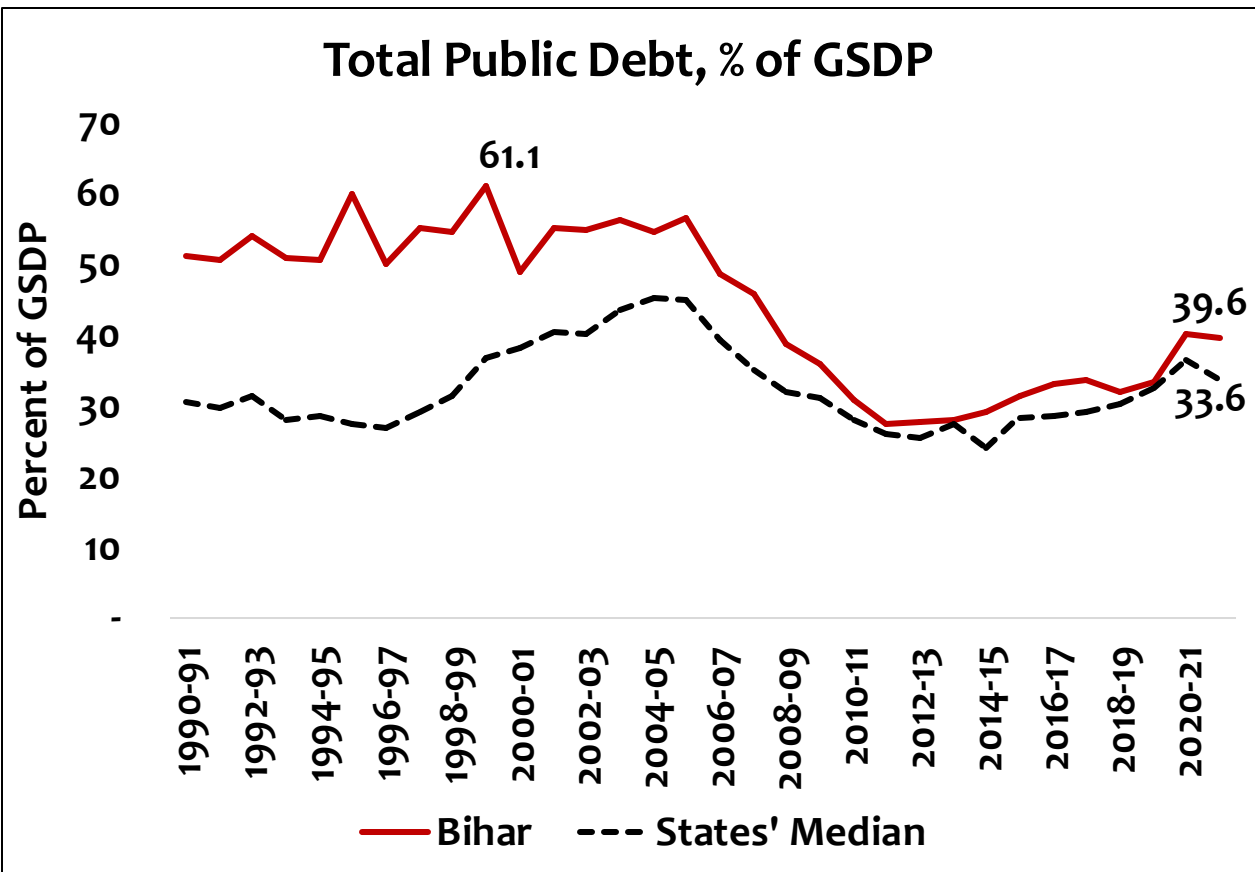
Bihar's CapEx at 3.9 percent of its GSDP was higher than what a median state spent on CapEx. However, as a share of total expenditure it was 1.4 percentage points lower than what a median state spent on CapEx



Source: i. CapEx is calculated as Capital Outlay plus Loans and Advances given by the State government and the data for both is taken from RBI SFR (2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

Bihar's Public Debt, after declining through the 1990s and early 2000s, noted a steady rise since 2011-12. As of 2021-22, Public Debt at 39.6 percent of its GSDP, was 6 percentage points higher than that of a median state. Its Contingent Liabilities, at 3.8 percent of its GSDP, were about two times that of a median state



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI SFR (2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

Debt Sustainability Assessment

- Extrapolations of the debt-to-GSDP ratio are used as a way of thinking about debt sustainability, using the equation: $\Delta b_t = \frac{b_{t-1}(r_t - g_t)}{1 + g_t} + pd_t^*$
- A baseline scenario assumes real GDP growth, the real effective interest rate and primary deficit will be at the same levels for the next five years as their respective averages from 2012-13 to 2021-22.
- Second scenario assumes faster GDP growth to the tune of half a standard deviation over the average growth between 2012-13 to 2021-22.
- Third scenario assumes a favorable change of half a standard deviation to the primary deficit over the average deficit between 2012-13 to 2021-22.
- Fourth scenario assumes baseline plus outstanding contingent liabilities in 2021-22 will be absorbed (by 20 percent) each year in the next five years.
- A fifth scenario, by combining scenarios two and three.

Note: i. b_t is the debt-to-GSDP ratio, pd_t is the primary-deficit-to-GSDP ratio (deficit net of interest payment), g_t is growth of real GSDP, and r_t is the real effective interest rate on public debt; all in year t ; ii. Δb_t is the change in debt-to-GSDP ratio between t and $t-1$; iii. The exercise is based on the assumption that g , r , and pd are exogenous, that is, they are not impacted by the level of debt.

Bihar Debt Evolution (2012-13 to 2021-22)

Averages and standard deviations of key parameters

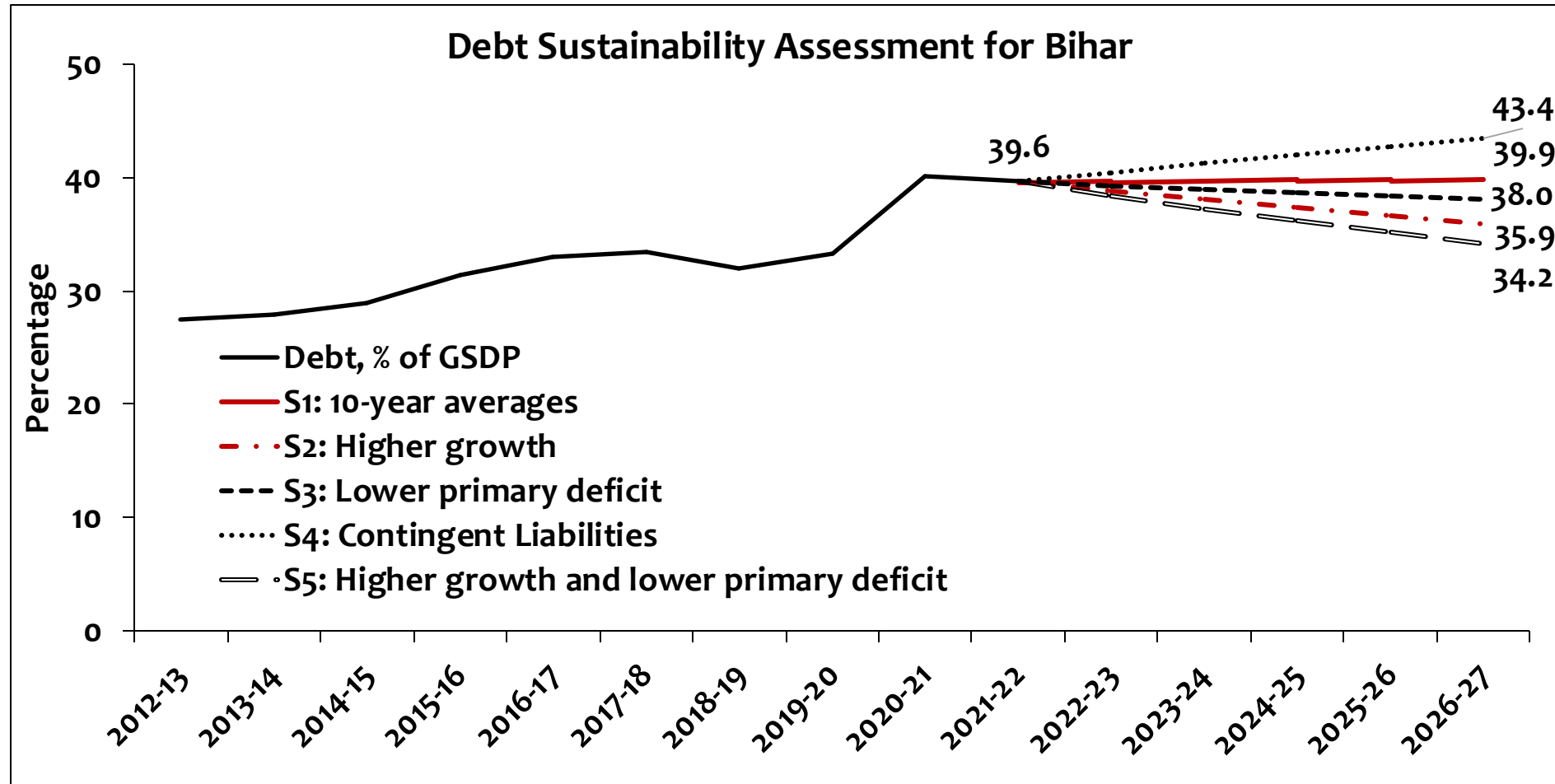
	Ten-year average and std. deviations (2012-13 to 2021-22)		Five-year average and std. deviations (2017-18 to 2021-22)	
	Mean	Std dev	Mean	Std dev
Nominal GDP growth (γ)	10.3	5.0	9.3	6.8
Deflator growth (π)	5.0	2.4	4.3	1.8
Real GDP growth (g)	5.0	4.9	4.8	7.2
Effective interest rate (e)	6.7	0.3	6.4	0.2
Real effective interest rate (\hat{e})	1.7	2.5	2.2	1.8
Primary deficit (pd)	1.3	0.8	1.4	1.1
Growth-effective interest differential ($g-\hat{e}$)	3.4	4.9	2.7	6.6
Contingent Liabilities (CL) as of 2021-22	3.8	-	-	-
Percentage points of CL absorbed each year for 5 years	0.76	-	-	-

Different scenarios for conducting debt sustainability assessments

Scenarios	Debt level in 2021-22 (bt-1)	Primary Deficit (pd)	Real GDP growth (g)	Real Effective Interest Rate (\hat{e})	Change in Debt in first year	Cumulative change in Debt in next five years
Baseline (Scenario 1): 10-year averages (2012-13 to 2021-22)	39.6	1.3	5.0	1.7	0.06	0.27
Scenario 2: Higher growth (increasing growth by half a standard deviation over baseline)	39.6	1.3	7.5	1.7	-0.83	-3.70
Scenario 3: Lower Primary Deficit (reducing primary deficit by half a standard deviation over baseline)	39.6	0.9	5.0	1.7	-0.34	-1.58
Scenario 4: Contingent Liabilities in 2021-22 are absorbed 20% in each year	39.6	1.3	5.0	1.7	0.81	3.82
Scenario 5: Lower Primary Deficit and Higher Growth	39.6	0.9	7.5	1.7	-1.22	-5.46

Note: In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 0.76 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year.

Under the baseline scenario, where growth, effective interest rate, and primary deficit continue to be at the 10-year average, Bihar's debt to GSDP ratio is not projected to decline. Only with higher growth, or lower primary deficit, or with a combination of the two, debt to GSDP ratio can be expected to take a downward trajectory



Note: Projection period is from 2022-23 till 2026-27. In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 0.76 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year

Bihar: Power Sector

- The State has two public (government-operated) distribution utilities/companies (DISCOMs).
- Although the average Aggregate Technical & Commercial (AT&C) loss across Bihar's DISCOMs have reduced over the years, it remains higher than the national average.
- Owing to their operational inefficiencies and corresponding financial assistance required from the State, the power sector remains a significant part of the State's contingent liabilities. In 2021-22, about 51 percent of the contingent liabilities arose on account of the power sector [*refer to [CAG SFAR 2021-22](#), Pg. 87-88*].
- The State signed the MoU for the Ujwal DISCOM Assurance Yojana (UDAY) scheme which was launched by the GoI in November 2015, and availed financial assistance under the financial turnaround and financing of future losses component of the scheme.
- The DISCOMS, however, have not achieved both operational (feeder metering and electricity access to un-connected households) and financial targets (AT&C Loss, collection efficiency and billing efficiency) set in the MoU in the prescribed time [*refer to [15th FC](#), Pg. 1100-1101*].

Source: i. UDAY Portal, Bihar State Finances Report (CAG) 2022 and 2023, Report on Performance of State Power Utilities (2009-10 to 2021-22); ii. 15th Finance Commission Report.

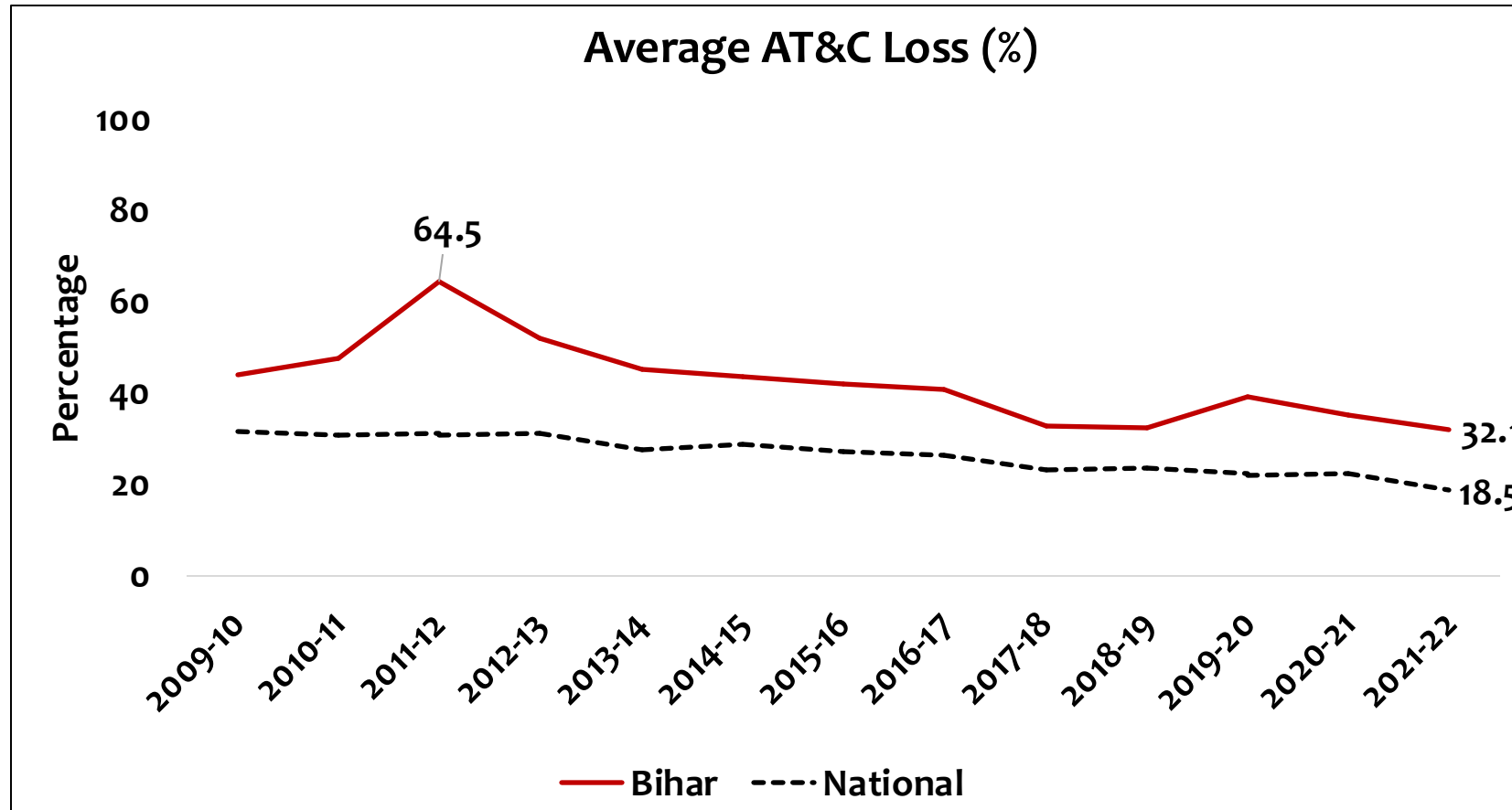
Note: The Bihar State Electricity Board (BSEB) is a state-owned electricity regulation board, which was restructured into North Bihar Power Distribution Company Limited (NBPDC) and South Bihar Power Distribution Company Limited (SBPDCL) in November 2012.

Bihar: Power Sector

Losses and Liabilities of Bihar State DISCOMs

- In Bihar, power distribution is carried out by two State government-owned companies – South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDC). These companies have consistently made losses which has put a strain on government finances. In four years between 2017-18 and 2020-21, these companies made cumulative losses worth Rs. 9,100 crore.
- Their AT&C losses are among the highest in the country (32.1 percent in 2021-22 against national average of 18.5 percent). AT&C losses signify the percentage of power supplied for which the utility did not collect money. Reasons for high AT&C losses could be theft, sub-optimal distribution infrastructure, and inefficiencies in billing and collection. As per the Budget Speech, pre-paid meters are being installed to address these issues.

The Average AT&C Losses of DISCOMs in Bihar have reduced since 2011-12, but are still considerably higher than the national average



Source: PFC Report on Performance of State Power Utilities (2009-10 to 2021-22).

Note: i. Figure shows the average AT&C Loss across the 2 DISCOMs in Bihar (Bihar State Electricity Board until 2011-12, when it was restructured as NBPDC and SBPDC); ii. The National average is across all DISCOMs in the 29 States and 2 Union Territories (Delhi & Puducherry)

6. Devolution to Bihar from Centre in 14th and 15th Finance Commissions (FC)

Tax Devolution Criteria of 14th and 15th FCs to all States

- The Net Proceeds of all taxes¹ collected by the Union are shareable with the States and constitute the divisible pool of taxes.
- The 14th FC placed the States' share of tax devolution to 42 percent of the divisible pool, and the 15th FC adjusted it to 41 percent due to the changed status of Jammu & Kashmir into Union Territories of Ladakh and Jammu & Kashmir.
- Table below highlights the tax devolution matrix used by the two FCs, and the corresponding weights for each criteria.

Criteria	14th FC (2015-20)	15th FC (2021-26)
Income Distance	50	45
Area	15	15
Population (1971)	17.5	0
Population (2011) ²	10	15
Demographic Performance	0	12.5
Forest Cover	7.5	0
Forest and Ecology	0	10
Tax and fiscal efforts ³	0	2.5
Total	100	100

Source: 14th and 15th FC Reports

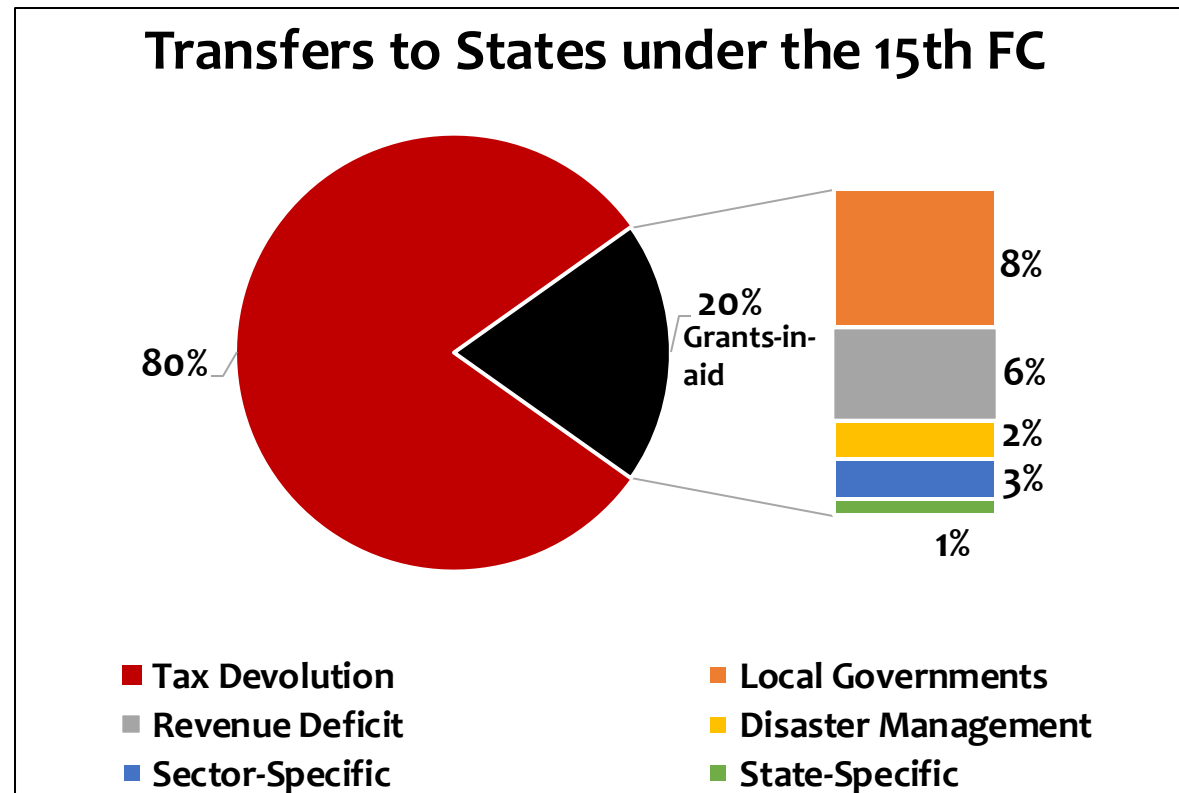
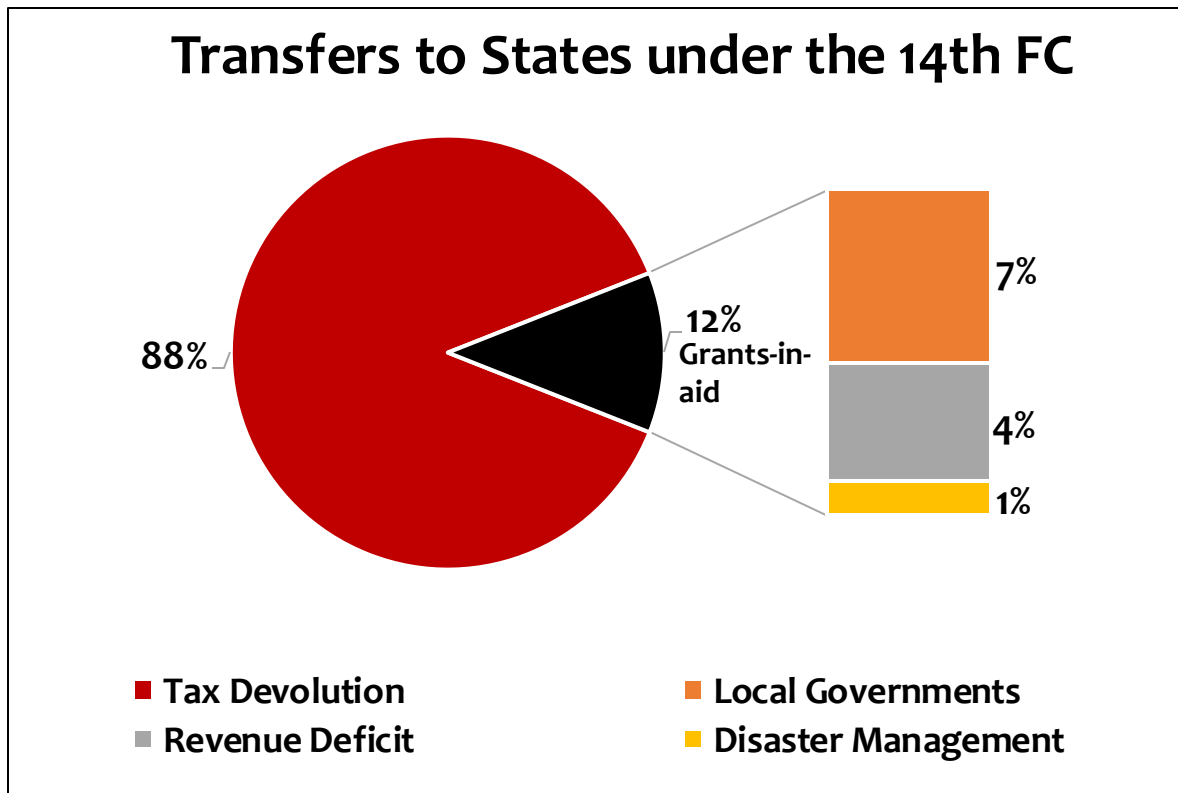
Note: i. Per Articles 270 and 279, Net Proceeds of taxes is defined as all the taxes, except cess and surcharges, reduced by the cost of collection; ii. 14th FC used the term “demographic change” which was defined as Population in 2011; iii. The 15th FC reintroduced the “tax and fiscal efforts” criteria. The definitions of all criteria can be referred to from the [15th FC Report](#).

Grants-in-Aid

- There were three types of grants recommended by the 14th FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15th FC, in addition to the three, also recommended sector-specific and State-specific grants.
 1. **Revenue-deficit grants:** Post tax devolution, those States which remain in a state of revenue deficit, are allocated this grant in the magnitude of their deficit (estimated for the award period based on the projected revenues and tax devolution).
 2. **Grants for Local Governments:** These are distributed between the rural and urban local bodies (65:35 ratio per the 15th FC). The States' shares are calculated with 90 percent weightage given to population and 10 percent to area.
 3. **Grants for Disaster Management:** The corpus of the State Disaster Response Fund (envisaged under the Disaster Management Act, 2005, which covers both natural and man-made disasters) is recommended by the FC per Article 275 (1) of the Constitution. Under the 14th FC, it was recommended that Centre contribute 90 percent of the SDRF and States provide the remaining 10 percent. The 15th FC reinstated the previous sharing arrangement, wherein Centre's contribution to SDRF for General Category States is 75 percent contribution and it remains 90 percent for the North-Eastern and Himalayan States.
 4. **Sector-Specific Grants:** The 15th FC reinstated recommendations for social sectors like health and education, rural economy (encouraging agricultural reforms and grants for the Pradhan Mantri Gram Sadak Yojana), administrative and governance reforms (for judiciary, improved statistics, and incentivizing aspirational districts and blocks).
 5. **State-specific Grants:** To help States address special needs and overcome cost disabilities, State-specific grants were recommended by the 15th Finance Commission. These span six broad areas: a) social needs, b) administrative governance and related infrastructure, c) conservation and sustainable use of water, drainage and sanitation, d) preserving culture and historical monuments, e) high-cost physical infrastructure, and f) tourism.

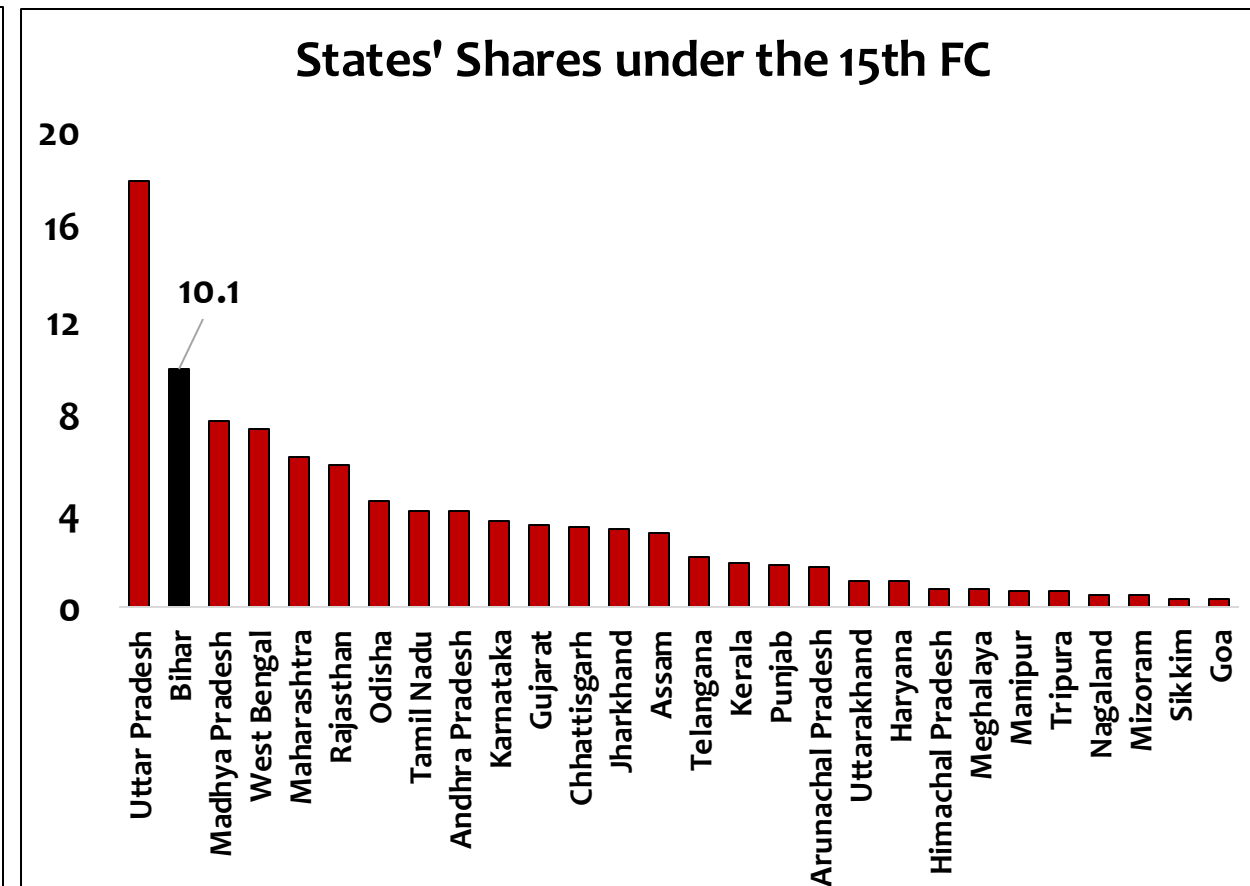
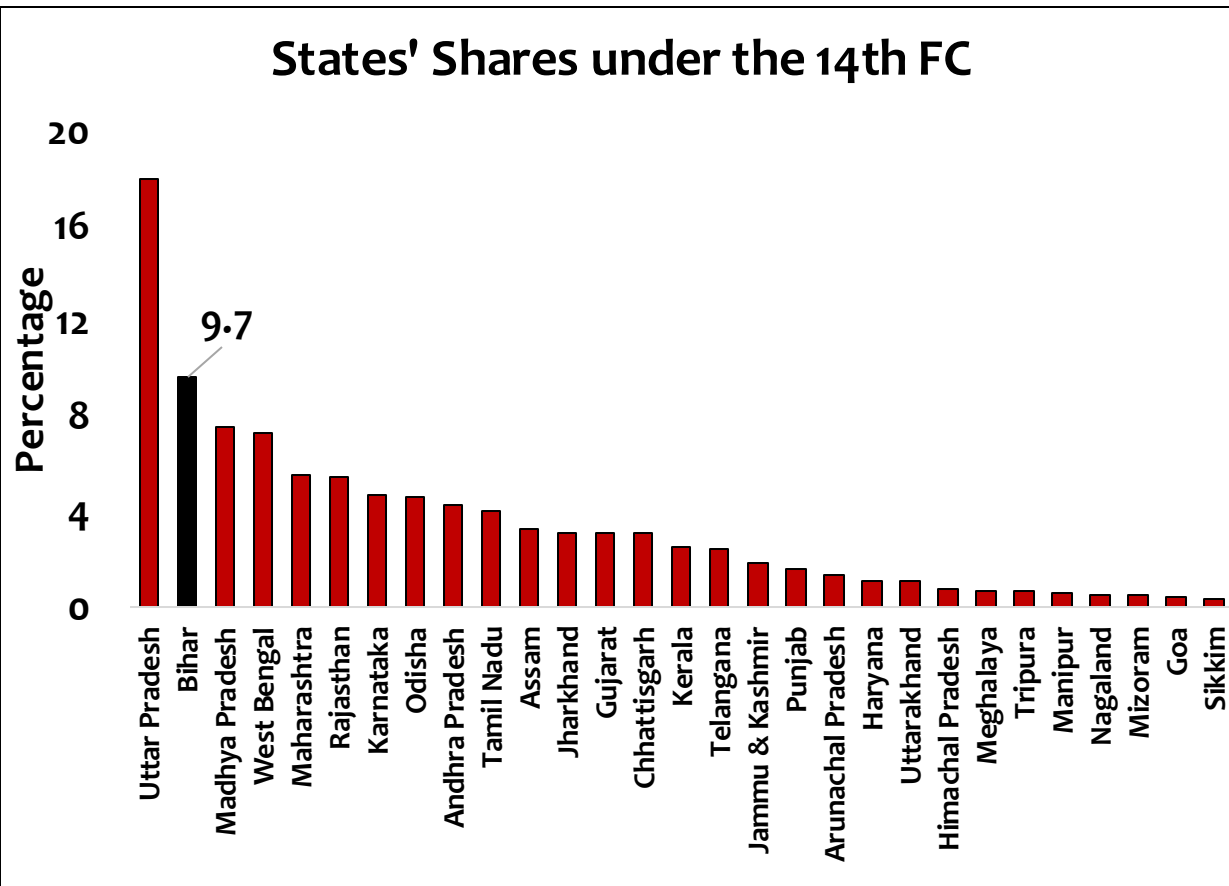
Source: 14th and 15th FC reports.

Proposed transfers from the Centre to all States: 15th FC reinstated recommendations on Sector-Specific and State-Specific Grants, which 14th FC had excluded from the Grants-in-Aid to States, thus increasing the share of grants in the total transfers recommended from Centre to States to 20 percent



- Sector-Specific Grants are further divided into three categories:
 - Social Sector - health and education
 - Rural Economy - agriculture reforms, self reliance, export & sustainability, and PMGSY roads
 - Governance and Administrative Reforms - judiciary, statistics, aspirational districts and blocks

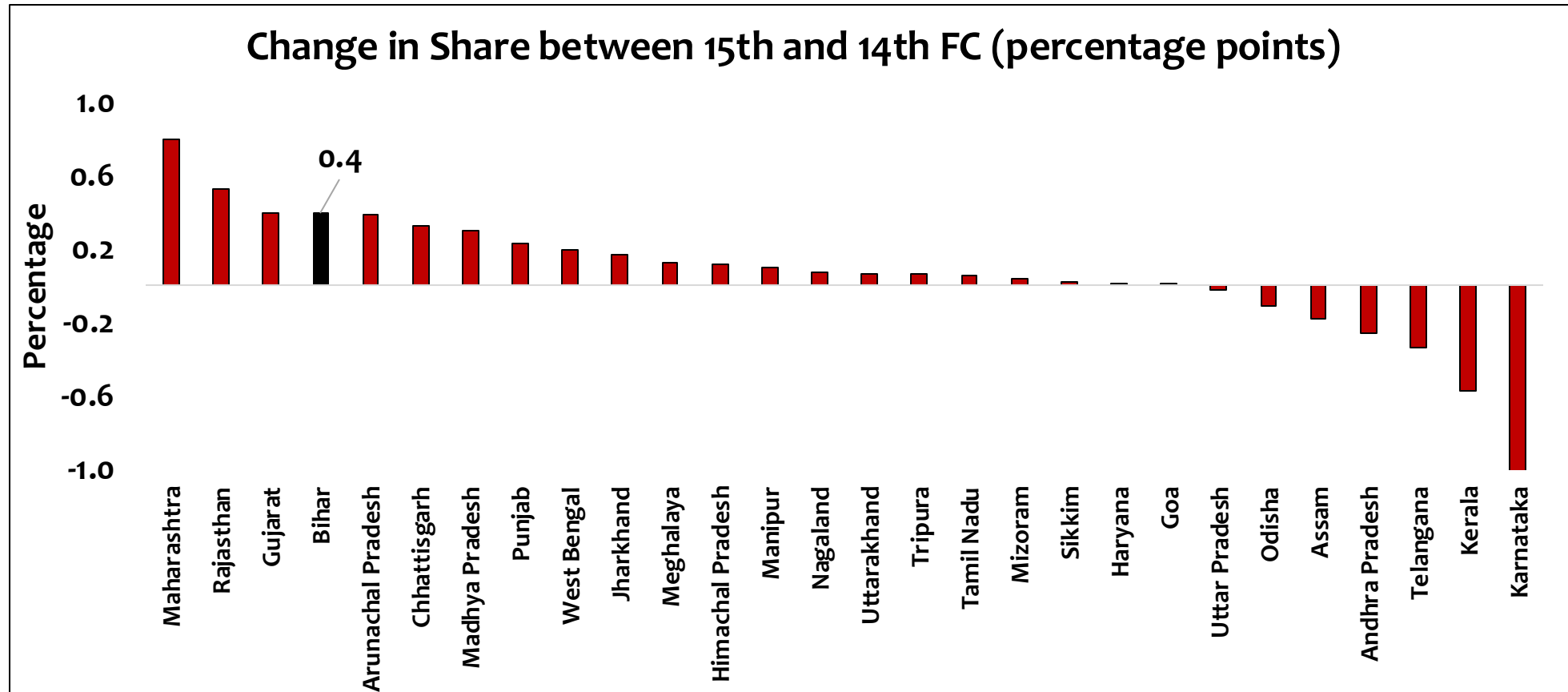
Bihar's share in Taxes from Centre, as per the FC recommendations, increased from 9.7 percent under 14th FC to 10.1 percent under 15th FC



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of taxes from the Centre.

Bihar had a 0.4 percentage point increase in the Tax Devolution share between 14th and 15th Finance Commission recommendations



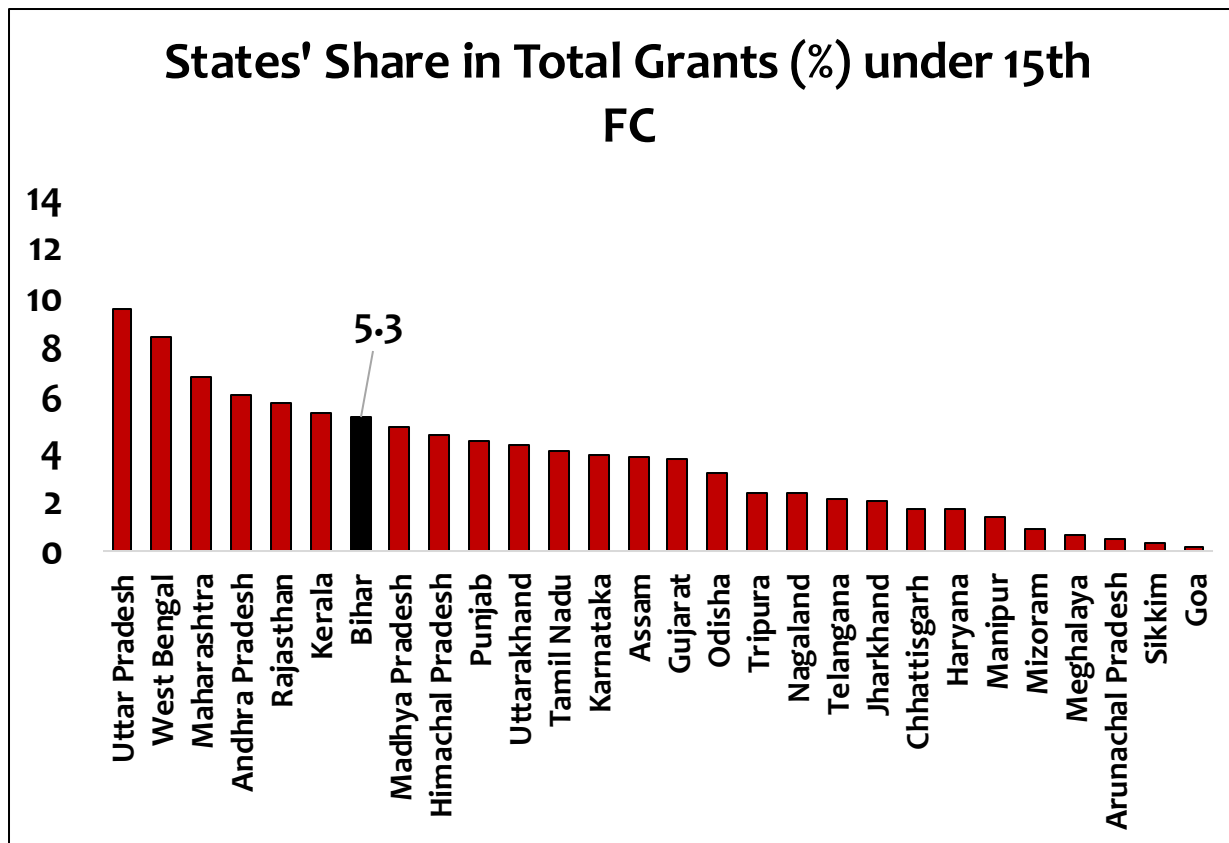
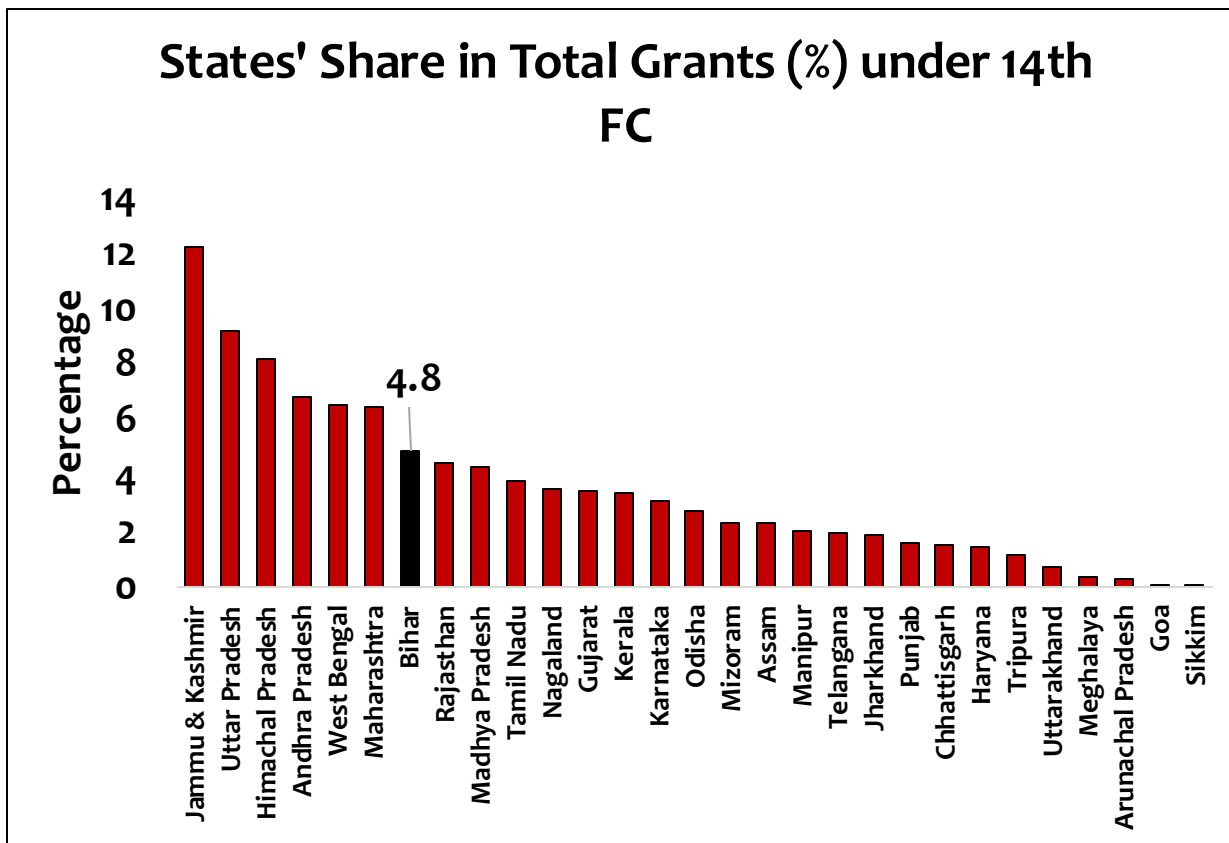
Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of taxes from the Centre, and it has been excluded from this chart.

Grants-in-Aid: Bihar

- There were three types of grants recommended by the 14th FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15th FC, in addition to the three, also recommended sector-specific and State-specific grants.
- **Total:** The State's share in the total grants-in-aid increased by 0.5 percentage points under the 15th FC, compared to the 14th FC, at **5.3 percent**.
 1. **Revenue-Deficit Grants:** The State **did not receive any revenue-deficit grants** by 14th or 15th FC. Per their estimation, the State would be running a revenue surplus post tax-devolution from the Centre, and hence no revenue-deficit grants were allocated to the State.
 2. **Grants for Local Governments: 8.3 percent** of the total grants to local governments was recommended for Bihar by both 14th and 15th Finance Commissions, making it the **third highest recipient** of these grants.
 3. **Grants for Disaster Management:** It received **6.4 percent** of the total grants for disaster management **under 15th FC** recommendations (up by 2.2 percent from the 14th FC), **ranking sixth** in descending order of States' shares of the grant. In its case, the disasters accounted for in the index are floods, drought, earthquake and others.
 4. **Sector-Specific Grants: Per the 15th FC recommendations**, the State receives **6.7 percent** of the total sectoral grants, driven by its shares in health and education sector grants and grants for judiciary (10 and 9 percent respectively). Other sector-specific grants and Bihar's shares in each include agricultural performance incentive grant (4 percent), maintenance of PMGSY roads (6 percent), grants for improving statistical data collection and dissemination (6.5 percent).
 5. **State-Specific Grants:** Bihar received ₹2,267 crore, ranking eighth in share across states for these grants. About 65 percent of its State-specific grants are allocated to revamping health infrastructure (including the upgrading of Patna Medical College), establishing the University of Art in Madhubani (₹300 crore), protecting archaeological sites (₹200 crore), setting up a digital university in Patna (₹175 crore), and other initiatives, such as district development in Banka, the Museum of Silk Artisans in Bhagalpur, the revival of the Bhagalpur silk industry by rejuvenating the skills of artisans, and support for the Centre for Economic Policy and Public Finance under the Asian Development Research Institute, Patna.

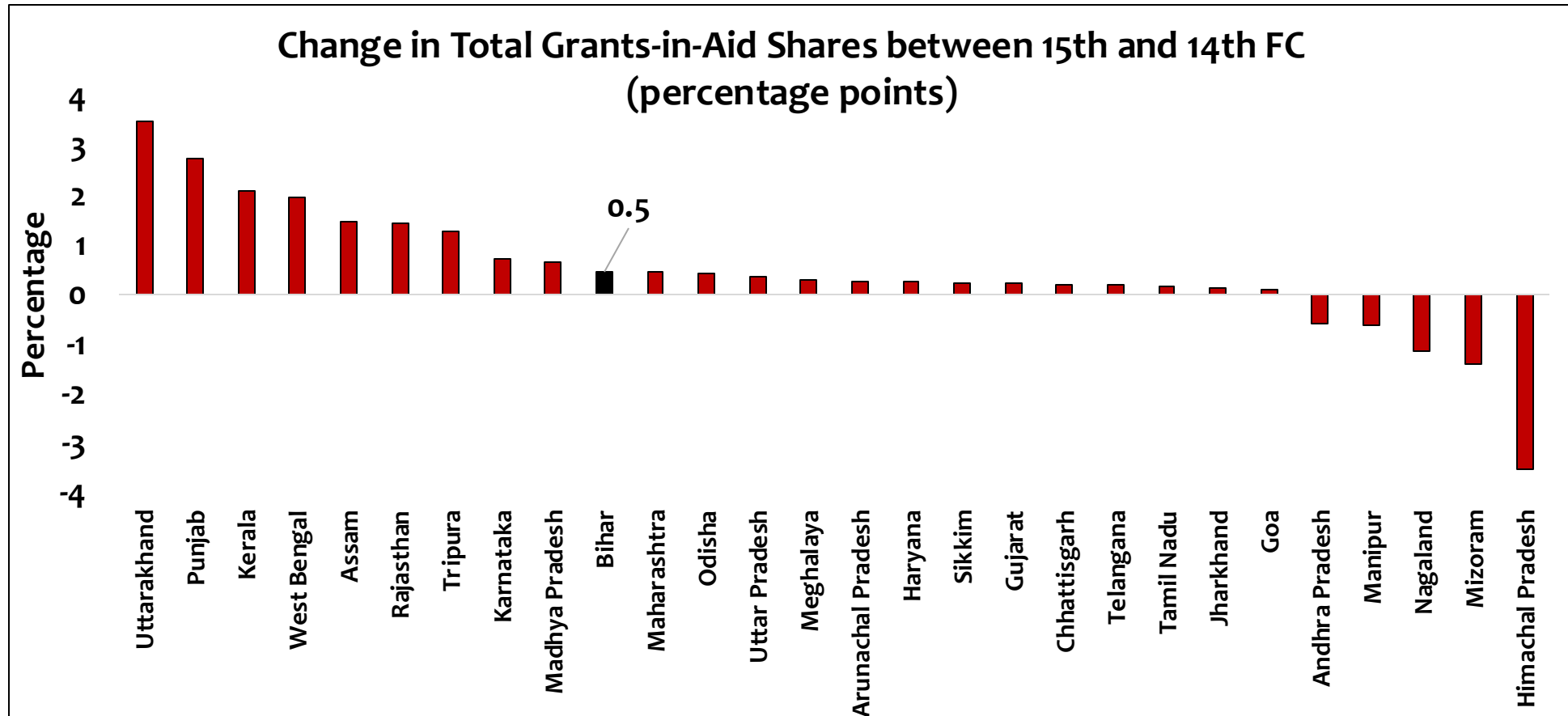
Bihar noted an increase of 0.5 percentage points in its share of Total Grants-in-Aid recommended between 14th and 15th Finance Commissions



Source: 14th and 15th FC Reports.

Note: i. Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of grants-in-aid from the Centre; ii. An amount of Rs. 16,400 crore is not included in the total Grants-in-aids figure for the 15th FC. This comprises of three grants (a) School Education (Rs. 4,800 crore), (b) Grants for aspirational districts and blocks (Rs. 3,150 crore) and (c) Local Bodies grants for (i) Incubation of new Cities (Rs. 8,000 Crore) and (ii) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

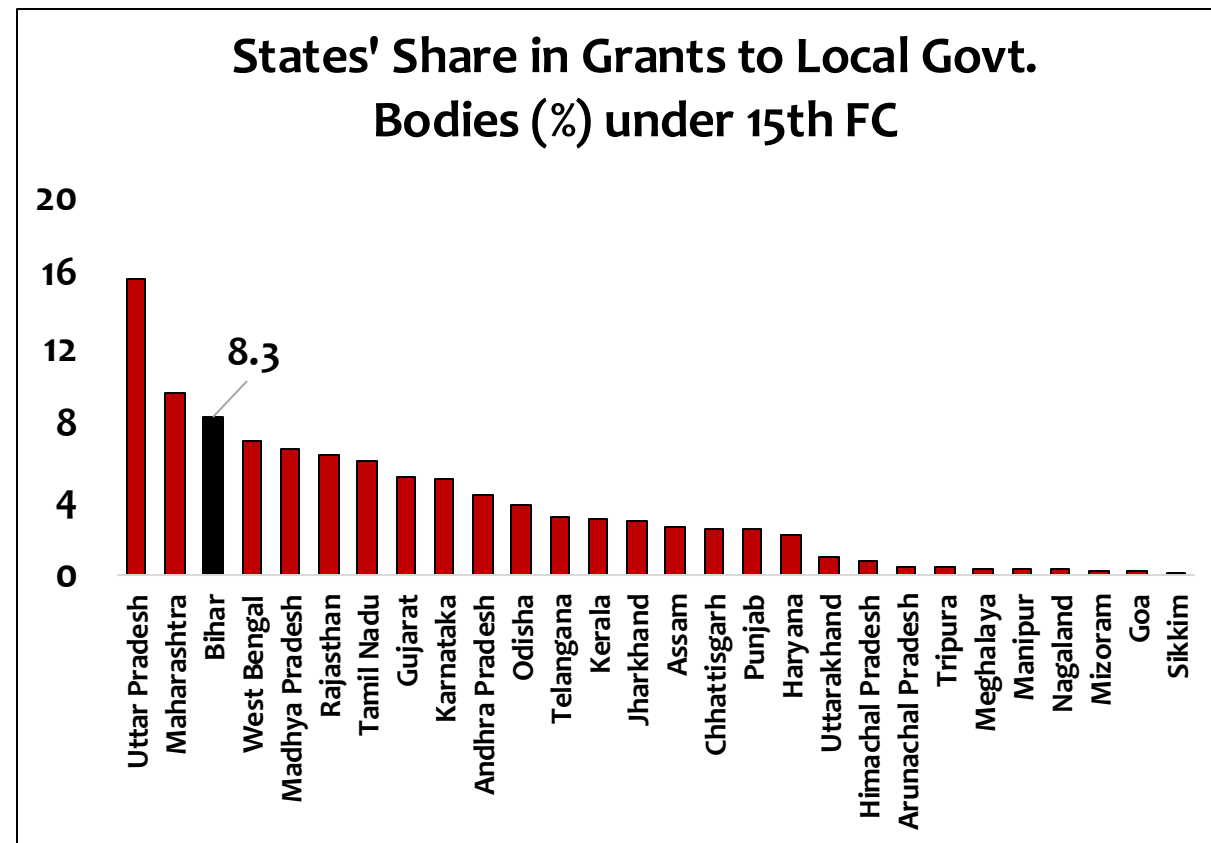
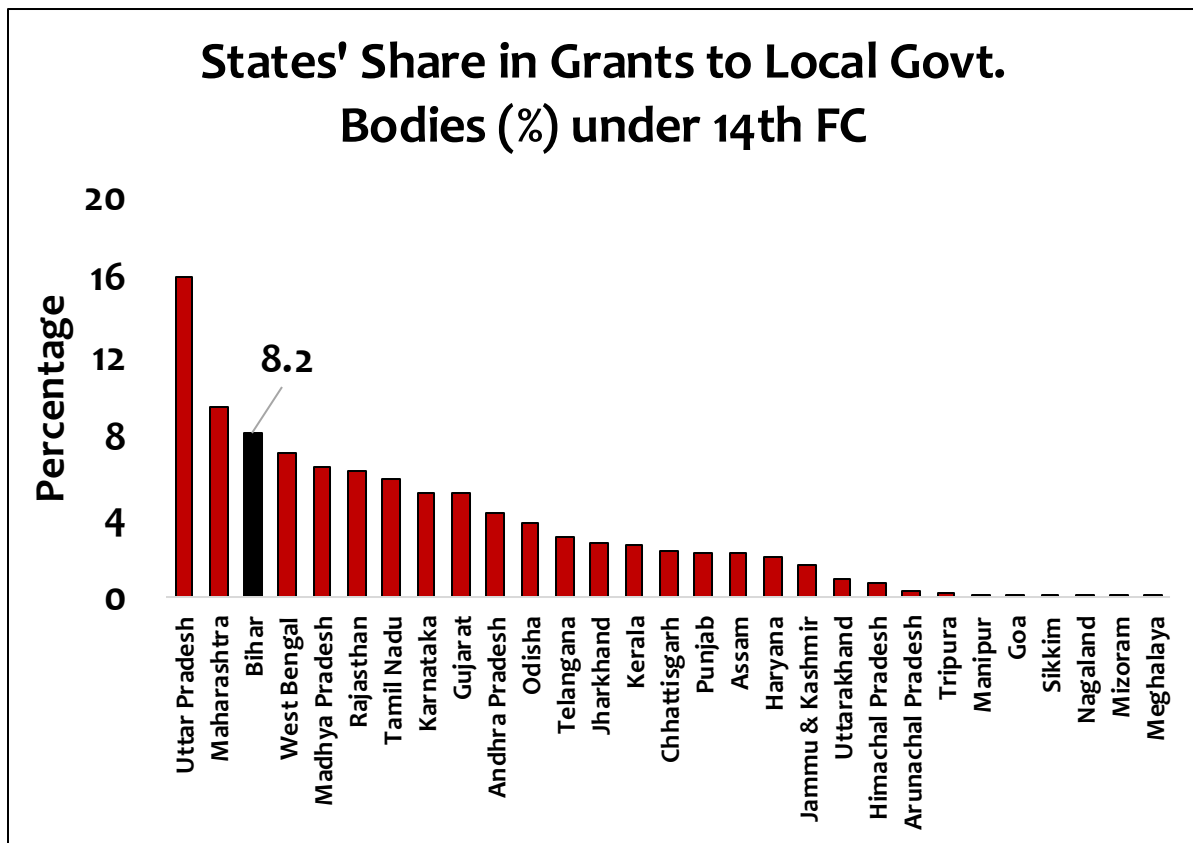
Bihar had a 0.5 percentage point increase in Total Grants-in-aid shares between the 14th and 15th FC recommendations



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Grants-in-Aid from the Centre, and it has been excluded from this chart.

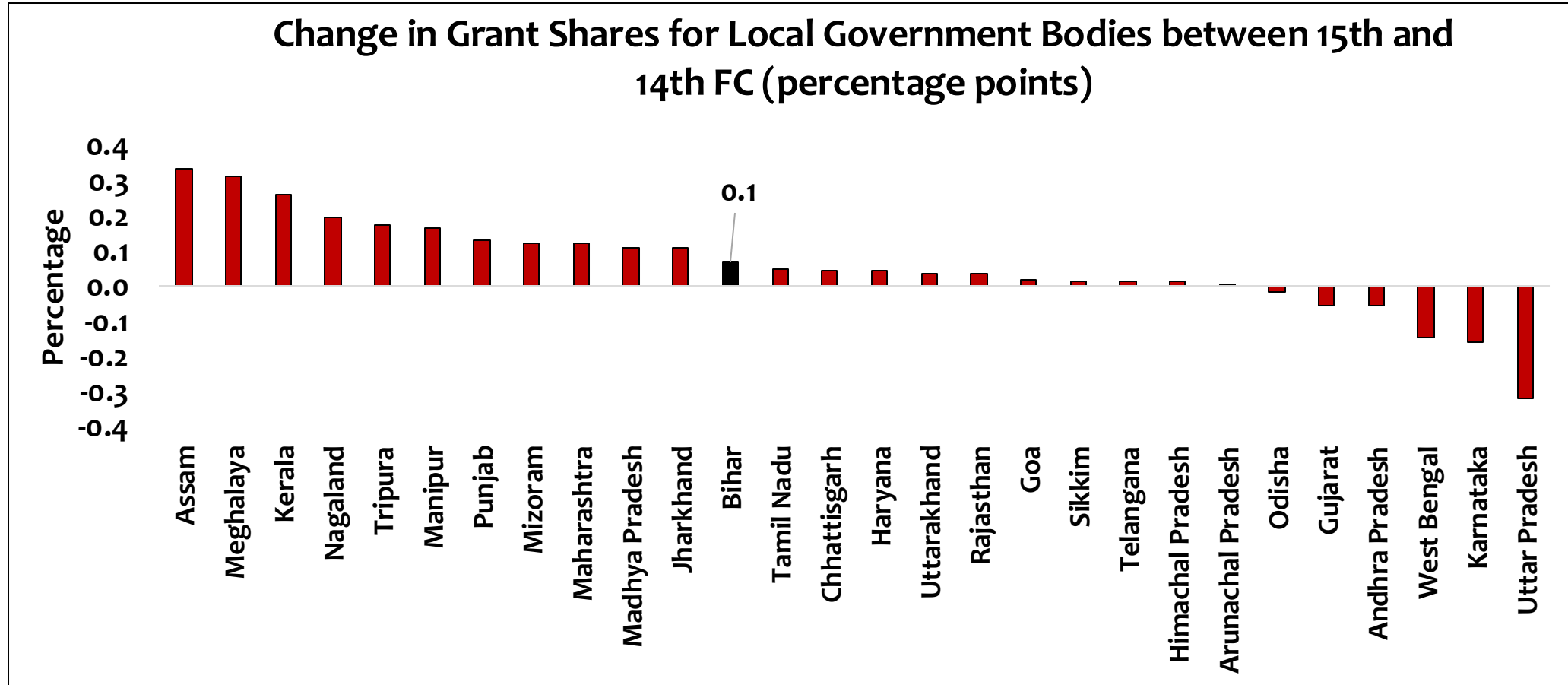
Bihar's recommended share in Grants to Local Government Bodies from the Centre remained at about 8 percent under both 14th and 15th Finance Commissions



Source: 14th and 15th FC Reports.

Note: i. Bihar did not receive any revenue-deficit grants by the 14th or 15th FC. Per their estimation, the State would be running a revenue surplus post tax-devolution from the Centre, and hence no revenue-deficit grants were allocated to Bihar; ii. An amount of Rs. 8,450 crore is not included in the grants for Local Bodies, these include (i) Incubation of new Cities (Rs. 8,000 Crore) and (ii) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

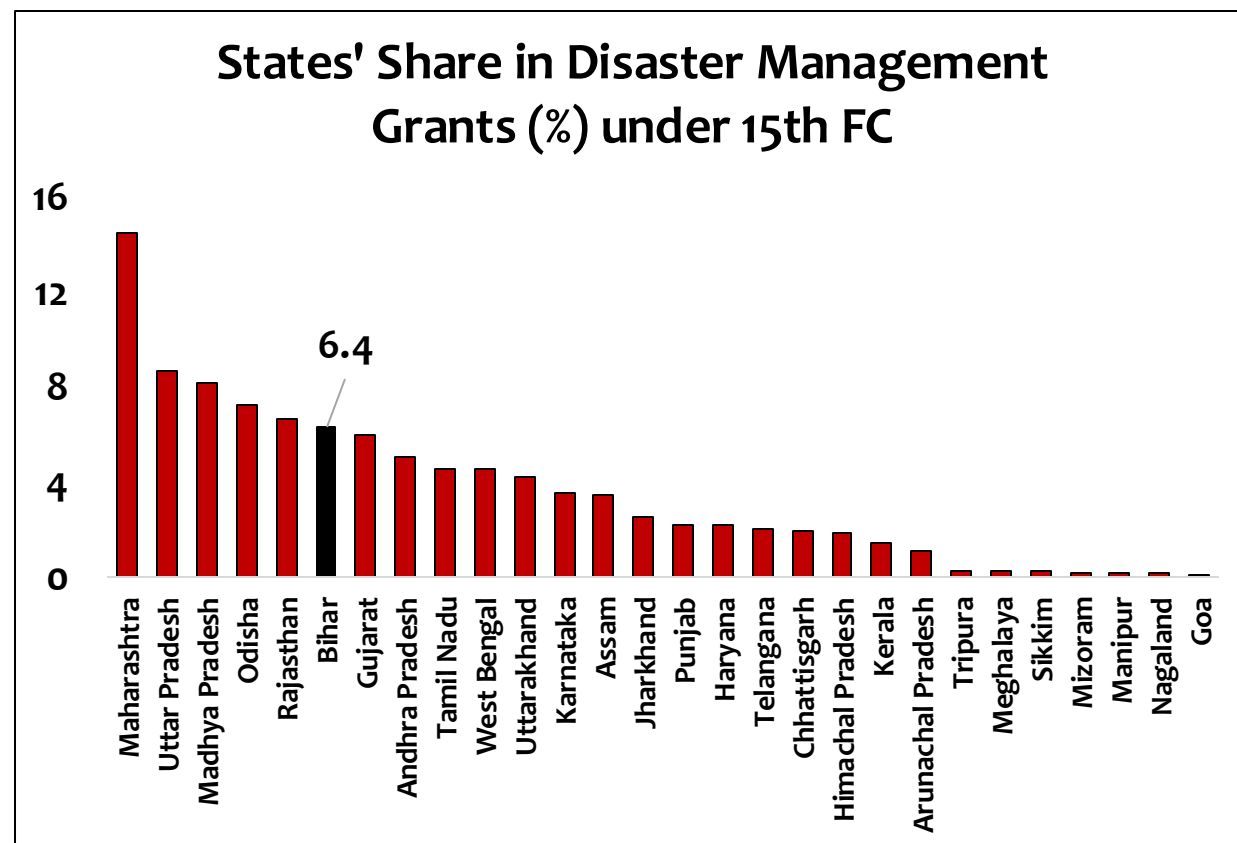
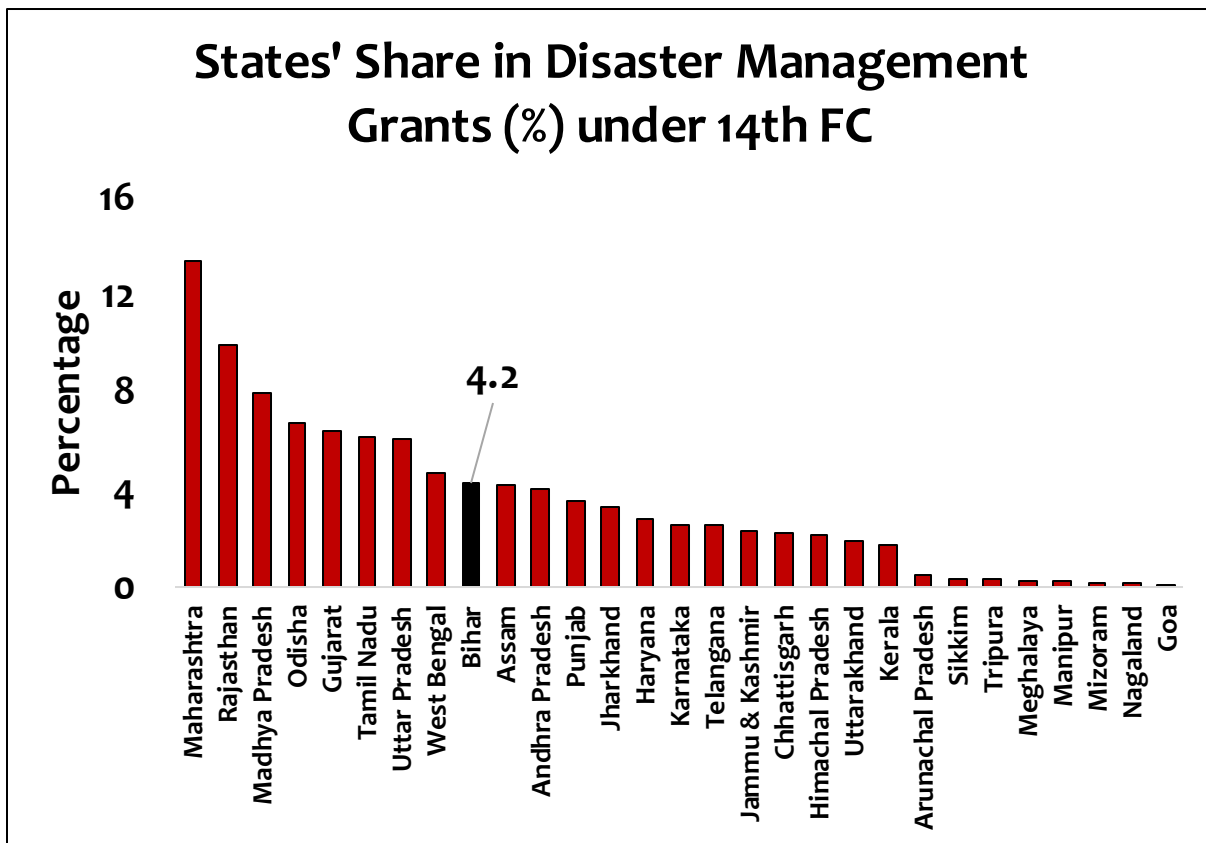
Bihar had 0.1 percentage point increase in Local Government Bodies' Grant shares between the 14th and 15th FC recommendations



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Local Government Bodies' Grants from the Centre, and it has been excluded from this chart.

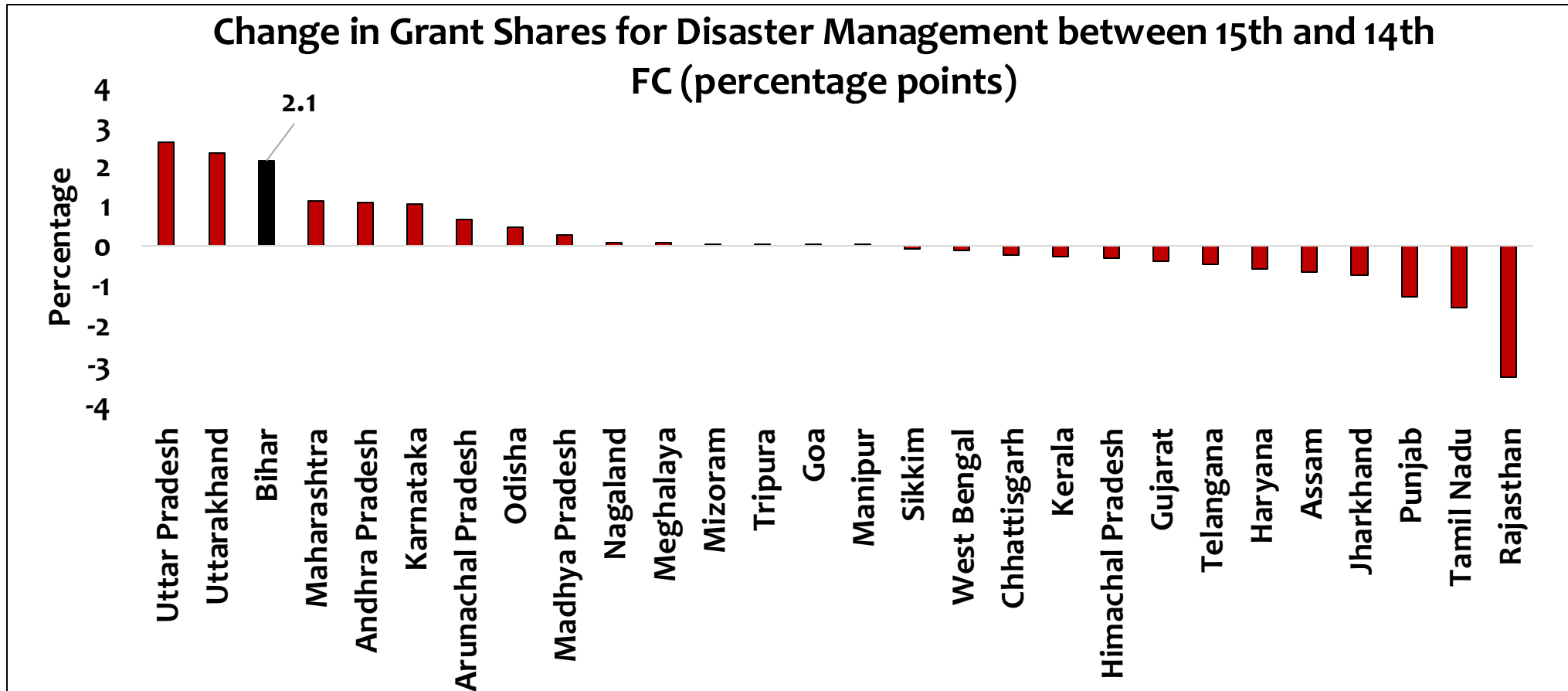
Bihar's recommended share in Grants for Disaster Management from the Centre increased from 4.2 percent by 14th FC to 6.4 percent by 15th FC



Source: 14th and 15th FC Reports.

Note: A Disaster Risk Index is calculated for all States, taking into consideration the natural calamities different States are prone to, poverty, and other factors. This index is then weighed by a factor accounting for the aggregate expenditure of States on disaster management, area and population, to calculate the States' shares in disaster management grants.

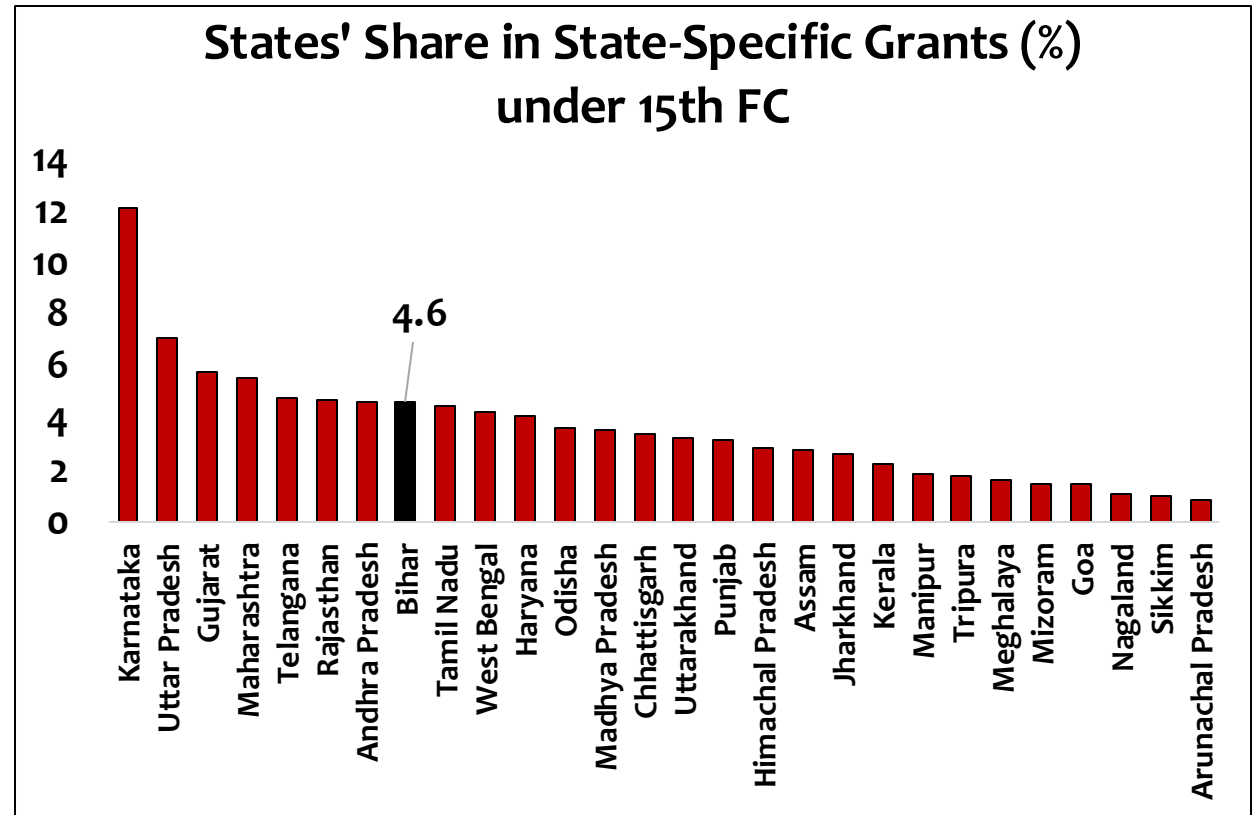
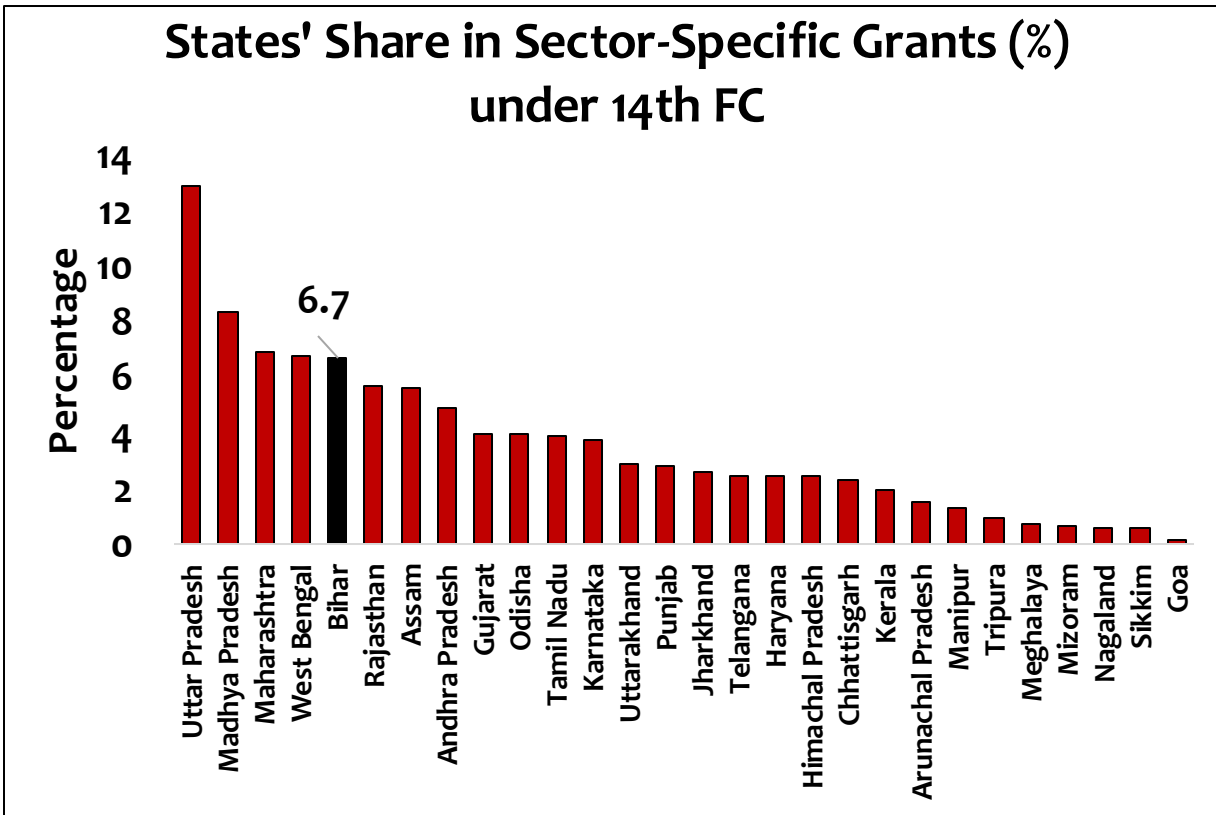
Bihar had a 2.1 percentage point increase in Grants for Disaster Management shares between the 14th and 15th FC recommendations



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Disaster Management Grants from the Centre, and it has been excluded from this chart.

Bihar's high share in Sector-Specific Grants is driven by its shares in health and education sector grants and grants for judiciary (10 and 9 percent, respectively). About 65 percent of its State-Specific grants are allocated to revamping health infrastructure, including the upgrading of Patna Medical College. The remaining grants are primarily directed towards the University of Art in Madhubani and the protection of archaeological sites



Source: 14th and 15th FC Reports.

Note: i. Other sector-specific grants and Bihar's shares in each include agricultural performance incentive grant (4 percent), maintenance of PMGSY roads (6 percent), grants for statistics (6.5 percent); ii. Bihar received Rs. 2,267 crores in total under State-specific grants, for the following purposes: revamping health infrastructure (Rs. 1,500 crore), University of Art in Madhubani (Rs. 300 crore), protection of archaeological sites (Rs. 200 crore), setting up a digital university in Patna (Rs. 175 crore), and others including district development at Banka, Museum of Silk Artisans in Bhagalpur, Revival of Bhagalpur silk industry by rejuvenating skills of artisans, support to Centre for Economic Policy and Public Finance under the Asian Development Research Institute, Patna.

Climate Change under the FC

- Looking at the last two decades, there has been a shift in how the issue of climate change has been addressed by different Finance Commissions.
- **12th and 13th FCs**
 - The **12th FC** recommended grants worth Rs. 1,000 crore to be shared by States for the Maintenance of Forests, in addition to what the States were spending through their respective forest departments. The amount was distributed among the States based on their forest area, and it was to be spent for preservation of forest wealth. [*refer to Chapter 10, pg. 175, 184-185*]
 - Expanding on the same, the **13th FC** recommended Environment Grants worth Rs. 15,000 crore to States, which covered three areas: protection of forests, renewable energy, and water sector management (Rs. 5,000 crore each). [*refer pg. 205 (table 12.1), pg. 210-217*]
- **14th and 15th FCs**
 - The **14th FC** approached climate change and sustainable economic development from a fiscal perspective, and with the view that tax devolution should be the primary route of transfer of resources to States, increased the States' share in the divisible pool to 42 percent (from 32 percent under the 13th FC). [*refer pg. 31 (point 2.33), pg. 103, 107 (point 8.27), pg. 180 (point 12.34-12.35)*]
 - Forest cover was introduced as a criteria for tax devolution by the 14th FC, to continue accounting for concerns related to climate change and to encourage States to maintain higher forest covers. They assigned 7.5 percent weight to forest cover in the tax devolution matrix.
 - The **15th FC** maintained this recommendation, and assigned a higher weight of 10 percent to forest and ecology in the tax devolution matrix.
 - The 15th FC also made State-specific grant recommendations (based on specific requests from States). Very few of them are categorized under climate-change, and some others align with one or more of the three environment goals specified by the 13th FC: Arunachal Pradesh (Rs. 355 crore, renewable energy), Goa (Rs. 500 crore, alternative power sources, waste management), Jharkhand (Rs. 700 crore, renewable energy), Kerala (Rs. 500 crore, forest conservation), Maharashtra (Rs. 500 crore, forest conservation), Punjab (Rs. 390 crore, includes support for reduction in environment pollution caused by stubble burning), Rajasthan (Rs. 400 crore, integrated water management), Tamil Nadu (Rs. 200 crore, revamping water bodies to adapt to climate change). [*refer Annex 10.9, pg. 803-810 (summary), Annex 10.10, pg. 811-837*]

7. Bihar Fiscal Responsibility and Budget Management Act, 2006

Status of Fiscal Rule in Bihar

- In pursuance of recommendations of the 12th Finance Commission, the State Government enacted the Bihar Fiscal Responsibility and Budget Management Act, 2006 (FRBM Act) in line with the Union Fiscal Responsibility and Budget Management Act, 2003.
- As per the Bihar FRBM Act, 2006, the State Government was required to adhere to the following fiscal targets:
 - **Revenue Deficit:** Beginning from financial year 2006-07 and in case there be revenue deficit, reduce revenue deficit/GSDP ratio every year by at least 0.1 percent depending upon the economic situation and eliminate revenue deficit by 2008-09 and generate revenue surplus thereafter.
 - **Fiscal Deficit:** Beginning from financial year 2006-07 reduce fiscal deficit/GSDP ratio every year by at least 0.3 percent if it is more than 3 percent and to not more than 3 percent by 2008-09.
- The Act further laid down “Fiscal Management Objectives” under which the State Government, in addition to adhering to the above two targets, shall:
 - Pursue policies to raise non-tax revenue with due regard to cost recovery and equity, and
 - Lay down norms for prioritization of capital expenditure, and pursue expenditure policies that would provide impetus for economic growth, poverty reduction and improvement in human welfare

Status of Fiscal Rule in Bihar

- Under the Bihar FRBM Act, 2006, the State government is required to present before both the Houses of the legislature, the following statements of fiscal policy along with the budget:
 - **The Macroeconomic Framework Statement**
 - Shall contain an overview of the State's economy, an analysis of growth and trends in the sectoral composition of GSDP, an assessment related to State government finances and future prospects
 - **The Medium Term Fiscal Policy Statement**
 - Shall include various assumptions behind the fiscal indicators and an assessment of sustainability relating to:
 - The balance between revenue receipts and revenue expenditure
 - The use of capital receipts including borrowings for generating productive assets
 - The estimated yearly pension liabilities worked out on an actuarial basis for ten years
 - **Fiscal Policy Statement**
 - Shall contain fiscal policies of the State government for the ensuing year relating to taxation, expenditure, borrowings and other liabilities
 - Key fiscal measures and the strategic rationale for any major deviation in fiscal measures pertaining to taxation, subsidy, expenditure, borrowings and user charges on public goods/utilities
 - An evaluation of the current policies of the state government vis-à-vis the fiscal management principles, Medium Term Fiscal Policy Statement, and the fiscal targets set in the Act

Status of Fiscal Rule in Bihar

- The Bihar FRBM Act has been amended six times in subsequent years: **2010, 2016, 2020, 2021 (twice), and 2022.**
- In **2010**, it was amended to include the recommendations of **13th FC** for application of revised roadmap for fiscal consolidation and to make fiscal responsibility and budget management process more transparent and comprehensive.
 - A new clause (c) was added to the fiscal targets to bring debt as percent of GSDP in the financial years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 to 48.2 percent , 46.4 percent , 44.6 percent , 43 percent and 41.6 percent, respectively.
 - Additionally, the fiscal deficit target was raised to 3.5 percent of GSDP for 2010-11 and 3 percent thereafter.

Status of Fiscal Rule in Bihar

- In **2016**, the Act was amended to take into account the fiscal consolidation recommendations of **14th FC**. As per the recommendations:
- (I) **Fiscal deficit** of the State would be anchored to an annual limit of **3 percent of GSDP**. The State would be eligible for **flexibility of 0.25 percent over and above** this for any given year **if the debt-GSDP Ratio is less than or equal to 25 percent in the preceding year**.
 - (II) The State would be further eligible for an **additional borrowing limit of 0.25 percent of GSDP** in a given year **if the interest payments are less than or equal to 10 percent of the revenue receipts in the preceding year**.
 - (III) The two options under these flexibility provisions could be availed by the State either separately, if any of the above criteria was fulfilled, or simultaneously if both the above stated criteria were fulfilled. Thus, **the State could have a maximum fiscal deficit- GSDP limit of 3.5 percent in any given year**.
 - (IV) The flexibility for availing the additional limit under either of the two options or both would be available to the **State only if there was no revenue deficit** in the year in which borrowing limits were to be fixed and the immediately preceding year.
 - (V) In case the State was not able to fully utilize its sanctioned borrowing limit of 3 percent of GSDP in any particular year during the first four years of the 14th FC's award period (2015-16 to 2018-19), it would have the option of availing this unutilised borrowing amount (calculated in rupees) in the succeeding year but within the 14th Finance Commission's award period.

Status of Fiscal Rule in Bihar

- In **2020**, the Act was amended to revise the fiscal targets for 2019-20, as recommended by the Government of India for fiscal consolidation. A new subsection under the fiscal deficit target was added as per which the cap for fiscal deficit for 2019-20 was increased by an amount of Rs. 5,688 crore over and above the limits prescribed in sub-section 2(b)(1) of section 9 (see previous slide).
- In **2021**, the Act was amended twice. The first amendment raised the fiscal deficit target and annual borrowing limit by 2 percent over and above the 3 percent limit prescribed in the Act for 2020-21. The second amendment revised the fiscal deficit target and annual borrowing limit for the financial year 2021-22 to 4 percent. The annual borrowing limit was increased by an additional 0.5 percent of GSDP.

Status of Fiscal Rule in Bihar

- The amendment in **2022** took into account recommendations by the **15th FC** for fiscal consolidation. A **new subsection under fiscal deficit targets** was added under which the fiscal deficit targets and annual borrowing limits for the State during the period 2022-23 to 2025-26 would be as follows:
- (I) The normal net borrowing limit for the financial year 2022-23 would be targeted at **3.5 percent of GSDP**.
 - (II) The normal net borrowing limit for the three-year period of 2023-24 to 2025-26 would be targeted at **3 percent of GSDP**.
 - (III) The annual borrowing limit for the period 2022-23 to 2024-25 would be **increased by additional 0.5 percent of GSDP**. This additional borrowing space would be subject to the condition, set forth by the Government of India.
 - (IV) If the State was not able to fully utilize its sanctioned borrowing limit as specified in any particular year during the financial year 2021-22 to 2024-25, it would have the **option of availing this unutilized borrowing amount** (calculated in rupees) in any of the subsequent years within the 15th Finance Commission award period.

State Finances Audit Report of the Comptroller and Auditor General (CAG) for Bihar

Table 1.5: Compliance with provisions of the BFRBM Act

Fiscal Parameters	Fiscal targets set in the Act Medium-term Fiscal Policy (MTFP)	Achievement (₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	14,823.01	6,896.64	(-) 1,784.13	(-) 11,325.11	(-) 422.38
		✓	✓	✗	✗	✗
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Within 5.00 per cent for 2020-21.	(-) 14,304.83 (3.05)	(-) 13,806.76 (2.62)	(-) 14,723.93 (2.53)	(-) 29,827.25 (5.08)	(-) 25,551.26 (3.78)
	4.5 ³ per cent for 2021-22	✗	✓	✓	✗	✓
The ratio of total outstanding debt to GSDP (in per cent)	Within 28 per cent up to 2019-20. Within 41.20 per cent up to 2020-21.	33.45	31.99	33.20	38.69	37.07 [#]
	40.20 ⁴ per cent for 2021-22	✗	✗	✗	✓	✓

- In 2021-22, the revenue deficit was Rs. 422.38 crore, significantly lower than the projected revenue surplus (Rs. 9196 crore). The deficit was due to insufficient revenue receipts than budgeted and diminished control over expenditure.
- An increase in the devolution of 'Share of Central Taxes' by Rs. 31,491 crore, relative to 2020-21, reduced the revenue deficit to Rs. 422.38 crore.
- Fiscal deficit and total outstanding liabilities as a ratio of GSDP were within the revised targets.

(Source: Finance Accounts of the respective years and BFRBM Act)

Arrived at after exclusion of GST compensation of ₹ 7,111.43 crore received as back-to-back loan under debt receipts from the total outstanding liabilities. This year GST compensation received as revenue of the state.

Status of Fiscal Rule in Bihar

- Bihar could not achieve its MTFP targets in 2019-20, 2020-21 and 2021-22 due to which it has been incurring a revenue deficit for three consecutive years.
- The transition from a revenue surplus in 2017-18 to a revenue deficit in 2021-22 is due to
 - Less receipt of Grants-in-Aid from the Union (47.54 percent)
 - Decreased collection of Non-Tax Revenue (27.63 percent)
 - Decreased collection of Tax Revenue (0.56 percent)(Relative to their respective projections)

Source: State Finances Audit Report of the CAG for Bihar (for the year ending in March 2022), published in 2023.

Note: Impact of Prohibition on Government Finances (from PRS 2023-24 Budget Analysis) (<https://prsindia.org/budgets/states/bihar-budget-analysis-2023-24>).

Bihar imposed prohibition on alcohol in 2016. Alcohol was the primary source of state excise duty. Between 2012-13 and 2015-16, revenue from state excise duty had ranged between 0.8-1 percent of GSDP. In 2015-16, the state government earned Rs. 3,142 crore from state excise duty, which came down to Rs. 30 crore in 2016-17, and has become negligible since then. In comparison, in 2022-23, states on average budgeted revenue of about 1% of GSDP from state excise duty.

Status of Fiscal Rule in Bihar

Positive indicators	Negative indicators
Fiscal Deficit was well within the limit of the XV th FC projection	Increasing debt to GSDP ratio beyond FRBM Act ceiling.
Increase in the State's own resources (tax and non-tax revenue) by a slight margin.	Worsening debt sustainability indicators
Increase in the share of union taxes from the Government of India.	Non-contribution of fund in Consolidated Sinking Fund
Increase in the Cash Balance Investment Account.	Non-creation of Guarantee Redemption Fund.
	Increasing committed expenditure
	Holding of Cash Balances

Source: State Finances Audit Report of the CAG for Bihar (for the year ending in March 2022), 2023.

Recommendations by the Comptroller and Auditor General (CAG)

- In its State Finances Audit Report for Bihar for 2021-22, the CAG recommended the Finance Department, Government of Bihar, to undertake the following actions:
 - **Review the budget preparation exercise**, so that the persisting gap between budget estimates and actuals may be bridged
 - Devise a mechanism to ensure that **arrears of revenue can be collected expeditiously** so that the burden of the State due to fiscal deficit may be mitigated
 - Ensure that employees' deductions are fully deducted, fully matched by government contributions, and fully transferred to National Securities Depository Limited (NSDL) in a timely manner
 - Put in place a mechanism to ensure **timely completion of projects**. The revised estimates of all the incomplete projects should be prepared and approved on priority, so as to have a realistic assessment of the funds required to complete these projects
 - Take adequate steps to improve the financial health of the State Public Sector Enterprises (SPSEs)
 - Restructure the loans so that interest payment falls within the budgeted fiscal deficit target

Source: State Finances Audit Report of the CAG for Bihar (for the year ending in March 2022), 2023.

Status of Fiscal Rule in Bihar

- The 2023-24 Budget estimates a revenue surplus of Rs. 4,479 crore (0.5 percent of GSDP). As per the revised estimates, Bihar is expected to run a revenue deficit of Rs. 28,349 (3.9 percent of GSDP). The 2022-23 Budget had previously estimated a revenue surplus of Rs. 4,748 crore (0.6 percent of GSDP).
- Fiscal deficit as percent of GSDP is expected meet the 3 percent target in 2023-24. The 2022-23 revised estimate for fiscal deficit projected to be 8.8 percent of GSDP relative to the budget estimate of 3.5 percent.
- At the end of 2023-24, the outstanding liabilities of the State are estimated to be 37.8 percent of GSDP. Outstanding liabilities have witnessed an increase in recent years as a result of increased dependence on borrowings to fund expenditure in 2020-21 and 2021-22.
- Outstanding guarantees are estimated to be 3.7 percent of GSDP in 2021-22, a sharp increase from 2.7 percent of GSDP in 2020-21.

Source: Bihar Government Budget, 2023-24, PRS Budget Analysis.

Note: i. **Credibility of Revised Estimates (from PRS 2023-24 Budget Analysis)** (<https://prsindia.org/budgets/states/bihar-budget-analysis-2023-24>): The purpose of revised estimates presented in the budget documents is to provide a more realistic picture of the ongoing financial year, based on actual data for 9-10 months. However, in Bihar, expenditure estimates at the revised stage are often unrealistic, leading to fiscal deficit estimates being way above the permitted limit. In 2020-21, 2021-22, and 2022-23, as per revised estimates, fiscal deficit as percent of GSDP was expected to be 6.8 percent, 11.3 percent, and 8.8 percent, respectively. In 2020-21 and 2021-22, fiscal deficit as percent of GSDP as per actuals was 4.8 percent and 3.8 percent, respectively. Expenditure estimates at the revised stage for 2021-22 was 18 percent higher than the budget estimate, however, the actual expenditure in 2021-22 is 12 percent lower than budgeted; ii In 2021-22 too, at the revised stage, the state estimated a fiscal deficit of 11.3 percent of GSDP with expenditure (excluding debt repayment) estimated to be 18 percent higher than the budget estimate. However, as per the actuals presented in the 2023-24 Budget, the fiscal deficit in 2021-22 was 3.8 percent of GSDP (well within the limit of 4.5 percent of GSDP permitted by the central government).

Table 5A: Fiscal Parameters set in the Bihar FRBM Act in various years

Fiscal Parameters	Fiscal Parameters set in the Act		
	2006	2010	2016
Revenue Deficit(-)/Surplus(+) (Rs crore)	Eliminate revenue deficit or generate revenue surplus thereafter and in case there be revenue deficit, reduce revenue deficit/GSDP ratio every year by at least 0.1 per cent depending upon the economic situation by 2008-09	Eliminate revenue deficit or generate revenue surplus thereafter	Eliminate revenue deficit or generate revenue surplus thereafter
Fiscal Deficit (-)/Surplus (+) (as percentage of GSDP)	Reduce fiscal deficit/GSDP ratio every year by at least 0.3 percent if it is more than 3 percent and to not more than 3 percent by 2008-09.	Reduce fiscal deficit to not more than 3.5 percent of GSDP for 2010-11 and 3 percent thereafter.	The State can have a maximum fiscal deficit- GSDP limit of 3.5 percent in any given year.
Ratio of Debt to GSDP (per cent)	-	Bring total debt as percent of GSDP in the financial year 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 to 48.2, 46.4, 44.6, 43.0 and 41.6 respectively.	Less than or equal to 25 percent in 2015-16 24.79 percent in 2016-17 19.81 percent in 2017-18 24.89 percent in 2018-19 25.73 percent in 2019-20

Source: Bihar Fiscal Responsibility and Budget Management Act, 2006, 2010, 2016, 2020, 2021, 2022, The Bihar Government Gazette, State Finances Audit Reports of the CAG from 2007-08 to 2021-22.

Table 5B: Fiscal Parameters set in the Bihar FRBM Act in various years

Fiscal Parameters	Fiscal Parameters set in the Act		
	2020	2021	2022
Revenue Deficit(-)/Surplus(+) (Rs crore)	Eliminate revenue deficit or generate revenue surplus thereafter	Eliminate revenue deficit or generate revenue surplus thereafter	Eliminate revenue deficit or generate revenue surplus thereafter
Fiscal Deficit (-)/Surplus (+) (as percentage of GSDP)	<p>Within 3 percent up to 2019-20</p> <p>The cap for fiscal deficit for 2019-20 was increased by an amount of Rs. 5,688 crore over and above the limits prescribed in sub-section 2(b)(1) of section 9</p>	<p>5 per cent for 2020-21</p> <p>4.5 per cent for 2021-22</p>	<p><i>Inter Alia:</i></p> <p>Normal net borrowing limits for respective years:</p> <ul style="list-style-type: none"> 2022-23: 3.5 percent of GSDP 2023-24 to 2025-26: 3 percent of GSDP <p>The annual borrowing limit for 2022-23 to 2024-25 is increased by additional 0.5 percent of GSDP, subject to conditions set forth by GOI.</p>
Ratio of Debt to GSDP (per cent)	Within 28 per cent up to 2019-20	41.2 per cent for 2020-21 as per the indicative debt path of the State Government recommended in Fifteenth Finance Commission	40.2 percent for 2021-22 as per the indicative debt path of the State Government recommended in Fifteenth Finance Commission

Source: Bihar Fiscal Responsibility and Budget Management Act, 2006, 2010, 2016, 2020, 2021, 2022, The Bihar Government Gazette, State Finances Audit Reports of the CAG from 2007-08 to 2021-22.

Note: i. The 15th Finance Commission recommended the following fiscal deficit targets for states for the 2021-26 period (as a percent of GSDP): (i) 4 percent for 2021-22, (ii) 3.5 percent for 2022-23, and (iii) 3 percent for 2023-26. The Commission estimates that this path will enable Bihar to bring down its total liabilities from 41.2 percent of GSDP in 2020-21 to 39.3 percent of GSDP at the end of 2025-26. Fiscal deficit limit set at no more than 4 percent of GSDP ([of which 0.5 percent of GSDP becomes available upon undertaking power sector reforms](#)) for 2022-23 and 3.5 percent of GSDP for 2023-24 ([of which 0.5 percent of GSDP becomes available upon undertaking power sector reforms](#)).

8. Extra Slides on Fiscal Variables

- Fiscal Data covers the fiscal period 1990-91 to 2022-23

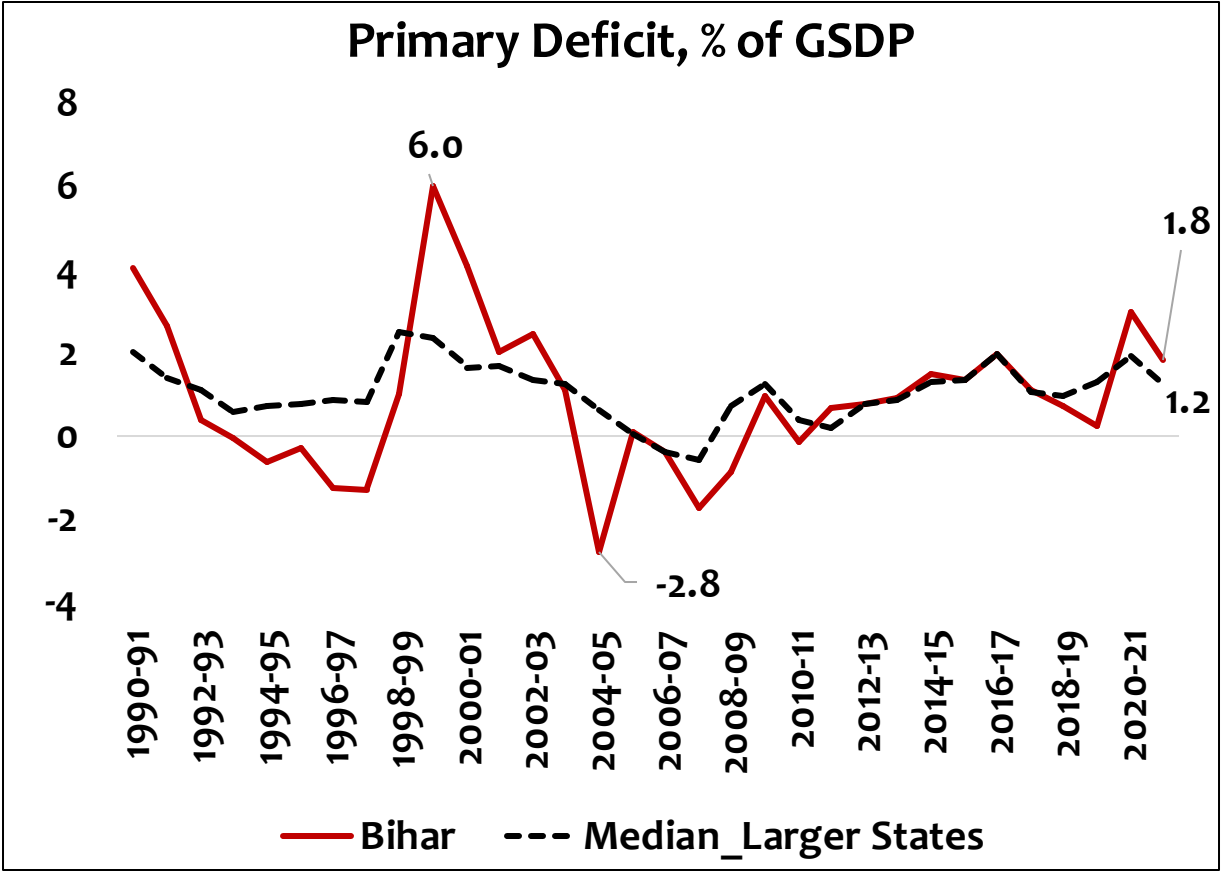
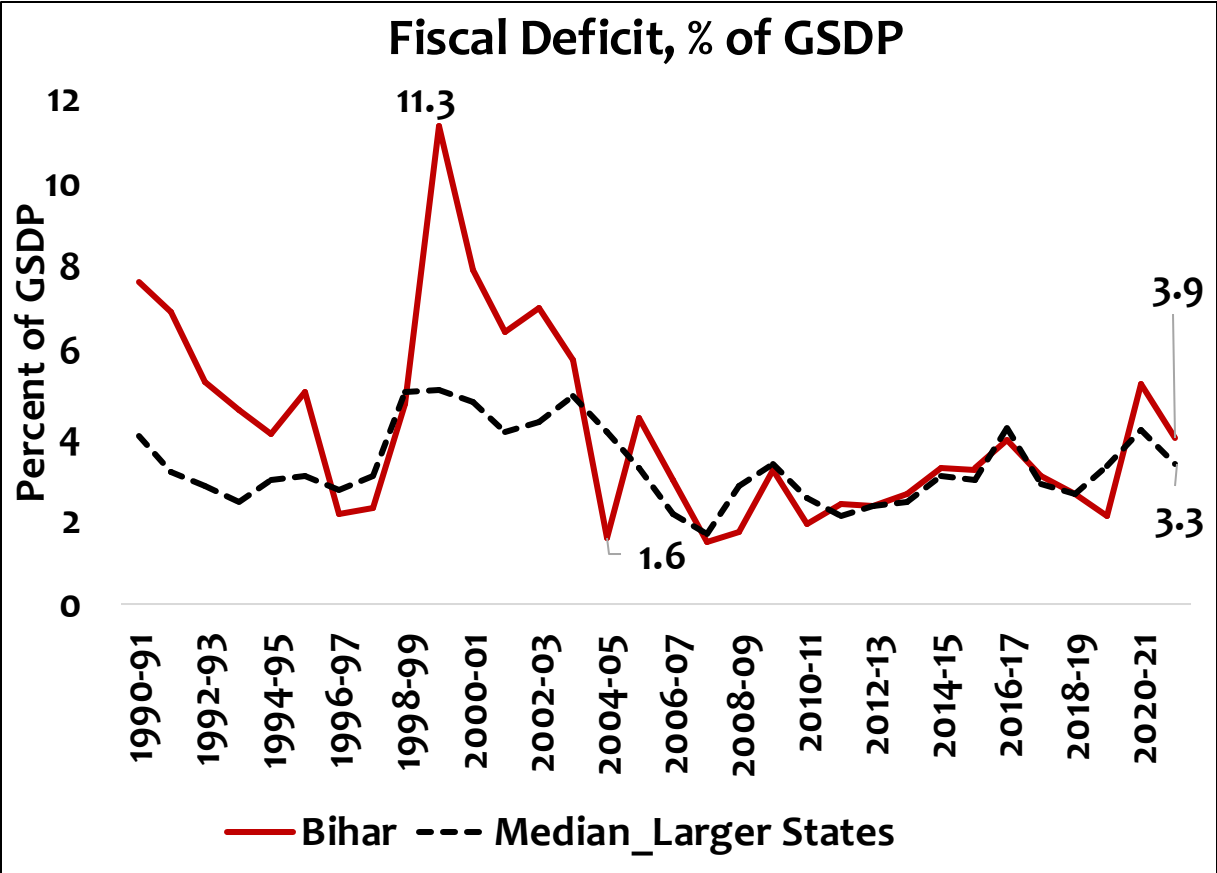
Fiscal Indicators

(I) Benchmarked with respect to *Median of Larger States*

Note: In Section 5, the benchmark was defined as the median of all States. This variable was computed as a percentage of GSDP for each State, and the median was taken across 29 States (excluding all Union Territories).

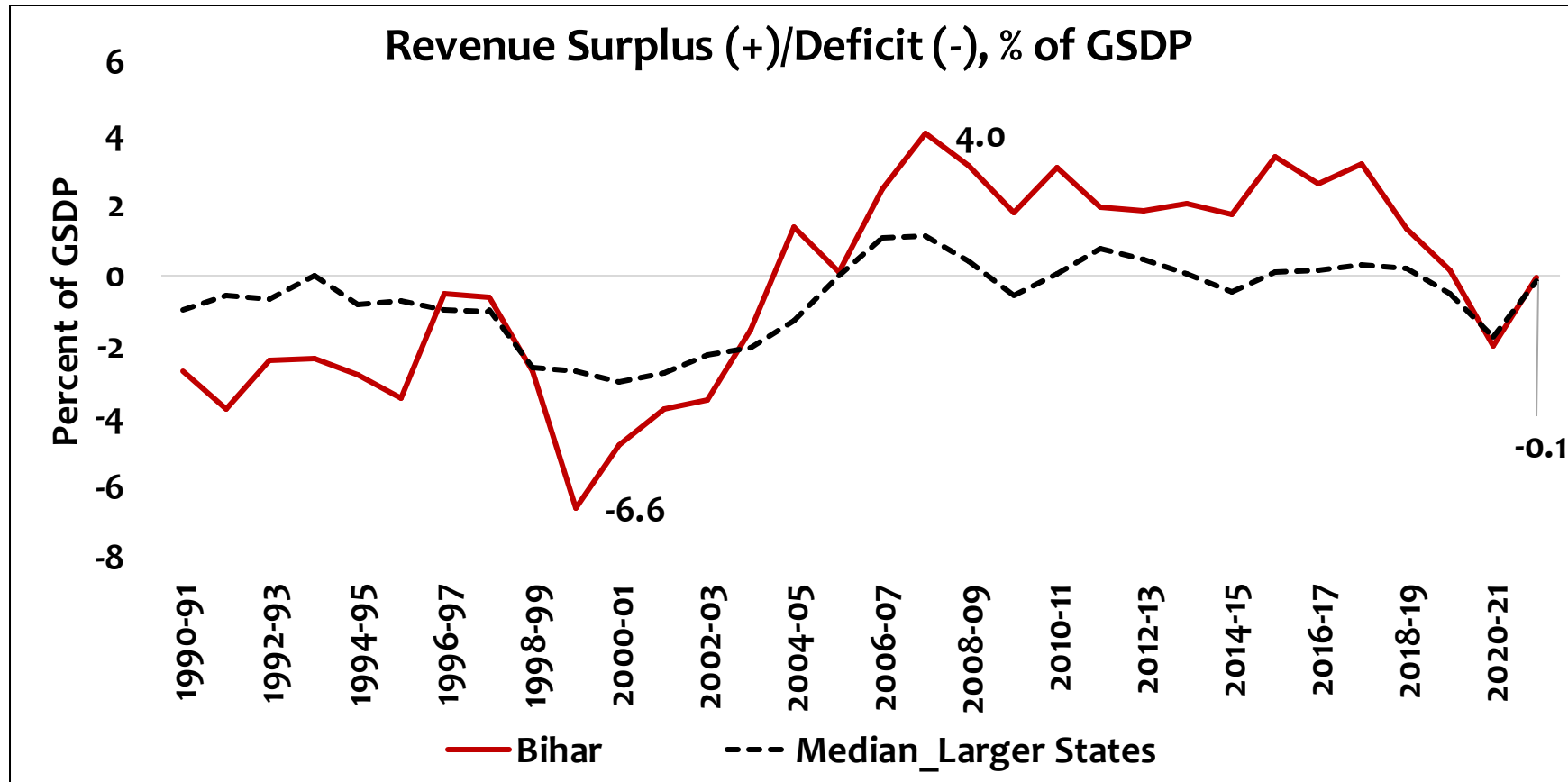
In contrast, the benchmark in this section refers to the median of larger States only. This variable was computed as a percentage of GSDP for each State, and the median was taken across 22 major States (Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal).

Bihar ran a Fiscal Deficit of 3.9 percent of its GSDP and a Primary Deficit of 1.8 percent of its GSDP in 2021-22, both being 0.6 percentage points higher than that of a median state in the same year



Source: i. Fiscal Deficit (FD) is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. Primary Deficit (PD) is calculated as Fiscal Deficit minus Interest Payments. Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded)

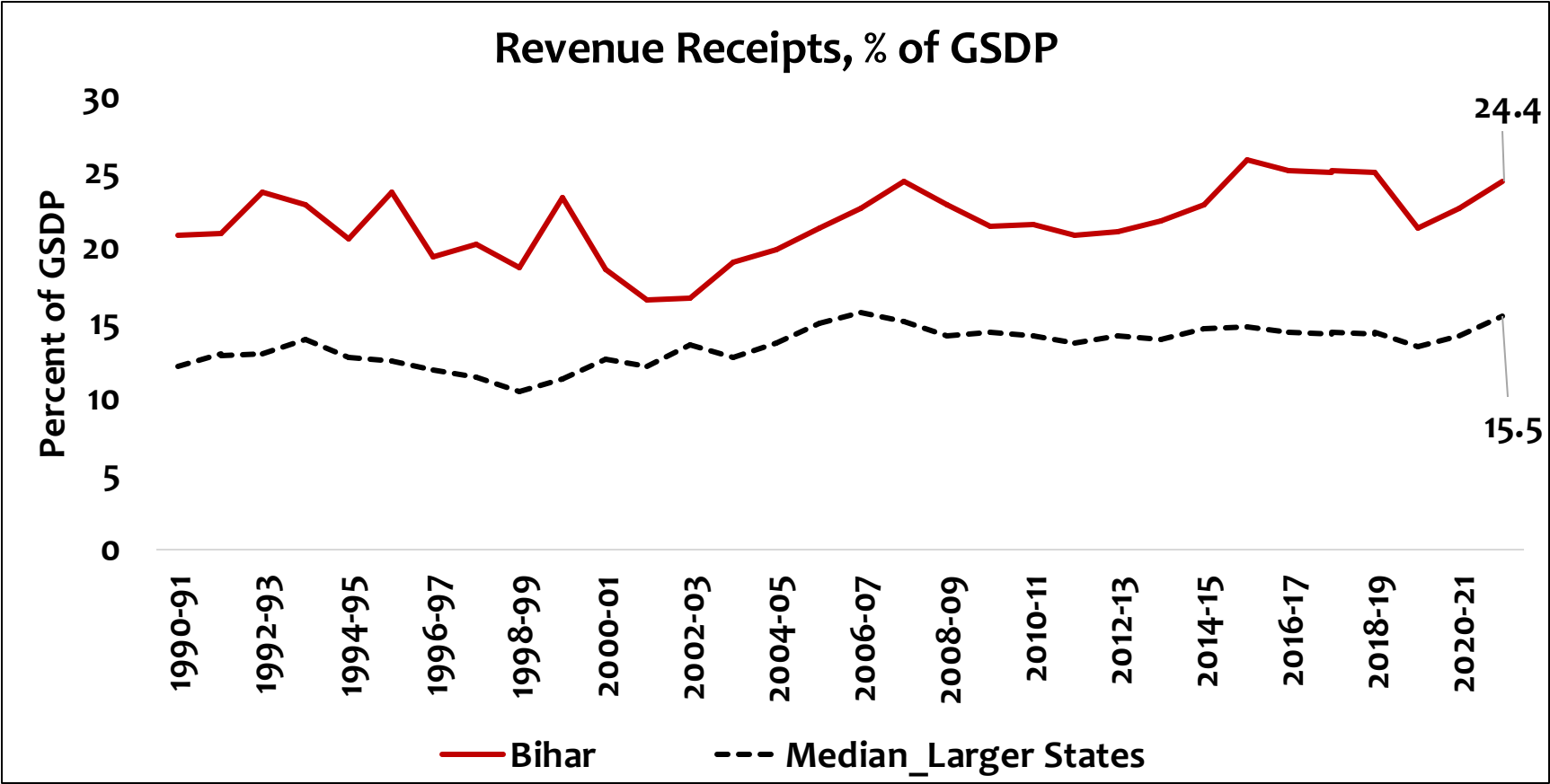
Bihar's Revenue Deficit at 0.1 percent of its GSDP in 2021-22, was at par with that of a median state



Source: i. Revenue Deficit - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

Note: The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

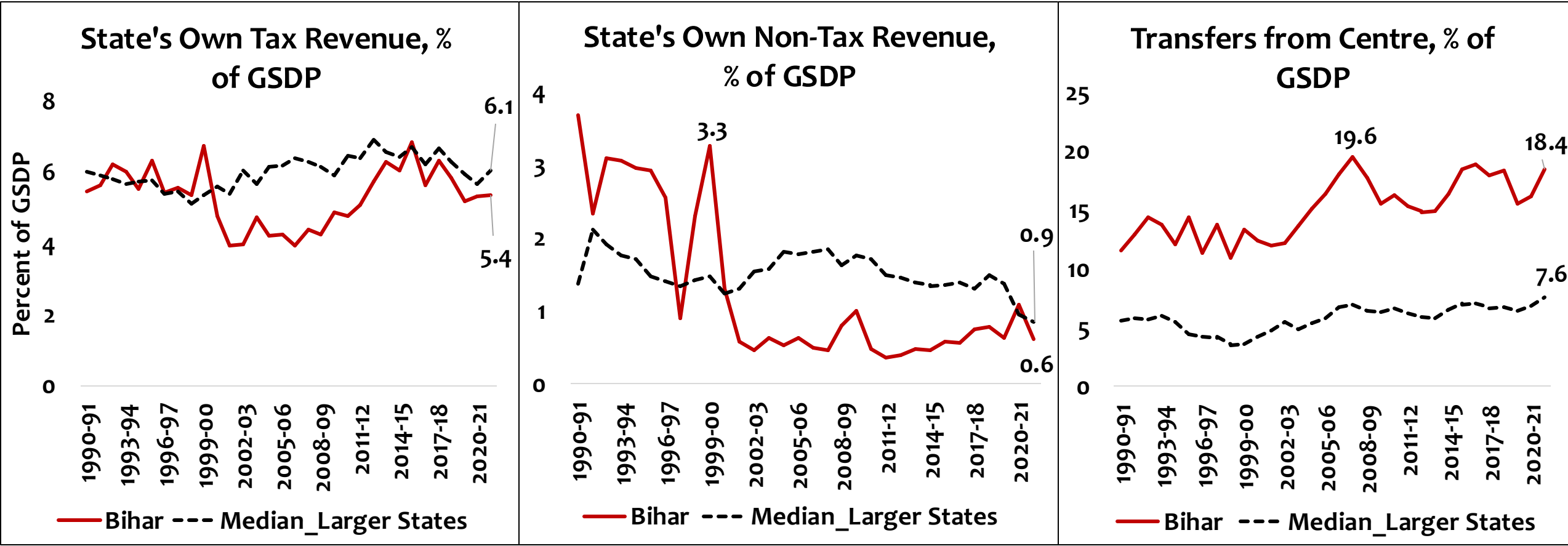
Bihar's Total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre), at 24.4 percent of its GSDP in 2021-22, were 8.9 percentage points higher than what a median state collected



Source: i. Revenue Receipt - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

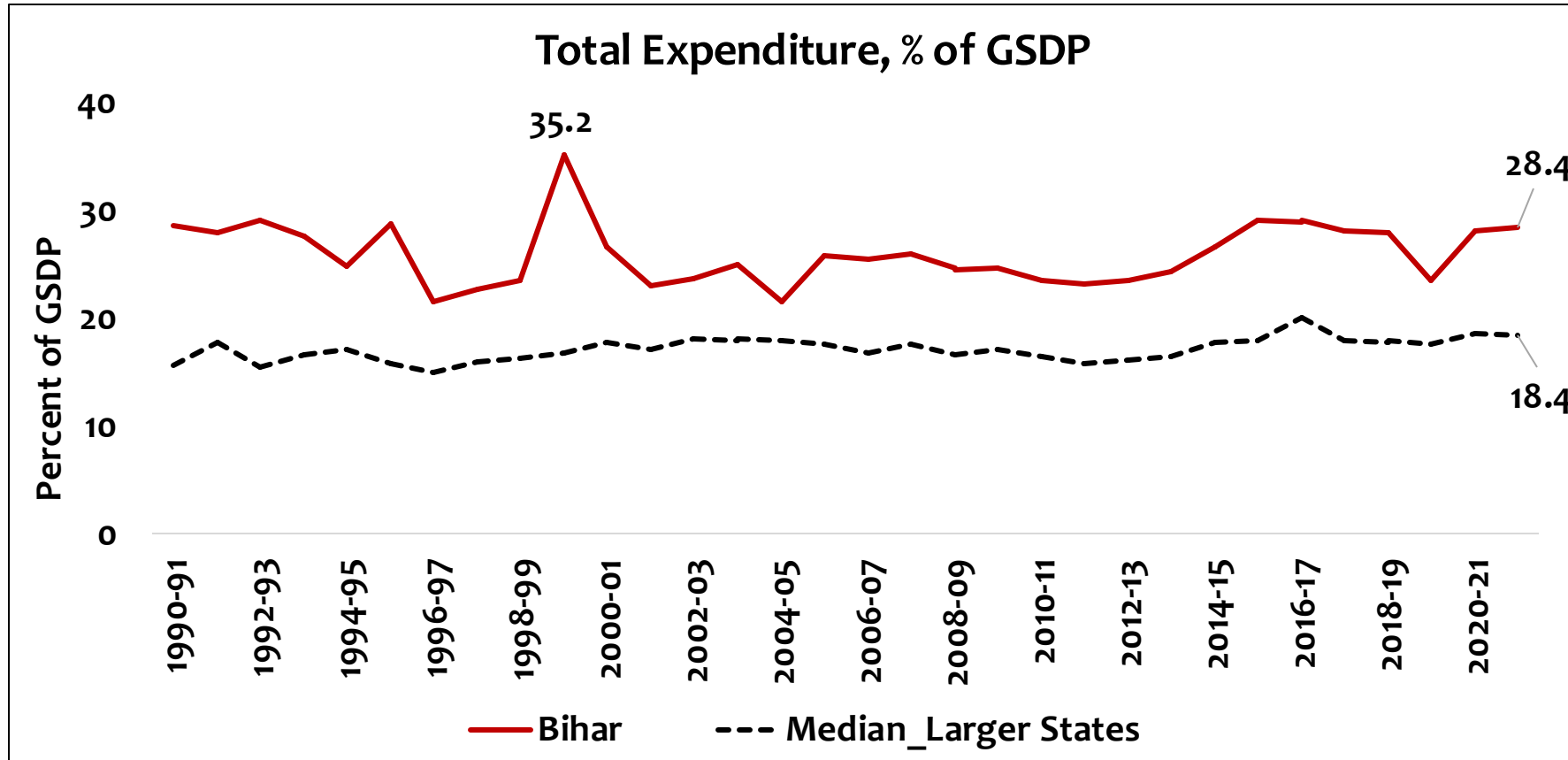
Note: The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded)

Transfers from the Centre constituted about 75 percent of Bihar's Revenue Receipts in 2021-22. Its Own Tax and Non-Tax Revenue at 5.4 and 0.6 percent of its GSDP respectively, were both lower than those of a median state



Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).
 Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.

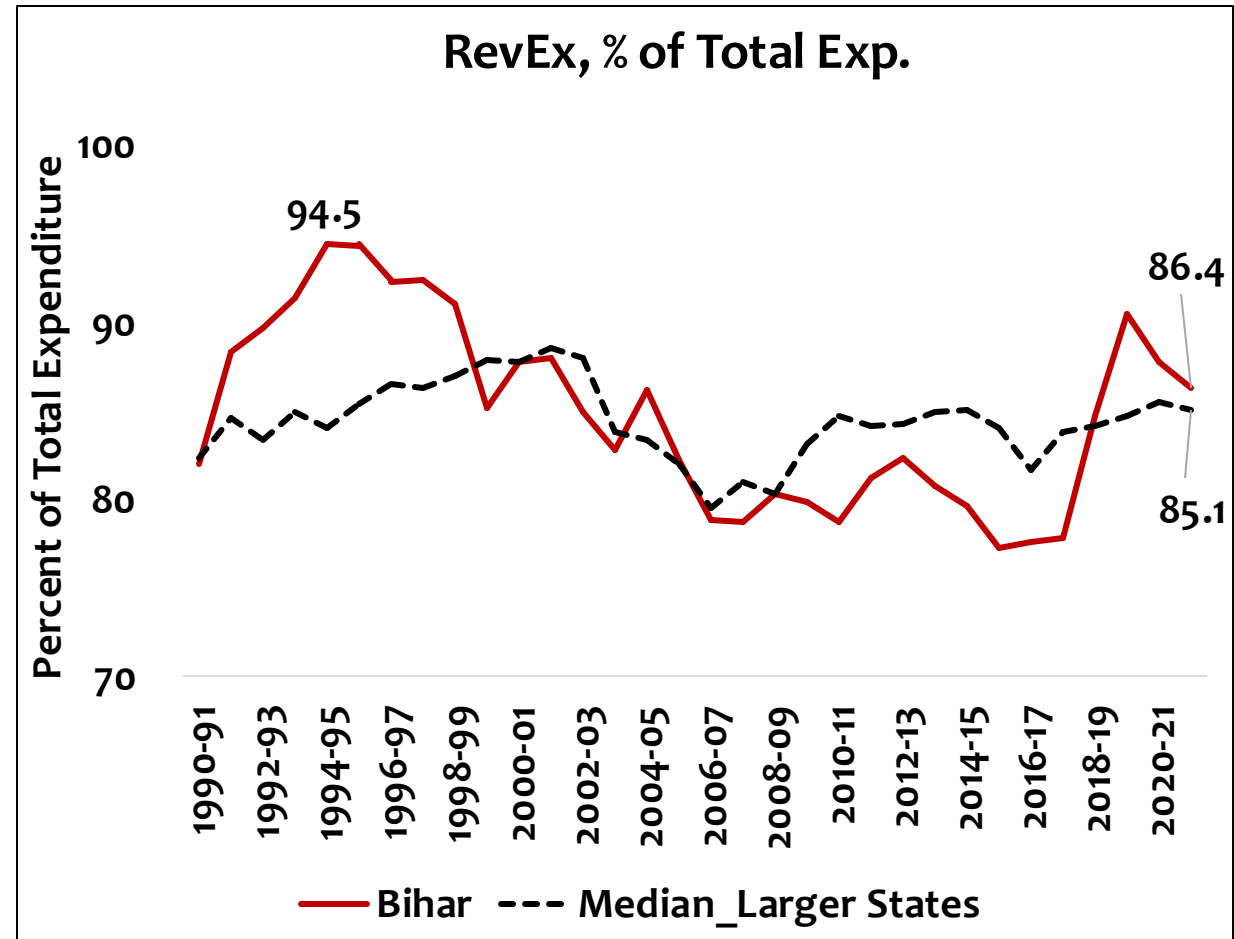
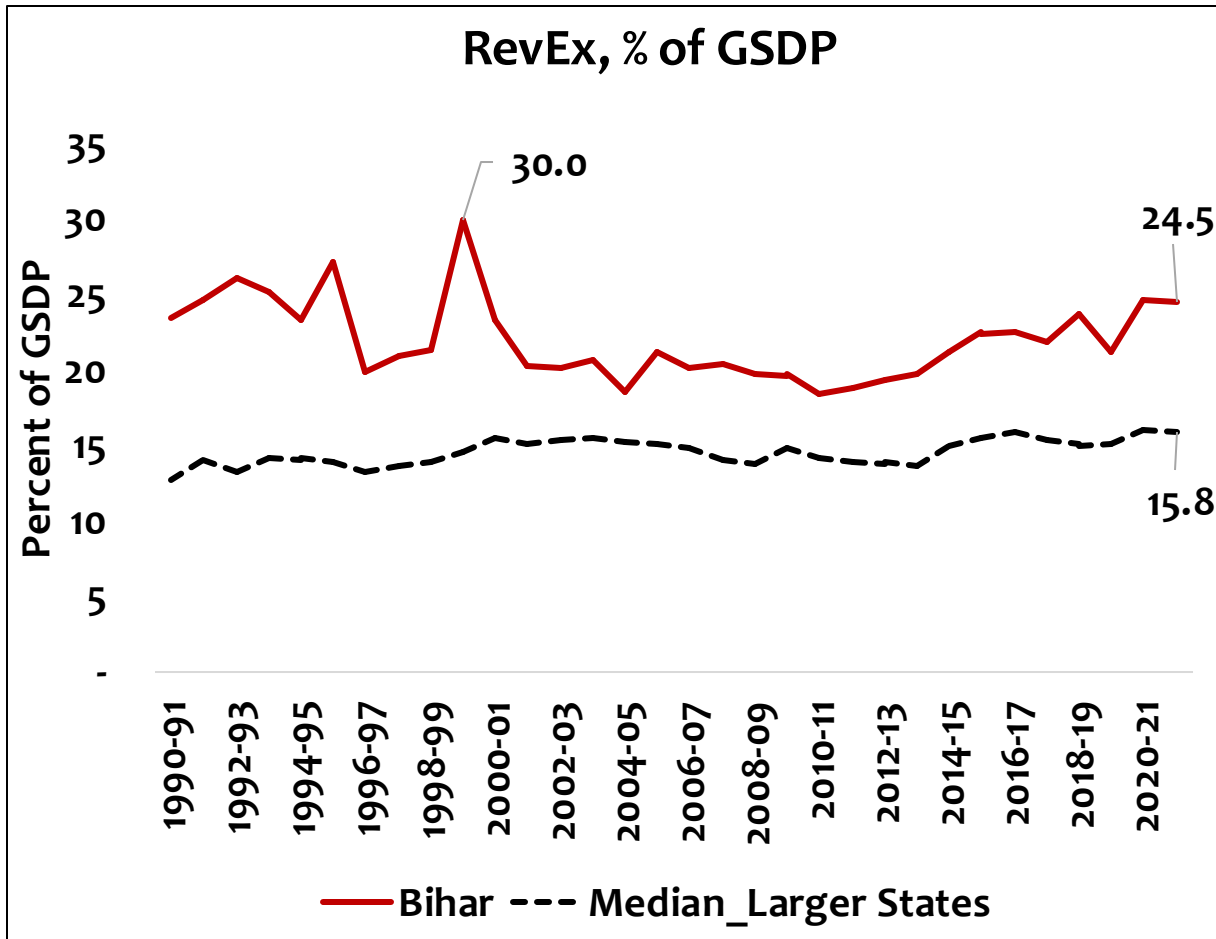
In 2021-22, Bihar's Expenditure was about 10 percentage points higher than that of a median state and 4 percentage points more than its total Revenue Receipts



Source: i. Total Expenditure - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx);
ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

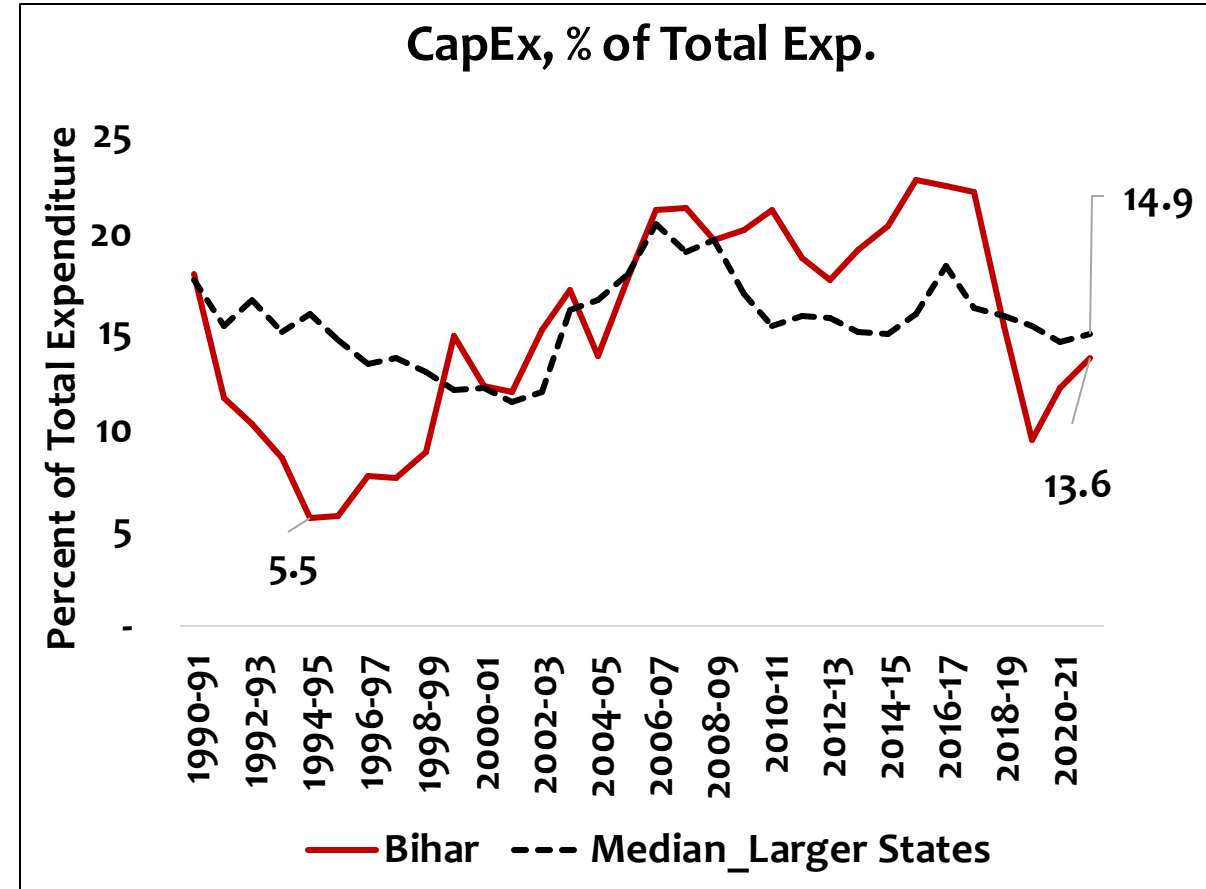
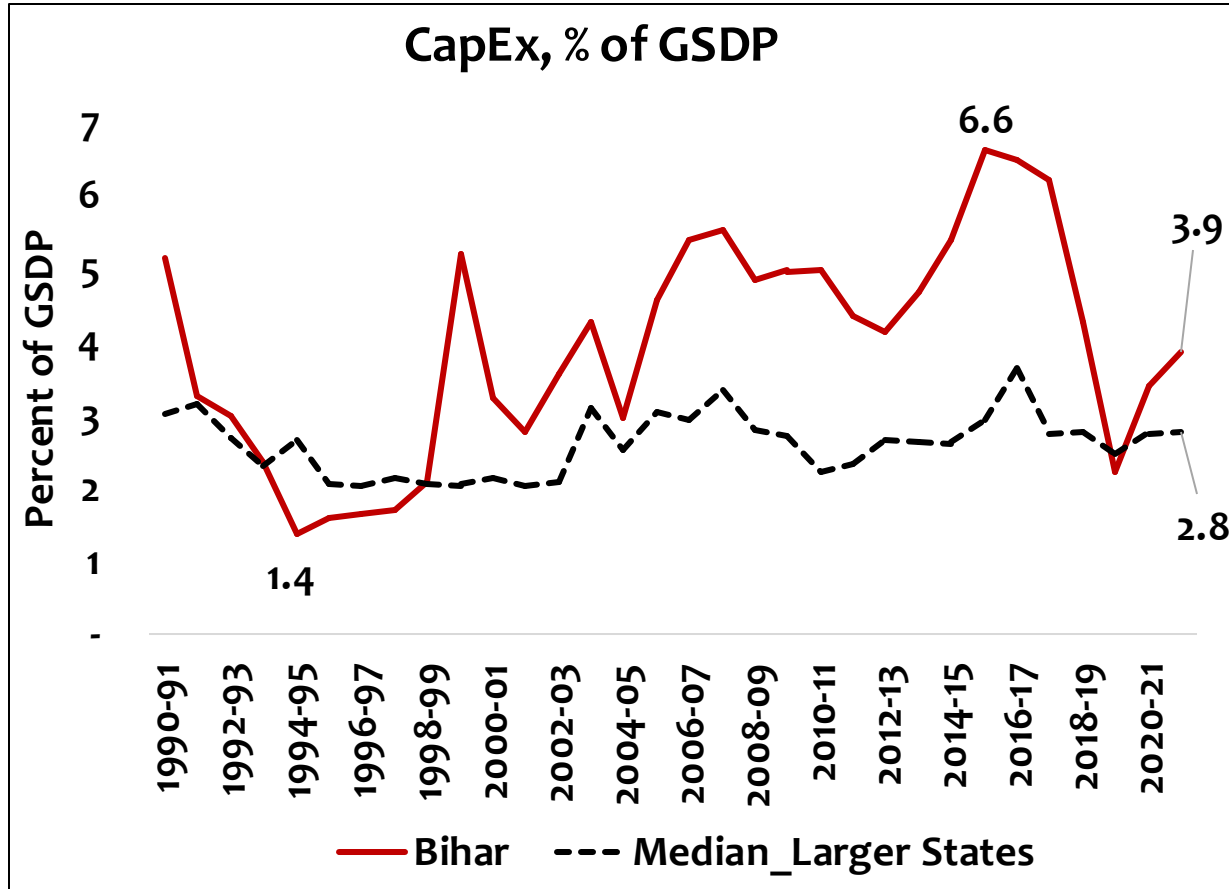
Bihar's RevEx at 24.5 percent of its GSDP, was about 9 percentage points higher than a median state's RevEx in 2021-22 and as a share of Total expenditure it was 1.3 percentage points higher than that of a median state



Source: i. RevEx - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

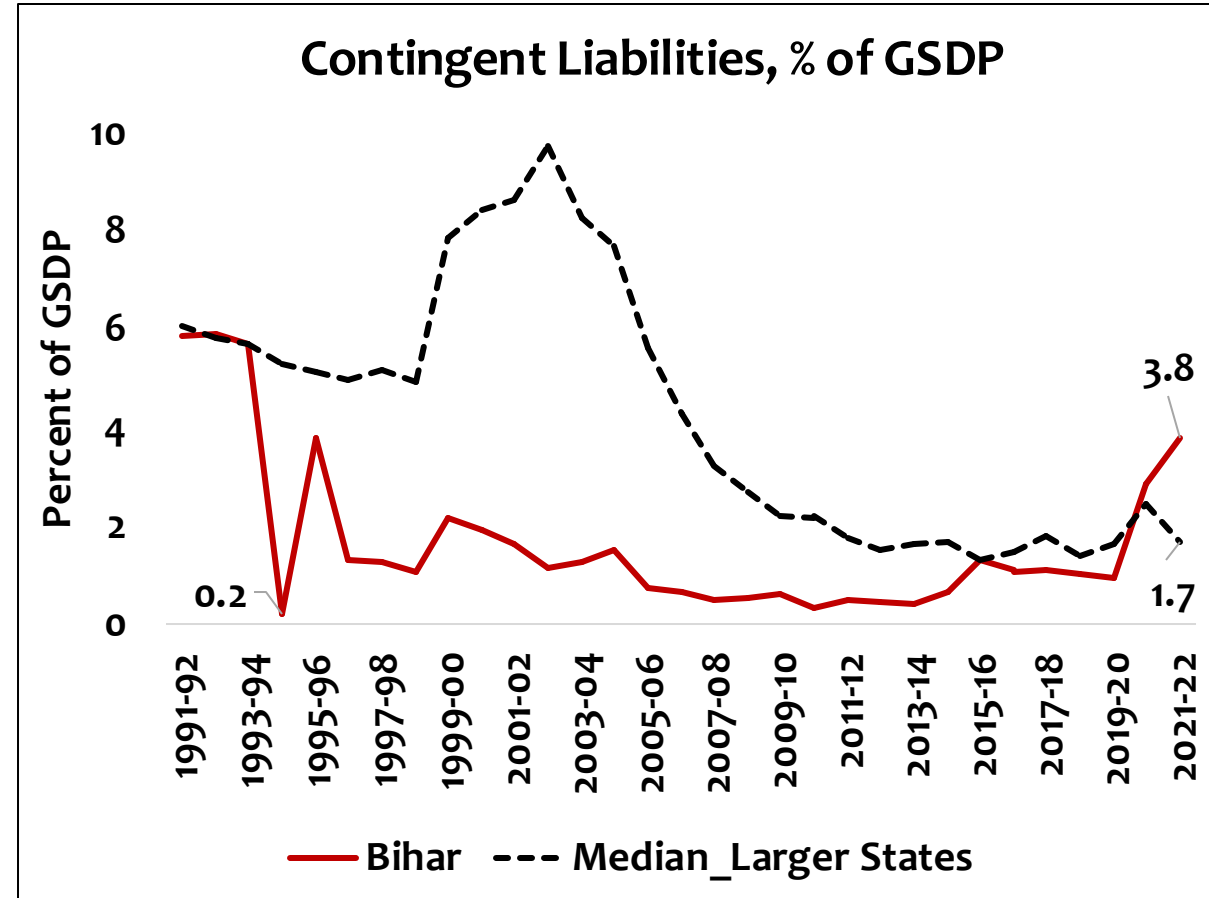
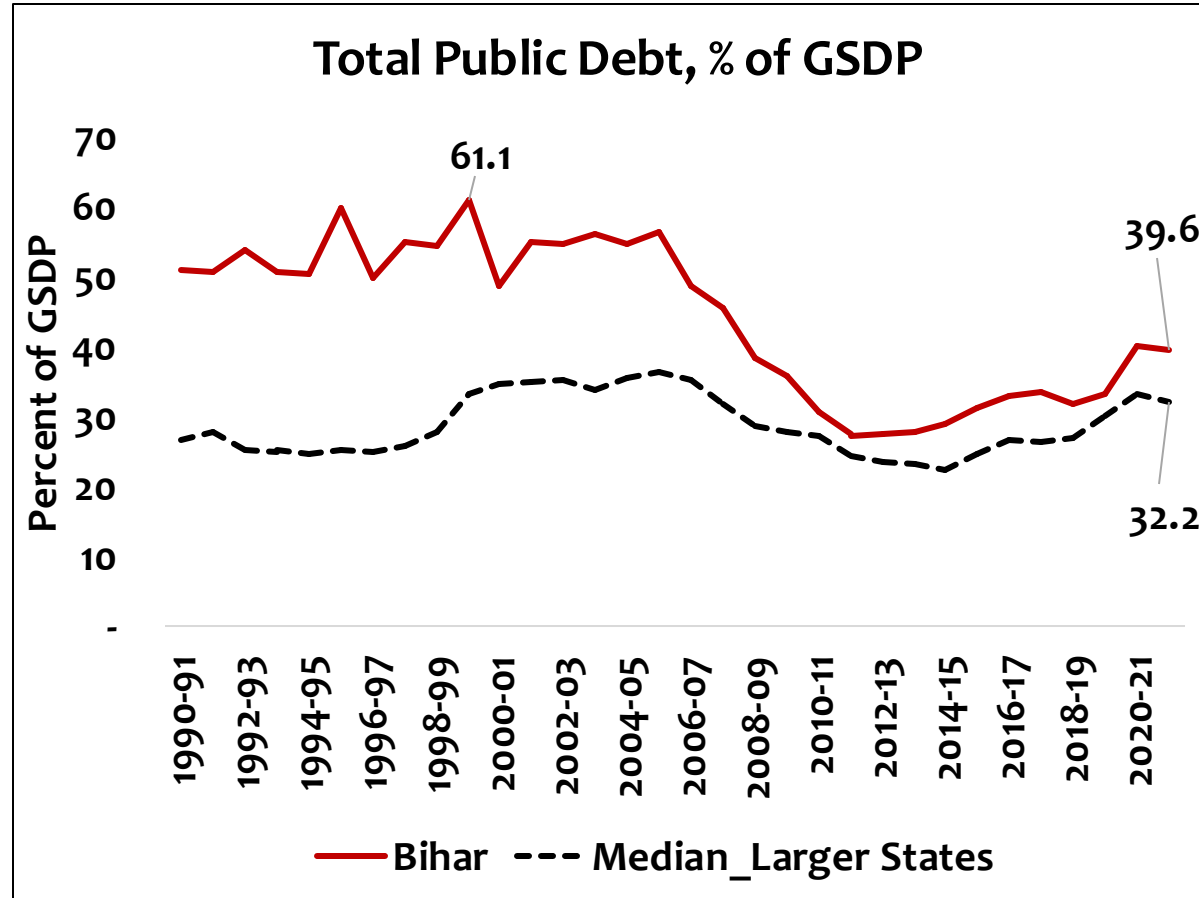
Bihar's CapEx at 3.9 percent of its GSDP was higher than what a median state spent on CapEx as percent of GSDP. However, as a share of total expenditure, it was lower than what a median state spent on CapEx



Source: i. CapEx is calculated as Capital Outlay + Loans and Advances given by the State government and the data for both is taken from RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

Bihar's Public Debt, after declining through the 1990s and early 2000s, noted a steady rise since 2011-12. As of 2021-22, Public Debt at 39.6 percent of its GSDP, was 7.4 percentage points higher than that of a median state. Its Contingent Liabilities, at 3.8 percent of its GSDP, were more than two times that of a median state



Source: i. Public Debt and State-wise contingent liabilities - RBI SFR (2022-23); ii. State GSDP – MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 22 major states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

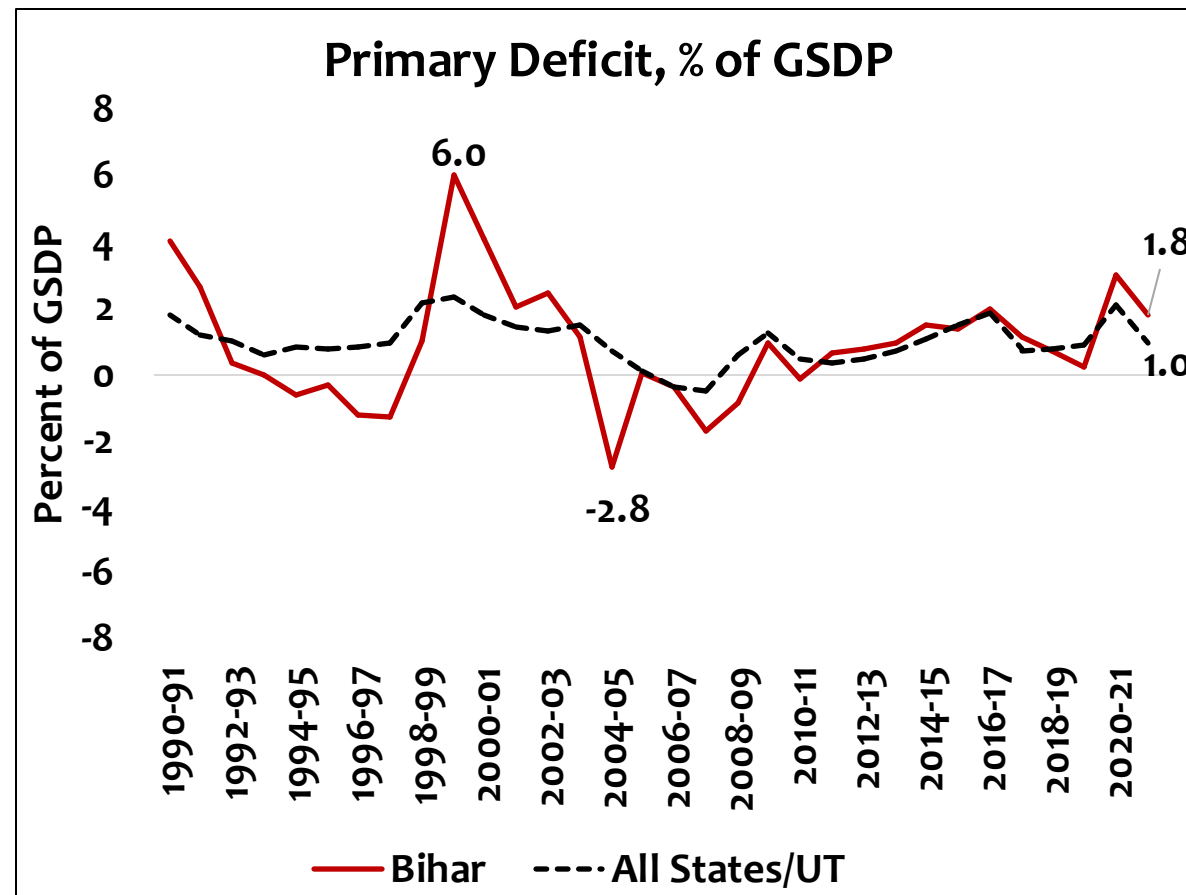
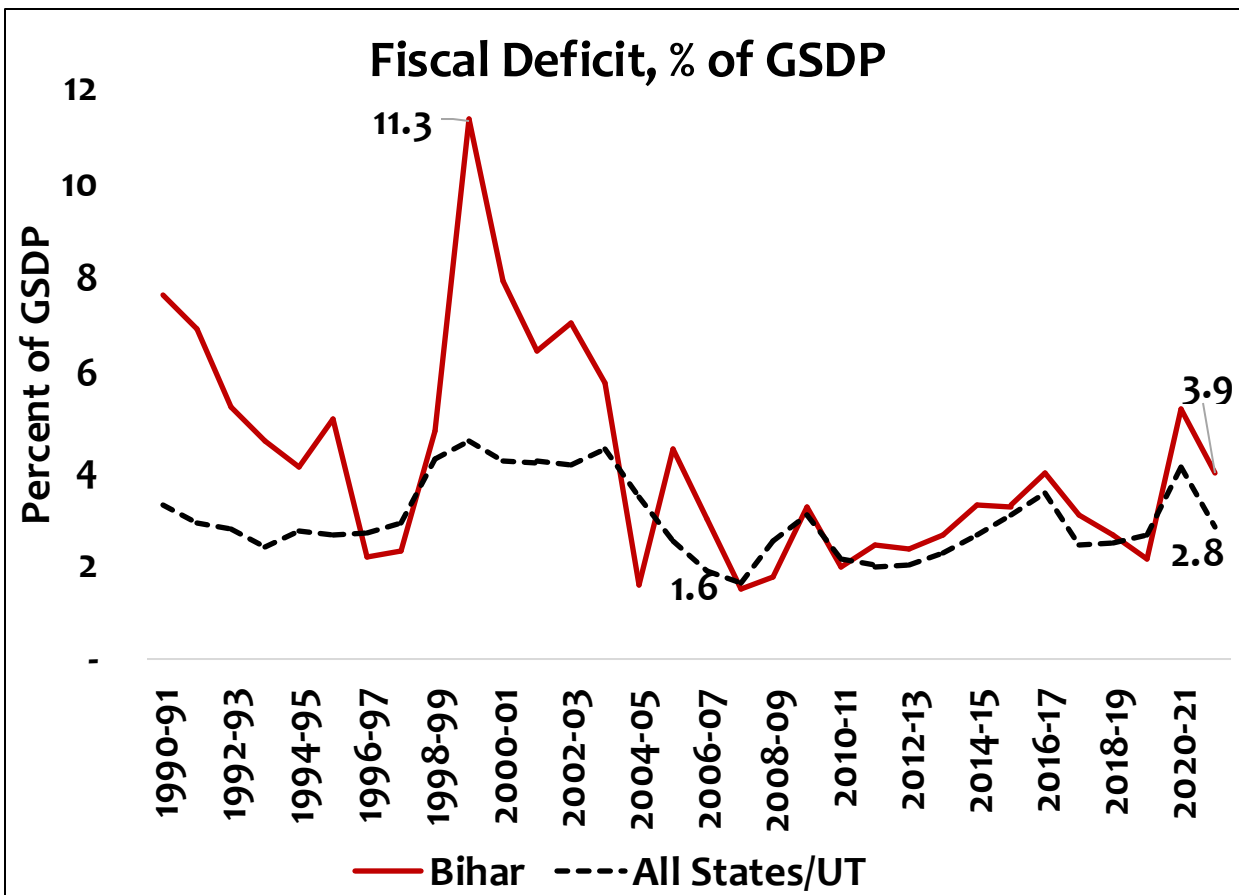
Fiscal Indicators

(II) Benchmarked with respect to *All States/UTs*

Note: In Section 5, the benchmark was defined as the median of all states. This variable was computed as a percentage of GSDP for each state, and the median was taken across 29 states (excluding all Union Territories).

In contrast, the benchmark in this section refers to the All States/UTs number, taken as available from the source and expressed as a percentage of national Gross Domestic Product.

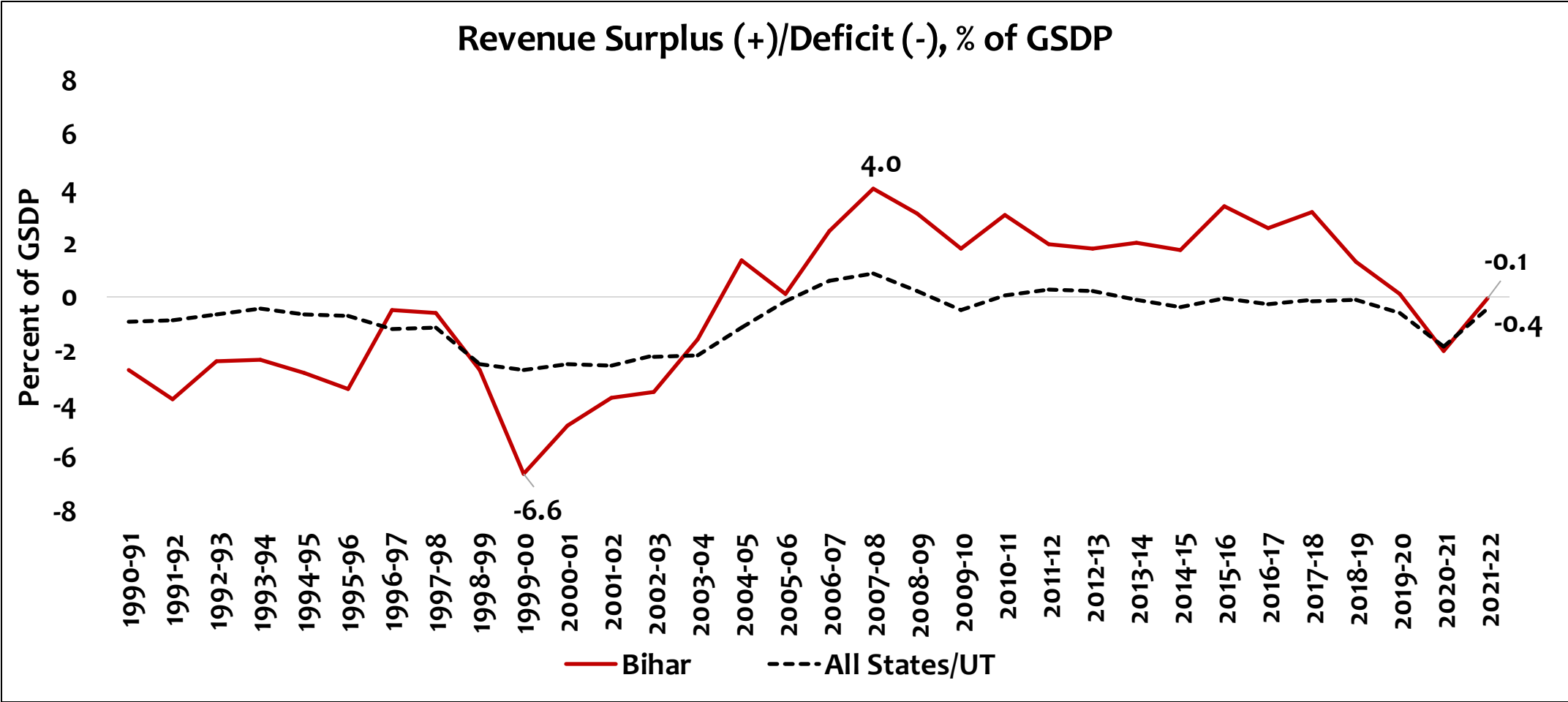
In 2021-22, Bihar ran a Fiscal Deficit and a Primary Deficit of 3.9 and 1.8 percent of its GSDP respectively, both about 1 percentage point higher than the average share of all states



Source: i. Fiscal Deficit is from RBI SFR (2022-23); ii. Primary Deficit calculated (Fiscal Deficit – Interest Payments). Interest Payments was sourced from RBI SFR.

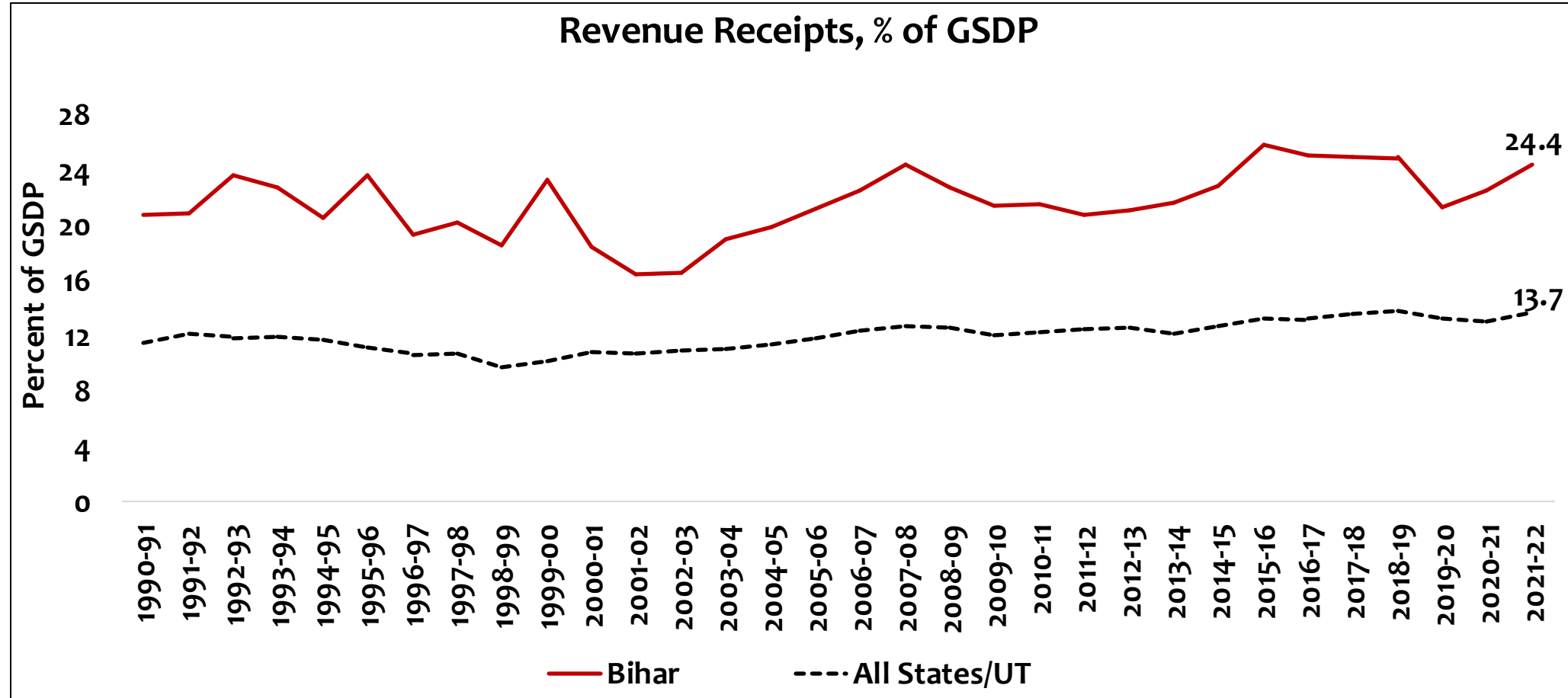
Note: i. Primary Deficit (PD) is calculated as Fiscal Deficit minus Interest Payments. Interest Payments is sourced from RBI SFR; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

Bihar's Revenue Deficit at 0.1 percent of its GSDP in 2021-22, was lower than the Revenue Deficit of an average state



Source: i. Revenue Deficit from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).
 Note: All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

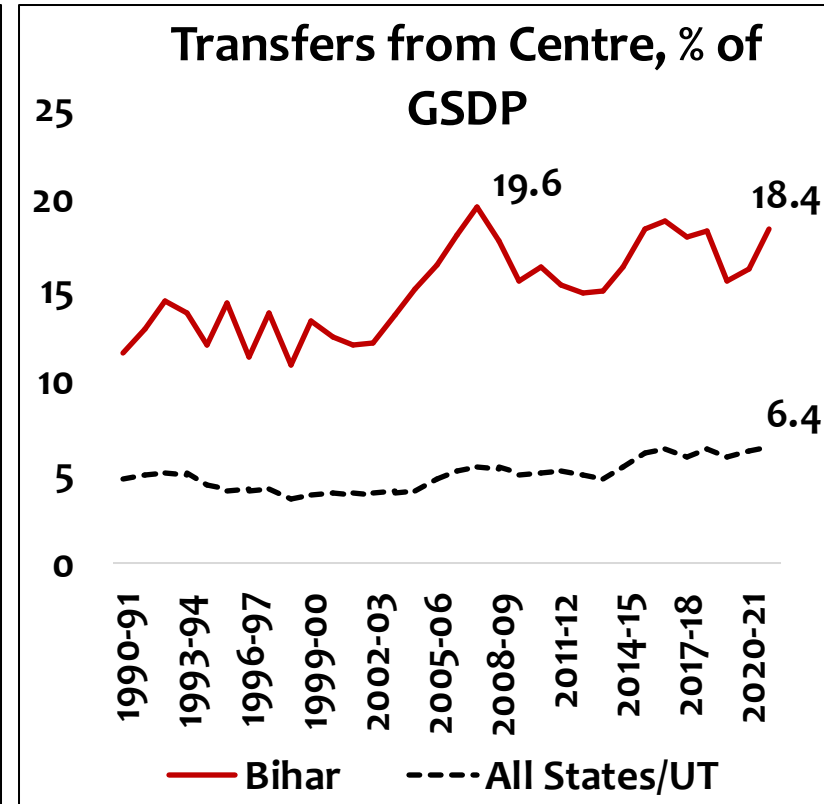
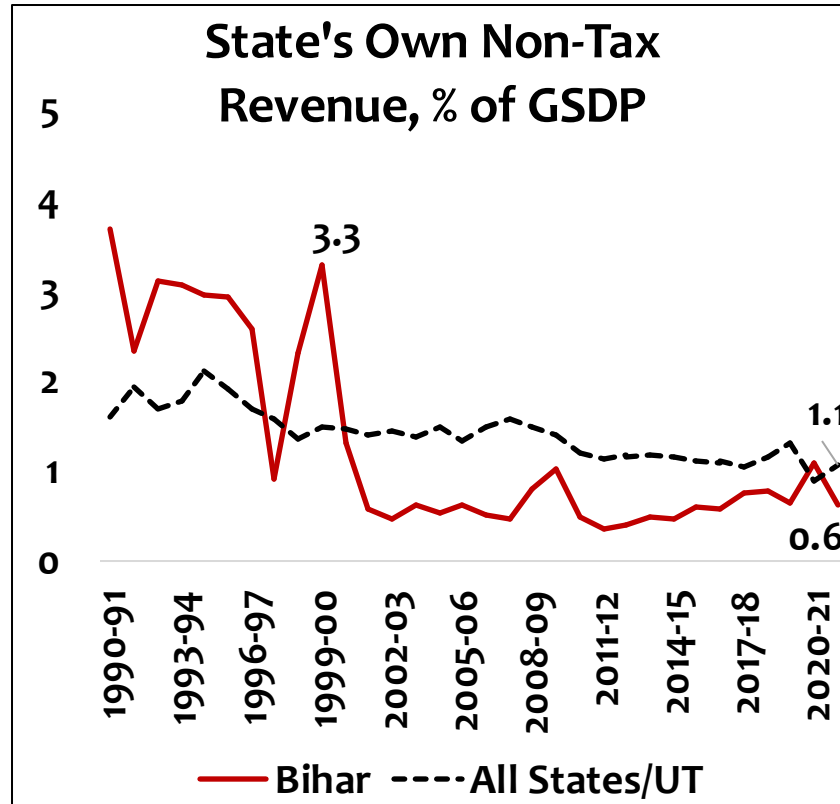
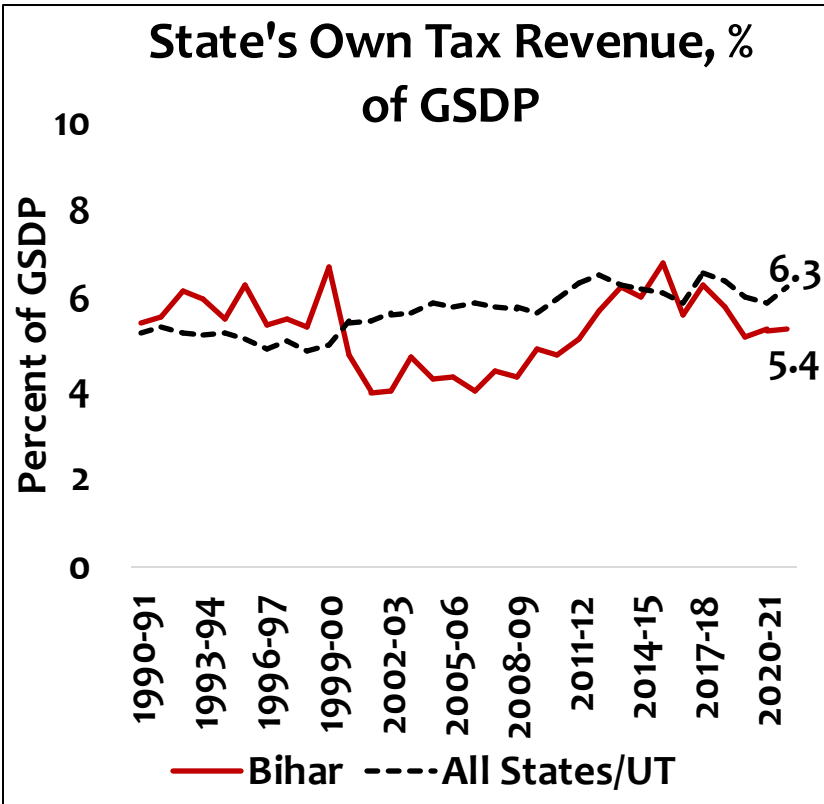
Bihar's Total Revenue Receipts (own tax, own non-tax, and shared by the Centre), at about 24 percent of its GSDP in 2021-22, were substantially higher than what an average state collected in the same year



Source: i. Revenue Receipts from RBI State Finances Report (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

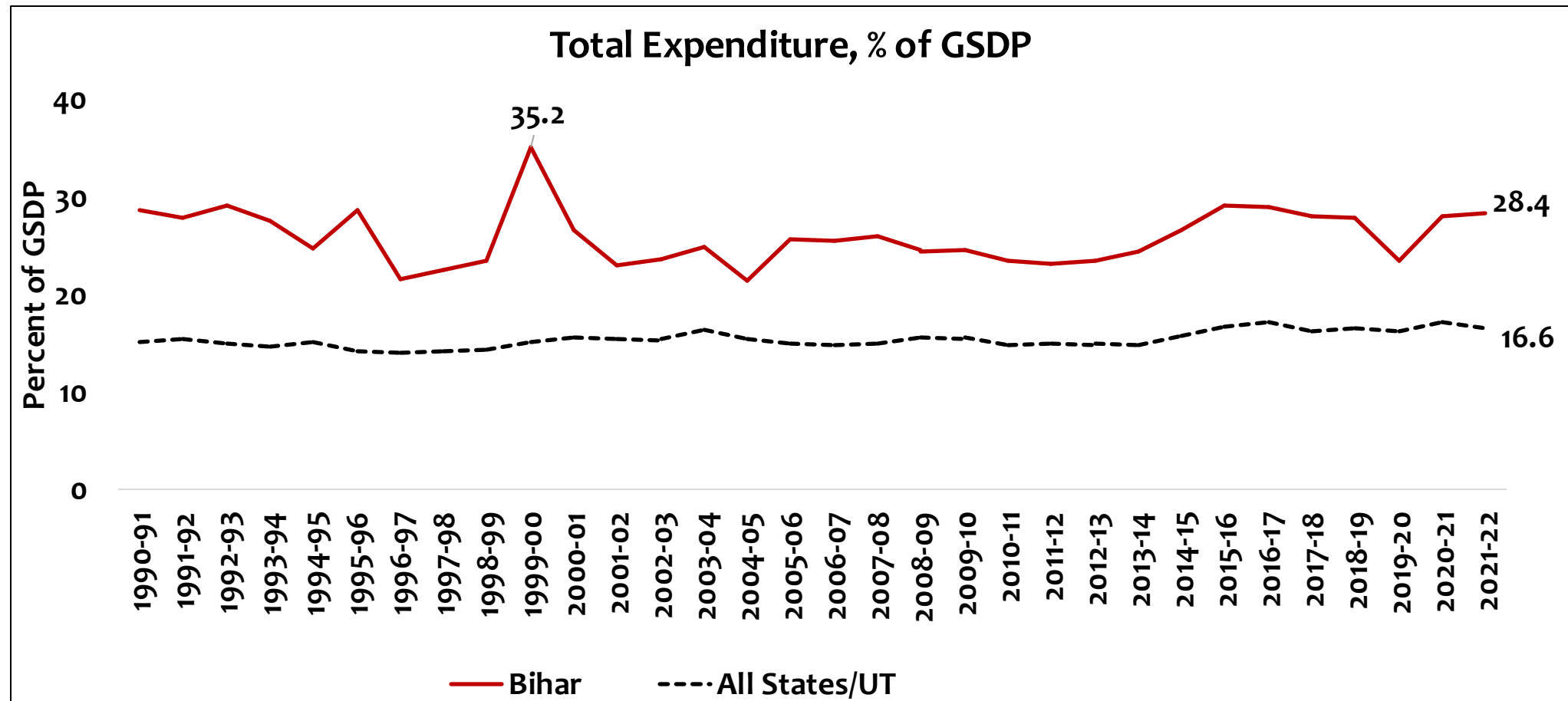
Note: All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

Transfers from the Centre constituted about 75 percent of Bihar's revenue receipts in 2021-22. Its Own Tax and Non-Tax Revenue at 5.4 and 0.6 percent of its GSDP respectively were both below the average for states



Source: i. Own Tax and Non-Tax Revenue, and Transfers from Centre from RBI SFR (2022-23); ii. The State GSDP and national GDP data is from MoSPI (2022-23).
 Note: i. Transfers from the Centre include both tax- and non-tax revenue transfers; ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

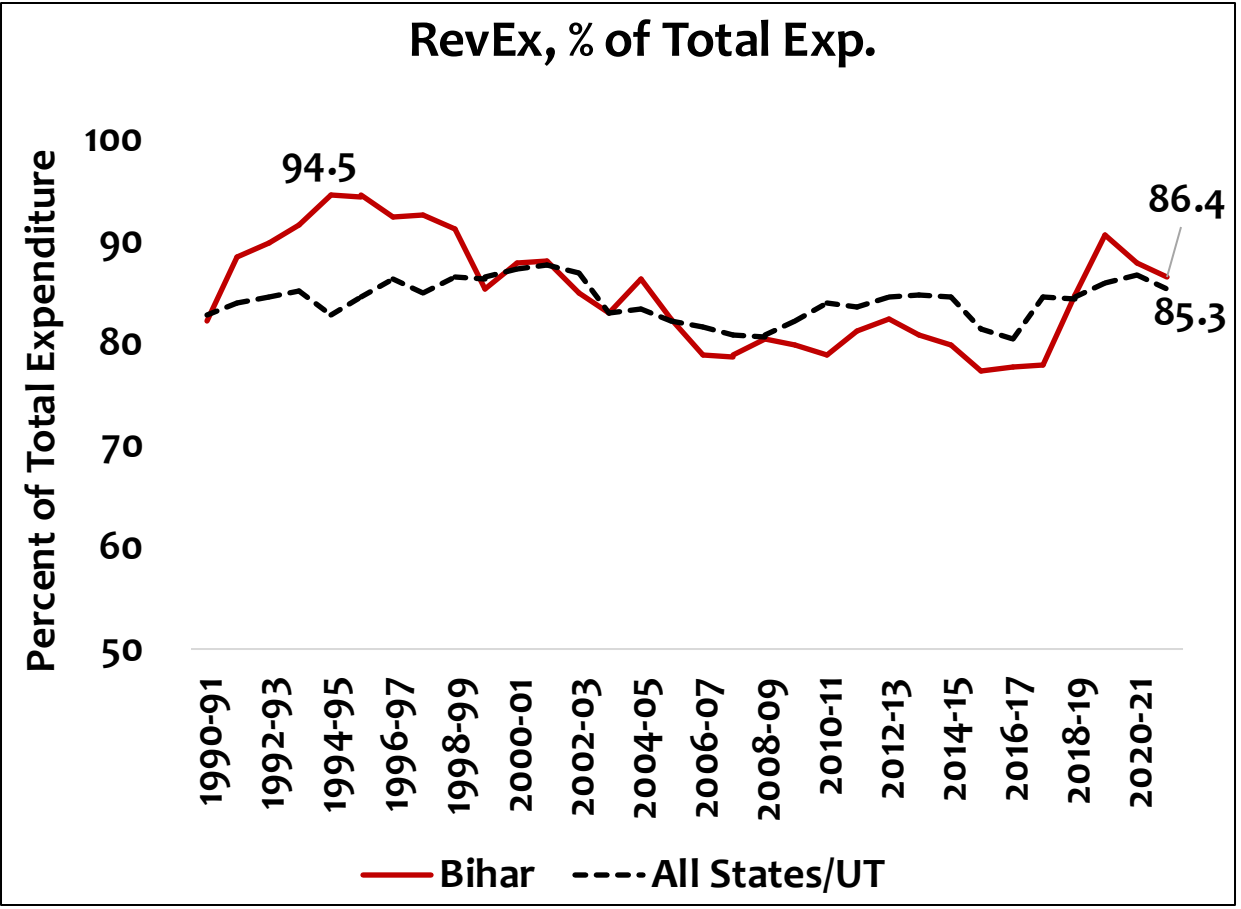
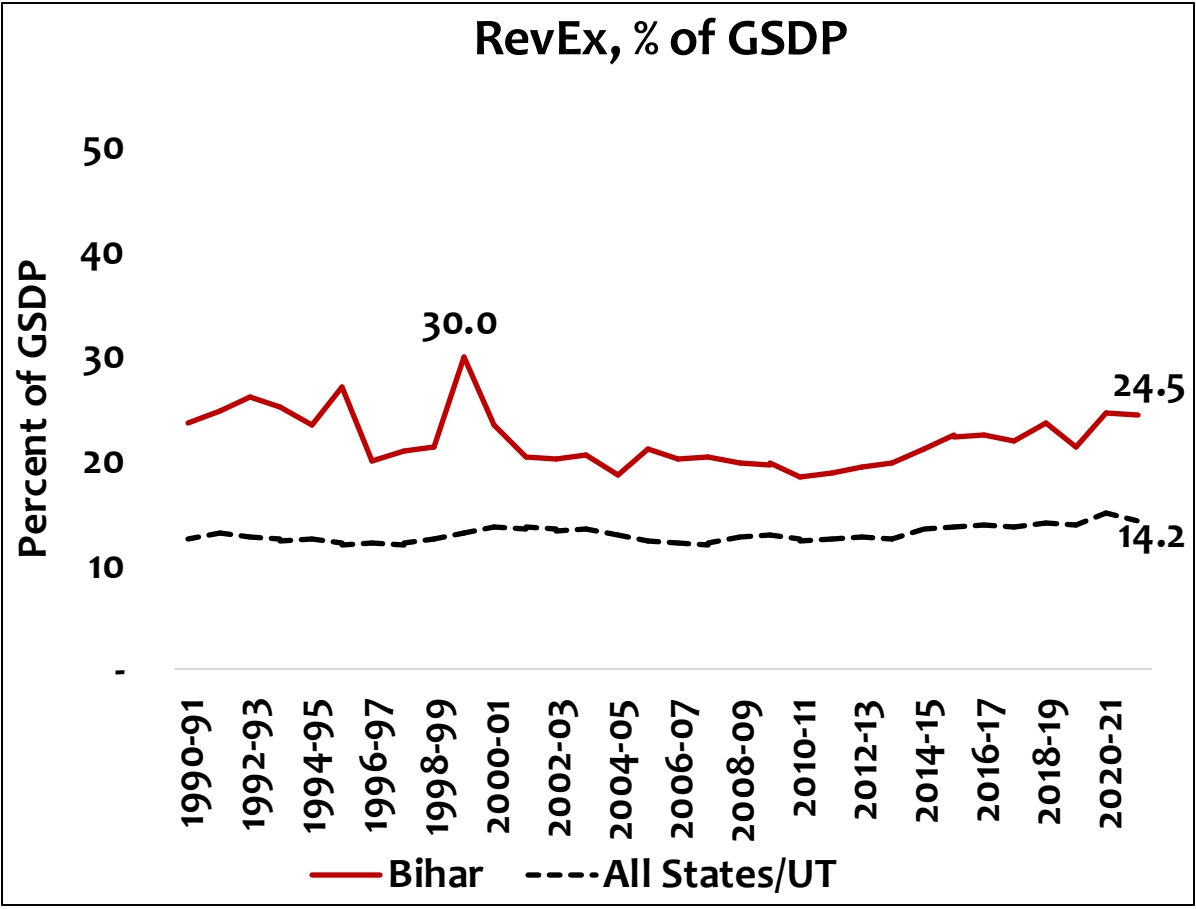
In 2021-22, Bihar's Expenditure was about twice as much as an average state and nearly 4 percentage points more than its Total Revenue Receipts



Source: i. Total Expenditure is from RBI SFR (2022-23); ii. The State GSDP and national GDP data is from MoSPI (2022-23).

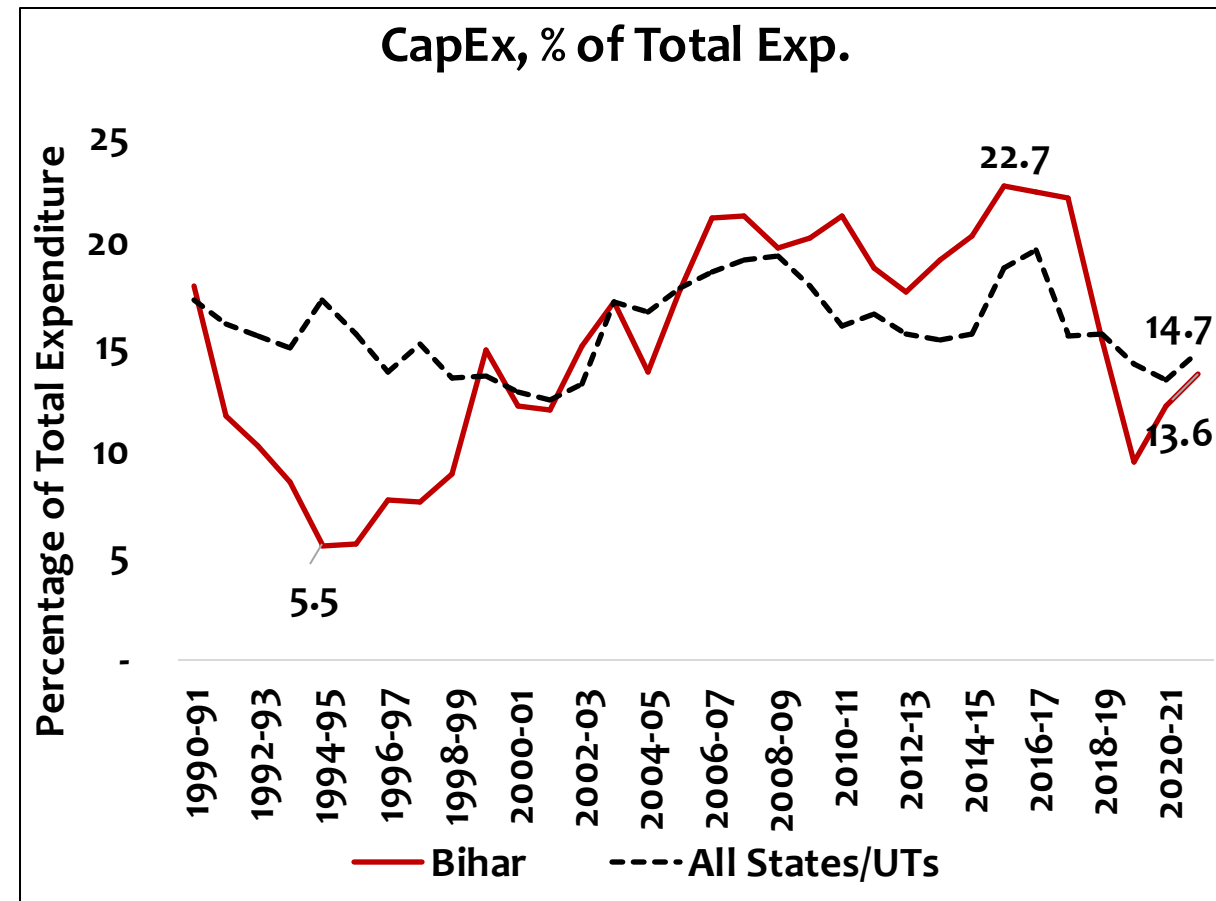
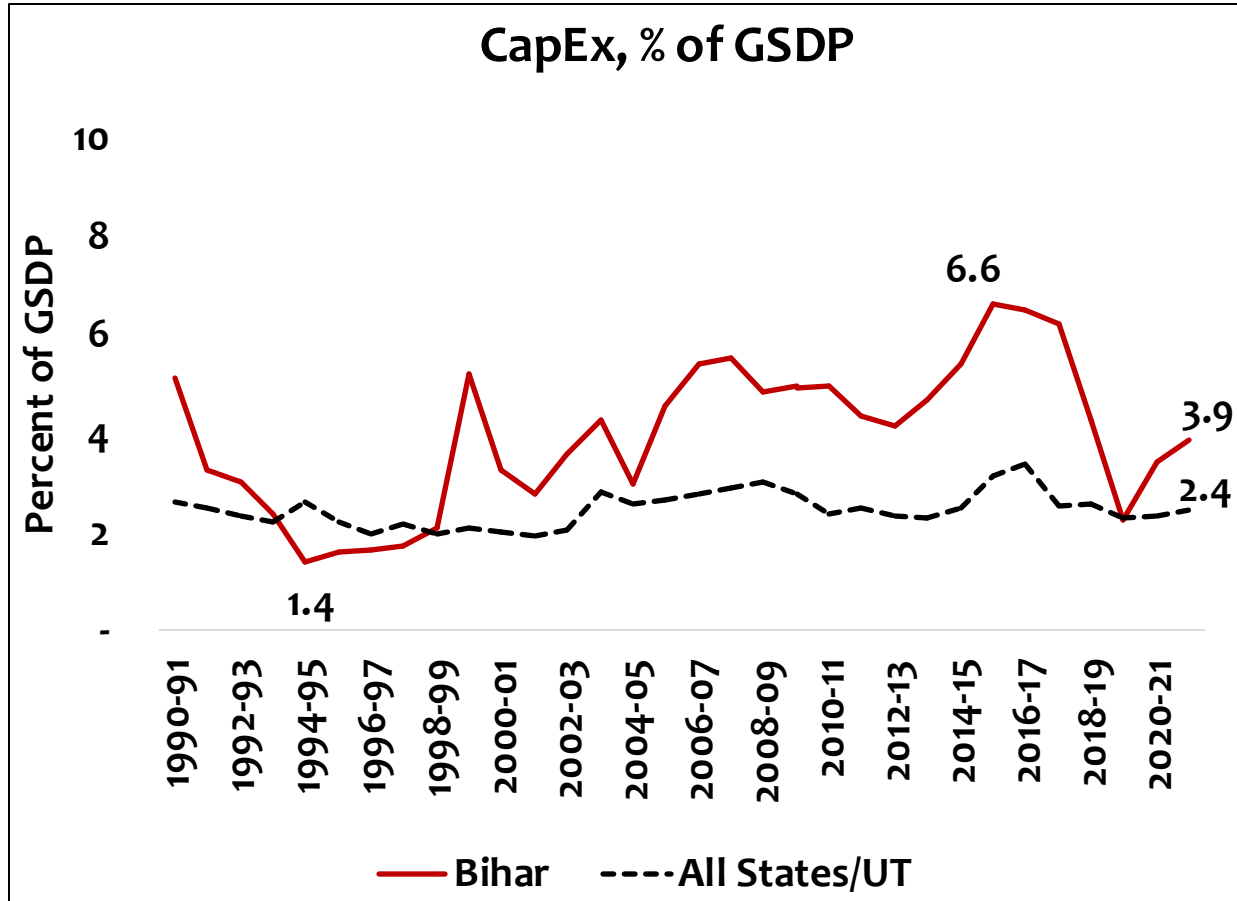
Note: i. The Total Expenditure is calculated as sum of revenue expenditure (RevEx) and capital expenditure (CapEx); ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

Bihar's RevEx at 24.5 percent of its GSDP, was 9.3 percentage points higher than an average state's RevEx in 2021-22 and as a share of Total expenditure it was 1.1 percentage points higher than that of an average state



Source: i. Revenue Expenditure is from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).
 Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

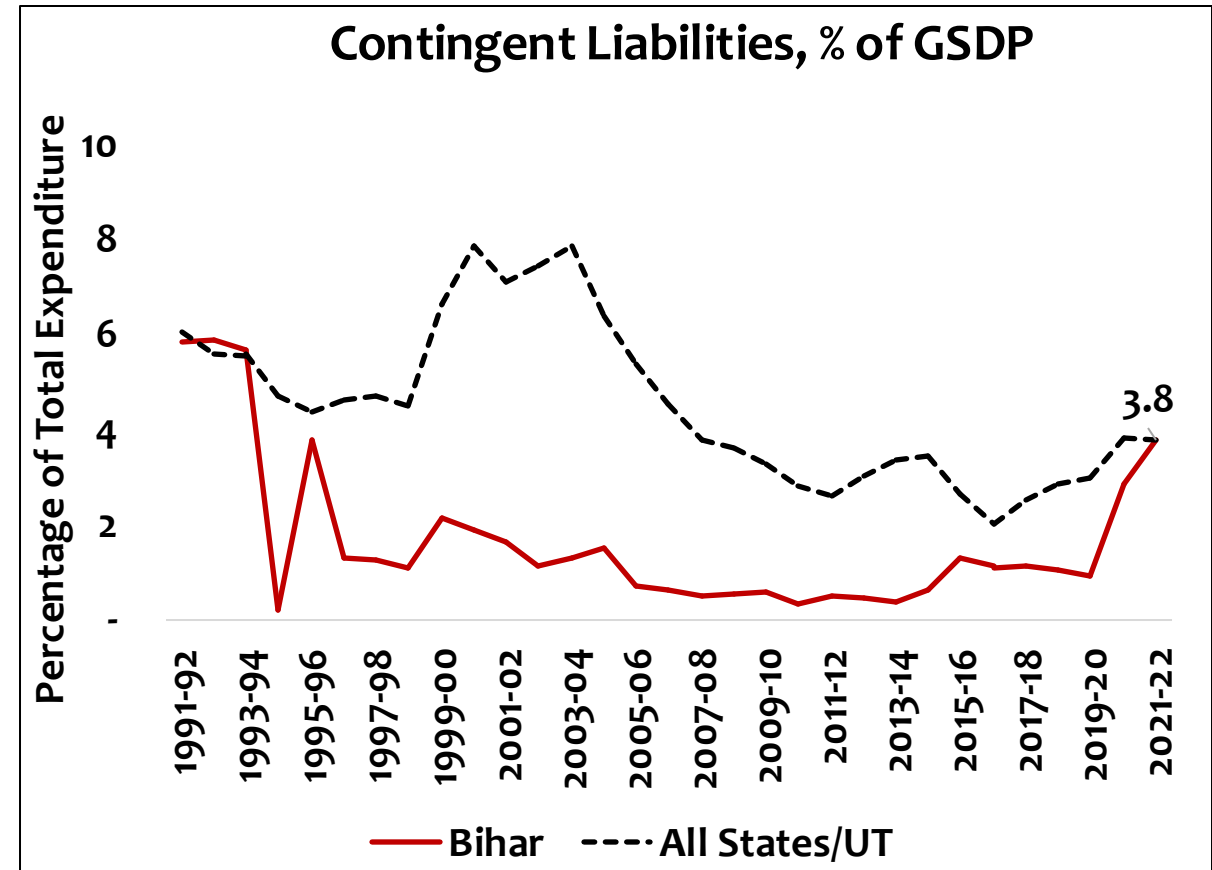
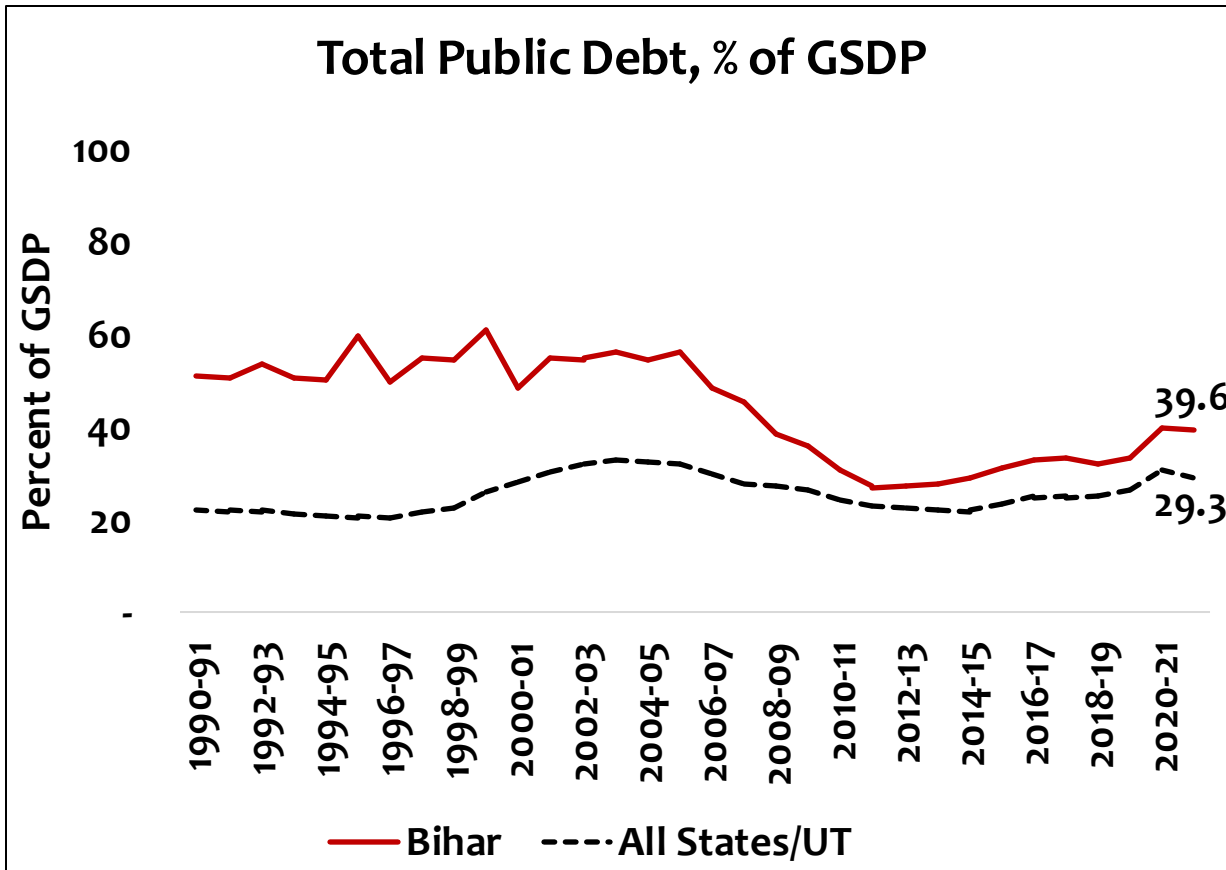
Bihar's CapEx at 3.9 percent of its GSDP was higher than what an average state spent on CapEx as percent of GSDP. However, as a share of total expenditure, it was lower than what an average state spent on CapEx



Source: i. CapEx is calculated as Capital Outlay plus Loans and Advances given by the State government and the data for both is taken from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

Bihar's Public Debt, after declining through the 1990s and early 2000s, noted a steady rise since 2011-12. As of 2021-22, Public Debt at 39.6 percent of its GSDP, was 10.3 percentage points higher than that of an average state. Its Contingent Liabilities were at par with that of an average state at 3.8 percent of its GSDP



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

9. Annexure

Glossary of Select Terms

Variable	Section	Definition
Dependency Ratio	Demography and Employment	The dependency ratio is the number of dependents—comprising children aged 0-14 years and older adults aged 60 years and above—per 100 individuals in the working-age population (15-59 years).
Sex Ratio	Demography and Employment	The Child Sex Ratio from Census is the number of females per 1,000 males in the age group of 0-6 years. The NFHS Sex Ratio at Birth is the number of female births per 1,000 male births for children born in the last five years preceding the survey.
Unemployment Rate	Demography and Employment	The unemployment rate measures the proportion of unemployed individuals within the labour force, aged 15 years and above, based on the Usual Status (PS+SS) approach. This method integrates data from both the Principal Status (PS) and Subsidiary Status (SS) across rural and urban areas.
Female Labour Force Participation Rate	Demography and Employment	The Female Labour Force Participation Rate (LFPR) refers to the percentage of females aged 15 years and above who are part of the labour force, either working or actively seeking/available for work, relative to the total female population in the same age group. It is measured using the Usual Status (PS+SS) approach, which combines data from the Principal Status (PS) and Subsidiary Status (SS) to account for both rural and urban areas.
Urbanization Rate	Demography and Employment	The urbanization rate is the annual percentage change in the proportion of the population that lives in urban areas.
SDG Index	Demography and Employment	The SDG Index calculates goal-specific scores for the 16 Sustainable Development Goals (SDGs) across 113 indicators set by MoSPI to combine into composite scores, ranging from 0 to 100 representing the overall performance of a State. The higher the score, the closer the State is to meeting the SDG targets.

Glossary of Select Terms

Variable	Section	Definition
MPI	Demography and Employment	The National Multidimensional Poverty Index (MPI) is calculated by multiplying the Headcount Ratio (proportion of multidimensionally poor people) and the Intensity of Poverty (the average percentage of deprivations experienced by poor individuals) across 12 indicators of health, education and living standards.
Inflation Rate	Economic Structure	The Inflation Rate is calculated as the annual growth rate of the Consumer Price Index (CPI), which has been calculated by averaging the monthly CPI values for each financial year.
GSDP	Economic Structure	Gross State Domestic Product (GSDP), at current market prices with 2011-12 as the base year, represents the total value of goods and services produced within a State. This series has been spliced with earlier GSDP series to generate the long time series.
GSVA	Economic Structure	Gross State Value Added (GSVA) is the sum of the value added by all sectors—agriculture, industry, and services—at current market prices with 2011-12 as the base year. This series has been spliced with earlier GSDP series to generate the long time series.
Decadal Average of Growth Rates	Economic Structure	The decadal average of growth rates is calculated using real variables to determine the shares of sectors. It represents the simple average of the annual growth rates over a ten-year period, from 2013-14 to 2022-23.
Foreign Direct Investment (FDI)	Trade	Investment through capital instruments by a resident outside India in an unlisted Indian company; or in 10 percent or more of the post-issue paid-up equity capital of a listed Indian company. Additionally, in case an existing investment by a resident outside India in capital instruments of a listed Indian company falls to a level below 10 percent, the investment shall continue to be treated as FDI.
Exports	Trade	Exports refer to transactions where goods are supplied with/without leaving the country, and payment for these supplies is received either in Indian rupees or in freely convertible foreign exchange.

Glossary of Select Terms

Variable	Section	Definition
Pupil-Teacher Ratio	Socio-Economic Indicators (Education)	The Pupil-Teacher Ratio is the average number of students (pupils) per teacher in a school or educational institution.
Infant Mortality Rate	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the first birthday, expressed per 1,000 live births.
Under-Five Mortality Rate	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the fifth birthday, expressed per 1,000 live births.
Total Fertility Rate	Socio-Economic Indicators (Health)	The average number of children a woman is expected to have by the end of her childbearing years, assuming she experiences the current age-specific fertility rates throughout her reproductive life. Age-specific fertility rates are calculated based on the three years preceding the survey, using detailed birth histories provided by women.
Children Fully Immunized	Socio-Economic Indicators (Health)	Includes children aged 12-23 months who have received one dose of Bacillus Calmette Guerin (BCG) vaccine for tuberculosis, three doses of DPT vaccine for diphtheria, pertussis and tetanus, three doses for polio vaccine and one dose of measles vaccine at any time before the survey.
Underweight Children	Socio-Economic Indicators (Health)	Children under five years whose weight-for-age score is below minus two standard deviations from the median of the reference population are classified as underweight.
Stunting among Children	Socio-Economic Indicators (Health)	Children under age five years whose height-for-age score is below minus two standard deviations from the median of the reference population are considered short for their age (stunted).

Glossary of Select Terms

Variable	Section	Definition
Anaemia among Children, Anaemia among Women	Socio-Economic Indicators (Health)	Children under five years and Women aged 15-49 years with haemoglobin levels below 11 grams/decilitre are considered anaemic.
Fiscal Deficit	Fiscal Indicators	Fiscal Deficit is calculated as the difference between the total expenditure and the total revenue (excluding borrowings).
Primary Deficit	Fiscal Indicators	Primary Deficit is calculated as the difference between fiscal deficit and interest payments.
Revenue Surplus (+)/Deficit (-)	Fiscal Indicators	Revenue Surplus/Deficit is a measure of the difference between the revenue receipts and revenue expenditure.
Total Revenue Receipts	Fiscal Indicators	Total Revenue Receipts is calculated as the sum of own tax revenue, own non-tax revenue and transfers from the centre.
Own Tax Revenue	Fiscal Indicators	Own Tax Revenue is the revenue collected by the government through taxes.
Own Non Tax Revenue	Fiscal Indicators	Own Non-Tax Revenue is the revenue collected by the government from non-tax sources like various services, fees, and penalties.
Revenue Expenditure	Fiscal Indicators	Revenue Expenditure refers to government spending that is incurred for the regular functioning of its departments and services, meeting its operational needs, and fulfilling its recurring liabilities.

Glossary of Select Terms

Variable	Section	Definition
Transfers from the Centre	Fiscal Indicators	Transfers from the Centre refer to central taxes and grants devolved to States as untied funds for States to spend according to their discretion, under the recommendations of the Finance Commission.
Capital Expenditure	Fiscal Indicators	Capital Expenditure refers to government spending on creating physical and financial assets or reducing its liabilities.
Total Public Debt	Fiscal Indicators	Public debt include borrowings and other financial commitments arising from past fiscal operations that are yet to be repaid at a given point in time.
Contingent Liabilities	Fiscal Indicators	Contingent Liabilities are the commitments made by State governments to repay loans or other liabilities incurred by entities such as public sector undertakings (PSUs), corporations, local bodies, or other organizations if they fail to meet their debt obligations.
Off-Budget Borrowings	Fiscal Indicators	Off-Budget Borrowings involve the government taking on debt through entities, public sector undertakings (PSUs), or other off-budget mechanisms, rather than directly from the government's own borrowing channels that are not included in the official government budget.
Health Expenditure	Fiscal Indicators	Health Expenditure is calculated as the sum of Medical, Public Health, and Family Welfare expenditure.
Subsidies	Fiscal Indicators	Subsidies are financial assistance provided by the government to individuals, businesses, or sectors to support the production, consumption, or pricing of specific goods and services.
Buoyancy of Revenue Expenditure with GSDP	Fiscal Indicators	The Buoyancy of Revenue Expenditure is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.
Committed Expenditure	Fiscal Indicators	Committed Expenditure is calculated as the sum of Wages, Salaries, and Pensions.

List of Acronyms

- **AISHE** All India Survey on Higher Education
- **AT&C** Aggregate Technical & Commercial
- **BSR** Basic Statistical Returns
- **CAG** Comptroller and Auditor General
- **CapEx** Capital Expenditure
- **CHIPS** Connect, Harness, Innovate, Protect and Sustain
- **DGFT** Directorate General of Foreign Trade
- **DISCOMS** Distribution Utilities/Companies
- **EPWRF** Economic and Political Weekly Research Foundation
- **FC** Finance Commission
- **FLPR** Female Labour Participation Rate
- **FRBM** Fiscal Responsibility and Budget Management Act
- **FRA** Fiscal Responsibility Act
- **GPI** Gender Parity Index
- **GSDP** Gross State Domestic Product
- **GDP** Gross Domestic Product
- **GSVA** Gross State Value Added
- **GVA** Gross Value Added

List of Acronyms

- **MoSPI** Ministry of Statistical Programme and Implementation
- **MPI** Multidimensional Poverty Index
- **MTFP** Medium Term Fiscal Policy
- **NFHS** National Family Health Survey
- **PFC** Power Finance Corporation
- **PLFS** Periodic Labour Force Survey
- **RBI** Reserve Bank of India
- **RevEx** Revenue Expenditure
- **SDG** Sustainable Development Goal
- **SFR** State Finances Report
- **SPSE** State Public Sector Enterprises
- **SRS** Sample Registration System
- **SC** Scheduled Caste
- **ST** Scheduled Tribe
- **UDAY** Ujwal DISCOM Assurance Yojana
- **U-DISE** Unified District Information System for Education

Selected Research Topics

STATE REPORTS

DATA REPOSITORY

NCAER-NITI AAYOG STATE FISCAL AND ECONOMIC DASHBOARD

RESEARCH & COMMENTARY

- Paper
- Op-eds
- Presentations

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