CHAPTER I

Overview of Finances of the State

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This chapter provides a snapshot of West Bengal's finances for the FY 2024-25, covering demographics, economic indicators, and the State's fiscal status. It analyses revenue and expenditure trends in the State, debt levels, and fiscal deficits, and highlights persistent imbalances and reliance on borrowings.

1.1 Profile of the State

West Bengal, located in eastern India, spans 88,752 sq. km with 23 districts and about 40,203 villages, and has a predominantly service-oriented economy along with agriculture and industry. The State's population is estimated at 10.02 crore[1] (7.07 *per cent* of India's total population), with a population density of 1,127 persons per sq. km.

This section provides an overview of the State's demography, Gross State Domestic Product (GSDP) and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in the **Table 1.1** below.

Table 1.1: Demographic profile of the State

Particulars	West Bengal	National average
Rural Population (in *per cent*)*	62.37	64.30
Urban Population (in *per cent*)*	37.63	35.70
Population density *per* sq. km*	1,127	430
Sex Ratio *per* 1,000 Males*	963	947
Infant Mortality Rate per 1,000 live births *(Sample Registration System (SRS) Bulletin 2023, Statistical Report, September 2025)*	17	25
Maternal Mortality Rate (Maternal deaths per 1,00,000 women aged 15-49 years) *(Special Bulletin on Maternal Mortality in India 2021-23, Sample Registration System, Statistical Report, September 2025)*	5	5
Total Fertility Rate *(National Family Health Survey-5 (NFHS-5), 2019-21)*	1.64	1.99
Life Expectancy at Birth (in years) *(SRS based Abridged Life Tables 2019-23)*	72.5	70.3
Population below Poverty Line (in *per cent*) *(National Multidimensional Poverty Index 2023, 17 July 2023, NITI Aayog)*	11.89	14.96
Literacy Rate (*per cent*) *(Periodic Labour Force Survey (PLFS) 2023-24)*	82.6	80.9

**Source: Projected figure for 2025 in the Report of the Technical Group on Population Projections, 2011-2036 (July 2020) issued by the Ministry of Health & Family Welfare, GoI, using data from the Census of India 2011*

[1] *Based on the projected figures for 2025 in the Report of the Technical Group on Population Projections, 2011-2036 (July 2020) issued by the Ministry of Health & Family Welfare, GoI, using data from the Census of India 2011*

1.1.2 Economy of the State

GSDP and per capita income are important indicators of the State's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per Capita Income

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level. Both these indicators reflect the economic development and overall progress in the State. The trends of GSDP and GDP over the last five years are given in **Table 1.2** below.

The Year on year (Y-o-Y) growth of GSDP and GDP and the contribution of GSDP to the GDP of the country, is given in **Chart 1.1.**

Besides the above, Per Capita Income[2] (PCI) of the country and PCI of the State are also depicted in **Table 1.2** and **Chart 1.2**.

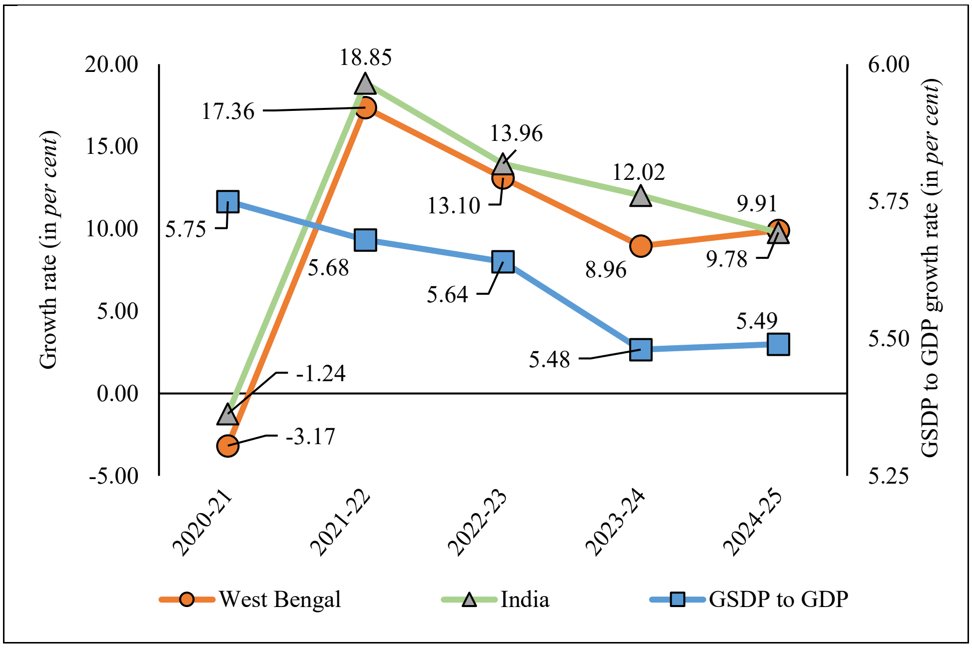
Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
GDP of India (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP of West Bengal (₹ in crore)	11,41,798	13,40,030	15,15,565	16,51,374	18,15,010
PCI of India (in ₹)	1,27,244	1,50,906	1,69,145	1,88,892	2,05,324
PCI* of West Bengal (in ₹)	1,05,108	1,22,883	1,37,909	1,49,515	1,63,467

Note: The GDP figures shown against 2023-24 and 2024-25 are First Revised Estimates (FRE) and Provisional Estimates (PE) respectively, while the data for 2022-23 is the Final Estimates (FE).
Source: Data released by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India dated 30 May 2025 (for GDP) and 01 August 2025 (for GSDP)
**For the years 2020-21 to 2024-25, the figures of Per Capita Net State Domestic Product (NSDP) of West Bengal, as reported in the latest MoSPI release dated 01 August 2025, have been used as the State's Per Capita Income (PCI).*

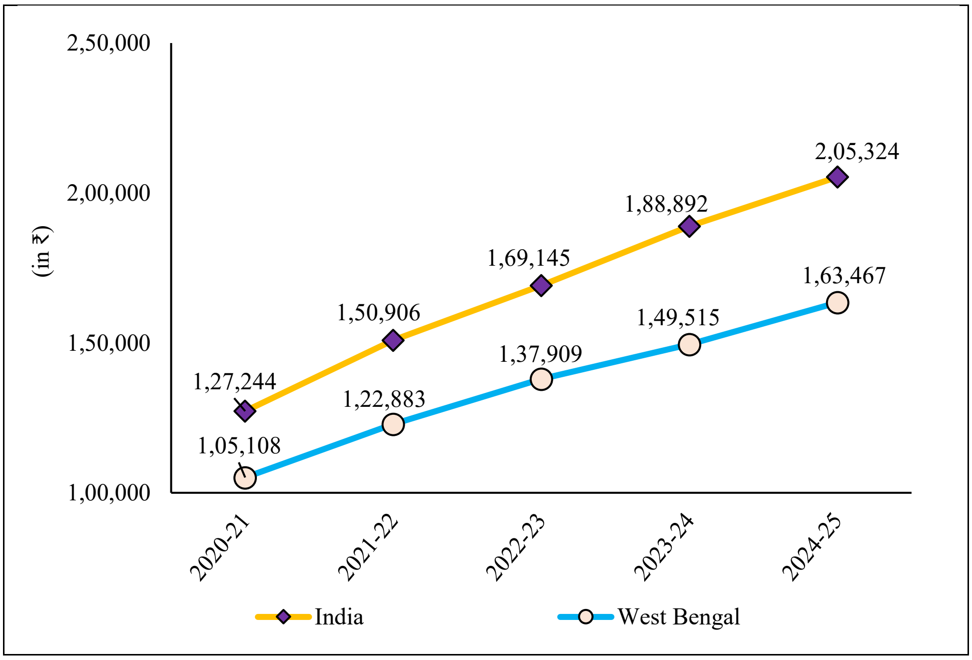
[2] *Per Capita Income (PCI) of a country is obtained by dividing the Net National Product (NNP) of the country by the mid-year projected population of that country. Similarly, PCI of a State is obtained by dividing the Net State Domestic Product (NSDP) of the State by the mid-year projected population of that State.*

Chart 1.1: Y-o-Y growth of GDP & GSDP and GSDP to GDP growth rate



Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI

Chart 1.2: Per Capita Income of India and West Bengal



Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI
Note: For the years 2020-21 to 2024-25, the figures of Per Capita Net State Domestic Product (NSDP) of West Bengal, as reported in the latest MoSPI release dated 01 August 2025, have been used as the State's Per Capita Income (PCI).

As seen from the **Chart 1.1**, post the economic contraction experienced by the State in 2020-21 due to the adverse impacts of the COVID-19 pandemic, there was a robust rebound in 2021-22 in the GSDP figures. However, after this sharp recovery, the State's growth rate declined between 2022-24, followed by a marginal improvement to 9.91 *per cent* in FY 2024-25.

Chart 1.2 shows that West Bengal's Per Capita Income (PCI) has consistently remained below the national average, despite steady year-on-year growth. While both India and the State recorded rising PCI levels, the gap between them persisted and widened gradually during 2020-21 to 2024-25. This indicates that West Bengal's income growth, though positive, has not kept pace with the national trajectory.

1.1.2.2 Sectoral contribution to GSDP

The sectoral contribution by various sectors to GSDP during 2024-25 and sectoral growth in GSDP during the last five years are depicted in **Chart 1.3** and **Chart 1.4** respectively.

Chart 1.3: Sectoral Contribution in GSDP for 2024-25

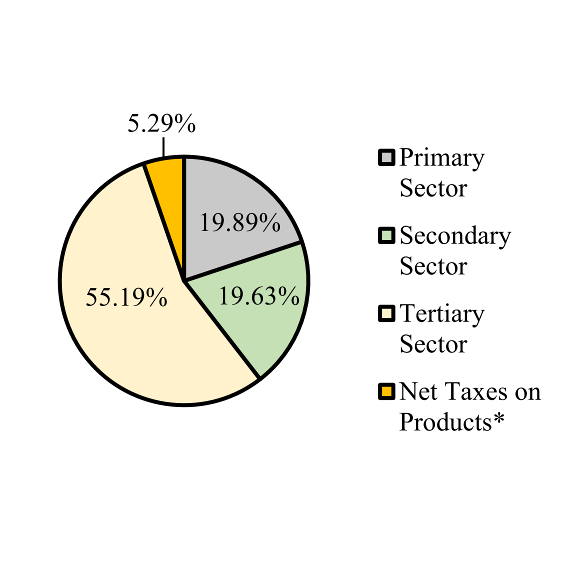
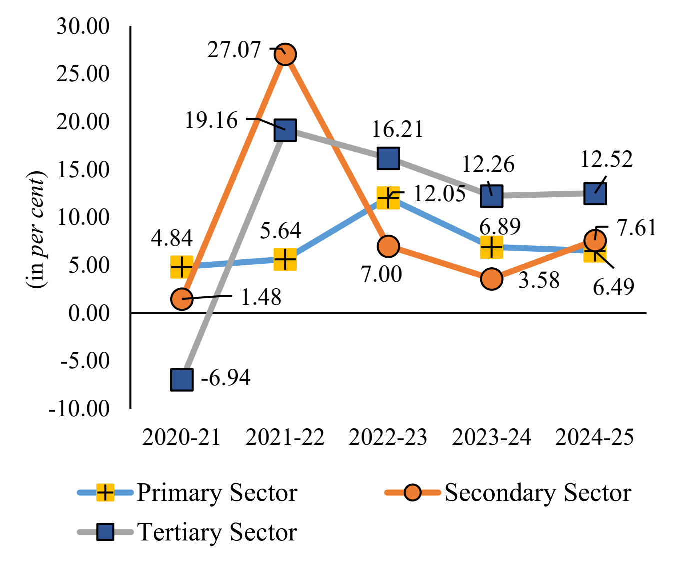


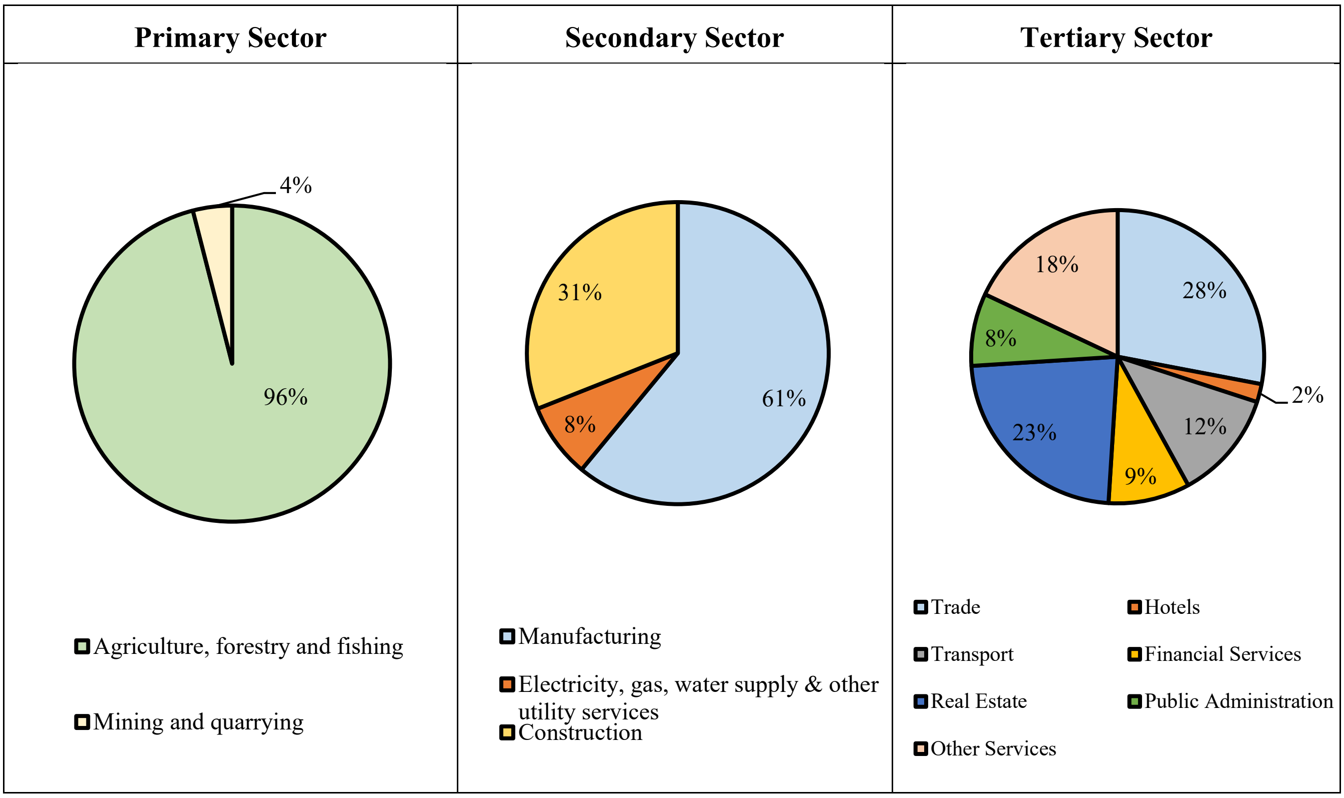
Chart 1.4: Sectoral growth in GSDP



Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI
**Net Taxes on Products = Taxes on Products - Subsidies on Products*

Chart 1.5 shows the composition of each sector during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Ministry of Statistics and Programme Implementation (MoSPI), GoI

The analysis of sectoral trends from **Chart 1.3** indicates that the tertiary sector continues to dominate West Bengal's economy, contributing nearly 55 *per cent* of GSDP in 2024-25, while the primary and secondary sectors account for 20 *per cent* each.

Chart 1.4 shows that both the secondary and tertiary sectors witnessed sharp post-pandemic recovery in 2021-22 but continued to fall during 2022-24 before stabilising in 2024-25, with the tertiary sector emerging as the principal driver of GSDP. The primary sector remained volatile, recording only modest growth in recent years.

A closer look at sectoral composition, presented in **Chart 1.5**, shows that the primary sector is dominated by agriculture, forestry and fishing (96 *per cent*), while the secondary sector is led by manufacturing (61 *per cent*) and construction (31 *per cent*). The tertiary sector is more diversified, with major contributions from (i) trade & repair services, (ii) public administration, (iii) real estate and (iv) transport, storage, communication & services related to broadcasting.

Overall, West Bengal's economy remains service-driven, with manufacturing regaining strength and agriculture providing stability but limited growth potential.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of State Government of West Bengal for the years 2023-24 and 2024-25 *vis-à-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

Sl. No.	Components	2023-24	2024-25				
		Actuals	BE	RE	Actuals	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		(₹ in crore)					
1.	Tax Revenue	1,74,958	1,95,249	1,95,873	1,94,807	99.77	10.73
(i)	*Own Tax Revenue*	*89,986*	*1,02,349*	*99,863*	*97,994*	*95.74*	*5.40*
(ii)	*Share of Union taxes/ duties*	*84,972*	*92,900*	*96,010*	*96,813*	*104.21*	*5.33*
2.	Non-Tax Revenue	3,238	6,318	3,287	3,688	58.37	0.20
3.	Grants-in-aid and Contributions	22,072	34,684	28,431	15,205	43.84	0.84
4.	**Revenue Receipts (1+2+3)**	**2,00,268**	**2,36,251**	**2,27,591**	**2,13,700**	**90.45**	**11.77**
5.	Recovery of Loans and Advances	1,456	187	223	128	68.45	0.01
6.	Miscellaneous Capital Receipts/ Other Receipts	0	0	0	0	-	0.00
7.	Non-Debt Receipts (4+5+6)	2,01,724	2,36,438	2,27,814	2,13,828	90.44	11.78
8.	Borrowings and other Liabilities*	53,992	68,248	73,019	61,924	90.73	3.41
9.	**Capital Receipts (5+6+8)**	**55,448**	**68,435**	**73,242**	**62,052**	**90.67**	**3.42**
10.	**Total Receipts (4+9)**	**2,55,716**	**3,04,686^**	**3,00,833^**	**2,75,752**	**90.50**	**15.19**
11.	**Revenue Expenditure**	**2,25,959**	**2,68,203**	**2,70,853**	**2,53,427#**	**94.49**	**13.96**
12.	Interest Payments	42,621	45,269	46,215	45,406	100.30	2.50
13.	Capital Expenditure	28,963	35,865	29,147	21,622#	60.29	1.19
14.	Loans and advances	794	620	832	703	113.39	0.04
15.	**Total Expenditure (11+13+14)**	**2,55,716**	**3,04,688^**	**3,00,832^**	**2,75,752**	**90.50**	**15.19**
16.	**Revenue Deficit (11-4)**	**25,691**	**31,952**	**43,262**	**39,727[3]**	**124.33**	**2.19**
17.	**Fiscal Deficit (15-7)**	**53,992**	**68,250**	**73,018**	**61,924[4]**	**90.73**	**3.41**
18.	**Primary Deficit (17-12)**	**11,371**	**22,982**	**26,802**	**16,518[5]**	**71.88**	**0.91**

Source: Finance Accounts
**Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.*
#Revenue Expenditure (RE) of ₹ 1,031.84 crore was wrongly booked as Capital Expenditure (CE). Non-recoupment of the Contingency Fund and non-transfer of Cess/Fee/Surcharge further understated RE by ₹ 1.17 crore and ₹ 1,809.66 crore respectively. Hence, the actual RE for 2024-25 would be ₹ 2,56,269.67 crore instead of ₹ 2,53,427 crore. Similarly, CE was understated by ₹ 4.40 crore due to non-recoupment of the Contingency Fund. The actual CE for 2024-25 would be ₹ 20,594.56 crore instead of ₹ 21,622 crore.
^Difference of ₹ 1 or 2 crore is due to rounding.

From **Table 1.3**, it is evident that in FY 2024-25, West Bengal's dependence on borrowings remains significant. The State's resource mobilisation weakened, driven by almost 42 *per cent* shortfall in Non-Tax Revenue

[3] *Post-Audit adjusted Revenue Deficit is ₹ 42,569.67 crore.*
[4] *Post-Audit adjusted Fiscal Deficit is ₹ 63,739.23 crore.*
[5] *Post-Audit adjusted Primary Deficit is ₹ 18,333.23 crore.*

compared to the BE. Grants-in-aid and Contributions were also significantly lower, at 56 *per cent* below the BE. Capital Expenditure was compressed to 60 *per cent* of the budget estimates, indicating that borrowings were utilised largely to meet revenue expenditure rather than asset creation.

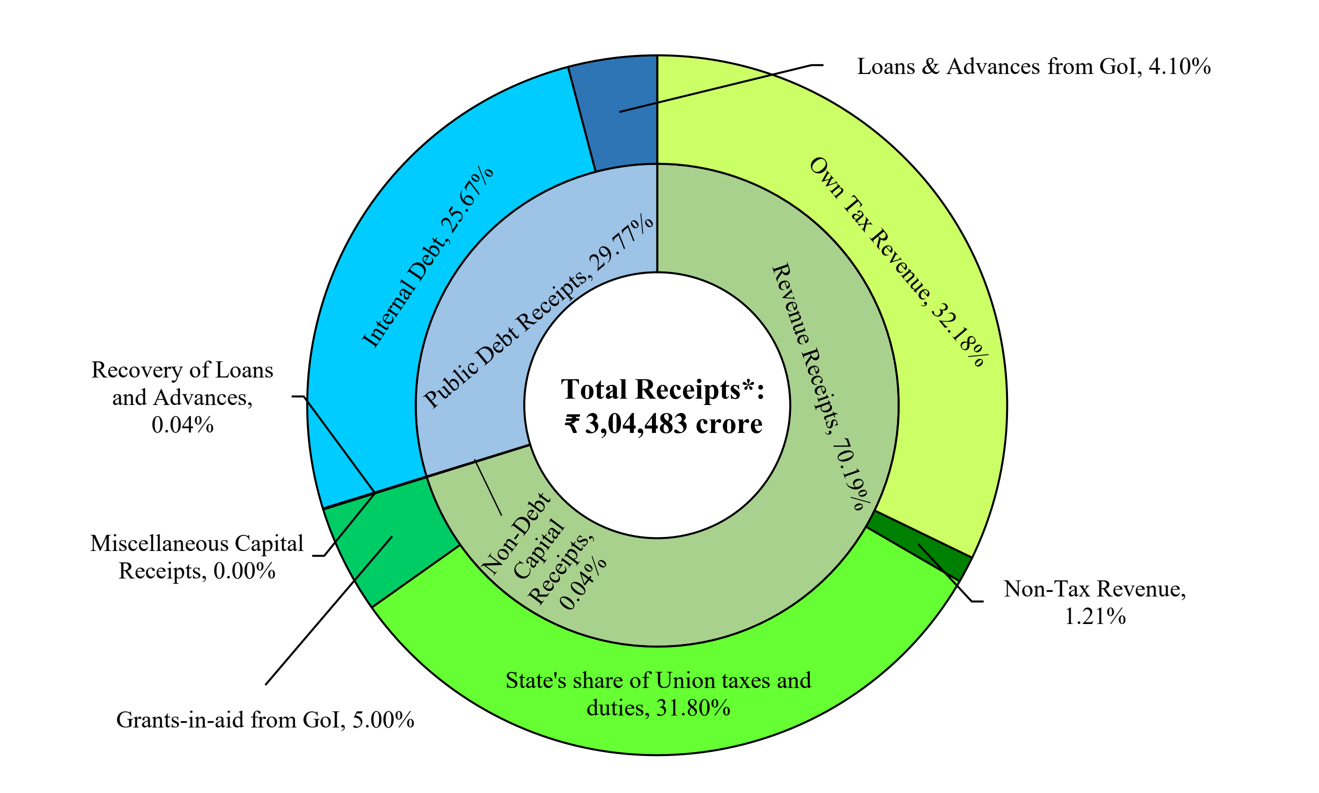
The growing revenue deficit and rising fixed liabilities create risks for the State's financial health, even though the fiscal deficit is still within the limit prescribed in WBFRBM (Amendment) Act 2025. Besides, Capital Expenditure of the State also remained 40 *per cent* below the BE. The details of State Government Finances for FY 2020-21 to 2024-25 is given in ***Appendix 1.1***.

1.1.4 Sources and Application of Funds

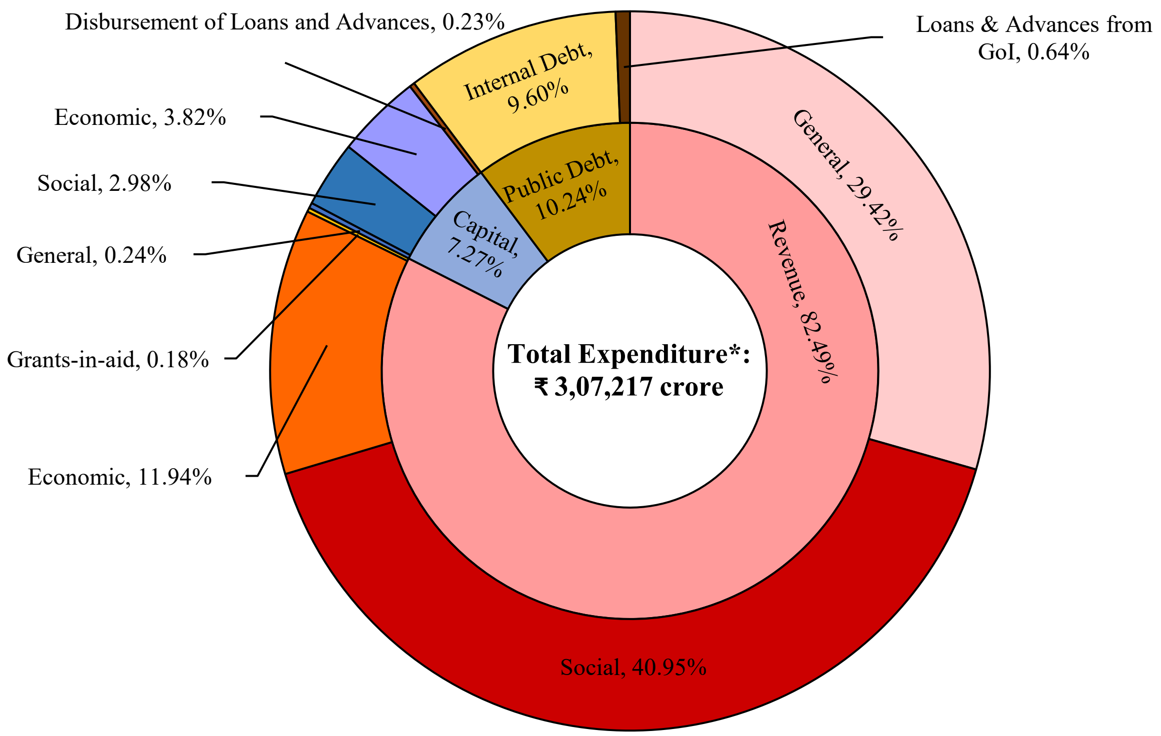
Comparison of components of the sources and application of funds of the State during the current year is given in **Chart 1.6**.

Chart 1.6: Details of sources and application of funds during 2024-25

(a) Sources of Funds



(b) Application of Funds



Source: Finance Accounts

**'Total Receipts' refer to 'Total Receipts in the Consolidated Fund' whereas 'Total Expenditure' refers to 'Total Expenditure out of the Consolidated Fund'.*

Chart 1.6 shows that-

- The State's finances continued to be primarily revenue-driven, with Own Tax Revenue and the State's share of Union Taxes and Duties forming the major sources of funds.
- Non-Tax Revenue and Non-Debt Capital Receipts together formed a negligible share (1.25 *per cent*) of total Receipts in the Consolidated Fund, reflecting limited revenue diversification.
- A substantial portion of resources was mobilised through borrowings, reflecting continued dependence on debt to finance the expenditure of the State.
- On the expenditure side, revenue expenditure dominated, with social and general services together accounting for the major share of total spending.
- Capital expenditure remained relatively low i.e., only 7.27 *per cent* of the total expenditure out of the Consolidated Fund, suggesting limited emphasis on creation of long-term assets and infrastructure.
- The predominance of revenue expenditure indicates that a large share of resources is being used for current consumption, reducing fiscal space for productive investments.

Appendix 1.2 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

1.1.5 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.3*** gives an abstract of the balances of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of progressive Capital Expenditure, loans and advances given by the State Government and cash balances. A summarised position of the cumulative balances of assets and liabilities as on 31 March 2024 and 2025, for the financial years 2023-24 and 2024-25, is presented in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

Liabilities					**Assets**				
Components		**2023-24**	**2024-25**	***Per cent* increase**	**Components**		**2023-24**	**2024-25**	***Per cent* increase**
		(₹ in crore)					**(₹ in crore)**		
Consolidated Fund									
A	Internal Debt	5,23,402	5,72,056	9.30	A	Gross Capital Expenditure	2,19,596	2,41,217	9.85
B	Loans and Advances from GoI	37,181*	39,589	6.48	B	Loans and Advances	16,971	17,547	3.39
					C	Appropriation to Contingency Fund	0	0	-
Contingency Fund		**200**	**200**	**0.00**	**Contingency Fund**		**53**	**6**	**(-)88.68**
Total		**5,60,783**	**6,11,845**	**9.11**	**Total**		**2,36,620**	**2,58,770**	**9.36**
Public Account									
A	Small Savings, Provident Funds, etc.	23,872	25,237	5.72	A	Advances	29	29	0.00
B	Deposits	53,921	56,370	4.54	B	Remittance	(-)1	(-)1	0.00
C	Reserve Funds	21,103	24,710	17.09	C	Suspense and Miscellaneous	(-)3,138	(-)3,983	(-)26.93
D	Remittances	-	-	-	**Cash balance (including investment in Earmarked Funds)[6]**		**37,988**	**43,568**	**14.69**
Total		**98,896**	**1,06,317**	**7.50**	**Total**		**34,878**	**39,613**	**13.58**
					Adjustment of total repayment in 2023-24 and 2024-25 against back-to-back loan received in lieu of GST compensation for the years 2020-21 and 2021-22		**-**	**(-)8,129[@]**	**-**
					Deficit in Revenue Account		**3,88,181**	**4,27,908**	**10.23**
Total		**6,59,679**	**7,18,162**	**8.87**	**Total**		**6,59,679**	**7,18,162**	**8.87**

Source: Finance Accounts

**inclusive of ₹ 8,129 crore which was reduced from opening balance of 2024-25 due to proforma correction on account of repayment of back-to-back loan by Central Government.*

[@]On the assets side, cumulative balance as on 31.03.2025 has been adjusted by reducing ₹ 8,129 crore due to proforma correction on account of back-to-back loan by the Central Government.

[6] *includes investment in Earmarked Fund of ₹ 14,662 crore and ₹ 16,238 crore at the end of 2023-24 and 2024-25, respectively*

As of 31 March 2025, the State's liabilities grew moderately, mainly due to higher balances of internal debt and loans & advances from GoI, along with a rise in Public Account obligations. On the assets side, growth was supported by increases in the cumulative balances of capital expenditure and cash balances. In contrast, the cumulative balances of Loans and Advances extended by the State registered only a marginal growth.

1.1.6 Ten-year Trend Analysis of Major Fiscal Parameters

A comprehensive ten-year trend analysis covering the period from 2015-16 to 2024-25 of the major fiscal and economic parameters of the State (presented in ***Appendix 1.4***), has been carried out to provide a long-term perspective on the State's fiscal sustainability. The analysis includes the calculation of the Compound Annual Growth Rate (CAGR) for each component over the ten-year period. It enables an assessment of the structural strengths and weaknesses of the State's finances, identifies emerging risks and highlights systemic trends that have influenced the fiscal position over the decade.

- **Revenue Receipts**

  Revenue Receipts mostly registered a steady upward movement over the last ten years, recording a CAGR of about 7.69 *per cent*. This growth was primarily driven by higher own tax revenue and an increase in the State's share of Union taxes and duties (except decline in 2019-20 and 2020-21). However, the pace of revenue growth was insufficient to keep up with the faster rise in revenue expenditure, resulting in the State remaining in a continuous revenue deficit.

  - **Own Tax Revenue**

    Own Tax Revenue grew at a CAGR of 9.73 *per cent*, reinforcing its position as the State's primary revenue source. This growth was supported by improvement in GST collection and higher collections from State Excise, taxes and duties on electricity, taxes on vehicles, *etc.*

  - **Non-Tax Revenue**

    Non-Tax Revenue showed an inconsistent growth, increasing by only about at 7.89 *per cent* CAGR. The year-to-year fluctuations were mainly due to variable receipts from royalties, fees, user charges and returns from State PSUs.

  - **State's Share in Union Taxes and Duties**

    The State's share in Union Taxes and Duties grew at a moderate CAGR of around 11.22 *per cent*. The trend was uneven between 2015-16 and 2020-21, with a noticeable decline during the pandemic years. However, it increased steadily from 2020-21 onwards. Thus, this component continues to play a significant role in the State's fiscal stability.

- **Grants-in-Aid from Government of India**

  Grants-in-Aid from GoI declined sharply in the latter part of the ten-year period, particularly in 2023-24 and 2024-25 due to reductions in grants for Centrally Sponsored Schemes and Finance Commission transfers.

➢ **Revenue Expenditure**

Revenue Expenditure increased at a faster pace than Revenue Receipts, growing at about 8.78 *per cent* CAGR. The continued dominance of revenue expenditure over revenue receipts kept the State in a revenue deficit throughout the decade. Rising committed expenditure further reduced financial flexibility.

- **Interest Payments**

  Interest Payments increased due to the rise in public debt and it increased at a CAGR of about 7.79 *per cent*. This rising interest burden consumed a large share of revenue expenditure, while reducing funds available for developmental expenditure. It highlights the need for better debt management and stronger revenue growth.

- **Subsidies**

  Subsidies rose at a CAGR of about 16.04 *per cent*, with sharp increases during and after the pandemic (from 2020-21 onwards), reflecting expanded welfare spending. The growing subsidy burden requires periodic review to ensure that such expenditure does not strain the State's finances.

➢ **Capital Receipts**

Capital Receipts grew at a CAGR of about 7.53 *per cent*, mainly because of increased borrowings, mostly in the last two FYs (2023-24 and 2024-25). Non-debt capital receipts, such as recoveries of loans and advances, remained minimal. This reflects a structural dependence on borrowings to finance capital expenditure and bridge fiscal gaps.

➢ **Capital Expenditure**

Capital Expenditure grew at a CAGR of around 6.35 *per cent* but showed significant fluctuations. Although Capital Expenditure was relatively higher in FYs 2017-18, 2018-19 and 2023-24 with respect to the total expenditure of those years, it remained low in the remaining FYs of the decade. This limited level of capital expenditure may hinder long-term asset creation and economic growth.

➢ **Revenue Deficit**

The State incurred a Revenue Deficit (RD) throughout the period from 2015-16 to 2024-25. The Revenue Deficit increased at a CAGR of about 17.80 *per cent* over the period. Despite an improvement in revenue receipts over the decade, revenue expenditure continued to exceed revenue receipts, mainly due to elevated committed expenditure, particularly on interest payments. Consequently, a part of borrowings was used to finance revenue expenditure, thereby reducing fiscal space.

- **Fiscal Deficit**
  Fiscal Deficit (FD) expanded sharply at a CAGR of about 12.83 *per cent*. From 2015-16 to 2018-19, the fiscal deficit exceeded the targets prescribed in MTFPSs[7] of the respective years, though it remained within the limits[8] prescribed under the WBFRBM (Amendment) Acts[9] for the years 2019-20 to 2024-25. The increase in FD was driven primarily by higher subsidies and persistent revenue shortfalls, leading to greater dependence on borrowings.

- **Primary Deficit**
  The State shifted from a small primary surplus (during 2015-16 and 2016-17) to a rising primary deficit. From 2017-18 to 2024-25, the primary deficit grew at a CAGR of 52.63 *per cent*, reflecting weak fiscal space and increasing expenditure rigidity.

- **Outstanding Liabilities**
  Outstanding liabilities more than doubled over the decade, growing at a CAGR of 9.66 *per cent*. The Debt-GSDP ratio remained persistently above the prescribed limit in MTFPSs[10] of the respective years for 2015-16 to 2018-19 and above the targets[11] prescribed in the WBFRBM (Amendment) Acts 2020 and 2025 for the years 2019-20 to 2024-25, signifying continued dependence on borrowings for financing fiscal gaps.

The gains with respect to good performance in own tax mobilisation and steady GSDP growth, were overshadowed by high expenditure, rising debt and persistent revenue deficits. To strengthen fiscal sustainability, the State needs to improve revenue mobilisation (especially non-tax revenue), rationalise subsidies, improve the efficiency of capital expenditure and manage debt more prudently.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of

[7] *Targets prescribed for FD/GSDP for **2015-16:** 1.70 (Actual: 2.62); **2016-17:** 1.96 (Actual 2.91), **2017-18:** 1.95 (Actual: 2.97) and **2018-19:** 2.07 (Actual: 3.04)*

[8] *Targets prescribed for FD/GSDP for **2019-20:** 3.34 (Actual: 3.12); **2020-21:** 5.00 (Actual 3.91);2021-22: 5.00 (Actual: 3.77); 2022-23: 4.00 (Actual: 3.29); 2023-24: 3.50 (Actual: 3.27) and 2024-25: 3.50 (Actual 3.41)*

[9] *WBFRBM (Amendment) Acts 2020, 2021, 2022, 2024 and 2025*

[10] *Targets prescribed for Debt/GSDP for **2015-16:** 31.86 (Actual: 38.38); **2016-17:** 33.72 (Actual 38.70); **2017-18:** 36.98 (Actual: 37.03) and **2018-19:** 34.33 (Actual: 35.69)*

[11] *Targets prescribed for Debt/GSDP for **2019-20:** 34.30 (Actual: 36.76); **2020-21:** 34.30 (Actual 42.60); **2021-22:** 34.30 (Actual: 40.03); **2022-23:** 34.30 (Actual: 38.61); **2023-24:** 34.30 (Actual: 38.56) and **2024-25:** 38.00 (Actual: 38.66)*

India and all money received by the State Government in repayment of loans forms part of the Consolidated fund of the State.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2020-25) are shown in **Table 1.5.**

Table 1.5: Trend in Revenue Receipts

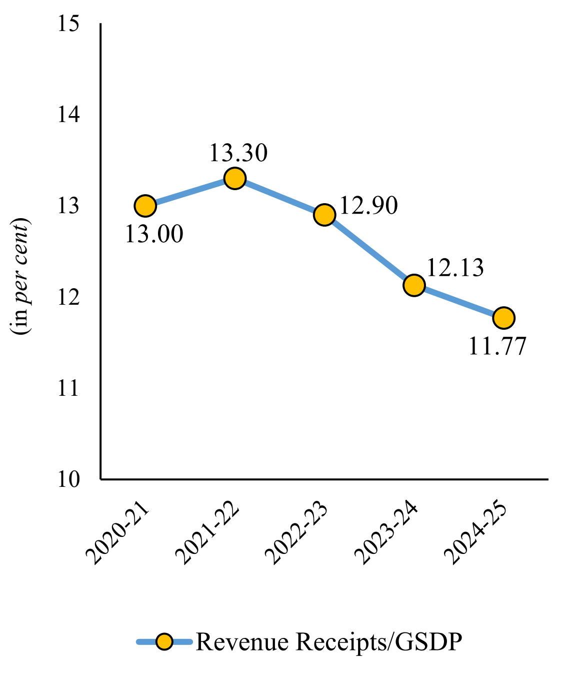
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Revenue Receipts	**1,48,394**	**1,78,159**	**1,95,544**	**2,00,268**	**2,13,700**
Tax Revenue	**1,05,024**	**1,36,623**	**1,55,043**	**1,74,958**	**1,94,807**
Own Tax Revenue	60,287	71,082	83,608	89,986	97,994
State's share in Union taxes and duties	44,737	65,541	71,435	84,972	96,813
Non-Tax Revenue	**5,198**	**1,690**	**2,197**	**3,238**	**3,688**
Grants-in-aid from GoI	**38,172**	**39,846**	**38,304**	**22,072**	**15,205**
State's Own Revenue (Own Tax and Non-Tax Revenue)	65,485	72,772	85,805	93,224	1,01,682
GSDP (2011-12 Series)	11,41,798	13,40,030	15,15,565	16,51,374	18,15,010
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	3.83	20.06	9.76	2.42	6.71
State's Own Revenue	2.51	11.13	17.91	8.65	9.07
GSDP	(-)3.17	17.36	13.10	8.96	9.91
Buoyancy Ratios[12]					
Revenue Buoyancy w.r.t GSDP	-*	1.16	0.74	0.27	0.68
State's Own Revenue Buoyancy w.r.t GSDP	-*	0.64	1.37	0.96	0.92

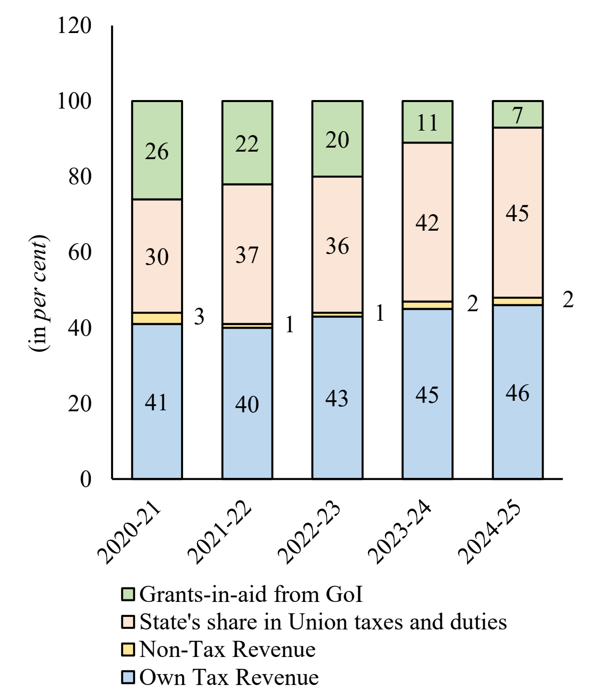
Source: Finance Accounts (for Revenue Receipts) and MoSPI (for GSDP figures)
**Buoyancy Ratio was not calculated as GSDP growth was negative.*

Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts are given in **Chart 1.7** and **Chart 1.8**.

[12] *Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.*

Chart 1.7: Revenue Receipts as percentage of GSDP	Chart 1.8: Contributions in Revenue Receipts





Source: Finance Accounts (for Revenue Receipts) and MoSPI (for GSDP figures)

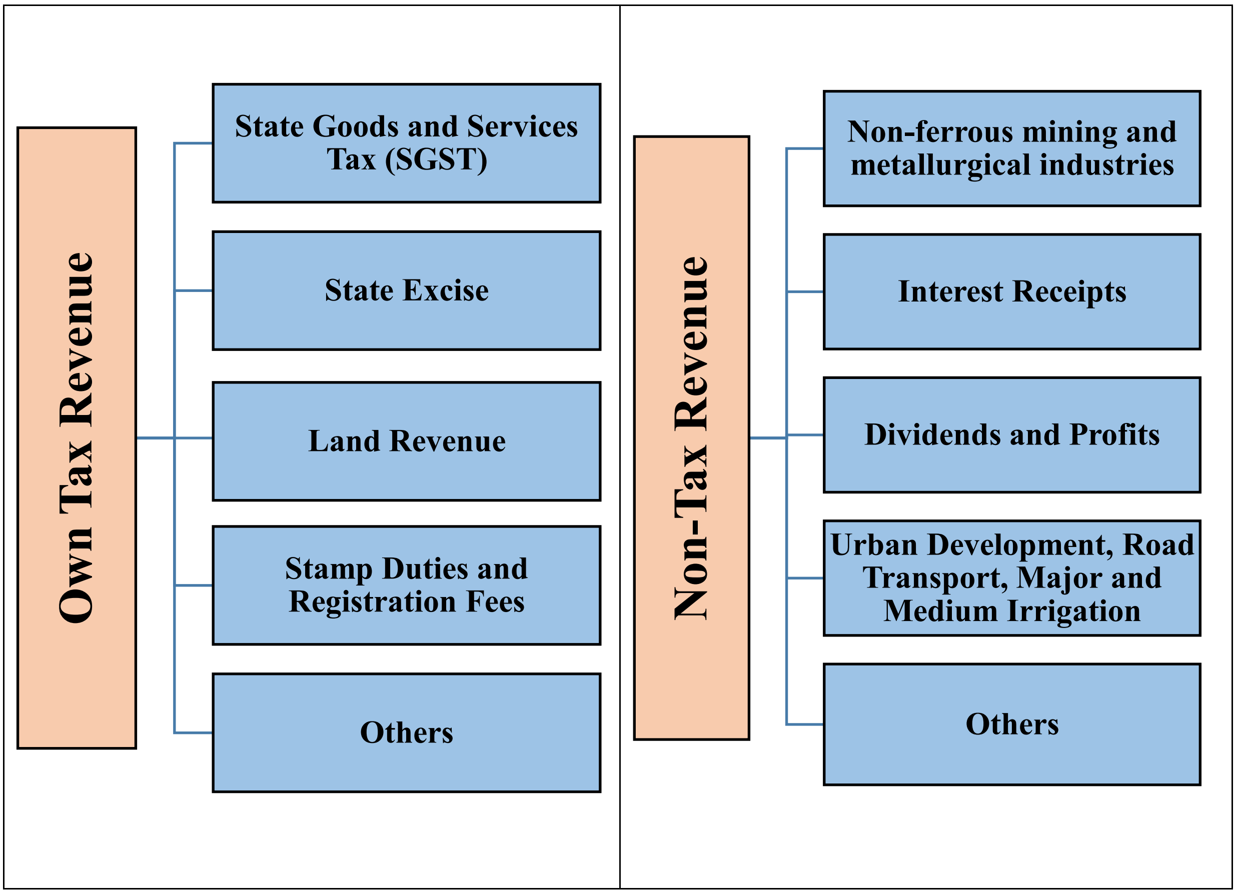
From the table and charts, it is evident that

- Revenue receipts grew in the last five years, mainly due to higher tax collections.
- Non-tax revenue remained low and volatile.
- While Grants from GoI showed a decreasing trend and the devolution (State's share of Union Taxes and Duties) increased, the contribution of overall transfers from GoI to the revenue reduced from 56 *per cent* in 2020-21 to 52 *per cent* in 2024-25. This highlights the need for stronger own revenue mobilisation by the State.
- Revenue growth did not fully match economic growth; revenue buoyancy stayed below one during 2022-23 to 2024-25, indicating limited responsiveness of revenue collections to economic growth.
- Own Tax Revenue and Central transfers (i.e. State's share in the devolution of Union taxes & duties and Grants-in-aid from GoI), continued to dominate the revenue structure.

Overall, good tax growth and economic performance were achieved, but fiscal stability is constrained by limited revenue sources and rising expenditure.

A. State's Own Resources

Chart 1.9: Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the Constitution. Actuals for FY 2023- 24, Budget Estimate (BE), Revised Estimate (RE) and Actuals of Own Tax Revenue for FY 2024-25 are given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)

Own Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
	(₹ in crore)			
State Goods and Services Tax (SGST)	40,900	47,337	45,873	45,224
State Excise	17,908	21,846	20,444	19,521
Taxes on Sales, Trade, etc.	11,811	13,228	12,768	12,346
Land Revenue	3,967	3,470	4,140	3,526
Stamps and Registration Fees	6,497	7,301	7,885	8,511
Taxes on Vehicles	3,788	4,093	4,074	4,033
Others	5,115	5,074	4,679	4,833
Total	**89,986**	**1,02,349**	**99,863**	**97,994**

Source: Finance Accounts and Budget Publications

Table 1.6 shows that during FY 2024-25, Own Tax Revenue (₹ 97,994 crore) increased by 8.90 *per cent* compared to FY 2023-24 (₹ 89,986 crore).

However, it fell short of both BE (₹ 1,02,349 crore) and RE (₹ 99,863 crore) by ₹ 4,355 crore (4.25 *per cent*) and ₹ 1,869 crore (1.87 *per cent*) respectively, which indicates growth over previous year, but below Government's projection.

During FY 2024-25-

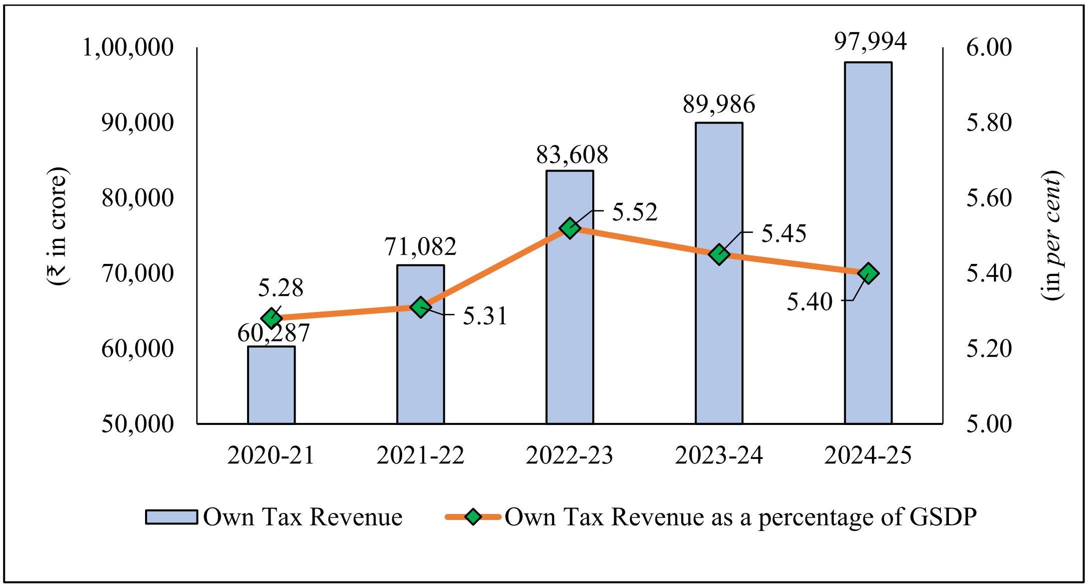
- **SGST** increased by 10.57 *per cent* to ₹ 45,224 crore compared to that of the previous year but remained below both the Budget Estimate (BE) and Revised Estimate (RE). Increases were attributable to increased Apportionment of IGST-Transfer-in of Tax (42 *per cent*) which indicated increased West Bengal-bound inter-state sales, better enforcement, etc.
- **State Excise** collection of ₹ 19,521 crore was higher than the collections of 2023-24, but remained 10.64 *per cent* below the BE of ₹ 21,846 crore. Increase in collections from country liquor (25 *per cent*) mainly contributed to the increase in 2024-25 (nine *per cent*).
- **Taxes on Sales, Trade, etc.** increased by 4.53 *per cent* to ₹ 12,346 crore compared to that of the previous year but remained below both the BE and RE.
- **Land Revenue** decreased by 11.12 *per cent* compared to the previous year, showing weaknesses in land revenue management. The reduction was mainly due to reductions in other receipts (88 *per cent*).

  It was also noted that during 2024-25, Land revenue was overstated by ₹ 452.20 crore as royalty receipts from minerals were misclassified as Land revenue. This should have been actually classified under 0853-Non-ferrous Mining and Metallurgical Industries or 0803-Coal and Lignite as per LMMH[13]. This resulted in overstatement of tax revenue by ₹ 452.20 crore and simultaneous understatement of non-tax revenue.
- **Stamp Duties and Registration Fees** amounting to ₹ 8,511 crore were collected, registering an increase of 31 *per cent* over the previous year and also exceeding both BE and RE. This rise was led mainly by non-judicial stamps reflecting strong growth in property transactions.
- Collections from **Taxes on Vehicles** were marginally below BE and RE, while registering a six *per cent* growth from previous year.
- **Other Taxes** grew marginally by 1.49 *per cent*, showing minimal change.

Trends of own tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

[13] *List of Major and Minor Heads of Accounts of Union and States*

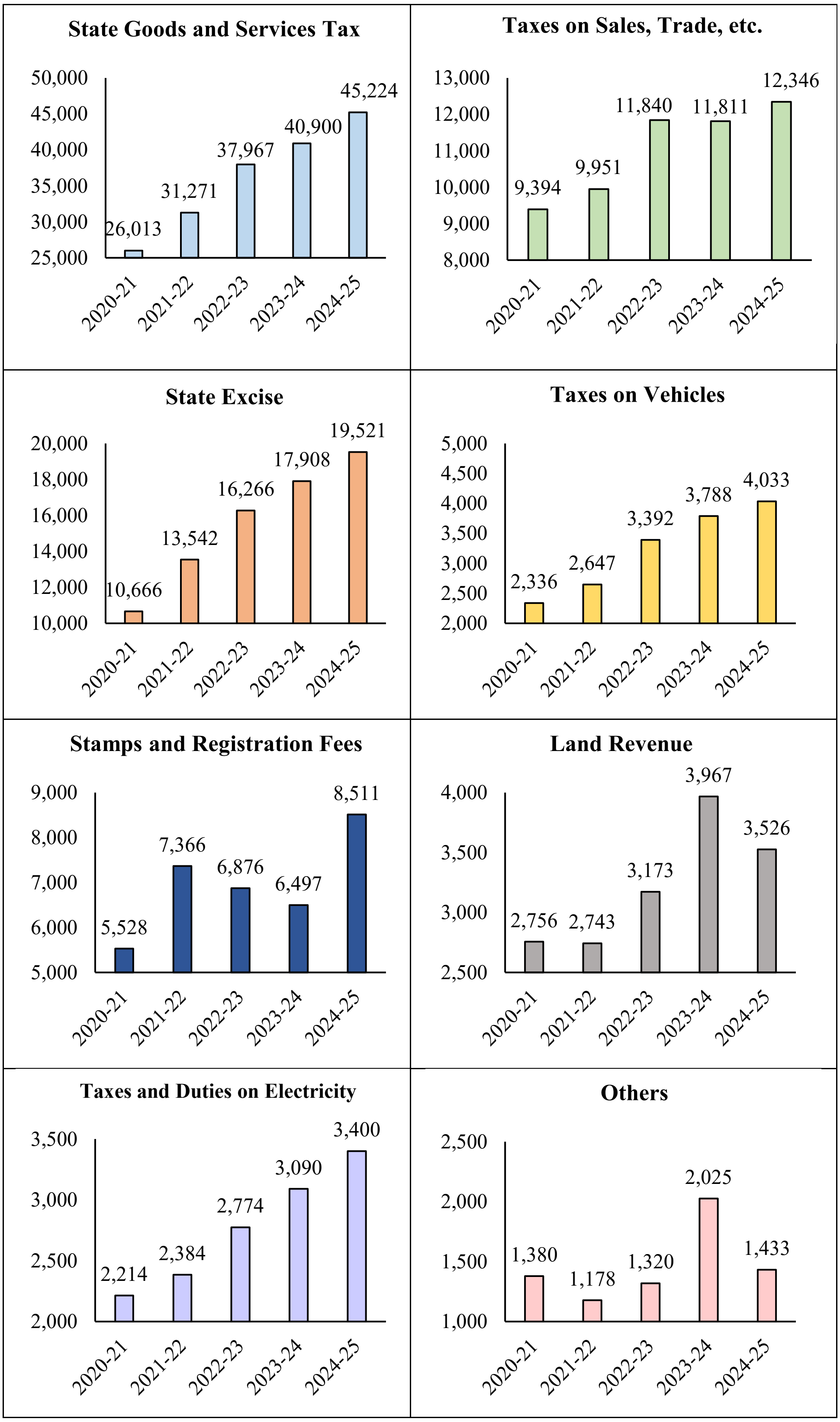
Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25



Source: Finance Accounts

Chart 1.11: Major components of State's Own Tax Revenue

(₹ in crore)



Source: Finance Accounts

Chart 1.10 shows that, although there was an increase in the Own Tax Revenue of the State, post-COVID, its growth slowed during 2023-24 and 2024-25.

However, West Bengal's Own Tax Revenue (OTR) as percentage of GSDP has remained consistently lower in comparison to other States like Karnataka and Tamil Nadu. This reflects a comparatively narrower tax base and limited own-tax collections. Although the OTR-to-GSDP percentages of West Bengal and Gujarat are broadly comparable, Gujarat's absolute own tax revenue is significantly higher[14].

The OTR-to-GSDP percentages of the above-mentioned States are presented in **Table 1.7** for FYs 2020-21 to 2024-25.

Table 1.7: OTR-to-GSDP percentages of West Bengal *via-a-vis* other States*

Name of States	2020-21	2021-22	2022-23	2023-24	2024-25
Gujarat	4.35	5.08	5.66	5.53	5.27
Karnataka	5.91	6.06	6.19	6.39	6.15
Tamil Nadu	5.94	5.93	6.33	6.22	5.78
West Bengal	5.28	5.30	5.52	5.45	5.40
States other than NE & Himalayan States	5.95	6.28	6.61	6.56	6.33

*Source: MoSPI and Finance Accounts of the respective States;*Other States refer to the States other than North-Eastern & Himalayan States and the States having GSDP comparable to that of West Bengal i.e., Gujarat, Karnataka and Tamil Nadu.*

Chart 1.11 shows SGST as the largest contributor (46.15 *per cent*), followed by State Excise and Taxes on Sales, Trade. During 2020-25, an upward trend is seen in case of SGST, State Excise, Taxes and duties on electricity and Taxes on vehicles while it was erratic in case of Stamps and Registration, Land Revenue and others. Since 2020-21, State Excise has shown the highest CAGR at 16.31 *per cent*, followed by SGST at 14.83 *per cent* and Taxes on Vehicles at 14.63 *per cent*, reflecting growth across these own tax revenue sources.

(ii) Non-Tax Revenue

Non-Tax Revenue (NTR) of a State refers to the rent, fees, royalties and other receipts of the State Government from sources other than taxes. It comprised 1.72 *per cent* of the total Revenue Receipts of the State in 2024- 25, up from 1.62 *per cent* in 2023-24.

Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE) and Actuals of Non-Tax Revenue for FY 2024-25 are given in **Table 1.8**.

Table 1.8: Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)

Non-Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
	(₹ in crore)			
Interest Receipts	274	3,557	279	366
Dividend and Profits	289	438	353	240
Receipts from Non-ferrous Mining and Metallurgical Industries	555	344	564	974
User Charges*	570	548	576	813
Others[15]	1,550	1,430	1,514	1,295
Total	**3,238**	**6,317**	**3,286**	**3,688**

*Source: Finance Accounts and Budget Publications; *'User Charges' include Detailed Heads 05- Rent, 13- Licence Fees, 14- Service Fees, 15- Tuition Fees, 16- Other Fees, 21- Water Rate, 25- Toll, 30- Lease Rent/Salami & 31- Hospital Fees under the Major Heads 0051 to 1475.*

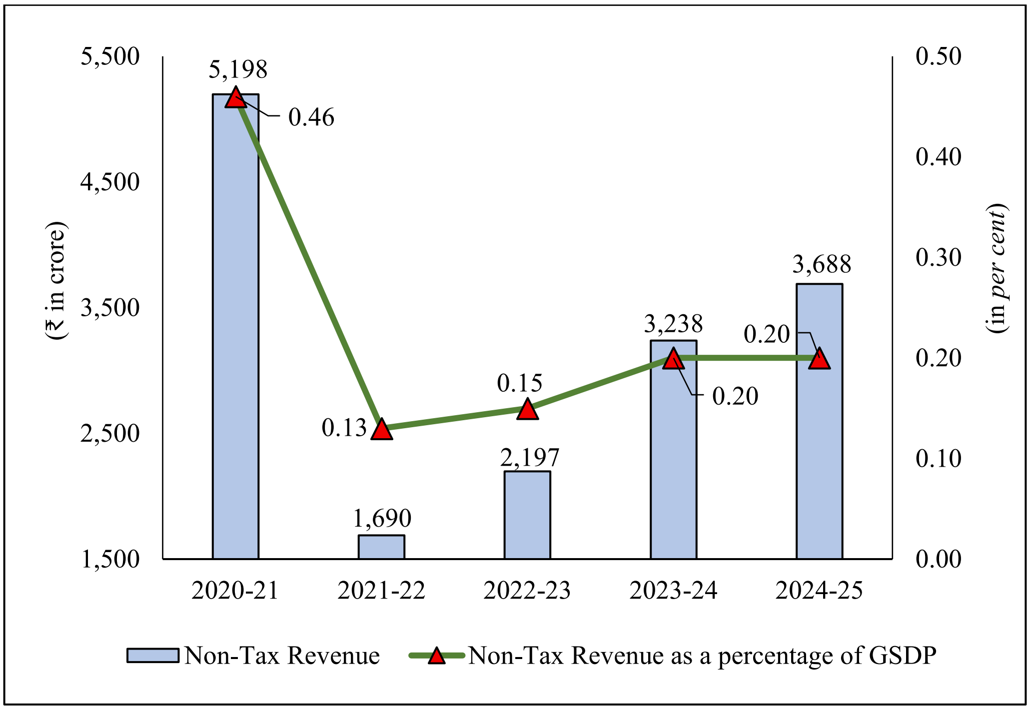
[14] *Own Tax Revenue for Gujarat during FY 2024-25 stood at ₹1,40,705 crore*

[15] *'Others' include receipts from Police, Medical and Public Health, Other Administrative Services, Education, Sports, Art & Culture, Forestry & Wild Life, Roads & Bridges, Urban Development, Food Storage & Warehousing, Housing, Water Supply & Sanitation, Other Rural Development Programmes, etc.*

The actual Non-Tax Revenue in 2024-25 reflected a growth of 13.90 *per cent* over the previous year. However, the receipts were substantially lower than the BE (₹ 6,317 crore) and marginally higher than the RE (₹ 3,286 crore). This indicates overestimation in the original budget.

Trends of Non-Tax Revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

Chart 1.12: Trends of Non-Tax Revenue during FY 2020-21 to FY 2024-25



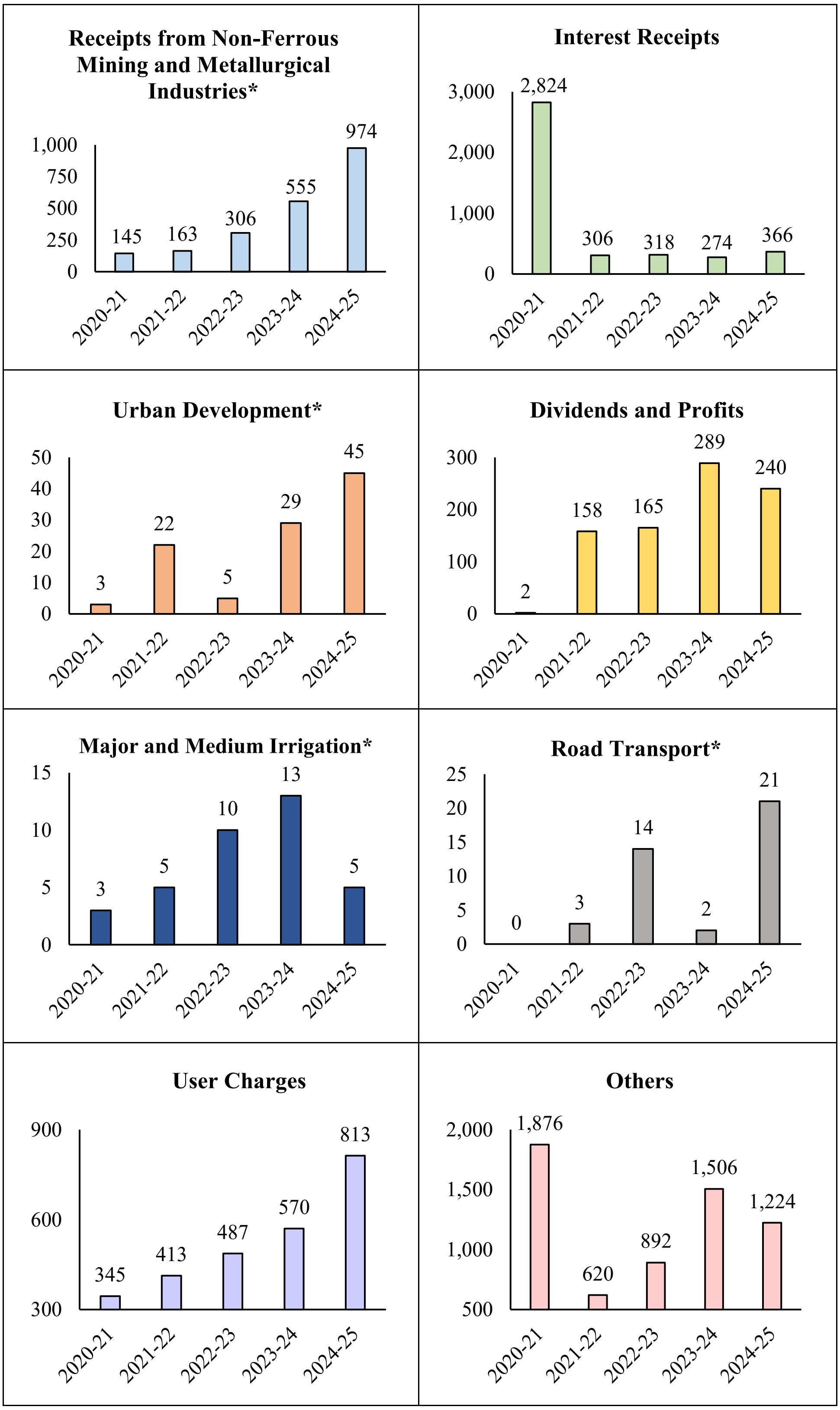
Source: Finance Accounts

Non-Tax Revenue in 2020-21 reached a peak owing to crediting of ₹ 2,498 crore withdrawn from the Consolidated Sinking Fund[16] (for meeting borrowing commitments in the COVID-19 pandemic situation) into the head 0049-Interest Receipts. Thereafter it plummeted in 2021-22 and started showing an increasing trend from FY 2022-23 to FY 2024-25.

[16] *Consolidated Sinking Fund is constituted by the Government of West Bengal for redeeming its outstanding liabilities.*

Chart 1.13: Major components of State's Non-Tax Revenue

(₹ in crore)



Source: Finance Accounts

**User Charges are excluded from the Non-Tax Revenue under the following Major Heads: 'MH 0217- Urban Development', 'MHs 0700 & 0701- Major and Medium Irrigation', 'MH 0853- Non-Ferrous Mining and Metallurgical Industries' and 'MH 1055- Road Transport'.*

Chart 1.13 highlights that the State's NTR is mostly dependent on mining revenues, while mobilisation of revenue from sources such as receipts from dividends and interest needs greater rigor. During FY 2024-25-

- **Interest Receipts** (₹ 366 crore) were far below the BE (₹ 3,557 crore), which reflects unrealistic projections and weak recovery mechanisms. However, compared to previous year, the interest receipts rose by 34 *per cent.* This increase was facilitated mainly by other receipts (49 *per cent*), interest from Public Sector and other Undertakings (37 *per cent*) and interest realized on investment of cash balances (23 *per cent*). At the same time, there was 54 *per cent* reduction in interest receipts from co-operative societies which pointed towards weak credit control. In fact, interest in arrears from loanees was pegged at ₹ 10,355.68 crore[17].
- **Dividends and Profits** decreased to ₹ 240 crore in 2024-25 from ₹ 289 crore in 2023-24, against a BE of ₹ 438 crore. *Vis-à-vis* 2023-24, there was reduction of 18 *per cent* in the dividends received from Public Sector undertakings.
- **Receipts from Non-ferrous Mining and Metallurgical Industries** registered a sharp increase of 75.50 *per cent* over the previous year, being the largest component of Non-Tax Revenue. The receipts increased mainly due to increase against receipt on account of auction of coal block and sand block.
- **User Charges** registered a significant growth of 42.63 *per cent* over the previous year. This increase was supported by augmentation in collection of service fees (20.91 *per cent*), other fees (91.44 *per cent*), lease rent/salami (241.39 *per cent*) and hospital fees (105.32 *per cent*).
- **Other Receipts** declined by 18.73 *per cent* with respect to FY 2023-24, offsetting the increase in receipts from mining and user charges.

[17] *As available from Finance Accounts 2024-25*

B. State's share in Union Taxes and Duties

Trends in the components of State's share in Union taxes and duties are shown in **Table 1.9**.

Table 1.9: State's share in Union Taxes and Duties

Components	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Central Goods and Services Tax (CGST)	13,282	19,025	20,187	25,788	28,275
Corporation Tax	13,508	18,165	23,946	25,505	27,471
Taxes on Income other than Corporation Tax	13,849	19,791	23,383	29,454	35,034
Customs	2,368	4,892	2,808	2,978	4,926
Union Excise Duties	1,502	2,715	881	1,127	948
Service Tax	195	880	112	16	3
Other Taxes[18]	33	73	118	104	156
Total	**44,737**	**65,541**	**71,435**	**84,972**	**96,813**

Source: Finance Accounts

The State's share in Union Taxes and Duties constituted 45.30 *per cent* of the Revenue Receipts during 2024-25 whereas it stood at 42.43 *per cent* during 2023-24. It increased steadily from ₹ 44,737 crore in 2020-21 to ₹ 96,813 crore in 2024-25, posting a growth of 116.40 *per cent* over the last five years. The biggest jump was in 2021-22 (46.50 *per cent* over FY 2020-21), reflecting post-COVID recovery and higher central tax collections. The increase in 2024-25 (13.94 *per cent*) was backed by the increases in CGST (9.64 *per cent*), Corporation Tax (7.71 *per cent*), Taxes on income other than Corporation Tax (18.94 *per cent*) and Customs (65 *per cent*).

Component-wise, trends of the State's share in Union Taxes and Duties are as follows:

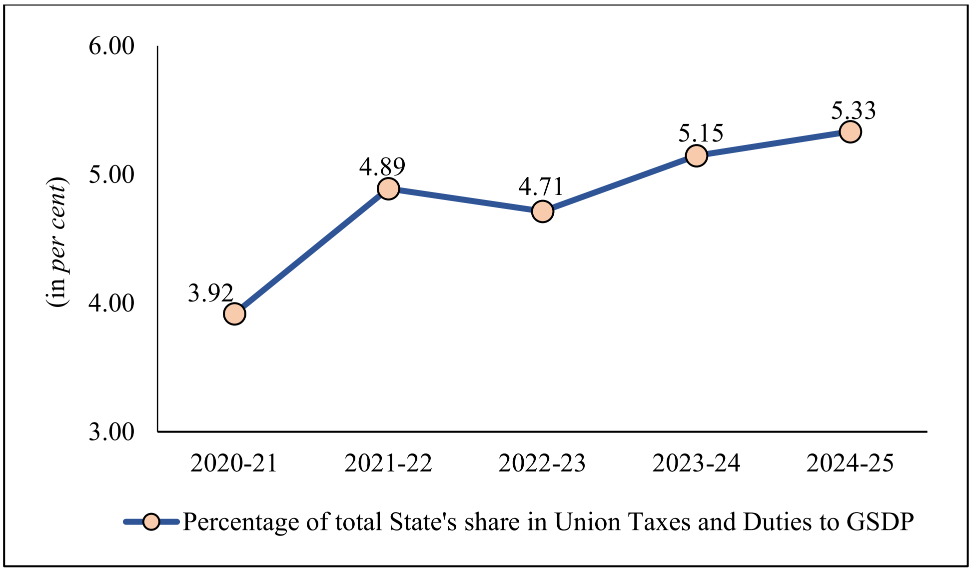
- **Taxes on Income other than Corporation Tax** constituted the principal component (36.19 *per cent*) of the State's share in Union Taxes and Duties. This indicates buoyant personal income tax collections.
- **CGST** increased consistently from ₹ 13,282 crore (2020-21) to ₹ 28,275 crore (2024-25), which reflects the growing importance of GST in Union transfers.
- **Corporation Tax** increased from ₹ 13,508 crore to ₹ 27,471 crore during the same period, showing robust growth.
- **Customs** rose sharply in 2021-22, declined in 2022-23, but recovered again to ₹ 4,926 crore in 2024-25.
- **Union Excise Duties** declined drastically from ₹ 2,715 crore in 2021-22 to ₹ 948 crore in 2024-25, owing to reduced shareable pool after cess and surcharge adjustments.
- **Service Tax** became almost negligible i.e., ₹ 3 crore in 2024-25 as the tax was subsumed into GST.

[18] *Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services*

➢ **Other Taxes** remained marginal, though grew gradually from ₹ 33 crore to ₹ 156 crore.

Percentage of total State's share in Union taxes and duties to GSDP is given in **Chart 1.14**.

Chart 1.14: Percentage of total State's share in Union Taxes and Duties to GSDP



Source: Finance Accounts

The percentage of State's share in Union Taxes to GSDP has shown an upward trend over 2020-21 to 2024-25, reflecting improved tax devolution. However, the ratio showed a sharp rise in 2021-22, coinciding with high growth in Central tax collections after the pandemic slowdown and stabilising in 2022-23. In subsequent years, it rose marginally primarily owing to the rise in CGST, Corporation Tax and taxes on Income other than Corporation Tax.

C. Grants-in-aid from Government of India

Trends of Grants-in-aid (GIA) from GoI and its components are shown in **Table 1.10**.

Table 1.10: Grants-in-aid from Government of India

Components	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Grants for Centrally Sponsored Schemes	17,604	11,077	9,858	7,112	6,564
Finance Commission Transfers	12,351	23,517	19,824	14,614	7,299
Other Transfers/Grants to States/Union Territories with Legislature	8,217	5,252	8,622	346	1,342
Total	**38,172**	**39,846**	**38,304**	**22,072**	**15,205**

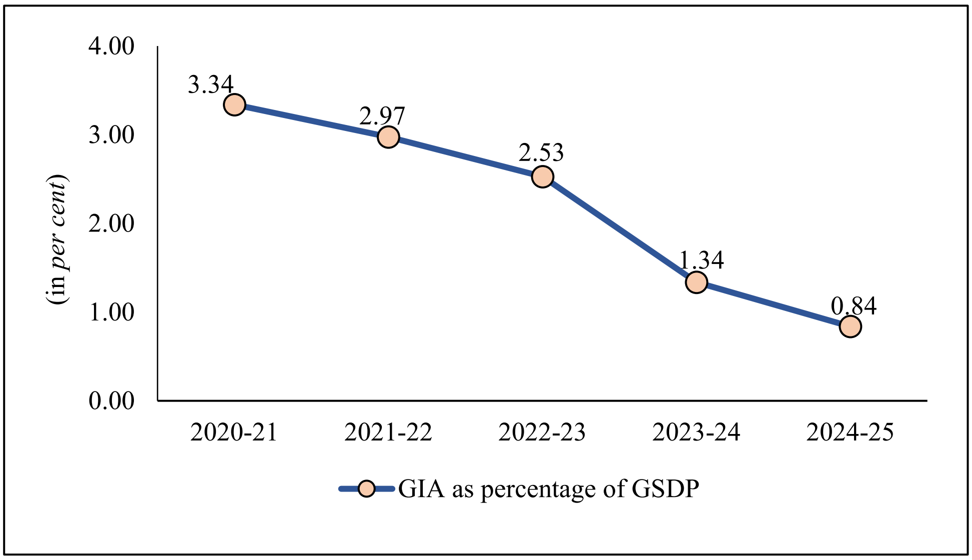
Source: Finance Accounts

Grants-in-aid (GIA) from the Government of India declined sharply from ₹ 38,172 crore in 2020-21 to ₹ 15,205 crore in 2024-25. The largest reduction was in Finance Commission Transfers, which dropped by 40.90 *per cent* from ₹ 12,351 crore in 2020-21 to ₹ 7,299 crore in 2024-25. Grants for Centrally Sponsored Schemes (CSSs) also fell significantly, from

₹ 17,604 crore in 2020-21 to ₹ 6,564 crore in 2024-25, while other transfers fell significantly from ₹ 8,217 crore in 2020-21 to ₹ 1,342 crore in 2024-25.

Percentage of Grants-in-aid from Government of India to GSDP is given in **Chart 1.15**.

Chart 1.15: Percentage of Grants-in-aid from Government of India to GSDP



Source: Finance Accounts

Chart 1.15 shows a consistent downward trend of the percentage of GIA to GSDP from 2020-21 and 2024-25. The decline was significant after 2021-22, coinciding with the decline in Finance Commission transfers and less Central allocations for CSSs as discussed in the following paragraphs.

(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 6,564 crore released to the State for Centrally Sponsored Schemes during 2024-25, major allocations were made to the schemes shown in **Table 1.11**.

Table 1.11: Major Schemes receiving grants

Sl. No.	Name of the Scheme	2023-24	2024-25		
		Amount (₹ in crore)	Amount (₹ in crore)	Scheme-wise percentage share of total grants for CSSs	Percentage change over previous year
1	Anganwadi Services (Saksham Anganwadi and POSHAN 2.0)	1,237.56	1,513.80	23.06	22.32
2	Deendayal Antyodaya Yojna - National Rural Livelihoods Mission (DAY- NRLM)	701.81	960.64	14.64	36.88
3	Assistance to State Agencies for Intra-State movement of Foodgrains and FPS Dealers Margin under NFSA (4048)	226.32	697.67	10.63	208.27
4	Flexible Pool for RCH and Health System Strengthening, National Health Programmes and National Urban Health Mission	634.30	688.09	10.48	8.48
5	Pradhan Mantri Awas Yojna (PMAY- Urban)	956.62	516.97	7.88	(-) 45.96
6	Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (National Social Assistance Programme)	567.02	460.52	7.02	(-) 18.78
7	Indira Gandhi National Widow Pension Scheme (IGNWPS) (National Social Assistance Programme)	340.95	271.22	4.13	(-) 20.45
8	Pradhan Mantri Gram Sadak Yojna (PMGSY)	99.28	225.00	3.43	126.63
9	Swachh Bharat Mission (SBM- Urban)	0.00	209.97	3.20	100.00
10	Swachh Bharat Mission (SBM - Rural) (SNA-SPARSH)	0.00	150.46	2.29	100.00
11	Rashtriya Krishi Vikas Yojna (SNA- SPARSH)	0.00	109.89	1.67	100.00

Source: Finance Accounts

Significant increases over the previous year were observed *inter alia* under PMGSY (126.63 *per cent*), DAY-NRLM (36.88 *per cent*), Anganwadi Services (POSHAN 2.0) (22.32 *per cent*) and NFSA-Assistance to FPS Dealers (208.27 *per cent*) highlighting enhanced support for these interventions.

Significant decreases over the previous year were noticed in grants related to PMAY-Urban (decline of 45.96 *per cent*) and IGNOAPS & IGNWPS (social pensions), where grants decreased by 18.78 *per cent* and 20.45 *per cent* respectively, reducing support to vulnerable sections.

Audit further observed that the funds were not released by GoI to the State Government under two major rural development schemes. GoI attributed this primarily to non-compliance with Central directives and unsatisfactory follow-up action by the State Government, as detailed below:

(i) **Pradhan Mantri Awaas Yojana-Gramin (PMAY-G):** As per communication (December 2023) to State Government from GoI, despite directives from the Ministry of Rural Development (MoRD), GoI, the State Government failed to take corrective action and submit an acceptable Action Taken Report (ATR) addressing the deficiencies pointed out by the Central Teams and National Level Monitoring (NLM) Teams. GoWB has not been receiving GoI funds under PMAY-G since FY 2022-23.

(ii) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS): According to letter from GoI (March 2022), ATRs submitted by the State with regard to MoRD directives[19] relating to transparency, accountability and proper implementation of MGNREGS provisions were found unsatisfactory by MoRD, leading to non-release of Central funds under MGNREGS from FY 2022-23 onwards.

(ii) Fifteenth Finance Commission Grants

During FY 2024-25, GoI released Fifteenth Finance Commission (15th FC) grants of ₹ 5,238.51 crore[20], against the allocation of ₹ 8,132.02 crore for FY 2024-25. The released grants included (i) Post Devolution Revenue Deficit (PDRD) grants of ₹ 568.00 crore, (ii) Rural Local Bodies (RLBs) grants of ₹ 3,500.51 crore and (iii) Grants for State disaster response and mitigation of ₹ 1,170.00 crore.

Release of grants by the Government of India *vis-à-vis* the allocations recommended by 15th FC, during the year 2024-25, are detailed in the following **Table 1.12**.

Table 1.12: Release of 15th FC grants by the GoI with respect to the allocation during the FY 2024-25

Sl. No.	Grants recommended by the 15th FC	Allocation	Actual release	Short/Non release
			(₹ in crore)	
1.	**Post Devolution Revenue Deficit Grants**	**568.00**	**568.00**	**-**
2.	**Grants for Local Bodies (A+B+C)**	**6,394.02**	**3,500.51**	**2,893.51**
(A)	**Grants to Rural Local Bodies (RLBs) (i+ii)**	**3,617.00**	**3,500.51**	**116.49**
	(i) Grants to RLBs (Tied grants)	2,170.20	2,099.10	71.10
	(ii) Grants to RLBs (Untied grants)	1,446.80	1,401.41	45.39
(B)	**Grants to Urban Local Bodies (ULBs) (i to iv)**	**1,863.00**	**-**	**1,863.00**
	(i) Grants to ULBs for Non-Million Plus Cities (Tied grants)	677.40	-	677.40
	(ii) Grants to ULBs for Non-Million Plus Cities (Untied grants)	451.60	-	451.60
	(iii) Grants to ULBs for Million Plus Cities in respect of Air Quality Improvement	245.00	-	245.00
	(iv) Grants to ULBs for Million Plus Cities in respect of Service level benchmarks for urban drinking water supply, sanitation and solid waste management	489.00	-	489.00
(C)	**Health Grant for Local Bodies (i to vii)**	**914.02**	**-**	**914.02**
	(i) Support to Diagnostic Infrastructure in the primary health care facilities of the Sub Centres	107.37	-	107.37
	(ii) Support to Diagnostic Infrastructure in the Primary Health Care Facilities of the PHCs	116.88	-	116.88
	(iii) Support to Diagnostic Infrastructure in the Primary Health Care Facilities of the Urban PHCs	29.21	-	29.21
	(iv) Financial Requirement for establishing Block level Public Health Units	76.32	-	76.32
	(v) Urban Health & Wellness Centres (UHWCs)	317.43	-	317.43

[19] *Letters dated 23.04.2020, 05.05.2020, 06.10.2020 and D.O. letter dated 28.12.2020*

[20] *This excludes grants released during FY 2024-25 to (i) ULBs (₹ 1,121.99 crore for the FY 2023-24 and previous years), (ii) Health grants for Local Bodies (₹ 788.66 crore for FY 2023-24 and previous years) and (iii) National Disaster Mitigation Fund (NDMF) (₹ 150.00 crore for FY 2024-25).*

Sl. No.	Grants recommended by the 15th FC	Allocation	Actual release	Short/Non release
		(₹ in crore)		
	(vi) Grants for Building-less Sub Centres, PHCs and CHCs	54.05	-	54.05
	(vii) Conversion of Rural PHCs and SCs into Health and Wellness Centre	212.76	-	212.76
3.	**Grants for Disaster (i+ii)**	**1,170.00**	**1,170.00**	-
	(i) State Disaster Response Fund (SDRF)	936.00	936.00	-
	(ii) State Disaster Mitigation Fund (SDMF)	234.00	234.00	-
Total		**8,132.02**	**5,238.51**	**2,893.51**

Source: 15th FC Report and Departmental records

Table 1.12 shows that out of the three types of grants allocated, Post Devolution Revenue Deficit Grants and Grants for Disaster were received in full while there was noticeable shortfall (45 *per cent*) in Grants for Local Bodies. In case of these grants, funds were received only in respect of one component viz. Rural Local Bodies (with a marginal shortfall of 3 *per cent*) while funds were not received in respect of the remaining components viz. Grants for Urban Local Bodies and Health Grant for Local Bodies.

The Finance Department did not furnish reasons behind short/ non-receipt of the untied & tied grants for Local Bodies during FY 2024-25, though called for (May 2025).

(A) Post-Devolution Revenue Deficit Grants

Being a Revenue Deficit State, the 15th FC recommended post-devolution revenue deficit (PDRD[21]) grants of ₹ 45,128 crore to West Bengal from FYs 2020-21 to 2024-25 (**Table 1.13**). These grants were provided in a manner so that the Revenue Deficit of the State could taper off in successive years.

Table 1.13: Details of PDRD Grants recommended for the period 2020-25

Year	PDRD Grants		Actual Revenue Deficit
	Recommended by 15th FC	Actual Receipt	
	(₹ in crore)		
2020-21	5,013	5,013	29,527
2021-22	17,607	17,607	32,000
2022-23	13,587	13,587	27,295
2023-24	8,353	8,353	25,691
2024-25	568	568	39,727
Total	**45,128**	**45,128**	

Source: 15th FC Report

Table 1.13 shows that West Bengal received the total PDRD grants recommended by the 15th FC for 2020-21 to 2024-25. However, the receipt of PDRD grants did not mitigate the deficit, highlighting the need for the

[21] PDRD Grant is a grant-in-aid provided to State Governments under Article 275 of the Constitution to meet the gap between a State's revenue expenditure and revenue receipts even after accounting for its share of tax devolution from the Union Government. The 15th Finance Commission recommended these grants to eligible States based on the assessed deficit after devolution and specified the quantum and period.

State to increase its own revenue or rationalise its spending to maintain revenue balance.

(B) Grants received during 2024-25 though allocated for the preceding years

The following grants of ₹ 1,532.01 crore were received during the year 2024-25, with delays as these had been allocated by the 15th FC for the preceding financial year (2023-24) (**Table 1.14**).

Table 1.14: Grants received during 2024-25 though allocated for the FY 2023-24

Sl. No.	Grants recommended by the 15th FC for FY 2023-24	Actual release by GoI in FY 2024-25 (₹ in crore)	Remarks
1.	Grants to ULBs for Non-Million Plus Cities (Tied grants)	214.33	Out of total grant of ₹ 639.60 crore of 2023-24
2.	Grants to ULBs for Non-Million Plus Cities (Untied grants)	142.89	Out of total grant of ₹ 426.40 crore of 2023-24
3.	Grants to ULBs for Million Plus Cities in respect of Service level benchmarks for urban drinking water supply, sanitation and solid waste management	462.00	Out of total grant of ₹ 462.60 crore of 2023-24
4.	Grants to ULBs for Million Plus Cities (MPCs) in respect of Air Quality Improvement	72.00	Total amount released by GoI in respect of air quality improvement for MPCs during FY 2024-25 was ₹ 302.77 crore (as per Finance Accounts 2024-25), of which ₹ 72.00 crore was the remaining portion of this grant recommended for FY 2023-24.
5.	Assistance for Building Less Sub-Centres (Building Less SSK) and Building Less Primary Health Centres (Building Less PHC)	196.67	Total amount released by GoI in respect of this grant during FY 2024-25 was ₹ 224.18 crore (as per Finance Accounts 2024-25), of which ₹ 196.67 crore was recommended for FY 2023-24.
6.	Assistance for Conversion of Rural Health Sub Centres/ PHCs into Health & Wellness Centres	154.16	Out of the arrear of grants (₹ 202.63 crore) due for 2023-24
7.	Assistance for Diagnostic Infrastructure to UPHCs	27.80	Out of the arrear of grants (₹ 27.82 crore) due for 2023-24
8.	Assistance for Diagnostic Infrastructure to Health Sub Centres/ PHCs	173.56	Out of the arrear of grants (₹ 213.58 crore) due for 2023-24
9.	Assistance for Urban Health and Wellness Centres	21.21	The total amount released by the GoI under this grant during FY 2024-25 was ₹ 153.52 crore (as per the Finance Accounts 2024-25), of which ₹ 21.21 crore pertained to the unreleased grant of ₹ 302.31 crore recommended for FY 2023-24.
10.	Assistance for Block level Public Health Units	55.44	Out of the arrear of grants (₹ 72.69 crore) due for 2023-24
	Total	**1,532.01**	

Source: Departmental records

The Finance Department did not furnish reasons behind delayed receipt of grants from the GoI, though called for (May 2025).

(C) Pending Interest Payment

The 15th FC provided that the States should release grants to local bodies within 10 working days of them being credited to the State Government's account by the GoI. Any delay in the release of the above grants would attract penal interest, as per the effective rate of interest on market borrowings/ State Development Loans for the previous year.

In this context, the followings were observed from the records available with the Finance Department, GoWB:

(i) In respect of grants of ₹ 3,617.00 crore for RLBs recommended for FY 2024-25, the Finance Department belatedly released ₹ 2,677.98 crore to the Panchayats & Rural Development (P&RD) Department with delays beyond the stipulated period of between six to 10 days. Besides the penal interest of ₹ 4.73 crore due because of these delays was also not paid by the State Government.

(ii) 15th FC grants for 2023-24 amounting to ₹ 471.24 crore had been released by the Finance Department to the ULBs in FY 2024-25 with delays ranging between three to 21 days, beyond the stipulated period. However, penal interest of ₹ 0.73 crore was not actually paid by the GoWB.

(iii) (a) For the previous years, it was observed that grants related to the health sector of ₹ 828.07 crore in 2021-22, ₹ 445.43 crore in 2022-23 and ₹ 151.92 crore in 2023-24 were to be paid by GoWB to the Local Bodies. However, these were released with delays ranging between two to 42 days, but despite this, interest amounting to ₹ 6.45 crore up to March 2024, on the delayed release, remained unpaid.

(b) Further, Health grant of ₹ 2.34 crore for FY 2022-23 received by the State from the GoI during FY 2023-24 was actually released to Local Bodies in FY 2024-25 with a delay of 429 days. Owing to this delay, the State Government became liable to pay penal interest of ₹ 0.19 crore till the end of March 2025.

(c) It was also observed that in the year 2024-25, GoI released health grants related to the year 2023-24 amounting to ₹ 628.84 crore to the State which was disbursed to the Local Bodies with a delay of nine to 26 days due to which the State Government became liable to pay the penal interest of ₹ 2.13 crore.

The Finance Department did not provide reasons behind non-payment of penal interest[22], despite being asked for.

1.2.2 Capital Receipts

Capital Receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

[22] *₹ 14.23 crore i.e. (₹ 4.73 crore + ₹ 0.73 crore + ₹ 6.45 crore + ₹ 0.19 crore + ₹ 2.13 crore)*

Trends of capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.15**.

Table 1.15: Trends in growth and composition of Capital Receipts

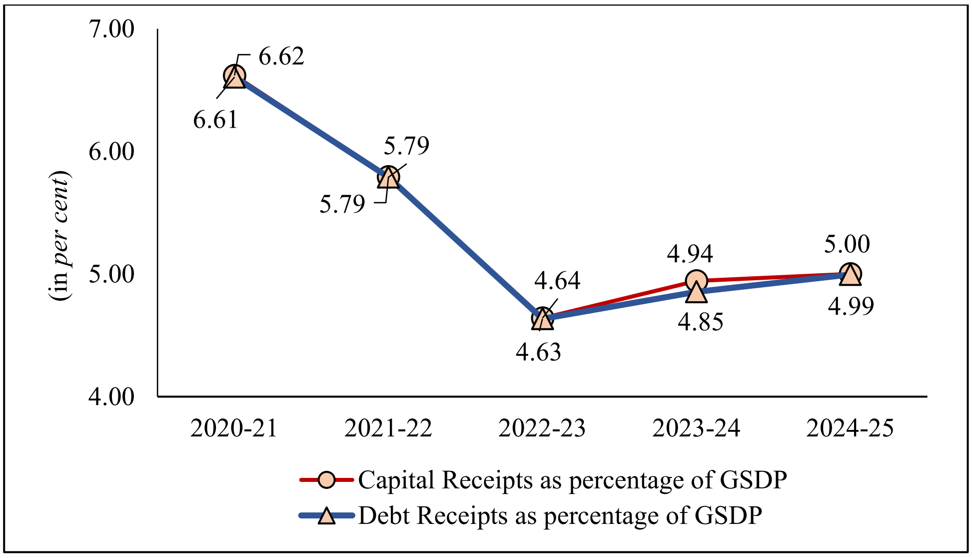
Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Capital Receipts	**75,579**	**77,639**	**70,325**	**81,627**	**90,783**
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	150	58	82	1,456	128
Public debt receipts	75,429	77,581	70,243	80,171	90,655
*Internal Debt**	68,999	69,066	65,132	72,219	78,165
Loans and Advances from GoI	6,430	8,515	5,111	7,952	12,490
Year-on-Year growth rates (in *per cent*)					
GSDP	(-)3.17	17.36	13.10	8.96	9.91
Capital Receipts	(-)0.25	2.73	(-)9.42	16.07	11.22
Public debt receipts	(-)0.36	2.85	(-)9.46	14.13	13.08
*Internal Debt**	(-)6.36	0.10	(-)5.70	10.88	8.23
Loans and Advances from GoI	218.79	32.43	(-)39.98	55.59	57.07

Source: Finance Accounts
**including net figure under Ways and Means Advances/Overdraft/Special Drawing Facility*

Table 1.15 shows that a significant portion of the Capital receipts comes from borrowed money, while repayments and other sources contribute very little. The State is relying more and more on loans to meet its financial needs. During 2023-25, loans from GoI have also increased. The fact that debt is growing faster than the State's economy during 2023-25 indicates that the State is under risk of increasing financial stress.

Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**.

Chart 1.16: Capital Receipts as percentage of GSDP



Source: Finance Accounts and MoSPI

As seen from the **Chart 1.16**, the ratio of capital receipts to GSDP shows an increasing trend in recent years. Such a trend reflects that the State would have increased future interest and repayment liabilities.

1.2.3 Finance Commission Projections and Actuals

This paragraph analyses the deviations between the projections of the 15th FC and the State's actual fiscal and economic performance during the period 2020-21 to 2024-25.

The projected revenue and GSDP by the 15th FC and actuals for FY 2020-21 to FY 2024-25 are given in the **Table 1.16**.

Table 1.16: 15th FC Projection *vis-à-vis* Actuals

Particulars	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual
	(₹ in crore)									
GSDP (2011-12 Series-Current Prices)	12,91,527	11,41,798	12,38,196	13,40,030	13,34,379	15,15,565	14,48,721	16,51,374	15,78,734	18,15,010
Own Revenue Receipts	85,537	65,485	71,769	72,772	78,581	85,805	86,809	93,224	96,331	1,01,682
State's Own Tax Revenue	81,409	60,287	68,467	71,082	74,997	83,608	82,888	89,986	92,022	97,994
State's Non-Tax Revenue	4,128	5,198	3,302	1,690	3,584	2,197	3,921	3,238	4,309	3,688
State's share in Union Taxes/Duties	64,301	44,737	49,546	65,541	55,116	71,435	62,018	84,972	70,458	96,813
Revenue Deficit as percentage of GSDP*	(-)0.10	2.59	(-)0.50	2.39	(-)0.80	1.80	(-)1.20	1.56	(-)1.70	2.19
Fiscal Deficit as percentage of GSDP	4.50	3.91	4.00	3.77	3.50	3.29	3.00	3.27	3.00	3.41

Source: 15th FC Report and Finance Accounts;
**Negative (-) sign in Revenue Deficit denotes Revenue Surplus.*

Table 1.16 shows that the 15th FC had projected moderate growth in GSDP and revenue parameters during 2020-21 to 2024-25. However, actual outcomes indicate significant deviations from these projections. While the State's actual GSDP consistently exceeded the projections from 2021-22 onwards, Revenue Deficits were incurred in all years against the FC projections of Revenue Surplus, reflecting fiscal stress at the revenue account level. Although Fiscal Deficit remained within the recommended ceilings, it exceeded the projected levels during 2023-24 and 2024-25. These divergences show that revenue mobilisation and expenditure management did not keep pace with economic growth.

1.2.4 Expenditure

Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs of maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the Government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components is given in **Table 1.17**, **Chart 1.17** and **Chart 1.18** respectively.

Table 1.17: Total expenditure and its composition

Sl. No.	Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
1	**Total Expenditure (TE)**	1,93,232	2,28,745	2,45,413*	2,55,716	2,75,752
2	**Revenue Expenditure (RE)**	1,77,921	2,10,159	2,22,839	2,25,959	2,53,427
3	**Capital Expenditure (CE)**	13,034	17,484	22,009	28,963	21,622
4	**Loans and Advances**	2,277	1,102	565	794	703
5	**Appropriation to Contingency Fund**	-	-	180	-	-

Source: Finance Accounts

**During FY 2022-23, Total Expenditure (TE) excluding appropriation to Contingency Fund was ₹ 2,45,413 crore.*

Chart 1.17: Total Expenditure as percentage of GSDP

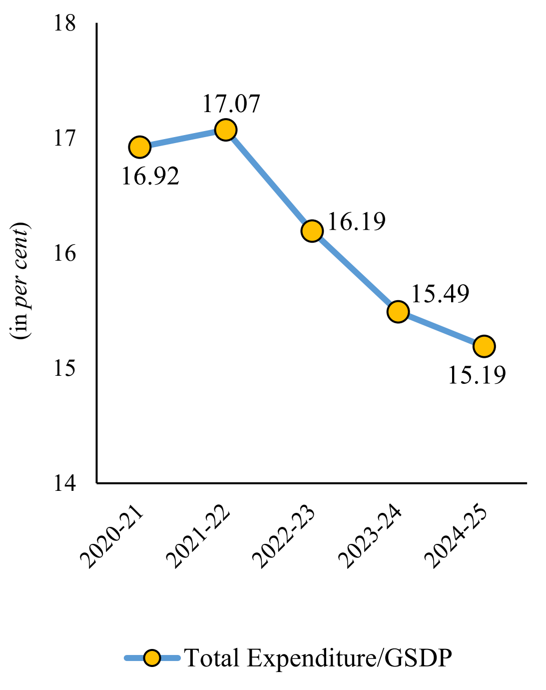
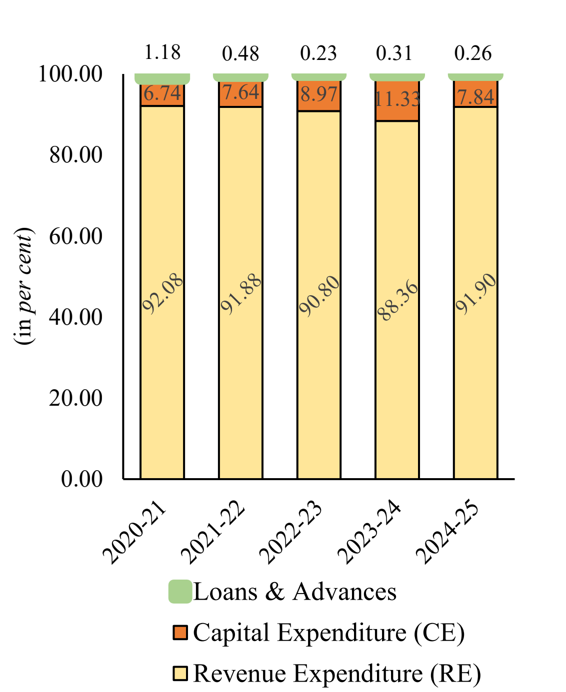


Chart 1.18: Share of Components in Total Expenditure



Source: Finance Accounts and MoSPI

Table 1.17 and **Chart 1.18** indicate that the expenditure profile of the State was skewed towards revenue expenditure, with capital expenditure fluctuating and remaining only between 6.74 *per cent* and 11.33 *per cent* of the total expenditure during the last five years. Such instability in asset-building reflects weak fiscal planning and adversely affects infrastructure development. Moreover, Audit noted that the Capital Expenditure of ₹ 21,622 crore for the year 2024-25, as reported in Finance Accounts of the GoWB for FY 2024-25, is overstated by ₹ 1,031.84 crore as revenue expenditure was incorrectly classified as Capital expenditure (**Paragraph 2.5.6** of **Chapter II**). Further, Capital expenditure was also understated by ₹ 4.40 crore due to non-recoupment of the Contingency Fund. Thus, the actual Capital expenditure for 2024-25 would be ₹ 20,594.56 crore instead of ₹ 21,622 crore, as reported in Financial Accounts of the GoWB for FY 2024-25.

Sector-wise Total Expenditure

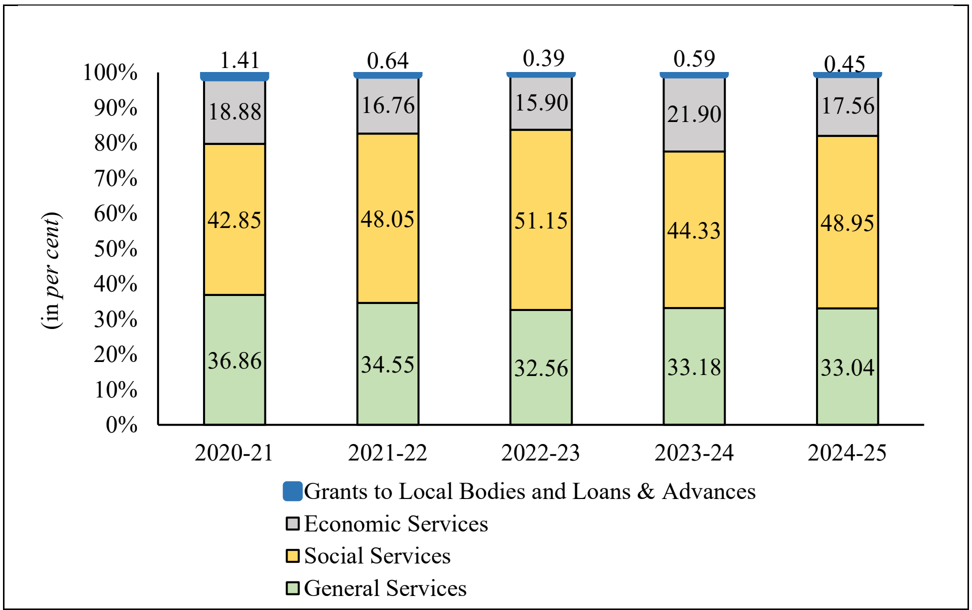
Sector-wise composition of expenditure is given in **Table 1.18** and relative share of various sectors in the total expenditure of the State is depicted in **Chart 1.19**.

Table 1.18: Sector-wise Total expenditure

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
General Services	71,230	79,040	79,909	84,853	91,115
Social Services	82,797	1,09,912	1,25,521	1,13,350	1,34,983
Economic Services	36,479	38,337	39,010	55,998	48,406
Grants to Local Bodies	449	354	408	721	545
Loans & Advances	2,277	1,102	565	794	703

Source: Finance Accounts

Chart 1.19: Relative share of various sectors in Total Expenditure



Source: Finance Accounts

Table 1.18 and **Chart 1.19** show that social services dominated the overall expenditure in the State, indicating West Bengal's commitment towards social development. Further, expenditure on General services also remained significant, driven by interest payments and servicing of debt along with administrative costs.

1.2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.19**.

Table 1.19: Revenue Expenditure – Basic Parameters

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Total Expenditure (TE)	1,93,232	2,28,745	2,45,413	2,55,716	2,75,752
Revenue Expenditure (RE)	1,77,921	2,10,159	2,22,839	2,25,959	2,53,427
Revenue Receipts (RR)	1,48,394	1,78,159	1,95,544	2,00,268	2,13,700
GSDP	11,41,798	13,40,030	15,15,565	16,51,374	18,15,010
RE as percentage of RR	119.90	117.96	113.96	112.83	118.59
RE as percentage of TE	92.08	91.87	90.80	88.36	91.90
RE/GSDP (*per cent*)	15.58	15.68	14.70	13.68	13.96
Year-on-year growth (in *per cent*)					
RE	9.44	18.12	6.03	1.40	12.16
GSDP	(-)3.17	17.36	13.10	8.96	9.91

Source: Finance Accounts

Table 1.19 reflects that Revenue Expenditure continues to exceed Revenue Receipts, reflecting fiscal stress. Its significant share in total expenditure indicates structural rigidity and leaves little fiscal space for capital investment.

A. Sector-wise Revenue Expenditure

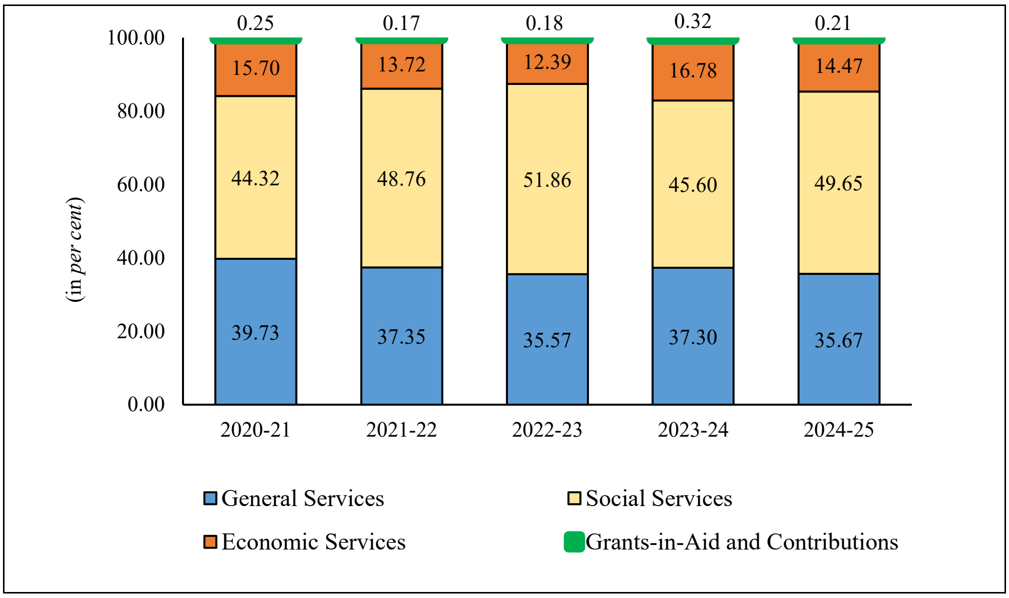
Sector-wise composition of Revenue expenditure is given in **Table 1.20** and relative share of various sectors in Revenue expenditure is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

Table 1.20: Sector-wise Revenue expenditure

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
General Services	70,684	78,495	79,254	84,276	90,384
Social Services	78,847	1,02,475	1,15,569	1,03,031	1,25,821
Economic Services	27,941	28,835	27,608	37,931	36,677
Grants-in-Aid and Contributions	449	354	408	721	545

Source: Finance Accounts

Chart 1.20: Relative share of various sectors in Revenue expenditure



Source: Finance Accounts

Table 1.20 and **Chart 1.20** reflect that Revenue Expenditure (RE) on Social Services remained at the top, indicating priority towards welfare commitments. RE on General Services also remained high, reflecting a heavy administrative burden. However, RE on Economic Services lagged.

B. Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pension payments. It has first charge on Government resources. The components of committed expenditure are given in **Table 1.21** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

Table 1.21: Components of Committed Expenditure

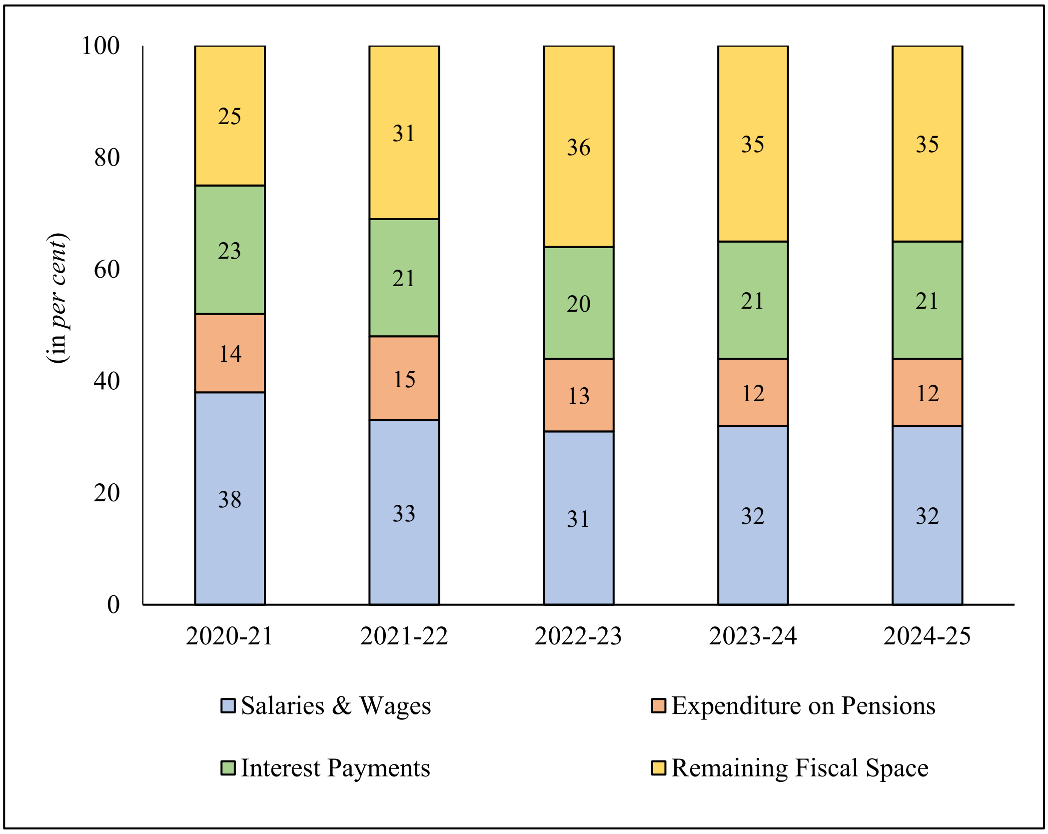
Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Salaries & Wages[23]	56,660	59,379	60,306	62,995	67,937
Expenditure on Pensions	21,394	26,676	24,624	24,360	25,859
Interest Payments	33,782	36,672	40,018	42,621	45,406
Total	**1,11,836**	**1,22,727**	**1,24,948**	**1,29,976**	**1,39,202**
Revenue Expenditure	**1,77,921**	**2,10,159**	**2,22,839**	**2,25,959**	**2,53,427**
Committed Expenditure as a percentage of Revenue Expenditure	**62.86**	**58.40**	**56.07**	**57.52**	**54.93**

Source: Finance Accounts

Table 1.21 indicates that Committed Expenditure comprising (i) salaries & wages, (ii) pensions and (iii) interest payments, consumed a large portion of the revenue expenditure of the State, limiting flexibility. Rising interest payments indicate a growing debt burden for the State. With Committed Expenditure comprising more than half of Revenue Expenditure, fiscal space for developmental or discretionary priorities remained severely constrained.

[23] *Includes Grants-in-aid (Salary) i.e., salaries for employees of grantee bodies (e.g. aided schools and colleges), as distinct from government servants: 2020-21 (₹ 32,592 crore); 2021-22 (₹ 33,978 crore); 2022-23 (₹ 34,214 crore); 2023-24 (₹ 35,476 crore) and 2024-25 (₹ 38,072 crore)*

Chart 1.21: Committed Expenditure as a percentage of Revenue Receipts and remaining fiscal space



Source: Finance Accounts

Chart 1.21 shows that committed expenditure on salaries & wages, pensions, and interest payments has been taking up a larger share of total revenue receipts over the last five years. This highlights that a large portion of the State's receipts are being used just to meet fixed obligations. As a result, there is less room left for the government, shown as 'remaining fiscal space' to spend on new schemes, development projects or social sector investments.

A growing committed expenditure restricts the government's flexibility in using funds for development. It also means that the State may have to borrow even for normal expenses, which adds to future liabilities.

C. Subsidies

Subsidies during the current year increased by ₹ 8,968 crore (85.61 *per cent*) from the previous year. The increase was mainly due to increase of ₹ 5,858 crore on account of State Subsidy for purchase of paddy for distribution of Rice in PDS and ₹ 282 crore on account of Subsidy to West Bengal State Electricity Distribution Company Limited (WBSEDCL) for subsidisation in power tariff to its Consumers.

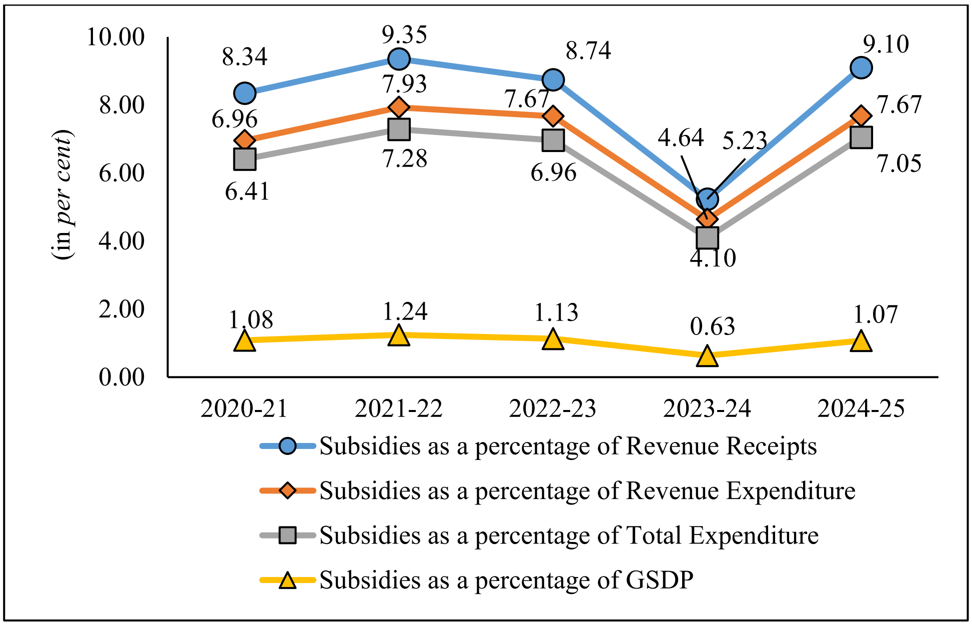
Department-wise major subsidies for FYs 2020-21 to 2024-25, are shown in **Table 1.22**.

Table 1.22: Department-wise Subsidies during FYs 2020-21 to 2024-25

Sl. No.	Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
1	Food and Supplies	9,149.30	12,757.34	13,200.58	5,994.57	15,344.85
2	Power	1,375.24	1,549.76	1,610.05	1,753.92	1,881.78
3	Agriculture	733.23	1,102.29	1,205.22	1,546.80	1,015.07
4	Transport	1,019.09	1,109.65	946.31	927.61	917.06
6	Other Departments[24]	99.85	140.95	124.65	252.72	285.09
Total		**12,376.71**	**16,659.99**	**17,086.81**	**10,475.62**	**19,443.85**

Source: Finance Accounts

Chart 1.22: Trend Analysis of Subsidies



Source: Finance Accounts and MoSPI

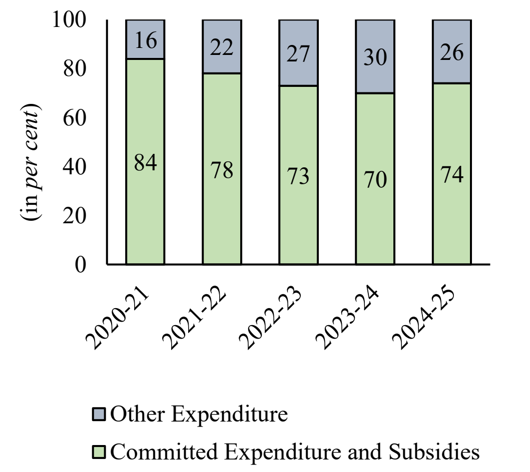
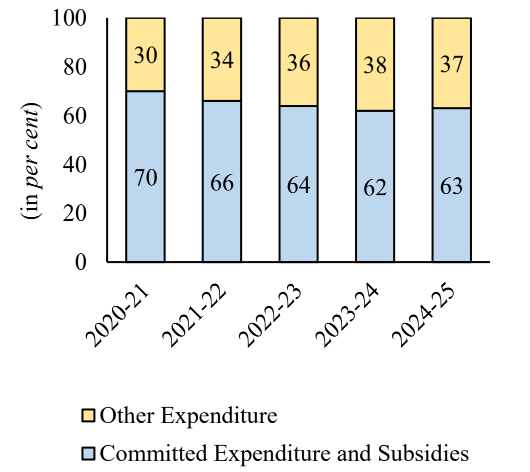
Table 1.22 and **Chart 1.22** show that the total subsidy increased sharply to ₹19,443.85 crore in 2024-25 after a decline in 2023-24. Major subsidies were for Food & Supplies, Power and Agriculture Departments. This shows that subsidies continued to form a large part of the revenue expenditure of the State.

While subsidies help specific groups of people, abrupt increase in subsidies can reduce the funds available for development expenditure and asset creation. The Government needs to review major subsidy schemes regularly to assess their impact.

Fiscal stress from committed expenditure and subsidies

Chart 1.23 and **Chart 1.24** depict Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during FYs 2020-25 respectively.

[24] *Other Departments include (i) Agricultural Marketing, (ii) Animal Resources Development, (iii) Co-operation, (iv) Fisheries, (v) Food Processing Industries and Horticulture, (vi) Higher Education, (vii) Labour, (viii) Micro, Small & Medium Enterprises and Textiles and (ix) Self-Help Group and Self Employment.*

Chart 1.23: Committed Expenditure and Subsidies as a percentage of Revenue Receipts	Chart 1.24: Committed Expenditure and Subsidies as a percentage of Revenue Expenditure
	

Source: Finance Accounts

In 2024-25, the State's committed expenditure of ₹ 1,39,202 crore comprising salaries (₹ 67,937 crore), pensions (₹ 25,859 crore) and interest payments (₹ 45,406 crore), accounted for approximately 65 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 19,444 crore, bringing the total rigid (committed expenditure + subsidies) expenditure to ₹ 1,58,646 crore, which was nearly 74 *per cent* of the State's revenue receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities.

There is an urgent need for expenditure reform through rationalisation of subsidies, improved targeting and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

Subsidy schemes administered by the Food & Supplies Department

Audit analysed the Food subsidy component, which forms a major part of the subsidy bill of the Government and noted that as of March 2025, three schemes viz. Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), Rajya Khadya Suraksha Yojana (RKSY) and Maa Scheme, were implemented by the Food & Supplies Department, Government of West Bengal, all of which had subsidy components. Of these, PMGKAY has one component[25] with 100 *per cent* subsidy from Government of India (GoI).

It was seen that the GoI's share of subsidy is received directly into the bank account of the Food & Supplies Department and the State share also is transferred to a bank account. GoI's share is also initially borne by the State and is subsequently reimbursed by GoI. Accordingly, the overall Food subsidy expenditure for 2020-25 is indicated below in **Table 1.23**.

[25] *Acquisition of Custom Milled Rice*

Table 1.23: Subsidy Expenditure by the State Government

Year	Share of subsidy to be borne by		Actual Subsidy Expenditure
	GoI (as per claim of GoWB)	GoWB (State Share)	
	(1)	(2)	(3) = (1) + (2)
	(₹ in crore)		
2020-21	6,422.15	7,850.29	14,272.44
2021-22	5,790.85	7,835.93	13,626.78
2022-23	9,013.64	7,137.40	16,151.04
2023-24	6,082.27	8,056.54	14,138.81
2024-25	7,407.80	9,867.50	17,275.30
Total	**34,716.71**	**40,747.66**	**75,464.37**

Source: Information provided by the Food and Supplies Department

The expenditure of GoWB on subsidy (as per **Table 1.23** above) showed minor variations (except in 2024-25) that were attributed to variations in paddy procurement.

Burden on State Exchequer due to delays in receipt of GoI subsidy share

As per the information provided by the Department, out of the subsidy claim of ₹ 34,716.71 crore, during 2020-25, ₹ 997.25 crore[26] was yet to be received from GoI (November 2025). There were recurrent delays in the receipt of GoI's share of subsidy claims. During 2020-25, as per information provided by the Department, such delays ranged from five to 16 months from the date of claim. The Directorate could not provide specific reasons for these delays. Such delayed central reimbursements placed an additional financial burden on the State Exchequer.

D. Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants by the State Government to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.24**.

Table 1.24: Financial Assistance to Local Bodies and other Institutions

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
(A) Local Bodies					
Municipal Corporations and Municipalities (1)	5,166	5,965	8,022	6,186	6,761
GIA for creation of Capital Assets to Municipal Corporations and Municipalities	*618*	*1,498*	*1,437*	*164*	*1,010*
Panchayati Raj Institutions (2)	11,285	11,494	12,897	16,934	21,287
GIA for creation of Capital Assets to PRIs	*8,967*	*6,951*	*1,964*	*148*	*7,699*
Total (A) = (1)+(2)	**16,451**	**17,459**	**20,919**	**23,120**	**28,048**
(B) Other Institutions					
Educational Institutions (Universities)	8,447	7,419	10,436	5,790	8,374

[26] *Claims pertaining to PMGKAY-₹ 883.63 crore and Fortified Rice Kernels- ₹ 113.62 crore*

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Development Authorities	0	0	0	0	0
Other Autonomous Bodies	0	0	0	0	0
Co-operative Institutions	147	176	367	352	342
Public Sector Undertakings (PSUs)	179	181	499	267	1,818
Non-Government Organisations (NGOs)	27,048	28,408	28,796	30,642	31,416
Others[27]	10,859	26,323	35,064	39,916	54,862
Total (B)	**46,680**	**62,507**	**75,162**	**76,967**	**96,812**
Total (A+B)	**63,131**	**79,966**	**96,081**	**1,00,087**	**1,24,860**
GIA for creation of Capital assets	*10,450*	*10,371*	*5,229*	*3,735*	*10,150*
Revenue Expenditure	1,77,921	2,10,159	2,22,839	2,25,959	2,53,427
Assistance as percentage of Revenue Expenditure	35.48	38.05	43.12	44.29	49.27

Source: Finance Accounts

During the current year, financial assistance to the local bodies and other institutions increased by ₹ 24,773 crore (24.75 *per cent*) over the previous year. The increase was mainly due to increase in assistance to Panchayati Raj Institutions (₹ 4,353 crore: 25.71 *per cent*), Educational Institutions (Universities) (₹ 2,584 crore: 44.63 *per cent*), Public Sector Undertakings (PSUs) (₹ 1,551 crore: 580.90 *per cent*) and grants released for 'National Old Age Pension Scheme (State Share)', 'Anganwadi Services (including erstwhile SNP) under Saksham Anganwadi and POSHAN 2.0 (State Share)' and 'Scheme for financial assistance to the workers in locked-out industrial units', *etc.* (₹ 14,946 crore: 37.44 *per cent*). The overall quantum of financial assistance to local bodies and other institutions as percentage to revenue expenditure increased to 49.27 *per cent* during the current year from 44.29 *per cent* of the previous year. Only 8.13 *per cent* of such assistance contributed to creation of capital assets.

Grants to Panchayati Raj Institutions (PRIs), Municipal Corporations and Municipalities and other bodies have increased over the years, both in absolute terms and as a share of total revenue expenditure.

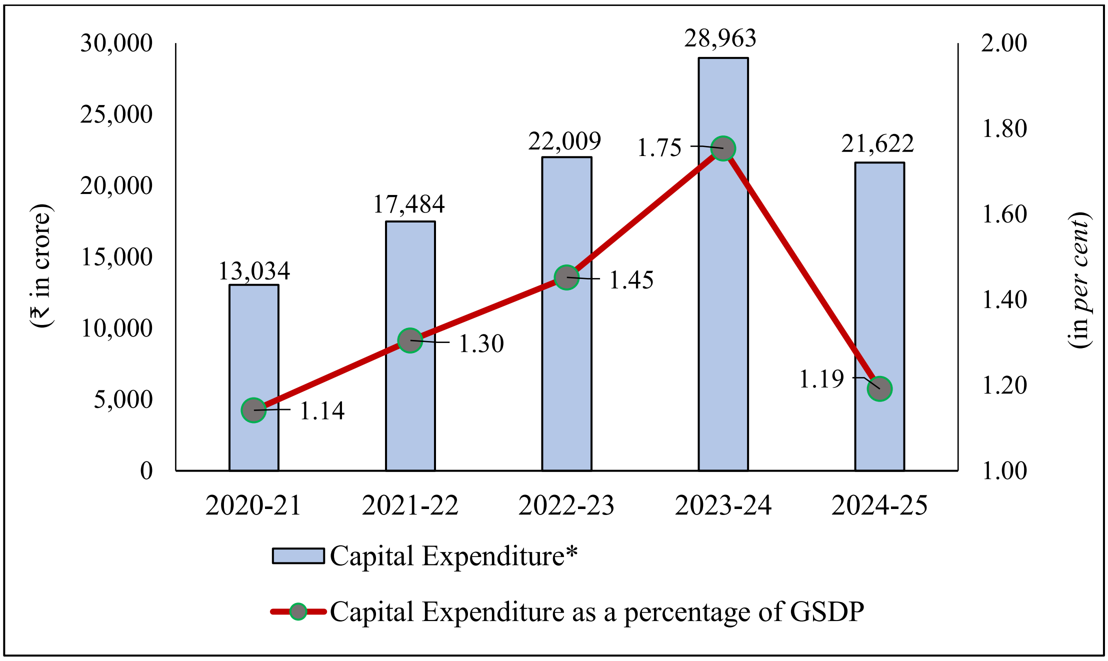
1.2.4.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc*. Capital expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources. It also includes investments made by the State

[27] *Includes grants released for 'National Old Age Pension Scheme (State Share)', 'Anganwadi Services (including erstwhile SNP) under Saksham Anganwadi and POSHAN 2.0 (State Share)', 'Scheme for financial assistance to the workers in locked-out industrial units', etc.*

Government in Companies/Corporations. Trend of capital expenditure in the State over the last five years *i.e.,* 2020-25 is given in **Chart 1.25**.

Chart 1.25: Capital Expenditure in the State



Source: Finance Accounts and MoSPI
**Here 'Capital Expenditure' refers to 'Capital Outlay excluding disbursement of Loans & Advances'.*

Capital expenditure (₹ 21,622 crore) in the year 2024-25 fell by 25 *per cent* (₹ 7,341 crore) *vis-à-vis* the previous financial year wherein it stood at ₹ 28,963 crore. Major variations in Capital Expenditure (CE), during 2024-25, *vis-à-vis* 2023-24, are shown in **Table 1.25**.

Table 1.25: Major variations in CE during 2024-25 *vis-à-vis* 2023-24

Major Heads of Account	2023-24	2024-25	Increase (+)/ Decrease (-)
	(₹ in crore)		
4515-Capital Outlay on other Rural Development Programmes	4,965.46	2,136.02	(-)2,829.44
5054-Capital Outlay on Roads and Bridges	5,882.34	4,138.69	(-)1,743.65
4215-Capital Outlay on Water Supply and Sanitation	6,316.08	5,085.43	(-)1,230.65
4700-Capital Outlay on Major Irrigation	1,345.24	533.47	(-)811.77
4801-Capital Outlay on Power Projects	2,182.49	1,803.34	(-)379.15
4202-Capital Outlay on Education, Sports, Art and Culture	511.77	357.58	(-)154.19
4210-Capital Outlay on Medical and Public Health	1,345.95	1,572.36	226.41
4435-Capital Outlay on other Agricultural Programmes	33.62	121.89	88.27
4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	461.23	536.80	75.57

Source: Finance Accounts

Significant declines in CE compared to 2023-24 were noticed under some key infrastructure-oriented sectors, as described below:

- Other Rural Development Programmes recorded significant reduction (57 *per cent*), mainly due to lower expenditure on road works under PMGSY and on construction and upgradation of rural roads under the Pathashree-Rastashree Scheme, indicating a substantial contraction in rural asset creation.

- The decline under Roads and Bridges (30 *per cent*) was primarily due to reduced spending on development of State Roads & Bridges from the West Bengal Compensatory Entry Tax Fund (WBCETF) and Railway Safety Works under the Public Works (Roads) Department, pointing to slowing progress in road infrastructure.
- Water Supply and Sanitation witnessed a major fall (19 *per cent*) owing to reduced expenditure under the ADB-assisted West Bengal Drinking Water Sector Improvement Project (WBDWSIP), other externally aided water supply projects and Special Infrastructure Projects, potentially affecting long-term human development outcomes.
- Major Irrigation projects registered lower CE mainly due to reduced spending on Special Repairs to the Kangsabati Reservoir Project and Irrigation Modernisation & Flood Management activities under the West Bengal Major Irrigation and Flood Management Project (WBMI&FMP), indicating diminished investment in irrigation expansion.
- The decline under Power Projects (17 *per cent*) was attributable to lower equity participation in West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the West Bengal Electricity Distribution Grid Modernisation Project, lower equity contribution to Durgapur Projects Limited (DPL) and reduced expenditure under RIDF & the Integrated Power Development Scheme (IPDS), suggesting reduced investment in energy infrastructure.

These decreases were offset to some extent by increase in expenditure in a few social and economic sector sectors as discussed below:

- The increase (17 *per cent*) under Medical and Public Health was mainly on account of higher spending on Medical Education, Dental Education and establishment of new medical colleges, indicating increased investment in health infrastructure.
- Agricultural Programmes registered higher outlay mainly due to enhanced expenditure on infrastructural facilities for Agricultural Marketing under RIDF.
- An increase (16 *per cent*) under Welfare of SCs, STs, OBCs and Minorities was primarily due to higher expenditure on construction of ICDS centres, improvement of libraries and reading rooms in Secondary Schools and implementation of the Integrated Minority Development Scheme.

The pattern of capital expenditure in 2024-25 reflects a significant contraction across major infrastructure-oriented sectors, coupled with continued volatility over the five-year period. Reductions in expenditure on rural development, roads & bridges, water supply & sanitation, irrigation, power and education highlights structural weaknesses in planning, prioritisation and execution of capital projects, which may constrain the State's long-term growth potential.

A. Sector-wise Capital Expenditure

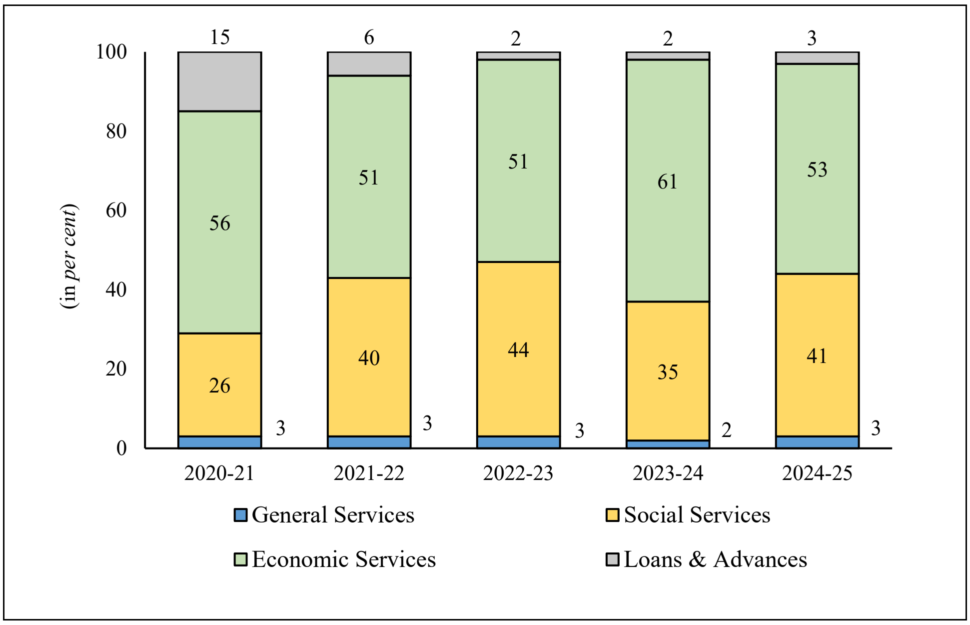
Sector-wise composition of Capital expenditure is given in **Table 1.26**, whereas details of relative share of various sectors in Capital expenditure are presented in **Chart 1.26**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

Table 1.26: Sector-wise Capital expenditure

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
General Services	546	545	655	577	731
Social Services	3,950	7,437	9,952	10,319	9,162
Economic Services	8,538	9,502	11,402	18,067	11,729
Loans & Advances	2,277	1,102	565	794	703

Source: Finance Accounts

Chart 1.26: Relative share of various sectors in Capital expenditure



Source: Finance Accounts

Note: Here 'Capital Expenditure' refers to 'Capital Outlay including disbursement of Loans & Advances'.

As seen from above, Capital expenditure has fluctuated during the five-year period 2020-25. Major spending was noted on economic services followed by social services.

B. Quality of investments in companies, corporations and other bodies

As of 31 March 2025, the State Government's investment in 2,204[28] companies, corporations and other bodies stood at ₹ 22,792.64 crore, comprising State PSUs (₹ 19,829.23 crore), Statutory Corporations (₹ 902.00 crore), Co-operative Banks and Societies (₹ 802.57 crore),

[28] *Banks: 04, Central Government PSUs: 05, Statutory Corporations: 07; Co-operative Banks and Societies: 2,093*, Other Joint Stock Companies: 25*, State Government PSUs: 57* and Others: 13, where (*) refers to 'Complete information awaited'.*

Central Government PSUs (₹ 477.59 crore), Banks (₹ 384.31 crore), other Joint Stock Companies (₹ 199.54 crore) and others (₹ 197.40 crore).

The position of return on investments[29] during the period 2020-25 is presented in **Table 1.27**. The trends in year-end investments in companies, corporations, co-operative banks and societies, along with the corresponding returns, are depicted in **Chart 1.27**, whereas **Chart 1.28** presents the rate of return on these investments *vis-à-vis* the average rate of interest on Government borrowings.

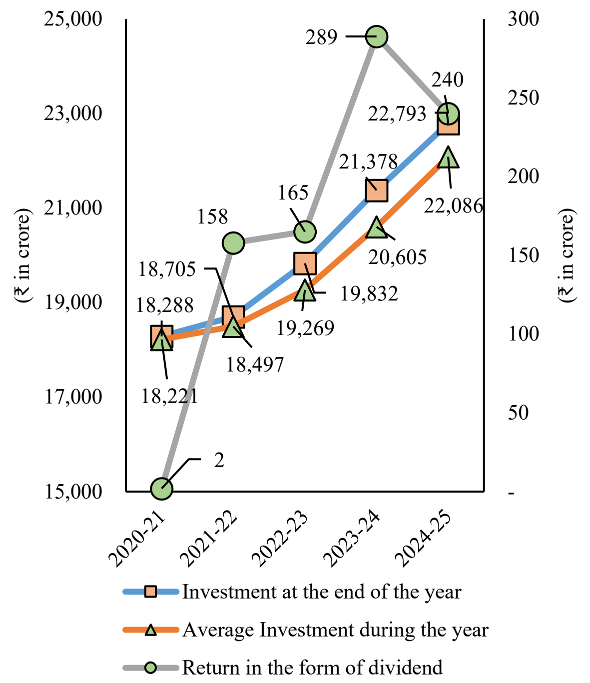
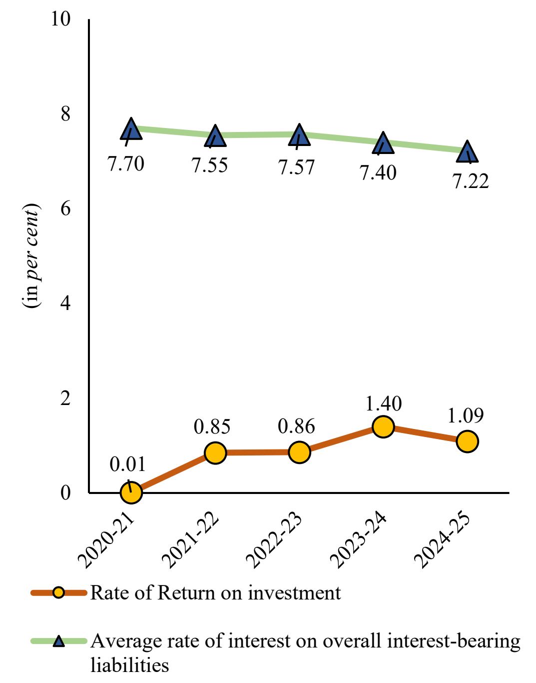
Table 1.27: Return on Investment

Sl. No.	Investment/return/cost of borrowings	2020-21	2021-22	2022-23	2023-24	2024-25
1	Investment at the end of the year (₹ in crore)	18,288	18,705	19,832	21,378	22,793
2	Average Investment* (₹ in crore)	18,221	18,497	19,269	20,605	22,086
3	Return from dividend (₹ in crore)	2	158	165	289	240
4	Rate of return (*per cent*) [(3)/(2)x100]	0.01	0.85	0.86	1.40	1.09
5	Interest Payment on Government Borrowings (₹ in crore)	33,782	36,672	40,018	42,621	45,406
6	Outstanding Liabilities# (₹ in crore)	4,86,430	5,36,478	5,85,169	6,36,688	7,01,724
7	Overall interest-bearing Liabilities (₹ in crore)	4,63,558	5,07,761	5,49,832	6,01,366	6,56,957
8	Average Overall interest-bearing Liabilities (₹ in crore)	4,38,618	4,85,660	5,28,797	5,75,599	6,29,162
9	Average rate of interest on Overall interest-bearing Liabilities (*per cent*) [(5)/(8)x100]	7.70	7.55	7.57	7.40	7.22
10	Difference between rate of return and average rate of interest on Overall interest-bearing Liabilities (*per cent*) [4-9]	(-)7.69	(-)6.70	(-)6.71	(-)6.00	(-)6.13
11	Difference between return on investment and interest on Overall interest-bearing Liabilities (₹ in crore)^ [(2)x(10)/100]	(-)1,401	(-)1,239	(-)1,293	(-)1,236	(-)1,354

*Source: Finance Accounts; *calculated as average of closing balances of previous year and current year; #Outstanding Liabilities refer to Outstanding Public Debt and Public Account Liabilities, comprising both interest-bearing and non-interest-bearing liabilities.*

^(Average investment of the respective year) x (Difference between rate of return and average rate of interest on Overall interest-bearing Liabilities)/100

[29] *Government Companies, Joint Stock Companies, Co-operative Banks and Societies*

Chart 1.27: Investment and Return	Chart 1.28: Rate of return on investment *vis-à-vis* average rate of interest on Overall interest-bearing Liabilities
	

Source: Finance Accounts

During 2024-25, the return on investment from PSUs was ₹ 240 crore (1.09 *per cent* of the average investment of ₹ 22,086 crore), which was very low. Over the period 2020-25, returns ranged between only 0.01 and 1.40 *per cent*, while the State Government's average cost of overall interest-bearing liabilities stood significantly higher at 7.22 to 7.70 *per cent*.

The continued negative differential indicates erosion of public capital and underscores the need for a comprehensive review of PSU investments, including restructuring or rationalisation of chronically underperforming entities.

Dividend Policy

A well-defined dividend policy mandating a minimum return from profitmaking enterprises, enables the State Government to optimise its returns from investments in SPSEs and enhance monitoring of SPSEs' financial performance. It was observed that the state had not formulated or enforced a dividend policy for its PSUs till 2024-25, resulting in persistently low return on the government's equity investments. It was only in August 2025 that the State Government, *vide* a memorandum has mandated that all profit-making State PSUs should pay a minimum annual dividend of 30 *per cent*[30] of Profit After Tax.

C. Loans and Advances by the State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and

[30] *subject to the maximum dividend permitted under the extant legal provisions*

advances to many institutions/organisations. Detailed Sector-wise disbursement of loans and advances by the State Government is given in ***Appendix 1.5***. Further, **Table 1.28** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.28: Quantum of loans disbursed and recovered during 2020-25

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Opening Balance of loans outstanding	13,979	16,106	17,150	17,633	16,971
Amount advanced during the year	2,277	1,102	565	794	703
Amount recovered during the year	150	58	82	1,456	128
Closing Balance of the loans outstanding	16,106	17,150	17,633	16,971	17,546
Net addition	2,127	1,044	483	(-)662	575
Average Balance of the loans outstanding	13,379	15,043	16,628	17,392	17,302
Interest received	118	97	49	73	44
Interest rate on Loans and Advances given by the Government (in *per cent*)	0.88	0.64	0.29	0.42	0.25
Average rate of interest on Government Borrowings (in *per cent*)	7.34	7.17	7.14	6.98	6.79
Difference between the rate of interest received and interest paid (in *per cent*)	(-)6.46	(-)6.53	(-)6.85	(-)6.56	(-)6.54

Source: Finance Accounts

- As noted in ***Appendix 1.5***, of the total loans and advances disbursed during FY 2024-25 (₹ 703 crore), Social Services accounted for ₹ 455 crore (64.72 *per cent)*, Economic Services for ₹ 246 crore (34.99 *per cent*) and the remaining ₹ 2 crore (0.29 *per cent*) was to Government Servants. Within Social Services, KMC[31] received major share of ₹ 429 crore for the implementation of KEIIP[32] project and in Economic Services it was mainly for PSUs under transport sector (₹ 147 crore).

- During 2024-25, the outstanding loans and advances increased slightly to ₹ 17,546 crore. However, the interest received was only ₹ 44 crore and the effective interest rate was only 0.25 *per cent*.

- The substantial decline in overall recovery from ₹ 1,456 crore in 2023-24 to ₹ 128 crore in 2024-25, was primarily attributable to a sharp reduction in repayments to the State Government against loans extended for power projects. Total repayments in 2024-25 declined by ₹ 1,328 crore *vis-à-vis* 2023-24. This reduction was mainly relating to repayments against (i) loans for working capital assistance to West Bengal State Electricity Distribution Company Limited (WBSEDCL); and (ii) loans to Durgapur Projects Limited (DPL) for thermal power generation.

[31] *Kolkata Municipal Corporation*
[32] *Kolkata Environmental Improvement Investment Program*

1.3 Contingency Fund

The Contingency Fund of the Government of West Bengal is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 200 crore.

At the end of FY 2024-25, ₹ 5.57 crore remained un-recouped under various heads. As on 31 March 2025, Contingency Fund had a balance of ₹ 194.43 crore only.

Details of expenditure made out of the Contingency Fund are discussed in **Paragraph 2.7.1** of **Chapter II**.

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in Public Account of the State are given in **Table 1.29**.

Table 1.29: Component-wise net balances in Public Account

Sector	Sub Sector	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	19,517.81	21,436.13	22,627.36	23,872.07	25,237.12
J. Reserve Funds	(a) Reserve Funds bearing Interest	1,925.77	2,251.03	3,353.88	5,321.86	7,597.48
	(b) Reserve Funds not bearing Interest	11,663.41	12,496.54	13,611.01	15,781.15	17,112.97
K. Deposits and Advances	(a) Deposits bearing Interest	22,928.21	26,204.02	29,362.76	32,879.37	35,746.17
	(b) Deposits not bearing Interest	17,173.51	16,035.23	18,869.57	21,041.47	20,623.54
	(c) Advances	(-)29.32	(-)29.32	(-)29.32	(-)29.32	(-)29.32
L. Suspense and Miscellaneous	(a) Suspense	(-)425.33	(-)477.16	(-)405.68	(-)654.11	(-)827.66
	(b) Other Accounts*	5,991.81	5,711.82	5,024.72	4,364.56	5,383.03
	(c) Accounts with Governments of Foreign Countries	(-)0.30	(-)0.30	(-)0.30	(-)0.30	(-)0.30
	(d) Miscellaneous	0.00	0.00	(-)572.25	(-)572.25	(-)572.25
M. Remittances	(a) Money Orders and other Remittances	(-)469.18	(-)469.18	20.85	20.84	20.81
	(b) Inter-Governmental Adjustment Account	(-)30.19	(-)17.14	(-)20.21	(-)19.57	(-)19.15
Total		**78,246.20**	**83,141.67**	**91,842.39**	**1,02,005.77**	**1,10,272.44**

*Source: Finance Accounts; *'Other Accounts' exclude (i) Departmental Balances, (ii) Permanent Cash Imprest and (iii) Cash Balance Investment Account.*
Note: –ve figures denote debit balances and +ve figures denote credit balances.

Net balances in the Public Account rose by 40.93 *per cent* in 2024-25 compared to 2020-21.

During 2020-21 to 2024-25, Audit observed the following:

- The rise in net balances in the Public Account was mainly due to higher balances under Reserve Funds and Deposits bearing interest. Transfers to Reserve Funds without corresponding utilisation and the accumulation of interest-bearing deposits led to increased future interest liabilities for the State exchequer.
- Balances under Deposits not bearing interest exhibited noticeable year-to-year fluctuations.

Balances under Suspense and Miscellaneous heads decreased over the years. Details of Suspense Accounts are shown in **Paragraph 3.9** of **Chapter III**.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. They comprise interest bearing reserve funds and reserve funds not bearing interest.

Against the gross accumulated balance of ₹ 24,710 crore lying in Reserve Funds, an amount of ₹ 17,113 crore was under 21[33] non-interest-bearing Reserve Funds and ₹ 7,597 crore was under three interest-bearing Reserve Funds. The fund balances lying in the major Reserve Funds as on 31 March 2025 are given in **Table 1.30**.

Table 1.30: Details of Major Reserve Funds

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
		(₹ in crore)				
A	**Reserve Funds bearing Interest**	**5,321.85**	**1,935.81**	**526.88**	**187.06**	**7,597.48**
1	State Disaster Response Fund (SDRF)	3,659.98	1,332.77	395.93	144.38	5,244.30
2	State Compensatory Afforestation Fund (SCAF)	495.72	141.04	18.23	42.68	612.31
3	State Disaster Mitigation Fund (SDMF)	1,166.15	462.00	112.72	0.00	1,740.87
B	**Reserve Funds not bearing Interest**	**15,781.15**	**1,769.11**	**1,125.52**	**1,562.82**	**17,112.96**

[33] *1. Sinking Funds, 2. Roads and Bridges Fund, 3. Development Funds for educational purposes, 4. Development Funds for Medical and Public Health purposes,* ***Development & Welfare Funds of*** *5. North Bengal Development Department, 6. Urban Development Department, 7. Municipal Affairs Department, 8. Panchayats & Rural Development Department, 9. Micro & Small-Scale Enterprises & Textiles Department, 10. Tourism Department, 11. Transport Department, 12. Sericulture Department, 13. Department of Power and Non-Conventional & Renewable Energy Sources, 14. Public Works Department, 15. Commerce and Industries Development Fund and 16. West Bengal Migrant Workers' Welfare Fund,*
17. Guarantee Redemption Fund, 18. Special Drawing Facility, 19. Special Fund for Compensatory Afforestation, 20. West Bengal Road Safety Fund and 21. Consumer Welfare Fund in respect of West Bengal GST Rules 2018

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
		(₹ in crore)				
1	Sinking Funds	13,265.37	600.00	1,021.33	0.00	14,886.70
2	Roads and Bridges Fund	193.36	616.64	0.00	616.64	193.36
3	Development and Welfare Funds	1,124.33	461.22	0.00	915.63	669.92
4	General and other Reserve Funds	1,198.09	91.25	104.19	30.55	1,362.98
Grand Total		**21,103.00**	**3,704.92**	**1,652.40**	**1,749.88**	**24,710.44**

Source: Finance Accounts

Out of the total accumulated balance of ₹ 24,710.44 crore in these funds, ₹ 16,238 crore (65.71 *per cent*) was invested in Government Securities as of 31 March 2025.

1.4.3 Cash Balances

As per the agreement with the Reserve Bank of India (RBI), State Governments must maintain a minimum daily cash balance with the RBI, which in case of West Bengal was ₹ 2.48 crore. If the balance falls below this minimum, the shortfall is to be met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Special Drawing Facility (SDF)/Overdrafts (OD), with the WMA limit revised periodically by RBI. During the year, the State did not resort to any WMA.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

It is not advisable for the State to raise market loans while holding large unutilised cash balances, as it leads to idling of funds, while increasing the State's liabilities. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.31**.

Table 1.31: Cash Balances and their investment

Particulars	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
	(₹ in crore)	
A. General Cash Balances		
Cash in treasuries	0.18	0.39
Deposits with Reserve Bank of India	2.45	(-)28.52[34]
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	**2.63**	**(-)28.13**
Investments held in Cash Balance investment account	23,320.02	27,355.25
Total (A)	**23,322.65**	**27,327.12**
B. Other Cash Balances and Investments		

[34] *There was a difference of ₹ 33.76 crore (Credit) between the figures of 'Deposits with Reserve Bank' reflected in the accounts as ₹ 28.52 crore (Credit) and that intimated by the Reserve Bank of India as ₹ 5.24 crore (Debit.). The difference is under reconciliation.*

Particulars	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
	(₹ in crore)	
Cash with departmental officers *viz.*, Public Works, Forest Officers	(-)0.36	(-)0.36
Permanent advances for contingent expenditure with department officers	2.84	2.85
Investment in earmarked funds	14,662.27	16,237.80
Total (B)	**14,664.75**	**16,240.29**
Total (A + B)	**37,987.40**	**43,567.41**
Interest realised	**124.13**	**152.93**

Source: Finance Accounts

Details of Cash Balance Investment Account during the last five years is given in **Table 1.32**.

Table 1.32: Cash Balance Investment Account (Major Head-8673)

Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
	(₹ in crore)			
2020-21	13,159	21,238	8,079	62.87
2021-22	21,238	20,360	(-)878	95.34
2022-23	20,360	18,632	(-)1,728	111.86
2023-24	18,632	23,320	4,688	124.13
2024-25	23,320	27,355	4,035	152.93

Source: Finance Accounts

The State's cash balance at the end of 2024-25 was ₹ 43,567 crore, which includes large investments in the Cash Balance Investment Account.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.29** and **Chart 1.30** show receipts and expenditure of the State as a percentage of GSDP, during FY 2020-25 respectively.

Chart 1.29: Receipts of the State as of GSDP

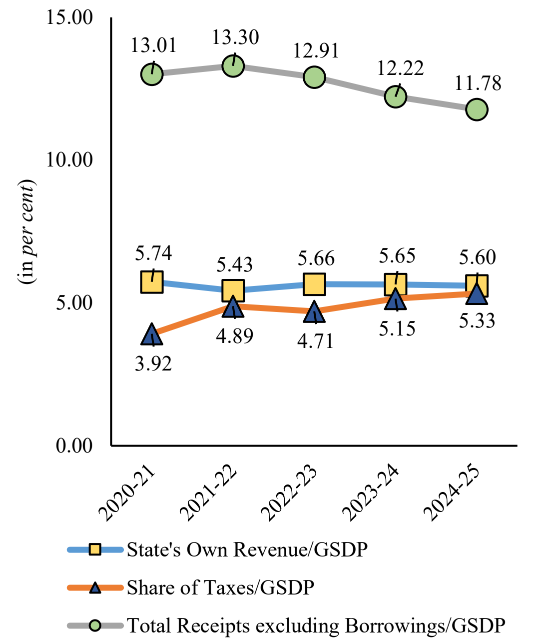
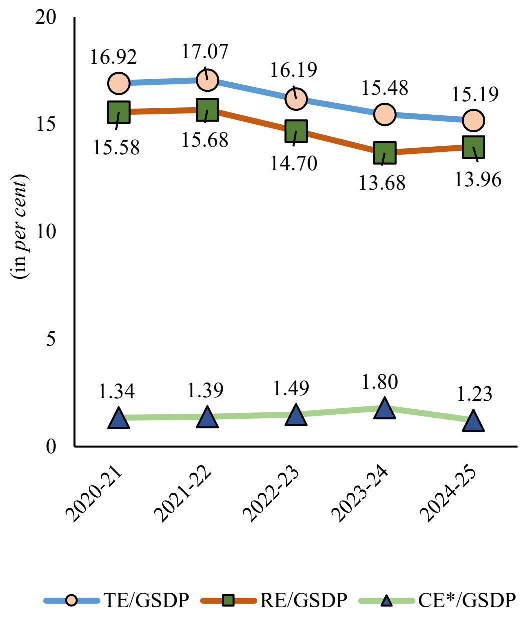


Chart 1.30: Expenditure of the State as of GSDP



Source: Finance Accounts and MoSPI

**Here 'CE' refers to 'Capital Expenditure including disbursement of Loans & Advances'.*

Both receipts and expenditure as a share of GSDP show that expenditure growth has outpaced revenue growth. Revenue expenditure forms the major portion of total spending, while capital expenditure remains low.

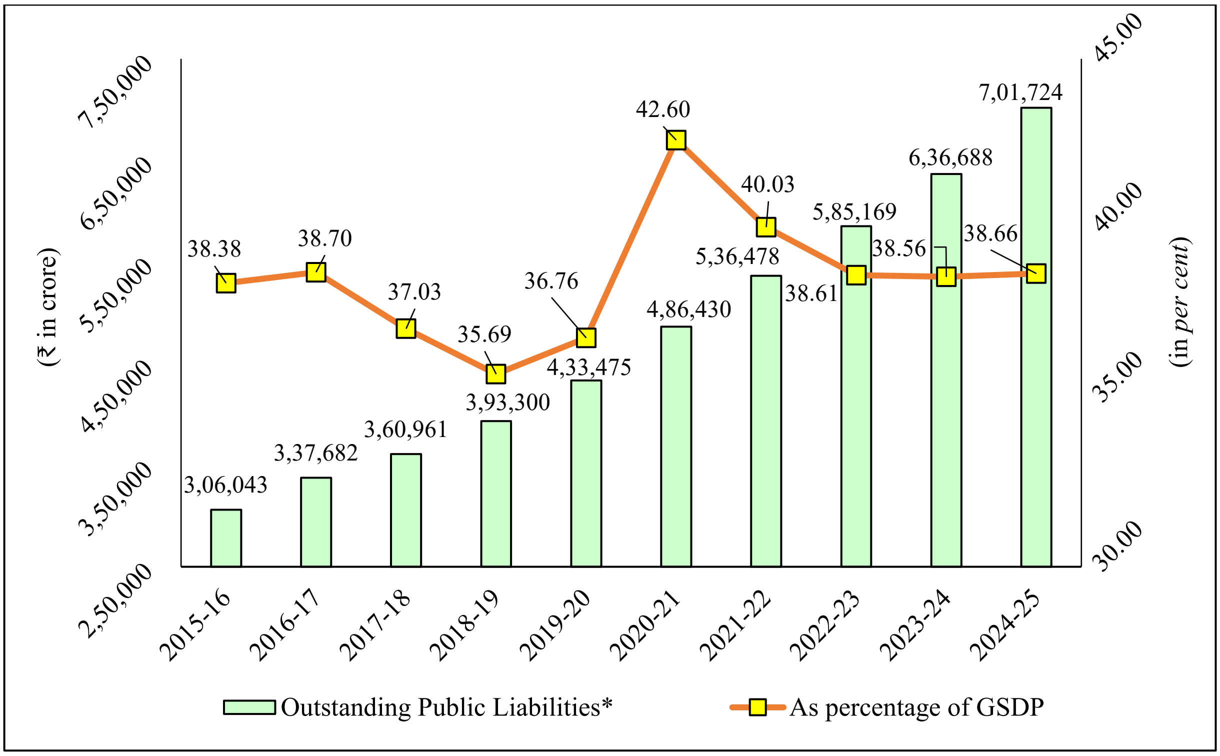
Since expenditure, especially on the revenue account, is growing faster than receipts, the fiscal deficit is widening and dependence on borrowings is increasing over the years.

The State should make efforts to increase its own tax and non-tax revenue through better collection and compliance. Expenditure priorities should be reviewed so that more funds are expended towards productive capital projects.

1.5.1 Public Liability Management

Outstanding public liabilities of the State along with its percentage to GSDP for the years 2015-16 to 2024-25 is depicted in **Chart 1.31**.

Chart 1.31: Outstanding Public Liabilities and its percentage to GSDP



Source: Finance Accounts
**Outstanding Public Liabilities refer to Outstanding Public Debt and Public Account Liabilities.*

A ten-year trend analysis of Outstanding Public Liabilities and its percentage to GSDP has already been presented in **Paragraph 1.1.6** of this Chapter.

High liabilities meant that a large share of future revenue would go towards debt servicing, which may reduce flexibility for future spending, potentially breaching FRBM targets.

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government and Public Account Liabilities. The component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in **Table 1.33**.

Table 1.33: Component-wise liability trends

Components of Fiscal Liability	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Outstanding Total Liabilities*	**4,86,430**	**5,36,478**	**5,85,169**	**6,36,688**	**7,01,724**
Public Debt	**4,24,247**	**4,70,289**	**5,10,763**	**5,52,455**	**6,11,645**
Internal Debt	4,04,017	4,42,866	4,79,797	5,23,402	5,72,056
Loans from GoI	20,230	27,423	30,966	29,053[#]	39,589
Liabilities on Public Account	**62,183**	**66,189**	**74,406**	**84,233**	**90,079**
Small Savings, Provident Funds, etc.	19,518	21,436	22,627	23,872	25,237

Components of Fiscal Liability	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Reserve Funds bearing Interest	1,926	2,251	3,154^	5,122^	7,597
Reserve Funds not bearing Interest	637	263	392	1,319	875
Deposits bearing Interest	22,928	26,204	29,363	32,879	35,746
Deposits not bearing Interest	17,174	16,035	18,870	21,041	20,624
Rate of growth of outstanding total liabilities (in *per cent*)	12.22	10.29	9.08	8.80	10.21
Gross State Domestic Product (GSDP)	11,41,798	13,40,030	15,15,565	16,51,374	18,15,010
Outstanding Total Liabilities/GSDP (in *per cent*)	42.60	40.03	38.61	38.56	38.66
Borrowings and Other Liabilities					
Total Receipts	1,86,034	1,97,690	1,91,795	2,10,237	2,18,266
Total Repayments	1,33,079	1,47,642	1,43,105	1,50,589	1,53,230
Net funds available	52,955	50,048	48,691	59,648	65,036
Repayments/Receipts (in per cent)	71.53	74.68	74.61	71.63	70.20

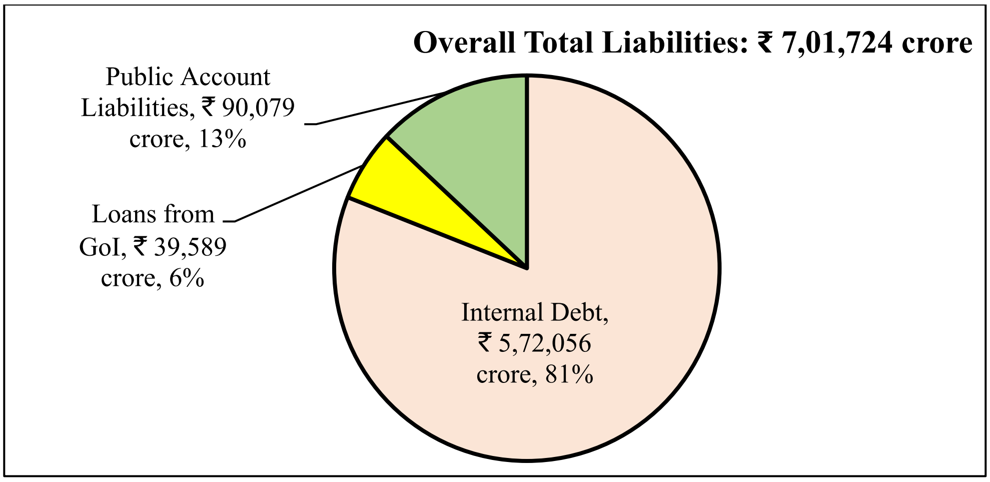
Source: Finance Accounts
**Outstanding Liabilities refer to Outstanding Public Debt and Public Account Liabilities.*
[#]excluding ₹8,128.49 crore due to proforma correction on account of repayment of back-to-back loan by Central Government
^considering the debit balances of ₹200 crore of SDRF-Investment Account during the respective years

Table 1.33 indicates the following:

- The State's outstanding total liabilities have grown materially (₹ 2,15,294 crore) over the last five years. However, since GSDP expanded faster (in absolute terms), the liabilities-to-GSDP ratio fell modestly (from 42.60 to 38.66 *per cent*).
- Internal debt is the dominant and rapidly expanding component of the outstanding total liabilities. Rising internal debt increases the State's exposure to interest rate risk and debt servicing pressure, as reflected by high interest payments from ₹ 30,517 crore in 2020-21 to ₹ 40,356 crore in 2024-25, representing an increase of about 32.24 *per cent*.
- Public Account liabilities (especially interest-bearing deposits and reserve funds) have also increased, which raises recurring interest commitments and future repayment/service obligations.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.32**.

Chart 1.32: Break-up of outstanding total liabilities at the end of 2024-25

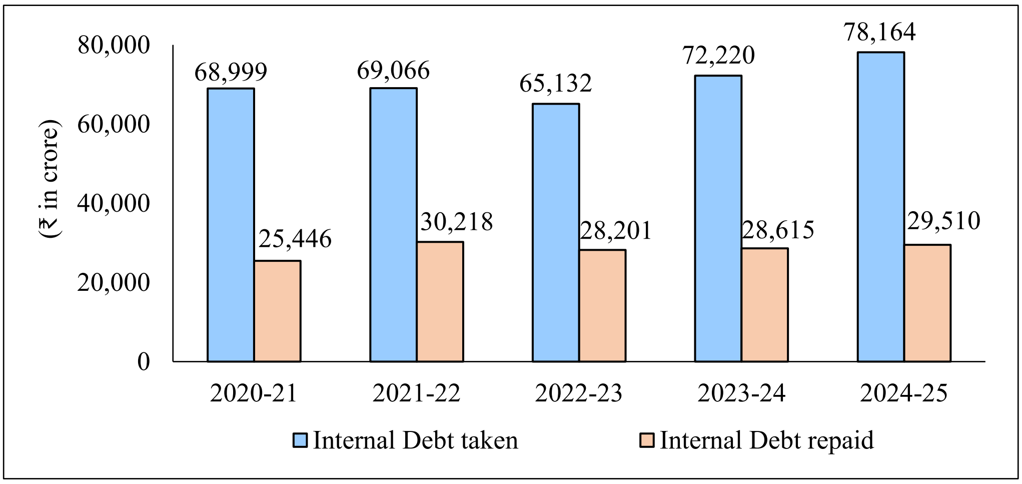


Source: Finance Accounts

The liability composition shown in **Chart 1.32**, indicates that the State's contingent and repayable obligations are concentrated in Public Debt, mostly internal debt.

Chart 1.33 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years i.e. 2020-25.

Chart 1.33: Internal debt taken *vis-à-vis* repaid



Source: Finance Accounts

Internal debt of the State Government increased by ₹ 1,68,039 crore (41.59 *per cent*) from ₹ 4,04,017 crore in 2020-21 to ₹ 5,72,056 crore in 2024-25. An amount of ₹ 40,356 crore was paid towards interest on internal debt during 2024-25.

Net increases in internal debt indicate that fiscal deficits are being financed largely through market borrowings.

1.5.1.2 Utilisation of Borrowed Funds

Borrowed funds (Public Debt) should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 1.34** and **Chart 1.34** depict the utilisation and trends of borrowed funds during 2020-25 respectively.

Table 1.34: Utilisation of borrowed funds

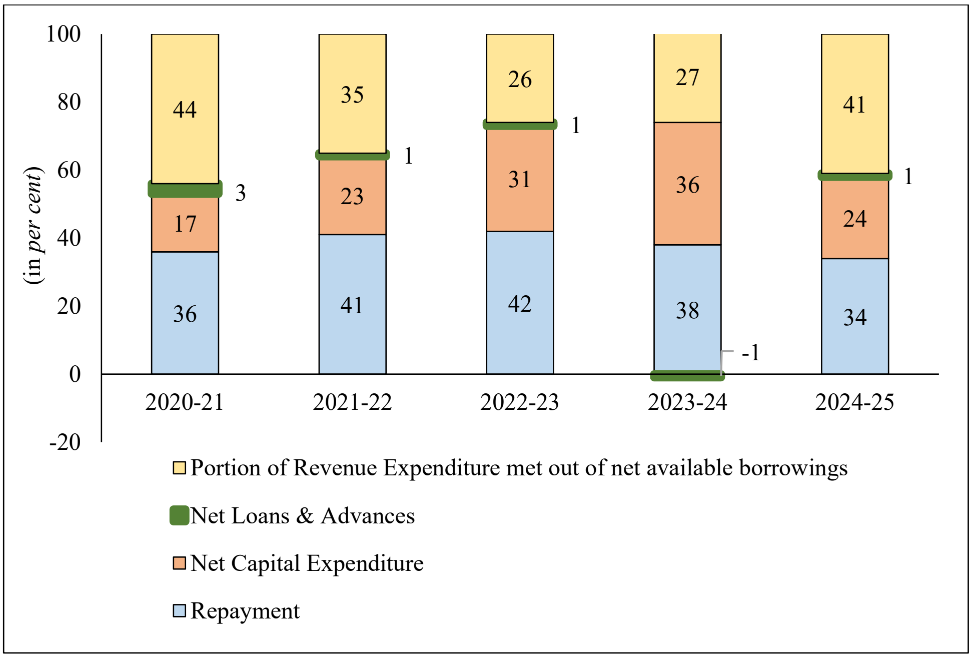
Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Total Borrowings* (1)	75,429	77,581	70,243	80,171	90,655
Repayment of earlier borrowings (Principal)# (2) (*percentage*)	26,889 (36)	31,540 (41)	29,768 (42)	30,351 (38)	31,465 (34)
Net Capital Expenditure (3) (*percentage*)	13,034 (17)	17,484 (23)	22,009 (31)	28,963 (36)	21,622 (24)
Net loans and advances (4) (*percentage*)	2,127 (3)	1,044 (1)	483 (1)	(-)662 (-1)	575 (1)
Portion of Revenue Expenditure met out of net available borrowings (5) = (1-2-3-4) (*percentage*)	33,379 (44)	27,513 (35)	17,983 (26)	21,519 (27)	36,993 (41)

Source: Finance Accounts

**The figures represent total Public Debt Receipts during the respective years.*

#*The figures represent total Public Debt Repayments during the respective years.*

Chart 1.34: Trends of utilisation of borrowed funds



Source: Finance Accounts

During 2024-25, a significant part (34 *per cent*) of borrowings was used for repayment of principal of earlier borrowings, nearly 41 *per cent* of borrowings financed revenue expenditure and only about one-fourth went to capital works.

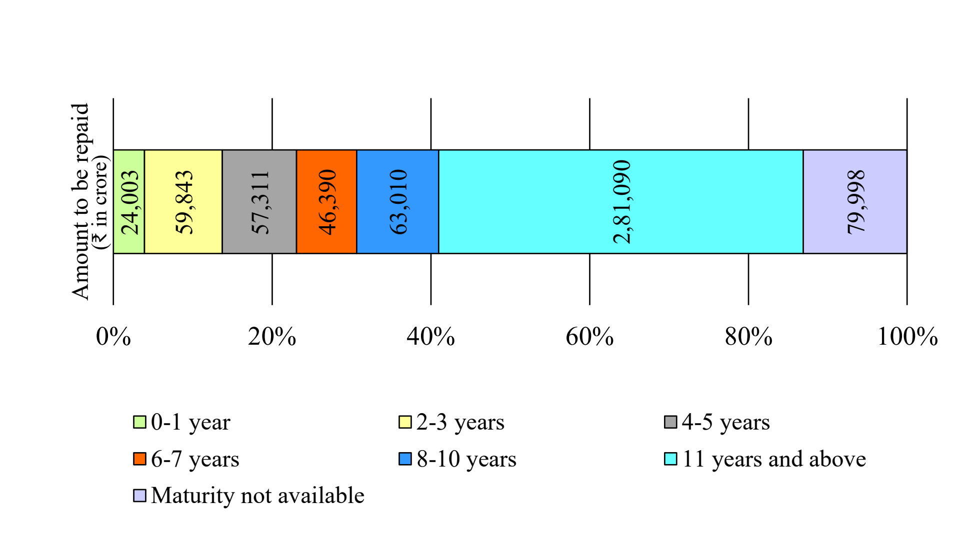
The State should therefore ensure that borrowings are used primarily to fund capital projects. Fiscal discipline should be strengthened to ensure that revenue expenditure is met from revenue receipts.

Further, it is essential that there is a policy framework in place for deployment of borrowed funds, keeping in mind the cost of borrowing and potential increases in income.

1.5.1.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.35**.

Chart 1.35: Maturity Profile of Public Debt



Source: Finance Accounts

As evident from the Chart above, of the total outstanding public debt (₹ 6,11,645 crore), payable debt maturity in the ensuing five and seven years, will be ₹ 1,41,157 crore[35] (23.08 *per cent*) and ₹ 1,87,547 crore[36] (30.66 *per cent*) respectively. The debt maturity may be much higher in the coming years, given the fact that the information pertaining to maturity details for debt amounting to ₹ 79,998 crore (13.08 *per cent* of total outstanding public debt) was not made available by the State Government.

1.5.1.4 Financing pattern of Fiscal Deficit

Table 1.35 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.35: Components of fiscal deficit and its financing pattern

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
Fiscal Deficit		**44,688**	**50,528**	**49,787**	**53,992**	**61,924**
1	*Revenue Deficit*	29,527	32,000	27,295	25,691	39,727
2	*Net Capital Expenditure*	13,034	17,484	22,009	28,963	21,622
3	*Net Loans and Advances*	2,127	1,044	483	(-)662	575
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	50,180	45,199	42,500	48,910	54,600
2	Loans from GoI	4,986	7,193	3,543	6,215	10,536
3	Special Securities issued to NSSF	(-)6,340	(-)6,340	(-)6,340	(-)6,340	(-)6,336
4	Loans from Financial Institutions	(-)287	(-)11	772	1,035	390
5	Small Savings, PF, etc.	2,288	1,919	1,191	1,245	1,365
6	Deposits and Advances	1,066	2,137	5,993	5,688	2,449
7	Suspense and Miscellaneous	(-)192	(-)332	(-)1,188	(-)909	844

[35] *₹ 24,003 crore (0-1 year) plus ₹ 59,843 crore (2-3 years) and ₹ 57,311 crore (4-5 years)*

[36] *₹ 24,003 crore (0-1 year) plus ₹ 59,843 crore (2-3 years), ₹ 57,311 crore (4-5 years) and ₹ 46,390 crore (6-7 years)*

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
8	Remittances	(-)1	13	487	1	1
9	Reserve Funds	(-)436	1,158	2,218	4,138	3,608
10	Contingency Fund	5	(-)52	228	(-)42	48
11	Appropriation to Contingency Fund	0	0	(-)180	0	0
12	**Overall Deficit**	**51,269**	**50,884**	**49,224**	**59,941**	**67,505**
13	Increase (-)/Decrease (+) in cash balance	(-)6,581	(-)356	563	(-)5,949	(-)5,581
14	**Gross Fiscal Deficit (12+13)**	**44,688**	**50,528**	**49,787**	**53,992**	**61,924**

Source: Finance Accounts

Table 1.35 implies that the State's fiscal deficit is rising in absolute terms and the financing pattern shows heavy reliance on market borrowings. There was also a significant increase in loans from the Central Government during 2024-25.

Heavy dependence on market borrowings to finance deficits can increase interest burden and fiscal risk.

The Government needs to adopt a fiscal consolidation roadmap with explicit targets to reduce fiscal deficit as a proportion of GSDP over the medium term, prioritise revenue measures by improving own tax collections and rationalise revenue expenditure.

1.5.2 Post-Audit Deficit Indicators

As per Finance Accounts of the State for FY 2024-25, the Revenue Deficit (RD) of the State was ₹ 39,727 crore (2.19 *per cent* of GSDP), Fiscal Deficit (FD) was ₹ 61,924 crore (3.41 *per cent* of GSDP) whereas Primary Deficit (PD) was ₹ 16,518 crore (0.91 *per cent* of GSDP).

Scrutiny of certain major transactions during FY 2024-25 revealed that RD, FD and PD were affected by certain accounting adjustments (some of which were also brought out in Notes to Finance Accounts (NTFA) of 2024-25) and through post-audit analysis, which are detailed in **Table 1.36**.

Table 1.36: Impact on revenue and fiscal deficits owing to certain major transactions during the FY 2024-25

Particulars	Impact on Revenue Deficit (Understated)	Impact on Fiscal Deficit (Understated)	Impact on Primary Deficit (Understated)	Paragraph Reference
	(₹ in crore)			
Non-recoupment of Contingency Fund	1.17	5.57	5.57	Paragraph 2.7.1
Non-transfer of Cess	1,809.66	1,809.66	1,809.66	Paragraph 3.3
Misclassification of Revenue Expenditure as Capital Expenditure	1,031.84	-	-	Paragraph 2.5.6
Total	**2,842.67**	**1,815.23**	**1,815.23**	

Source: Finance Accounts and Audit Analysis

Table 1.36 shows that during 2024-25, the State Government had misclassified ₹ 1,031.84 crore of Revenue Expenditure as Capital Expenditure (details discussed in **Paragraph 2.5.6** of **Chapter II**).

Moreover, the non-transfer of cess understated the RD, FD and PD by ₹ 1,809.66 crore each. Also, due to non-recoupment of the Contingency Fund, the RD was understated by ₹ 1.17 crore, while both the FD and PD were understated by ₹ 5.57 crore each.

This resulted in understatement of RD by ₹ 2,842.67 crore, FD and PD by ₹ 1,815.23 crore each. The RD, FD and PD, therefore, worked out to ₹ 42,569.67 crore (2.35 *per cent* of the GSDP), ₹ 63,739.23 crore (3.51 *per cent* of the GSDP) and ₹ 18,333.23 crore (1.01 *per cent* of the GSDP) respectively, after Audit.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

As per WBFRBM (Amendment) Act 2025, by the end of 2024-25 the State aimed to:

- maintain the fiscal deficit within the ceiling of 3.50 *per cent* of GSDP and
- contain the outstanding debt-to-GSDP ratio below 38 *per cent*.

West Bengal also follows a Medium-Term Fiscal Policy (MTFP), according to which by the end of 2024-25, interest payments were to be capped at 19.17 *per cent* of revenue receipts.

The fiscal targets, prescribed in the State FRBM Act and MTFPSs, *vis-à-vis* achievements and post-audit figures for FYs 2020-21 to 2024-25, are detailed in **Table 1.37**.

Table 1.37: Compliance with provisions of State FRBM Act post-Audit

Fiscal Parameters		Achievements *vis-à-vis* Targets				
		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-)/Surplus (+) (₹ in crore)	Targets	0	(-)26,755	(-)28,280	(-)30,924	(-)31,952
	Achievements	(-)29,527	(-)32,000	(-)27,295	(-)25,691	(-)39,727
	Post-Audit figures	(-)32,967	(-)37,067	(-)32,074	(-)29,789	(-)42,570
Fiscal Deficit (-)/Surplus (+) (as percentage of GSDP)	Targets	5.00	5.00	4.00	3.50	3.50
	Achievements	3.91 ✓	3.77 ✓	3.29 ✓	3.27 ✓	3.41 ✓
	Post-Audit figures	4.11 ✓	4.00 ✓	3.39 ✓	3.47 ✓	3.51 ✗
Ratio of total outstanding liabilities to GSDP (in *per cent*)	Targets	34.30	34.30	34.30	34.30	38.00
	Achievements	42.60 ✗	40.03 ✗	38.61 ✗	38.56 ✗	38.66 ✗
Interest payment as percentage of Revenue Receipts	Targets	18.26	17.49	19.75	20.11	19.17
	Achievements	22.77 ✗	20.58 ✗	20.46 ✗	21.28 ✗	21.25 ✗

Source: MTFPSs 2020-21 to 2024-25, WBFRBM (Amendment) Acts 2020, 2021, 2022, 2024 & 2025, Finance Accounts 2020-21 to 2024-25 and MoSPI

Note: '✓' denotes target achieved, '✗' denotes target not achieved.

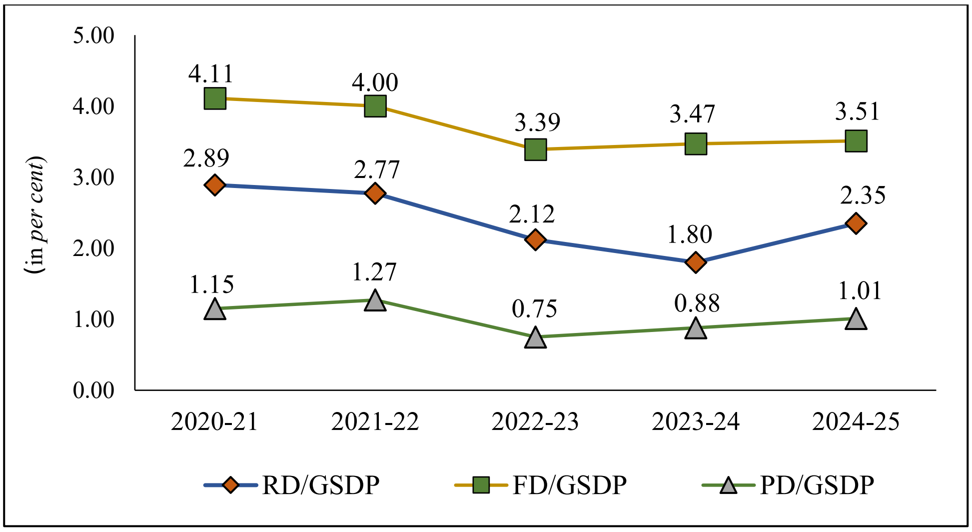
Audit analysis of the data (shown in **Table 1.37**) showed the following:

- **Revenue Deficit:** The State continued to record revenue deficits during 2020-21 to 2024-25. During the entire period, Revenue Deficit crossed the targets set in the MTFPSs of the respective years. Persistently high committed expenditure on salaries, pensions and interest payments coupled with increasing subsidy and social sector commitments constrained fiscal correction. The State was thus unable to create the fiscal space necessary for capital investment.

- **Fiscal Deficit:** Considering the post-audit figures, it has been seen that except for 2024-25, the fiscal deficit-GSDP ratio remained within the prescribed ceilings, indicating partial adherence to the FRBM targets. The marginal breach during 2024-25 indicates weakening of the fiscal position of the State.
- **Outstanding Liabilities:** The Outstanding Liabilities-GSDP ratio remained persistently above the prescribed limits throughout the period, signifying continued dependence on borrowings for financing fiscal gaps.
- **Interest Payments:** The ratio of interest payments to revenue receipts exceeded the normative cap during the five-year period, reflecting a rigid expenditure structure and rising debt-servicing burden, which limited the resources available for developmental spending.

Post-audit analysis indicates a gradual reduction in revenue, fiscal and primary deficits with respect to GSDP up to 2023-24, followed by reversal in 2024-25, suggesting fiscal stress arising from increased committed expenditure and subdued growth in own tax revenue (**Chart 1.36**).

Chart 1.36: Trend analysis of deficits post-Audit



Source: Finance Accounts, MoSPI and Audit Analysis

The targets set by 15th FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.37**, **Chart 1.38** and **Chart 1.39**.

Chart 1.37: Revenue Deficit as a percentage of GSDP

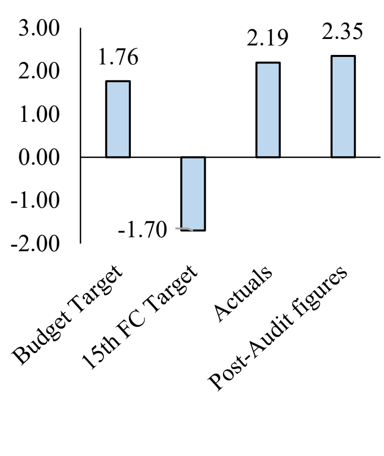


Chart 1.38: Fiscal Deficit as a percentage of GSDP

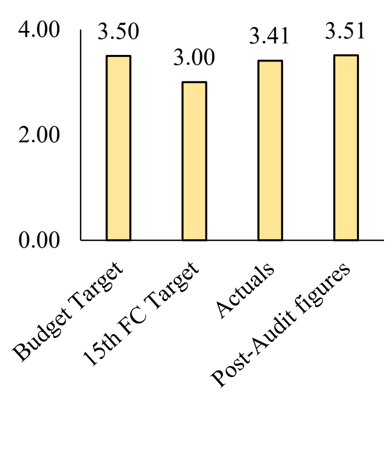
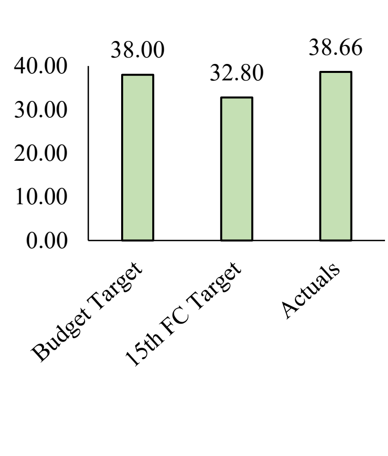


Chart 1.39: Outstanding Liabilities as a percentage of GSDP



Source: Finance Accounts, MoSPI, MTFPS 2025-26, WBFRBM (Amendment) Act 2025 and 15th FC Report

*Note: Negative (-) figure denotes Revenue Surplus (**Chart 1.37**).*

Considering the post-audit figures, during the year 2024-25, the State was unable to contain the revenue deficit-GSDP and fiscal deficit-GSDP ratios within the limits prescribed by 15th FC and those projected in the budget estimates. Additionally, the total Outstanding Debt-GSDP ratio also exceeded the ceilings stipulated in both the Budget Estimates and the recommendations of the 15th FC.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.38**.

Table 1.38: Trends in Debt Sustainability Indicators

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
1.	Overall Liability or Overall Debt	4,86,430	5,36,478	5,85,169	6,36,688	7,01,724
1.(i)	Rate of Growth of Overall Liability (*per cent*)	12.22	10.29	9.08	8.80	10.21
2.	Overall interest-bearing liability*	4,63,558	5,07,761	5,49,832	6,01,366	6,56,957
2.(i)	Average Overall interest-bearing liability	4,38,618	4,85,660	5,28,797	5,75,599	6,29,162
2.(ii)	Rate of Growth of Overall interest-bearing liability (*per cent*)	12.06	9.54	8.29	9.37	9.24
3.	GSDP (in nominal terms)	11,41,798	13,40,030	15,15,565	16,51,374	18,15,010
4.	Nominal GSDP growth (*per cent*)	(-)3.17	17.36	13.10	8.96	9.91
5.	Overall Debt/GSDP (*per cent*)	42.60	40.03	38.61	38.56	38.66
6.(a)	Receipts under Public Debt and other liabilities	1,86,034	1,97,690	1,91,795	2,10,237	2,18,266
6.(b)	Repayment (principal and interest) under public debt and other liabilities	1,66,861	1,84,314	1,83,123	1,93,210	1,98,636
7.	Repayment to Gross Borrowings (*per cent*)	89.69	93.23	95.48	91.90	91.01

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
8.	Net borrowings available as a percentage of Gross Borrowings (*per cent*)	10.31	6.77	4.52	8.10	8.99
9.	Interest Payments	33,782	36,672	40,018	42,621	45,406
10.	Effective Rate of Interest on Average Overall interest-bearing Debt (*per cent*)	7.70	7.55	7.57	7.40	7.22
11.	Interest payment to Revenue Receipts (*per cent*)	22.77	20.58	20.46	21.28	21.25
12.	Revenue Deficit (-)/Surplus (+)	(-)29,527	(-)32,000	(-)27,295	(-)25,691	(-)39,727
13.	Fiscal Deficit (-)/Surplus (+)	(-)44,688	(-)50,528	(-)49,787	(-)53,992	(-)61,924
14.	Primary Revenue Balance (PRB) (12-9)	4,255	4,672	12,723	16,930	5,679
15.	Primary Balance (PB) (13+9)	(-)10,906	(-)13,856	(-)9,769	(-)11,371	(-)16,518
16.	PB/GSDP (*per cent*)	(-)0.96	(-)1.03	(-)0.64	(-)0.69	(-)0.91
17.(a)	Investment at the end of the year	18,288	18,705	19,832	21,378	22,793
17.(b)	Return (Dividend)	2	158	165	289	240
17.(c)	Return on Investment (RoI) (*per cent*) (on avg. investment for the year)	0.01	0.85	0.86	1.40	1.09
17.(d)	Difference between effective rate of interest on average overall interest-bearing debt and RoI	7.69	6.70	6.71	6.00	6.13
18.	Liquidity Management (use of financial accommodation instruments available with RBI)	8,155	193	0	0	0
19.(a)	Interest Spread[37] on overall interest-bearing debt (*per cent*)	(-)10.87	9.81	5.53	1.56	2.69
19.(b)	Quantum Spread[38] (on overall interest-bearing debt) (*per cent*)	(-)50,389	49,811	30,406	9,381	17,672
19.(c)	Debt Stabilisation (Quantum spread + Primary balance)	(-)61,295	35,955	20,637	(-)1,990	1,154
20.	**Domar Gap[39]**					
20.(a)	GSDP (in constant terms)	7,04,042	7,86,004	8,31,251	8,81,892	9,41,854
20.(b)	Real Growth (in constant terms) (*per cent*)	(-)7.58	11.64	5.76	6.09	6.80
20.(c)	Inflation based on CPI (*per cent*)	7.98	5.82	7.06	4.47	3.87
20.(d)	Effective Rate of Interest on Average Overall interest-bearing Debt (*per cent*)	7.70	7.55	7.57	7.40	7.22
20.(e)	Real effective rate of interest on Average Overall interest-bearing Debt (20d-20c)	(-)0.28	1.73	0.51	2.93	3.35
20.(f)	Growth Interest Differential (20b-20e)	(-)7.30	9.91	5.25	3.16	3.45

[37] *Difference between Nominal GSDP growth rate and Effective Rate of interest on Overall interest-bearing Debt*

[38] ***Quantum spread****= Interest bearing Debt x (GSDP growth rate – Average Interest Rate)/100. If the Quantum Spread together with primary deficit is zero, debt-GSDP ratio would be constant, or debt would stabilize. If it is negative, debt-GSDP would be rising and in case it is positive, debt-GSDP would decrease.*

[39] *The Domar Model provides a theoretical framework for assessing public debt sustainability. It says that a government's debt is sustainable when the real growth rate of the economy (g) exceeds the real effective rate of interest (r) on its debt. When g > r, the debt-to-GSDP ratio tends to stabilize or decline over time, even with moderate primary deficits. Conversely, when r > g, the debt burden grows unsustainably unless offset by sustained primary surpluses. This principle forms the basis for interpreting indicators such as the Growth Interest Differential and Primary Balance in debt analysis.*

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
		(₹ in crore)				
20.(g)	Primary Balance (PB)	(-)10,906	(-)13,856	(-)9,769	(-)11,371	(-)16,518

Source: Finance Accounts

*Note: Effective rate of interest indicates Interest paid by the State on overall debt/ (opening balance of debt plus closing balance of debt/2)*100*

**excluding non-interest-bearing liabilities such as (i) Reserve Funds not bearing interest, (ii) Deposits not bearing interest and back-to-back loan received from GoI and (iii) 50 years' Interest free loans for 'Special Assistance to States for Capital Expenditure/Investments' received from GoI during 2020-25*

Analysis of the data shown in **Table 1.38** indicates the following:

- During the years 2020-21 to 2024-25, the debt-to-GSDP ratio exceeded the limit prescribed under the FRBM Act (**Table 1.37**). Continued rise in outstanding debt underscores the need for sustained fiscal discipline and prudent debt management.
- During 2021-25, only four to 10 *per cent* of the borrowings were available after debt servicing. This indicates that new borrowings are mainly being used to service existing liabilities rather than to fund developmental investments.
- During 2020-21 to 2024-25, the ratio of interest payments to revenue receipts exceeded the limit prescribed under the FRBM Act, which remains a matter of concern as a large portion of revenue is being used for debt servicing. This limits the State's capacity to allocate more resources for social and capital expenditure.
- Persistent primary deficits (negative Primary Balance) indicate that the State continued to borrow even to meet interest liabilities. Although the Growth Interest Differential (GID) remained positive during 2021-22 to 2024-25, showing that economic growth was higher than the cost of borrowing, the narrowing of this gap in 2022-23 to 2024-25 indicates vulnerability to rising interest rates or slower growth. The debt-stabilisation metric (quantum spread plus primary balance) also shows that while the current debt position is sustainable, continued fiscal consolidation is necessary to avoid future slippage.

Overall, the analysis shows that the State's debt position is moderately sustainable. Although the positive GID indicates some stability, the breach of the debt ceiling prescribed under the FRBM Act is a matter of concern. During FY 2024-25, West Bengal's debt-to-GSDP ratio remains significantly higher (38.66 *per cent*) than that of the States other than the North-Eastern and Himalayan States (27.73 *per cent*), as well as the States such as Gujarat (16.99 *per cent*), Karnataka (24.00 *per cent*) and Tamil Nadu (27.49 *per cent*), which have GSDP levels comparable to that of West Bengal. High repayment ratios, recurring primary deficits and heavy interest burden point to underlying fiscal stress. The State needs to continue to strive to increase revenue, manage expenditure efficiently and borrow prudently to strengthen long-term debt sustainability and fiscal resilience.

1.5.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies and co-operative institutions. West Bengal Ceiling on Government Guarantee Act (WBCGA) 2001 stipulates that the total outstanding Government guarantees, as on the first day of April of any year, shall not exceed 90 *per cent* of the State Revenue Receipts of the second preceding year. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Table 1.39**.

Table 1.39: Guarantees given by the State Government

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
	(₹ in crore)				
Ceiling applicable to the outstanding amount of guarantees including interest (i.e. 90 *per cent* of revenue receipts of the second preceding year)	1,31,378	1,28,623	1,33,555	1,60,343	1,75,990
Outstanding amount of guarantees at the beginning of the year	8,212	12,205	16,885	17,677	15,400*
Outstanding guarantees at the end of the year	7,821	16,885	17,677	16,445	17,014

Source: Finance Accounts

**Opening balance for FY 2024-25 differs with the closing balance of FY 2023-24 based on information made available by the State Government.*

The Finance Department acts as the tracking authority in respect of guarantees. **Table 1.39** depicts that the outstanding guarantees including interest (₹ 15,400 crore) at the beginning of 2024-25, stood at 7.88 *per cent* of the total Revenue Receipts of the second preceding year (₹ 1,95,544 crore in 2022-23) and were, thus, well within the ceiling of the WBCGA.

The outstanding guarantees including interest amounting to ₹ 17,014 crore as on 31 March 2025, included guarantees extended to 29 institutions/companies, under various sectors[40].

Further, in terms of Section 10 of the West Bengal Finance Act, 2002, the loanees for whom the State Government had provided guarantees to the financial institutions, were required to pay guarantee commission, at the rate of one *per cent* (minimum) on the total amounts guaranteed. In the current year, the State Government had received guarantee commission of ₹ 204 crore, against the receivable commission of ₹ 207 crore.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax

[40] *Power (₹ 8,783 crore against 9 guarantees), Finance (₹ 4,317 crore against 11 guarantees), MA&ME (₹ 1,245 crore against 1 guarantee), Higher Education (₹ 1,208 crore against 1 guarantee), Cooperation (₹ 1,106 crore against 1 guarantee), Backward Classes Welfare (₹ 216 crore against 4 guarantees), MSME & Textiles (₹ 114 crore against 1 guarantee) and Tribal Development (₹ 25 crore against 1 guarantee)*

base, revising user charges and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears is (tax and non-tax) another step towards enhancing the fiscal space.

A. Arrears of Revenue

As on 31 March 2025, the arrears of revenue in respect of principal heads of revenue were ₹ 7,873 crore, as depicted in **Table 1.40**.

Table 1.40: Arrears of Revenue

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2025 (₹ in crore)
1	Agricultural Income Tax	28
2	Rural Employment & Primary Education Cess on Tea Estate	50
3	Stamps and Registration Fees	93
4	State Excise	41
5	VAT, Central Sales Tax	7,504
6	Electricity Duty	95
7	Entertainment Tax and Luxury Tax	62
	Total	**7,873**

Source: MTFPS 2025-26

The MTFPS, presented with the Budget 2025-26, revealed that, at the end of FY 2024-25, arrears in realisation of revenue were ₹ 7,873 crore. Against these arrears, there was no dispute regarding realisation of ₹ 1,285 crore, of which cases exceeding one to two years involved ₹ 37 crore, two to five years ₹ 99 crore, five to 10 years ₹ 982 crore and more than 10 years ₹ 167 crore. The circumstances under which the revenue of ₹ 1,285 crore had not been realised were not explained in the MTFPS. As mentioned above, undisputed arrears, on account of revenue lying unrealised for prolonged periods, adversely impacts both the Revenue Receipts as well as the Revenue Deficit.

B. Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The details of cases of evasion of tax detected by the Directorate of Commercial Taxes, Finance Department, GoWB, cases finalised and the demand for additional tax raised during the year 2024-25, as reported by the departments concerned, are depicted in **Table 1.41**.

Table 1.41: Evasion of tax detected

Sl. No.	Head of Revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment/investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31 March 2025
					No. of cases	Amount of demand (₹ in crore)	
1	Goods and Services Tax	25,965	35,142	61,107	36,524	23,532.89	24,583

Source: Departmental information

Table 1.41 disclosed that 40.23 *per cent* of cases of tax evasion detected by the Department remained outstanding at the end of FY 2024-25.

1.6 Conclusions

1. The State's own revenue showed moderate buoyancy (below 1 during 2023-24 to 2024-25), indicating that revenue mobilisation has not kept pace with economic growth. During 2020-21 to 2024-25, while SGST, State Excise, and Vehicle Taxes exhibited strong CAGR between 14 to 16 *per cent*, Non-Tax Revenue remained low and volatile.

2. Revenue deficit persisted throughout the five-year period, reaching 2.19 *per cent* of GSDP in 2024-25. Committed expenditure, including salaries, pensions and interest, continues to consume more than half of total revenue expenditure, leaving limited fiscal space.

3. During 2024-25, fiscal deficit with respect to post-audit figures, stood at 3.51 *per cent* breaching the FRBM target of 3.50 *per cent*.

4. Outstanding liabilities increased by 10.21 *per cent* to ₹ 7,01,724 crore (38.66 *per cent* of GSDP) over the previous year, largely driven by internal debt and loans from GoI.

5. Interest receipts accounted for only 0.17 *per cent* of revenue receipts, while interest payments stood at 17.92 *per cent* of Revenue Expenditure absorbing 2.50 *per cent* of GSDP, reflecting declining returns on financial assets and rising cost of debt servicing.

6. The State's continued reliance on borrowed funds highlights the need for improved funds management.

1.7 Recommendations

- *The State may explore avenues to increase non-tax revenue and overall revenue mobilisation.*
- *The State may monitor the growth of committed expenditures and subsidies, to free up fiscal space for development spending.*
- *The State may optimise the use of borrowings mainly for productive investments and avoid borrowing for revenue expenses.*
- *The State Government may strive to achieve the FRBM targets for major fiscal parameters.*