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Preface

This Report has been prepared for submission to the Governor of West Bengal under Article 151 of the Constitution.

The State Finances Audit Report of the Government of West Bengal intends to assess the financial performance of the State, during the financial year 2024-25 and to provide the State Legislature with inputs, based on audit analysis of financial data. The Report contains three Chapters.

Chapter I – Overview of the Finances of the State

This Chapter describes the basis and approach to the Report and provides a broad perspective of the finances of the State. It includes a macro-fiscal analysis of key indices and State's fiscal position including deficits/ surplus, debt profile and key Public Account transactions.

Chapter II – Budgetary Management

This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter III – Financial Reporting Practices

This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departments of the State Government.

The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on the Revenue Receipts are presented separately.

Basis and Approach to State Finances Audit Report

In terms of Article 151(2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG), relating to the accounts of a State, are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State.

The Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts, functioning under the control of the State Government, as also from the statements received from the Reserve Bank of India. These accounts are independently audited by the Principal Accountant General (Audit-I) and certified by the Comptroller and Auditor General of India.

The Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Offices of the Principal Accountants General (Audit-I and II);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics;
- State's Fiscal Responsibility and Budget Management (FRBM) Act;
- Finance Commission recommendations;
- Various audit reports of the CAG of India;
- Best practices and guidelines of the Government of India (GoI).

Structure of Government Accounts

The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises of all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted upon by the Legislature.

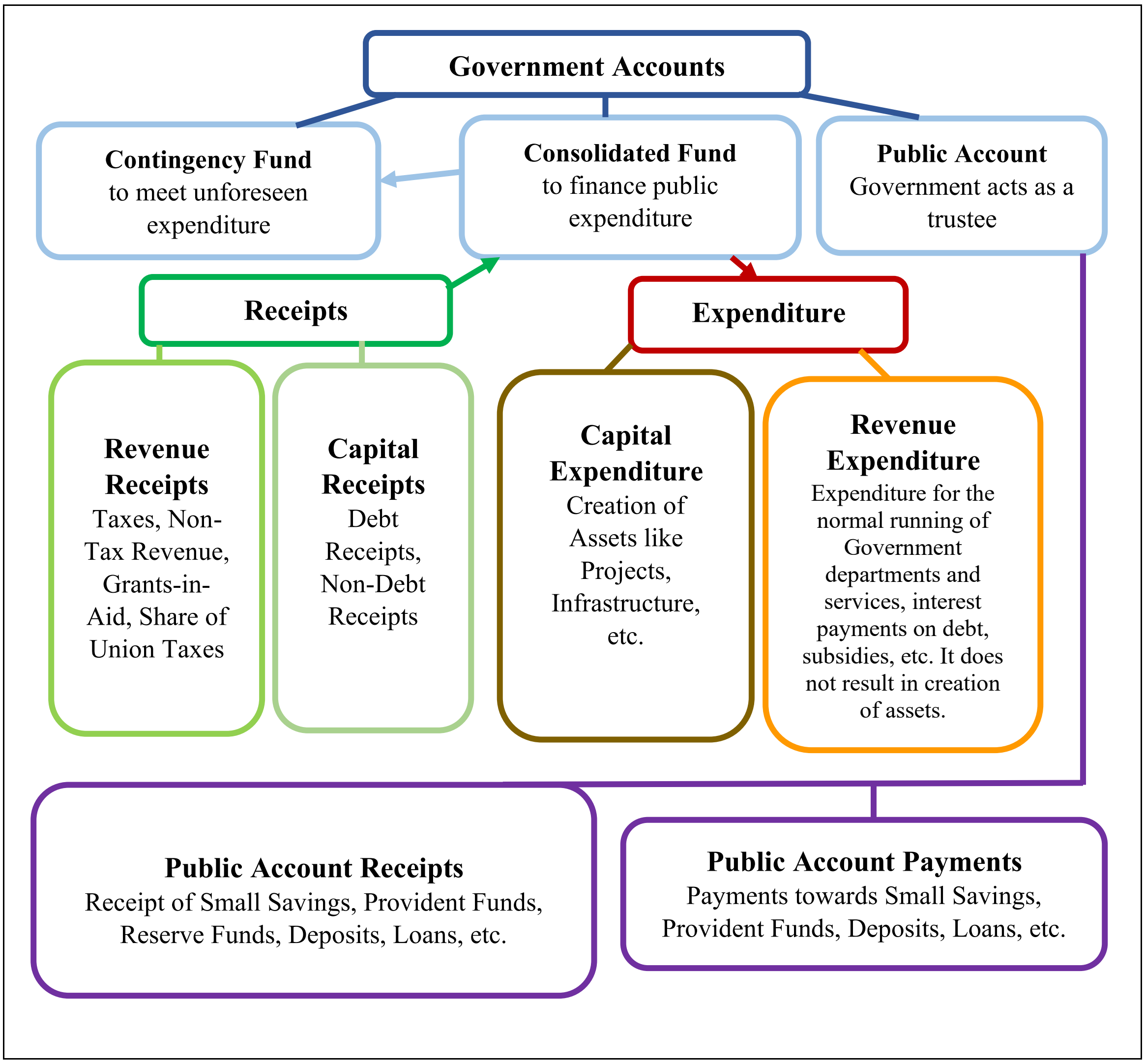
2. **Contingency Fund of the State (Article 267(2) of the Constitution of India)**

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor, to enable advances to be made for meeting unforeseen expenditure, pending authorization of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major heads relating to the Consolidated Fund of the State.

3. **Public Accounts of the State (Article 266(2) of the Constitution)**

Apart from the above, all other public moneys, received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government, is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Structure of Government Accounts



EXECUTIVE SUMMARY

Executive Summary

West Bengal's economy recorded a moderate growth (9.91 *per cent*) in Financial Year (FY) 2024-25 compared to previous year. The Gross State Domestic Product (GSDP) (at current prices) grew at a Compounded Annual Growth Rate (CAGR) of 9.57 *per cent* from ₹ 7.97 lakh crore in 2015-16 to ₹ 18.15 lakh crore in FY 2024-25.

During FY 2024-25, the State recorded a Revenue Deficit of ₹ 39,727 crore (2.19 *per cent* of GSDP). The Fiscal Deficit of the State was ₹ 61,924 crore (3.41 *per cent* of GSDP), which was within the FRBM target of 3.50 *per cent* of GSDP. Total liabilities stood at 38.66 *per cent* of GSDP in 2024-25, breaching the FRBM target of 38.00 *per cent*.

Ten year trend analysis, covering the period from 2015-16 to 2024-25, of major fiscal and economic parameters of the State showed that Revenue Expenditure increased at a faster pace (CAGR of 8.78 *per cent*) *vis-a-vis* Revenue Receipts (CAGR of 7.69 *per cent*). Consequently, the State incurred Revenue Deficits throughout the period from 2015-16 to 2024-25. During this decade, Fiscal Deficit also expanded sharply at a CAGR of about 12.83 *per cent* leading to greater dependence on borrowings.

Overall, the growing revenue deficit and rising fixed liabilities create risks for the State's financial health, even though the fiscal deficit is within the limit prescribed in WBFRBM (Amendment) Act 2025. 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.

Revenue Receipts

Revenue Receipts (₹ 2,13,700 crore) though grew by 6.71 *per cent* in FY 2024-25, it did not fully match economic growth as revenue buoyancy (0.68) and State's own revenue buoyancy (0.92) stayed below one, indicating limited responsiveness of revenue collections to economic growth. While Grants-in-Aid 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 stood at 52 *per cent* in FY 2024-25 *vis-à-vis* 56 *per cent* in FY 2020-21. This highlighted the need for stronger own revenue mobilisation by the State.

Revenue Expenditure

Revenue Expenditure consistently accounted for over 112 *per cent* of Revenue Receipts during FYs 2020-25 and stood at 118.59 *per cent* in FY 2024-25, reflecting fiscal stress. Its significant share in total expenditure indicates structural rigidity and leaves little fiscal space for capital investment. The share of Committed Expenditure within Revenue Expenditure ranged between 54.93 *per cent* and 62.86 *per cent* during FYs 2020-25, and as a proportion of Revenue Receipts between 64 *per cent* and 75 *per cent* over the same period. This highlights that a large portion of the State's receipts are being used just to meet fixed obligations. It was noted that in FY 2024-25, 41 *per cent* of the revenue expenditure was met from net borrowings adding to future liabilities.

The committed expenditure (₹ 1,39,202 crore) coupled with Subsidy expenditure (₹ 19,444 crore) absorbed nearly 74 *per cent* of Revenue Receipts of West Bengal in FY 2024-25 leaving only 26 *per cent* fiscal space for developmental and capital spending. Compared to the previous year, in FY 2024-25 subsidy increased sharply by ₹ 8,968 crore (85.61 *per cent*). 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 for subsidisation in power tariff to its consumers.

Capital Expenditure

Capital expenditure (₹ 21,622 crore) during FY 2024-25 constituted only 1.19 *per cent* the GSDP of the State. In FY 2024-25, it fell by 25 *per cent* (₹ 7,341 crore) *vis-à-vis* the previous financial year (₹ 28,963 crore). Audit found that, during FY 2024-25, the State Government misclassified ₹ 1,031.84 crore of expenditure of Revenue nature as Capital Expenditure, which inflated the Capital Expenditure to that extent.

Liabilities

As of March 2025, overall outstanding liability of the State stood at ₹ 7,01,724 crore. There was decline in the Debt-GSDP ratio from 42.60 *per cent* in FY 2020-21 to 38.66 *per cent* in FY 2024-25. High liabilities meant that a large share of future revenue would go towards debt servicing, which may reduce flexibility for future spending. Interest payments relative to revenue receipts fell from 22.77 *per cent* to 21.25 *per cent* during FY 2020-21 to FY 2024-25. However, 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.

Of the total outstanding public debt (₹ 6,11,645 crore), more than 30 *per cent* will become payable in the ensuing seven years {₹ 1,87,547 crore (30.66 *per cent*)}. Overall, 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.

Budgetary Management

During FY 2024-25, against the total budget provision of ₹ 3,90,638.04 crore, the State incurred an expenditure of ₹ 3,19,975.79 crore, resulting in an overall savings of ₹ 70,662.25 crore (18.09 *per cent*). Similar trend of savings ranging between 19.31 *per cent* to 20.99 *per cent* was observed during FY 2020-21 to FY 2023-24.

It was noticed that during FY 2024-25, supplementary provisions of ₹ 4,489.31 crore in 16 grants proved unnecessary, as the expenditure did not come up to even the original provisions. Similarly, supplementary provisions of ₹ 5,119.18 crore in 13 grants proved excessive as full amount of supplementary provisions could not be utilised. This points not only to inefficient financial planning but also raises doubt about capacity of the State to spend efficiently.

Though there was overall savings, during FY 2024-25, excess expenditure of ₹ 13,486.92 crore was incurred under seven grants and one appropriation which requires regularisation as per Article 205 (1) (b) of the Constitution. Such unregularised excess expenditure pertaining to the FYs 2009-24 came to ₹ 57,263.62 crore.

Single Nodal Agency (SNA) and SNA-SPARSH

As per the PFMS portal, the State Government received ₹5,889.49 crore being Central share during FY 2024-25 in its Treasury account. The State Government transferred Central share of ₹ 5,604.85 crore and State share of ₹ 12,447.11 crore to the SNAs during FY 2024-25. As per PFMS portal, ₹ 8,296.51 crore were lying unspent in the bank accounts of SNAs as on 31 March 2025.

Government of West Bengal initiated the process of onboarding to SNA-SPARSH platform in January 2025. The funds lying in the SNA Accounts were to be refunded before onboarding to SNA-SPARSH. Audit noted that only 14 CSSs started functioning through SNA-SPARSH instead of the existing 67 SNAs in the State till March 2025. Again, in 11 out of 14 CSSs, an amount of ₹ 93.89 crore was lying under the concerned SNA accounts till 31 March 2025.

Non-transfer of Cess Proceeds

Cess proceeds amounting to ₹ 1,809.66 crore, credited to the Consolidated Fund of the State, during FY 2024-25, had not been transferred to the Public Account as the GoWB did not create specific funds to transfer these proceeds. This resulted in understatement of Revenue Deficit, Fiscal Deficit and cumulative liabilities in Public Account.

Utilisation Certificates

As of 31 March 2025, UCs amounting to ₹ 1,35,686 crore were outstanding compared to ₹ 2,56,106 crore in the beginning of FY 2024-25 registering a decline of 47 *per cent* pointing to positive efforts taken by the Government. However, Government needs to monitor this aspect closely as non-submission of UCs is fraught with the risk of misutilisation.

Adjustment of Abstract Contingent Bills

As of 31 March 2025, 4,454 Abstract Contingent (AC) bills amounting to ₹ 568.98 crore remained pending adjustment, including 807 AC bills (₹133.87 crore) drawn in FY 2024-25. It was noted that the amount of outstanding AC Bills reduced by 14 *per cent* in FY 2024-25 relative to FY 2023-24 (₹ 661.97 crore in 6,081 bills). Considering that non-adjustment of advances for long periods is fraught with the risk of misappropriation, close monitoring by respective DDOs is required for ensuring submission of Detailed Contingent bills.

Operation of Personal Deposit Account

During FY 2024-25, an amount of ₹ 535.59 crore was transferred from the Consolidated Fund of the State to PD Accounts. Audit noted that out of the transfers of ₹ 535.59 crore during the year, ₹ 180.49 crore (34 *per cent*) was transferred in March 2025, of which ₹ 53.62 crore was transferred on the last working day of March 2025 indicating an attempt to circumvent the lapsing of budget provision. Audit also came across cases where funds were parked in the PD accounts despite West Bengal Treasury Rule prescription to remit the unutilised funds in PD Accounts at the end of the financial year back to the Consolidated Fund.

Submission of Accounts of Autonomous Bodies (ABs)

As of 30 September 2025, out of 94 ABs that were required to submit their annual accounts to the CAG of India, only three ABs had submitted accounts up to 2024-25. Of the remaining 91 ABs, five had not submitted accounts since their inception and two since 1998-99. There were 14 ABs, the accounts of which have not been submitted for more than six years. In total, against 91 ABs, 421 annual accounts due up to 2024-25 remained pending as of 30 September 2025.