

West Bengal Budget Analysis 2024-25

The Finance Minister of West Bengal, Ms. Chandrima Bhattacharya, presented the Budget for the state for the financial year 2024-25 on February 8, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of West Bengal for 2024-25 (at current prices) is projected to be Rs 18.8 lakh crore, amounting to growth of 10.5% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 3,04,689 crore, an increase of 13% over the revised estimates of 2023-24. In addition, debt of Rs 61,427 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 2,36,438 crore, an increase of 13% as compared to the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 1.7% of GSDP (Rs 31,952 crore), similar to the revised estimates for 2023-24 (1.7% of GSDP). In 2023-24, the revenue deficit was budgeted to be marginally higher (1.8% of GSDP).
- **Fiscal deficit** for 2024-25 is targeted at 3.6% of GSDP (Rs 68,250 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 3.5% of GSDP, lower than the budget estimate (3.8% of GSDP).

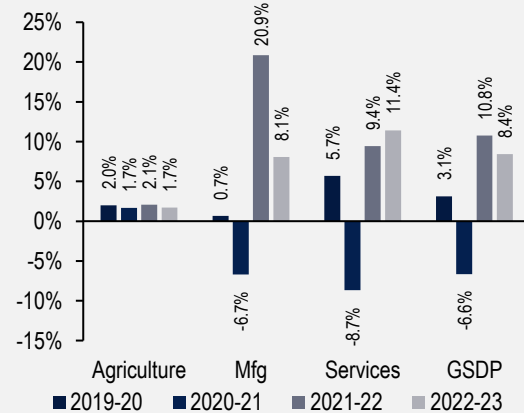
Policy Highlights

- **Lakshmir Bhandar:** Financial assistance under the scheme will be increased to Rs 1,200 per month for women from SC/ST communities and to Rs 1,000 per month for women from other categories. After 60 years of age, the beneficiaries will get the same financial assistance under the old age pension scheme.
- **Karmasree scheme:** The state government will provide at least 50 days of work to MGNREGA job card holders under the scheme from May 2024 onwards.
- **Agriculture:** For promoting modern farm machinery, 2,000 farm machinery hubs and custom hiring centres will be set up at the gram panchayat level in next two years. Rs 450 crore has been allocated for setting up these centres. Rs 200 crore has been allocated for setting up 1,200 farmer producer organisations to supply seeds and enhance market connectivity of agriculture produce.
- **Taruner Swapno:** One-time financial assistance of Rs 10,000 will be provided for students in class 11 for purchasing smartphones or tablet computers. Rs 900 crore has been allocated under the scheme.
- **Thermal power:** Four super critical thermal power units will be setup with an aggregate capacity of 2,920 MW. The project cost is estimated at Rs 23,360 crore over the next four years.

West Bengal's Economy

- **GSDP:** In 2022-23, West Bengal's GSDP (at constant prices) is estimated to grow by 8.4% over the previous year. In comparison, India's GDP is estimated to grow by 7.2% in 2022-23.
- **Sectors:** In 2022-23, agriculture, manufacturing, and services sectors are estimated to contribute 20%, 23%, and 57% of West Bengal's economy, respectively (at current prices).
- **Per capita GSDP:** In 2022-23, West Bengal's per capita GSDP (at current prices) is estimated to be Rs 1,57,254, an increase of 13% over 2021-22. In 2022-23, India's per capita GDP is estimated to increase by 15% over 2021-22 to Rs 1,96,983.

Figure 1: Growth in West Bengal's GSDP at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.
Sources: MoSPI; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 3,04,689 crore. This is an increase of 13% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,36,438 crore and net borrowings of Rs 60,262 crore. The remaining amount will be funded through the public account and the contingency fund. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 13% over the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 1.7% of GSDP (Rs 31,952 crore), largely similar to the revised estimates for 2023-24 (1.7% of GSDP). However, in absolute terms revenue deficit in 2024-25 is estimated to be higher by Rs 3,699 crore as compared to the revised estimate of 2023-24. **Fiscal deficit** for 2024-25 is targeted at 3.6% of GSDP (Rs 68,250 crore), higher than the revised estimates for 2023-24 (3.5% of GSDP). For 2024-25, the central government has allowed states a fiscal deficit limit of 3.5% of GSDP (including 0.5% of GSDP for undertaking power sector reforms).

Table 1: Budget 2024-25 - Key figures (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Total Expenditure	2,75,361	3,39,162	3,29,083	-3%	3,66,116	11%
(-) Repayment of debt	29,768	60,541	60,631	0%	61,427	1%
Net Expenditure (E)	2,45,592	2,78,622	2,68,451	-4%	3,04,689	13%
Total Receipts	2,65,869	3,32,823	3,21,948	-3%	3,58,127	11%
(-) Borrowings	70,243	1,20,040	1,12,803	-6%	1,21,689	8%
Net Receipts (R)	1,95,626	2,12,783	2,09,145	-2%	2,36,438	13%
Fiscal Deficit (E-R)	49,966	65,839	59,306	-10%	68,250	15%
as % of GSDP	3.3%	3.8%	3.5%		3.6%	
Revenue Deficit	27,295	30,924	28,253	-9%	31,952	13%
as % of GSDP	1.8%	1.8%	1.7%		1.7%	
Primary Deficit	9,948	23,076	17,031	-26%	22,981	35%
as % of GSDP	0.6%	1.3%	1.0%		1.2%	
GSDP	15,31,758	17,19,609	17,00,939	-1%	18,79,453	10%

Note: BE is Budget Estimates; RE is Revised Estimates. Total expenditure in 2022-23 includes transfer of Rs 180 crore to the contingency fund. Fiscal deficit figures are as reported by the state and have not been adjusted for loans given by the Centre for capital expenditure. Sources: Annual Financial Statement, West Bengal Budget Documents 2024-25; PRS.

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 2,68,203 crore, an increase of 13% over the revised estimate of 2023-24. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 35,866 crore, an increase of 17% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets.
- In 2024-25, loans and advances given by the state are expected to be Rs 620 crore, lower than the revised estimates of 2023-24 by 38%.

West Bengal's capital outlay

In 2024-25, capital outlay by West Bengal is estimated to increase by 17% over the revised estimate of 2023-24. However, in 2023-24, capital outlay is seen to be 10% lower at the revised estimate stage as compared to the budget estimate. Between 2015-16 and 2021-22, average underspending in West Bengal's capital outlay was 33%. This was significantly higher than the average underspending of 19% by states on capital outlay during that period. In 2022-23, the state's capital outlay was 34% lower as compared to the budget estimate. Sectors which saw significant underspending in capital outlay in 2022-23 include housing (71%), agriculture and allied activities (70%), and rural development (69%).

Table 2: Expenditure budget 2024-25 (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Revenue Expenditure	2,22,839	2,43,561	2,36,912	-3%	2,68,203	13%
Capital Outlay	22,009	34,026	30,537	-10%	35,866	17%
Loans given by the state	564	1,034	1,003	-3%	620	-38%
Net Expenditure	2,45,412	2,78,622	2,68,451	-4%	3,04,689	13%

Sources: Annual Financial Statement, West Bengal Budget Documents 2024-25; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2024-25, West Bengal is estimated to spend Rs 1,36,203 crore on committed expenditure, which is 58% of its estimated revenue receipts. This comprises spending on salaries (28% of revenue receipts), interest payments (19%), and pension (10%). In 2024-25, expenditure towards interest payment is estimated to be 7% higher than the revised estimate of 2023-24. In 2022-23, as per actual figures, 64% of revenue receipts were spent towards committed expenditure.

Table 3: Committed Expenditure in 2024-25 (in Rs crore)

Committed Expenditure	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Salaries	60,306	64,532	65,373	1%	66,224	1%
Pension	24,624	23,896	23,698	-1%	24,710	4%
Interest payment	40,018	42,763	42,275	-1%	45,269	7%
Committed Expenditure	1,24,948	1,31,191	1,31,346	0%	1,36,203	4%

Sources: Budget at a Glance and Annual Financial Statement, West Bengal Budget Documents 2024-25; PRS.

Sector-wise expenditure: The sectors listed below account for **66%** of the total expenditure on sectors by West Bengal in 2024-25. A comparison of West Bengal's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under West Bengal Budget 2024-25 (in Rs crore)

Sectors	2022-23 Actuals	2023-24 BE	2023-24 RE	2024-25 BE	% change from RE 23-24 to BE 24-25	Budget Provisions (2024-25)
Education, Sports, Arts, and Culture	41,516	45,812	42,404	47,470	12%	<ul style="list-style-type: none"> Rs 18,029 crore has been allocated for assistance to non-government secondary schools. Rs 7,732 crore has been allocated for assistance to non-government primary schools.
Social Welfare and Nutrition	42,685	36,844	34,106	44,834	31%	<ul style="list-style-type: none"> Rs 14,400 crore has been allocated for Lakshmir Bhandar. Rs 4,496 crore has been allocated for old age pension scheme under Jai Bangla.
Agriculture and Allied Activities	9,772	17,767	22,725	22,620	0%	<ul style="list-style-type: none"> Rs 5,800 crore has been allocated for financial support to Krishak Bandhu. Rs 1,200 crore has been allocated for crop insurance.
Health and Family Welfare	16,858	18,490	17,959	20,053	12%	<ul style="list-style-type: none"> Rs 7,109 crore has been allocated for Urban Health Services - Allopathy. Rs 2,303 crore has been allocated for Rural Health Services - Allopathy.
Rural Development	12,065	15,979	17,491	18,892	8%	<ul style="list-style-type: none"> Rs 5,032 crore has been allocated for assistance to various panchayats. Rs 4,745 crore has been allocated for MGNREGA.
Urban Development	14,567	11,526	11,505	12,198	6%	<ul style="list-style-type: none"> Rs 4,742 crore has been allocated for assistance to municipalities/ municipal councils. Rs 2,846 crore has been allocated for assistance to local bodies corporations, urban development authorities, etc.
Police	9,707	10,595	10,339	10,984	6%	<ul style="list-style-type: none"> Rs 7,222 crore has been allocated for district police.
Welfare of SC, ST, OBC, and Minorities	4,890	7,229	5,377	7,809	45%	<ul style="list-style-type: none"> Rs 1,201 crore has been allocated for talent support for meritorious students.
Transport	6,376	7,089	7,825	7,437	-5%	<ul style="list-style-type: none"> Rs 5,108 crore has been allocated for capital outlay on roads and bridges.
Housing	262	7,074	1,689	7,333	334%	<ul style="list-style-type: none"> Rs 6,859 crore has been allocated for PMAY - Rural.
% of total expenditure on all sectors	65%	64%	64%	66%		

Sources: Annual Financial Statement, West Bengal Budget Documents 2024-25; PRS.

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,36,251 crore, an increase of 13% over the revised estimate of 2023-24. Of this, Rs 1,08,666 crore (46%) will be raised by the state through its **own resources**, and Rs 1,27,585 crore (54%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (39% of revenue receipts) and grants (15% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 92,900 crore, an increase of 12% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 34,684 crore, an increase of 17% over the revised estimates for 2023-24. However, it is estimated to be 28% lower at the revised estimate stage as compared to the budget estimate of 2023-24 (see box below).
- **State's own tax revenue:** West Bengal's total own tax revenue is estimated to be Rs 1,02,349 crore in 2024-25, an increase of 10% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 5.4% in 2024-25, lower than the revised estimates for 2023-24 (5.5%). As per the actual figures for 2022-23, own tax revenue as a percentage of GSDP was 5.5%.

Table 5: Break-up of the state government's receipts (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 2023-24 to RE 2023-24	2024-25 Budgeted	% change from RE 2023-24 to BE 2024-25
State's Own Tax	83,609	88,596	92,742	5%	1,02,349	10%
State's Own Non-Tax	2,197	6,377	3,148	-51%	6,317	101%
Share in Central Taxes	71,435	76,844	83,193	8%	92,900	12%
Grants-in-aid from Centre	38,304	40,821	29,576	-28%	34,684	17%
Revenue Receipts	1,95,544	2,12,637	2,08,659	-2%	2,36,251	13%
Non-debt Capital Receipts	82	146	486	234%	187	-61%
Net Receipts	1,95,626	2,12,783	2,09,145	-1.7%	2,36,438	13%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, West Bengal Budget Documents 2024-25; PRS.

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (46% share). State GST revenue is estimated to increase by 10% over the revised estimates of 2023-24.
- Revenue from state excise is estimated to comprise 21% of West Bengal's own tax revenue in 2024-25. It is seen increasing by 16% in 2024-25 as compared to the revised estimate of 2023-24.
- Revenue from sales tax/VAT and stamps duty and registration fees is estimated to increase by 8% and 10% respectively in 2024-25 over the revised estimate of 2023-24.

Grants for centrally sponsored schemes in 2023-24

As per the revised estimate of 2023-24, West Bengal's grants-in-aid from the Centre are estimated to be 28% lower as compared to the budget estimate. This could be due to lower grants from the central government for implementing various centrally sponsored schemes in the state. As against the budget estimate of Rs 24,214 crore, grants from the Centre for implementing such schemes are estimated to be 45% lower at Rs 13,419 crore in the revised estimate for 2023-24. In MGNREGA, grants from the Centre are estimated to be Rs 1,901 crore, 50% lower at the revised estimate stage while in PM Awas Yojana it is estimated to be 65% lower at Rs 1,973 crore.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Head	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
State GST	37,967	37,792	42,858	13%	47,337	10%
State Excise	16,266	17,922	18,851	5%	21,846	16%
Sales Tax/VAT	11,840	13,898	12,218	-12%	13,228	8%
Stamps Duty and Registration Fees	6,876	7,474	6,623	-11%	7,300	10%
Taxes on Vehicles	3,392	3,584	3,790	6%	4,093	8%
Land Revenue	3,173	3,391	3,135	-8%	3,470	11%
Taxes and Duties on Electricity	2,774	3,126	3,100	-1%	3,286	6%
GST Compensation Grants	8,228	0	0	-	0	-
GST Compensation Loans	0	0	0	-	0	0

Sources: Annual Financial Statement, Revenue Budget, West Bengal Budget Documents 2024-25; PRS.

Deficits, Debt, and FRBM Targets for 2024-25

The West Bengal Fiscal Responsibility and Budget Management Act, 2010 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

Revenue deficit: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduce its liabilities. The budget estimates a revenue deficit of Rs 31,952 crore (or 1.7% of the GSDP) in 2024-25.

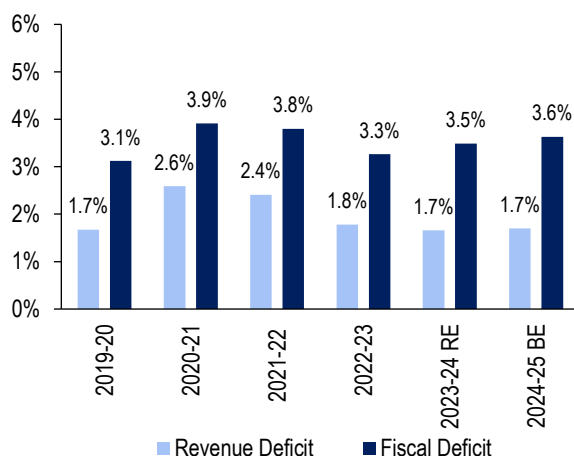
Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2024-25, the fiscal deficit is estimated to be 3.6% of GSDP (Rs 68,250 crore). For 2024-25, the central government has permitted fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2023-24, the fiscal deficit of the state is expected to be 3.5% of GSDP. This is lower than the budget estimate of 3.8% of GSDP.

Revenue Deficit Grants

The 15th Finance Commission recommended revenue deficit grants worth Rs 40,115 crore to West Bengal between 2021-22 and 2025-26. 99% of these grants were recommended for the period between 2021-22 and 2023-24. In 2024-25, West Bengal will receive only Rs 568 crore as revenue deficit grants while in 2025-26 it will not receive such grants. Revenue deficit grants seek to address any post-devolution imbalance between a state's revenue and expenditure needs. They also allow the states to adjust to any changes in the tax devolution pattern. Note that West Bengal has persistently been in revenue deficit since at least 2015-16. It will have to increase its revenue receipts or rationalise revenue expenditure to maintain a revenue balance.

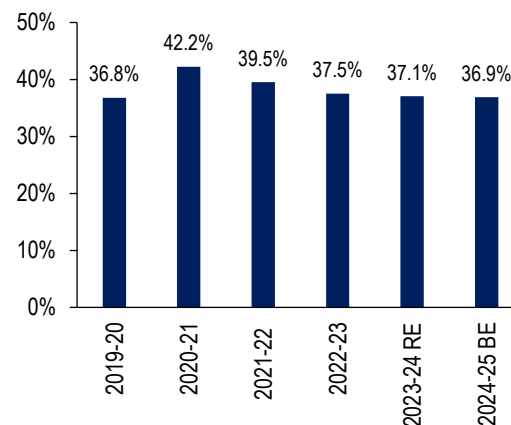
Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year. It also includes any liabilities on public account. At the end of 2024-25, the outstanding liabilities are estimated to be 36.9% of GSDP, lower than the revised estimate for 2023-24 (37.1% of GSDP).

Figure 2: Revenue and Fiscal Deficit (% of GSDP)



Note: RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy Statement, West Bengal Budget Documents 2024-25; PRS.

Figure 3: Outstanding Liabilities (as % of GSDP)



Note: RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy Statement, West Bengal Budget Documents 2024-25; PRS.

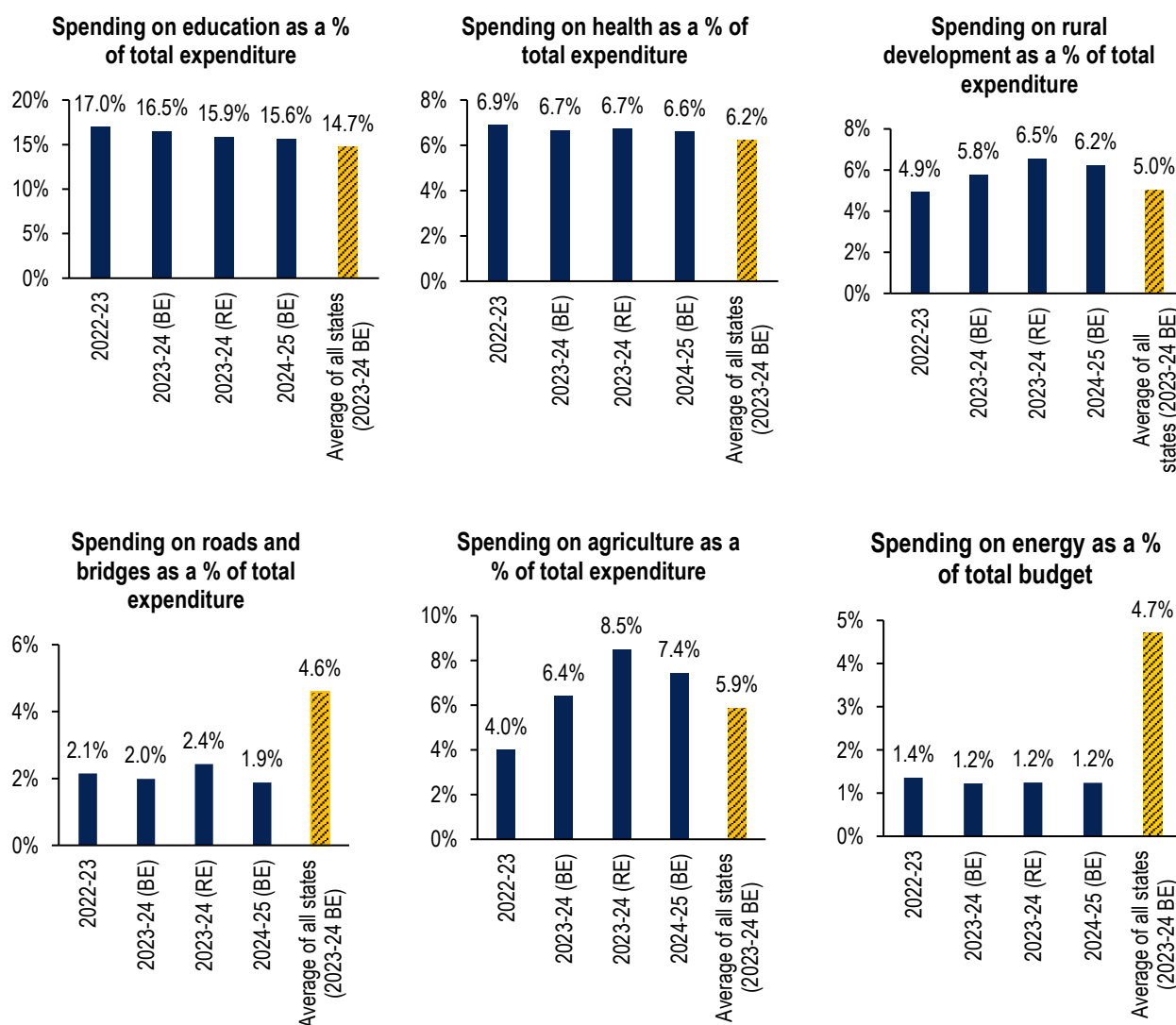
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2024, the state's outstanding guarantee is estimated to be Rs 12,840 crore, which is 0.01% of West Bengal's GSDP in 2023-24.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare West Bengal's expenditure in 2024-25 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including West Bengal) as per their budget estimates of 2023-24.¹

- **Education:** West Bengal has allocated 15.6% of its expenditure on education in 2024-25. This is higher than the average allocation for education by states in 2023-24 (14.7%).
- **Health:** West Bengal has allocated 6.6% of its total expenditure towards health, which is higher than the average allocation for health by states (6.2%).
- **Rural development:** West Bengal has allocated 6.2% of its expenditure on rural development. This is higher than the average allocation for rural development by states (5%).
- **Roads and bridges:** West Bengal has allocated 1.9% of its expenditure towards roads and bridges. This is lower than the average allocation towards roads and bridges by states (4.6%).
- **Agriculture:** West Bengal has allocated 7.4% of its total expenditure towards agriculture. This is higher than the average expenditure on agriculture by states (5.9%).
- **Energy:** West Bengal has allocated 1.2% of its total expenditure towards energy, which is lower than the average allocation by states (4.7%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for West Bengal.

Sources: Annual Financial Statement, West Bengal Budget Documents 2024-25; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Comparison of 2022-23 Budget Estimates and Actuals

The following tables compare the actuals of 2022-23 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Net Receipts (1+2)	1,98,232	1,95,626	-1%
1. Revenue Receipts (a+b+c+d)	1,98,047	1,95,544	-1%
a. Own Tax Revenue	79,347	83,609	5%
b. Own Non-Tax Revenue	6,672	2,197	-67%
c. Share in central taxes	61,437	71,435	16%
d. Grants-in-aid from the Centre	50,592	38,304	-24%
Of which GST compensation grants	5,500	8,228	50%
2. Non-Debt Capital Receipts	185	82	-56%
3. Borrowings	1,14,959	70,243	-39%
Of which GST compensation loan	0	0	-
Net Expenditure (4+5+6)	2,60,629	2,45,412	-6%
4. Revenue Expenditure	2,26,327	2,22,839	-2%
5. Capital Outlay	33,144	22,009	-34%
6. Loans and Advances	1,158	564	-51%
7. Debt Repayment	60,401	29,768	-51%
Revenue Deficit	28,280	27,295	-3%
Revenue Deficit (as % of GSDP)	1.7%	1.8%	
Fiscal Deficit	62,397	49,966	-20%
Fiscal Deficit (as % of GSDP)	3.6%	3.3%	

Source: West Bengal Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue

Tax Source/Head	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Land Revenue	3,259	3,173	-3%
State Excise	16,500	16,266	-1%
Taxes and Duties on Electricity	2,800	2,774	-1%
Stamps Duty and Registration Fees	6,550	6,876	5%
State GST	36,114	37,967	5%
Sales Tax/ VAT	10,100	11,840	17%
Taxes on Vehicles	2,772	3,392	22%

Source: West Bengal Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Housing	505	262	-48%
Rural Development	22,236	12,065	-46%
Irrigation and Flood Control	5,321	3,581	-33%
Welfare of SC, ST, OBC, and Minorities	6,581	4,890	-26%
Agriculture and Allied Activities	12,709	9,772	-23%
Transport	6,843	6,376	-7%
of which Roads and Bridges	5,482	5,259	-4%
Police	10,410	9,707	-7%
Health and Family Welfare	17,786	16,858	-5%
Education, Sports, Arts, and Culture	43,466	41,516	-4%
Water Supply and Sanitation	3,835	3,806	-1%
Social Welfare and Nutrition	36,448	42,685	17%
Energy	2,818	3,324	18%
Urban Development	11,606	14,567	26%

Source: West Bengal Budget Documents of various years; PRS.