

**EVALUATION OF STATE FINANCES
WITH REFERENCE TO STATE OF WEST BENGAL**

PREFACE

This study on the state of West Bengal is a part of the outcome evaluation of State Finances in the context of recommendations of the Fourteenth Finance Commission. This task has been entrusted to Indian Statistical Institute (I.S.I) by the Fifteenth Finance Commission, Government of India. The report studies West Bengal's finances from 2006-2007 to 2016-2017 and also attempts to provide a sustainable debt roadmap for 2020-25, taking into consideration among other things, the impact of GST. The study was conducted by Dr. Monisankar Bishnu, with assistance from Ms. Aditi Singh on behalf of the Indian Statistical Institute.

The views and opinions expressed in this report are solely that of the authors.

Terms of Reference

The terms of reference of this study will broadly covers the following:

- i. Estimation of revenue capacities of State and measures to improve the tax-GSDP ratio during last five years. Suggestions for enhancing the revenue productivity of the tax system in the State.
- ii. Analysis of the State's own non-tax revenues and suggestions to enhance revenues from user charges and profits from departmental enterprises and dividends from non-departmental commercial enterprises.
- iii. Expenditure pattern and trends separately for Revenue and Capital, and major components of expenditure there under. Measures to enhance allocative and technical efficiency in expenditures during last 5 years. Suggestions for improving efficiency in public spending.
- iv. Analysis of deficits – Fiscal and Revenue
- v. The level of debt-GSDP ratio and the use of debt and composition of the State's debt in terms of market borrowing, Central government debt, liabilities in public account and borrowings from agencies such as NABARD, LIC etc.
- vi. Implementation of FRBM Act and commitment towards targets. Analysis of MTFP of various departments and aggregate.
- vii. Analysis of the State's transfers to urban and rural local bodies in the State. Major decentralization initiatives.
- viii. Impact of State Public Enterprises finances on State's financial health and measures taken to improve their performance.
- ix. Impact of Power Sector Reforms on State's fiscal health.
- x. Analysis of contingent liabilities of the State.
- xi. Subsidies given by the State, its targeting and evaluation.
- xii. Outcome evaluation of State Finances in the context of recommendations of 14th Finance Commission.
- xiii. Determination of a sustainable debt roadmap for 2020-2025, taking into account impact of introduction of GST and other tax/non-tax trend forecasts.

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Introduction

This report presents a detailed analysis of the financial health of West Bengal, during the period 2006-07 to 2017-18. This period entails an important historical and political significance for the state. It marks the end of the rule of the last regime and beginning of the new Government on 20th May, 2011. The new government inherited a daunting fiscal burden owing to its highest debt-GSDP ratio. The ratio was nearly double the average of other states. Among all non-special category states, as a proportion of GSDP, Bengal had the lowest own tax revenue and the highest fiscal deficit. The fiscal space for development expenditure was also thwarted by the necessities of committed expenditure.

The state government employed several initiatives which proved to be rewarding in terms of fiscal consolidation as well as overall socio-economic status. The achievements of government efforts can be gauged from the numerous schemes launched in the social sector, enhancement in health care provisions and enrolment of students, exceptional production in pulses, rice and oilseeds, improved electrification coverage and fetching the top position in ease of doing business index.

However, a careful scrutiny of the fiscal scenario and related administrative issues over the past few years provides insights into the impending challenges for the state. The towering debt liabilities as well as interest payment obligations pose a serious threat to the fiscal health. The stagnancy of non-tax revenue is also a major cause of concern.

The report is structured as follows. The chapters I and II talk on the volume of revenue receipt and its components followed by chapter III discusses the spending pattern. After that there is an analysis of deficit in chapter IV. Having discussed the three broad areas of state finance, namely, receipt, expenditure and deficits in the three major chapters, the next chapter highlights the outstanding liabilities of State. After this, elaborate study has been made on implementation of FRBM Act in chapter VI. Chapter VII deals with decentralization initiatives undertaken by the state government over the period of analysis. The impact of State Public Enterprises on the state's fiscal health and performance of power sector have been reviewed in chapter VIII and IX. Chapter X examines the subsidies given by the states during 2006-17. Chapter XI provides detailed analysis of contingent liabilities of the state. Chapter XII examines the sustainability of debt incurred by the government.

Moreover, this evaluation study critically analyses the overall state finances over the period from 2006-07 to 2016-17. The efforts and potential for additional resource mobilization through tax and non-tax resources is explored in detail and suggestions are put forward for increasing the same.

Data Sources:

The study has used secondary data from different published sources like RBI: State Finances-Study of Budgets, RBI: Handbook of Statistics on Indian States, Finance Accounts, Budget Documents, Economic Survey, CAG Finance Account Reports and Reports of Public Enterprises, MTFP Reports of GoWB, State Finance Commission Report. Simple techniques like ratio, percentage, graph etc. have been used to show changes in the fiscal parameters of the state over the period.

Abbreviations

AT&C	Aggregate Technical and Commercial
BE	Budget Estimates
CAG	Comptroller and Auditor General of India
CAGR	Compound Annual Growth Rate
CBEC	Central Board of Excise and Customs
CGST	Central Goods and Services Tax
CII	Confederation of Indian Industries
DAs:	Development Authorities
DE	Development Expenditure
DFC	District Planning Committee
DFID	Department for International Development
DISCOMs	Distribution Companies
DLB	Directorate of Local Bodies
DPE	Department of Public Enterprises
EE	Education Expenditure
FC	Finance commission
FIs	Financial Institutions
FRBM	Fiscal Responsibility and Budget Management
FY	Financial Year
GCS	General Category States
GER	Gross Enrolment Ratio
GIS	Geographic Information System
GoI	Government of India
GoWB	Government of West Bengal
GP	Gram Panchayat
GPFT	Gram Panchayat Facilitating Team
GPMS	Gram Panchayat Management System
GRF	Guarantee Redemption Fund
GRIPS	Government Receipts Portal System
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GUS	Gram Unnayan Samiti
HE	Health Expenditure
IFMS	Integrated Financial Management System
IGST	Integrated Goods and Services Tax
ILUGS	Institute for Local Governance and Urban Studies
IMR	Infant Mortality Rate
IT	Information Technology
LIC	Life Insurance Corporation
MC	Municipal Corporation
MED	Municipal Engineering Board
MMR	Maternal Mortality Rate
MosPI	Ministry of Statistics and Program Implementation
MRP	Minimum Retail Price
MTFP	Medium Term Fiscal Plan
NABARD	National Bank for Agriculture and Rural Development
NDE	Non-Development Expenditure
NPRE	Non-Plan Revenue Expenditure
OL	Outstanding Liabilities
ONTR	Own Non Tax Revenue
O & M	Operation & Maintenance

OTR Own Tax Revenue
PD Public Debt
PPP Public Private Partnership
PRIs Panchayat Raj Institutions
PS Panchayat Samitis
PSUs Public Sector Undertakings
PSEs Public Sector Enterprises
RBI Reserve Bank of India
RE Revenue Expenditure
RPL Repayment of Central Loan
RR Total Revenue Receipts
SFC State Finance Commission
SGST State Goods and Services Tax
SRD Strengthening Rural Decentralisation Estimates
SSE Social Sector Expenditure
SSPF Small Saving and Provident Funds
NSSF National Small Saving Funds
ToR Terms of Reference
T&D Transmission and Distribution
TD Total Disbursements
TS Total Subsidies
ULBs Urban Local Bodies
VAT Value Added Tax
WBGEDCL West Bengal Green Energy Development Corporation Limited
WBSEDCL West Bengal Electricity Distribution Corporation Limited
WBVB West Bengal Valuation Board
WMA Ways and Means Advances
ZP Zilla Prishad

Chapter – I

Broad Content

Estimation of revenue capacities of State and Measures to improve the tax-GSDP ratio during last five years. Suggestions for enhancing the revenue productivity of the tax system in the State.

1. Assessment of Revenue Profile of the State:

In this section we evaluate the revenue generating capacity of the state by estimating and analyzing various fiscal parameters for the period 2006-07 to 2017-18 to examine the extent by which state has been successful in managing the fiscal stress. We have also compared the performance of West Bengal with 16 general category states to get a clear picture where the state stands in India.

1.1 Revenue Receipts: Overall Picture

Revenue Receipts of the State Government consist of own revenue, central tax transfers and grants-in-aid from Government of India (GoI). Total revenue of the West Bengal has grown at compound annual growth rate of 14.8%. It has increased from Rs. 25828.3 crores in 2006-07 to Rs.117832.5 crores in 2016-17. The CAGR for own revenue, share in central taxes and grants in aid are 12.7%, 16.3% and 17.1% respectively. Annual growth rates of Revenue Receipts as well as GSDP have been presented below in Table 1a.

Table 1a: Annual Growth of Revenue Receipts and GSDP (%)

YEAR	Grants from the Centre	Share in Central Taxes	Own Revenue	Total Revenue	GSDP
2006-07	-	-	-	-	
2007-08	10%	26%	13%	17%	14.4%
2008-09	28%	6%	33%	22%	14.2%
2009-10	-4%	3%	0%	0%	16.7%
2010-11	31%	37%	22%	28%	15.6%
2011-12	78%	17%	12%	24%	14.6%
2012-13	-11%	14%	32%	16%	13.6%
2013-14	-4%	9%	9%	7%	14.4%
2014-15	76%	6%	8%	19%	6.1%
2015-16	35%	51%	8%	27%	11.0%
2016-17	-12%	20%	9%	7%	10.3%
2017-18 (R E)	22%	21%	0.49%	13%	16.1% [^]
2018-19 (B E)	8%	21%	0%	10%	
CAGR	17.1%	16.3%	12.7%	14.8%	11.8%

*Source: RBI: Study of State Finances, GSDP figures are at 2011-12 prices (Source: MOSPI Data)

*CAGR= ((Final Value/ Beginning Value)^{1/n}-1)

[^]Actual

However, there is high fluctuation in year wise growth of revenue during this period ranging from 7 per cent in 2013-14 to 28 per cent in 2010-11. The growth rates in different years have remained higher than the CAGR, except in 2013-14 and

2016-17. The lower growth of revenue in 2013-14 and 2016-17 was due to the drop in Grants-in-Aids. The growth rates of State's Own Revenue have also shown a significant variation. There was a sign of major improvement in the growth of own revenue in 2012-13 (32%), after which the growth plummeted to 9%. There is an expectation of improvement in growth of total revenues in 2017-18 to 13% but not on account of own revenue.

Table 1b depicts the composition of revenue receipts of the state government. The assessment of share of different components reveals that share of own revenue has decreased from 50% per cent in 2006-07 to 41% in 2016-17, the share of central tax transfer and central grants have increased over time. The share of Grants-in-Aids have increased from 17% to 21% and share in central taxes have increased from 33% to 38%. One important thing to note from table 1b is that there is a sharp increment in share of Grants from Centre in 2014-15, the year in which new Government took the position at centre. The share increased from 16% in 2013-14 to 24% in 2014-15. It remained over 20 % thereafter. Trend of the components of revenue receipts are shown in Graphs 1a and 1b.

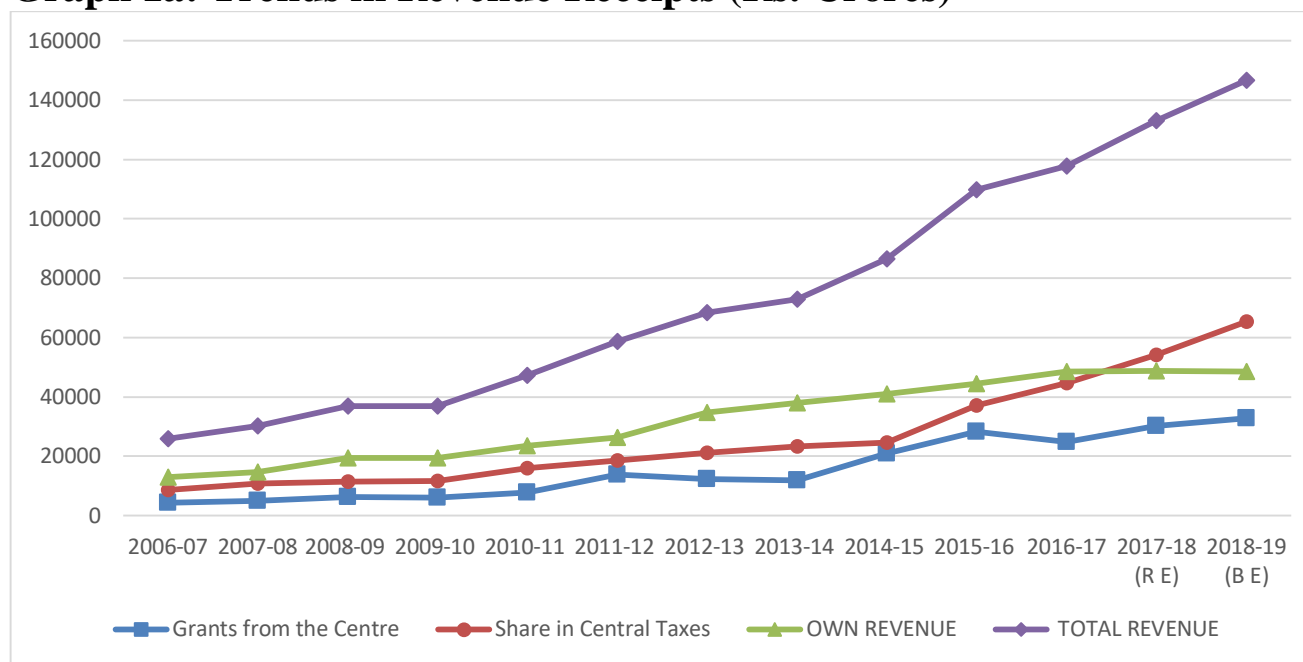
Table 1b: Composition of Revenue Receipts of the State Government (Rs in Crores)

YEAR	Grants from the Centre	Share in Central Taxes	Own Revenue	Total Revenue
2006-07	4379.2 (16.96)	8505.6 (32.93)	12943.5 (50.11)	25828.3 (100)
2007-08	4838.9 (16.04)	10729.1 (35.57)	14599.4 (48.39)	30167.4 (100)
2008-09	6197.1 (16.79)	11321.8 (30.68)	19385.6 (52.53)	36904.4 (100)
2009-10	5935.4 (16.08)	11648.2 (31.55)	19338.1 (52.38)	36921.7 (100)
2010-11	7800.0 (16.5)	15955.0 (33.76)	23509.2 (49.74)	47264.2 (100)
2011-12	13888.8 (23.64)	18587.8 (31.64)	26278.4 (44.73)	58755.0 (100)
2012-13	12342.8 (18.07)	21226.3 (31.08)	34726.6 (50.85)	68295.8 (100)
2013-14	11853.5 (16.26)	23175.0 (31.8)	37853.3 (51.94)	72881.8 (100)
2014-15	20880.6 (24.14)	24595.0 (28.43)	41038.6 (47.44)	86514.2 (100)
2015-16	28214.4 (26.00)	37163.9(34.00)	44353.9 (40.00)	109732.2 (100)
2016-17	24791.0 (21.04)	44625.2 (37.87)	48416.3 (41.09)	117832.5 (100)
2017-18 (B E)	35126.4 (24.63)	49510.3 (34.71)	58007.7 (40.67)	142644.4 (100)
2017-18 (R E)	30280.2 (22.76)	54102.3 (40.67)	48651.6 (36.57)	133034.1 (100)
2018-19 (B E)	32714.4 (22.29)	65403.4 (44.57)	48630.0 (33.14)	146747.8 (100)

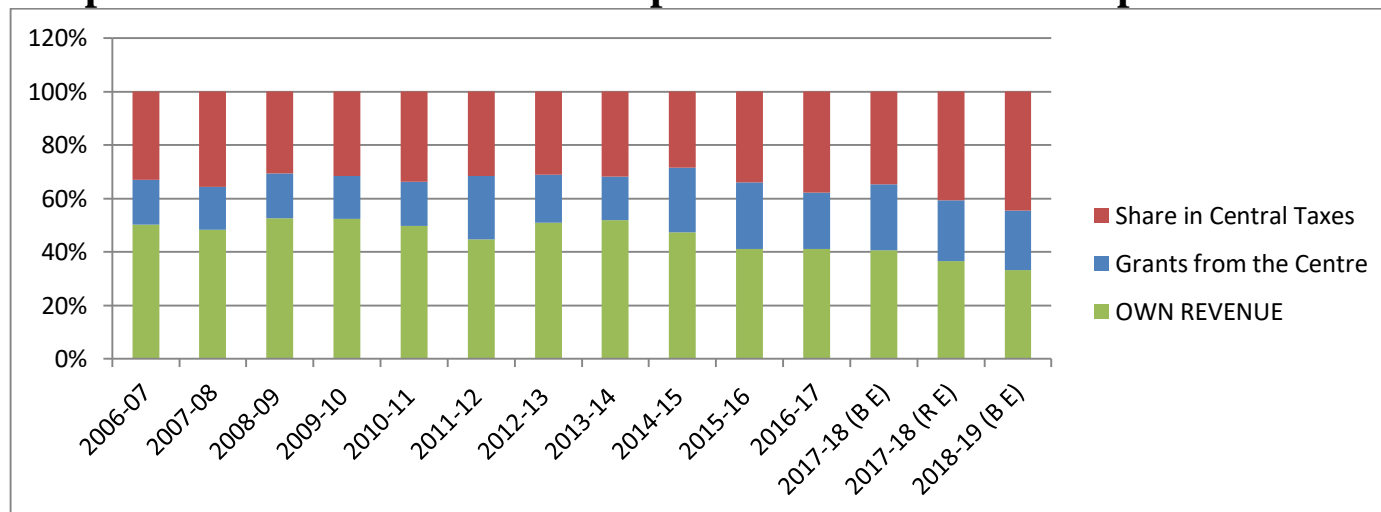
*Source: RBI: Study of State Finances

*Figures in parenthesis are percentage of Total Revenue Receipts

Graph 1a: Trends in Revenue Receipts (Rs. Crores)



Graph 1b: Trends in Share of Components of Revenue Receipts



The trends in revenue receipts as percentage of GSDP are presented in [Table 1c](#). The revenue receipts as a percentage of GSDP has increased from 10 per cent in 2006-07 to 13.4 per cent in 2016-17. While the own revenue relative to GSDP has remained more or less constant around 5.5%, percentage of shared tax as well as grants-in-aids relative to GSDP increased from 3.3% to 5.1% and 1.7% to 2.8% respectively.

Table 1c: Components of Revenue Receipts as a percentage of GSDP

YEAR	Grants from the Centre	Share in Central Taxes	Own Revenue	Total Revenue
2006-07	1.7%	3.3%	5.0%	10.0%

2007-08	1.6%	3.6%	4.9%	10.2%
2008-09	1.8%	3.4%	5.8%	11.0%
2009-10	1.5%	3.0%	4.9%	9.4%
2010-11	1.7%	3.5%	5.2%	10.4%
2011-12	2.7%	3.6%	5.0%	11.3%
2012-13	2.1%	3.6%	5.9%	11.5%
2013-14	1.8%	3.4%	5.6%	10.8%
2014-15	2.9%	3.4%	5.7%	12.0%
2015-16	3.5%	4.7%	5.6%	13.8%
2016-17	2.8%	5.1%	5.5%	13.4%

*Source: RBI: Study of State Finances

Revenue Productivity can be measured in terms of Tax Revenue Buoyancy with respect to GSDP (change in revenue - automatic and discretionary - due to change in GSDP). Table 1d reveals that tax buoyancy of total revenue with respect to GSDP has remained greater than 1 for most of the years, indicating that total revenue of the state grows more than proportionately to the growth of GSDP. The financial year 2016-17, although faced a decline in responsiveness of revenue receipts relative to GSDP with buoyancy dropping from 2.44 in 2015-16 to 0.7 in 2016-17. The picture is expected to remain same in 2017-18 as per the revised budget estimation. The drop is majorly driven by drop in buoyancy of Grants-in-Aids. State's Own Revenue, however, behaved in a slightly different manner. While the buoyancy was lowest at -0.01 during 2009-10, it increased to 1.38 in 2010-11 though came down to 0.81 during 2011-12. It is also observed that the buoyancy of own revenue showed continuous ups and downs with few periods being more responsive to GSDP than total revenue. On the other hand, grants from centre remained more sensitive to GSDP compared to total revenue except four periods.

Table 1d: Buoyancy of Different Components of Total Revenue

Year	Grants from the Centre	Share in Central Taxes	Own Revenue	Total Revenue
2006-07	-	-	-	-
2007-08	0.73	1.82	0.89	1.17
2008-09	1.98	0.39	2.31	1.57
2009-10	-0.25	0.17	-0.01	0.00
2010-11	2.01	2.37	1.38	1.80
2011-12	5.35	1.13	0.81	1.67
2012-13	-0.82	1.04	2.36	1.19
2013-14	-0.28	0.64	0.63	0.47
2014-15	12.48	1.00	1.38	3.07
2015-16	3.19	4.65	0.73	2.44
2016-17	-1.18	1.95	0.89	0.72

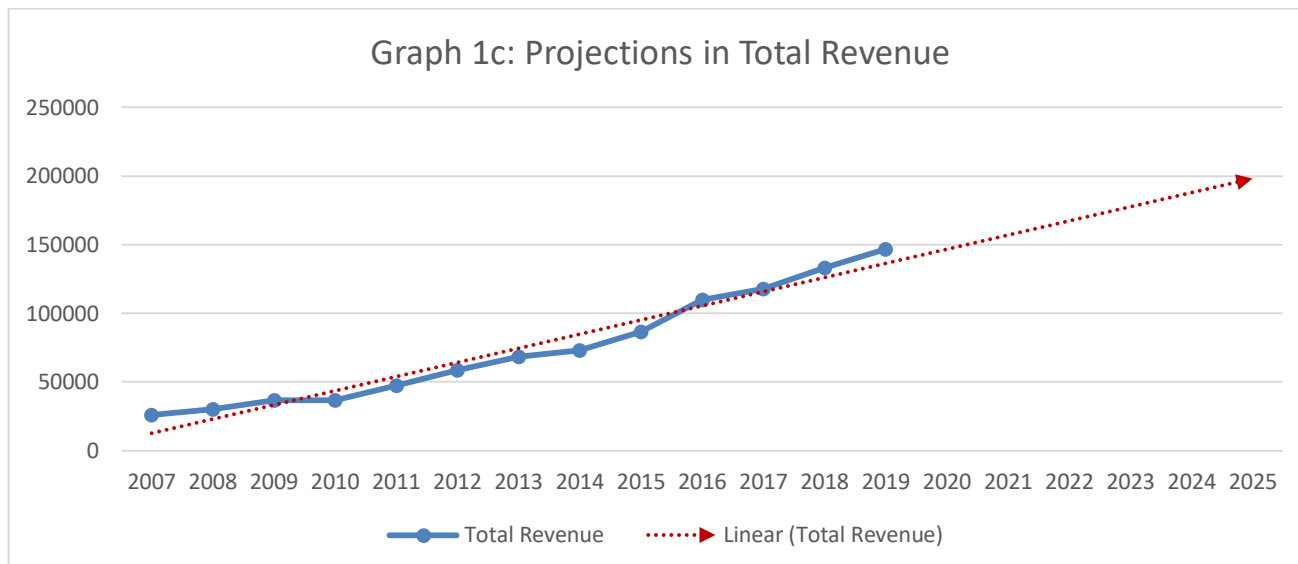


Table 1e: Projection of Total Revenue Receipts

Year	Revenue Receipts: Projected Value (Rs in Crores)
2020	146784
2021	159574
2022	172481
2023	185678
2024	197725
2025	209746

1.2 Own Tax Revenue

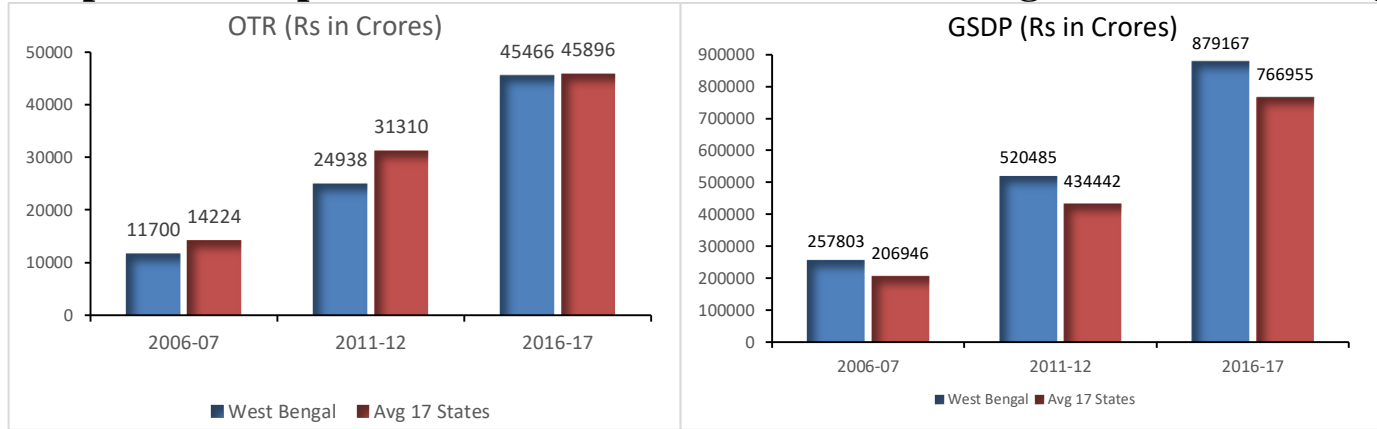
The fiscal performance of a state is judged by its performance in generating own tax revenue as this source of revenue gives the state maximum flexibility in allocating expenditure. The tax revenue has increased significantly since 2006-07 at CAGR of 13% . The yearly growth has seen huge variation in own tax revenue with highest increase recorded in the financial year just after the regime change. The tax revenue has more than doubled from 2010-11 to 2017-18 (RE). This improvement is owed to following measures taken by the government:

- Key reforms in tax administration implemented through e-governance and simplification of tax rules and procedures, mandatory online filing of VAT returns, e-registration, e-payment of taxes, e-stamping, electronic refund, etc.
- Extensive re-organization of Commercial Taxes, Excise and Stamp & Registration Directorates and a fresh creation of West Bengal Revenue Service by merging four existing groups.
- Increase in tax base through introduction of compensatory entry tax, increase in VAT rates, alignment of circle rates with market rates, first point duty

collection of excise, supplementary licenses of country and foreign liquor, introduction of MRP based excise duty collection in country liquor etc.

- Effective implementation of Goods and Service Tax (GST).

Graph 1d: Comparison of OTR and GSDP of West Bengal and GCS Average



From the graph 1d, it can be observed that the GSDP of West Bengal has remained higher than the average of GCS. Additionally, the gap has increased over time. In case of OTR, West Bengal has lagged behind the GCS average over the three periods. However, the gap has decreased significantly in 2016-17 for West Bengal.

The State's own revenue comprised revenue receipts from its own tax and non-tax sources. Table 1f presents the composition of own revenue receipts of the State Government, while Graph 1e depicts the trends in the tax and non-tax revenues. It is observed from the chart that there is increasing trend in tax (in absolute amount) over the period 2006-07 to 2016-17. Moreover, in percentage terms the share of tax revenue in total own revenue has also increased marginally from 90% per cent in 2006-07 to 93 per cent in 2016-17, while the share of non-tax revenue has decreased from 10 per cent to 6 per cent during that period. Thus, the dominance of tax revenue continues for the state.

Table 1f: Composition of Own Revenue of the State Government (Rs in crores)

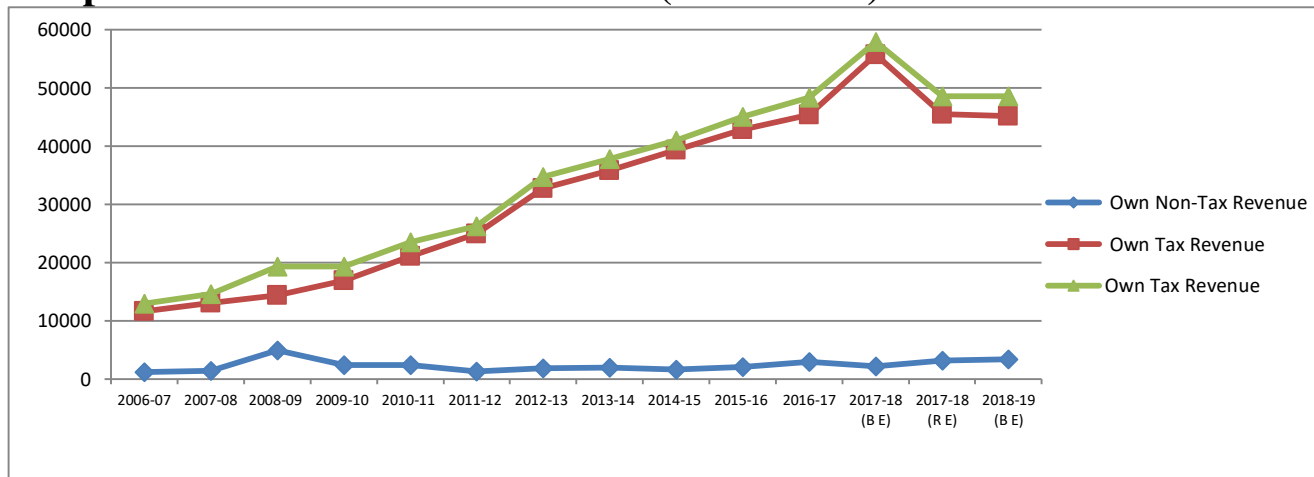
YEAR	Own Non-Tax Revenue	Own Tax Revenue	Own Revenue
2006-07	1248.8 (9.65)	11694.8 (90.35)	12943.5 (100)
2007-08	1473.1 (10.09)	13126.3 (89.91)	14599.4 (100)
2008-09	4966.4 (25.62)	14419.5 (74.38)	19385.9 (100)
2009-10	2438.1 (12.61)	16900.0 (87.39)	19338.1 (100)
2010-11	2380.5 (10.13)	21128.7 (89.87)	23509.2 (100)
2011-12	1340.3 (5.1)	24938.2 (94.9)	26278.4 (100)

2012-13	1918.2 (5.52)	32808.5 (94.48)	34726.6 (100)
2013-14	2022.7 (5.34)	35830.6(94.66)	37853.3 (100)
2014-15	1626.7 (3.96)	39412.0 (96.04)	41038.6 (100)
2015-16	1861.8 (4.19)	42492.1 (95.25)	44353.9 (100)
2016-17	2949.7 (6.09)	45466.5 (93.91)	48416.2 (100)
2017-18 (B E)	2221.0 (3.83)	55786.7 (96.17)	58007.7 (100)
2017-18 (R E)	3173.1 (6.52)	45478.5 (93.48)	48651.6 (100)
2018-19 (B E)	3395.4 (6.98)	45234.6 (93.02)	48630.0 (100)

*Source: RBI: Study of State Finances

*Figures in parenthesis are percentage of Own Revenue Receipts

Graph 1e: Trends in Own Revenue (Rs. Crores)



Graph 1f: Projection in Own Revenue (Rs in Crores)

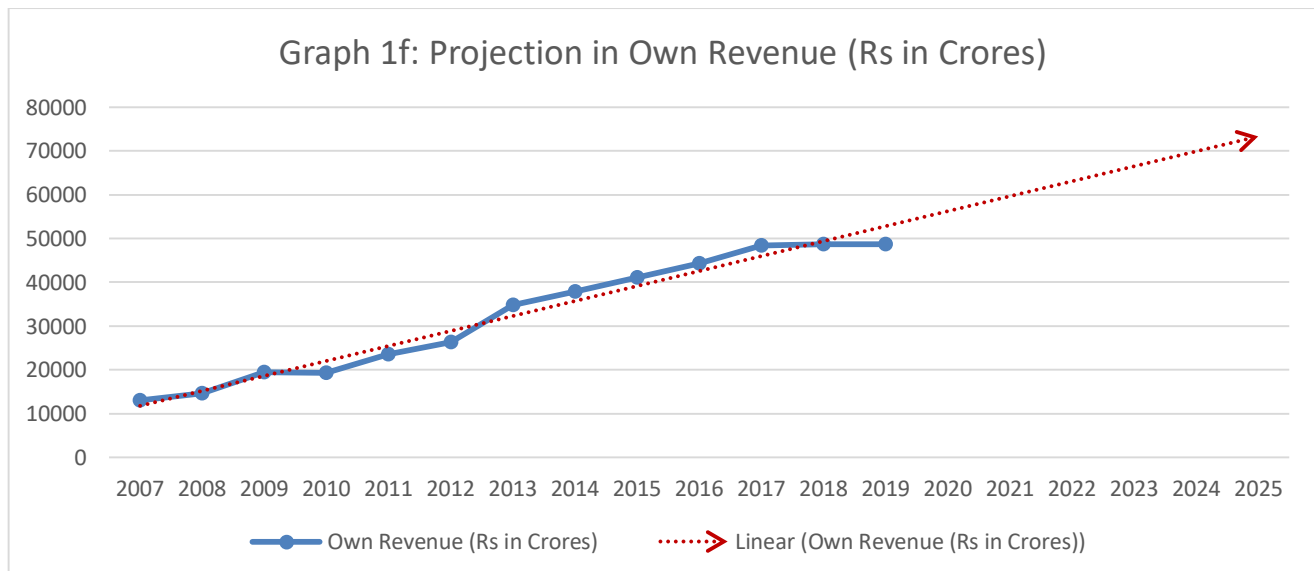


Table 1g: Projection in Own Revenue Receipts

Year	Own Revenue: Projected Value (Rs in Crores)
2020	56217
2021	59860
2022	63278

2023	66928
2024	70004
2025	72997

Although there has been a significant positive change in the tax revenue, West Bengal still lacks behind compared to other general category states. As a measure of efficiency of revenue generation, we compared a measure of tax effort of the state with other general category states. The metric used is ratio of own tax revenue with respect to tax base. The closest possible proxy for tax base is GSDP. Hence, we evaluate OTR-GSDP ratio.

To make OTR-GSDP ratios comparable over time one needs to estimate comparable current price GSDP. In our study we have analyzed tax effort of different states for the period 2006-07 to 2016-17 and therefore we need to use current price GSDP data from the benchmark series i.e. 2011-12. To get a comparable series we have adopted the splicing method (as used by CSO) where a conversion factor is calculated for a common year in the series and then that factor is applied to the old series keeping the growth rates in the old series constant. In our case we have taken 2011-12 as the common year at which the current and previous series overlap. The conversion factor calculated from this year's data then applied to 2006-07 to 2011-12 data to convert them to the new benchmark series. This comparable GSDP data then used to estimate OTR-GSDP ratio of different states for the period mentioned earlier.

Trends of Own Tax Revenue as percentage of GSDP for non-special category states are presented in [Table 1h](#). For West Bengal the OTR-GSDP ratio has been very low compared to similar states as well as the national average. For the period 2006-07 to 2016-17 the OTR-GSDP ratio for West Bengal remained below 6% compared to nearly 7% for an average general category state. Although the ratio has increased for the state from 2011-12 and remained above 5%, but there is continuous fluctuation in it. There is an expected decline in 2017-18 (RE). For other similar states, the trends have been increasing for Bihar and Chhattisgarh. On the contrary, Andhra Pradesh has shown a steep decline in the OTR-GSDP ratio since 2013-14.

Table 1h: Own Tax Revenue as percentage of GSDP among major non-special category States

States	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Andhra Pradesh	13.1%	12.9%	13.4%	12.3%	13.5%	14.0%	14.6%	13.8%	8.1%	6.6%	6.4%	6.6%

Bihar	3.9%	4.4%	4.3%	4.9%	4.8%	5.1%	5.8%	6.3%	6.1%	6.9%	5.6%	6.6%
Chattisgarh	6.9%	6.4%	6.2%	6.5%	6.9%	6.8%	7.3%	6.9%	7.1%	7.3%	7.2%	6.9%
Goa*	8.0%	7.1%	6.8%	6.2%	6.5%	6.0%	7.7%	10.0%	8.1%	7.2%	6.8%	6.5%
Gujarat*	6.3%	6.5%	6.2%	6.0%	6.8%	7.2%	7.4%	7.0%	6.7%	6.1%	5.5%	6.0%
Haryana*	8.5%	7.7%	6.4%	5.9%	6.5%	6.9%	6.8%	6.4%	6.3%	6.4%	6.2%	7.4%
Jharkhand	4.2%	3.8%	5.2%	5.0%	4.2%	4.6%	4.7%	5.0%	4.7%	5.6%	5.6%	7.2%
Karnataka	7.7%	7.2%	6.7%	6.8%	7.0%	7.7%	7.7%	7.7%	7.7%	7.2%	7.2%	6.5%
Kerala*	6.7%	6.7%	6.8%	6.5%	7.1%	7.1%	7.3%	6.9%	6.9%	6.9%	6.8%	7.2%
Madhya Pradesh*	7.0%	7.2%	6.7%	7.3%	7.9%	8.5%	8.0%	7.6%	7.6%	7.4%	6.8%	6.6%
Maharashtra	6.3%	6.4%	6.3%	6.3%	6.6%	6.8%	7.1%	6.6%	6.5%	6.4%	6.1%	6.6%
Orissa	5.7%	5.1%	5.1%	5.3%	5.4%	5.8%	5.7%	5.7%	6.3%	6.8%	6.1%	6.4%
Punjab*	6.8%	6.3%	6.2%	5.9%	7.2%	7.1%	7.6%	7.2%	7.2%	6.8%	6.5%	7.6%
Rajasthan	6.5%	6.5%	6.2%	5.9%	5.8%	5.8%	6.2%	6.1%	6.3%	6.2%	5.8%	6.2%
Tamil Nadu	7.9%	7.5%	7.5%	6.8%	7.3%	7.9%	10.1%	7.6%	7.3%	6.8%	6.8%	6.4%
Uttar Pradesh	6.5%	6.2%	6.1%	6.1%	6.5%	7.3%	7.1%	7.1%	7.3%	7.1%	6.9%	6.9%
West Bengal	4.5%	4.5%	4.3%	4.3%	4.7%	4.8%	5.5%	5.3%	5.5%	5.3%	5.2%	4.5%
Total	6.9%	6.7%	6.6%	6.4%	6.8%	7.2%	7.6%	7.1%	6.8%	6.6%	6.3%	6.5%

*GSDP Revised Estimate (2011-12 Prices)

*Source: RBI: Handbook of State Statistics

1.2.1 Own Tax Buoyancy:

To see whether tax revenue collection shows sensitivity to the performance of the economy we have estimated tax buoyancy for the state of West Bengal and compared it with the general category state's average. Tax buoyancy helps to understand whether the pace in growth of tax collection has been commensurate with pace of growth in the tax base. We have calculated tax buoyancy as the ratio of growth in tax revenue and growth of GSDP.

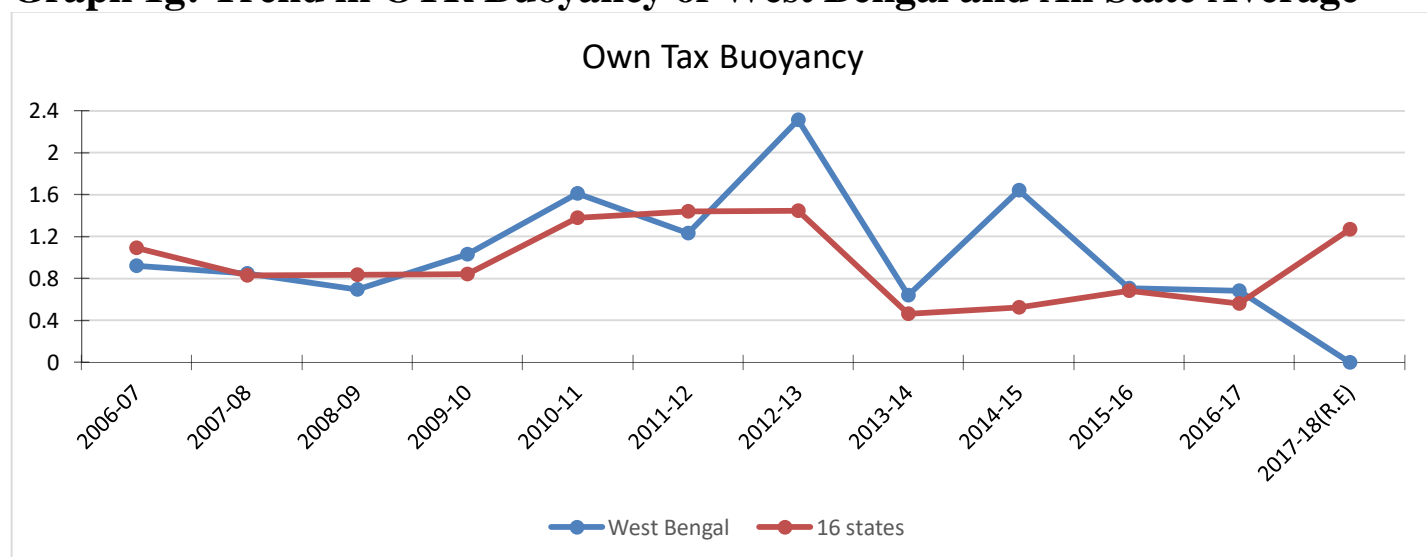
The trend and result of the analysis are shown in Table 1i. Tax buoyancy portrays a positive result for West Bengal. It has remained higher for West Bengal compared to all general category states since 2009-10 except for a minor dip in 2011-12. This finding suggests that the positive trend of OTR-GSDP ratio may continue to be the case in future if the tax system continues with the efficient mobilization reforms.

Table 1i: OTR Buoyancy in General Category States

States	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18(R.E)
Andhra Pradesh	1.37	0.92	1.35	0.36	1.66	1.36	1.47	0.55	-2.56	-0.44	0.68	1.24
Bihar	0.60	2.05	0.84	2.14	0.88	1.42	2.03	1.85	0.49	2.93	-0.44	2.40
Chattisgarh	0.98	0.56	0.83	3.26	1.32	0.90	1.76	0.61	1.38	1.47	0.91	0.59
Goa*	1.13	0.29	0.81	0.28	1.40	0.67	-1.52	-3.79	0.26	0.13	0.52	0.72
Gujarat*	1.11	1.15	0.65	0.78	1.72	1.47	1.23	0.40	0.62	0.18	0.22	1.78

Haryana*	1.12	0.36	0.02	0.59	1.63	1.47	0.93	0.55	0.88	1.09	0.78	3.04
Jharkhand	0.84	0.53	9.41	0.65	0.28	2.52	1.16	1.77	0.65	-2.00	1.13	4.58
Karnataka	1.57	0.60	0.44	1.21	1.19	1.92	1.06	0.94	1.02	0.53	0.92	0.24
Kerala*	1.78	1.04	1.08	0.71	1.69	0.99	1.28	0.50	0.99	1.12	0.76	1.74
Madhya Pradesh*	0.91	1.27	0.60	1.75	1.53	1.64	0.65	0.63	0.98	0.76	0.51	0.57
Maharashtra	0.97	1.08	0.94	1.01	1.19	1.41	1.29	0.38	0.75	0.87	0.58	1.96
Orissa	1.09	0.48	1.12	1.26	1.16	1.72	0.89	0.93	2.90	2.58	0.10	1.56
Punjab*	0.02	0.49	0.88	0.59	2.74	0.90	1.70	0.57	0.90	0.44	0.40	3.09
Rajasthan	0.86	1.03	0.67	0.65	0.97	0.99	1.50	0.84	1.32	0.94	0.35	1.57
Tamil Nadu	0.93	0.51	0.95	0.44	1.40	1.75	3.24	-1.08	0.62	0.24	0.85	0.50
Uttar Pradesh	1.49	0.61	0.92	1.03	1.50	1.92	0.77	1.02	1.50	0.75	0.60	1.04
West Bengal	0.92	0.85	0.69	1.03	1.61	1.23	2.31	0.64	1.64	0.71	0.68	0.002
16 states	1.09	0.83	0.83	0.84	1.38	1.44	1.45	0.46	0.53	0.68	0.56	1.27

Graph 1g: Trend in OTR Buoyancy of West Bengal and All State Average



The drastic fall in OTR Buoyancy observed in 2017-18 (R.E) pertains to the minimal expected increase in OTR as per RBI database. However if we incorporate the budget document published by Ministry of Finance, West Bengal, the revised estimate of OTR is Rs 50,070.47 crores unlike Rs 45,478.47 crores mentioned in RBI database. In this case, OTR Buoyancy doesn't fall drastically to 0.002 but remains at 0.63 compared to 0.68 in 2016-17.

1.2.2 Composition of Own Tax Revenue:

The component wise analysis reveals that Sales tax had been the main source of tax revenue of the State Government during the entire period. Its share has decreased

marginally from 63.7 per cent in 2011-12 to 61.5 per cent in 2016-17. With the implementation of GST, its share is expected to fall to 15.5% in 2018-19. The other important source of tax revenue is state excise whose share has increased from 8.5% to 11.5% during the same period. It is expected to increase to 19% in 2017-18. The revenue share from stamps and registration fees have remained same more or less throughout the period of analysis. The share of land revenue has been declining continuously from 7.5 per cent in 2011-12 to 5.7 per cent in 2016-17.

During the period 2010-11 to 2017-18 total collection of VAT & Sales Tax has grown by 110% from Rs. 15,110.78 Crore to Rs. 31,739.05 Crore. For 2017-18 the figure includes figures of GST as well. A cumulative growth of nearly 16% was achieved in the FY 2017-18, which includes substantial revenue from GST.

The collection of Excise Revenue has gone up from Rs. 1769.73 crores in 2010-11 to Rs 9,320.07 crores in the year 2017-18, registering a CAGR of 26.78% during this period. In comparison to this, during 2004-05 to 2010-11, the Excise Revenue grew from only Rs. 668.33 cr to Rs. 1,769.7 cr thereby registered a CAGR of 17.62%. Collection of Revenue from Stamp Duty has gone up from Rs. 2191 cr. in 2010-11 to Rs. 5300 cr. in 2017-18.

Table 1j: Composition of Own Tax Revenue of the State Government

YEAR	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 RE	2018-19 BE
Agri IT	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profession Tax	2.3%	2.2%	2.2%	2.1%	1.8%	1.7%	1.4%	1.3%	1.2%	1.2%	1.1%	1.2%	1.3%
Stamps & Registration Fees	10.8%	10.8%	10.5%	10.7%	10.7%	11.0%	13.3%	11.3%	10.6%	10.3%	9.6%	10.7%	11.4%
Sales Tax	60.5%	61.4%	62.1%	62.2%	62.8%	63.7%	56.6%	61.2%	61.0%	62.1%	61.5%	29.7%	15.5%
Taxes on Vehicles	4.4%	4.1%	4.2%	4.6%	4.4%	4.0%	3.7%	3.8%	3.8%	3.9%	4.1%	5.2%	5.5%
Goods & Passenger	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	2.8%	2.2%	2.3%	2.1%	3.4%	0.0%
Taxes and Duties on Electricity	4.5%	3.9%	4.1%	3.9%	3.6%	1.6%	5.6%	3.4%	4.9%	3.9%	2.9%	5.5%	6.6%
Entertainment Tax	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.0%
SGST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.2%	28.9%
Land Revenue	8.1%	7.9%	6.8%	5.5%	5.9%	7.5%	6.2%	6.3%	5.8%	5.7%	5.6%	5.8%	6.3%
Other Taxes and Duties	2.2%	2.4%	2.3%	2.1%	1.9%	1.7%	1.2%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%
State Excise	7.0%	7.1%	7.5%	8.5%	8.4%	8.5%	8.0%	8.4%	9.1%	9.3%	11.5%	19.1%	23.2%

*Source: RBI: Study of State Finances

*Figures in parenthesis are percentage of Own Tax Revenue

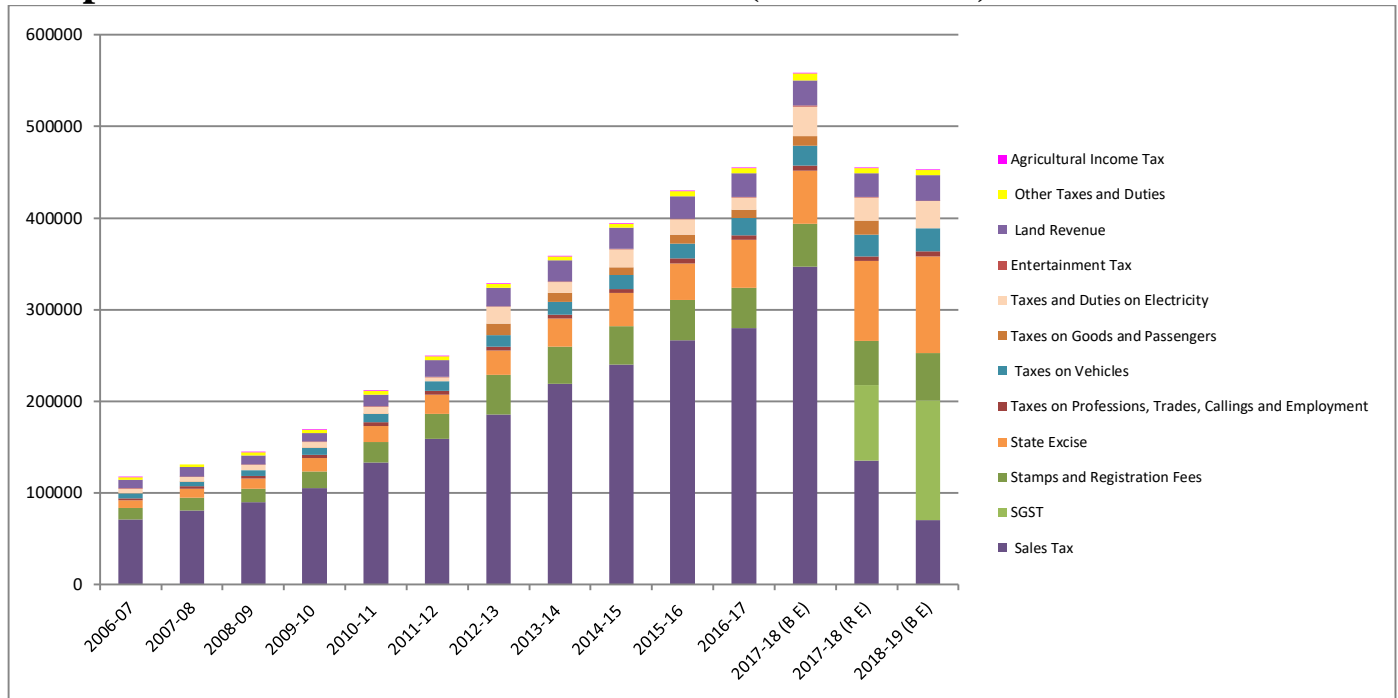
The growth figure with respect to state excise have depicted a positive outlook for own tax revenue with annual growth of 31.26 % in 2016-17 which is expected to increase to 50.48% in 2017-18 (R.E.). The improvement in excise revenue might also be attributed to ban of liquor consumption in neighbouring state of Bihar. The Bengal Excise (Amendment) Bill, 2016, had also merged sales tax and excise duty on liquor into one. Moreover, in a bid to raise tax revenue, West Bengal Government raised taxes on alcoholic beverages in November, 2016. The increase in price was quite steep as it increased from Rs 10 for a 600 ml bottle of country spirit to Rs 65.

Table 1k: Annual Growth of Components of Own Tax Revenue (%)

YEAR	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (R E)	2018-19 (B E)
Agricultural Income Tax	-31.45	11.93	44.26	-38.64	5.56	-42.11	-41.18	10.00
Taxes on Professions	9.83	4.99	3.86	-0.26	11.59	-1.70	-6.41	7.00
Stamps and Registration Fees	20.59	59.51	-6.98	3.53	5.00	-0.53	3.24	6.47
Sales Tax	19.68	16.78	18.20	9.53	11.00	4.94	-61.11	-48.00
Taxes on Vehicles	7.61	21.29	10.57	11.40	10.00	12.97	9.44	7.00
Taxes on Goods and Passengers	-1700.00	80331.25	-22.13	-14.08	13.69	-4.32	42.37	-100.00
Taxes and Duties on Electricity	-46.92	350.07	-33.96	60.45	-14.72	-20.56	-21.43	20.00
Entertainment Tax	56.76	13.54	4.92	14.49	9.93	21.11	-72.65	-97.46
SGST	-	-	-	-	-	-	-	58.33
Land Revenue	49.33	8.09	11.36	0.99	7.50	5.00	-3.97	7.00
Other Taxes and Duties	3.67	-8.77	20.13	1.48	10.02	9.46	-25.18	-1.90
State Excise	18.71	23.83	15.12	18.87	11.00	31.26	50.48	20.73
State's Own Tax Revenue	18.03	31.56	9.21	10.00	8.90	5.93	-18.48	-0.54

Source: RBI Study of State Finances

Graph 1h: Trends in Own Tax Revenue (Rs. Millions)



Graph 1i: Projections in Own Tax Revenue

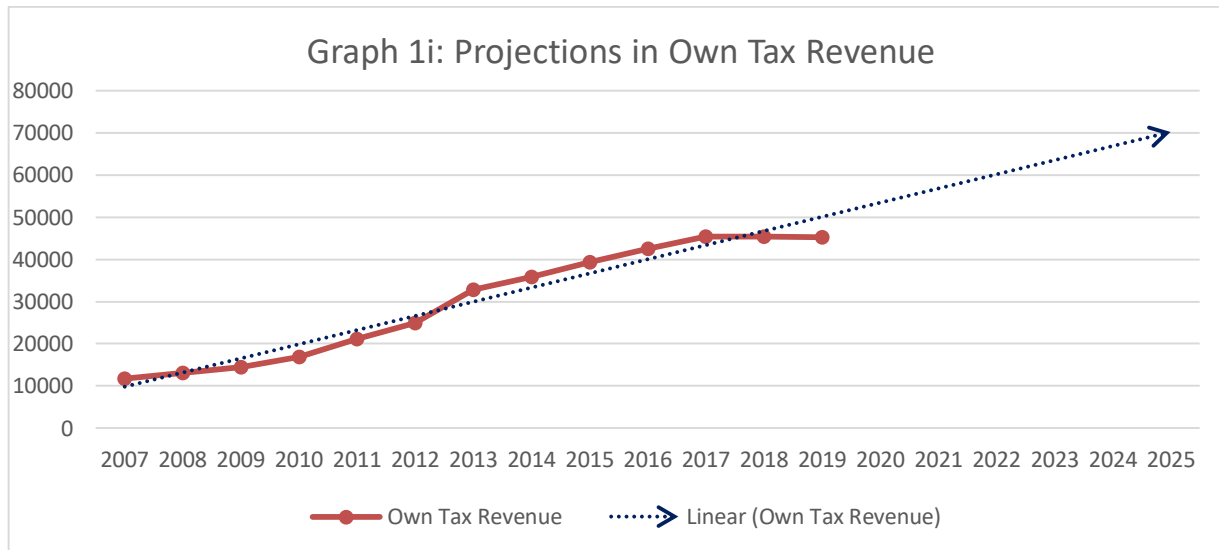


Table 1k: Projections in Own Tax Revenue

Year	OTR: Projected Value (Rs in Crores)
2020	53434
2021	57165
2022	60715
2023	63911
2024	66788
2025	69554

1.2.3 Experience with GST.

The GST which has been implemented in July, 2017 subsumed various indirect taxes levied at different levels as a measure of reducing the red-tape, plugging leakages and paving the way for a transparent indirect tax regime. Under this new tax regime, for transaction within a State, there are two components of GST Central GST (CGST) and State GST (SGST) being levied on the value of goods and services. Both the Centre and States simultaneously levy GST across the value chain. In case of inter-state transactions, the Centre levies and collect the Integrated Goods and Services Tax (IGST). The IGST is roughly equal to CGST plus SGST.

Potential Benefits of GST

- **Simple and easy to administer:** Multiple indirect taxes at State levels have been replaced by SGST. Backed with a robust end-to-end IT system, GST is simpler and easier to administer than all other indirect taxes of the State levied so far.
- **Better controls on leakage:** GST has resulted in better tax compliance due to a robust IT infrastructure. This eventually discourages any misreporting or underreporting of transactions. If any deficiency is found in the turnover reported in GST and income tax returns, the Department can easily estimate the possible income of taxpayers, which has escaped the assessment. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that incentivizes tax compliance by traders. It has resulted in reduction in the final price of the product to the wholesaler, retailer and service providers, which, in turn, has increased the profitability of suppliers.

For instance, a service provider in earlier indirect tax regime was entitled to get input credit of only services and not of goods which were utilized while providing taxable services. But in the new GST regime, service provider is entitled to get input of all goods/services which are utilized while providing the taxable services. This has resulted in increase in profitability of service provider, which has ultimately resulted in higher income-tax liability.

- **Higher revenue efficiency:** GST is supposed to decrease the cost of collection of tax revenues of the Government, and therefore, lead to higher revenue efficiency.

The following taxes are subsumed:

- State Value Added Tax/Sales Tax
- Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States)
- Octroi and Entry tax,
- Purchase Tax,
- Luxury tax, and
- Taxes on lottery, betting and gambling.

Under the GST regime, the Central Government and the State governments are required to work closely in a coordinated manner, as the IGST collected by the Central Government to be apportioned to the respective States and Central government has to mandatorily compensate the State governments for 5 years for losses that may be incurred on account of the implementation of GST.

Given that most of the taxes were being charged are subsumed under the GST, the revenue collection is likely to rise and reliance on Central Government is likely to fall for the following reasons:

Increase in Revenue

- Exemptions under the GST regime are substantially reduced to allow free flow of credits in the supply chain.
- GST will possibly broad base the tax-paying population. It is pertinent to note that even at the time of the introduction of VAT (value-added tax), tax revenues of the states actually went up instead of falling. Tax compliance has already increased under this new regime.
- The revenues from services sector is expected to increase. The sector previously attracted a lower rate of 15%, which now caters to 18 % for many services.

Decrease in Reliance

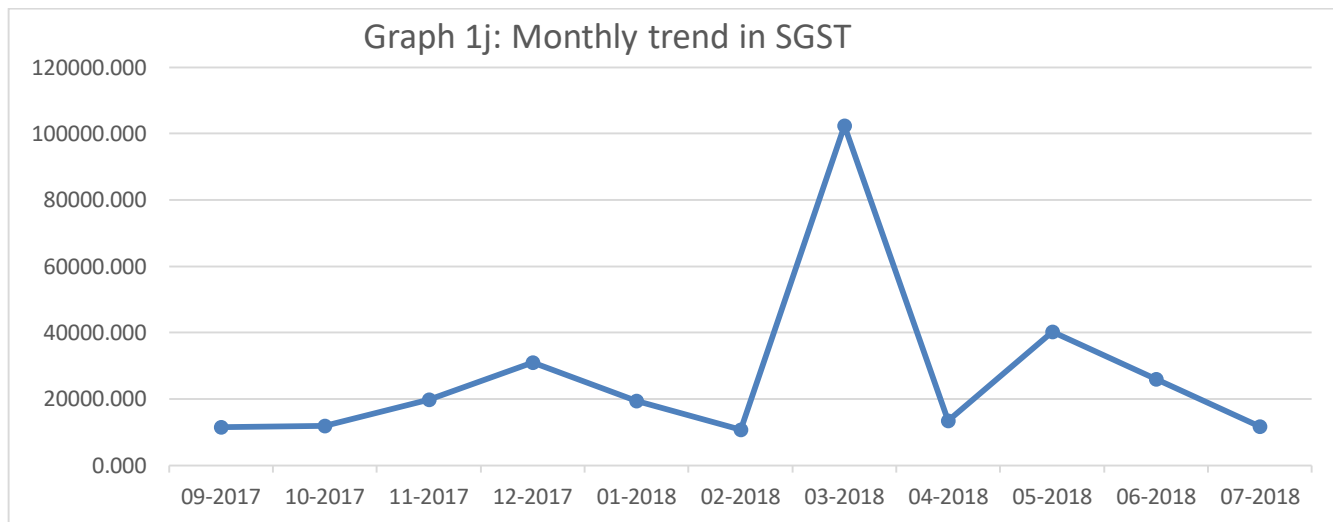
- Moreover, the State Government which was only entitled to earn taxes arising on sale of goods in the state now earns GST on the services being received by assesses in their State.
- West Bengal is entitled for their portion of SGST on the Integrated GST (IGST) applicable on all inter-state trade. This includes IGST on import transactions, which previously belonged to the Central Government only.

Further, a part of CGST and Centre's share of IGST is also apportioned to the State on all inter-State trade.

1.2.4 Performance of GST

GST has been introduced in India w.e.f. 1.7.2017, subsuming some important Central and State level taxes, including the main source of State tax revenue, namely, the Value Added Tax (VAT). With the implementation of GST at the State level, the State Govt. has collaborated effectively in migrating from administration of VAT to GST. Due to the effective implementation of e-governance in VAT administration, its benefits have also been realized in implementation of GST. Due to this effort, the State has achieved the highest growth in number of new registrations under GST in the whole country. Due to its concerted and planned execution of various reform measures in State Taxes, Collection of State Tax Revenue has increased from Rs 42,492.00 crore in 2015-16 to Rs 45,466.46 crore in 2016-17. According to Chronicles of West Bengal, state has reported an overall 16% jump in revenue collection from Rs 45,446.46 crore in 2016-17 to Rs 52,690 crore in 2017-18, the first year of GST. Moreover, despite the country registering a SGST revenue deficit of 17.9 per cent for the period, West Bengal has been one of the exceptions. Revenue deficit across the country has come down from over 28 per cent in July 2017 to 17.9 per cent in March. In the case of West Bengal, there was a 33.4 per cent revenue deficit in August 2017, which has now changed to a surplus of 3%. West Bengal has achieved the highest percentage (91%) of enrolment in Goods and Services Tax (GST) through the Central Board of Excise and Customs (CBEC) among the states in India till date according to a release issued by CII. According to CII, VAT migration in West Bengal is quite impressive at 86.6%. Moreover, Kolkata ranks third among all the cities in the number of GST enrolment, the first and second cities being Ahmedabad and Mysore respectively.¹

¹ <https://economictimes.indiatimes.com/news/economy/policy/west-bengal-achieves-highest-percentage-of-enrollment-in-gst-through-cbec/articleshow/58927016.cms>



As per provisions in Section 7 of the GST (Compensation to States) Act, 2017 loss of revenue to the States on account of implementation of Goods and Services Tax shall be payable during transition period and compensation payable to a State shall be provisionally calculated and released at the end of every two months during transition period of 5 years. As per Section 4 of the said Act, financial year 2015-16 has been taken as the base year for calculating compensation amount payable to States for loss of revenue during transition period. The projected nominal growth rate of revenue subsumed for a state during the transition period shall be 14% per annum. The total compensation payable in any financial year shall be difference between the projected revenue for any financial year and the actual revenue collected by a State.

Table 1m: GST Compensation to West Bengal

Timeline	Compensation (Rs in Crores)
Jul-Aug'17	441
Sep-Oct'17	567
Nov-Dec'17	0
Jan-Feb'18	600
March'18	0
Apr-May'18	0
Total	1608

Source: <http://pib.nic.in/PressReleaseIframePage.aspx?PRID=1542747>

1.2.4 Initiatives for Mobilization of Tax Revenue:

- Centralized Online Receipt of Government Revenues through “Government Receipts Portal System” (GRIPS) Portal: Launched in 2013 as a separate

portal for ONLINE receipt of Tax & Non-Tax Revenues through net banking system and debit cards through 21 participating banks, now integrated with IFMS.

- Integrated Financial Management System [IFMS]: IFMS, a web-based Application for better Financial and Fiscal Management of state government has been implemented in 2014. West Bengal is the first State in the country to make online payment to the bank A/c of all the beneficiaries through integration of all treasuries through integration of IFMS and e-Kuber of RBI.
- Settlement of Disputes: Settlement of Dispute Schemes have been introduced twice; one in 2015-16 and another in 2016-17 to clear off old cases pending before appellate and revisional authorities. This has resulted in one time disposal of many long pending cases and realisation of locked dues to the tune of Rs. 1359.73 Crores from 2015-16 to 2017-18.
- Seamless movement to GST era and elective change management: As on 30-06-2017, there were 2, 72,978 living dealers. Out of these 2, 47,399 were successfully migrated. This apart, as on 13-04-2018, 3, 03,734 dealers have taken new registrations under GST and thereby a massive increase has taken place in tax base.
- VAT Refund and Payment through ECS: Entire pre-assessment refund process from application to grant of refund made online.
- E-Appeal: Online filing of appeals against assessment orders and electronic processing thereof throughout the State.
- Profession Tax: 100% online e-Application for PT Enrolment and/or Registration with online payment facility
- Online Integration of Registration Directorate with Land & Land Records System for simultaneous Registration and Mutation: The e-Nathikaran System has been integrated with e-Bhuchitra, the centralized land record system of the Land & Land Reforms Department, in order to have a seamless and simultaneous mutation after registration.

- **E-Stamping System for Payment of Stamp Duty and Registration Fees:** In order to prevent leakage of revenue for use of fake Non-Judicial Stamp papers in different registration offices, the Directorate has introduced e-Stamping system via GRIPS (Government Receipt Portal System) through net banking and also over the counter payment facility in Banks. Online Collections through GRIPS and e-Treasury have increased over the last seven F.Y.s. In F.Y. 2017-18 Rs. 43,600 Crores, nearly 93% of the total Tax and Non-Tax Revenue of the State Government, were collected online.

1.2.4 Suggestions to improve Tax Revenue through some industrial policies:

- **Tapping Potential of Agro Based Industries:** Agricultural sector is a prime sector of the economy of West Bengal where expansion of industrial sector is limited due to different constraints. There is a huge potential for agro based industries to flourish in state due to various factors. Firstly, there is a vast availability of agro raw material resources. Secondly, the climate of West Bengal is suitable for the plantation of various citrus fruits. Thirdly, being situated near river Ganga there is abundant supply of water & fertile alluvial soil. Fourthly, low cost skilled labour is readily available in the state. More importantly, its location is perfect for large domestic markets & easy access to markets of Asia Pacific. But this field is yet to be explored to the fullest. Government has come forward to enhance private participation by setting up Food Parks. Also, to facilitate exports Agri-Export Zones are being established. The GoI also provides assistance under the Food Park Scheme. There is also a huge potential for post-harvest supply chains in Kisan mandis, transportation of the procured food grains and additional food grain storage capacity creation. Due to its geographical location, strategic points in state could be developed as hubs for cold storage, grading and sorting, processing for value additions and packaging for products been sent to North-East and neighbouring countries of Nepal, Bangladesh, Bhutan and Myanmar. The concerted efforts in these directions will not only create employment opportunities but also provide a strong framework for revenue realization.

One of the major crisis that West Bengal is facing is in the field of tea industry. This industry is passing through a crisis due to lack of investment to maintain the health of tea gardens, rising cost of input, lower yield rates, fall in prices etc. The state government needs to evolve a comprehensive policy in order to stimulate the tea sector.

➤ **Textile Industry:** West Bengal has favourable climatic conditions permitting yearlong textile activity cycle, raw material like jute, availability of power, labour at competitive prices and is a substantial producer of chemicals and dyes. The sector still provides employment, both directly and indirectly to a large number of people in the State. However, individual units apart, the State's textiles sector has been lagging behind other States like Karnataka, Gujarat, Tamil Nadu, Haryana, Maharashtra and Rajasthan since past few years. According to the Textile Policy of Government of West Bengal, the state is aiming to double its share in India's textile industry by 2022-23. It is estimated to provide employment to 10 million people including 75 percent of the labour force from unskilled and semi-skilled section. With this vision, the government is working towards providing conducive business environment by involving private partners as well as creating appropriate infrastructure. If these policy initiatives will be accomplished as planned, it will greatly enhance state's ability to generate revenue from textile industries.

- **Development of Service based industries:** West Bengal is regarded as one of India's leading state with high intellectual capital. It has potential to emerge as one of the most attractive investment destination for IT and IT-enabled Service sector. According to Industrial Policy Report, 2013 of GoWB, hardware sector has been considered as a major growth engine for state in the future contributing immensely towards to GSDP and employment opportunities. The software sector also provides severe key areas of higher growth and traditional strength namely financial services and banking, insurance, retail and distribution, engineering design and life sciences. State government has received proposals of investments to the tune of Rs. 32, 599.5 crores from various major IT companies. Further investment in this area will provide great employment opportunities and will help in augmenting revenue resources of state.
- **Investment in MSMEs:** West Bengal has the potential to become the leading state in coming future in terms of MSME productivity within India. This requires government to follow diversified approach from production to services. It can also lead to major change in employment scenario of the state. The government should focus on creating and enabling an eco-system, skill

development, technology intervention, and marketing. In this regard, MSME Policy of Government of West Bengal aims to increase the ancillary and vendor linkage of MSME from the present about 2% to 10% over the next five years with government facilitating the process supported by a public procurement policy. This may lead to increase the volume of the market of the MSME products by at least 25%. According to the policy, cluster development and regional innovation approach will be the thrust areas which will be supported by additional flow of funds and other fiscal interventions. The efforts in this direction will be instrumental in providing the required stimulus for improvising industrial culture in West Bengal as well creating multiple avenues for revenue mobilization.

Chapter – II

Broad Content

Analysis of the state's own non-tax revenue and suggestions to enhance revenues from user charges and profits from departmental enterprises and dividends from non-departmental commercial enterprises.

2. Assessment of Revenue Profile of the State: Non-Tax Revenue

2.1 Composition and Trends in State's Own Non-tax Revenue

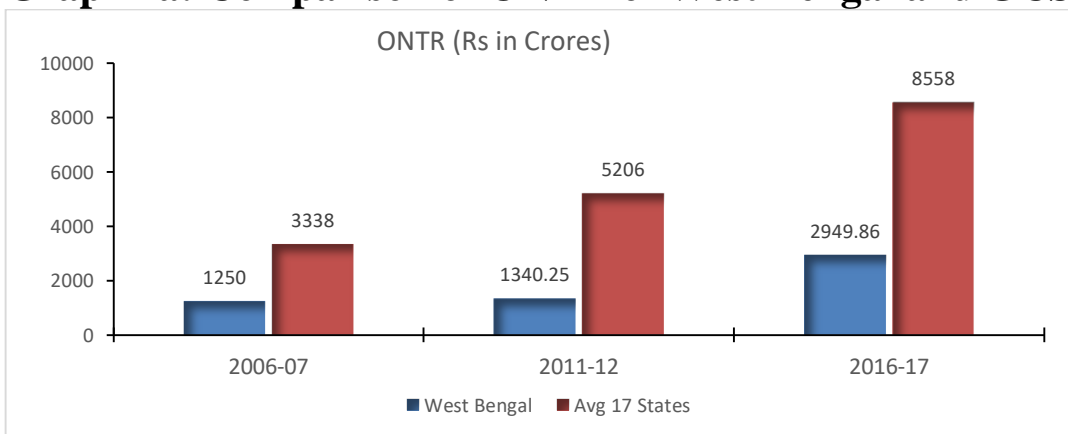
Non-tax revenue is one of the constituents of the revenue receipts of West Bengal. During 2006-07 to 2016-17, State's own non-tax revenue (ONTR) increased considerably from Rs. 1248.8 crores to 2949.9 crores (Table 1e). Revenue from interests, dividends and profits, general services, economic services and social services forms key constituents of the ONTR of West Bengal. The growth was almost same with respect to average CAGR of 8.9% of 16 general category states. The state's performance was much better compared to Andhra Pradesh, Haryana, Punjab and Maharashtra. Kerala has a CAGR of 23% which is almost three times that of West Bengal.

Table 2.a: CAGR of ONTR of different states

States	CAGR(2006-17)
Andhra Pradesh	-2.0%
Bihar	15.1%
Chattisgarh	13.2%
Goa	10.3%
Gujarat	9.4%
Haryana	2.8%
Jharkhand	12.7%
Karnataka	3.2%
Kerala	23.6%
Madhya Pradesh	11.8%
Maharashtra	4.9%
Orissa	10.9%
Punjab	3.6%
Rajasthan	11.7%
Tamil Nadu	10.2%
Uttar Pradesh	14.5%
West Bengal	8.1%
Total	8.9%

Source: RBI Study of State Finances

Graph 2a: Comparison of ONTR of West Bengal and GCS Average



The graph 2a depicts the condition of non-tax revenue in West Bengal compared to the average of GCS. It can be observed that own non-tax revenue has lagged behind for West Bengal but this gap has increased overtime which highlights the state's inefficiency in generating enough resources from non-tax sources compared to other states.

Own non-tax revenue as a percentage of GSDP is an important indicator of the extent of revenue mobilization by a state. To analyse this efficiency indicator, we compared the performance of West Bengal with respect to general category states. It was discovered that although the overall growth has been healthier, the ratio of ONTR with GSDP is not impressive compared to all the other general category states. The ONTR-GSDP ratio for West Bengal declined from 1.5% in 2008-09 in 2009-10 to 0.3% in 2016-17. This ratio for GCS declined from 1.6% to 1.1% over the same period. The trend shows that ONTR relative to GSDP has improved for states Kerala, Odisha, Jharkhand, Chattisgarh and Uttar Pradesh. Contrary to this, the performance of West Bengal has been consistently poor (except for the period 2008-10) with ratio falling from 0.5% in 2006-07 to 0.3 % in 2016-17. The ranking of West Bengal is lowest amongst all the 16 general category states almost throughout the entire period and the picture seems to remain same in 2017-18(RE).

Table 2b: ONTR to GSDP Ratio of general category states

States	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18(R.E)
Andhra Pradesh	3.6%	3.2%	3.9%	2.7%	3.2%	3.1%	3.9%	3.3%	2.1%	0.8%	0.7%	0.5%
Bihar	0.5%	0.5%	0.8%	1.0%	0.5%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Chattisgarh	2.0%	2.3%	2.1%	2.8%	2.9%	2.6%	2.6%	2.5%	2.2%	2.2%	2.2%	2.6%
Goa	5.7%	5.4%	5.0%	6.1%	6.9%	5.5%	4.8%	4.6%	4.9%	4.4%	4.3%	3.8%
Gujarat	1.7%	1.4%	1.3%	1.2%	0.9%	0.9%	0.8%	0.9%	1.0%	1.0%	1.1%	1.3%
Haryana	3.6%	3.4%	1.8%	1.2%	1.3%	1.6%	1.3%	1.2%	1.1%	1.0%	1.1%	1.8%
Jharkhand	1.9%	1.7%	2.2%	2.7%	2.2%	2.0%	2.0%	2.0%	2.0%	2.8%	2.3%	4.4%
Karnataka	1.4%	0.9%	0.8%	0.7%	0.6%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
Kerala	0.5%	0.6%	0.7%	0.7%	0.6%	0.7%	1.0%	1.2%	1.4%	1.5%	1.6%	1.7%
M.P.	1.8%	1.6%	1.6%	2.7%	2.1%	2.4%	1.8%	1.8%	2.2%	1.6%	1.4%	1.4%
Maharashtra	1.2%	2.3%	1.2%	0.9%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.6%	0.9%
Orissa	2.4%	2.0%	2.0%	1.9%	2.3%	2.8%	3.1%	2.8%	2.6%	2.6%	2.1%	2.2%
Punjab	3.0%	3.3%	3.2%	2.8%	2.3%	0.5%	0.9%	1.0%	0.8%	0.7%	1.4%	1.1%
Rajasthan	1.9%	2.0%	1.6%	1.6%	1.8%	2.1%	2.5%	2.5%	2.1%	1.6%	1.5%	2.0%
Tamil Nadu	1.0%	0.8%	1.3%	0.9%	0.7%	0.8%	0.8%	1.0%	0.8%	0.8%	0.8%	0.8%
U. P.	1.8%	1.4%	1.4%	2.5%	1.8%	1.4%	1.6%	1.7%	2.0%	2.0%	2.3%	1.3%

<i>West Bengal</i>	0.5%	0.5%	1.5%	0.6%	0.5%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%
Total	1.6%	1.7%	1.6%	1.5%	1.3%	1.2%	1.3%	1.3%	1.2%	1.1%	1.1%	1.2%

Source: RBI Study of State Finances, MOSPI data

The growth rate of Own non-tax revenue for West Bengal has fluctuated a lot compared to the average of 16 general category states as depicted in the graph. The growth rate peaked at 238% in 2008-09 which was followed by a marked decline in growth to -51%. But the periods of positive growth are more than the periods of negative growth. Additionally, since past two years, state is performing better in terms of growth rate compared to average of general category states. The momentum of positive growth seems to continue in 2017-18 according to revised estimates. But the continuation of estimated positive trend in the subsequent years cannot be ascertained.

There was a major fluctuation in growth of ONTR of West Bengal from 2008 to 2010. The growth rate increased to 238% in 2008-09 and then declined to -51%. As stated in the Evaluation of State Finances of West Bengal, 14th Finance Commission Report, the sudden jump in ONTR in 2008-09 was due to a onetime book adjustment on account of writing off loans to West Bengal State Electricity Board when the restructuring of Power Sector happened in the state. Subsequently, this increase resided and growth fell.

Table 2c: Growth Rate of ONTR of general category states

States	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Andhra Pradesh	38.4%	8.8%	37.1%	-19.4%	37.4%	9.1%	36.8%	-3.3%	29.1%	55.2%	5.5%	23.2%
Bihar	-1.9%	3.9%	117%	45.2%	40.7%	10.1%	27.6%	36.1%	0.9%	40.3%	9.9%	18.8%
Chattisgarh	17.9%	39.3%	8.9%	38.2%	26.3%	5.7%	13.7%	10.5%	-4.4%	7.0%	8.7%	36.1%
Goa	21.1%	13.0%	19.2%	39.5%	31.2%	1.9%	20.7%	-9.3%	40.0%	4.6%	11.5%	5.3%
Gujarat	47.8%	-6.9%	10.6%	6.9%	-9.7%	7.2%	14.0%	16.6%	36.0%	6.8%	30.9%	27.3%
Haryana	86.6%	11.1%	-36.5%	-15.4%	24.8%	38.1%	-1.0%	6.5%	-7.3%	3.0%	30.4%	77.3%
Jharkhand	2.9%	11.9%	36.9%	37.4%	4.0%	-2.9%	16.4%	6.1%	15.5%	35.0%	-8.6%	110%
Karnataka	5.9%	-18.0%	-6.0%	5.4%	0.9%	21.6%	-3.0%	1.7%	16.3%	14.2%	8.2%	17.8%
Kerala	0.0%	28.7%	28.9%	18.6%	4.3%	34.3%	62.0%	32.8%	30.6%	15.7%	15.1%	20.9%
Madhya Pradesh	20.4%	3.0%	21.9%	91.0%	-10.3%	30.8%	-6.4%	10.1%	34.7%	-17.4%	6.0%	4.8%
Maharashtra	26.6%	125%	-42.2%	-14.7%	-1.4%	-0.8%	22.2%	13.7%	10.8%	6.7%	-5.3%	70.5%
Orissa	69.3%	2.3%	20.0%	0.9%	48.9%	34.8%	25.4%	3.7%	-3.7%	7.9%	-7.7%	11.9%
Punjab	-12.6%	32.2%	10.1%	-2.2%	-5.7%	-73.7%	87.8%	21.4%	-9.8%	-8.0%	121%	-13.1%

Rajasthan	25.2%	18.1%	-4.0%	17.2%	37.9%	45.9%	32.2%	11.9%	-2.5%	-	17.4%	6.3%	43.4%		
Tamil Nadu	31.5%	-3.5%	73.0%	-	11.9%	-7.6%	22.2%	15.3%	42.6%	-	10.6%	6.8%	11.2%	8.6%	
Uttar Pradesh	123%	-	10.9%	16.3%	101%	-	17.8%	-9.3%	27.8%	26.8%	21.2%	16.1%	25.1%	-	
West Bengal	22.5%	17.6%	238%	-	50.9%	-2.5%	-	43.7%	43.1%	5.5%	-	19.6%	14.5%	58.4%	7.57%
Total	32.8%	21.2%	6.1%	9.4%	4.1%	6.5%	21.2%	13.0%	5.0%	0.2%	14.1%	15.8%			

However, share of ONTR has shown a gradual decline in Own Revenue, falling from approximately 10% to 6% during the same period. As mentioned earlier, that share of own revenue has declined whereas share of central grants has increased in total revenue. We saw above that tax revenue is still performing better for West Bengal compared to non-tax revenue owing to productive measures taken by the state government. This indicates that own non-tax revenue is dragging down the share of own revenue, making state more reliant on central grants. In order to make state self-sufficient, there is an immediate need for extensive improvement in own non-tax revenue collection.

2.2 Own-Non Tax Buoyancy

We have estimated buoyancy of ONTR for the state of West Bengal and compared it with the general category state's average to assess whether the pace in growth of non-tax mobilization has been commensurate with pace of growth in the state economy. It is observed that buoyancy of ONTR for the state was substantially higher than general category states in few periods but it also showed negative values consecutively from 2009-10 to 2011-12. On the other hand, over the same period buoyancy remained positive for GCS. The year on year buoyancy results show huge fluctuation with highest buoyancy (16.79) in 2009-10 and lowest (-3.21) in 2014-15. The buoyancy of 5.69 for West Bengal for 2016-17 although portrayed an optimistic outlook with respect to own-non tax revenue but it is expected to decline in 2017-18.

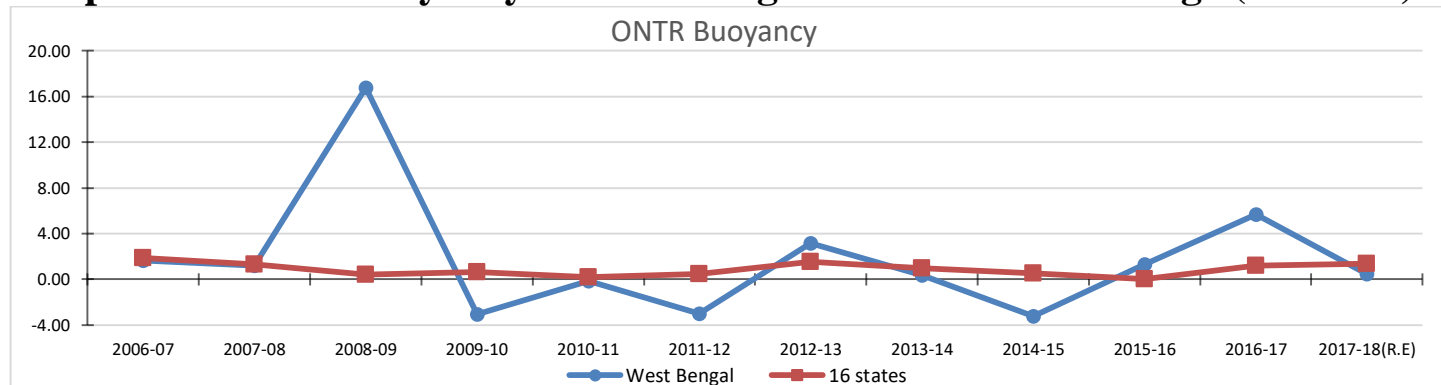
Table 2d: Own Non-Tax Revenue Buoyancy of General Category States

States	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 R.E
Andhra Pradesh	2.14	0.40	3.15	-1.28	2.20	0.69	4.36	-0.26	-2.22	-3.85	0.35	-1.49
Bihar	-0.09	0.31	4.65	3.12	-1.63	-0.52	1.94	2.93	0.10	5.21	0.65	1.30
Chattisgarh	0.71	1.96	0.43	15.48	1.30	0.27	1.12	0.64	-0.64	1.18	0.73	3.22
Goa*	1.37	0.71	0.64	2.71	2.03	0.06	2.07	1.62	1.21	0.30	0.83	0.28
Gujarat*	3.00	-0.43	0.91	0.40	-0.46	0.49	0.79	1.45	2.54	0.59	2.39	2.32
Haryana*	4.75	0.63	-1.79	-0.69	1.50	2.61	-0.06	0.42	-0.79	0.28	2.37	7.49
Jharkhand	0.29	0.47	8.05	2.56	0.15	-0.45	1.04	0.77	0.98	-6.42	-0.61	13.19
Karnataka	0.37	-0.95	-0.41	0.61	0.04	2.00	-0.20	0.10	1.37	0.99	0.77	1.33

Kerala*	0.00	2.07	1.83	1.29	0.32	1.85	4.67	2.56	3.00	1.64	1.41	2.31
Madhya Pradesh	1.25	0.26	0.99	5.93	-0.66	1.94	-0.31	0.65	3.76	-1.33	0.31	0.56
Maharashtra	1.32	7.31	-4.18	-1.09	-0.06	-0.06	1.59	1.05	1.36	0.58	-0.39	6.65
Orissa	3.52	0.09	1.35	0.10	2.30	2.98	1.91	0.28	-0.61	1.50	-0.55	1.16
Punjab*	-0.74	1.63	0.71	-0.17	-0.39	-5.53	7.53	1.85	-1.41	-0.81	12.36	-1.45
Rajasthan	1.24	1.30	-0.21	1.14	1.39	2.05	2.39	1.02	-0.22	-1.57	0.57	4.07
Tamil Nadu	1.54	-0.27	5.07	-0.61	-0.34	1.58	1.11	3.20	-0.99	0.70	1.40	0.70
Uttar Pradesh	8.35	-0.78	1.01	5.70	-1.21	-0.65	2.05	1.87	2.79	1.29	2.53	-3.94
West Bengal	1.65	1.22	16.79	-3.06	-0.16	-2.99	3.16	0.38	-3.21	1.31	5.69	0.47
17 states	1.89	1.28	0.42	0.63	0.21	0.45	1.50	0.97	0.52	0.02	1.16	1.37

Source: RBI Study of State Finances

Graph 2b: ONTR Buoyancy of West Bengal and All State Average (17 states)



It can be noted from the graph that own-non tax revenue buoyancy for West Bengal has shown no clear pattern. However, it has been greater than 1 only in five periods (two times after the regime change). This indicates that the responsiveness of own non-tax revenue with respect to GSDP is not as good as compared to own tax revenue over the period of analysis. These findings give a mixed impression of state's ONTR performance during the last decade compared to other generally category states. Nonetheless, with a very low base, the state needs to do a lot to bring itself to the national average level.

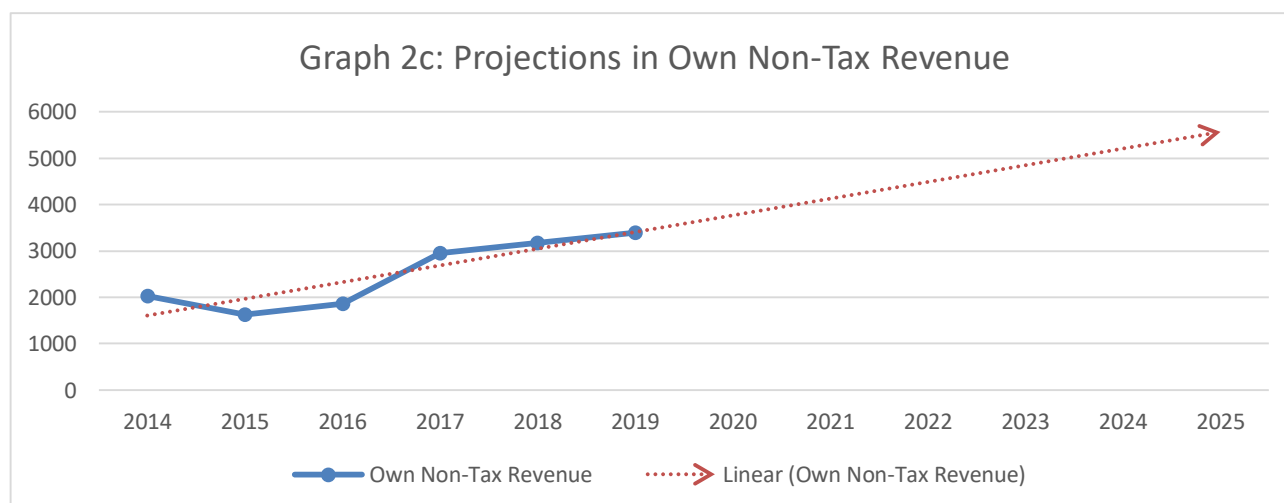


Table 2e: Projection in Own Non Tax Revenue

Year	ONTR: Projected Value (Rs in Crores)
2020	3764
2021	4346
2022	4757
2023	5023
2024	5468
2025	5914

2.3 Component of Non Tax Revenue:

To assess a state's revenue generation through non-tax route we also have to analyze components within ONTR which comprises of receipts from a variety of sources including interest on loans extended by the state, dividends on equity investments made, user charges and tariffs for services provided by the government, royalty from minerals, forestry and wildlife, commercial operations undertaken by the states and other levies imposed by administrative departments. Revenue from interests, dividends and profits, general services, economic services and social services forms key constituents of the ONTR of West Bengal.

Table 2f shows the CAGR of different components of Own-non tax revenue. Table 2g shows the receipts from key components and their share in total non-tax revenue.

Table 2f: CAGR of different components of ONTR

Components	CAGR
Interest Receipts	5.3%
Dividends and Profits	-7.0%
General Services	10.1%
Social Services	11.6%
Economic Services	11.1%
ONTR	8.1%

*CAGR Period: 2006-07 to 2016-17

Table 2g: Composition of Own-Non Tax Revenue of the State Government (Rs in Crores)

YEAR	Interest Receipts	Dividends and Profits	General Services	Social Services	Economic Services	Own Non-Tax Revenue
2006-07	683.7(54.7)	2.3(0.2)	200.5(16.1)	114.0(9.1)	248.4(19.9)	1248.8(100)
2007-08	690.0(46.8)	6.2(0.4)	243.5(16.5)	113.2(7.7)	420.2(28.5)	1473.1(100)

2008-09	3999.9(80.5)	6.1(0.1)	294.8(6.0)	148.8(3)	516.8(10.4)	4966.4(100)
2009-10	362.8(14.9)	.5(0.001)	392.2(16.1)	193.0(7.9)	1489.7(61.1)	2438.1(100)
2010-11	716.8(30.1)	1.1(0.001)	261.5(11)	188.0(7.9)	1213.1(51)	2380.5(100)
2011-12	291.5(21.7)	1.0(0.1)	513.1(38.3)	151.6(11.3)	383.0(28.6)	1340.3(100)
2012-13	934.1(48.7)	2.3(0.1)	464.7(24.2)	184.4(9.6)	332.5(17.3)	1918.2(100)
2013-14	986.3(48.8)	8.4(0.4)	508.9(25.2)	212.2(10.5)	306.9(15.2)	2022.7(100)
2014-15	277.5(17.1)	5.6(0.3)	767.7(47.2)	228.4(14)	347.4(21.4)	1626.7(100)
2015-16	334.9(18)	11.8(0.6)	560.9(30.1)	310.1(16.6)	644.1(51.4)	1861.8(100)
2016-17	1201.2(40.7)	1.1(0.003)	576.5(19.5)	380.3(12.9)	790.8(34.6)	2949.9(100)
2017-18R.E.	1285.4(40.5)	1.1(0.003)	628.1(19.8)	407.0(12.8)	851.5(26.8)	3173.1(100)
2018-19B.E.	1375.4(40.5)	1.2(0.003)	671.6(19.8)	435.5(12.8)	911.8(26.9)	3395.4(100)

*Source: RBI: Study of State Finances

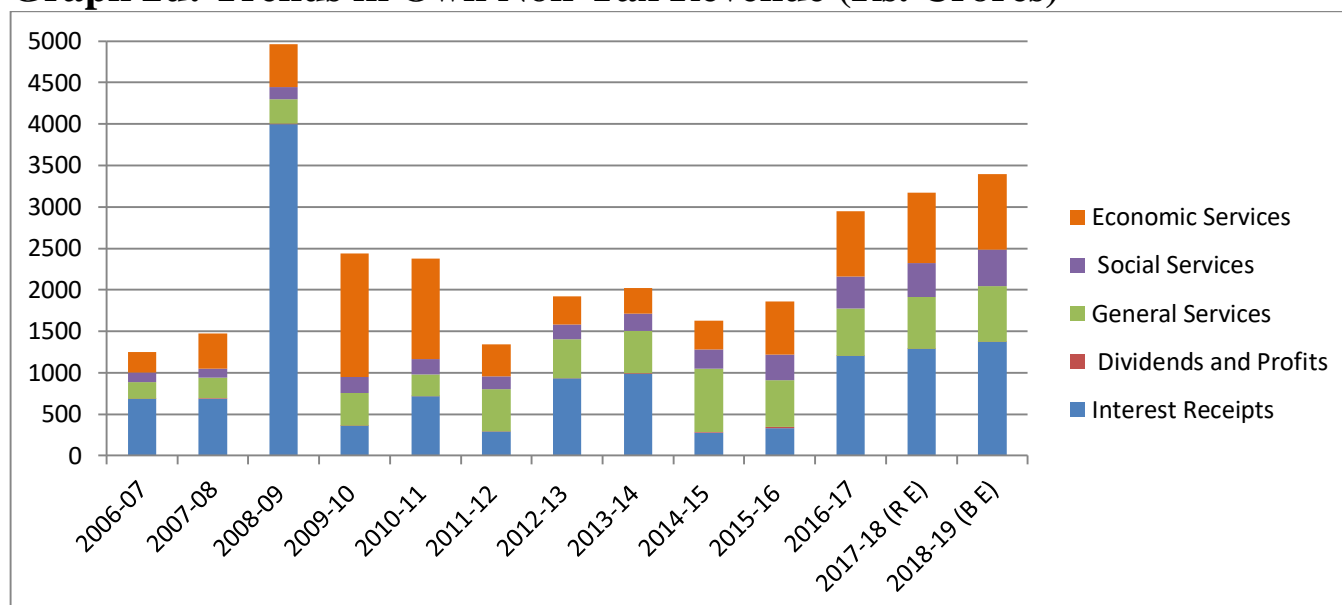
*Figures in parenthesis are percentage of Own Non Tax Revenue Receipts

- Interest Receipts:** A sizable portion of ONTR of the state comes from interest receipts on loans forwarded by the state government mainly to different government departments and state public sector undertakings. For West Bengal, the share of interest receipts has declined from 55% in 2006-07 to 41% in 2016-17, probably due to a meager CAGR of 5% during this period.
- Dividends:** For most of the general category states revenue generation under this head is very low mainly due to very poor performance of the state PSUs. In case of West Bengal this is particularly more severe. As on 31 March 2016, there were 89 State Public Sector Undertakings (PSUs) in West Bengal which comprised of 70 working PSUs (including nine Statutory Corporations) and 19 non-working PSUs (including one Statutory Corporation). During 2015-16, the working PSUs registered a turnover of Rs. 30,360.74 crore which was equal to 2.92 per cent of Gross State Domestic Product (GSDP). Out of 70 working PSUs, only 29 PSUs prepared accounts for 2015-16 as of September 2016. During 2015-16, 22 PSUs earned profit of Rs. 604.76 crore and seven PSUs incurred loss of Rs. 478.56 crore. Major contributors to profit were West Bengal State Electricity Transmission Company Limited, West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation. Heavy losses were incurred by The Durgapur Projects Limited and the Calcutta Tramways Company (1978) Limited. The cumulative profit was Rs. 126.2 crore compared to a loss of Rs. 1123 crore in 2011-12. This portrays a positive picture for amelioration of distress caused to the treasury. However, there is a huge decrease in revenue from dividends and profits from 2015-16 to 2016-17. The revenue declined from Rs. 11.8 crores to Rs 1.1

crores. But in terms of CAGR, income from dividend has actually declined with negative growth of 7%. The dividend income increased in the period 2006-08 but then it faced a steep decline till 2011-12. The revenue increased thereafter till 2015-16. The picture seems to remain same as per the projections of 2017-18. The fall in revenue from profits and dividends and the associated reasons are discussed in section describing fiscal health of PSUs.

- **General Services:** Revenue from general services as % to state's ONTR has shown upward trend over the years from 16 % in 2006-07 to 20% in 2016-17. Revenue under this head comes mainly from Police, Jails, Supplies and disposals, Stationery and printing, Public works and other administrative miscellaneous services. This shows a slight improvement in collection user charges by administrative departments and it is also illustrated by a decent rate of compound growth of revenue (10.1%) during this period.
- **Social Services:** Major portion of receipts from social services came from education, sports, art and culture (46% of social services receipts in 2016-17), public health services (35%) and urban development (10%). Water supply and sanitation and family welfare services contributed only very little to the overall receipts under this head. There has been a significant growth of 11.6% in revenue during this period.
- **Economic Services:** The share of economic services increased from 9% to 13% respectively in the same period at a CAGR of 11.1%. The analyses of different components within economic services show that most of them like crop husbandry, animal husbandry, forestry and wild life, village and small-scale industries, industries, road and ports and light houses performed decently in terms of growth during this period. Although in terms of contribution to the Economic Services, Other economic services and industries contributed nearly 80% to the overall receipts under economic services.

Graph 2d: Trends in Own Non-Tax Revenue (Rs. Crores)



2.4 Efficiency in User Charge Collection and Cost Recovery

To assess how far the state government has been able to levy user charges to cover the cost of providing different services, we have estimated revenue to cost ratio for the state. We have calculated the ratio of non-tax revenue to non-plan expenditure (REV/NPRE)). To evaluate the performance of West Bengal in right perspective, we have compared them with the 16 general category states. The comparison clearly showed that West Bengal performed poorly compared to all the states with an average cost recovery rate of 2.24%. Government's inability and in some cases unwillingness to collect appropriate user charges for the services rendered due to the associated positive externalities from these services and hence political unviability has caused the distress in covering the cost.

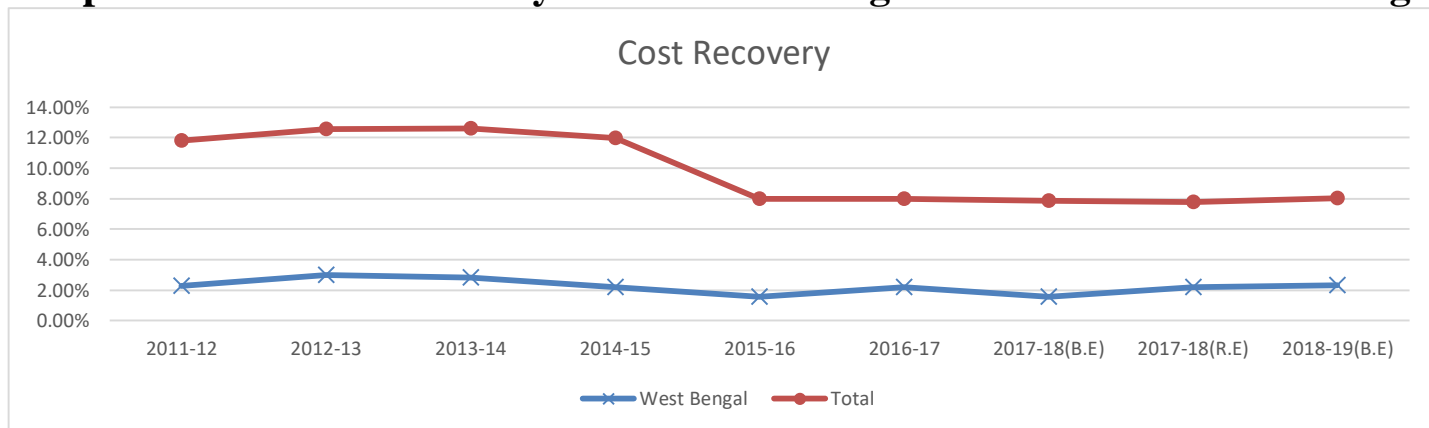
Table 2h: Cost Recovery Result of General Category States

States	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 R.E	2018-19 B.E
Andhra Pradesh	17.48%	20.65%	17.94%	11.56%	5.13%	4.47%	3.13%	3.56%
Bihar	2.62%	3.02%	3.56%	3.31%	2.61%	2.54%	2.17%	3.25%
Chattisgarh	32.15%	31.76%	26.51%	26.34%	11.93%	11.77%	11.80%	11.94%
Goa	52.98%	38.17%	32.70%	40.98%	28.88%	30.59%	26.91%	24.45%
Gujarat	12.07%	11.89%	12.69%	15.89%	10.64%	12.85%	13.53%	8.69%
Haryana	19.49%	16.33%	15.68%	12.69%	8.02%	9.06%	14.03%	13.27%
Jharkhand	22.77%	22.58%	21.89%	22.39%	16.01%	11.87%	19.34%	14.39%
Karnataka	8.78%	7.20%	6.48%	6.72%	4.58%	4.39%	4.69%	4.92%
Kerala	6.37%	8.99%	10.43%	11.84%	10.71%	10.65%	11.57%	12.34%
Madhya Pradesh	20.40%	15.69%	15.27%	18.57%	8.59%	7.60%	7.08%	7.03%
Maharashtra	8.05%	8.75%	8.80%	8.60%	7.05%	5.96%	7.95%	7.56%
Orissa	25.83%	30.32%	27.37%	25.02%	14.81%	10.83%	10.03%	10.28%
Punjab	4.52%	7.18%	8.24%	6.91%	5.29%	10.60%	7.16%	11.87%
Rajasthan	22.25%	24.65%	23.35%	19.72%	10.29%	9.14%	10.76%	12.06%

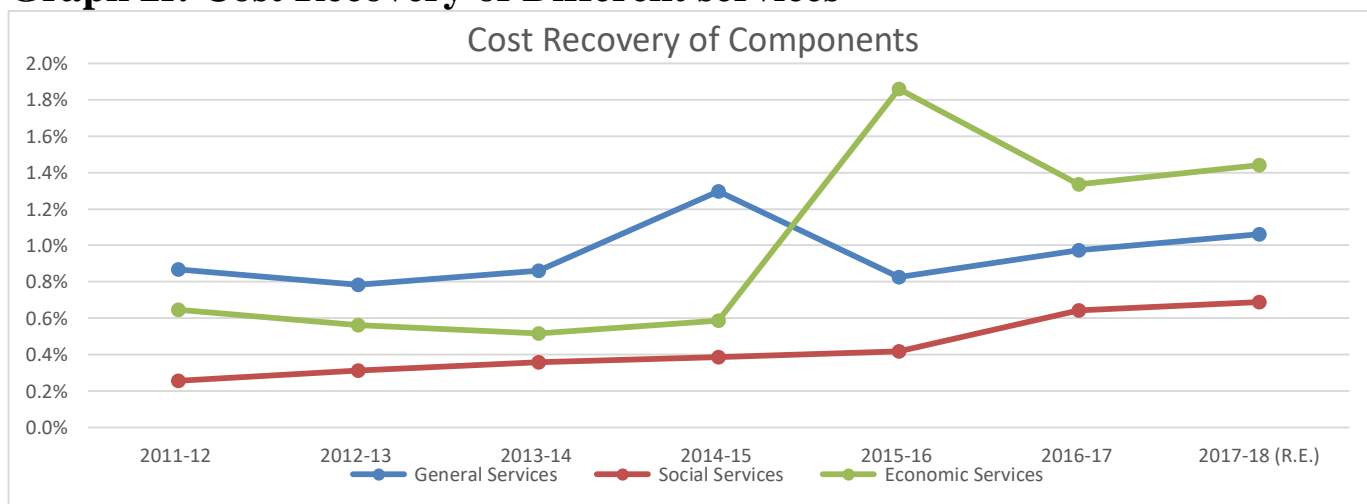
Tamil Nadu	8.58%	8.90%	11.22%	8.82%	6.33%	6.47%	6.18%	5.83%
Uttar Pradesh	10.02%	11.29%	13.00%	14.47%	10.87%	12.23%	6.11%	8.96%
West Bengal	2.26%	2.98%	2.85%	2.20%	1.57%	2.20%	2.20%	2.31%

Source: RBI Study of State Finances

Graph 2e: Cost Recovery of West Bengal and All state average



Graph 2f: Cost Recovery of Different services



2.4 Suggestion to enhance Own Non Tax Revenue

Mobilising resources through non-tax sources serves the twin purpose of having a rational non-tax structure and generating greater means to achieve economic growth. Non-tax sources are classified majorly into three categories:

First, there are some sources that are compulsory and required payments. These sources include penalties (other than penalties on non-compliance of taxes) and fines.

The second category consists of voluntary and unrequited receipts. These payments include donations and contributions made to the Government or any unclaimed funds lying with the Government.

The third category basically deals with user charges, profits and dividends. It comprises voluntary and required payments, including revenue earned from the resources owned by the Government such as forest, marine, riparian habitats and wildlife. This category also has revenue earned by sale of usage rights, admission fee, as well as the royalties and rental payments received by the Government. Income earned in the form of dividends and the interest receipts from investments made by the Government also fall into this category.

From the revenue resource point of view, third category becomes important as most of the non-tax revenue come from this category. The determination of user charges so as to have requisite cost recovery relates to the theory of utility pricing. This refers to the fixation of prices of goods and services provided by the Government (public sector) in order to maximize the benefits to the community.

User charges are sometimes perceived as a form of taxation but they differ as they are linked to specific benefits, which are over and above those enjoyed by the general public. These are designed to redefine Government priorities by incorporating more feedback from citizens with respect to the services they want and are willing to pay for. From this perspective, what matters is not just to impose charges but to levy the correct charges.

Policy Imperatives

In face of the severe revenue crunch through non tax resources in meeting revenue expenditure faced by the State Government, there are few policy prescriptions for select services given for mobilising additional resources:

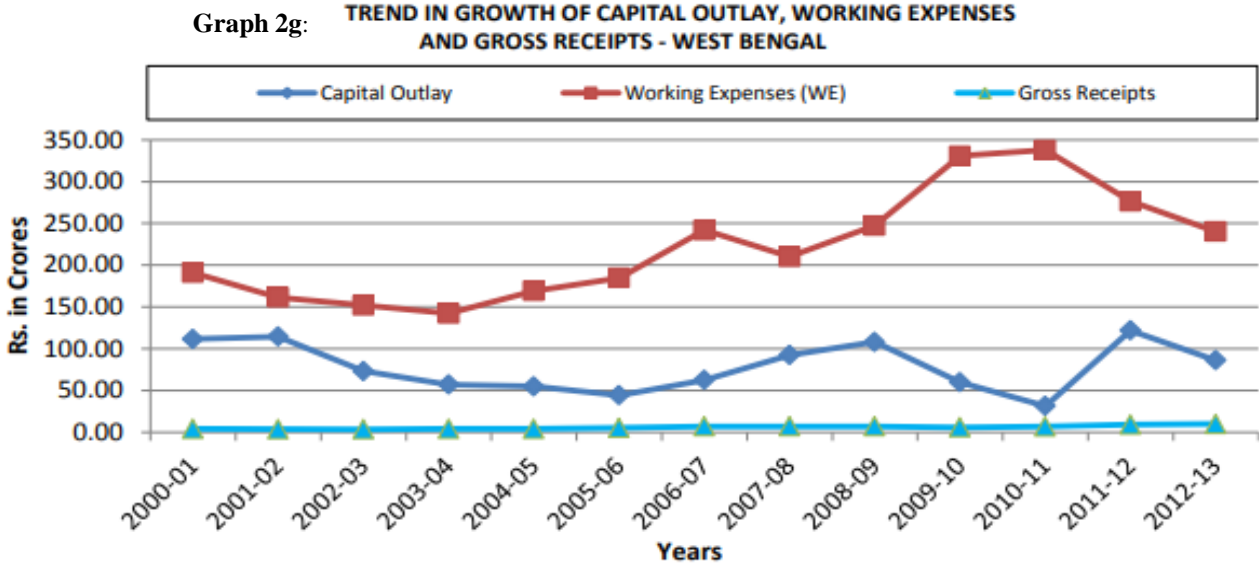
Education: As education plays vital role in promoting socio-economic development of any state, it is of utmost importance that primary education is fully subsidized and user charges for secondary and higher education are so designed that these are progressive according to the income group of the user. It is important for state government to keep in mind that inappropriate pricing mechanism in higher education results in an ‘upside down’ subsidy to rich from poor. Because students are disproportionately drawn from ranks of upper-income families, the inefficient system of revenue generation from user fees is likely to generate significant income redistribution from the poor to rich. The credit market should be regularized for financing higher education by making procedures simple so that it is accessible to

both poor and non-poor. This would also help in increasing tuition fee collection to state exchequer.

Medical and Public Health: Any increase in user charges for this service can result in lower recourse to medical services and higher rates of self-medication among the poor. Thus it is essential to differentiate between the poor and the non-poor availing the medical facilities. One way could be to locate more facilities closer to the rural areas, as most of the poor people live in rural areas, and charge zero or lower fees from them. On the other hand, insurance status is a good indicator of those people who can afford the medical care and so full cost should be charged from insured persons. Also, as demand for this facility is price inelastic, a little increase in user charge from non-poor would not affect the demand for the service. West Bengal government has been involved in PPP framework for providing adequate healthcare provisions in remote areas. For example, it has recently launched a program for easier accessibility to primary healthcare for people in rural areas of with an initiative known as G1 Digital Dispensary. This innovative telemedicine pilot venture was started in Mousani, a small island in the Sundarbans. It is being implemented through a partnership among the state government, the Namkhana Panchayat Samiti, the South 24 Parganas District Magistrate and a private firm Glocal Healthcare on a sustainable low-cost model. The PPP (public-private partnership) venture works as a video-conferencing solution with doctors. The doctors use an artificial intelligence-based diagnostic and prescriptive tool that ensures quick and safe telemedicine consultations. The emphasis on private sector investment in medical care might help the Government to create fiscal space for reallocation of funds to activities in support of essential services.

Water Supply, Sanitation and Irrigation Projects: From the graph, we can observe that the Capital Expenditure in West Bengal has declined from Rs. 111.63 crore to Rs. 86.07 crore during the period 2000-01 to 2012-13 in Major and Medium Irrigation projects. However, Annual Working Expenses has constantly increased from Rs. 190.87 crore to Rs.240.26 crore from 2000-01 to 2012-13. Moreover, gross receipts has remained stagnant throughout the period. There is a need of water rate structure rationalization for better recovery of cost. Also, reasonably accurate metering system must be installed and maintained for those direct water users, and a timely billing and collection system has to be in place. Also, there should be lower water rate charge for non-domestic users as compared to domestic users. Among the other things, accurate measurement of water on a volumetric basis is an important requisite for an effective pricing policy. With a view to improving resource use

efficiency and sustainability of the environmental quality the following specific reforms could be useful: to increase the accountability of institutions to improve the reliability of service; to encourage private sector participation; to improve financial sustainability of the service; to create financial incentives to reduce O&M, capital and financing costs; to improve the environmental sustainability of service; and to have participation of the community groups. There is also an urgent need to increase the user charge rates. Also, at present water rates are almost everywhere fixed crop wise and with reference to area irrigated. However, many considerations like linking water rates to quality of irrigation services, rationalizing rate structure and reducing cost of assessment and collection argue strongly for a system which makes water charges explicitly a function of volume and season. Thus, volumetric pricing should be adopted for better recovery of cost, though it can only be adopted in phased manner.



*Source: Pricing of Water in Public System in India, Central Water Commission Report, 2017

Forest, Wild life and Tourism: There is a need to make a paradigm shift in raising revenue of the forest. This problem can be catapulted if an earmarked fund should be allocated to maintain the forest for a longer period of time. There is a need to revive tourism industry in order to achieve significant revenue realisation from this industry as well. The prioritization of the government in recent period by exploring untapped resources with tourism potential, providing last mile connectivity to tourist destinations and developing infrastructure at the tourist spots through the PPP mode to boost tourism footfall is a step in right direction. Government is also emphasising on homestay and community development in different parts of the state, after such

efforts reaped rich dividends for both the tourists and local people in the forests of Dooars in the foothills of Himalayas and in different unknown destinations of the Darjeeling Hills. The ambitious 'Homestay Policy' also aims to boost the state's micro and small entrepreneurs (MSEs) by engaging the local work force, while facilitating middle class tourism in the state's tourism hotspots. These policy measures can act as a major fillip for the state. It can increase revenues well as employment opportunities for many small-scale entrepreneurs.²

Mines and Minerals: Royalty is an important source of non-tax revenue to the mineral producing States. However, if the rates of royalty remain unchanged for a long time, the real value of royalty declines significantly due to rising inflation and the State lose considerably. Thus, it is recommended that royalty rates should be increased with due interval of time. In addition, the royalty rates should be based on sale price system as against on quantity basis.

Roads and Bridges: To improve the maintenance of roads it is recommended that the Government should start a system of electronic toll collection either through microwave technology or through infrared technology. This will be able to solve the problem of congestion due to toll collections as well as increase the efficiency in revenue collection. On December, 19, 2017, West Bengal Cabinet decided to come up with a toll policy for 15 state highways in a bid to increase revenue and generate resources for upkeep and expansion of roads.

Marine Connectivity: West Bengal has two major ports located at Kolkata and Haldia. In 2017-18, the combined volume of goods handled by both the ports of Kolkata and Haldia, was 57.89 million tonnes. Kolkata Port Trust has recently announced the plans to upgrade Haldia dock's cargo handling capacity by constructing riverine jetties. The proper execution of planned capacity enhancement and the resultant increase in traffic can be fruitful for the state in terms of accruing more revenues from ports.

Metro Rail Network: The proposed construction of 4.38 km metro rail stretch from Noapara to Dakshineswar by Rail Vikas Nigam Limited (RVNL) is expected to

² <https://indianexpress.com/article/cities/kolkata/west-bengal-budget-2017-18-state-bets-big-on-tourism-4521284/>. For the notification, see https://wbtourismgov.in/home/download/pdf/west_bengal_homestay_tourism_policy_2017.pdf published on October 30th, 2017.

provide transport facilities to nearly 55000 people on this route. It might lead to increase in revenue from user fees charged on the services provided.

Chapter – III

Broad Content

Expenditure pattern and trends separately for Non-Plan and Plan, Revenue and Capital, and major components of expenditure there under. Measures to enhance allocative and technical efficiency in expenditures during the last 5 years. Suggestions for improving efficiency in public spending.

3. Assessment of State's Expenditure

The state's annual total expenditure of West Bengal at current prices for the period under consideration has been broadly classified under two categories (1) Revenue Expenditures and (2) Capital Expenditures. The Revenue Expenditure includes wages and salaries, pension, interest payment on loan, subsidy etc. which are clubbed under current account of the fiscal budget. Components under this head are pre-committed expenditures. The capital expenditures on the other hand are mainly for capital investment and long term growth. However revenue expenditure includes both developmental and non-developmental expenses. For example, payment of salary to the engineers of a power plant is included under revenue expenditure but it is a part of developmental expenditure of the Govt. In any case, both revenue and capital expenditures have developmental and non-developmental components

3.1 Composition of Expenditure in terms of Economic Classification:

3.1.1 Revenue and Capital Expenditure:

Revenue Expenditure (RE) is incurred to maintain the current level of services and payment of the past obligations and it has increased significantly from Rs 34161.2 crores in 2006-07 to Rs 133917.6 crores in 2016-17 (Table 3a). It has also a predominant share of total expenditure throughout the period from 2006-07 to 2016-17. Its share hovered around 90 per cent during the entire period. The growth of total expenditure is however influenced by the growth of revenue expenditure due to its significantly higher share in total expenditure.

The capital outlay has increased from Rs 2018.2 crores in 2006-07 to Rs 11336.4 crores in 2016-17 (Table 3a). The higher growth of capital outlay is in a positive direction for growth of the economy. However, the share of capital expenditure still remains at a low level and hence there is a need to substantially increase capital expenditure in order to accelerate economic growth.

Table 3a: Economic Classification of the State Expenditure (Rs in Crores)

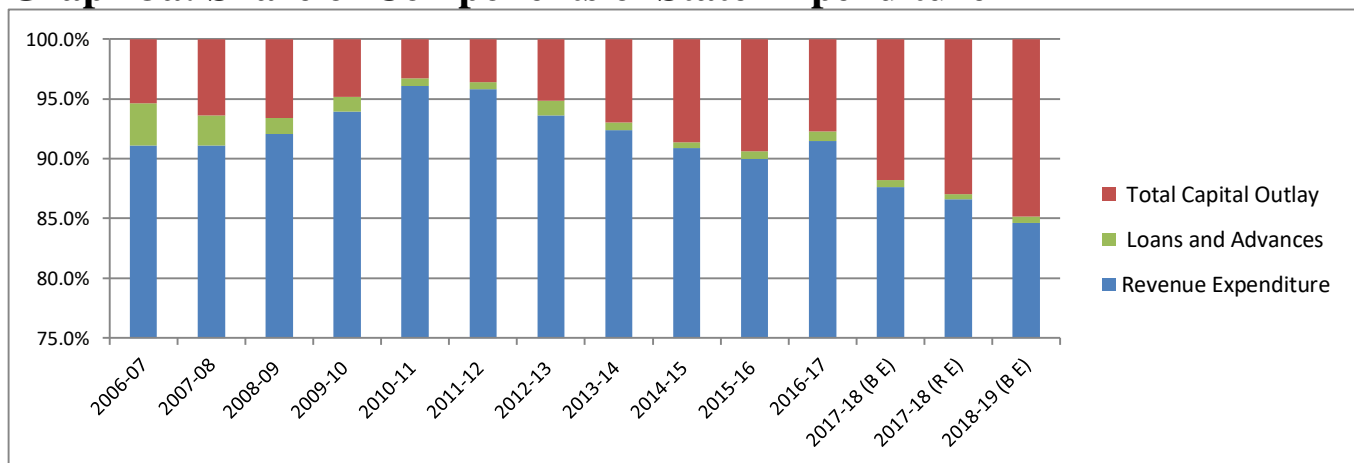
YEAR	Revenue Expenditure	Total Capital Outlay	Loans and Advances	Total Expenditure
2006-07	34161.2 (91.1)	2018.2 (5.38)	1317.3 (3.51)	37496.7 (100)
2007-08	38314.4 (91.09)	2687.7 (6.39)	1062.1 (2.52)	42064.2 (100)

2008-09	51613.3 (92.04)	3705.3 (6.61)	759.6 (1.35)	56078.2 (100)
2009-10	58499.9 (93.96)	3011.1 (4.84)	752.4 (1.21)	62263.4 (100)
2010-11	64538.2 (96.08)	2225.8 (3.31)	407.7 (0.61)	67171.7 (100)
2011-12	73326.4 (95.8)	2763.7 (3.61)	448.0 (0.59)	76538.1 (100)
2012-13	82110.9 (93.6)	4547.3 (5.18)	1064.0 (1.21)	87722.2 (100)
2013-14	91797.3 (92.36)	6926.9 (6.97)	663.3 (0.67)	99387.5 (100)
2014-15	103651.6 (90.89)	9878.6 (8.66)	504.8 (0.44)	114035.0 (100)
2015-16	118827.3 (89.94)	12420.2 (9.40)	860.8 (0.66)	132108.3 (100)
2016-17	133917.6 (91.44)	11336.4 (7.74)	1197.2 (0.82)	146451.2 (100)
2017-18 (B E)	142644.4 (87.62)	19183.9 (11.78)	971.7 (0.6)	162800.0 (100)
2017-18 (R E)	144039.7 (86.6)	21561.8 (12.96)	719.8 (0.43)	166321.3 (100)
2018-19 (B E)	146747.8 (84.64)	25755.6 (14.86)	872.6 (0.5)	173376.0 (100)

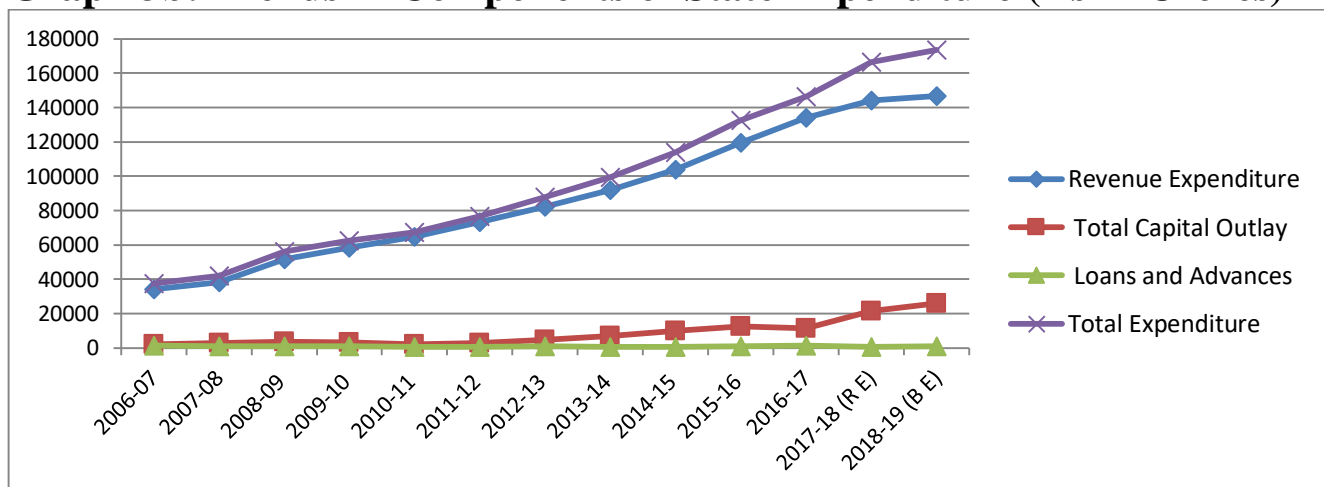
*Source: RBI: Study of State Finances

*Figures in parenthesis are percentage of Total Expenditure

Graph 3a: Share of Components of State Expenditure



Graph 3b: Trends in Components of State Expenditure (Rs in Crores)



The share of Total expenditure with respect to GSDP has increased progressively from 14.71 to 16.66 between 2011-12 and 2016-17. But it is expected to fall in 2017-18 to 15.95. This fall will be driven by fall in revenue expenditure as

its share is expected to fall from 15.23 to 13.97 in 2017-18. The share of Capital outlay is very small relative to revenue expenditure but there has been a positive increase in it over the period of analysis. The share has increased from 0.53 in 2011-12 to 1.56 in 2014-15. After that there was a minor dip to 1.29 in 2016-17 but unlike revenue expenditure the share is expected to improve to 1.88 in 2017-18. This increase in capital outlay is owed to increment in development and non-development expenditure. The share of Loans and Advances has shown a constant zigzag movement unlike both revenue and capital expenditure and remained mostly below less than 1 % during the period of analysis.

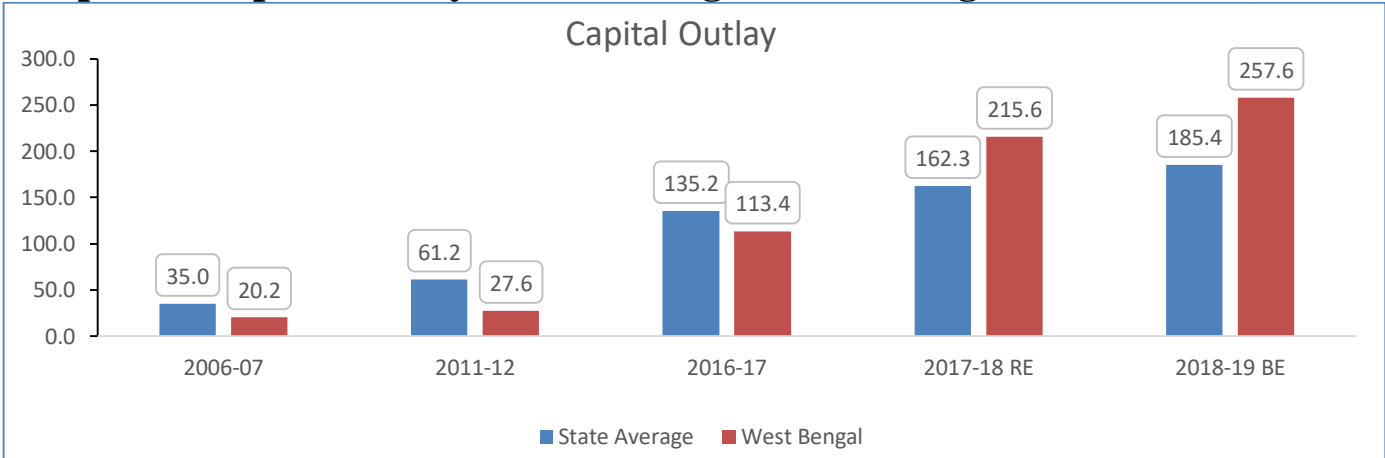
Table 3b: Expenditure as proportion of GSDP (%)

YEAR	Revenue Expenditure	Total Capital Outlay	Loans and Advances	Total Expenditure
2011-12	14.09	0.53	0.09	14.71
2012-13	13.88	0.77	0.18	14.83
2013-14	13.56	1.02	0.10	14.68
2014-15	14.43	1.38	0.07	15.88
2015-16	14.90	1.56	0.11	16.57
2016-17	15.23	1.29	0.14	16.66
2017-18 RE	13.97	1.88	0.10	15.95

*Source: RBI: Study of State Finances

It is interesting to note that capital outlay in West Bengal which lagged behind than all state average in 2006-07 and 2011-12 is expected to pick up in the ensuing years.

Graph 3c: Capital Outlay in West Bengal and Average of All States (Rs in Bl)



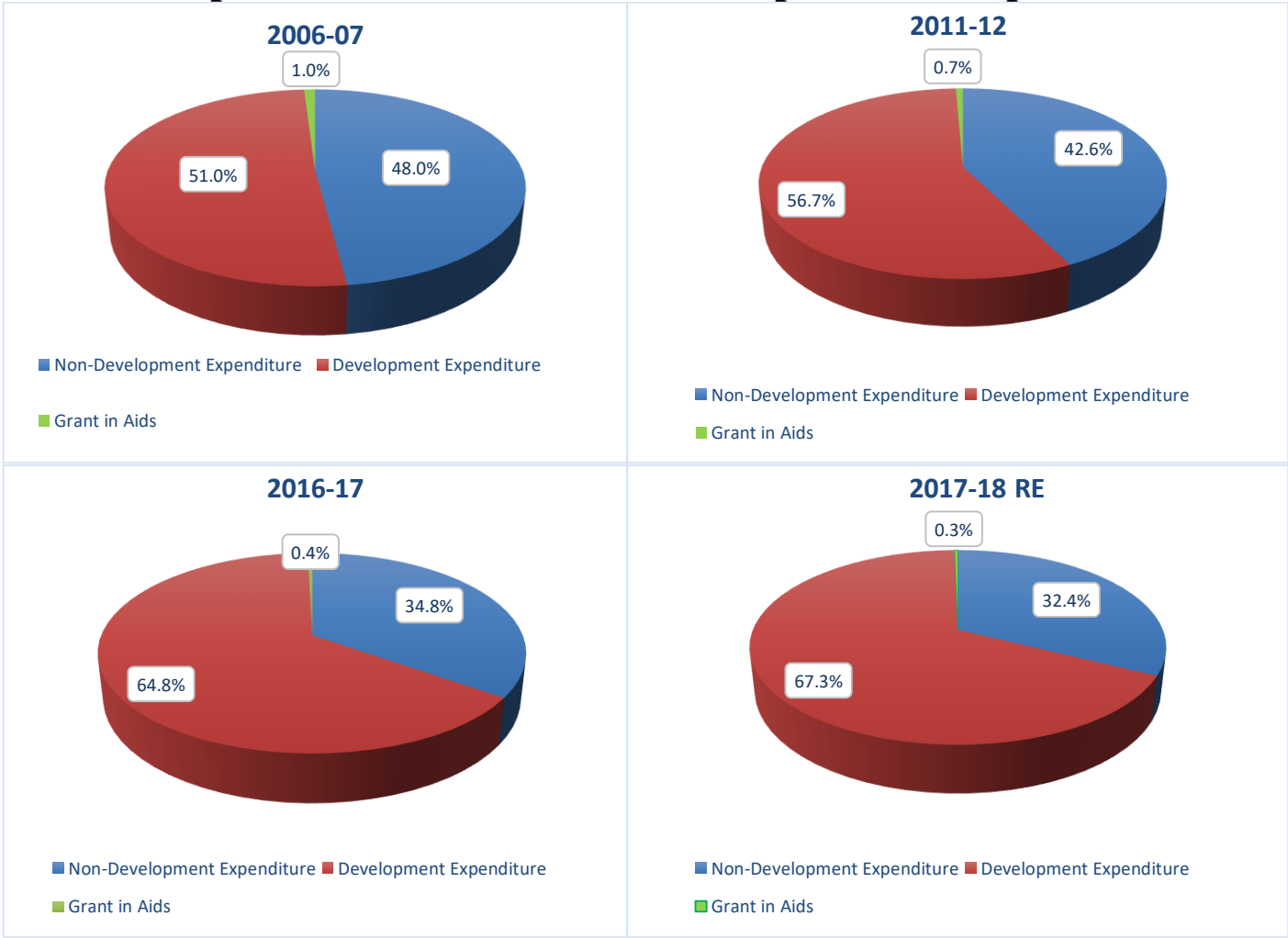
It can be noted from the graph that though there was an increase in capital outlay for West Bengal from 2006-07 to 2011-12 but in terms of all state average the performance was relatively worse in 2011-12. But the state picked up quite well

in 2016-17 with an outlay of Rs 113 billion reaching quite close to all state average of Rs 135 billion. This performance seems to continue in the upcoming years which sheds a positive light on the enhancement of capital assets for accelerating development in West Bengal.

3.1.2 Functional Composition of Expenditure:

Functional composition of total expenditure of the state consists of expenditure on general services including interest payments, social services (Education, Health, Housing, Urban Development, Welfare of SC, ST & OBC, Women & Child Development, Labour welfare etc.), economic services (Agriculture, Animal Husbandry, Forestry, Co-operation, Rural Development, Irrigation, Energy, Transport etc.), grants-in-aid to different organizations & institutions including State’s Share in different Government Schemes and loans and advances. These services are broadly divided into development and non-development expenditure.

Graph 3d: Year-wise Functional Composition of Expenditure



In terms of functional composition of total expenditure, Development expenditure have shown a progressive increase from Rs 19137.3 crores to Rs 94899.1 crores from 2006-07 to 2016-17. Its share in total expenditure has also increased from 47.5% to 64.8% over the same period. This increase in share is driven prominently by social service which has shown increase from 31.5% to 42%. Grants in Aid and Contribution has remained more or less constant in terms of share in total expenditure. The non-development expenditure (general services) has increased from Rs 17983.3 crores to Rs 50987.7 crores. However, its share in total expenditure has shown a progressive decline from 48 % to 34.8 % from 2006-07 to 2016-17.

The ratio of development and non-development expenditure with respect to GSDP is given in table 3d. It can be noted from the table that the share has shown an increase from 8.3 % to 10.6 %. On the other hand, ratio of non-development expenditure with respect to GSDP has shown a marginal decline from 6.23 to 5.25%.

Table 3c. Functional Composition of Total Expenditure (in Crores)

Year	I. Social Services	II. Economic Services	III. General Services	Development Expenditure (I+II)	Grants-in-Aid & Contribution	Total Expenditure
2006-07	11829.8 (31.5)	7307.5 (19.5)	17983.3 (48)	19137.3 (51.0)	376.1 (1)	37496.7 (100)
2007-08	14315.1 (34.0)	8382.9 (20)	18935.3 (45)	22698.0 (54)	431.0 (1)	42064.3 (100)
2008-09	17593.5 (31.3)	17136.5 (30.6)	20920.7 (37.3)	34730.0 (61.9)	427.6 (0.8)	56078.3 (100)
2009-10	24959.5 (40.1)	10382.5 (16.6)	26516.1 (42.6)	35342.0 (56.7)	405.3 (0.7)	62263.4 (100)
2010-11	27959.2 (41.4)	9998.9 (14.5)	28789.4 (42.9)	37958.1 (55.9)	424.2 (0.6)	67171.7 (100)
2011-12	32457.1 (42.3)	11161.4 (14.4)	32235.1 (42.6)	43618.5 (56.7)	504.5 (0.7)	76538.1 (100)
2012-13	35835.1 (40.9)	15865.5 (18)	35490.3 (40.5)	51700.6 (58.9)	531.3 (0.6)	87722.2 (100)
2013-14	41030.2 (41.2)	16596.4 (16.8)	41142.4 (41.4)	57626.6 (58)	618.2 (0.6)	99387.6 (100)
2014-15	44386.7 (38.9)	25888.2 (22.5)	43133.3 (37.9)	70274.9 (61.6)	626.8 (0.5)	114035.0 (100)
2015-16	52089.3 (39.4)	32845.9 (24.9)	46429.7 (35.2)	84935.3 (64.3)	743.3 (0.5)	132108.3 (100)
2016-17	61504.9 (42.4)	32200.3 (22.4)	50987.7 (34.8)	94899.1 (64.8)	564.4 (0.4)	146451.2 (100)
2017-18 RE	71815.3 (43.2)	40036.5 (24)	53971.0 (32.5)	111851.8(67.2)	498.5 (0.3)	166321.3 (100)
2018-19 BE	74369.7 (42.8)	42718.4 (24.7)	55765.8 (32.2)	117088.4(67.5)	522.0 (0.3)	173375.9 (100)

*Source: RBI: Study of State Finances

*Figures in parenthesis are percentage of Total Expenditure

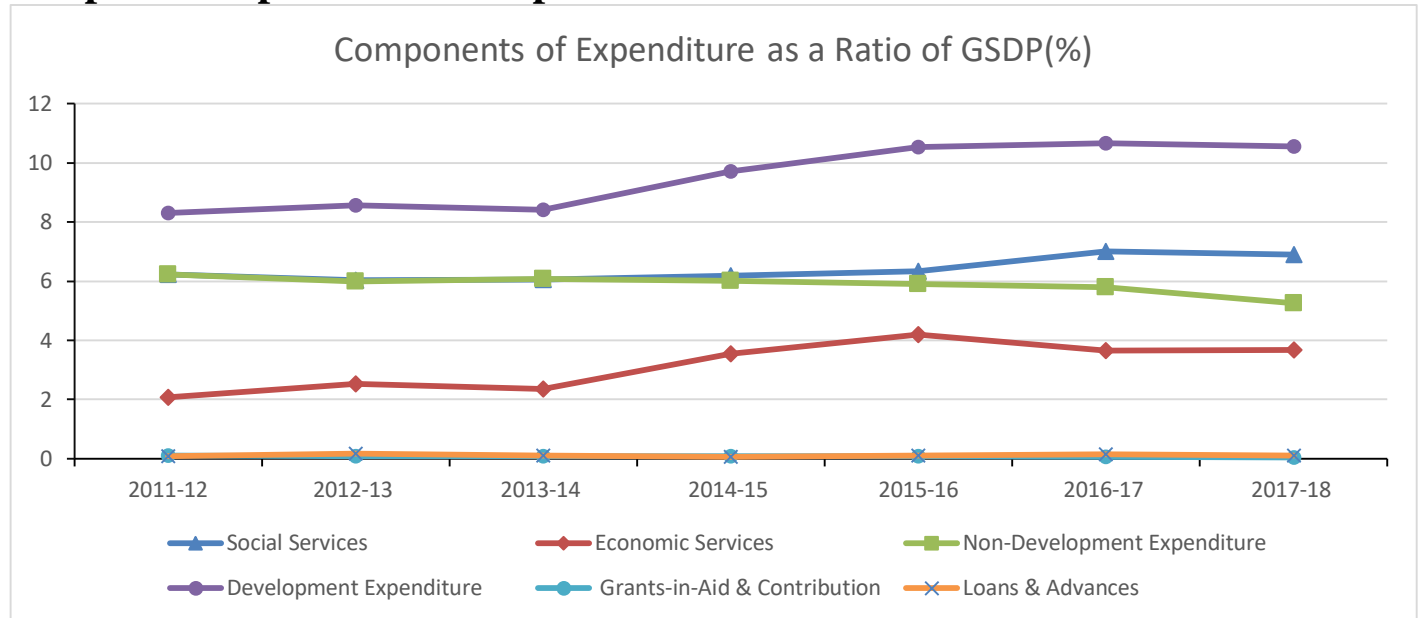
Table 3d: Functional Composition of Expenditure as a percentage of GSDP

	I. Social Services	II. Economic Services	III. General Services	Development Expenditure (I+II)	IV. Grants-in-Aid & Contribution	V. Loans & Advances
2011-12	6.22	2.08	6.23	8.30	0.10	0.09
2012-13	6.04	2.52	6.00	8.56	0.09	0.18
2013-14	6.05	2.36	6.08	8.42	0.09	0.10

2014-15	6.18	3.54	6.01	9.72	0.09	0.07
2015-16	6.33	4.20	5.90	10.53	0.09	0.11
2016-17	7.00	3.66	5.80	10.66	0.06	0.14
2017-18	6.89	3.67	5.25	10.56	0.05	0.10

Source: RBI Study of State Finances

Graph 3e: Expenditure Composition to GSDP ratio



The trend shows that that share of development expenditure remained almost constant till 2013-14 beginning from 2011-12. But after that there was a jump from 8.42 in 2013-14 to 9.72 in 2014-15. This momentum was same for the year 2015-16 when share rose to 10.53. After 2015-16, the share seems to be stagnated like the earlier period. These results are corroborated by the share of expenditure in social services and economic services. The share of economic services especially jumped from 2.36 in 2013-14 to 3.54 in 2014-15 and it continued to rise to 4.20 in 2015-16. In the next year, there was a decline and the share is expected to remain constant in the subsequent year. On the other hand, share of non-development expenditure (general services) has seen a downfall since 2011-12 which indicates that the focus of government expenditure is development oriented.

3.2 Functional Composition of Revenue Expenditure:

The analysis of components of revenue expenditure is given in the table 3e. The movement of the component of expenditure shows that the share of developmental

expenditure has increased gradually from 46.5 per cent in 2006-07 to 62.1 per cent in 2016-17. As a consequence, share of non- developmental expenditure has declined. Apart from the share, compound annual growth rate of development expenditure at 16.2% is also ahead of the compound annual growth rate of revenue expenditure. The trends in functional composition of expenditure can be seen from Graph 3f.

Table 3e: Composition of Revenue Expenditure (Share of RE (%))

YEAR	Developmental Expenditure	Non-Developmental Expenditure	Grants-in-Aid and Contributions	Revenue Expenditure
2006-07	46.5%	52.4%	1.1%	100.0%
2007-08	49.6%	49.2%	1.1%	100.0%
2008-09	58.9%	40.3%	0.8%	100.0%
2009-10	54.3%	45.1%	0.7%	100.0%
2010-11	54.9%	44.4%	0.7%	100.0%
2011-12	55.3%	44.0%	0.7%	100.0%
2012-13	56.3%	43.0%	0.6%	100.0%
2013-14	54.8%	44.5%	0.7%	100.0%
2014-15	58.2%	41.2%	0.6%	100.0%
2015-16	60.6%	38.8%	0.6%	100.0%
2016-17	62.1%	37.4%	0.4%	100.0%
2017-18 (R E)	63.0%	36.6%	0.3%	100.0%
2018-19 (B E)	62.5%	37.1%	0.4%	100.0%
CAGR	16.2%	9.8%	3.8%	13.2%

*Source: RBI, Study of State Finances

Graph 3f: Trends in Components of Revenue Expenditure

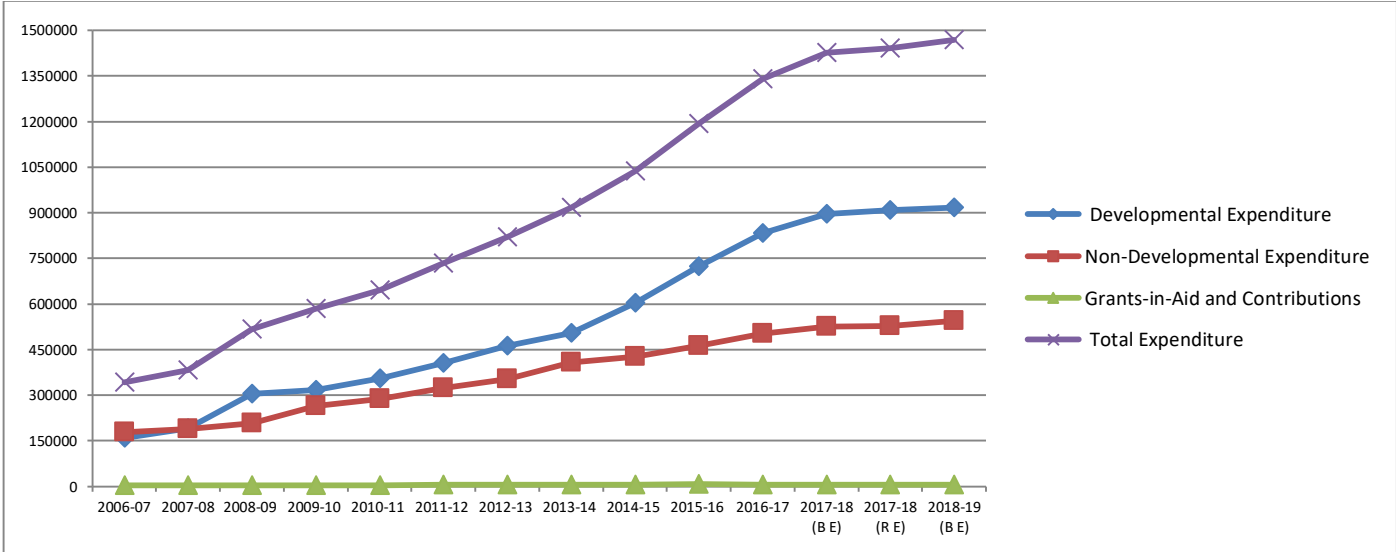


Table 3g: Projections in Revenue Expenditure

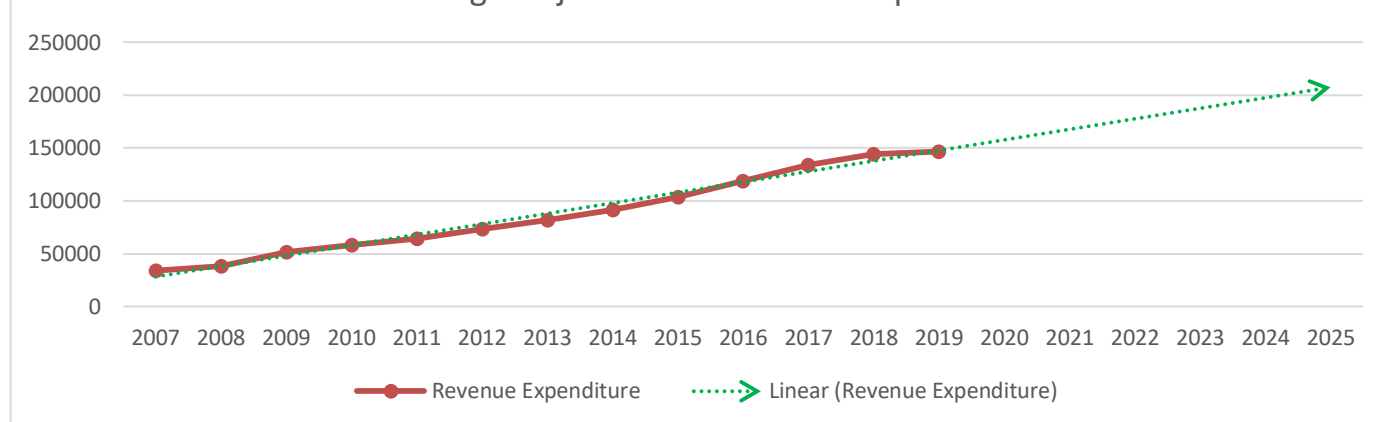


Table 3f: Projections in Revenue Expenditure

Year	Revenue Expenditure: Projected Value (Rs in Crores)
2020	157467
2021	168582
2022	179173
2023	190571
2024	201893
2025	212781

3.2.1 Committed Expenditure:

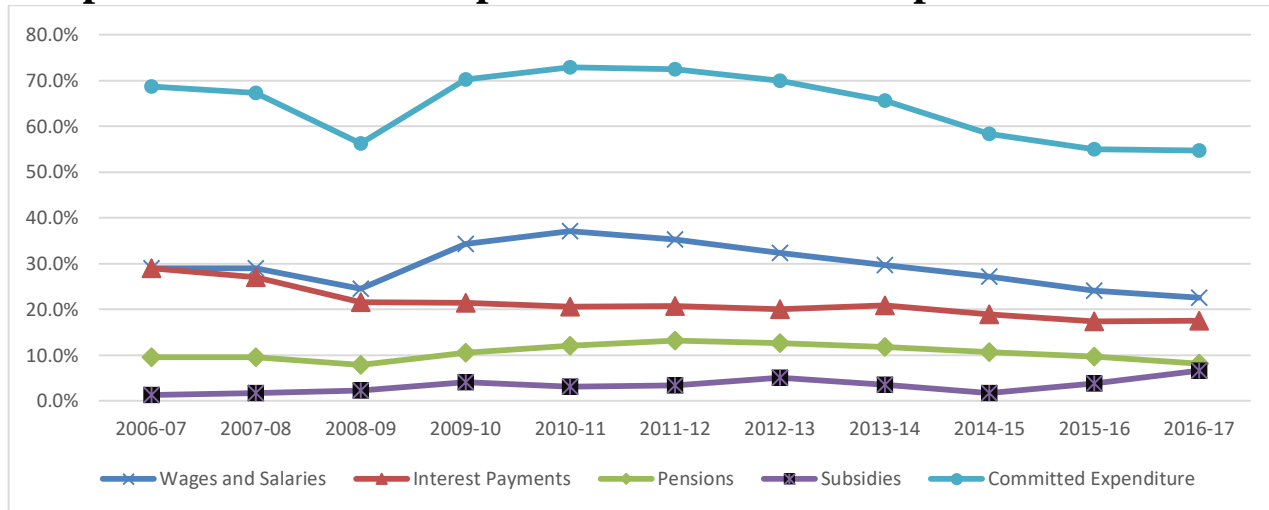
Committed Expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. Table 3g presents the composition of these expenditures.

Table 3g: Composition of Committed Expenditure as a proportion of TE

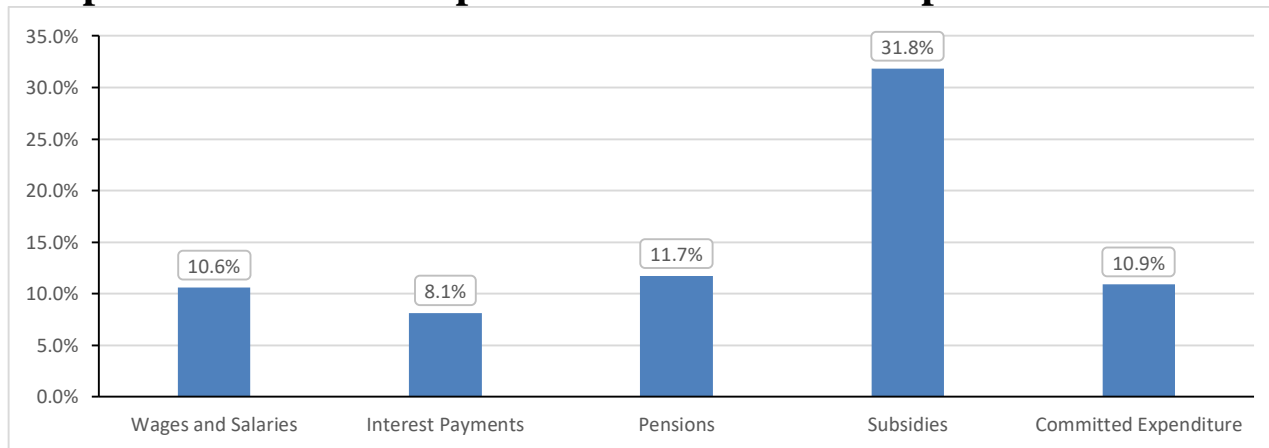
Year	Wages and Salaries	Interest Payments	Pensions	Subsidies	Committed Expenditure
2006-07	29.0%	29.0%	9.5%	1.2%	68.7%
2007-08	29.0%	27.1%	9.5%	1.7%	67.3%
2008-09	24.6%	21.5%	7.9%	2.2%	56.2%
2009-10	34.2%	21.4%	10.5%	4.1%	70.2%
2010-11	37.1%	20.6%	12.0%	3.1%	72.9%
2011-12	35.3%	20.8%	13.2%	3.4%	72.5%
2012-13	32.3%	20.0%	12.6%	5.0%	69.9%
2013-14	29.6%	20.9%	11.7%	3.5%	65.7%
2014-15	27.2%	18.9%	10.6%	1.7%	58.4%
2015-16	24.1%	17.4%	9.7%	3.8%	55.1%
2016-17	22.5%	17.5%	8.2%	6.5%	54.8%

Source: Budget Document, Finance Department, WB Govt

Graph 3h: Committed Expenditure over Total Expenditure



Graph 3i: CAGR of components of Committed Expenditure



As mentioned in the above graph the CAGR of each component of committed expenditure has been very high for the period of analysis. The highest CAGR is observed in subsidies at 32% followed by pensions at 11.7%. It is interesting to note that CAGR of interest payments is lowest amongst all even though interest burden is rising or the state over the years.

The trend of growth of different components of committed expenditure is given in the Table 3h. The growth in wages and salaries have come down from 12.2% in 2007-08 to 3.1% in 2016-17. There has been a downward trend in this growth except few periods of marginal spike. However, it is important to note that West Bengal has not implemented the seventh pay commission and hence the resultant increase in expenditure on wages and salaries cannot be determined. It is expected that the implementation of 7th Pay Commission will also lead to temporary spike in growth of expenditure in the ensuing years. Interest Payments has shown a zigzag movement in terms of growth. It spiked to 10.3% in 2009-10 from 4.6% in

2007-08 and then declined to 3.8% in 2010-11. In the next few years, growth in interest payment remained high and peaked in 2013-14 at 18%. It was followed by a marginal decline but again it increased to 11% in 2016-17. Given the high debt burden of the state and impending maturing of the state government borrowing in the next few years the pressure of interest payment will increase in the next few years creating paucity of fiscal space for other development expenditure.

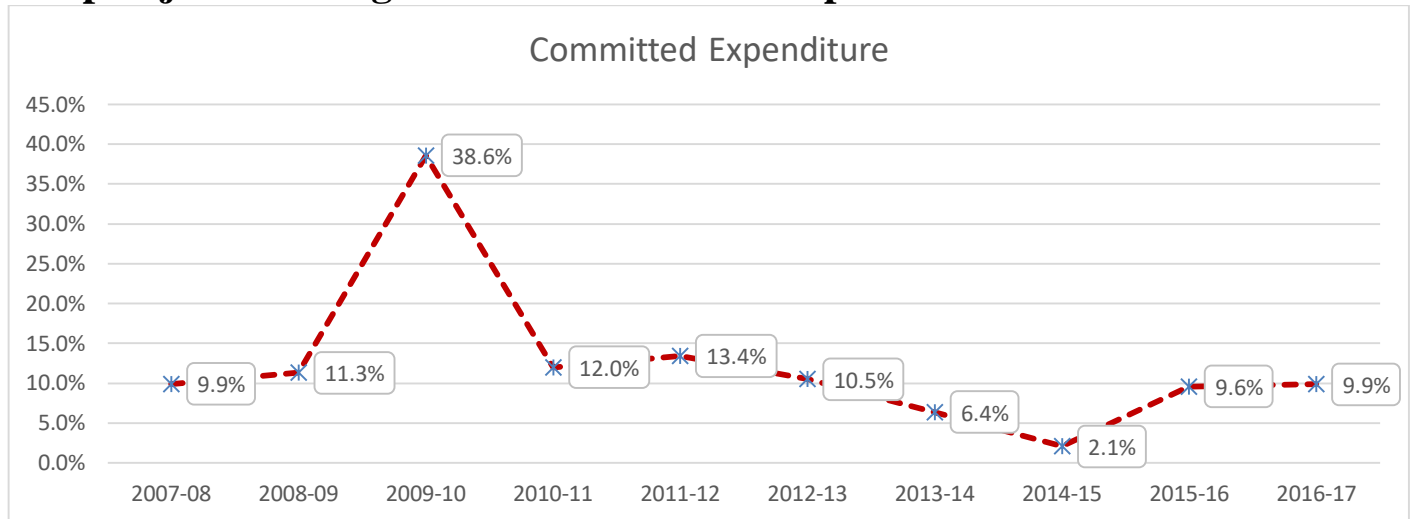
The growth rate of pensions had first shown an increasing trend as it grew from 12.7% in 2007-08 to 47% in 2009-10. After then, there has been a downward motion for the growth. In 2016-17, pension expenditure received a negative growth rate of 6.7%. The growth of subsidies over the period of analysis has remained quite high even if it faced a downward trend for few year. The growth rate skyrocketed in 2015-16 with 167% increase. The growth has come down to 88 % in 2016-17 but it is still high from all other components. The growth rate of overall committed expenditure peaked in 2009-10 at 38.6 %. After then there has been a gradual decline with a marginal increase in 2011-12. It again increased in 2015-16 but the growth rates are still less than what was observed in the first period of analysis.

Table 3h: Growth rates in components of Committed Expenditure

Year	Wages and Salaries	Interest Payments	Pensions	Subsidies	Committed Expenditure
2006-07					
2007-08	12.2%	4.6%	12.7%	59.5%	9.9%
2008-09	12.8%	6.1%	10.8%	71.4%	11.3%
2009-10	54.8%	10.3%	47.0%	103.4%	38.6%
2010-11	17.0%	3.8%	24.1%	-18.1%	12.0%
2011-12	8.1%	15.1%	24.6%	22.5%	13.4%
2012-13	5.0%	10.5%	9.6%	71.7%	10.5%
2013-14	3.8%	18.1%	5.4%	-22.0%	6.4%
2014-15	5.3%	4.0%	4.2%	-44.5%	2.1%
2015-16	3.1%	7.1%	6.0%	167.1%	9.6%
2016-17	3.1%	11.2%	-6.7%	88.1%	9.9%

*Source: RBI: Study of State Finances, Finance Accounts: CAG different year reports

Graph 3j: Trend in growth of Committed Expenditure



3.3 Quality of Expenditure:

Improvement in the quality of expenditure basically involves two aspects, i.e. adequacy of expenditure (i.e. adequate provisions for providing public services) and efficiency of expenditure use. To analyze the status of West Bengal, we have examined the performance of state on different aspects and compared it with other general category states.

I. Efficiency of Expenditure:

➤ Functional Composition of Major Heads of Total Government Expenditure

The share of Social services in total expenditure firstly declined from 42.27 in 2011-12 to 39.42 in 2015-16 then again rose to 42% in 2016-17. Amongst components Social Sector expenditure, share of Social Security Welfare and Medical and Public Health have increased over time whereas share of Education Sport Art & Culture and Relief in Natural Calamities have shown decline. All other components have remained constant in terms of their share.

The share of Economic Services in total expenditure have increased from 14% to 22% from 2011-12 to 2016-17. This increase is majorly driven by Rural Development and Energy. The share of Rural Development firstly increased from 3.83 % in 2011-12 to 11 % in 2014-15 and then registered decline to reach at 8.77% in 2016-17. The share of Energy in total expenditure increased from 0.66 in 2011-12 to 3.65 in 2016-17.

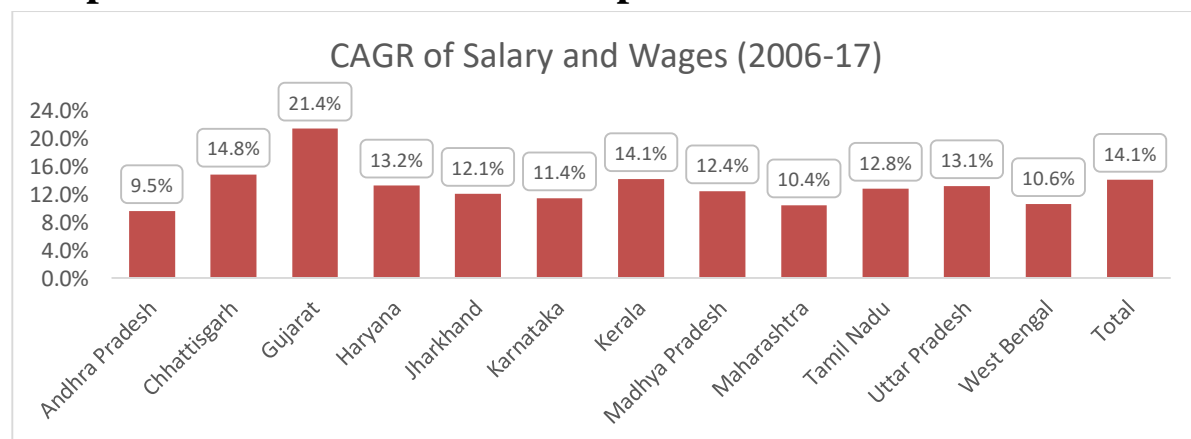
Table 3i: Composition of Social and Economic Services (in percentage)

Values	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
SOCIAL SERVICES	42.3	40.9	41.2	38.9	39.4	42.00	43.18
Education Sports Art & Culture	20.89	19.8	18.83	18.57	16.08	16.29	18.54
Medical & Public Health	4.60	4.06	4.32	5.07	5.13	5.19	4.38
Family Welfare	0.62	0.53	0.56	0.52	0.26	0.45	0.39
Water Supply and Sanitation	0.86	1.24	1.50	1.28	1.36	1.45	1.51
Housing	0.30	0.80	0.83	0.71	0.67	0.58	0.70
Urban Development	4.30	4.33	4.24	4.24	3.96	4.70	5.22
Welfare SC, ST & OBC	1.04	1.04	0.92	1.00	1.39	1.14	1.02
Social Security and Welfare	6.68	7.09	8.10	5.55	7.14	9.90	9.78
Labour Welfare	0.23	0.22	0.14	0.27	0.19	0.15	0.12
Nutrition	0.90	0.84	0.86	0.87	0.53	0.80	0.70
Relief in Natural Calamities	1.56	0.38	0.36	0.33	0.81	0.88	0.28
Others	0.31	0.48	0.55	0.52	0.56	0.47	0.55
ECONOMIC SERVICES	14	18	16.8	22.5	25.9	22.4	23.01
Agriculture and Allied Activities	2.74	2.66	2.8	2.81	3.8	2.64	3.65
Rural Development	3.83	4.65	4.27	11.02	12.26	8.77	9.52
Special Area Programmes	1.66	1.61	1.67	1.70	1.68	1.46	1.85
Irrigation and Flood Control	1.66	1.72	1.9	2.04	2.00	1.77	2.64
Energy	0.66	2.26	1.8	1.25	2.20	3.65	1.16
Industry and Minerals	0.86	0.92	0.9	0.74	1.02	0.93	1.19
Transport and Communications	2.34	2.79	2.97	2.39	2.52	2.46	2.49
Science, Technology and Environment	0.03	0.03	0.03	0.05	0.07	0.04	0.07
General Economic Services	0.36	0.37	0.4	0.27	0.41	0.27	0.44

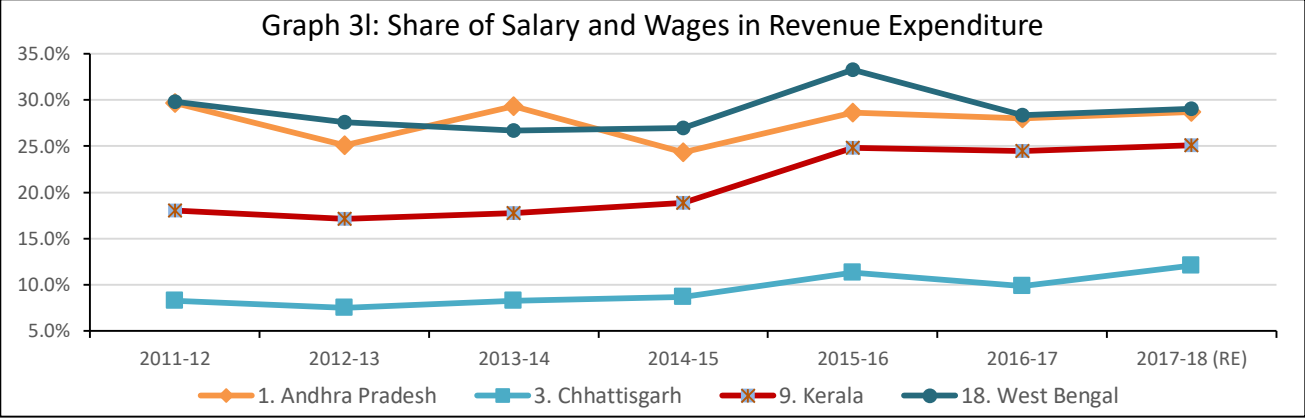
*Source: RBI: Study of State Finances

➤ Expenditure on Salary and Wages

The compound annual growth rate of West Bengal in terms of salary and wages is given in the chart. It can be inferred that CAGR has been third lowest for West Bengal compared to other states.

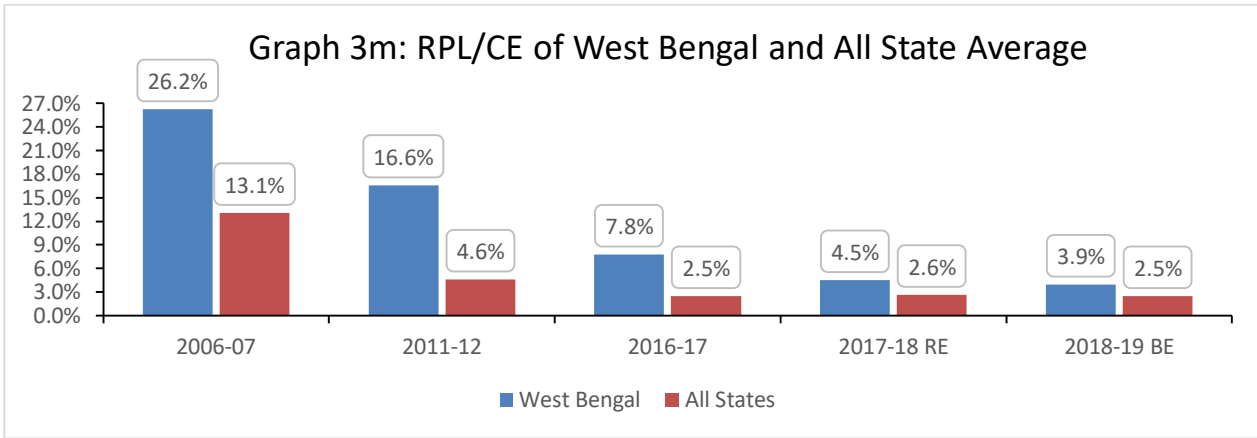
Graph 3k: Trend in CAGR of Expenditure on S&W of GCS

However when we look at the share of salary and wages in total revenue expenditure, performance of West Bengal is the best amongst the 17 general category states. From the below chart we can see that even though Kerala and Chattisgarh are amongst top three states in terms of CAGR but in terms of share West Bengal outperforms all these states.



➤ **Expenditure on Repayment of Central Loan in Capital Expenditure**

In order to assess the efficiency in usage of capital expenditure it is important to analyze the trend of expenditure on repayment of loans because it determines the fiscal space available for expenditure on development and social services. It is evident from the graph that the share of repayment of loan in capital expenditure was quite high in 2006-07 compared to the all states. This share came down from 26.2% to 16.6% in 2011-12 but at the same time it fell down by same proportion for all states. The picture somewhat changed in 2016-17 when the gap between share of RPL with respect to CE for West Bengal and All states decreased from 12 percentage points to 5.3 percentage points. Moreover the share has also decreased to 7.8% in West Bengal. This picture seems to continue in the subsequent years which indicates that capital expenditure on repayment of loans will decline leaving more space for other activities.



*Source: RBI: Study of State Finances

II. Adequacy of Expenditure

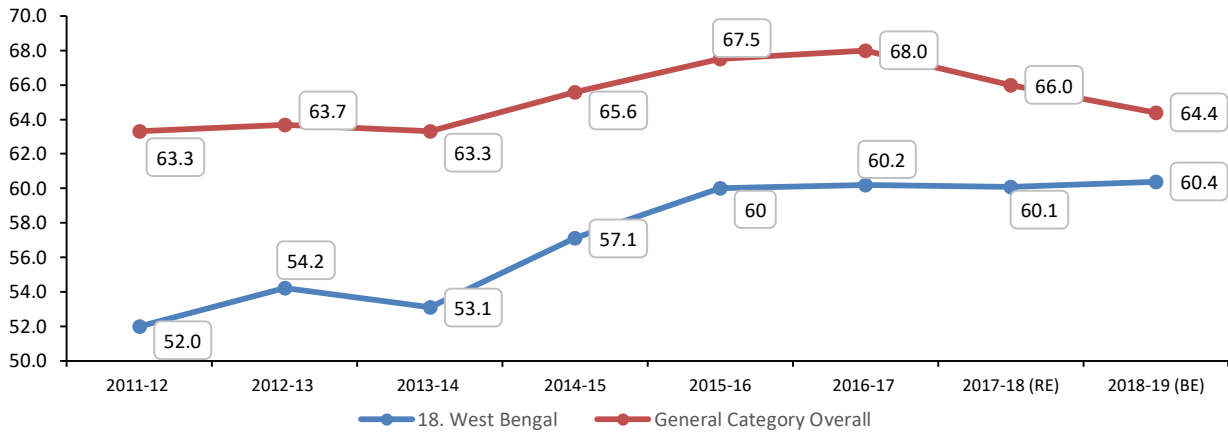
Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. This section analyses fiscal priority of the State Government with regard to Development Expenditure (DE), Social Sector Expenditure (SSE), and expenditure under Education and Health sectors during 2011-12 to 2016-17.

➤ Development Expenditure

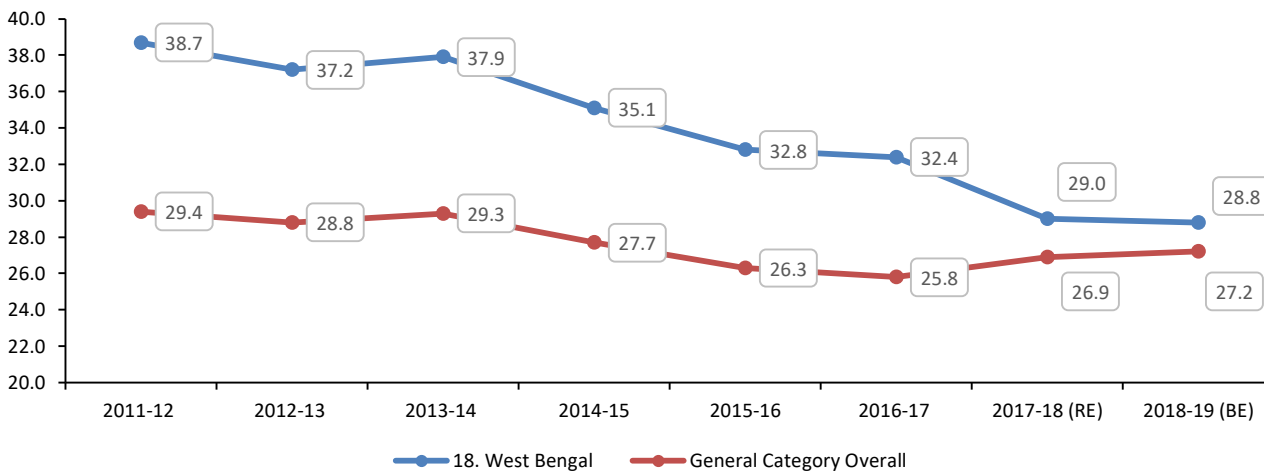
The ratio of Development Expenditure with respect to GSDP for West Bengal has shown a marginal increase from 8.30 % to 10.56 %. On the other hand, ratio of non-development expenditure with respect to GSDP has shown a marginal decline from 6.23 to 5.25 %.

It can be seen from the graph that share of Development expenditure in Aggregate Disbursement has increased from 52% in 2011-12 to 60.2% in 2016-17 and correspondingly share of non-development expenditure has declined from 38.7% to 32.4%. Moreover, this trend is expected to continue in the two subsequent years. Although, the share of development expenditure has increased in total disbursements over the years it has remained at the lower end when ranked amongst 16 general category states (see Appendix A.7).

Table 3n: Trends in DE/ AD of West Bengal and GCS Average



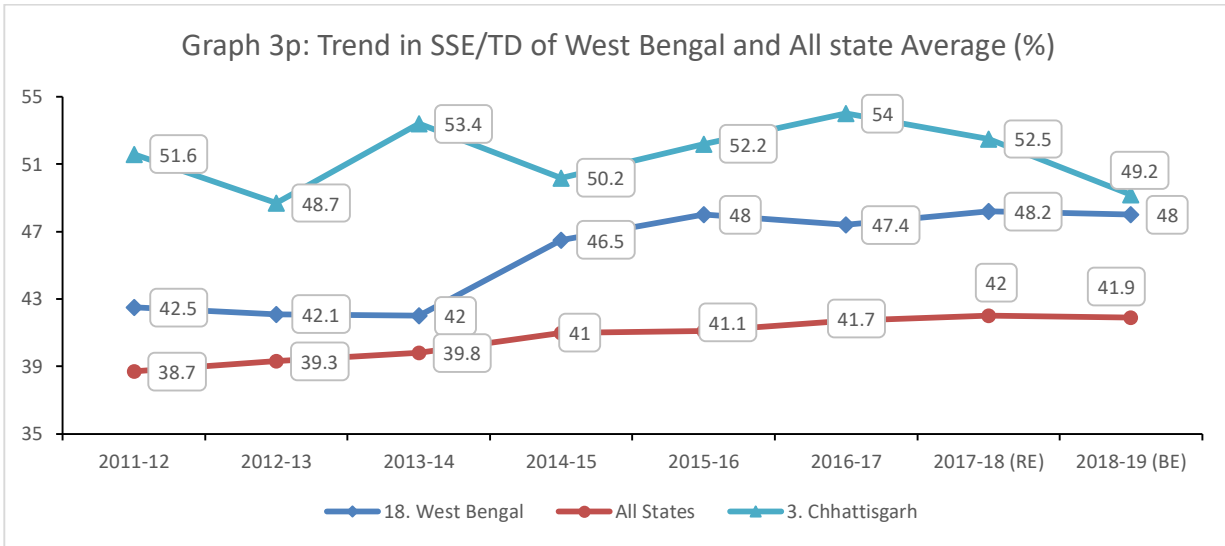
Graph 3o: Trends in NDE/AD of West Bengal and GCS Average



*Source: RBI: Study of State Finances

➤ **Social Sector Expenditure:**

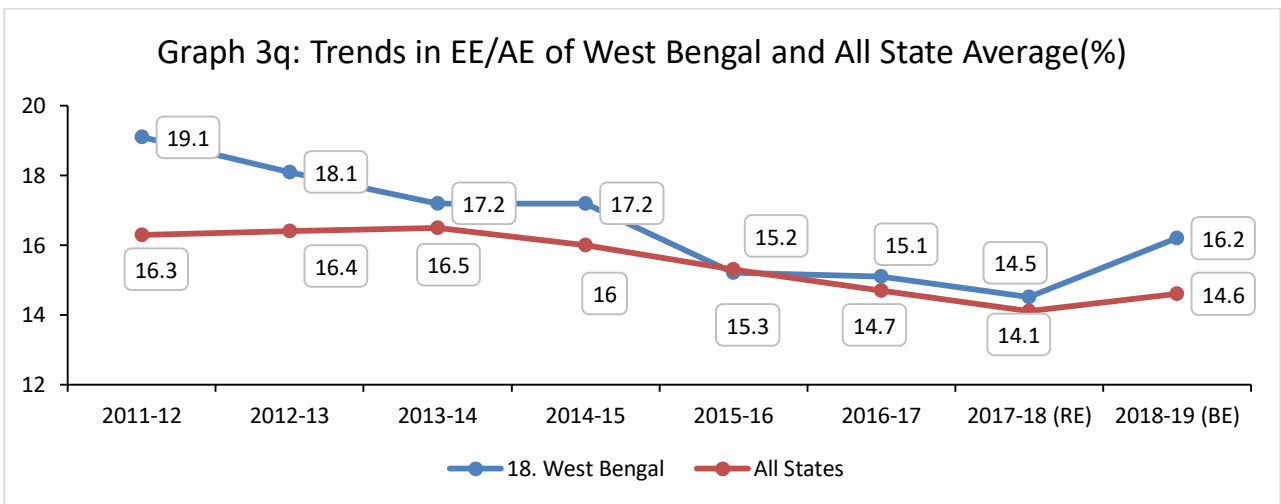
In the graph presented below, we can see that social sector expenditure has been on an upward trend since 2013-14, increasing from 42% of total disbursement to 47.4% in 2016-17. The share is expected to improve in the subsequent years. Moreover, the performance of West Bengal is far better than compared to average of all the states. Also, it is one of the best performing states in 16 general category states (see Appendix A.10).



*Source: RBI: Study of State Finances

➤ Expenditure on Education:

The share of expenditure on education in aggregate expenditure has declined overtime but there is expectation of improvement in the near future. Note that, even if the expenditure share of education has declined over time but it is still better than the average of all states. Moreover, only Chhattisgarh, Maharashtra and Bihar are the only three states which have expenditure share on education greater than West Bengal over the period of analysis (see Appendix A.11).

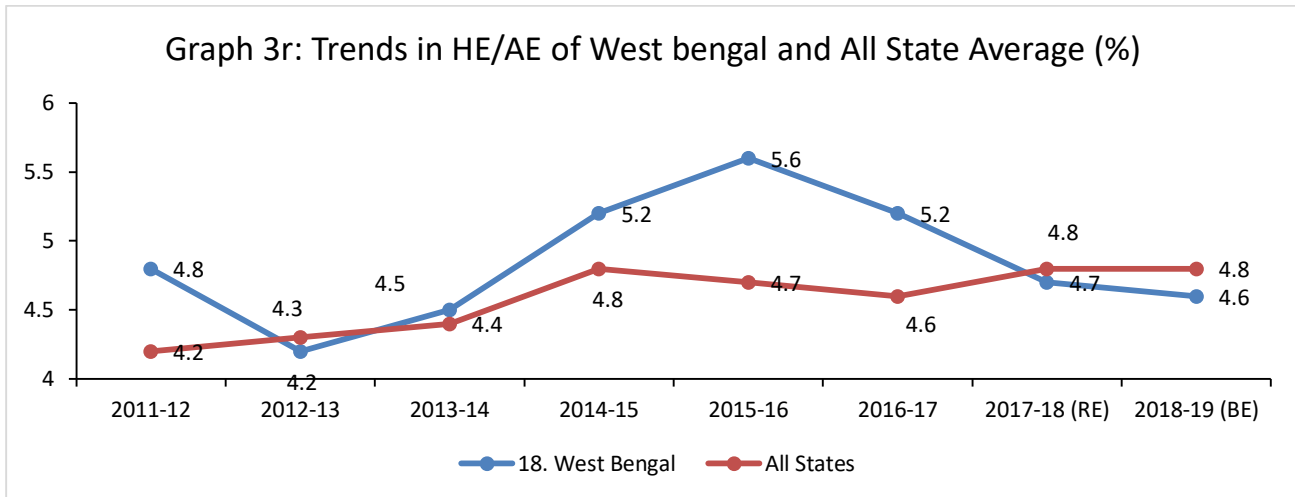


*Source: RBI: Study of State Finances

➤ Expenditure on Health and Medical Facilities:

The performance of West Bengal in terms of share of expenditure on health and medical facilities improved from 4.2% in 2012-13 to 5.6% in 2015-16. But after that there has been a downward trend. This trend seems to continue in the next two

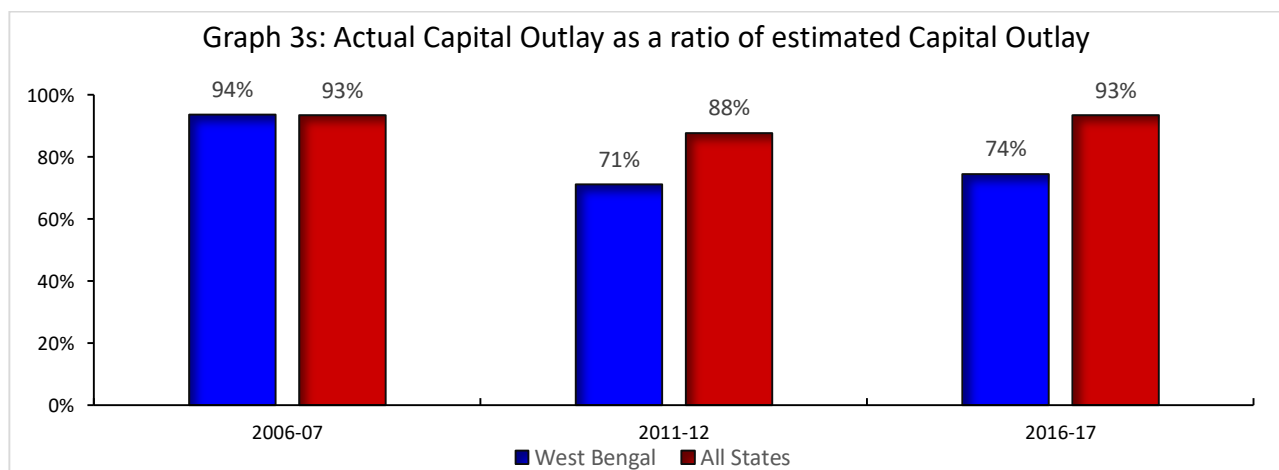
years. Also, while the performance of average of all states was and compared to West Bengal till 2016-17 but the scenario seems to change in the ensuing years.



*Source: RBI: Study of State Finances

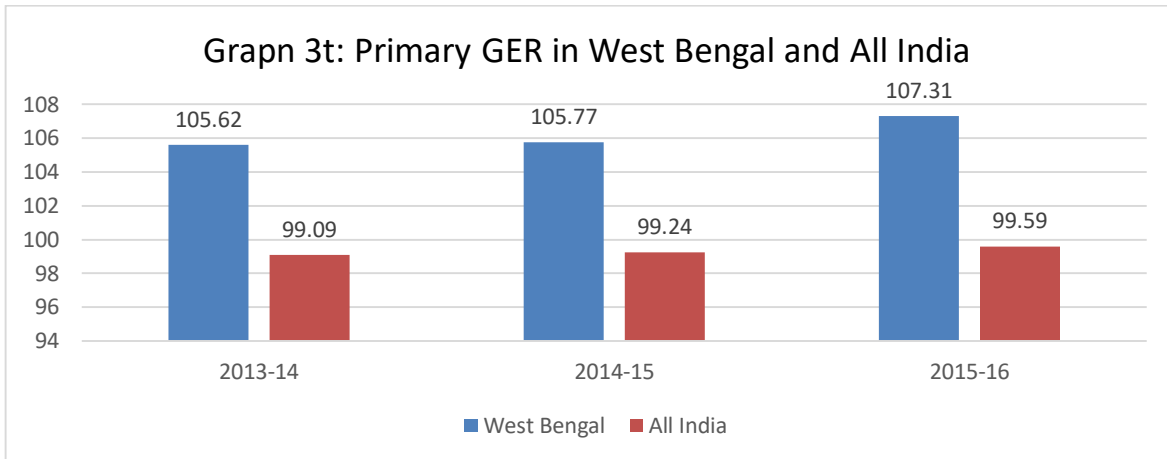
➤ Actual Capital Outlay versus Projected Expenditure

The graph shows that actual capital outlay as a ratio of estimated outlay for West Bengal was marginally higher than compared with all states in 2006-07. However, there was striking increase in the ratio in 2011-12 as it decreased from 94 % to 71 % whereas the decline in overall outlay of states was from 93% to 88%. This ratio improved slightly in 2016-17 but it is still far behind compared to performance of all states.



3.4 Efficiency Results of Public Spending

- The government schemes like :Kanyashree Prakalpa (launched on 1st October, 2013) to curb child marriage and encourage continuation of education among girl children has brought around 50 lakh adolescent girls under its fold covering over 16,500 institutions in every corner of the State.
- West Bengal has shown a tremendous performance in terms of Gross Enrollment ratio of Girls in primary, secondary and senior secondary classes.



*Source: Ministry of HRD, Education Statistics

- The Expenditure on social Infrastructure has increased more than 4 times from Rs. 6,845 Cr in 2010-11 to Rs. 28,561 Cr in 2017-18.
- The Expenditure on Physical Infrastructure has increased more than 3.6 times from Rs. 1,758 Crore in 2010-11 to Rs. 6,456 Crore in 2017-18.
- There has been a significant increase immunization coverage. It has increased from 80 % in 2010-11 to 94 % in 2017-18.
- Maternal Mortality Ratio (MMR): MMR has seen a significant decline from 145 maternal deaths per 1 lakh live births during 2007-09 to 112 maternal deaths at present, which is significantly better than the national average of 167.
- Infant Mortality Rate (IMR): IMR of West Bengal has seen a sharp decline from 32 per 1,000 live births in 2010 to 25 in 2016, which is significantly better than the national average of 34.

- New Medical Colleges: Four (4) Govt. Medical Colleges (Malda Medical College; College of Medicine and Sagore Dutta Hospital, North 24 Parganas; Murshidabad Medical College, Berhampore and College of Medicine and JNM Hospital, Nadia) and 3 Private Medical Colleges (IQ City Durgapur; I Care Medical College Haldia; Gouri Devi Institute of Medical Sciences, Durgapur) have been made functional since 2011.
- The expansion in social sector expenditure will result in an improvement in mobilization of non-tax revenue from social services.

The thrust of State's Expenditure Policy should be towards Capital Expenditure and Development Expenditure rather than on Revenue Expenditure in view of overall and long-term development of the State in the future. As mentioned in the earlier sections, targeted initiatives through government expenditure to enhance the industrial, manufacturing and transportation sector can be really effective in improving the fiscal health as well as welfare of the state. Additionally, the appropriate investments to revitalize the agriculture based industries like textile, jute and tea will stimulate the rural economy and hence will help the state to move towards inclusive growth.

Chapter – IV

Broad Content

Analysis of Deficits- Revenue and Fiscal

4. ANALYSIS OF DEFICITS

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal health and prudence in fiscal management of the State Government during a specified period. The deficit in the Government Account represents the gap between its receipts and expenditure. Moreover, the ways in which the deficit financing takes place also sheds important light on the financial condition of state. The trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits during the period from 2006-07 to 2016-17 are presented below.

Revenue Deficit:

The Revenue Deficit have increased from Rs 83.3 billion to Rs 160.9 billion over the period 2006-07 to 2016-17. However, this period is marked with steep rise in deficit till 2014-15 when revenue deficit was at Rs 189 billion. It was followed by a substantial decline in 2015-16 when revenue deficit reached at Rs 91 billion. This decline stalled in 2016-17 with revenue deficit increasing to Rs 161 billion. It is expected to go down to Rs 110 billion according to the revised budget estimate of 2017-18. The trend with respect to GSDP highlights a better picture. Revenue Deficit as a ratio of GSDP has declined progressively from 3.2% in 2006-07 to 1.8% in 2016-17.

Fiscal Deficit:

The Fiscal Deficit has shown trend similar to revenue deficit by increasing from Rs 114.3 billion to Rs 253.9 billion during the same timeline. But the fiscal deficit peaked in 2014-15 at Rs 273.5 billion. It is interesting to note that almost all of the 16 general category states faced the same steep increase in deficit. This same pattern was observed in 2009-10 as well when revenue deficit increased to Rs 249 billion from Rs 135 billion 2008-09 in case of West Bengal. The following two years showed decline but deficit again started rising in 2012-13. Even though deficit has declined in 2016-17 compared to 2014-15, the revised estimates of 2017-18 does not present a positive picture with deficit increasing to Rs 279 billion.

Nonetheless, the trend with respect to GSDP is satisfying for West Bengal. In line with revenue deficit, fiscal deficit as a proportion to GSDP have also registered a decline from 4.4% to 2.9% during the same period. Compared with other 16

general category states, the performance of West Bengal has improved significantly in last few years. The fiscal deficit as a ratio of GSDP was second highest for West Bengal in 2006-07 and even in 2011-12 the picture wasn't very promising. But in the last three years, West Bengal has risen from worst performer to be one of the better performing states.

Primary Deficit:

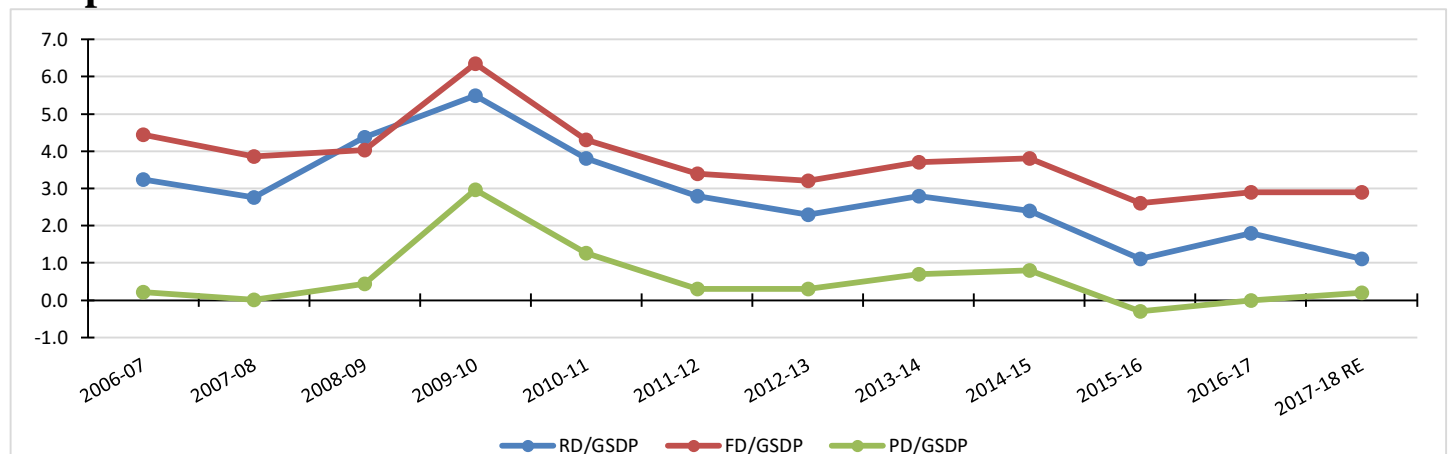
The primary deficit in the State increased from Rs 5.5 billion in 2006-07 to reach at peak of Rs. 116.4 billion in 2009-10. The following three years were marked by steady decline which was stalled by spike in deficit during the period 2013-15. But in the past two years West Bengal is running primary surplus which implies that liability of state in terms of fiscal deficit is majorly owed to burgeoning interest payment on public debt. Additionally, its share as a percentage of GSDP varies from 0.21 per cent in 2006-07 to 2.96 per cent in 2009-10.

Table 4a: Deficit Indicator of West Bengal (Rs in Billions)

Year	Revenue Deficit	Fiscal Deficit	Primary Deficit	GSDP	RD/GSDP (%)	FD/GSDP (%)	PD/GSDP (%)
2011-12	145.7	177.0	18.1	5204.9	2.8	3.4	0.3
2012-13	138.2	191.5	15.8	5914.6	2.3	3.2	0.3
2013-14	189.2	253.5	45.9	6768.5	2.8	3.7	0.7
2014-15	171.4	273.5	57.6	7180.8	2.4	3.8	0.8
2015-16	91.0	208.9	-22.2	7973.0	1.1	2.6	-0.3
2016-17	160.9	253.9	-3.2	8791.7	1.8	2.9	0.0
2017-18RE	110.1	297.0	21.0	10208.6	1.1	2.9	0.2
2018-19BE	0.0	238.1	-33.3	10486.8	0.0	2.3	-0.3

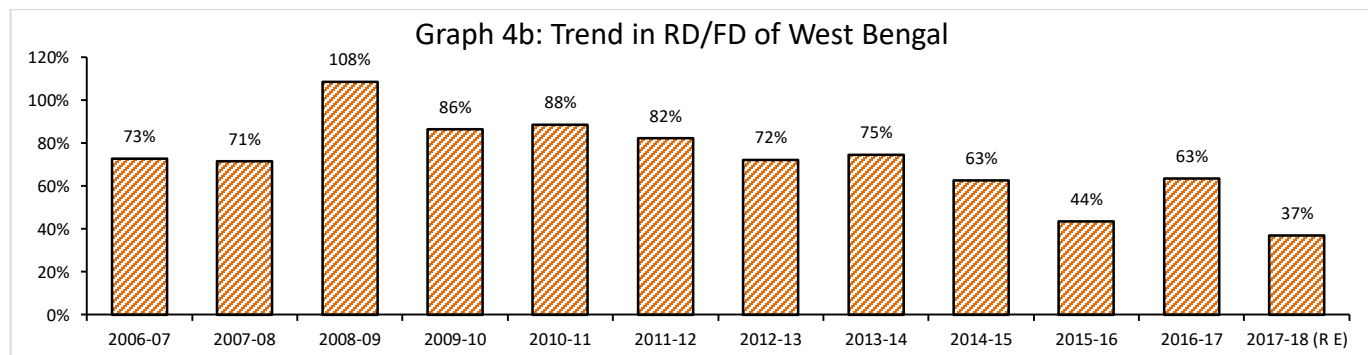
*Source: MTFP Report, 2018, Government of West Bengal

Graph 4a: Trends in Deficit/GSDP ratio



4.1 Quality of Deficit/Surplus:

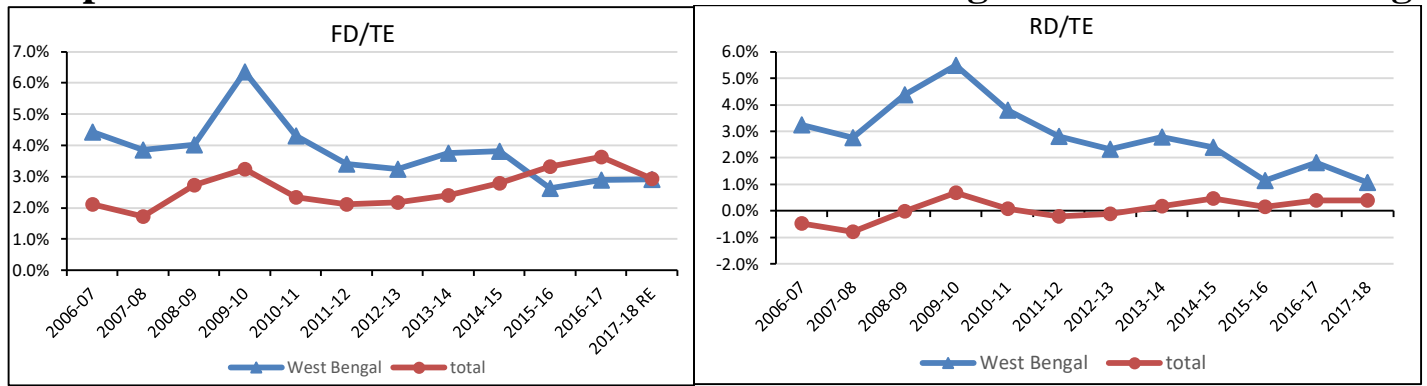
The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Furthermore, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) was not having any asset backup. In the case of West Bengal, the ratio of revenue deficit to fiscal deficit although increased initially from 2006-07 to 2008-09 but thereafter there has been a gradual decline till 2015-16. In 2016-17 it increased to 63% compared to 43% in 2015-16 but according to the revised estimates it will come down to 37% in 2017-18. The bifurcation of the primary balances indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The period 2015-17 has shown a primary surplus which denotes a positive outlook for capacity enhancement of West Bengal.



4.2 Adequacy of Deficit/Surplus:

The trend of Revenue and Fiscal deficit with respect to Total expenditure has been comforting for West Bengal over the time period 2006-07 to 2016-17. In comparison to 3.2% in 2006-07 this ratio has decreased to 1.8% in 2016-17. This shows that reliance on public borrowing for current government consumption has declined over the time. With respect to other general category states, performance of West Bengal has improved in past three years. In 2006-07, West Bengal had the highest ratio of revenue deficit with respect to total expenditure but the picture started changing in 2014-15. In 2016-17, West Bengal is performing better than Andhra Pradesh, Rajasthan, Kerala and Haryana and 2017-18 seems to provide healthy stance according to the revised estimates (see Appendix A.15 and A.16)

Graph 4c: Trends in FD/TE and RD/TE in West Bengal and All State Average



Chapter – V

Broad Content

The level of Debt: GSDP ratio and the use of debt (i.e. whether it has been used for capital expenditure or otherwise). Composition of the state's debt in terms of market borrowing, Central Government debt (including those from bilateral/multilateral lending agencies routed through the Central Government), liabilities in public account (small savings, provident funds etc.) and borrowings from agencies such as NABARD, LIC etc.

5. Level of Outstanding Liabilities and Other Obligations

The aggregate scenario of Total Outstanding liabilities are presented in Table 5a. The share of internal debt in the total liabilities of West Bengal has gone up from 73% in 2006-07 to 83.8% in 2016-17 and that of loans and advances from central government have declined steadily from 13.5% to 4.7% during the same period. These trends are depicted in Graph 5a. Total outstanding liabilities has also shown an increasing trend as depicted in Graph 5a. It has increased from Rs. 1144.19 billion in 2005-06 to Rs. 3376 billion in 2016-17.

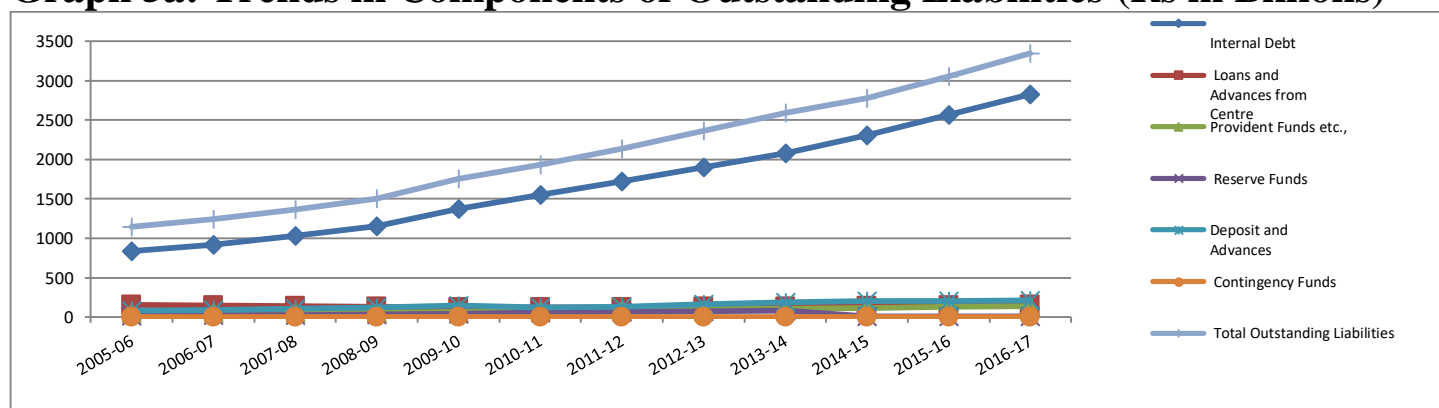
This increment is primarily driven by increase in internal debt which increased gradually from Rs 837.48 billion in 2005-06 to 2827.5 billion in 2016-17.

Table 5a: Composition of Outstanding Liabilities of West Bengal (Rs Billions)

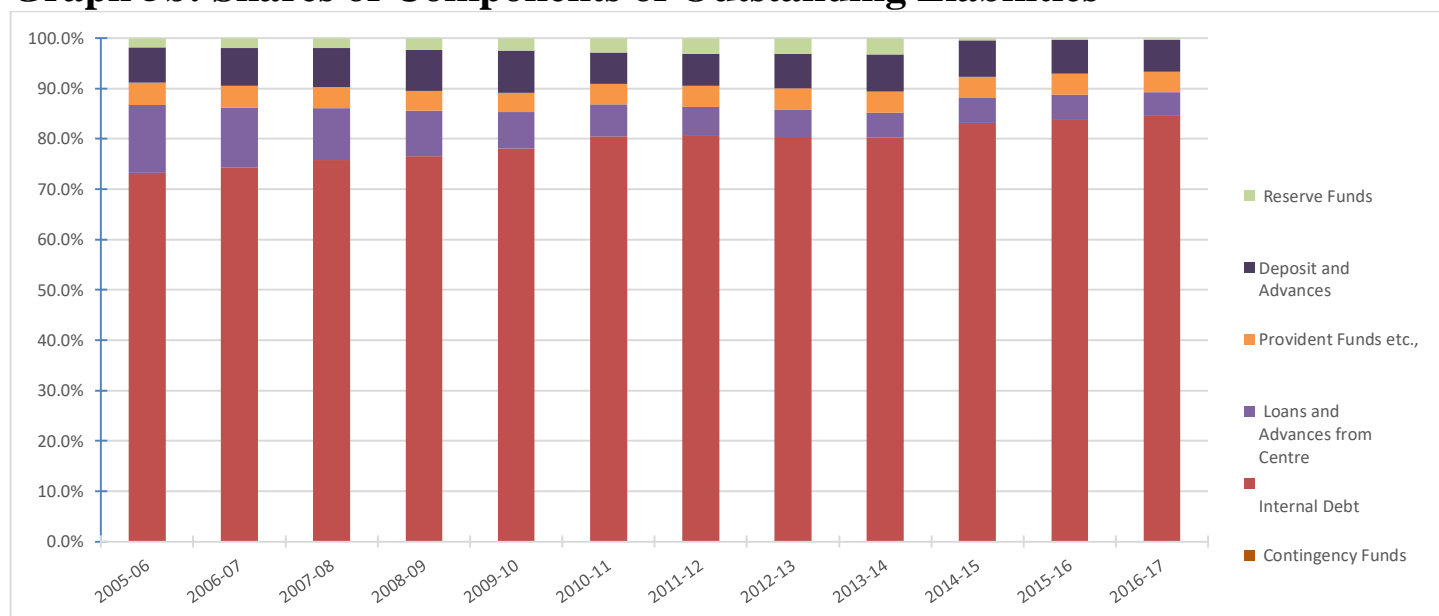
Year	Internal Debt (A)	Loans and Advances from Centre(B)	Provident Funds (C)	Reserve Funds (D)	Deposit and Advance (E)	Contingency Funds (F)	Total Outstanding Liabilities
2005-06	837.4(73.2)	154.3 (13.5)	50.6 (4.4)	20.8 (1.8)	80.6 (7.1)	0.2 (0.02)	1144.2 (100)
2006-07	921.8 (74.3)	147.8 (11.9)	53.8 (4.3)	24.6 (2.0)	93.4 (7.5)	0.1 (0.01)	1241.5 (100)
2007-08	1033.5 (75.8)	141.6 (10.4)	57.0 (4.2)	26.0 (1.9)	106.0 (7.8)	0.1 (0.01)	1364.2 (100)
2008-09	1151.7 (76.6)	134.6 (8.9)	60.6 (4.0)	35.9 (2.4)	121.4 (8.1)	0.2 (0.01)	1504.3 (100)
2009-10	1370.7 (78.1)	126.5 (7.2)	68 (3.9)	42.6 (2.4)	147.4 (8.4)	0 (0)	1755.1 (100)
2010-11	1551.8 (80.4)	123.4 (6.4)	79.2 (4.1)	54.5 (2.8)	120.2 (6.2)	0 (0)	1929.2 (100)
2011-12	1724.5 (80.7)	120.6 (5.6)	89.6 (4.2)	67.5 (3.2)	133.9 (6.3)	0.2 (0.01)	2136.2 (100)
2012-13	1896.8 (80.3)	128.9 (5.5)	99 (4.2)	72.8 (3.1)	163.3 (6.9)	0.2 (0.01)	2361.1 (100)
2013-14	2078.6 (80.3)	129.6 (5)	107.4 (4.2)	84.7 (3.3)	189.6 (7.3)	0.2 (0.01)	2590.1 (100)
2014-15	2306 (83.2)	136.4 (4.9)	117.5 (4.2)	11.8 (0.4)	201.3 (7.3)	0.2 (0.01)	2773.2 (100)
2015-16	2564.5 (81.5)	149.5 (4.8)	127.7 (4.1)	10.6 (0.3)	203.7 (6.5)	0.2 (0.01)	3147.4 (100)
2016-17	2827.5 (83.75)	157.4 (4.66)	137.9 (4.08)	8.7 (0.26)	213.2 (6.31)	0.2 (0.01)	3376.1 (100)

*Source: RBI: Handbook of Indian States

Graph 5a: Trends in Components of Outstanding Liabilities (Rs in Billions)



Graph 5b: Shares of Components of Outstanding Liabilities



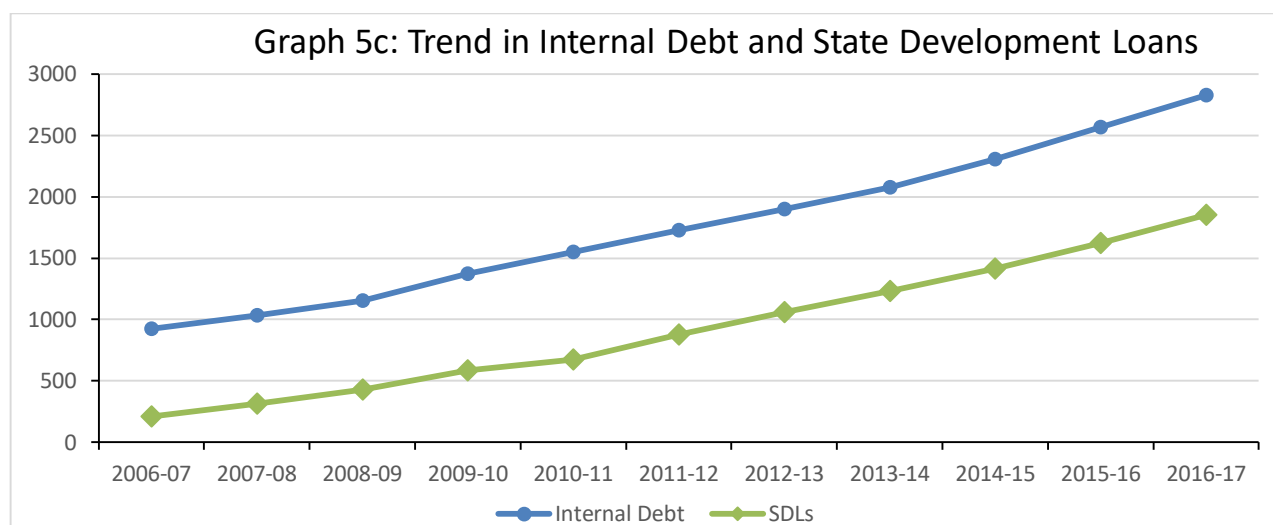
5.1 Public Debt Scenario:

Total Public debt has risen owing to increase in total internal debt. The internal debt has increased progressively from Rs 921.8 billion in 2006-07 to Rs 2827.5 billion in 2016-17. This increase is driven by increase in state development loans. SDLs have increased from Rs. 208.4 billion in 2006-07 to Rs 1852.1 billion in 2016-17(see Appendix A.2). On the contrary, loans from Financial Institutions have shown a decline from Rs 85.9 billion to Rs. 70.8 billion during the same period. Loans and Advances from the Centre has also increased marginally from Rs 147 billion to Rs 157 billion. The liabilities in terms of Provident Funds has also increased from Rs 56 billion to Rs 138 billion during the same period.

Table 5b: Main components of Total Outstanding Liabilities (Rs in Billions)

Year	Total Public Debt(A+B)	Other Obligations(C+D+E+F)	Total Obligations
2006-07	1069.6	171.9	1241.5
2007-08	1175.1	189.1	1364.2
2008-09	1286.3	218.1	1504.4
2009-10	1497.2	258	1755.2
2010-11	1675.2	253.9	1929.1
2011-12	1845.1	291.2	2136.3
2012-13	2025.7	335.3	2361
2013-14	2208.2	381.9	2590.1
2014-15	2442.4	330.8	2773.2
2015-16	2714	342.2	3056.2

Source: RBI Study of State Finances



Public Debt as a ratio of GSDP has declined from 41.5% in 2006-07 to 34% in 2016-17. Moreover, the growth rate of GSDP has been greater than the growth rate of Public Debt over the period of analysis. However in comparison to other general category states, West Bengal is the worst performer in maintaining the public debt-GSDP ratio with 34% of GSDP as public debt whereas it is only 19% of GSDP for the average of general category states.

Table 5c: Growth in Public Debt and ratio with respect to GSDP and RR

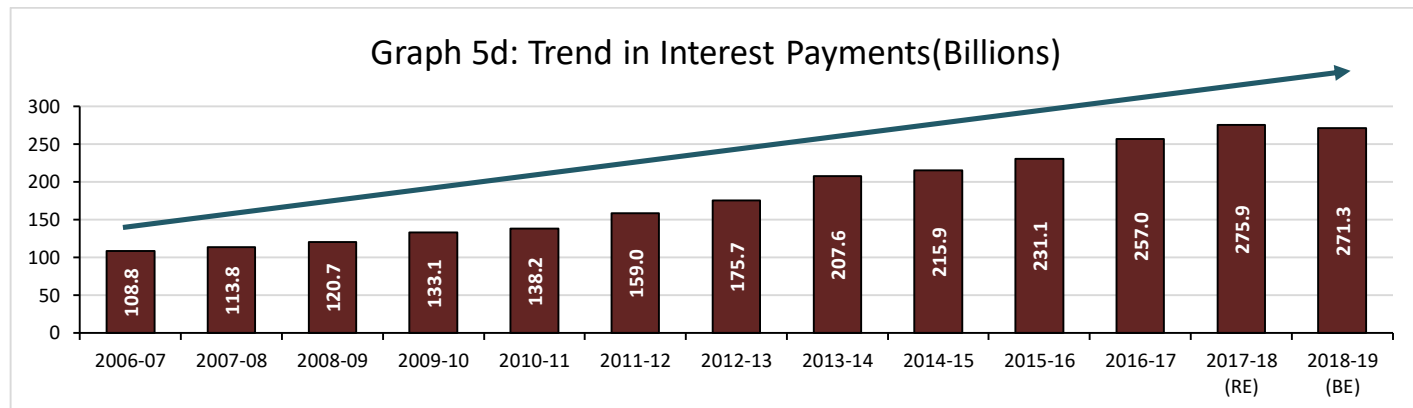
Year	Public Debt	Y-o-Y G in Public Debt	Public Debt/GSDP	Public Debt/ Revenue Receipts
2011-12	1845.1	10.1	35.4	314.0
2012-13	2025.7	9.8	34.2	296.6
2013-14	2208.2	9.0	32.6	303.0
2014-15	2442.4	10.6	34.0	282.3
2015-16	2714.0	11.1	34.0	247.3
2016-17	2984.9	10.0	34.0	253.3
2017-18 RE	3640.2	22.0	35.7	273.6
2018-19 BE	3948.3	8.5	37.7	269.1

Source: RBI Study of State Finances

5.2 Interest Payment:

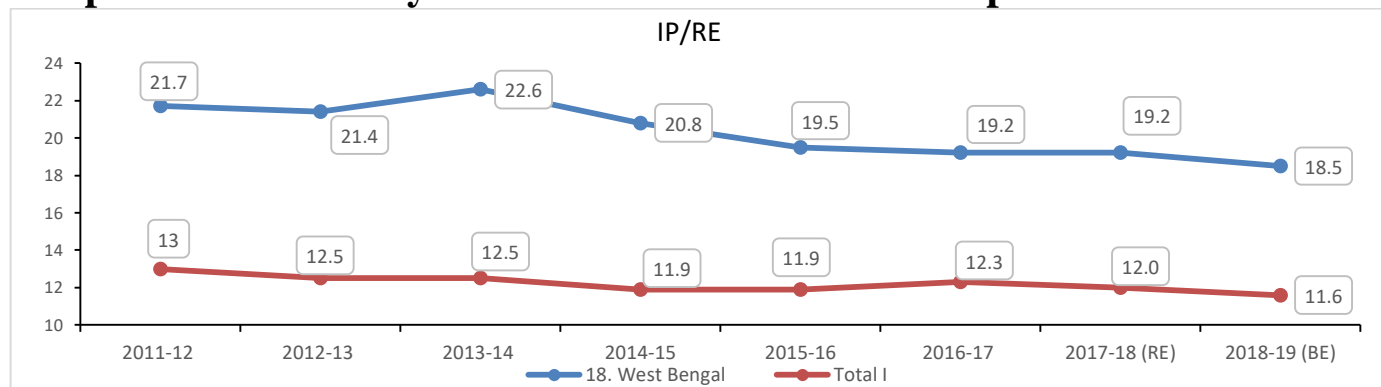
Following sharp rise in the absolute volume of debt, the yearly interest payment has also gone up to an alarming level and continues to pose an impending threat on fiscal health. In 2006-07, West Bengal used to spend nearly 108.8 Billion Rupees as interest payment against a total debt burden of close to 1070 Billion Rupees. In

2016-17, the interest payment has increased to Rs. 257 Billion against the total debt of 2985 Billion Rupees.



As against revenue receipt, West Bengal has incurred 18 per cent of her total revenue expenditure in paying interest in 2016-17. Even though interest payment as a ratio of revenue expenditure has declined from 22% to 19%, West Bengal is still at the last compared to other states. This basically shows that the burden of debt is hampering the scope for development of the state in terms of inadequate funding for development expenditure after paying for interest.

Graph 5e: Interest Payment as a Ratio of Revenue Expenditure



*Source: RBI: Handbook of Indian States

Chapter – VI

Broad Content

**Implementation of FRBM Act and commitment towards targets.
Analysis of MTFP of various departments and aggregate.**

6.1 Implementation of FRBM Act And Analysis of MTFP

The West Bengal Fiscal Responsibility and Budget Management (FRBM) Act, 2010 was enacted in July 2010, with a subsequent amendment to it in April 2011 for maintaining the path of fiscal discipline and improving the overall fiscal health of the state. This Act is aimed at managing/reducing revenue deficit & fiscal deficit and to ensure prudent debt management. In order to provide greater transparency in fiscal operations, the presence of medium-term framework for fiscal policy also plays a very crucial role.

In addition to the usual targets provided under the WBFRBM Act 2010, the recommendations provided by the Fourteenth Central Finance Commission is crucial in meeting the Union and State Governments their fiscal targets. One of the recommendations has been that the State Governments may amend their FRBM Acts to provide for the statutory flexible limits on fiscal deficit. The Finance Commission has also enunciated that fiscal deficit of all states to be anchored to an annual limit of 3 per cent of GSDP with 0.25 per cent limit of flexibility over and above this for any given year for which the borrowing limits are to be fixed if the debt-GSDP ratio is less than or equal to 25 per cent in the preceding year. State can also have, as per recommendations, a maximum fiscal deficit-GSDP limit of 3.5 per cent in any given year.

Although in terms of public debt to GSDP, the state has still a lot to cover but it is important to be highlighted that within the stressed fiscal condition, the fiscal indicators have consistently moved towards the targets as mentioned above.

The Revenue Deficit to Total Revenue Receipt ratio for the state was 36.55% in 2010-11 and it gradually decreased to 13.65% in 2016-17 and 8.27% in 2017-18 (RE). Likewise, the Revenue Deficit to GSDP ratio for the state was 3.75% in 2010-11 and it gradually decreased to 1.8% in 2016-17 and 1.11% in 2017-18 (RE).

Table 6a

Financial Year	Revenue Deficit (Rs in Crore)	Total Revenue Receipt (Rs in Crore)	Revenue Deficit as a % of Total Revenue Receipt
2010-11	17273.96	47264.20	36.55
2011-12	14571.33	58755.04	24.80
2012-13	13815.13	68295.75	20.23
2013-14	18915.48	72881.79	25.95
2014-15	17137.40	86514.21	19.81

2015-16	9095.05	109732.21	8.29
2016-17	16085.11	117832.45	13.65
2017-18 (RE)	11005.61	133034.08	8.27
2018-19 (BE)	0.00	146747.76	0.00

*Source: MTFP Report, 2018, GoWB

The Fiscal Deficit to Total Revenue Receipt ratio for the state was 41.33% in 2010-11 and it gradually decreased to 21.54% in 2016-17. Likewise, the Fiscal Deficit to GSDP ratio for the state was 4.24% in 2010-11 and it gradually decreased to 2.56% in 2016-17. According to 2017-18 (RE), the Fiscal Deficit to Total Revenue Receipt ratio is estimated at 22.32% and as per 2018-19 (BE), it is further reduced at 16.22%. Similarly, the Fiscal Deficit to GSDP ratio is estimated at 3.00% as per 2017-18 (RE) and according to 2018-19 (BE), it is pegged at 2.27%.

Table 6b:

Financial Year	Fiscal Deficit (Rs in Crore)	Total Revenue Receipt (Rs in Crore)	Fiscal Deficit as a % of Total Revenue Receipt
2010-11	19534.96	47264.20	41.33
2011-12	17704.88	58755.04	30.13
2012-13	19146.63	68295.75	28.03
2013-14	25347.90	72881.79	34.78
2014-15	27345.30	86514.21	31.61
2015-16	20890.69	109732.21	19.04
2016-17	25385.40	117832.45	21.54
2017-18 (RE)	29698.39	133034.08	22.32
2018-19 (BE)	23805.44	146747.76	16.22

*Source: MTFP Report, 2018, GoWB

The Total Outstanding Liabilities to Total Revenue Receipt ratio for the state was 408% in 2010-11 and it gradually decreased to 287% in 2016-17. Likewise, the outstanding liabilities to GSDP ratio for the state was 40.65% in 2010-11 and it gradually decreased to 31.9% in 2016-17. According to 2017-18 (RE), the Liabilities to Total Revenue Receipt ratio is estimated at 272% and as per 2018-19 (BE), it is further reduced at 268%. Similarly, the outstanding liabilities to GSDP ratio is estimated at 29.9% as per 2017-18 (RE) and according to 2018-19 (BE), it is pegged at 28.3%.

Table 6c:

Financial Year	Outstanding Debt (Rs in Crore)	Total Revenue Receipt (Rs in Crore)	Liabilities as a % of Total Revenue Receipt
2010-11	192920	47264.2	408%
2011-12	213620	58755.0	364%

2012-13	236110	68295.7	346%
2013-14	259010	72881.7	355%
2014-15	277320	86514.2	321%
2015-16	314740	109732.2	287%
2016-17	337610	117832.4	287%
2017-18 (RE)	362880	133034.0	272%
2018-19 (BE)	213620	146747.7	268%

*Source: MTFP Report, 2018, GoWB

State's Capital Expenditure has been increasing steadily and consistently as percentage of State's Fiscal Deficit since the last few years. It increased consistently from 18.14% in 2011-12 to 49.37% in 2016-17, almost in quantum jumps in the last few years. It further leaped to 75.02% according to 2017-18 (RE), and went up to 111.86% in 2018-19 (BE). This reflects on the State's increased stress on Capital Expenditure while keeping Fiscal Deficit under control.

Table 6d:

Financial Year	Capital Expenditure (Rs in Crore)	Fiscal Deficit (Rs in Crore)	Capital Expenditure as a % of Fiscal Deficit
2010-11	2633.48	19534.96	13.48
2011-12	3211.72	17704.88	18.14
2012-13	5611.73	19146.63	29.31
2013-14	7590.25	25347.90	29.94
2014-15	10383.39	27345.29	37.97
2015-16	13280.99	20890.69	63.57
2016-17	12533.63	25385.40	49.37
2017-18 (RE)	22279.97	29698.39	75.02
2018-19 (BE)	26628.18	23805.44	111.86

*Source: MTFP Report, 2018, GoWB, CE= Capital Outlay + Loans and Advances given by State Govt.

State's Revenue Expenditure as percentage of Total Revenue Receipt has been roughly gradually decreasing for the last few years, which highlights the State's direction towards revenue self-sufficiency.

Table 6e:

Financial Year	Rs in crore		Revenue Expenditure as a % of Revenue Receipt
	Revenue Receipt	Revenue Expenditure	
2010-11	47264.20	64538.16	136.55
2011-12	58755.04	73326.37	124.80
2012-13	68295.75	82110.88	120.23
2013-14	72881.79	91797.27	125.95
2014-15	86514.21	103651.61	119.81
2015-16	109732.21	118827.26	108.29

2016-17	117832.45	133917.56	113.65
2017-18 (RE)	133034.08	144039.69	108.27
2018-19 (BE)	146747.76	146747.76	100.00

Interest Payment as a percentage of Revenue Receipts: State's Interest payments although have been increasing over the years, their percentage over the corresponding Revenue Receipt figures has been reducing approximately.

Table 6f:

Financial Year	Interest (Rs in Crore)	Revenue Receipt (Rs in Crore)	Interest as a % of Revenue Receipt
2010-11	13817.30	47264.20	29.23
2011-12	15895.99	58755.04	27.05
2012-13	17570.70	68295.75	25.73
2013-14	20756.81	72881.79	28.48
2014-15	21587.99	86514.21	24.95
2015-16	23114.92	109732.21	21.06
2016-17	25702.85	117832.45	21.81
2017-18 (RE)	27595.91	133034.08	20.74
2018-19 (BE)	27136.57	146747.76	18.49

6.2 Fiscal Achievements under MTFP

- Revenue Deficit as a Ratio of GSDP

YEAR	Projection Value	Actual Value	GAP	FC Target Value
2011-12	3.14	2.80	-0.34	1.6
2012-13	1.1	2.30	1.20	1.1
2013-14	1.7	2.80	1.10	0.5
2014-15	1.29	2.40	1.11	0
2015-16	1.03	1.10	0.07	0
2016-17	0.96	1.80	0.84	0

*Source: MTFP Report of different years, GoWB

- Fiscal Deficit as a Ratio to GSDP

YEAR	Projection Value	Actual Value	GAP	FC Target Value
2011-12	3.94	3.40	-0.54	3.5
2012-13	2.51	3.20	0.69	3.5
2013-14	3.08	3.70	0.62	3.5
2014-15	2.98	3.80	0.82	3

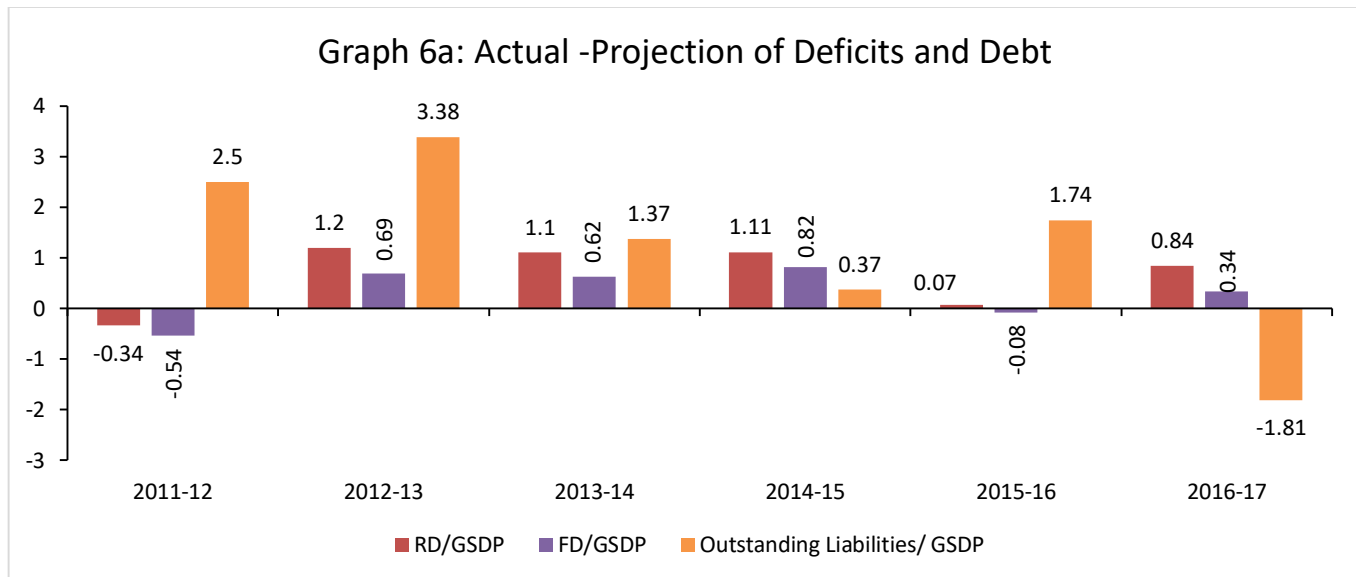
2015-16	2.68	2.60	-0.08	3
2016-17	2.56	2.90	0.34	3

*Source: MTFP Report of different years, GoWB

● Total Outstanding Debt as a Ratio to GSDP

YEAR	Projection Value	Actual Value	GAP	FC Target Value
2011-12	37.9	40.4	2.5	39.1
2012-13	35.72	39.1	3.38	37.7
2013-14	35.33	36.7	1.37	35.9
2014-15	34.23	34.6	0.37	34.3
2015-16	32.46	34.2	1.74	34.3
2016-17	33.71	31.9	-1.81	34.3

*Source: MTFP Report of different years, GoWB and RBI, Study of State Finances



It can be inferred from the above tables that actuals values of Revenue Deficit, Fiscal Deficit and Public Debt were greater in almost all the cases than what was projected under MTFP. However, in the last two years, Fiscal Deficits as a percentage of GSDP have been less than 3%, hence meeting the target of 14th Finance Commission. Moreover, in terms of Outstanding Debt, the state has performed well as ratio to GSDP is less than the target value proposed by Finance Commission.

Chapter – VII

Broad Content

Analysis of State Transfers to Urban and Rural Local Bodies in State. Major Decentralisation Initiatives

7.1 Fiscal Decentralisation

The concept of decentralization encompasses a wide variety of institutional restructuring. Fiscal decentralization of State Power is assumed to provide necessary resources to local Governments, both at Rural and Urban level and instil a sense of fiscal accountability through assignment of expenditures and taxes.

Given India's size and diversity, decentralization is very important for the country's strategy for poverty reduction. From the first central initiative to establish local governments in 1957 to the 73rd and 74th Constitutional Amendment in 1992 and 1993, the country has moved in this direction. The two constitutional amendment established mandatory provisions for decentralization to local governments in India. The subsequent State and Municipal Acts created a policy conducive to decentralized governance, and these are being strengthened through devolution of resources, such as centrally sponsored schemes and finance commission block grants.

Keeping the essence of decentralization intact, the Fourteenth Finance Commission recommended grant-in aid to duly constituted Panchayats and Municipal Corporations via two parts, namely: i) Basic Grants and ii) Performance Grant. The ratio of basic grant with respect to performance grant is 90:10 and 80:20 for Panchayats and municipalities respectively.

Apart from the central finance commission, Article 243-I. of the Indian constitution also provides for the Constitution of Local Finance Commission by the Governor of the state to review financial position of the Panchayats and to make recommendations to the Governor as to improve their financial position. Following this constitutional provision the Governor of West Bengal has appointed four State Finance Commissions.

Among the states that are said to have progressed substantially in the sphere of decentralized planning, West Bengal is certainly in the forefront. Compared to the states of Rajasthan, Maharashtra, Karnataka and Orissa which recognized its importance during the Fifth Plan period, West Bengal is a late starter which delved into micro-level planning only in mid-eighties in the commencing year of the Seventh Five Year Plan.

The first SFC was set up in 1994 under the chairmanship of Satyabrata Sen which submitted its report in the year 1995. This happened to be the first SFC report

of the country itself. The major observation of the Commission was that the LSG institutions will not be able to discharge their responsibilities without adequate funds and staff. It implied that they will have to depend heavily on grants-in-aid and sharing of taxes with the State Government and on the continuation of grants from the Union Government through poverty alleviation and other schemes. The Commission therefore suggested ways to give the local bodies more powers.

The Second SFC was constituted in the year 2000 under the Chairmanship of Prof. Deb Kumar Basu. The Commission submitted its report in the year 2002. The Commission endorsed the basic framework of the First SFC allocation structure and indicators used including the recommendation of 16 % of State taxes as Untied Fund, of which 0.32 % was to be earmarked as incentive fund to be reserved at the state level while another 0.04 % was to be earmarked for the hill areas. The commission however modified the indicators for allotment and suggested a minimum allotment of Rs. 700 Crore to the local bodies. The Commission pursued the same logic of protecting the current level of decentralisation advocated by the first commission.

The third State Finance Commission was constituted in the year 2006 under the chairmanship of Dr. Sukhbilas Barma emphasized on effective devolution in conformity with the Constitutional provisions to ensure grass root level planning for economic development. The Commission recommended for an untied fund allocation to the tune of Rs. 800 crore constituting around 5% of the State's own net tax revenue for 2008-09 with an annual increase of 12% for subsequent financial years. In absence of any specific expenditure assignment or any assessment of cost of delivery of services of a minimum specified standard, the entitlements were worked out more on the basis of what the state can spare rather than what the local bodies need. The approach of this Commission in working out the entitlements of the local bodies was a noticeable departure from the two preceding Commissions in the way that they recommended initial splitting of the recommended allocation into ULB and RLB segments rather than work out the district entitlements first.

The Government of West Bengal constituted the Fourth State Finance Commission on 30.04.2013. It recommended devolutions to rural and urban bodies on four basic considerations: (a) the time series of own tax revenue of the state; (b) the time series of actual devolution by the state to its local bodies and its proportion to the state's total tax revenue; (c) devolution by the Fourteenth Finance

Commission to the local bodies of the state; and (d) the actual requirement by the local bodies for their smooth.

The Commission even though acknowledged the effort by state government to rejuvenate the local bodies noted that compared to past devolutions the state government was able to devolve only about 30% or even less of what had been recommended by the earlier Finance Commissions. Accordingly, it recommended that annually 2.5% of the own tax revenue of the state be devolved to the local bodies for the period 2015-16 to 2019-20 and deviations from this norm to be minimized as per feasibility. The recommended devolution, being 2.5% of the tax revenue was around Rs 1103.80 crore for the year 2015-16. Thereafter, it was suggested to grow annually at the rate of 15% with a general caveat that if in a particular year the state's own tax revenue grows by less than 15%, the recommended devolution is 2.5% of the actual tax revenue.

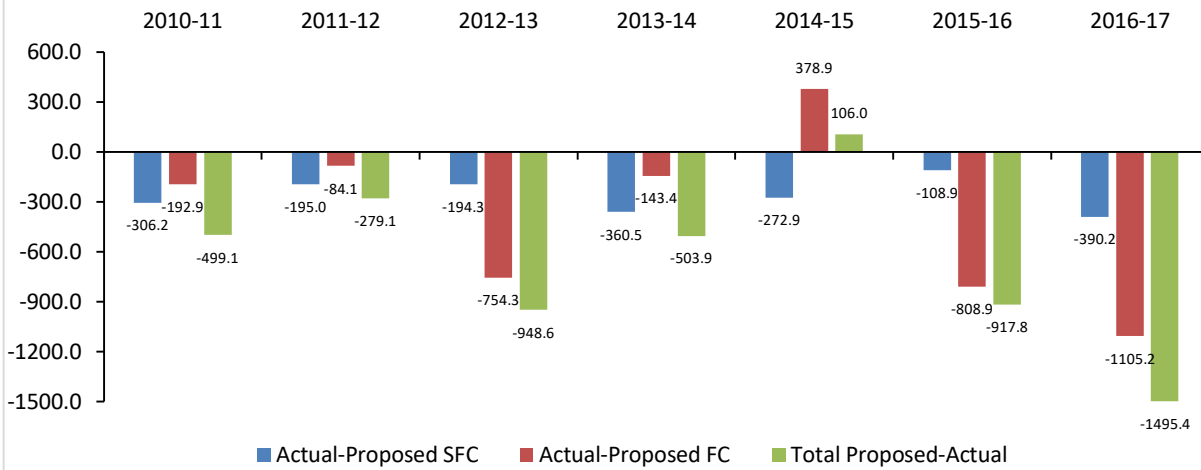
According to fourth state finance commission report, the tax devolution has increased from Rs 198 crores in 2006-07 to Rs 912 crores in 2014-15. The devolution with respect to own-tax revenue although has fluctuated from 2.31% in 2014-15 to 1.48% in 2010-11.

Table 7a: Comparison of Untied fund recommended and released during 3rd SFC and 13th FC vis-à-vis recommendation of 4th SFC and 14th FC (Rs in Crores)

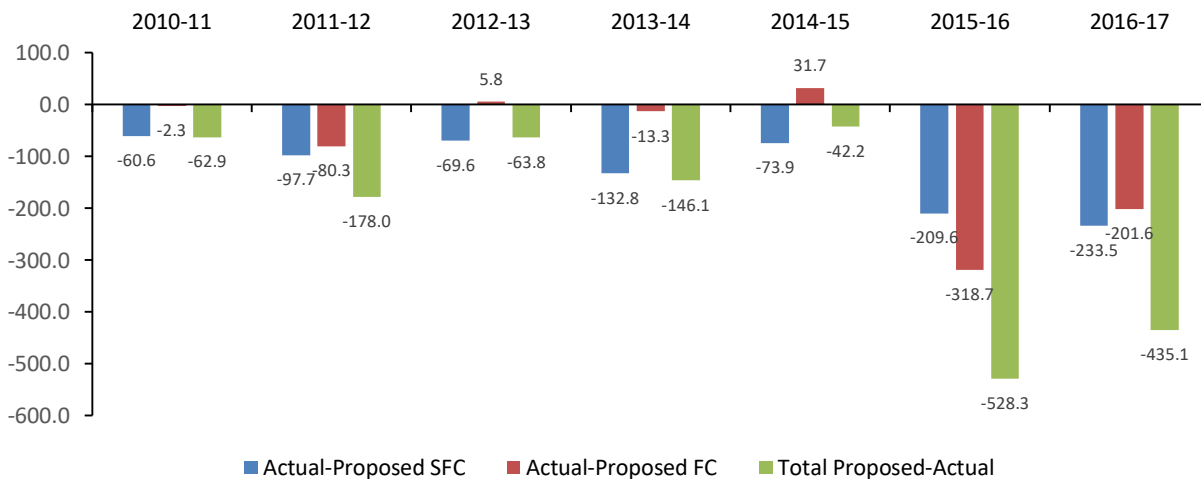
2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	Proposed/Actual	Local Bodies
960.1	834.9	726.0	631.3	956.7	854.2	762.7	681.0	608.0	Proposed total release by SFC	RLB
2835.8	2451.3	2121.6	1532.2	733.7	619.7	523.0	447.5	385.9	Proposed Release of FC	
3795.9	3286.2	2847.6	2163.5	1690.4	1473.9	1285.7	1128.4	993.9	Total Proposed	
		335.8	522.5	683.8	493.7	568.3	252.5	301.8	Actual Release of SFC	
		1016.5	723.3	1112.6	476.3	531.4	241.6	192.9	Actual release of FC	
		1352.3	1245.8	1796.4	970.0	1099.8	494.1	494.7	Total Actual Release	
673.0	585.2	508.9	442.5	302.1	269.7	240.8	215.0	192.0	Proposed total release by SFC	ULB
1179.3	1019.5	882.3	637.2	286.0	241.5	203.9	174.4	150.4	Proposed Release of FC	
1852.3	1604.6	1391.2	1079.7	588.1	511.3	444.7	389.5	342.4	Total Proposed	
		275.3	232.9	228.2	137.0	171.2	117.3	131.4	Actual Release of SFC	
		680.8	318.5	317.7	228.2	209.7	94.2	148.1	Actual release of FC	
		956.1	551.4	545.9	365.2	380.9	211.5	279.5	Total Actual Release	

*Source: 4th State Finance Commission Report, GoWB and Budget Documents, GoWB

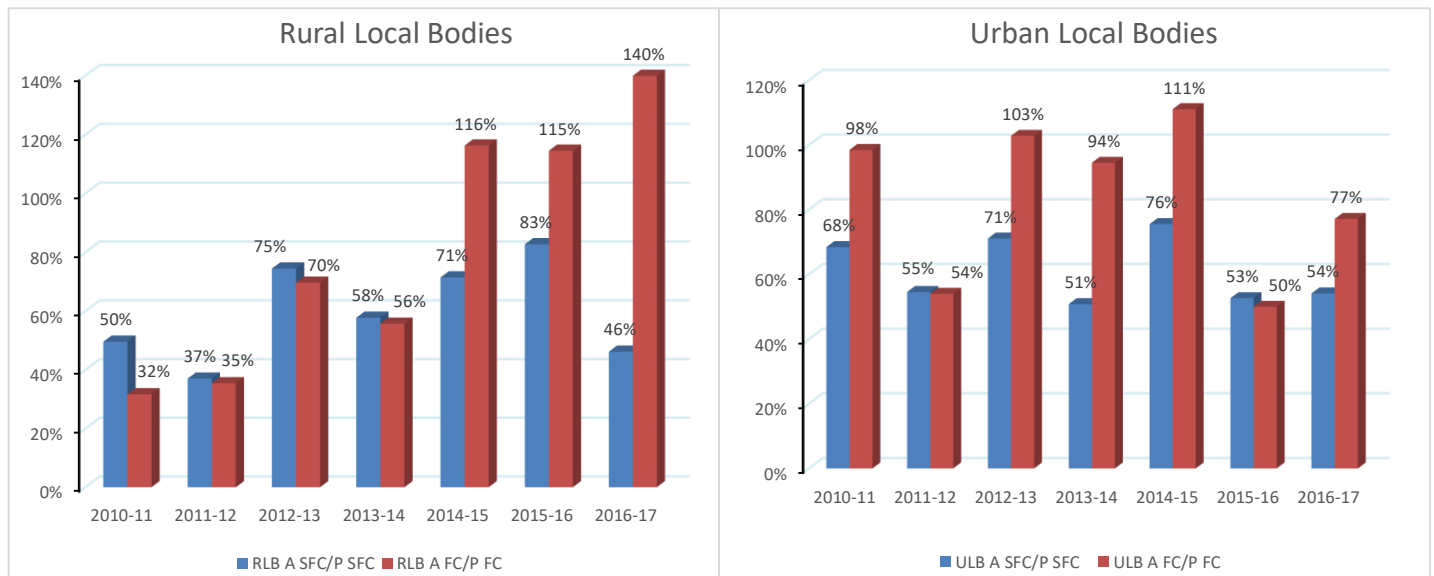
Graph 7a: Trend in Actual versus projected value of transfers to RLB



Graph 7b: Trends in Actual versus Projected Value of Transfers in ULB



Graph 7c: Actual Devolution as a ratio of recommended devolution by SFC & FC



From Graph 7c it can be observed that state devolution to rural local bodies compared to the projected value was quite low in the period 2010-12. The case was roughly similar with the devolution from central government. The devolution increased from both state and centre in 2012-13 but it was followed by a sharp decline in next period. However, from 2014-15 devolution from centre to rural local bodies has been very high. The state devolution improved in consecutive two periods i.e from 2014-16 but again dropped to 46 % in 2016-17.

In case of urban local bodies, the devolution from centre was relatively very high from 2010-11 to 2014-15. But it showed a marked decline thereafter dropping from 111 % in 2014-15 to 51 % in 2015-16. There has been an improvement in 2016-17. The trend with respect to state devolution has shown that it has remained lower than 75 % in all most all of the periods which depicts the inefficiency of state government to release funds appropriately.

7.1 Major Decentralisation Initiatives:

The 74th Constitutional Amendment Act mandated the establishment of the District Planning Committee (DPC) at the District level and Metropolitan Planning Committee in every Metropolitan Area for consolidating plans prepared by Panchayats and Municipalities in the district into the Draft District Plan. The 73rd and 74th Constitutional Amendments (Articles 243G, 243W) also emphasized on planning with an objective of economic development and social justice by PRIs and Municipalities respectively, and their consolidation (Article 243ZD) into District Development Plans by the DPCs. West Bengal, in the year 1994 enacted a legislation known as The West Bengal District Planning Committee Act which provided the procedure for constitution of District Planning Committee (DPC). Simultaneously, provisions were also made in the statutes of the State regarding Urban Local Bodies and Panchayats, stating that ULBs and every tier of the Panchayats i.e., GP, PS and ZP will have to prepare their perspective plan for five years of the office of the members; together with an annual plan with an objective of Economic Development and Social Justice.

The Fourteenth FC, as we have also mentioned elsewhere in this report, has recommended that the Rural and Urban Local Bodies would be allowed to spend the FFC grant only on delivering Basic Services. By the term 'Basic Services' the Fourteenth FC wanted to mean Water Supply, Sanitation, Sewerage, Drainage, Solid Waste Management, Street Light, Local Body Roads, Footpaths, Parks,

Playgrounds, Burial and Cremation Grounds. These are not new in West Bengal as state's Local Bodies, be it rural or urban, have been delivering these services to their constituents for a long period of time.

7.1.1 Rural Decentralisation

The Department for International Development (DFID)-supported programme for Strengthening Rural Decentralisation (SRD) was formally launched on 22nd November 2005. The SRD programme had been brought in to accelerate, strengthen and complement the State Government's ongoing initiative to strengthen rural decentralisation. Major thrust was given on institutional strengthening of Gram Panchayats and institutionalization of participatory planning, implementation and monitoring processes in 304 selected Gram Panchayats in 6 most backward districts namely Uttar Dinajpur, Dakshin Dinajpur, Malda, Murshidabad, Purulia and Birbhum. District Programme Management Units (DPMUs) and Gram Panchayat Facilitating Teams (GPFT) were set up under the SRD Cell in the 6 districts to facilitate the interventions in the Gram Panchayats. To ensure active participation of the people at the Gram Sansad level, a Gram Unnayan Samity (GUS) consisting of different field level subject matter specialists and Civil Society Organizations was constituted. The plans prepared by the GUSs were based on seven sectors namely education, health, women & child development, agriculture & allied industry, infrastructure and other miscellaneous sector in adherence to the Government guidelines. With the termination of DFID funding support in 2011 this GUS based decentralized planning effort became routinized and mechanical.

Unlike SRD which was initiated in backward districts, Institutional Strengthening of Gram Panchayats Project, was started in 2010-11 in West Bengal supported by World Bank in 1000 selected GPs in nine districts which were relatively "high performers", in order to mitigate implementation risk. The long term vision was that the system introduced by the project would be expanded to all GPs in the state and would become an integral part of the PRI fiscal framework supported by the state budget. The main objective was to provide GPs with significant additional untied resources to establish the foundation for strengthening their institutional capacity which in turn would allow them to improve their performance in local public service delivery. The emphasis was given on preparation of Upa-Samiti-based Gram Panchayat Integrated Plan with the technical support of plan-plus-software where a close linkage of the Gram Panchayat Plan with the Budget

was established. Gram Sansad level Plans were incorporated into the Gram Panchayat Plan in this process.

An untied performance based annual Block Grant (to increase in a phased manner from approximately Rs.23 to Rs.115 per capita over five years) was provided by the State Government to the eligible GPs, for creation of public infrastructure to improve local service delivery, based on the following four Mandatory Minimum Conditions (MMCs) that need to be fulfilled by the GPs for accessing the annual Block Grant:

- (a) Approved Annual GP Plan & Budget for the coming year available by 31st March.
- (b) Minimum 60% expenditure performance (first 3 Quarters available discretionary funds i.e., Own Source Revenue, ISGPP Block grant, Central Finance Commission & State Finance Commission grant).
- (c) No 'adverse' or 'disclaimed' audit opinion found in GP external audit conducted by CAG.
- (d) Computerized Gram Panchayat Management System (GPMS) is operational and classified as "Excellent".

It has also been observed that the ISGP Project operating within its universe of 1,000 GPs has made significant positive contributions in respect of the areas identified in the Roadmap for Panchayats, a vision document of the State Government towards strengthening PRIs as Institution of Self Government. The document, inter- alia, identified six areas for such intervention which include (1) Strengthening democratic functioning of the panchayats (2) Improving core civic services (3) Decentralized planning and implementation (4) Augmenting Panchayat finances and financial management (5) Building capacities of Panchayat functionaries and (6) Harmonization of Acts and Rules.

During the course of the ISGP Project, the annual performance assessments show evidence of significant improvement in key institutional indicators like annual Plan and Budget preparation in prescribed and timely manner; fund utilization, compliance with prescribed procurement, accounting and reporting systems and rules, and clean external audit reports. Project execution by GPs has also signaled improvements with creation of more durable infrastructure (e.g., concrete roads inside habitations) and movement towards completion of projects (executed within same financial year) from piece-meal ones (where activity was spread out over more

than a year). The project also appears to have contributed towards an effective hand holding support of the elected and official functionaries.

7.1.2 Urban Decentralisation

Although West Bengal Metropolitan Planning Committee Act was enacted in 1994, the Act was made effective from the year 2001 i.e., more than seven years after its enactment.

The objective of the Metropolitan Planning Committee was:

- a) To prepare a draft development plan for the Metropolitan Area as a whole and to issue guidelines in regard to:
 - i) The plans prepared by the Municipalities and Panchayats in Metropolitan Area.
 - ii) Matters of common interest between the Municipalities and Panchayats, including coordinated spatial planning of the area, sharing of water and other physical natural resources, the integrated development of infrastructure and environmental co-operation.
 - iii) The overall objectives and priorities set by the Government of India and the State Government.
 - iv) The extent and nature of investment likely to be made in the Metropolitan Area by the Agencies of the Government of India and of the State Government and other available resources, whether financial or others.
- b) To perform such functions relating to planning and co-ordination for the metropolitan area as the State Government may, by notification, assign to it.

Five other Sectoral committees were also constituted which are as follows:

- a) Drainage, sewerage and Sanitation Committee
- b) Traffic, Transportation, Railways and Waterways Committee
- c) Water Supply Sectoral Committee
- d) Education, Health, Employment & Bustee Committee
- e) Environment, wetlands, parks and Planning Committee

An organization – Institute for Local Government and Urban Studies (ILGUS) has been set up for catering to the needs of urban local bodies. This institute organizes training programmes regularly for elected representatives, officials and community based organizations to equip them with the latest techniques to deal with the ever – increasing urban problems. Municipal Engineering Directorate (MED) & Directorate of Local Bodies (DLB) have been set up to extend technical &

administrative support to urban local bodies throughout the state. West Bengal Valuation Board (WBVB) has also been set up for scientific valuation of land & building within municipal areas. Geographical Information System (GIS), which is one of the modern techniques for preparation of database, has been introduced in the urban local bodies (ULBs). This will help the ULBs to identify deficiencies, both quantitatively and geographically, in the field of physical infrastructure, health, education, shelter and economy. This system will also facilitate municipal resource mobilization and ensure transparency. The State Government has introduced new staffing norms in the ULBs which will provide them a universal character. The ULBs in the State have adopted double entry based accounting system that leads to improved financial accountability. The State Government has also accepted the policy of imposing user charges against certain services in the municipal areas.

Track record of SFCs recommendation:

Status of Departmental Release to ZPs against First SFC's Recommendation (Rs. in crore)

1999-2000		2000-2001		2001-02	
Budget	Actual	Budget	Actual	Budget	Actual
619.23	335.12	1376.21	850.85	1547.20	455.19

Budget provision and actual release of Second SFC Fund (Rs. in crore)

Financial Year	Budget	Actual Release
2002-03	686	0.66
2003-04	N.A.	1.75
2004-05	N.A.	0.00 ⁵
2005-06	349.87	341.46
2006-07	349.87	197.97

Actual release vis-a-vis recommendation of Third SFC (Rs in Crore)

PRI				ULB		
Year	Proposed total release by 3SFC	Actual release	% of release in terms of Recommendation	Proposed total release by 3SFC	Actual release	% of release in terms of Recommendation
2010-11	608	301.8	49.5	192	137.24	71.35
2011-12	680.96	252.46	37.05	215.04	117.34	54.41
2012-13	762.67	568.34	74.54	240.84	172.86	71.66
2013-14	854.19	493.72	57.72	269.74	137.59	50.92
2014-15	956.69	481.61	50.31	302.11	143.01	47.35

Note: i) 12% enhancement to be made for every successive year

ii) 76% for PRIs and 24 % for ULBs calculated on Rs. 800 crore during 2008-09

iii) Release for 2014-15 available up to October, 2014

Source: Fourth State Finance Commission Report, Government of West Bengal

ITEMS OF TAXES AND FEES WHICH THE MUNICIPALITIES ARE EMPOWERED TO COLLECT
--

- | |
|---|
| 1. Fee per head of per vehicle for providing municipal services in connection with any congregation of whatever nature, including pilgrimage, fair, festival, circus or yatra |
| 2. Fee per head of per vehicle for providing municipal services. |
| 3. Fees for licences issued or permissions granted under the provision of the Act. |
| 4. Tolls on heavy trucks |
| 5. A special conservancy charge for providing municipal services in connection with removal of solid waste. |
| 6. Property tax on annual value of lands and buildings located in the municipal area |
| 7. Fee for issuing certificate of enlistment in respect of Profession, Trades and Callings (a maximum of Rs. 1500/-) |
| 8. License for use of site for the purpose of advertisement |
| 9. Tax on advertisement |
| 10. Tax for registration of Carts and Carriages |
| 11. Tolls on municipal ferries |
| 12. Tolls on navigable channels |
| 13. Fees or charges permissible under the Indian Telegraph Act, 1985, or the Indian Electricity Act, 1910 |
| 14. Parking Fee |
| 15. Permission fee for projecting any platform, verandah, balcony, sunshade, weather frame or like over any public street |

16. Fine for encroachment on public street or place
17. Fee for obtaining permission before utilising, selling, leasing out or otherwise disposing of any land or building.
18. Fee for obtaining license for using a premise for non-residential purpose.
19. Fee for sanction of building plan
20. Charge for supply of water for domestic and non-domestic purpose.
21. Fee for permission for house water connection
22. Fee for supplying water to a local authority or other person outside the municipal area.
23. Fee for giving permission for digging of wells, tube wells, tank, pond, cistern fountain.
24. Fees for sanction of plans for construction, repair, addition or alteration of house drain or cesspool.
25. Fee for permission for selling any material in market
26. Levy of stallage, rent and fee for use of stall, shop, stand, shed.
27. License fee for using a place as private market.
28. License fee for flesh, fish and poultry
29. License fee for hawking articles
30. License fee for using a premise for keeping animal, birds etc.
31. Fee for registration of births & deaths
32. Fee for registration of the private places for disposal of dead
33. Fee for obtaining permission for opening new place for disposal of dead.

Property Tax Structure in the State:

Unit Area Method of Assessment

Property Tax is one of the main sources of internal revenue of the Urban Local Bodies. As the property tax is determined on the basis of annual valuation of lands and buildings, the entire process of determining property tax is solely dependent on assessment of lands and buildings.

Present System Of Assessment Of Land And Buildings: Presently in the Urban Local Bodies of this State the following two systems of assessment of lands and buildings are followed:

1. **Annual Rental Value (ARV) System:** In this system tax is calculated on annual rent that is actually or reasonably be fetched by a property. Here

Annual Rent (AR) = Monthly actual or reasonable rent X 12. In this system Annual Value (AV) = AR minus x% (in case of Kolkata Municipal Corporation value of this x is 10%) statutory deduction for maintenance. A percentage of AV is determined as the annual Property Tax. In case of Kolkata Municipal Corporation this tax = $(AV / 600 + 10)$ % of the AV subject to minimum of 11% and a maximum of 40%.

2. **Capital Value Method:** In this system tax is calculated on Annual Value derived from cost of construction added to cost/ market value of the land. Here $AV = (\text{Construction cost} + \text{Market value or cost of the land}) \times$ a percent as laid down in the statute minus statutory deduction. Annual Tax = $AV \times$ a percentage of AV. In Kolkata Municipal Corporation AV of vacant land is determined at 7% of the market value of the land.

Chapter – VIII

Broad Content

Impact of State Public Enterprises on the States' financial health and measures taken to improve their performance and/or alternatives of closure, disinvestment etc.

8. Performance of State Public Enterprises

The State Public Sector Undertakings (PSUs) comprise the State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people; they occupy an important place in the State economy.

As on 31 March 2016, there were 89 State Public Sector Undertakings (PSUs) in West Bengal which comprised of 70 working PSUs (including nine Statutory Corporations) and 19 non-working PSUs (including one Statutory Corporation). During 2015-16, the working PSUs registered a turnover of Rs. 30,360.74 crore which was equal to 2.92% of Gross State Domestic Product (GSDP). They also had employed 0.49 lakh employees as of March 2016.

Table 8a: Working and Non-Working PSUs in West Bengal in the FY 2015-16

Type of PSUs	Working	Non-Working	Total
Government Companies	61	18	79
Statutory Corporation	9	1	10
Total	70	19	89

Table 8b: Attributes of different sectors of PSUs

Industry	Number of PSUs	Net Profit/Loss	Turnover	Manpower
Agriculture and Allied	13	-106.31	416.02	2464
Financing	11	186.09	494.12	675
Infrastructure	10	66.26	1073.43	1436
Manufacturing	29	-263.4	538.02	4380
Power	7	-112.88	25158.4	26686
Services	15	-142.73	1819.66	7295
Miscellaneous	4	-0.36	377.91	380
Total	89	-373	29878	43316

*Source: PSUs Report of different Years, CAG

From the above table we see that the aggregate of the PSUs concerning to Financing and Infrastructure netted a profit while the others recorded a loss on an aggregate basis. The employment in Financing and Infrastructure are relatively quite moderate with 675 and 1436 manpower respectively. The profit gained by these two industries adds up to a meagre Rs. 252.35 Crores. The Power Industry's performance is supreme of all in terms of turnover turnover of Rs. 25158.4 Crores circumscribing

26686 workers. The power industry alone accounts for 84% (61%) of the total turnover (employment) of all the industries. Under The category of Working PSUs, Power Sector earned profit of Rs 153.44 Crores with manpower of 24,829. On the other hand, manufacturing sector PSUs was the worst hit with a loss of Rs. 263.4 Crores encompassing 4380 workers. The performance of Service sector PSUs was next to manufacturing. Transport bodies constituted the mainstay in this huge loss, contributing to 97% of the total figure. The Calcutta Tramways Company Limited alone being the major contributor to this loss.

A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. The details of turnover of working PSUs with up-to-date accounts and State GDP for a period of five years ending 2015-16 are given in table. The financial position and working results of Government Companies and Statutory Corporations are detailed in table.

Table 8c: Profile of PSUs with up-to-date accounts (I)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
No. of working PSUs having up-to-date accounts	27	31	38	33	29
Turnover	29,458	36,755	37,213	28,079	26,217
State GDP	5,49,876	5,76,865	7,07,848	8,00,868	10,39,923
percentage of Turnover to State GDP	5.36	6.37	5.26	3.51	2.52

*Source: PSUs Report of different Years, CAG

Table 8d: Profile of PSUs with up-to-date accounts (II)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital	2,472.26	2,412.78	2,769.55	2,984.14	2,901.99
Employed (%)	(10.44)	(6.44)	(6.51)	(7.40)	(7.06)
Debt	25,408.89	25,296.12	26,232.94	23,604.19	22,185.77
Turnover	29,457.81	36,755.18	37,212.69	28,079.44	26,217.46
Debt/ Turnover	0.86	0.69	0.7	0.84	0.85
Interest Payments Accumulated	2,758.49	2,957.97	3,143.82	3,029.73	2,775.79
Profits/ (-)losses	(-) 1,123.38	(-) 1,751.90	(-) 2,644.97	(-) 190.07	126.20

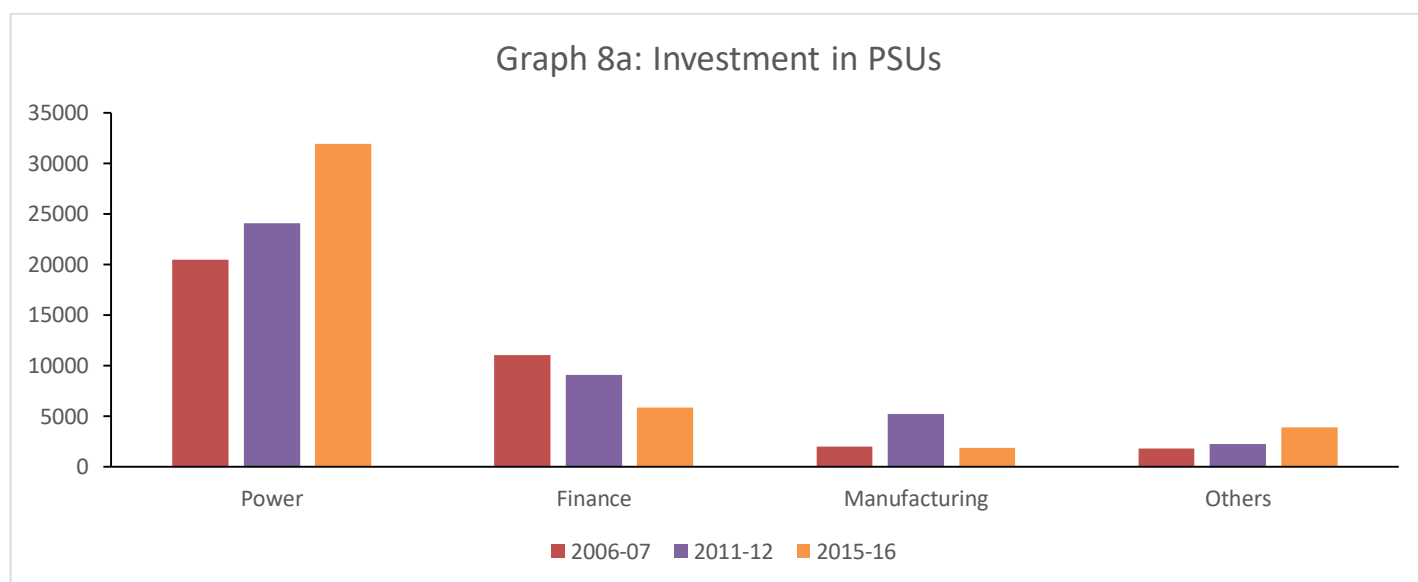
Out of 70 working PSUs, only 29 PSUs prepared accounts for 2015-16 as of September 2016. During 2015-16, 22 PSUs earned profit of Rs 604.76 crore and seven PSUs incurred loss of Rs 478.56 crore. The major contributors to profit were West Bengal State Electricity Transmission Company Limited (Rs. 437.11 crore) and West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation (Rs 53.75 crore). Heavy losses were incurred by The Durgapur Projects Limited (Rs 327.38 crore) and The Calcutta Tramways Company (1978) Limited (Rs. 118.33 crore).

The turnover to GSDP ratio has continuously declined from 2012-13. On one hand, debt of the state PSUs with up to date accounts decreased from Rs 25408 crores in 2011-12 to Rs 22186 crores in 2016-17 with a temporary spike in 2013-14, on the other hand turnover declined from Rs 29458 crore to Rs 26217 crores in the same period barring two period of high turnover (2012-14). This has resulted in initial decline in debt to turnover ratio followed by an increase for two consecutive periods. Even with this increase, the ratio is still less than what was observed in 2011-12. The loss making trend for these PSUs have also changed in 2015-16 with a cumulative profit of Rs 126 crores.

Table 8e: Investment in different Public sectors (Rs in Crores)

Year	Power	Finance	Manufacturing	Others	Total
2006-07	20481.91	11068.35	2023.93	1,803.36	35,377.55
2011-12	24081.5	9112.52	5235.16	2268.5	40,697.68
2015-16	31924.17	5864.93	1890.13	3915.05	43,594.28

*Source: PSUs Report of different Years, CAG



The thrust of PSU investment was mainly in power sector which increased from 57.89 per cent to 73.23 per cent during 2006-07 to 2015-16 which is corroborated by the fact that one of the major contributors to profit was West Bengal State Electricity Transmission Company Limited. In absolute terms, investments rose by Rs 11,442.26 crore in power sector during the period 2006-16 while it declined by Rs. 5203.42 crore in finance sector during the same period. In case of Manufacturing

there is a spike in investment in 2011-12 which was followed by a decline in 2015-16. For the period 2015-16, absolute investment declined by Rs 133.8 crores.

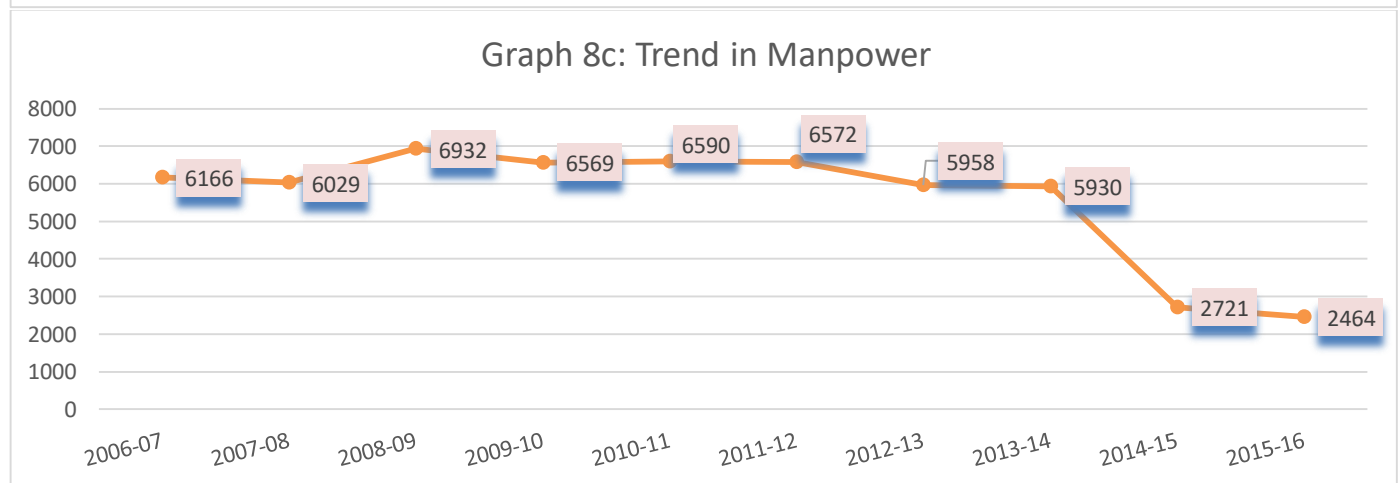
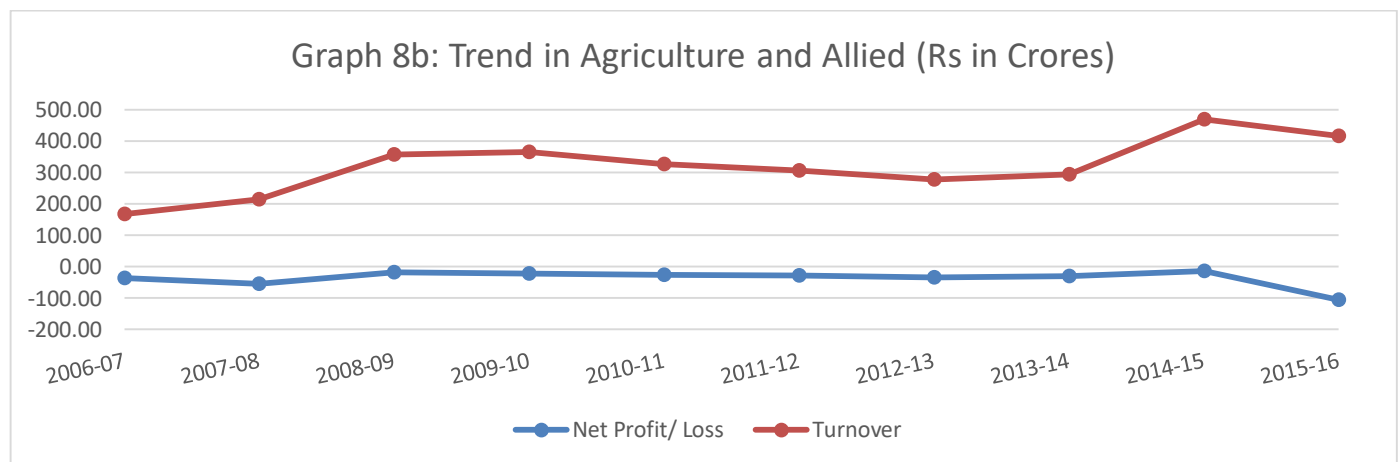
Sector Wise Trend:

1. Agriculture and Allied

Table 8f: Attributes of PSUs in Agriculture and Allied Sector (Rs in Crores)

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	-36.66	167.68	6166
2007-08	-55.45	214.25	6029
2008-09	-17.80	357.58	6932
2009-10	-21.83	364.84	6569
2010-11	-25.62	326.46	6590
2011-12	-28.92	306.78	6572
2012-13	-34.85	277.2	5958
2013-14	-30.53	294.54	5930
2014-15	-14.22	468.96	2721
2015-16	-106.31	416.02	2464

Source: PSUs Report of different Years, CAG

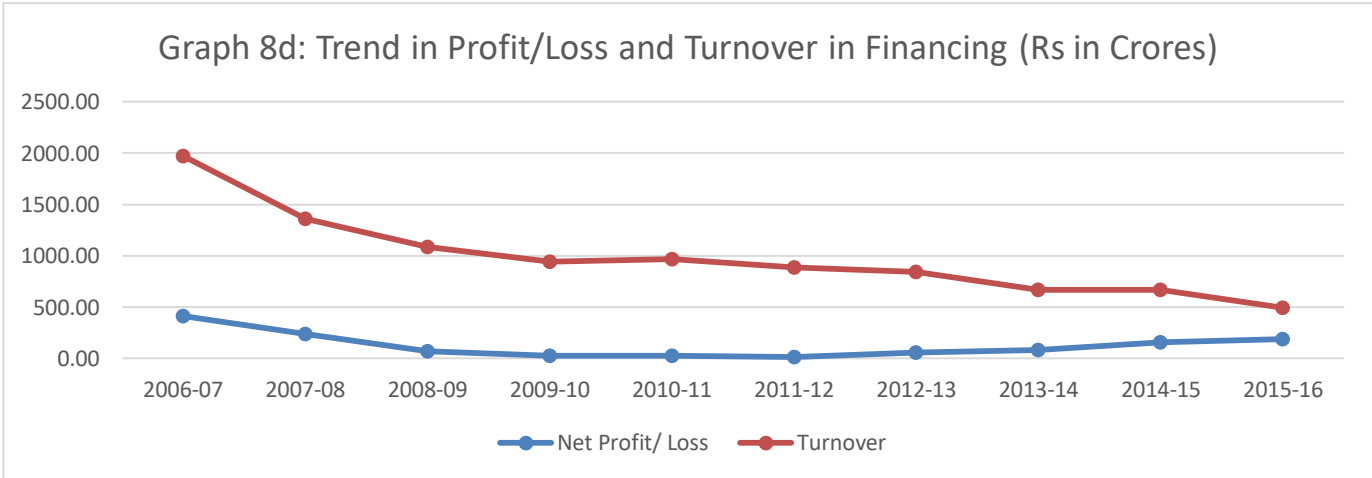


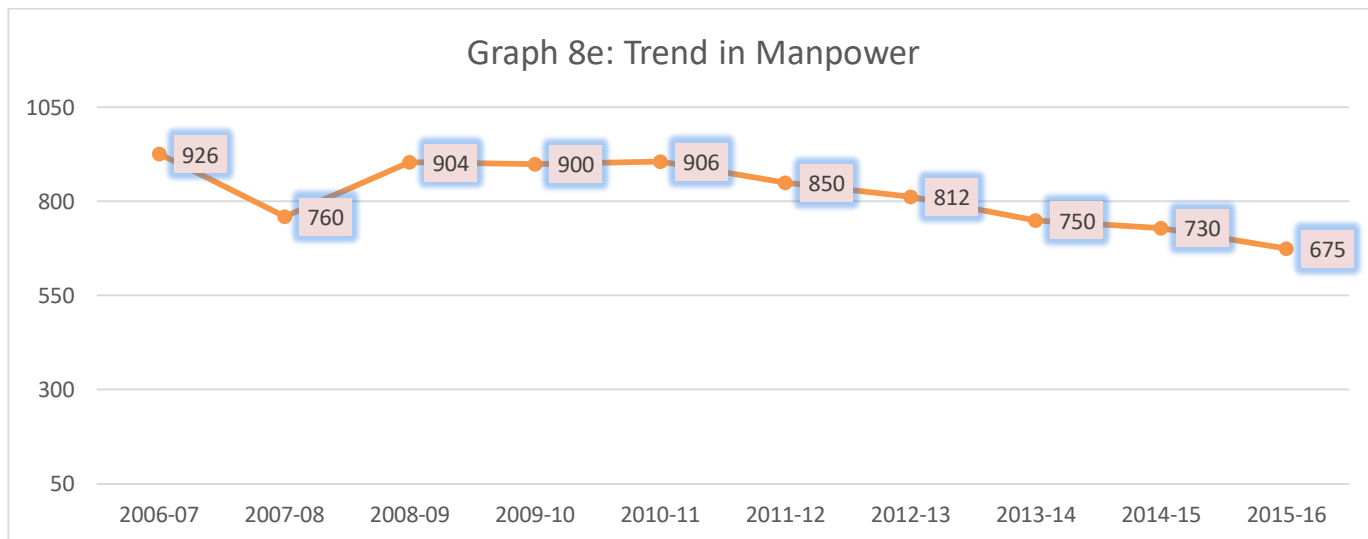
In the agriculture and allied sector we see that turnover shows an increasing trend from 2006-07 to 2009-2010 followed by a continuous decline till 2013-14. In 2014-15, there is a jump in turnover which declined marginally from Rs. 469 crores to Rs. 416 crores in 2015-16. Net loss was almost stable till 2013-14. In 2014-15 there was a significant decline in loss from Rs 31 crores to Rs 14 crores. But in 2015-16, situation got worse and loss increased tremendously to Rs. 116 crores. The Manpower was majorly curtailed firstly in 2012-13 from 6572 in 2011-12 to 5958. After this period there has been a continuous downward trend in manpower with a steep decline in 2014-15. The decline in manpower although resulted in temporary decline in net loss in 2014-15 but the trend seemed to vanish in 2015-16 even though there was a cut back on employment. This signifies a serious drawback in the system as one expects the net loss to decrease with the diminution in employment. This clearly indicates that this sector should implement cost cutting measures and efficiency enhancement despite doing well on the sales front.

2. Financing (Rs in Crores)

Table 8g:

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	415.25	1971.31	926
2007-08	235.34	1357.26	760
2008-09	70.70	1084.85	904
2009-10	27.13	940.37	900
2010-11	27.95	965.03	906
2011-12	14.58	886.74	850
2012-13	55.96	841.39	812
2013-14	80.7	665.52	750
2014-15	158.68	666.6	730
2015-16	186.09	494.12	675



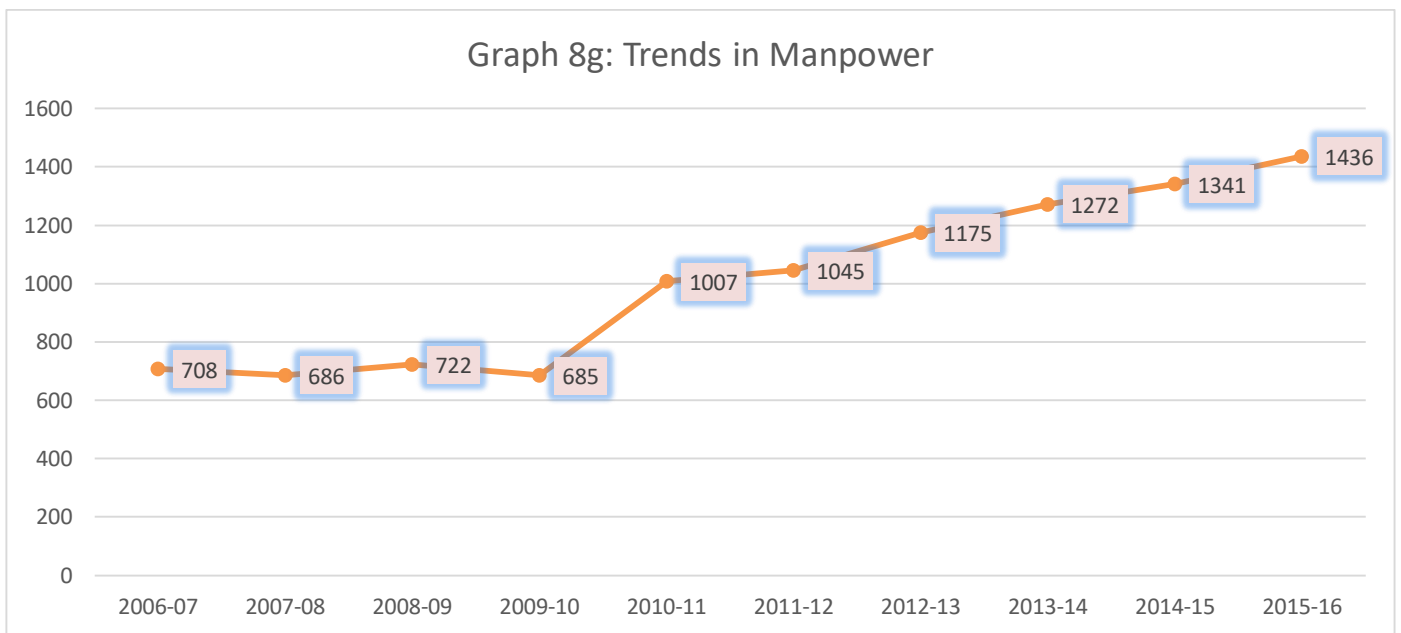
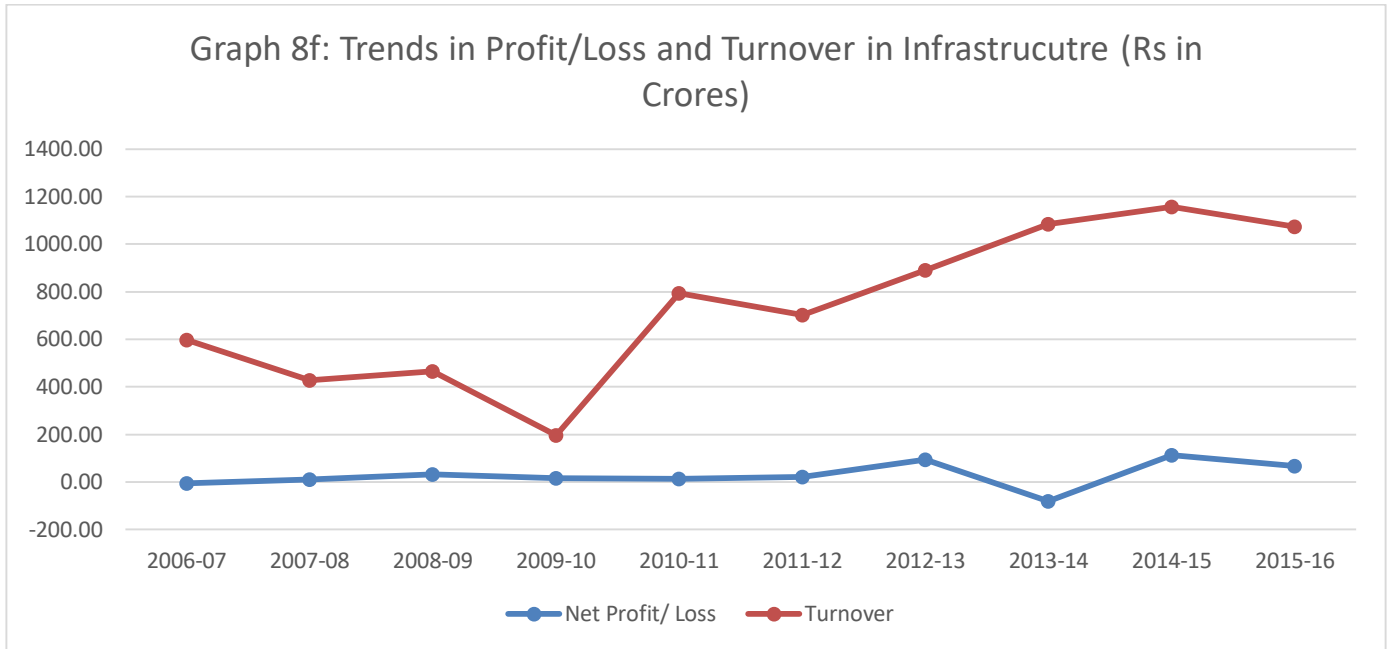


Financing PSUs exhibits a slightly U shaped trend in net profit whereas turnover has seen a declining trend. Manpower is also on the decline during the period 2006-16. Net profit started from a high point of Rs. 415.25 crores. in 2006-07 and continuously declined till 2011-12 to reach at meagre Rs 14 crore in terms of profit. After this period, there has been a gradual improvement in profit. But the profit at Rs 186 crores in 2015-16 is still far less than the beginning of the period of analysis. The improvement in net profit is matched with gradual decline in manpower beginning in 2011-12.

3. Infrastructure (Rs in Crores)

Table 8h:

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	-4.84	598.13	708
2007-08	9.58	427.40	686
2008-09	31.91	466.39	722
2009-10	14.77	197.00	685
2010-11	12.30	792.49	1007
2011-12	20.67	703.05	1045
2012-13	92.75	889.63	1175
2013-14	-80.93	1083.98	1272
2014-15	114.03	1157.52	1341
2015-16	66.26	1073.43	1436

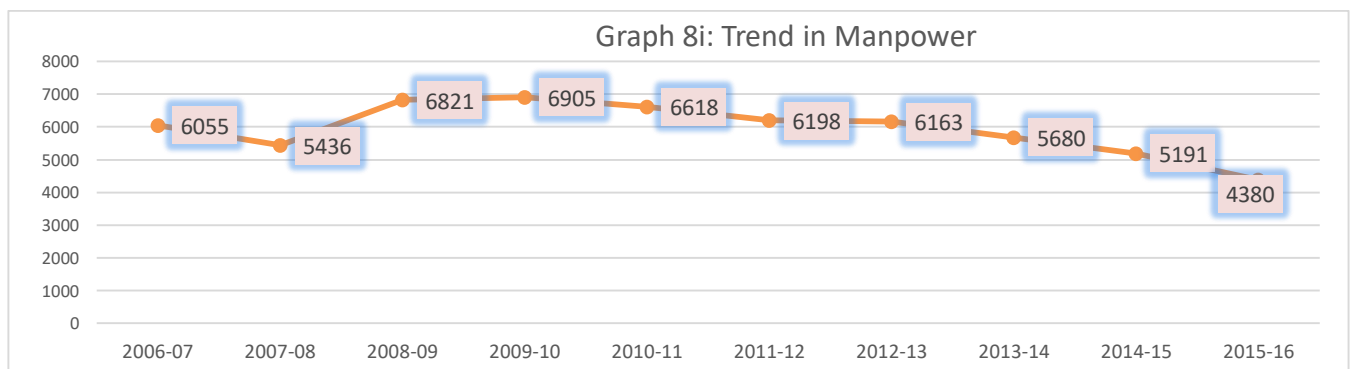
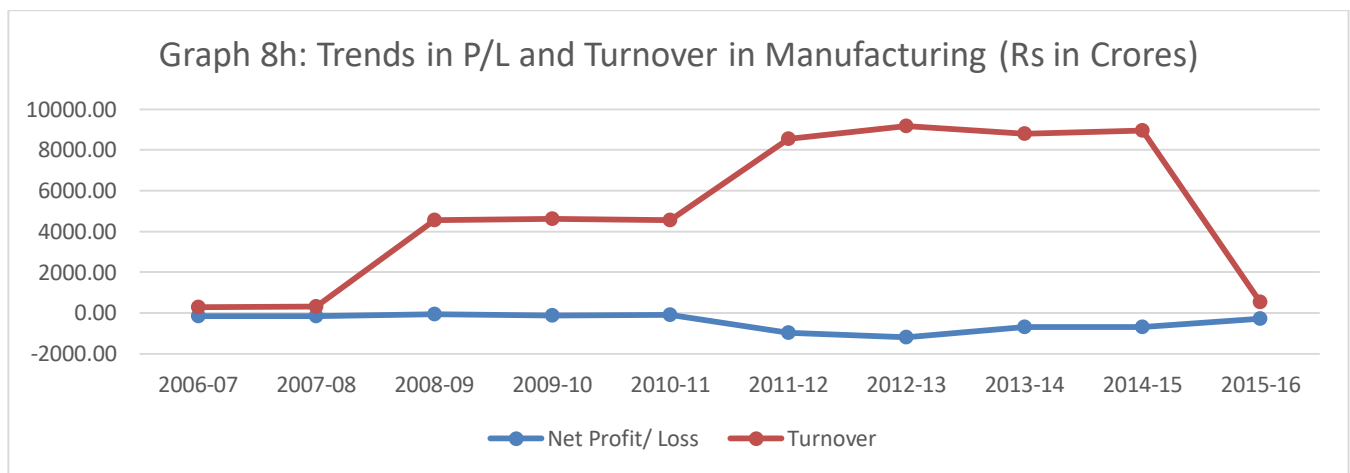


Infrastructure PSUs transformed themselves collectively into a profit making body in the year 2007-08 with a net profit of Rs. 9.58 crores. before being a loss making entity in the earlier years. The profit remained almost stable till 2011-12 after which there was a huge spike in profits followed by steep decline leading to a loss of Rs 80 crores in 2013-14. In the following year, the profit again gained the momentum reaching to all time high of Rs 116 crores in 2014-15 in the period of analysis. Turnover initially displayed a dip in 2009-10 but eventually improved in the subsequent years with maximum being Rs. 1157.52 crores. in the year 2014-15 similar to the trend of profit. Manpower has increased continuously since 2010-11.

4. Manufacturing (Rs in Crores)

Table 8i:

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	-152.09	286.10	6055
2007-08	-136.92	329.08	5436
2008-09	-47.32	4570.69	6821
2009-10	-103.99	4610.19	6905
2010-11	-75.36	4566.46	6618
2011-12	-962.3	8546.39	6198
2012-13	-1177.92	9173.89	6163
2013-14	-692.24	8801.02	5680
2014-15	-687.85	8941.19	5191
2015-16	-263.4	538.02	4380



Manufacturing PSUs despite being a loss making entity displays an improvement in its performance till mid of the period of analysis. The net profit figure raised from Rs -152.09 crores in the year 2006-07 to Rs -75.36 crores in 2010-11. However, in the following two years loss increased tremendously and peaked at Rs 1117 crores in 2012-13. After this spike there has been a decline but the losses are pretty high compared to the scenario at the beginning. Turnover increased

steeply in the year 2008-09 to Rs 4570.7 crores from Rs 329.1 crores in 2007-08. The figure then remained stable till 2010-11 after which it suddenly skyrocketed to Rs 8546 crores in 2011-12 and maintained its momentum in the following three periods. The year 2015-16 displayed a marked decline in turnover from Rs 8941.19 crores to Rs 538 crores. Employment shrunk considerably since 2009-10 i.e. from a figure of 6905 in 2009-10 to 4380 to 2015-16. It is to be noted that even though manpower has decreased continuously but the impact of this cost cutting measure is still not visible in terms of net profit or loss.

5. Services (Rs in Crores)

Table 8j:

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	-239.90	1006.78	24828
2007-08	-157.03	863.53	23476
2008-09	-507.20	1305.06	22749
2009-10	-238.94	1119.05	22074
2010-11	-384.33	1135.51	21413
2011-12	-223.05	1656.38	19700
2012-13	-302.76	1413.13	22387
2013-14	-221.83	1625.84	17920
2014-15	-391.34	2161.64	17625
2015-16	-142.73	1819.66	7295

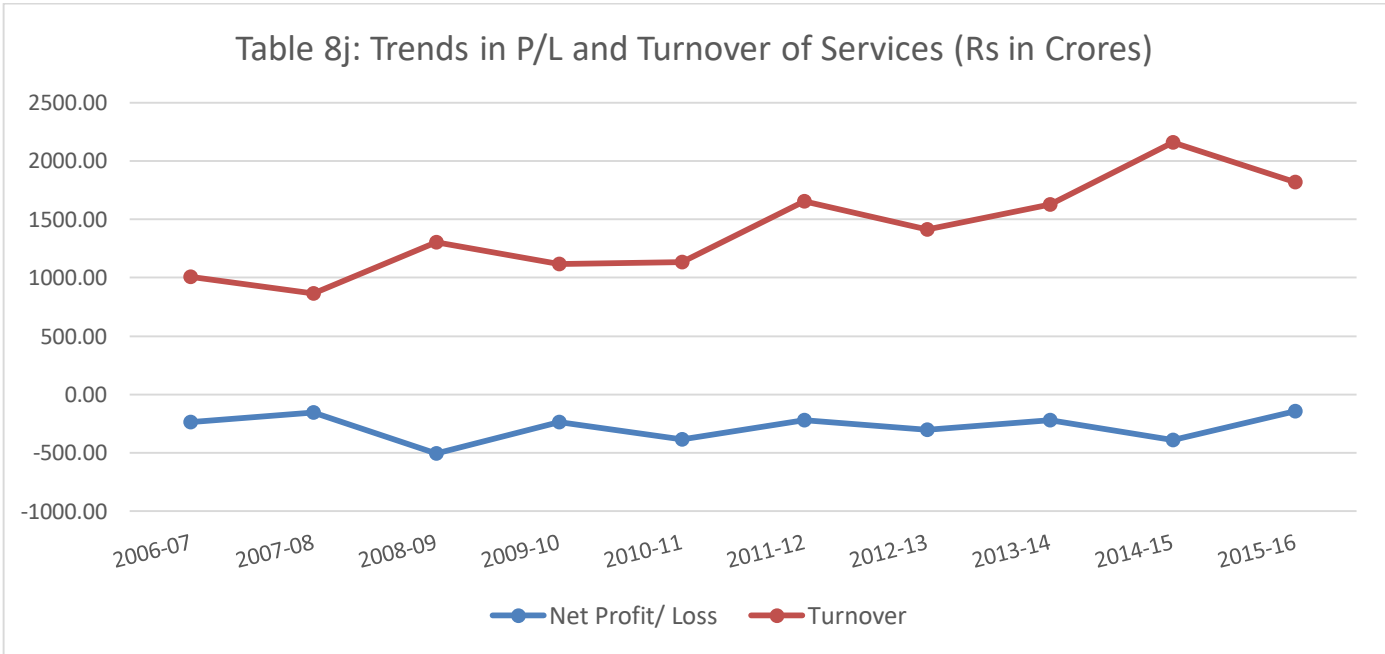
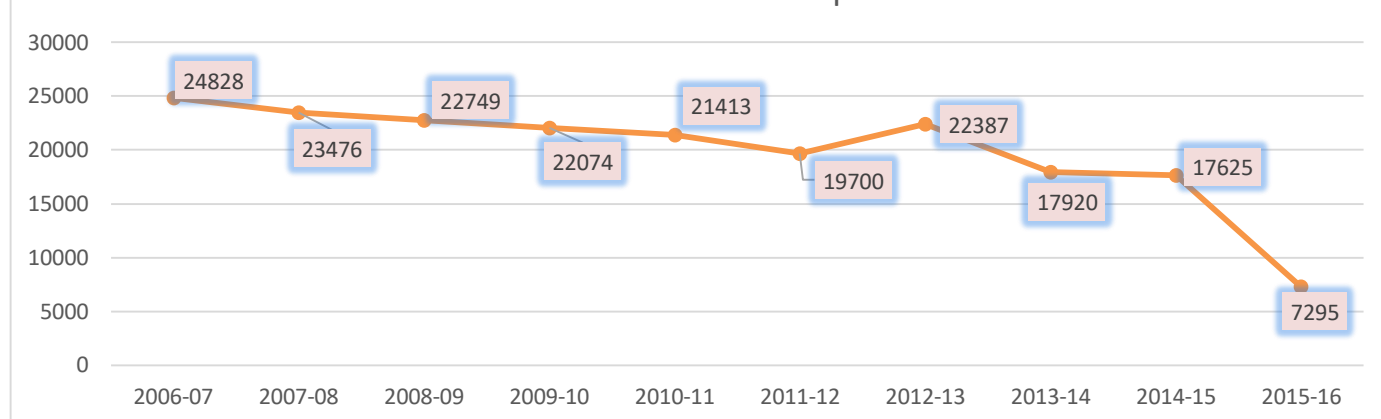


Table 8k: Trends in Manpower



Net loss figure of the Service sector PSUs displayed a constant zigzag movement throughout the period 2006-16 although it improved considerably in 2015-16 with a decline in net loss from Rs 391.34 crores to Rs 142 crores. Turnover also has shown a zigzag movement with three periods of spike in it (2008-09, 2011-12 and 2014-15). On the other hand, manpower has continuously declined with the exception of 2012-13. The drop has been gradual the years except the steep decline in employment from 17625 in 2014-15 to 7295 in 2015-16. It is important to note that this fall in employment is backed by the improvement in loss figures and marginal decline in turnover.

Reforms in Public Sector Enterprises

- I. **Phase I & II (2002-11)**: The restructuring of the State PSUs occurred in two phases during 2002-2011. The State Government entered into an agreement with the Department of International Development, United Kingdom in December 2002. The agreement enabled the State Government to receive a grant of £ 20 million which was earmarked for restructuring costs, separation-related expenditure and re-training of employees laid off as a result of privatization. In January 2003, the Government appointed M/s Price Waterhouse Coopers for business optimization studies of 14 loss incurring units. However, no disinvestment, privatization or re-structuring had taken place during the year 2002-03. Starting from May 2003, the State Government decided to close eight Government companies, privatize 11 companies while restructuring four companies within Government sector. This process continued till December 2004. Due to the process of restructuring, the Government had to shell out Rs 42.33 crores to 953 employees of three companies under Early Retirement Scheme till September 2004. In January

2005, the Government undertook financial re-structuring of three companies by transforming Government loan and interest of Rs 841.73 crores into equity. Further, the Government undertook financial restructuring in respect of four companies during the period May 2005-January 2006 by way of conversion of Government loan and interest of Rs 393.66 crore into equity and had written off loan and interest of Rs 47.76 crores. During the year 2006-07, the Government disinvested 74 per cent equity of Engel India Machines & Tools (1987) Limited and West Bengal Chemical Industries Limited in favor of two private enterprises.

In the second phase, starting from January 2006, the Government took up restructuring of another 22 loss making PSUs and appointed three consultants in August 2006 for business optimization studies. During October 2006 to September 2007 two more PSUs were closed after paying compensation of Rs 9.06 crores to 170 of their employees. During the year 2006-07, the Government disinvested 74 per cent equity of West Bengal Agro Textile Corporation Limited and 90 per cent equity of Apollo Zipper India Limited in favour of two private enterprises. The second phase covered PSUs in the transport sector as well as 14 PSUs and three Department Undertakings (DUs) under six Departments and resulting into restructuring and retention of PSUs under Government ownership, conversion of four PSUs into Joint Ventures, closure of one PSU and Corporatization of one DU and conversion of two DUs into Joint Ventures.

- II. **Regime Change and Restructure Initiatives:** The matter of comprehensive restructuring of PSUs/ Corporations with an objective to improve the operational efficiency, optimally utilize the manpower and assets has been crucial for West Bengal Government given the worsening condition of PSUs.

The state government in the memorandum dated 21.02.2017 has decided that 46 PSUs/ Corporations will be restructured/ merged (26 PSUs/ Corporations would be restructured and 20 would be merged) and 44 PSUs/ Corporations will continue to remain functional after reviewing the status of 90 PSUs/ Corporations of the state government. It has further been decided that the services of employees of all such restructured/ merged PSUs/ Corporations would not be affected in any way. The employees in such merged or restructured PSUs/ Corporations will be redeployed in the continuing PSUs/

Corporations with which the original unit is merged or detailed in the various offices in the Government with same terms & conditions of service.

Chapter – IX

Broad Content

**Impact of Power Sector Reforms on State's Financial Health.
In case reforms have not been implemented, the likely outcome on
the State's fiscal health.**

9. Performance of Power Sector and Impact on Financial Health

9.1 Reform Trajectory

The course of West Bengal's power sector since 2000 has been one of the most unusual and periodically encouraging of any Indian state. During the period of 2002-2011, West Bengal developed a technocratic, pragmatic, and statist model of power reforms in the hope of incentivizing industrialization. Rather than relying on restructuring or civil society activism, this model focused on internal changes - corporate governance, capacity building, and technology-aided process streamlining - to bolster the independence of the utilities. Between 2006 and 2011, this model proved strikingly successful: transmission and distribution (T&D) losses and load-shedding dropped, tariffs were consistently revised, the state distribution company (discom) became increasingly efficient, and rural electrification rapidly accelerated. The major public and private discoms in the state both introduced increasingly automated and ambitious systems of consumer relations and data management. From humungous annual losses in 2002, by 2011 West Bengal had become one of only three states to report utility profits without any government subsidy, topping World Bank performance indices. But after 2011, the sector has become more troubled. Tariff revisions have failed to keep pace with rising costs, T&D losses are escalating and renewable energy has been sidelined.

However from 2012 onwards, the government was highly sensitive to tariff hikes and blocked any tariff revisions in the initial years even when the costs pursued an increasing trend. Tariff freezes lead to worsening utility finances and hence leading to imminent power cuts. This persuaded the administration to permit belated hikes. The hikes that were belatedly permitted could not keep pace with the increasing cost of employee salaries or interest payments, nor with a perceived decline in WBSEDCL's overall performance. When revisions did arrive, the domestic tariffs went sharply up leading to huge unrest as consumers were facing some of the country's highest tariffs. T&D losses had also begun to climb at a rate that cannot be attributed solely to technical losses from expanded rural electrification.

Since 2011 WBSEDCL has wrestled with mounting debts and has increasingly resorted to short-term borrowing to finance even everyday operations³. ICICI Securities estimated a revenue gap of Rs 20 billion in FY15-16, widening due to interest rates above its permitted carrying cost on regulatory assets. The discom's

³ Ministry of Power, Fourth Annual Rating.

credit rating was therefore recently downgraded, the ratings agency citing its rising regulatory assets, uncertainties around tariff revisions, and high T&D losses.⁴ The administration had also therefore resisted signing onto the centre's Ujwal Discom Assurance Yojana (UDAY) financial restructuring scheme owing to its own high debt to GSDP ratio, as this would simply heap the discom's debts upon the state government's own distressed books.

Power sector in West Bengal is characterized by restructured State Electricity Board, presence of multiple distribution utilities, including privately owned and those owned by State and Central Governments. All five distribution utilities have their own power generation plants/ sources. The State has been amongst the few to successfully implement the power sector reforms and the financial statements of the distribution utility (WBSEDCL) reflect that it has garnered profits over the last few years.

The process of reforms in power sector in West Bengal began in 2005, with restructuring of erstwhile West Bengal State Electricity Board (WBSEB) into the following Transmission and Distribution utilities in 2007:

- a) West Bengal State Electricity Distribution Company Ltd. (WBSEDCL) – Distribution Company
- b) West Bengal State Electricity Transmission Company Ltd. (WBSETCL) (Transmission Company)

The generation function of erstwhile state utility has been organized under a separate entity, West Bengal Power Development Corporation Ltd. (WBPDC). Established in 1985, WBPDC is responsible for thermal power generation in the State, while hydro generation was being undertaken by the then WBSEB till the time of unbundling and currently transferred of hydro assets to WBSEDCL.

9.2 Analysis of Power Sector

In the power sector, turnover slumped to Rs 3311.75 crores in 2007-08 but continued to rise afterwards as the figure touched Rs 27040.89 crores in 2013-14. In the following two years however there has been a marginal decline in turnover. There has been a significant shrinkage in employment as 35235 in 2006-07 was reduced to 26686 in 2015-16. The power industry which was looked upon as a perfect model by other industries since it managed to strike a balance between net profit and

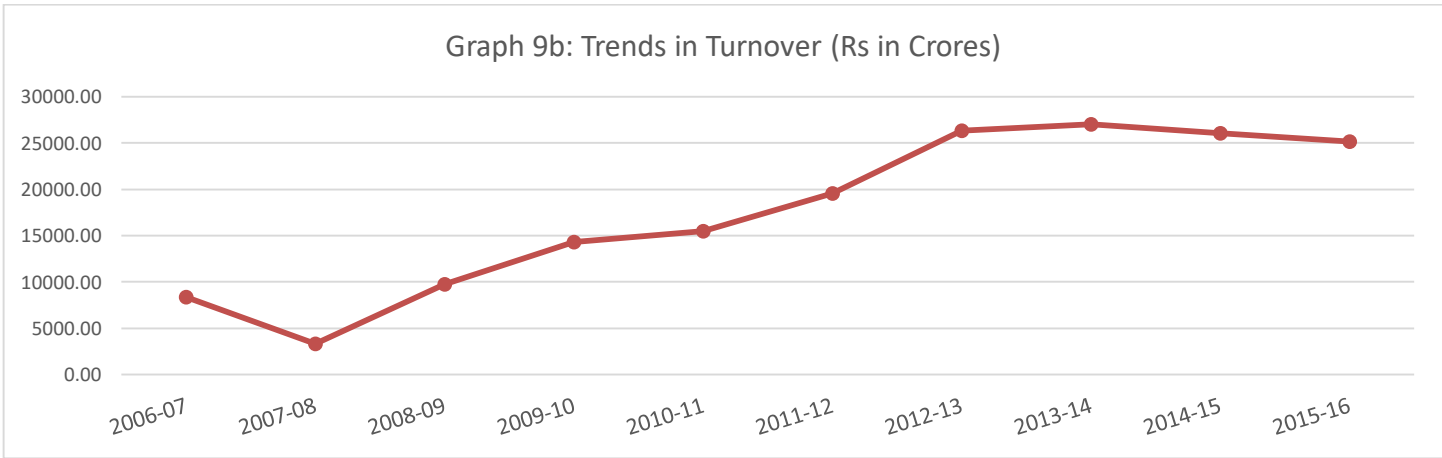
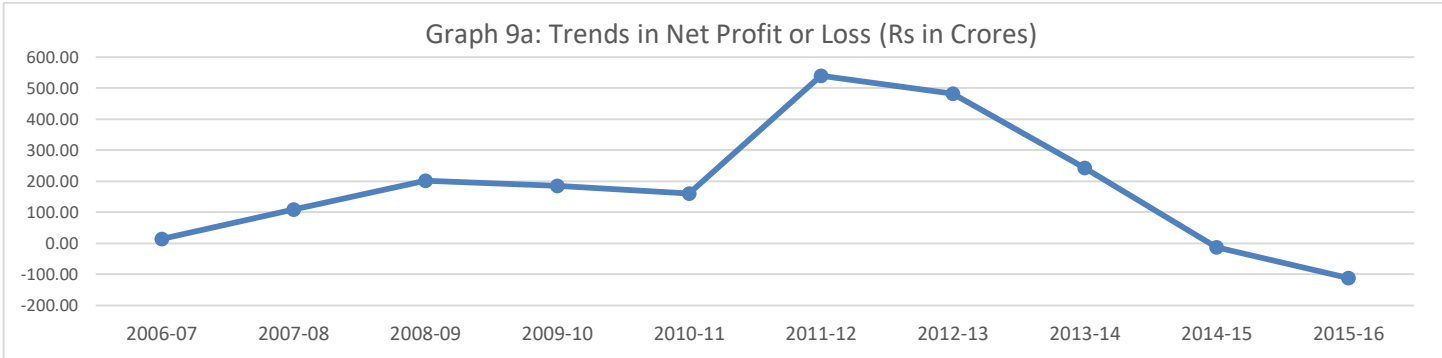
⁴ <https://www.moneylife.in/article/west-bengal-power-sector-illustrates-the-difficulties-of-power-reform/47171.html>

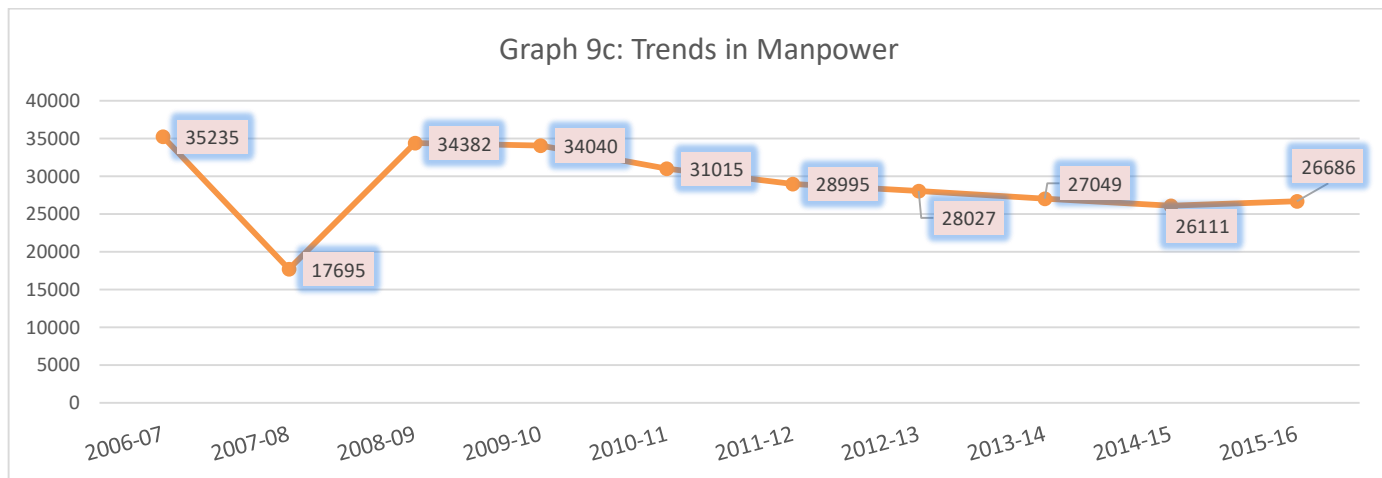
turnover has become a loss making entity since past two years. This sector started with a profit of Rs 12.93 crores in 2006-07 with profits reaching to a height of Rs 540 crores in 2011-12. However, there has been a continuous decline in profits and the major blow came in 2014-15 when the power sector accumulated a loss of Rs 12.3 crores after a period of remarkable performance. The situation worsened in 2015-16 as the loss increased to Rs 112.88 crores.

Table 9a: Attributes of Power Sector PSUs

Year	Net Profit/ Loss	Turnover	Manpower
2006-07	12.93	8382.02	35235
2007-08	109.23	3311.75	17695
2008-09	201.60	9757.24	34382
2009-10	184.50	14291.11	34040
2010-11	159.85	15463.37	31015
2011-12	540.72	19579.92	28995
2012-13	482.82	26367.02	28027
2013-14	242.14	27040.89	27049
2014-15	-12.3	26057	26111
2015-16	-112.88	25158.4	26686

*Source: PSUs Report of different Years, CAG





The most important PSU in power sector is WBSEDCL. It is the main electricity distribution company of the State and undertakes business of electricity distribution to consumers within the State. It procures power through direct purchase from State/ Central PSUs as well as from private companies. As of March 2016, WBSEDCL had a network of over 1.64 crore consumers throughout the State. It also generates small amount of hydro-electricity which it sells to consumers. In order to assess the financial impact of Power sector on fiscal health, the analysis of this PSU becomes crucial.

Table 9b: Attributes of WBSEDCL (Rs in Crores)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Total Income	14,172.85	17,499.85	17,879.92	19,583.34	18,611.30
Total Expense	14,070.22	17,391.49	17,850.31	19,553.30	18,576.12
Profit Based Tax	102.63	108.36	29.61	30.04	35.18
Tax	29.15	26.64	10.54	10.22	13.6
Profit After Tax	73.48	81.72	19.07	19.82	21.58
Paid up Capital	2,558.40	2,256.74	2,256.74	2,256.74	2,256.74
Non- Current Liabilities	11,177.35	13,065.64	15,037.42	16,014.82	17,425.51
Debt Equity Factor	4.37:1	5.79:1	6.66:1	7.1:1	7.72:1

Source: PSUs Report of different Years, CAG

The revenue as well as expense for the corporation increased steadily from 2011-12 till 2014-15 on account of upward revision of tariff in energy charges before declining in 2015-16. The fall in revenue in 2015-16 was due to decrease in the number of bulk consumers mostly belonging to the iron and steel industry.

Net profit of WBSEDCL decreased to Rs 21.58 crore in 2015-16 from Rs 73.48 crore in 2011-12. This was attributable to increase in finance cost to Rs 1,451.57 crore (111 per cent) from Rs 687.24 crore and other expenses to Rs 1,122.41 crore (98 per cent) from Rs 565.69 crore in 2015-16 over the year 2011-12

respectively. The finance cost had increased due to jump of 50.43 per cent in long term borrowings for projects from financial institutions and 272.38 per cent in short-term loans and cash credit from banks to meet the working capital requirements during the period from 2011-12 to 2015-16. Besides, other expenses included expenditure on outsourced jobs (manpower related) that had increased by 159 per cent. Debt-equity ratio has also increased from 4.37 in 2011-12 to 7.72 in 2015-16 due to increase of borrowings for financing various projects.

Table 9c: Efficiency of WBSEDCL (in percent)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Billing Efficiency ⁵	74.64	74.18	71.64	72.1	71.98
Collection Efficiency ⁶	91.83	87.36	97.45	94.8	95.37
Standard norm T&D loss by WBERC	17.75	17.5	17.5	17.5	17.5
Actual T&D Loss	24.88	25.4	27.96	27.6	27.74
T & D Loss in Excess of Norm	7.13	7.9	10.46	10.1	10.24
Standard norm of AT&C Loss by GoI	-	-	30.51	29	28
Actual AT&C Loss	32.18	35.79	30.66	32.52	31.58
AT&C Loss in excess norm	-	-	0.15	3.52	3.58

Source: PSUs Report of different Years, CAG

The distribution system links the power generation source and the ultimate consumers of electricity. For efficient functioning of the system, it must be ensured that there are minimum losses in sub-transmission and distribution of power. Transmission and Distribution (T&D) loss is energy lost in the network while flowing from the generation source to the consumers. Aggregate Technical and Commercial (AT&C) loss is the difference between energy available for sale (after adjusting for transmission losses and trading in energy) and energy realized. Efficiency of operations is indicated by efforts of the electricity distribution company to reduce/control these losses by proper billing and collection for increasing revenue from the sale of electricity. The above table shows the details of billing and collection efficiency and aggregate technical and commercial (AT&C) losses for the period from 2011-12 to 2015-16.

It indicates that during 2011-12 to 2015-16 both the actual T&D loss and AT&C loss were higher than the standard norms fixed by WBERC and Ministry of Power, GoI. In this context it was observed that WBSEDCL had formulated (April 2010) a

⁵ Energy billed as a percentage of energy available for sale

⁶ (Net revenue from sale of energy – Change in receivables for sale of energy) x 100/ (Net revenue from sale of energy)

plan to reduce the AT&C losses of 62 specified towns within five years from 2011-12 to 2015-16 under the GoI-funded scheme covering 18.75 per cent of its total consumers only. Apart from this, WBSEDCL had not formulated any plan or set targets for reduction of AT&C losses for the remaining towns, which comprised 81.25 per cent of its total consumers. According to CAG report on Public Sector Undertakings, the major factors which were responsible for these results are:

- Loss of interest due to delays in raising of energy bills
- Theft of electricity
- Accumulation/ non-realisation of outstanding dues
- Loss of revenue from unbilled consumers
- Transformers installed without consumers
- Deemed disconnected consumers

Power distribution is also carried out by 4 other licensees in the State, apart from WBSEDCL which supplies power to nearly 1.84 Cr consumers in the State. The State regulatory commission, West Bengal State Electricity Regulatory Commission (WBERC) was established in year 1999 by the State. The key highlights of the power sector in the State are presented in Table below.

Table 9d: Key Highlights of Power Sector

Aspect	Key Highlights				
Demand Supply Position	As compared to national figures, the State has had lower demand and supply deficit. The FY15 power supply position is shown in the table below (CEA Figures):				
	Item	Peak (in MW)		Energy (in MUs)	
	Demand/Requirement	7,54		46,157	
	Availability	7,52		45,909	
	Surplus/(Deficit)	(20)		(248)	
Generation	West Bengal Power Development Corporation Ltd., is the state generating company, owning and operating thermal power generating stations. In addition to WBPDCCL, remaining thermal power generating capacity is owned and operated by private players viz. CESC, HEL, IPCL and central generating stations owned by NTPC, NHPC and DVC etc. and also some IPPs (MPL, APNRL etc.). (As per CEA)				
	Mode	Thermal	Hydro	RE	Total (MW)

	State	5,320	977	92	9	6,38	
	Private	1,941	0	40	1	1,98	
	Central	922	271	0	4	1,19	
	Total	8,183	1,248	132	4	9,56	
Transmission	West Bengal State Electricity Transmission Company Ltd. (WBSETCL) is the State Transmission Utility, responsible for developing and operating transmission systems in the State. An overview of inter and intra-state transmission system available to the state is provided in the table below:						
	Mode		Voltage		MVAs		
	Intra-state		400 kV		3,780		
			220 kV		9,880		
			132 kV		9,674.5		
			66 kV		246.3		
Inter-state		400/220 kV		4,595			
		220/132 kV		890			
Distribution	There are 5 distribution utilities operating in the State, with 2 being private licensees, 2 owned by State Government and one owned by Central Govt., as detailed below:						
	<ul style="list-style-type: none"> • WBSEDCL - West Bengal State Electricity Distribution Company Limited is a State Govt. owned utility responsible for electricity distribution in the State with consumer base of about 1.53 Crores. • CESC – CESC Limited is a fully integrated private utility, owning and operating distribution system with total area of 567Sq. Km in Kolkata and Howrah, serving over 29 lac consumers. • IPCL (Formerly DPSC) – India Power Co. Ltd. is a privately owned utility which owns and operates distribution system in region spread over 618 Sq. Km in coal rich Asansol and Raniganj area. • DPL – Durgapur Projects Ltd. is a State Govt. owned integrated power utility responsible for supplying electricity in the limited geographical area of Durgapur, operating in area of 125 Sq. Km. • DVC – Damodar Valley Corporation is a Central Govt. owned utility, supplying power at 33kV level and above in the DVC command area spanning across the State of West Bengal and Jharkhand. Nearly 40% of sales of DVC are in the state of West Bengal. 						
	Parameters	Unit	WBSEDCL	DPL	CESC	IPCL	
	33 kV Lines	ckm	13,926	79	1,479	133	
	11 kV Lines	ckm	1,50,946	386	6,346	752	

	LT Lines	Ckm	2,91,092	960	12,554	19
	33/ 11 kV S/Stn	No.	517	2	108	14
	33/ 11 kV S/Stn	MVA	7,681	948	3,454	349
	DTs	No.	1,99,289	535	7,906	57
	DTs	MVA	9361.5	104	2,650	9
Financial Position	The financial position of state owned distribution utility (WBSEDCL) has improved considerably over the last few years with WBSEDCL being able to remain profitable in most of the years. CESC, the largest private power distribution utility in the State has also been profitable by efficiently managing its operations.					

Source: Report: Power for All, West Bengal, Joint Initiative by GoI and GoWB

9.3 Reforms and Policies in Renewable Energy Sector

The perennial and eternal source of energy has a vital role in the socio-economic development of the country. Keeping this viewpoint, West Bengal Green Energy Development Corporation Limited (WBGEDCL) was established by Govt. of West Bengal on 26 December 2007, in order to promote different grid connected renewable energy based power projects through PPP mode and also to ensure investment of private sector in Renewable Energy. WBGEDCL a joint venture company of West Bengal Power Development Corporation Limited (WBPDC), West Bengal State Electricity Distribution Company Limited (WBSEDCL) and West Bengal Renewable Energy Development Agency (WBREDA). The Government of West Bengal has formulated a "Policy on Cogeneration and generation of electricity from Renewable Sources of Energy" for accelerating development initiatives for promotion of alternative energy sources in the State of West Bengal.

Projects undertaken by WBGEDCL:

2009-10

- Installation and successfully running of the Country's First 1.1 MW Solar PV Power Plant at Jamuria, Asansol.
- Installation of 28000 ltr. per day (LPD) Solar water Heating Systems at National Institute of Technology, Durgapur.

- Installation and commissioning of 3 kW Rooftop Solar PV Power Plant at Howrah Municipal Corporation Annex Building.

2010-11

- Installation and commissioning of 50 kW and 30 Kw Grid connected Rooftop Solar PV Power Plant in 3 government buildings.
- World Bank e-Consultant for preparation of report on ‘Improving Energy Infrastructure in Indian Sundarbans’.
- Installation of 164 nos. of Solar Street Lighting Systems in the major rural markets yards of the State under the West Bengal State Marketing Board.
- 2000 ltr. per day (LPD) at BESU, Howrah.

2011-12

- Installation of 0.9 MW (Second Phase) Grid connected Solar PV Power Plant at Jamuria, Burdwan.
- Installation of 317 nos. of Solar Street Lighting & 70 nos. of Solar Home Lighting systems in different locations of West Bengal as indentified by Fisheries Dept., Govt. of West Bengal.
- Distribution of 1875 Nos. of Solar Lantern to the DM, South 24 Parganas for distribution the same to the Minority Students.
- Installation of 4000 LPD Solar Water Heating Systems at Raj Bhavan, Kolkata.

2012-13

- Installation of 10 nos Solar Home Lighting systems.
- Distribution of 1875 Nos. of Solar Lantern to the DM, South 24 Parganas for distribution the same to the Minority Students
- Installation of 3 kW off-grid Power Plant at Mangrove Tourist Lodge.
- Installation of 7 kW Rooftop Grid connected Power Plant at Bethun College.

2013-14

- Installation of 1.5 kW off-grid Power Plant at ERLDC.
- Installation of 1 nos.(High capacity) Solar Street Lighting Systems at Nadia District Library.

2014-15

- Installation of 2.5 kW off-grid Power Plant at Kolkata Circuit House Kolkata Circuit House.

2015-2016

- Installation of 75 nos. 5 kWp (grid connected with net metering) and 10 nos. 2 kWp off-grid Solar PV power plants in Schools and 15 nos. 10 kWp (grid connected with net metering) in PHC's throughout West Bengal. The project is funded by West Bengal Pollution Control Board (WBPCB), Department of Environment, Govt. of West Bengal. The installation of total 100 nos. Rooftop Solar PV Power Plants under Phase-I has been completed.
- Renovation of first phase 1 MW Grid connected SPV Power Plant at Jamuria, Asansol is going on in collaboration with CDAC and the project of development and deployment is funded by Dept. of Electronics and Information Technology (DeitY), Govt. of India through National Mission on Power Electronics technology (NaMPET). Installation and commissioning of 3 X 333 kVA inverter was completed on 15th January 2016.
- Installed 20 kWp Grid Connect Rooftop Solar PV Power Plant at the substation roof of Nation Institute of Biomedical Genomics, Kalyani, and Nadia. – Installation Completed.

Ongoing Projects for the year 2016-2017

- Tender already has been floated and price bid under evaluation for installation of Rooftop Solar PV Power plants in 100 schools (Phase-II) throughout West Bengal” with financial support from WBPCB.
- LOA has placed and installation work under progress of 15 kWp Rooftop Solar PV Power plants at Maheshtala Municipality Building, Maheshtal, and South 24 Parganas.
- Installation of 2.5 kW Solar PV Power Plant with Battery Back-up at Nadia District Library, Ghurni, Krishnagar – Tender floated.

Chapter – X

Broad Content

Subsidies given by the States, Targeting and Evaluation

10. Analysis of Subsidies

The State Government has the responsibility of providing subsidies/ subventions to disadvantaged sections of the society as well as to those sectors which have strong linkages to the economy or in other words which involve positive externality. It also takes up the responsibility of subsidizing the loss making enterprises. Hence, budgetary support to financial institutions, inadequate returns on investments and poor recovery of user charges from social and economic services provided by the Government fall in the category of implicit subsidies.

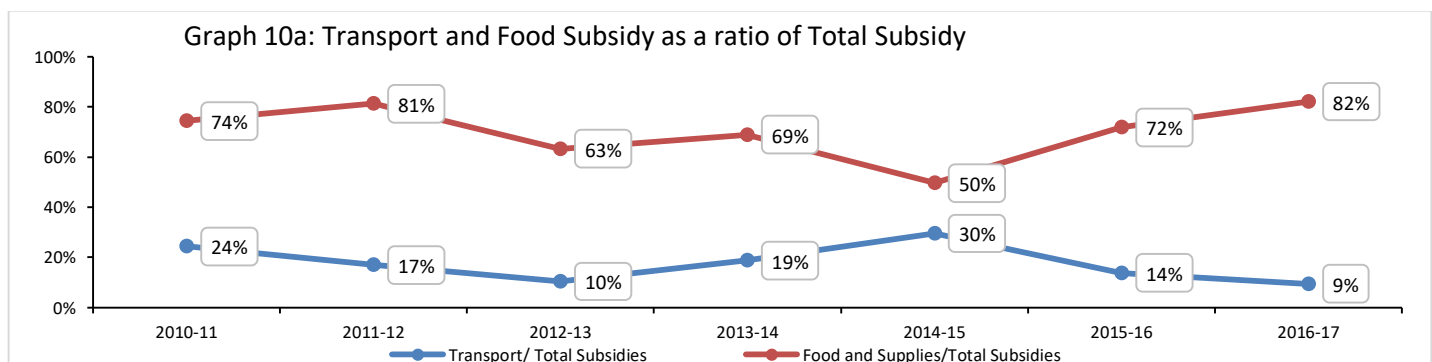
The total subsidy has shown a positive trend increasing from Rs 2093.4 crores to Rs 9587.13 crores from 2010-11 to 2016-17. The transport and food and supplies are the major constituents of subsidy; comprising of almost 90% of the overall subsidy.

Table 10a: Major Components of Subsidies (Rs in Crores)

Year	Transport	Food and Supplies	Total
2010-11	509.4	1556.2	2093.4
2011-12	433.9	2084.7	2564.3
2012-13	457.6	2786.0	4403.6
2013-14	642.9	2369.2	3436.9
2014-15	563.8	946.5	1908.8
2015-16	700.0	3659.9	5097.5
2016-17	905.3	7870.0	9587.1

*Source: Finance Accounts, CAG

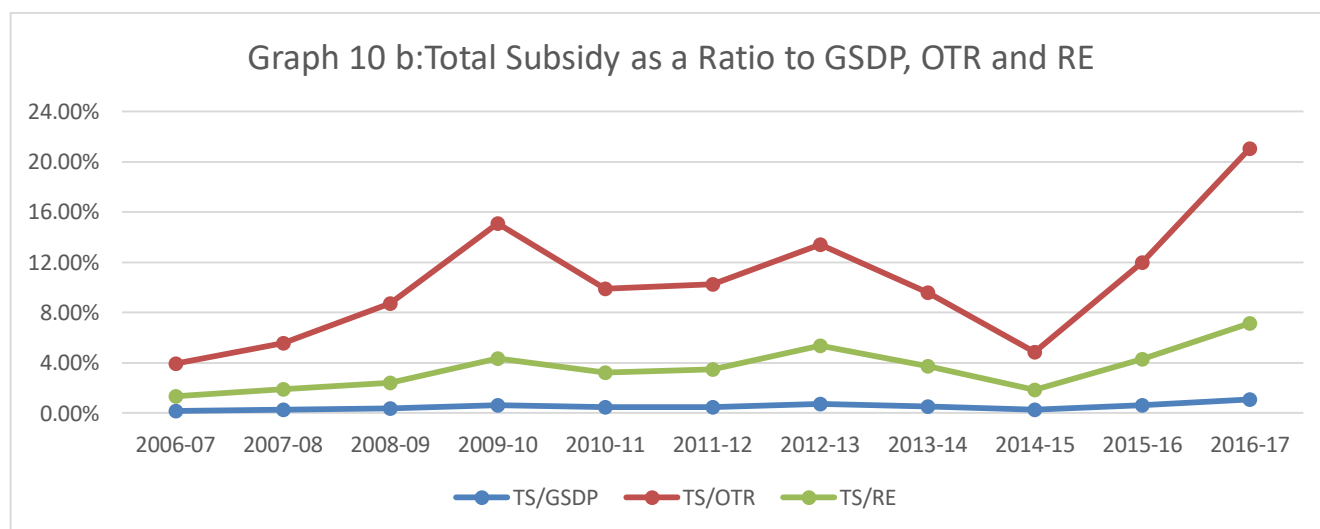
The transport subsidy although has increased over years but in terms of the ratio of total subsidy it has shown a declining trend from 2010-11. On the other hand, subsidy on food and supplies have shown a dip from 81% in 2011-12 to 50% in 2014-15 of subsidy and the regained the momentum by increasing to 82% in 2016-17.



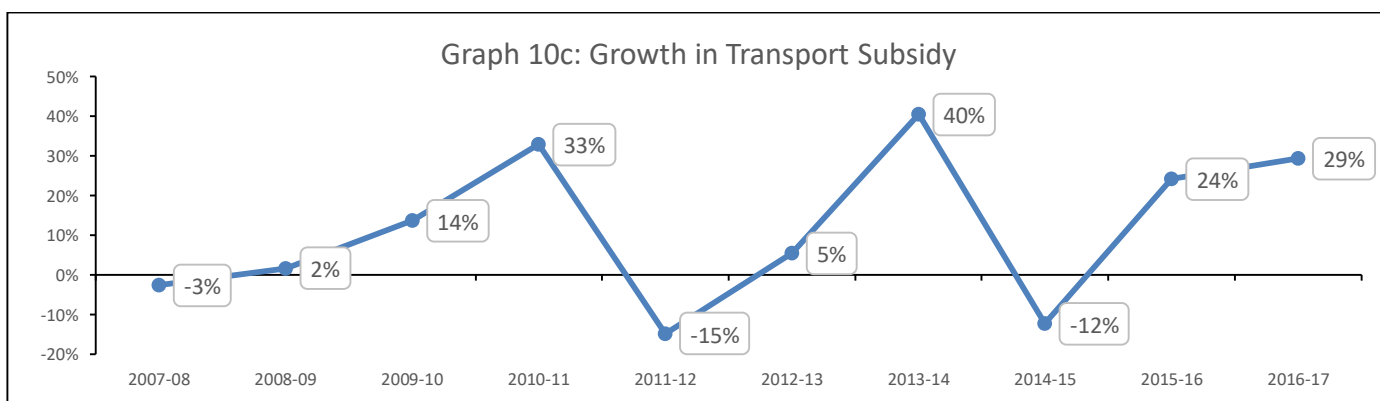
The ratio of subsidy with respect to own tax revenue has increased from 6% in 2007-08 to 21% in 2016-17 which pose a serious threat to fiscal condition of the state and needs to be tackled by enhancing the revenue.

Table 10b: Ratio of Total Subsidies to GSDP, OTR and RE

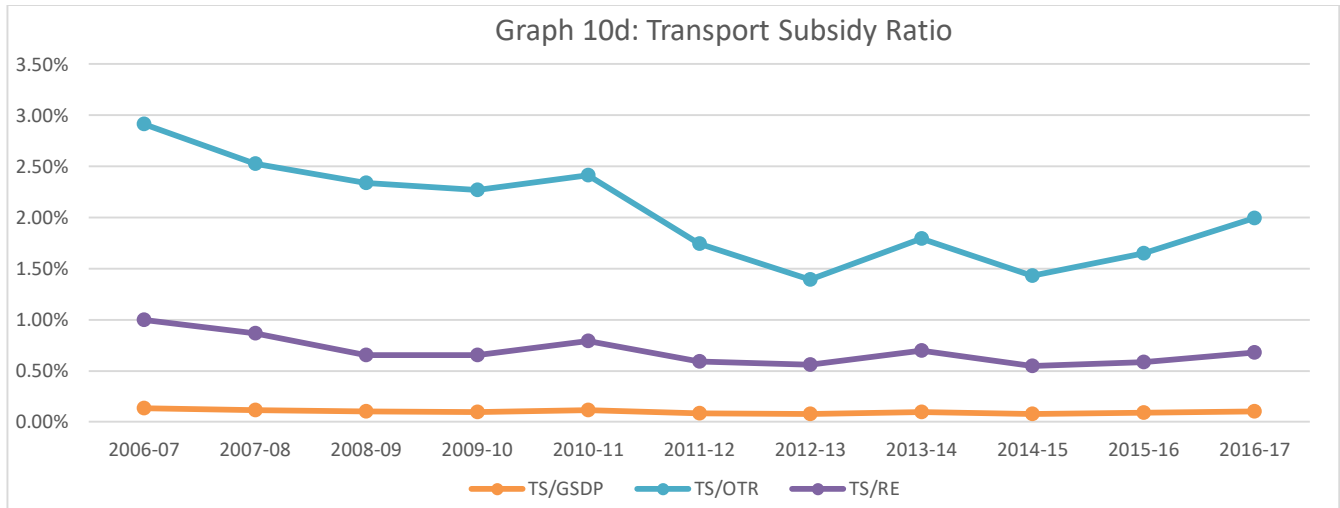
TOTAL SUBSIDIES	TS/GSDP	TS/OTR	TS/RE
2006-07	0.18%	3.93%	1.35%
2007-08	0.25%	5.58%	1.91%
2008-09	0.37%	8.71%	2.43%
2009-10	0.65%	15.12%	4.37%
2010-11	0.46%	9.91%	3.24%
2011-12	0.49%	10.28%	3.50%
2012-13	0.74%	13.42%	5.36%
2013-14	0.51%	9.59%	3.74%
2014-15	0.27%	4.84%	1.84%
2015-16	0.64%	12.00%	4.27%
2016-17	1.09%	21.09%	7.16%



10.1 Transport Subsidy:



The trend in growth of transport subsidy reveals that there is a cyclical pattern. The growth firstly peaked in 2010-11 at 33% after which it dropped to -15 % in 2011-12. In the next two subsequent years, it again skyrocketed to 40% in 2013-14 followed by a drop to -12 % in 2014-15. In the last two years the growth has been positive and have shown an increasing trend.



It can be observed from the graph that rise in ratio of total subsidies to own tax revenue in the recent years is entirely driven by increase in ratio of food and supplies subsidy with respect to OTR. It increased from 2.40% in 2014-15 to 17.31% in 2016-17.

10.2 Food and Supplies:

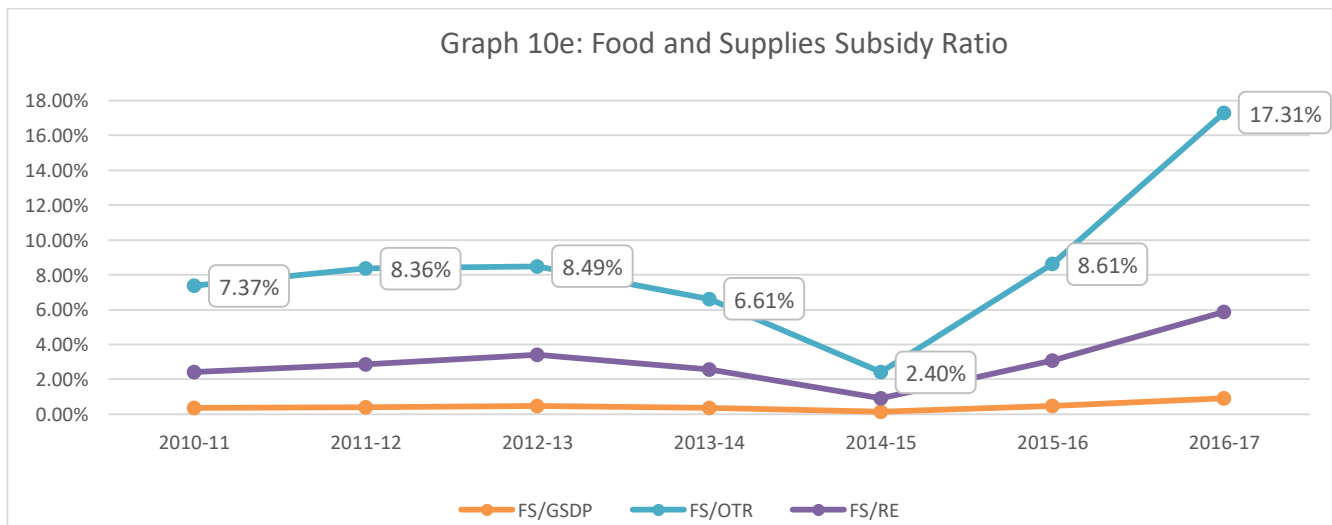


Table 10c: Composition of Subsidies (Rs in Lakhs)

Subsidies	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Agriculture Marketing	500		321	356	874	1111
Agriculture	2944	2766	5286		11905	12000
Animal Resource Development			19	29		
Cooperation	117	196	8	77	193	150
Fisheries	130	154	228	333	115	181
Food Processing			42		57	6
Labour	427	393	613	10094		39
MSMEs				60		920
Power and Energy Conservation		111168	33927	23526	55000	60000
SHGs		800	1350	3000	3500	6000
Tourism			161	1129	1846	428
Transport	43395	45764	64286	56380	70002	90534
Food and Supplies	208467	278603	236919	94647	365992	787002
Water Resource Conservation	298	298	235	143	267	198
Environment	150	73	300	100		
Housing	6					
Commerce & Industries				1000		
Total	256433	440365	343693	190875	509752	958713

*Sources: Finance Accounts CAG

Chapter – XI

Broad Content

Analysis of Contingent Liabilities of the State

11. Status of Outstanding Guarantees: Contingent Liabilities

Guarantees are the liabilities contingent on the Consolidated Fund of the state in case of default by the borrower to whom the guarantees have been extended. The West Bengal Ceiling on Government Guarantees Act, 2001 stipulated 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. Finance department acts as the tracking authority in respect of guarantees.

From the table given below, it is quite evident that outstanding government guarantees during the period of 2011-17 were well within the limits prescribed by the West Bengal Ceiling on Government Guarantees Act, 2001.

Table 11a: Outstanding Guarantees of West Bengal Government (Rs in Crore)

Attributes	2012	2013	2014	2015	2016	2017
Number of organisations given guarantee	631	606	586	533	474	477
Maximum amount guaranteed	20106	18981	14818	15184	14625	15613
Outstanding Amount of Guarantee	10192	8821	4550	9322	8788	7801
Ceiling Fixed by State Govt Act	42538	52880	61466	65594	77863	98668.53
percentage of Outstanding Guarantee to Revenue Receipts of Second Preceding Year	22	15	7	14	10	8

*Source: PSUs Report, West Bengal, CAG

Table 11b: Sector Wise Outstanding Guarantees (Rs in Crore)

Sector-wise disclosures for each class of Guarantees						
Sectors	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Power	1,538.6	1,534.7	1,650.9	3,398.7	33,27.3	30,30.0
Cooperative	677.5	8.3	861.6	784.0	8,21.6	8,64.0
Road and Transport	128.2	128.2	124.2			
State Financial Corporations	7,033.9	6,417.3	1,425.6	4,490.0	36,03.6	26,08.3

Urban Development and Housing	0.9	0.1	0.1	0.1	0.1	0.1
Municipalities/Universities & Local Bodies	3.4	3.4	3.3	3.1	5.9	5.9
Other Institution	810.0	729.2	483.9	645.7	10,33.67	1,308.8
Grand Total	10,192.5	8,821.2	4,550.0	9,322.0	87,88.38	78,01.41

Source: PSUs Report, West Bengal, CAG

The sector wise disclosure of Guarantees reveal that maximum amount of guarantees have been allocated to the Power Sector. Out of the total 477 guarantees outstanding as on 31 March 2017, Power sector alone accounted for 399 guarantees (84%)

11.1 Guarantee Redemption Fund (GRF)

12th Finance Commission had recommended opening of the GRF for discharging the liability of the Government towards invocation of the guarantees extended by it. As per the guidelines of the RBI (the administering authority of the fund), State Government was required to make minimum annual contributions to the Fund at the rate of one per cent in the first year and thereafter at the rate of 0.5 per cent of the outstanding guarantees at the end of the previous year. State Government had constituted the fund in January 2015 and contributed Rs 50 crore during 2015-16. Till March 2016, State Government has contributed Rs 96 crore in GRF at the prescribed rate of the scheme. In 2017, addition of Rs 100 crores have been made to GRF.

Chapter – XII

Broad Content

Determination of Sustainable Debt Roadmap for 2020-25, taking into account impact of consideration of introduction of GST and other tax/non tax trends

12. Analysis of Debt Management

Apart from the magnitude of debt of the State Government, it is important to analyze various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of total debt available, burden of interest payments on public debt (measured by the ratio of interest payments on public debt to revenue receipts) and maturity profile of State Government securities. Table 12.a and 12.b analyses the debt sustainability of the State according to these indicators during the ten years period 2006-17.

Table 12a: Outstanding Debt and ratio to GSDP

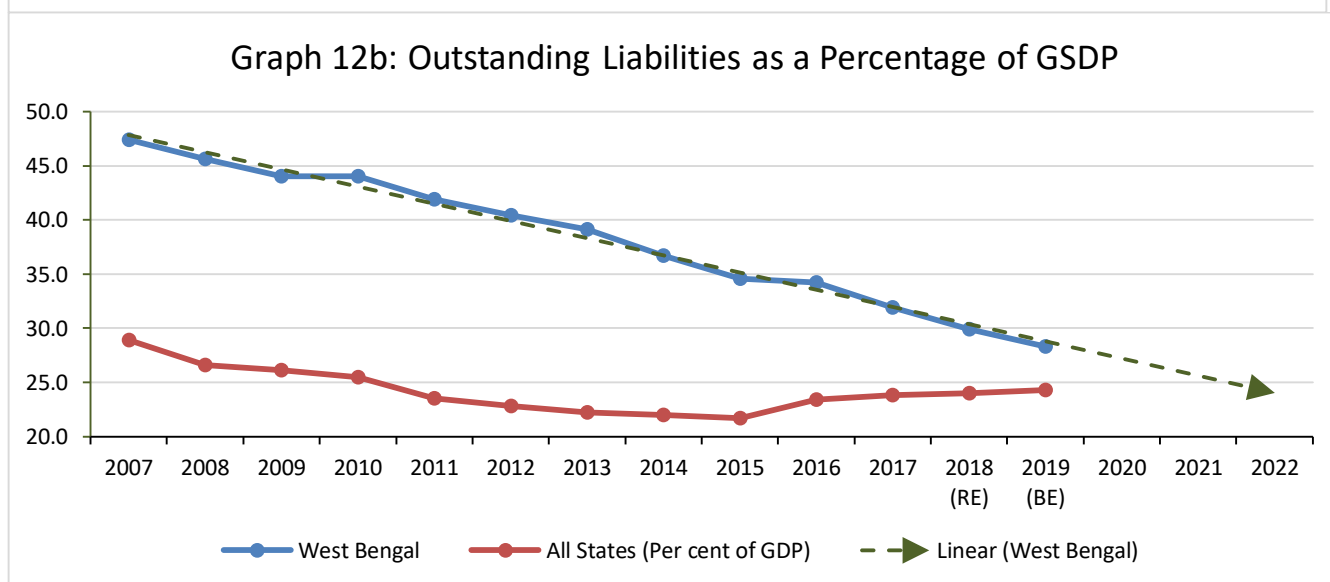
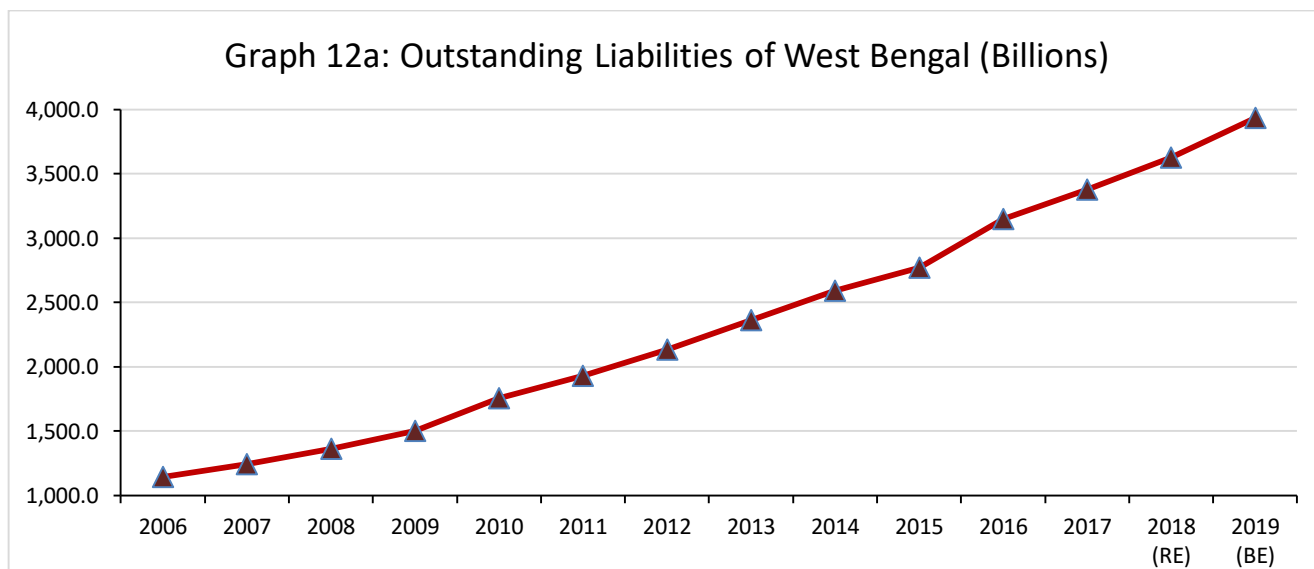
Year	Outstanding Debt(BI)		Outstanding Debt to GSDP Ratio %	
	West Bengal	All States	West Bengal	All States
2006-07	1,241.5	12,415.8	47.4	28.9
2007-08	1,364.2	13,283.0	45.6	26.6
2008-09	1,504.3	14,702.0	44.0	26.1
2009-10	1,755.3	16,486.5	44.0	25.5
2010-11	1,929.2	18,289.8	41.9	23.5
2011-12	2,136.2	19,939.2	40.4	22.8
2012-13	2,361.1	22,102.5	39.1	22.2
2013-14	2,590.1	24,712.6	36.7	22.0
2014-15	2,773.2	27,037.6	34.6	21.7
2015-16	3,147.4	32,181.3	34.2	23.4
2016-17	3,376.1	36,293.1	31.9	23.8
2017-18 R.E.	3,628.8	40,220.8	29.9	24.0
2018-19 B.E.	3,937.0	45,408.5	28.3	24.3

*Sources: Handbook of Indian States, RBI

Table 12.b Difference in Growth Rates of IP an OR

Year	Interest Payment (BI)	Own Revenue (MI)	Growth in IP	Growth in OR	OR G-IP G	TR G-IP G
2006-07	108.8	129500	-	-	-	-
2007-08	113.8	146000	5%	13%	8%	12%
2008-09	120.7	193900	6%	33%	27%	16%
2009-10	133.1	193400	10%	0%	-11%	-10%
2010-11	138.2	235100	4%	22%	18%	24%

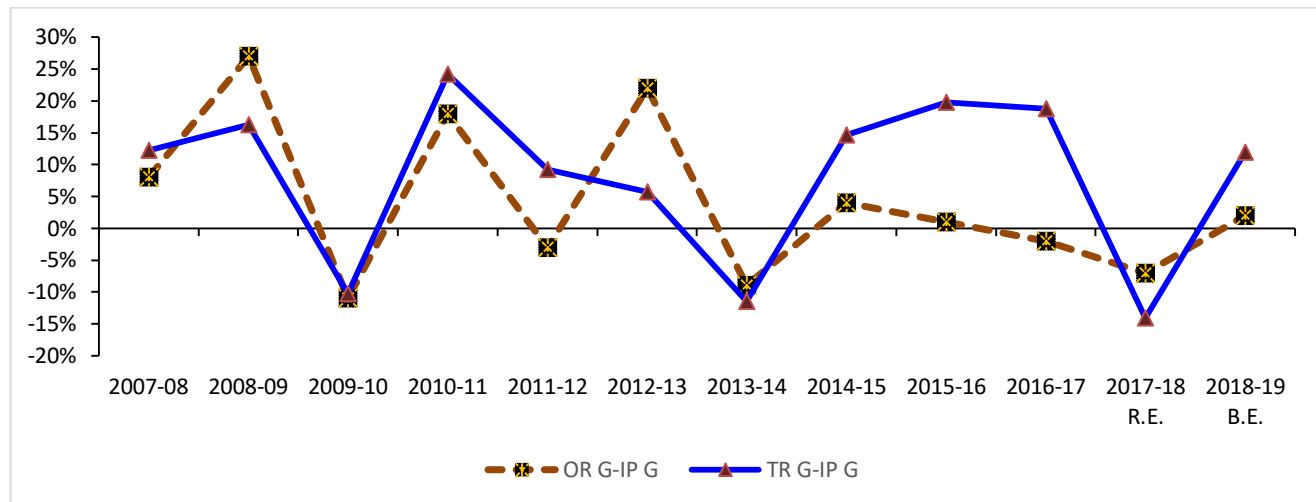
2011-12	159.0	262784	15%	12%	-3%	9%
2012-13	175.7	347266	11%	32%	22%	6%
2013-14	207.6	378533	18%	9%	-9%	-11%
2014-15	215.9	410386	4%	8%	4%	15%
2015-16	231.1	443539	7%	8%	1%	20%
2016-17	257.0	484163	11%	9%	-2%	19%
2017-18 R.E.	275.9	486516	7%	0%	-7%	-14%
2018-19 B.E.	271.3	486300	-2%	0%	2%	12%



As we can see from the [Table 12.a](#) and [Graph 12.a](#) that outstanding liabilities have shown a progressive trend in case of West Bengal at a compound annual growth rate of 9%. It grew from Rs 1241.5 billion in 2006-07 to Rs 3376 billion in 2016-17. Simultaneously, the outstanding liabilities of general category states grew at CAGR of 10% during the same period. However, outstanding liabilities as a ratio of

GSDP has shown a progressive decline from 2006-07 to 2016-17. It fell from 47.4% in 2006-07 to 31.9% in 2016-17. The trend seems to continue even in the next two period according to the budget estimates. This indicates that state government's debt might be sustainable in the near future.

Graph 12.c: Trend in growth rate of TR and OR versus IP of West Bengal



The Graph 12.c portrays an unhealthy picture in terms of continuous rise in interest payment on debt of state government. There had been a zigzag movement in the trend of difference between growth rate of own revenue receipts and interest payment till 2013-14. However from 2014-15, there has been a continuous decline in the gap and it fell down to -2 % in 2016-17. This picture seems to worsen in 2017-18 indicating increasing debt repayment burden. However, there is an expectation of improvement in 2018-19 as the gap seems to rise to 2 % according to the budget estimates.

Table 12.c: Growth Rates of GSDP and Outstanding Debt of West Bengal

Year	GSDP Growth Rate	Outstanding Liabilities Growth Rate	GSDP G-OL G
2006-07	14%	8.5%	5.1%
2007-08	14%	9.9%	4.6%
2008-09	14%	10.3%	3.9%
2009-10	17%	16.7%	0.0%
2010-11	16%	9.9%	5.7%
2011-12	15%	10.7%	3.9%
2012-13	14%	10.5%	3.1%
2013-14	14%	9.7%	4.7%

2014-15	6%	7.1%	-1.0%
2015-16	11%	13.5%	-2.5%
2016-17	10%	7.3%	3.0%
2017-18 RE	16%	7.5%	8.6%

Graph 12.d: Trend of GSDP growth versus Outstanding Debt growth of West Bengal

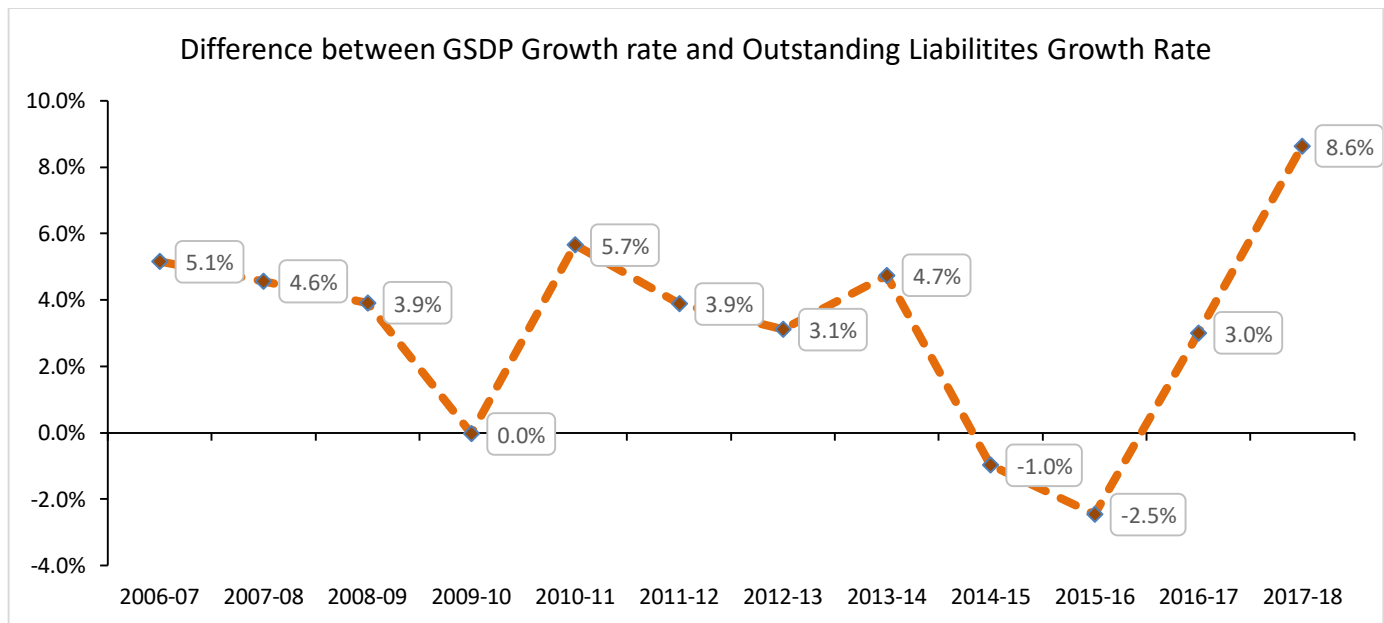
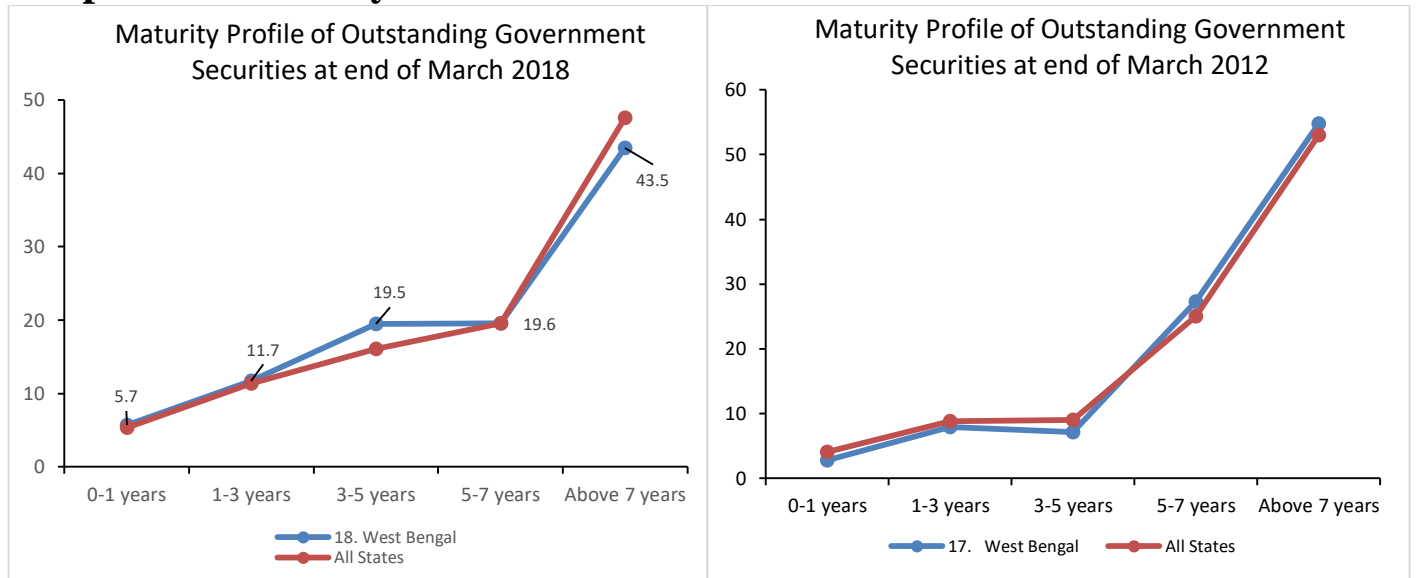


Table 12.c and Graph 12.d are showing how the growth rates of GSDP and outstanding liabilities have changed over the years. It is quite evident from the trend that the gap between growth rate of GSDP and Outstanding liabilities has remained positive for almost entire period of analysis except 2014-16. However, this gap improved in 2016-17 and this momentum is estimated to continue even in 2017-18. This indicates that state government might be able to manage its debt in the ensuing year if the growth in GSDP continue to be higher as projected.

12.1 Maturity Profile of State Debt

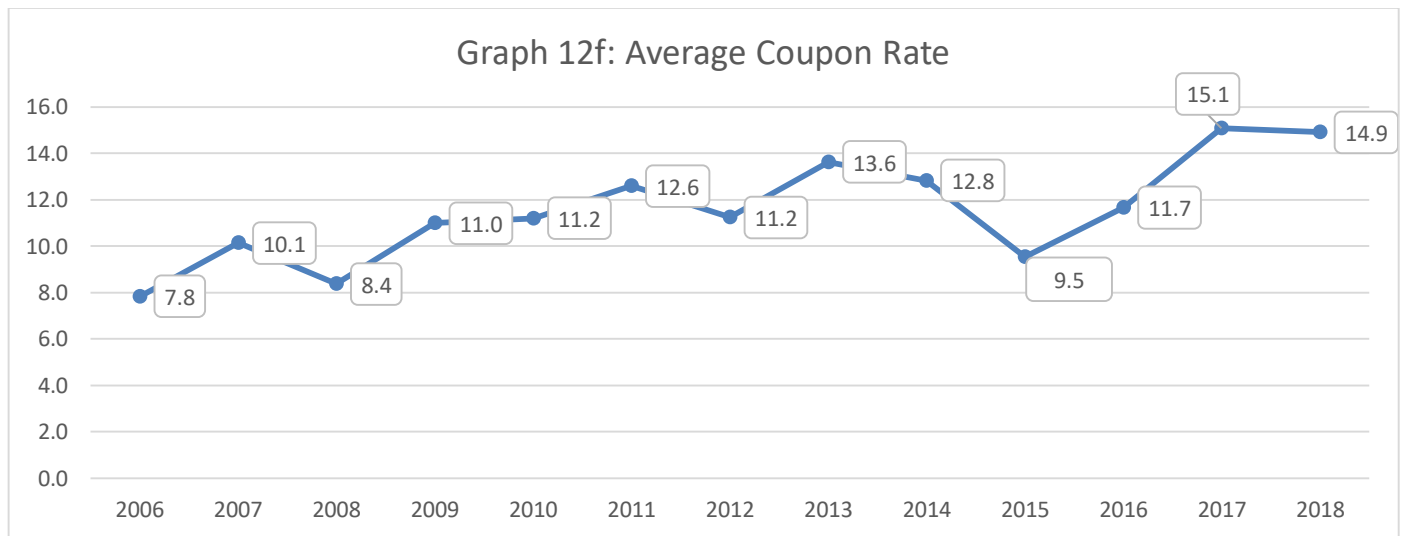
The maturity profile of the State debt, are depicted in Graph 12.e indicates that the liability of the State would steeply rise from 2017-18 onwards and approximately 55% of outstanding securities of financial year 2011-12 .

Graph 12e: Maturity Profile of State Government Debt



The State will have to put in place a mechanism for augmentation of resources, exploring new sources of revenue and prioritising expenditure to ensure that debts which mature in these critical years are met through an appropriate debt repayment strategy and fresh borrowings channelized for development expenditure only.

Average Coupon Rate on State Development Loans of West Bengal:



Source: RBI Data

The average coupon rate on state development loans has shown a zigzag trend till 2015. However the increasing trend has been dominant throughout the period. There was a major slump in 2015 when coupon rate dropped from 12.8 percent to 9.5 percent. After that, there has been an increasing trend till 2017 when coupon rate increased to 15.1 percent. In 2018, there is a slight decline to 14.9 percent.

Appendix

Table A.1 Detailed Composition of Own Non Tax Revenue

State's Own NTR (1 to 6)	2018-19 (B.E.)	2017-18 (R.E.)	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
	33954	31731	29498	21,420	16266	20227	19181	13402	23804	24381	496640	147309	124876
1. Interest Receipts	13,753.6	12,853.8	12,012.4	2,998.2	2774.6	9862.9	9341	2915.4	7168.4	3628.3	399990	68996	68,366
2. Dividends and Profits	12.1	11.3	10.5	61.0	56.4	83.5	23.4	10.1	10.7	4.8	605	622	234
3. General Services	6,716.2	6,281.1	5,764.5	4,887.6	7677.4	5089.1	4647.4	5131	2614.9	3922	29481	168792	20,045
of which: State Lotteries	1,620.5	1,514.5	1,415.4	1,702.4	1576.3	1696.9	1589.5	1,207.8	323.9	318	3061	–	2,832
4. Social Services (i to ix)	4,354.5	4,069.6	3,803.3	2,467.6	2284	2122.4	1844.1	1515.7	1879.9	1929.5	14884	27222	11,395
i) Education, Sports, Art and Culture	2,022.4	1,890.0	1,766.4	576.2	533.2	631.9	383.3	205.4	652.1	730.4	4462	9622	1,622
ii) Medical and Public Health	1,543.2	1,442.2	1,347.8	1,116.1	1032.9	914.4	843.4	821.3	670.2	473.4	6636	8186	6,813
iii) Family Welfare	0.2	0.1	0.1	0.6	0.5	0.6	0.8	0.9	1.4	1.1	50	200	14
iv) Housing	128.4	120.0	112.1	185.5	171.7	118.3	114.4	119.4	115.2	145.2	907	4062	1,043
v) Urban Development	422.0	394.4	368.6	313.8	290.6	234.3	263	180.6	169.1	340.5	808	3890	515
vi) Labour and Employment	98.0	91.6	85.6	63.1	58.5	57.7	60	55.9	129.4	47.1	553	796	429
vii) Social Security and Welfare	31.2	29.2	27.3	58.6	54.3	28.1	42.1	54.8	74.9	103.6	764	448	552
viii) Water Supply and Sanitation	71.0	66.4	62.0	89.9	83.3	90.5	98.2	38.3	27.6	26.2	202	–	484
ix) Others	38.2	35.7	33.4	63.7	59	46.7	38.9	39.1	39.9	61.9	502	18	-76
5. Fiscal Services	–	–	–	–	–	–	–	–	–	0.1	–	–	–
6. Economic Services (i to xvii)	9,117.7	8,515.2	7,907.8	11,006	3474.2	3069.3	3325.4	3830.3	12131		51680	258092	24,836
i) Crop Husbandry	84.5	78.9	73.8	51.5	47.7	66.9	79.9	53.6	55	58.4	509	4067	493
ii) Animal Husbandry	46.1	43.1	40.3	36.8	34.1	30.1	32	33.9	69.7	37.5	555	2119	329
iii) Fisheries	18.3	17.1	16.0	7.9	7.3	12.7	18.7	7.4	46.7	11.9	411	338	257
iv) Forestry and Wildlife	1,448.0	1,353.3	1,264.8	1,465.9	1357.3	1237.6	1136.1	924.7	754.9	641.7	4533	18520	4,087
v) Plantations	0.2	0.2	0.2	0.3	0.3	0.2	0.1	0.1	0.1	0.1	7	–	5
vi) Co-operation	96.8	90.5	84.6	79.3	73.4	78.8	179	130.7	43.1	49.6	448	1050	487
vii) Other Agricultural Programmes	3.9	3.6	2.5	1.8	1.7	2.8	1.6	2.5	1.9	2.6	29	433	38
viii) Major and Medium Irrigation projects	83.4	78.0	72.9	121.7	112.6	123.1	99.2	90.3	68.2	58.2	693	14984	695
ix) Minor Irrigations	201.9	188.6	176.3	199.3	184.5	178.1	188.5	194.8	183.2	200.3	2033	1697	1,890
x) Power	–	–	–	–	–	0.1	0.1	0.1	0.1	0.1	1	90000	1
xi) Petroleum	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	1	–	1
xii) Village and Small Industries	21.5	20.1	18.8	20.9	19.4	21.3	15.7	29.5	18.2	28	384	9	169
xiii) Industries@	4,606.0	4,304.7	4,023.1	7,772.6	480.6	462.8	368.6	541.3	139.8	98.7	1258	51779	1,347
xiv) Ports and Light Houses	4.1	3.8	3.6	2.4	2.2	1.3	2.3	1.4	1.6	1.8	12	–	9
xv) Road Transport	–	–	–	–	–	–	–	–	–	1.1	–	218	–
xvi) Tourism	13.5	12.6	11.8	65.0	60.1	9.1	8.7	7.7	6.8	7.5	290	100	805
xvii) Others*	2,489.3	2,320.4	2,119.2	1,180.2	1092.8	844.3	1194.8	1812.2	10741	13698	40516	72778	14,222

Table A.2: Nature of Borrowing by Government of West Bengal

Values	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding Liabilities(A to F)	1241.5	1364.2	1504.3	1755.1	1929.2	2136.2	2361.1	2590.1	2773.2	3056.2	3344.9
A. Total Internal Debt	921.8	1033.5	1151.7	1370.7	1551.8	1724.5	1896.8	2078.6	2306.0	2564.5	2827.5
1.SDLs	208.4	315.8	431.2	587.3	671.7	879.7	1059.7	1230.6	1415.8	1624.1	1852.1
2.Power Bonds	17.7	15.7	14.7	12.8	9.8	7.9	5.9	4.9	2.0	-	-
3.Compensation and other bonds	0.0	0.0	0.0	-	-	-	-	-	-	-	-
4.NSSF	609.9	617.2	622.4	687.2	788.1	777.5	776.4	788.0	832.8	877.8	904.6
5.WMA from RBI	-	-	-	-	6.1	-	-	-	-	-	-
6.Loans from banks & FL's	85.9	84.9	83.4	83.5	76.1	59.4	54.9	55.0	55.4	62.6	70.8
i. Loans from LIC	0.3	0.3	0.2	0.2	0.1	0.1	0.1	-	-	-	-
ii. Loans from GIC	0.1	0.1	0.0	0.1	0.1	-	-	-	-	-	-
iii. Loans from NABARD	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
iv. Loans from SBI and Other banks	-	-	-	-	-	-	-	-	-	-	-
v. Loans from NCDC	1.0	0.9	0.7	0.6	0.7	0.6	0.5	0.5	0.4	0.5	0.5
vi. Loans from other Institutions	84.0	83.2	82.1	82.3	74.8	58.4	53.9	54.1	54.6	61.8	70.0
B. Loans and Advances from Centre	147.8	141.6	134.6	126.5	123.4	120.6	128.9	129.6	136.4	149.5	157.4
C. Provident Funds etc.,	53.8	57.0	60.6	68.0	79.2	89.6	99.0	107.4	117.5	127.7	137.9
D. Reserve Funds	24.6	26.0	35.9	42.6	54.5	67.5	72.8	84.7	11.8	10.6	8.7
E. Deposit and Advances	93.4	106.0	121.4	147.4	120.2	133.9	163.3	189.6	201.3	203.7	213.2
F. Contingency Funds	0.1	0.1	0.2	-	-	0.2	0.2	0.2	0.2	0.2	0.2

*Source: RBI: Study of State Finances

Table A.3: Composition of Revenue Expenditure (Rs Millions)

YEAR	Developmental Expenditure	Non-Developmental Expenditure	Grants-in-Aid and Contributions	Total Expenditure
2006-07	158839	179013	3761	341612
2007-08	190168	188666	4310	383144
2008-09	304103	207754	4276	516133
2009-10	317378	263568	4053	584999
2010-11	354336	286804	4242	645382
2011-12	405329	322890	5045	733264
2012-13	462545	353251	5313	821109
2013-14	503452	408339	6182	917973
2014-15	603125	427123	6268	1036516
2015-16	722587	463022	7434	1193043
2016-17	832224	501307	5645	1339176
2017-18 (B E)	896814	524560	5071	1426444
2017-18 (R E)	908169	527243	4985	1440397
2018-19 (B E)	917578	544679	5220	1467478

Table A.4: Composition of Committed Expenditure (Rs in Billions)

Year	Wages and Salaries	Interest Payments	Pensions	Subsidies	Committed Expenditure
2006-07	108.8	108.8	35.5	4.6	257.7
2007-08	122.1	113.8	40.0	7.3	283.2
2008-09	137.7	120.7	44.3	12.6	315.3
2009-10	213.2	133.1	65.1	25.6	437.0
2010-11	249.5	138.2	80.8	20.9	489.4
2011-12	269.8	159.0	100.7	25.6	555.1
2012-13	283.4	175.7	110.4	44.0	613.5
2013-14	294.3	207.6	116.4	34.4	652.6
2014-15	309.9	215.9	121.3	19.1	666.1
2015-16	319.4	231.1	128.6	51.0	730.1
2016-17	329.2	257.0	120.0	95.9	802.1

Table A.5: Non-Development Expenditure to Total Expenditure

States	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
1. Andhra Pradesh	26.0	25.8	27.6	21.9	24.7	24.1	25.1	22.6
2. Bihar	30.5	28	29	29.7	28.1	25.9	26.8	24.6
3. Chhattisgarh	20.7	19.5	20.4	19.6	20.4	19.8	18.6	20.3
4. Goa	26.4	27.2	27.9	29.7	27.1	28.1	26.8	25.3
5. Gujarat	27.8	25.3	26.4	26.5	26.6	26.8	26.2	29.2
6. Haryana	26.6	26.3	28.6	30.7	23.5	26.9	28.5	28.5
7. Jharkhand	30.8	29.1	33.7	27.4	23.1	23.0	23.4	23.9
8. Karnataka	20.0	21.5	23	22.5	22.4	19.1	19.6	21.3
9. Kerala	38.1	37.0	38.6	39.5	39.9	38.7	39.4	37.6
10. Madhya Pradesh	20.3	21.4	23.2	20.3	21.1	18.3	21.8	21.3
11. Maharashtra	29.4	29.6	29.5	29.6	29.3	28.5	25.8	27.9
12. Odisha	27.0	27.1	25.3	22.8	19.6	19.7	22.7	23.1
13. Punjab	46.3	42.2	42.9	43.9	39.7	27.4	40.7	37.9
14. Rajasthan	28.9	25.5	25.2	24.4	18.5	24.5	24.1	25.5
15. Tamil Nadu	26.8	26.5	27.1	27.2	27.6	25.1	30.0	30.1
16. Telangana		–	–	23.4	24.2	21.2	23.2	19.9
17. Uttar Pradesh	35.2	35.3	32.6	29	26	28.9	31.0	33.6
18. West Bengal	38.7	37.2	37.9	35.1	32.8	32.4	29.0	28.8
General Category Overall	29.4	28.8	29.3	27.7	26.3	25.8	26.9	27.2

Table A.6: Capital Outlay of West Bengal and All States Average (Billions)

Year	State Average	West Bengal
2006-07	35.0	20.2
2011-12	61.2	27.6
2016-17	135.2	113.4
2017-18 RE	162.3	215.6
2018-19 BE	185.4	257.6

Table A.7: Development Expenditure to Total Expenditure

State	DE/AD*	DE /AD*	DE/ AD*	DE/ AD*	DE/ AD*	DE/ AD*	DE/ AD*	DE/ AD*
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 RE	2018-19 BE
1. Andhra Pradesh	68.0	68.2	66.9	73.6	70.2	71.8	70.4	72.4
2. Bihar	64.6	67.6	67.1	66.4	68.2	70.8	70.4	71.2
3. Chhattisgarh	74.2	75.1	75.4	76.2	76.2	76.3	78.4	76.9
4. Goa	69.6	68.2	68	66.2	68.7	67.7	67.9	69.3
5. Gujarat	65.3	67.9	67.4	68.3	68.1	66.2	65.4	62.2
6. Haryana	68.7	68.8	66.3	64.9	72.9	69.8	68.5	66.6
7. Jharkhand	62.9	63.7	60.7	67.9	72.8	73.5	72.6	71.7
8. Karnataka	71.0	70.5	69	69.1	70.5	73.2	72.4	70.8
9. Kerala	50.3	52.0	49.7	48.5	51.3	51.8	49.9	49.6
10. Madhya Pradesh	71.8	69.4	67.3	71.6	70.3	74.3	70.6	70.7
11. Maharashtra	65.6	65.4	63.9	64.9	63.7	64.0	64.3	59.5
12. Odisha	65.9	64.8	69	71.3	75.6	75.7	73.3	72.2
13. Punjab	46.3	50	48.3	49	53.1	67.9	48.2	50.2
14. Rajasthan	65.3	68.4	70.2	71.3	78.6	72.5	69.7	66.6
15. Tamil Nadu	62.9	61.8	62.3	62.4	62.1	64.9	59.4	57.0
16. Telangana		–	–	73.6	72.8	75.9	73.6	76.3
17. Uttar Pradesh	56.7	56.4	58.5	62.4	66.7	64.2	62.4	58.6
18. West Bengal	52.0	54.2	53.1	57.1	60	60.2	60.1	60.4
General Category Overall	63.3	63.7	63.3	65.6	67.5	68.0	66.0	64.4

Table A.8: Expenditure on Salary and Wages in different General Category States

(₹ billion)													
State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
1	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Andhra Pradesh	119.3	130.0	142.8	174.1	234.4	268.2	257.7	323.5	279.4	274.7	325.3	365.1	417.1
4. Bihar	–	–	–	–	–	125.0	139.8	–	151.9	–	164.5	195.3	212.7
5. Chhattisgarh	25.0	29.7	36.7	111.4	64.1	74.4	76.9	91.4	100.0	108.6	114.2	154.0	164.4
6. Goa	–	–	–	–	–	–	–	–	–	–	21.3	24.9	24.1
7. Gujarat	28.0	81.2	86.6	102.5	158.7	174.6	186.4	–	209.5	220.7	235.3	270.5	297.5
8. Haryana	40.3	44.7	63.5	83.1	95.2	96.0	106.2	112.9	133.0	–	157.8	183.3	206.0
11. Jharkhand	25.5	–	–	54.5	–	62.6	64.5	67.7	76.2	82.2	89.3	115.2	128.2
12. Karnataka	65.5	84.1	99.3	103.0	110.9	115.4	160.8	178.1	197.4	214.9	215.0	251.6	365.6
13. Kerala	66.6	77.9	91.8	99.3	112.1	162.9	175.6	196.2	216.9	238.3	284.7	319.0	335.9
14. Madhya Pradesh	63.4	69.8	85.5	106.1	132.9	150.9	162.2	183.7	212.6	218.7	229.3	285.4	319.2
15. Maharashtra	242.2	275.6	321.2	412.9	420.5	458.0	537.1	601.4	625.7	–	720.8	838.1	1,026.7
24. Tamil Nadu	107.0	121.6	160.0	194.9	238.3	268.0	276.0	318.6	370.7	371.3	401.2	451.6	521.7
27. Uttar Pradesh	98.7	111.9	238.6	333.5	–	273.2	291.5	300.9	326.8	345.2	383.7	473.6	528.2
29. West Bengal	108.8	122.1	137.7	213.2	249.5	269.8	283.4	294.3	309.9	319.4	329.2	–	–
Total	1,236	1,359	1,742	2,337	2,172	3,237	3,545	3,048	4,333	3,269	5,252	5,899	6,744

Table A.9: Repayment of Central Loans and Capital Expenditure (Rs in Billions)

Year	Repayment of Loans		Capital Outlay+ Loans from Centre	
	West Bengal	All States	West Bengal	All states
2006-07	8754.7	146048.3	33.3548	1118.5
2011-12	5333.1	97221.7	32.1171	2101.4
2016-17	9,754.60	1,25,282.90	125.3363	5,100.50
2017-18 RE	10,079.50	1,33,737.00	222.8161	5,097.10
2018-19 BE	10,428.80	1,42,794.40	266.2818	5,754.40

Table A.10:

State	Social Sector Expenditure to Total Disbursement							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
1. Andhra Pradesh	39.2	38.2	39.3	41.2	49.3	45.7	50.3	51.1
2. Bihar	40	44.4	43.4	44.8	46.9	48	51.4	54.7
3. Chhattisgarh	51.6	48.7	53.4	50.2	52.2	54	52.5	49.2
4. Goa	33.1	34	35.8	35.2	35.1	35.9	38.3	39.9
5. Gujarat	38.2	38.7	40	40.5	42.2	41.3	39.8	39
6. Haryana	40.9	40.8	37	39.3	31.1	37.2	40.9	40.4
7. Jharkhand	41.2	39.6	39	44.3	40.2	49.9	46.1	48.4
8. Karnataka	37.8	39.2	37.6	40	41.7	41.7	40.7	42.2
9. Kerala	34.8	34.9	34.5	35.7	36.3	36.4	36	35.9
10. Madhya Pradesh	33.6	40	39.8	39.7	44.6	41.6	43.4	43.2
11. Maharashtra	41.1	42.6	41.9	42.7	41.6	40.7	40.8	40.6
12. Odisha	42.9	41.6	44.2	44.6	45.8	45.6	46.5	46.3
13. Punjab	27.1	28.2	27.5	29.1	25.9	45.9	28.1	25.7
14. Rajasthan	42.6	41.5	44.5	47.1	36.7	41.7	43.8	42.3
15. Tamil Nadu	38.3	38.5	41.1	39.9	41.5	33.5	34.7	36
16. Telangana	–	–	–	39.2	43.6	39.4	45.7	42.6
17. Uttar Pradesh	38.8	38.8	38.1	36.6	36.3	40	37.7	37.7
18. West Bengal	42.5	42.1	42	46.5	48	47.4	48.2	48
All States	38.7	39.3	39.8	41	41.1	41.7	42	41.9

Table A.11: Education Expenditure as a ratio of Aggregate Expenditure

State	Education							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
1. Andhra Pradesh	13	12.9	13.7	12.6	14.6	12.6	13	14
2. Bihar	17	20.9	18.7	17.5	17.1	16	15.5	18.9
3. Chhattisgarh	17.7	16.3	18	20.2	18.6	19.6	18.4	18.2
4. Goa	14.8	15.4	15.7	15.1	14.3	14.3	13	14.4
5. Gujarat	15.8	14.3	15	15.2	15.2	14.5	14	13.2
6. Haryana	16	15.4	15.4	16.9	12.3	13.7	13.9	13.9
7. Jharkhand	15.9	14.8	13.5	14.6	12.2	13.9	13	13.9
8. Karnataka	14.7	15.5	15	14.3	13.6	12.5	10.7	12.1
9. Kerala	17.7	17.2	17.2	16.4	16	16.2	16.1	15.2
10 Madhya Pradesh	12.4	13.2	15.4	14.8	14.3	14	14.2	14.8
11. Maharashtra	20.2	20.7	20.5	19.2	19.2	17.7	16.7	16.3
12. Odisha	16.4	15.5	15	15.5	14.6	14	14.8	14.7
13. Punjab	14.8	15.3	14.2	14.3	14	8.6	12.9	11.6
14. Rajasthan	17.8	16.1	16.3	16.7	12.5	15.2	15	16.3
15. Tamil Nadu	14.3	14.7	16	15.8	15.5	13	13.6	13.9
16. Telangana	-	-	-	11.2	10.9	10	8.7	7.5
17 Uttar Pradesh	17.1	17.3	16	15	15.5	16.7	13	13.7
18. West Bengal	19.1	18.1	17.2	17.2	15.2	15.1	14.5	16.2
All States	16.3	16.4	16.5	16	15.3	14.7	14.1	14.6

Table A.12: Gross Enrolment ratio in Primary Schools across different states

Level of Education	Primary									
	Year	2013-14	2014-15	2015-16	2015-16	Growth in GER(2014-15)			Growth in GER(2015-16)	
State/UT	Girls	Girls	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Andhra Pradesh	92.07	84.86	83.11	83.29	-7.06	-7.83	-7.44	-1.68	-2.06	-1.87
Bihar	99.22	105.37	113.72	107.74	5.63	6.20	5.90	7.28	7.92	7.59
Chhattisgarh	102.87	102.39	101.05	100.87	-0.28	-0.47	-0.37	-1.66	-1.31	-1.49
Goa	105.26	103.6	103.13	101.12	-3.68	-1.58	-2.69	-2.21	-0.45	-1.38
Gujarat	97.39	97.58	98.31	96.66	-1.03	0.20	-0.47	-0.81	0.75	-0.09
Haryana	99.63	100.29	95.37	91.77	-0.17	0.66	0.21	-5.75	-4.91	-5.39
Jharkhand	106.93	107.56	109.36	107.08	0.27	0.59	0.43	1.18	1.67	1.42
Karnataka	97.41	98.86	99.83	99.38	0.78	1.49	1.13	0.63	0.98	0.80
Kerala	96.38	95.9	95.76	95.42	-1.04	-0.50	-0.78	-0.64	-0.15	-0.40
Madhya Pradesh	109.2	100.55	95.18	94.31	-7.07	-7.92	-7.49	-5.04	-5.34	-5.18
Maharashtra	98.59	99.24	98.98	98.3	-0.08	0.66	0.26	-0.91	-0.26	-0.61
Odisha#	97.49	98.75	99.2	100.2	1.39	1.29	1.34	0.44	0.46	0.44
Punjab	103.39	104.44	103.6	100.44	-0.37	1.02	0.25	-1.99	-0.80	-1.47
Rajasthan	94.01	92.62	96.64	97.24	-1.43	-1.48	-1.44	2.53	4.34	3.35
Tamil Nadu	101.44	100.46	100.94	99.94	-1.30	-0.97	-1.14	0.00	0.48	0.23
Telangana	-	99.12	98.04	97.79	-	-	-	-0.81	-1.09	-0.95
Uttar Pradesh	92.99	93.18	91.83	86.15	-1.04	0.20	-0.44	-2.21	-1.45	-1.87
West Bengal	105.62	105.77	107.31	104.16	0.40	0.14	0.26	1.52	1.46	1.48
All India	99.09	99.24	99.59	96.91	-0.35	0.15	-0.11	-0.26	0.35	0.02

Table A.13: Gross Enrolment Ratio in Secondary Schools across different states

Level of Education	Secondary								
	2013-14	2014-15	2015-16	Growth in GER(2014-15)			Growth in GER(2015-16)		
Year	Girls	Girls	Girls	Boys	Girls	Total	Boys	Girls	Total
Andhra Pradesh	76.77	73.42	76.48	-3.12	-4.36	-3.72	4.44	4.17	4.30
Bihar	62.96	73.85	85.43	12.87	17.30	15.00	11.28	15.68	13.43
Chhattisgarh	99.32	103.38	94.48	3.74	4.09	3.91	-	-8.61	-9.71
Goa	102.14	108.13	105.44	7.03	5.86	6.73	-	-2.49	-8.33
Gujarat	65.93	66.67	66.82	-1.20	1.12	-0.21	-0.69	0.22	-0.28
Haryana	82.92	82.47	84.23	-3.57	-0.54	-2.27	-1.70	2.13	-0.04
Jharkhand	71.79	74.64	76.93	0.99	3.97	2.45	1.95	3.07	2.49
Karnataka	78.15	82.63	84.19	5.40	5.73	5.56	1.60	1.89	1.74
Kerala	101.12	102.82	102.58	-0.19	1.68	0.71	-1.27	-0.23	-0.77
Madhya Pradesh	82.45	79.26	79.30	-3.76	-3.87	-3.80	0.68	0.05	0.39
Maharashtra	83.39	87.27	87.62	4.09	4.65	4.36	0.98	0.40	0.72
Odisha#	74.63	76.78	79.83	3.20	2.88	3.04	2.66	3.97	3.31
Punjab	84.74	85.42	86.97	-2.22	0.80	-0.93	1.63	1.81	1.72
Rajasthan	71.02	68.62	70.12	-3.12	-3.38	-3.20	-1.84	2.19	-0.13
Tamil Nadu	93.25	93.72	96.18	-1.73	0.50	-0.66	1.82	2.62	2.21
Telangana	-	85.03	84.44	-	-	-	1.33	-0.69	0.34
Uttar Pradesh	65.79	67.73	67.86	2.00	2.95	2.43	-0.29	0.19	-0.06
West Bengal	81.34	86.05	92.65	2.99	5.79	4.48	6.01	7.67	6.90
All India	76.47	78.94	80.97	1.73	3.23	2.44	1.32	2.57	1.91

Table A.14: Ratio of Health Expenditure to Aggregate Expenditure across different states (%)

State	Health							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
1. Andhra Pradesh	4.4	4.2	4.3	4.1	4.5	4.7	4.3	4.6
2. Bihar	3.5	3.5	3.2	3.8	4.1	4.3	4.1	4.3
3. Chhattisgarh	3.8	3.7	3.9	4.9	5.1	5.6	5.8	5.8
4. Goa	5.8	5.8	5.7	5.6	5.5	6.1	6.2	6.1
5. Gujarat	4.2	4.7	4.9	5.5	5.6	5.7	5.2	5.3
6. Haryana	3.1	3.4	3.6	4	3.1	3.7	4	4.4
7. Jharkhand	3.8	3.1	3.8	4	4	4.2	4.7	4.8
8. Karnataka	3.9	4.1	4.1	4.5	4.1	4.1	4.1	4.4
9. Kerala	5.4	5.2	5.2	5.3	5.2	5.6	5.7	5.3
10. Madhya Pradesh	3.2	4	3.8	4.3	4.4	3.8	4.4	4.3
11. Maharashtra	3.6	3.9	3.9	4.3	4.5	4.2	4.5	3.7
12. Odisha	3.2	3.7	3.5	4.9	4.7	5.4	4.9	5.1
13. Punjab	4.3	4.3	4.1	4.4	4.1	2.8	4	3.9
14. Rajasthan	5.1	4.8	5	5.6	4.6	5.1	5.7	6
15. Tamil Nadu	4	4.4	4.5	4.7	4.9	4.2	5	4.6
16. Telangana	–	–	–	4.1	3.9	4.1	4.2	4.3
17. Uttar Pradesh	4.4	5	4.6	5.1	4.5	4.9	5.1	5.2
18. West Bengal	4.8	4.2	4.5	5.2	5.6	5.2	4.7	4.6
All States	4.2	4.3	4.4	4.8	4.7	4.6	4.8	4.8

Table A.15: Revenue Deficit over Total Expenditure in General Category States

State	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	2017 -18
Andhra Pradesh	- 1.5%	- 0.1%	- 0.4%	- 0.4%	- 0.7%	- 0.8%	- 0.3%	- 0.1%	4.6%	1.2%	2.5%	0.5%
Bihar	- 2.4%	- 4.0%	- 3.1%	- 1.8%	- 3.1%	- 2.0%	- 1.8%	- 2.0%	1.7%	3.4%	2.5%	0.3%
Chhattisgarh	- 3.6%	- 3.5%	- 1.8%	- 0.8%	- 2.6%	- 2.0%	- 1.5%	- 0.4%	0.7%	1.0%	2.1%	1.1%
Goa*	- 0.9%	- 0.9%	- 0.4%	- 0.5%	- 2.0%	- 0.7%	- 0.6%	- 1.0%	0.6%	0.2%	1.1%	0.4%
Gujarat*	- 0.6%	- 0.6%	- 0.0%	- 1.6%	- 0.9%	- 0.5%	- 0.8%	- 0.6%	0.6%	0.2%	0.5%	0.5%
Haryana*	- 1.2%	- 1.5%	- 1.1%	- 1.9%	- 1.1%	- 0.5%	- 1.3%	- 1.0%	1.9%	2.4%	2.9%	1.4%
Jharkhand	- 1.5%	- 1.6%	- 0.6%	- 2.3%	- 0.1%	- 0.9%	- 0.8%	- 1.4%	0.1%	2.0%	0.8%	3.0%
Karnataka	- 1.4%	- 1.0%	- 0.4%	- 0.4%	- 0.8%	- 0.8%	- 0.3%	- 0.0%	0.1%	0.2%	0.1%	0.0%
Kerala*	- 1.5%	- 1.9%	- 1.6%	- 1.9%	- 1.2%	- 2.2%	- 2.3%	- 2.4%	2.7%	1.7%	2.5%	1.9%
Madhya Pradesh*	- 2.2%	- 3.0%	- 2.0%	- 2.3%	- 2.5%	- 3.1%	- 2.0%	- 1.3%	1.3%	1.1%	0.6%	0.1%
Maharashtra	- 0.1%	- 2.0%	- 0.7%	- 0.9%	- 0.1%	- 0.2%	- 0.3%	- 0.3%	0.7%	0.3%	0.4%	0.6%
Orissa	- 2.1%	- 3.1%	- 2.2%	- 0.7%	- 1.9%	- 2.4%	- 2.2%	- 1.1%	1.9%	3.1%	2.5%	2.1%
Punjab*	- 1.3%	- 2.4%	- 2.1%	- 2.6%	- 2.2%	- 2.6%	- 2.5%	- 2.0%	2.1%	2.2%	1.7%	3.1%
Rajasthan	- 0.4%	- 0.8%	- 0.3%	- 1.7%	- 0.3%	- 0.8%	- 0.7%	- 0.2%	0.5%	0.9%	2.4%	2.4%
Tamil Nadu	- 0.8%	- 1.2%	- 0.3%	- 0.7%	- 0.4%	- 0.2%	- 0.2%	- 0.2%	0.6%	1.0%	1.0%	1.3%
Uttar Pradesh	- 1.4%	- 0.9%	- 0.4%	- 1.3%	- 0.6%	- 1.0%	- 0.6%	- 1.1%	2.2%	1.3%	1.6%	1.3%
West Bengal	- 3.2%	- 2.8%	- 4.4%	- 5.5%	- 3.8%	- 2.8%	- 2.3%	- 2.8%	2.4%	1.1%	1.8%	1.1%
total	- 0.5%	- 0.8%	- 0.0%	- 0.7%	- 0.1%	- 0.2%	- 0.1%	- 0.2%	0.5%	0.1%	0.4%	0.4%

Table A.16: Fiscal Deficit over Total Expenditure in General Category States

State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 RE
Andhra Pradesh	3.1%	4.0%	5.0%	4.9%	3.5%	4.1%	4.3%	3.9%	6.0%	3.6%	4.4%	3.4%
Bihar	3.0%	1.5%	1.7%	3.2%	1.9%	2.4%	2.3%	2.6%	3.3%	3.3%	3.9%	7.2%
Chattisgarh	0.0%	0.1%	1.0%	1.6%	-0.3%	0.5%	1.5%	2.4%	3.7%	2.3%	1.5%	3.3%
Goa*	3.0%	2.8%	3.3%	4.3%	1.7%	2.1%	3.0%	3.8%	2.0%	2.7%	1.5%	4.6%
Gujarat*	1.9%	1.4%	2.8%	3.4%	2.8%	1.8%	2.3%	2.3%	2.0%	2.2%	1.4%	1.7%
Haryana*	-0.9%	0.8%	3.6%	4.5%	2.8%	2.4%	3.0%	2.1%	2.9%	6.5%	4.8%	2.9%
Jharkhand	7.1%	6.7%	3.8%	1.6%	3.4%	1.3%	1.9%	1.2%	3.0%	5.6%	4.3%	2.7%
Karnataka	1.6%	1.5%	2.1%	2.4%	2.0%	2.0%	2.1%	2.1%	2.1%	1.8%	2.5%	2.7%
Kerala*	2.1%	3.0%	2.7%	2.9%	2.5%	3.5%	3.6%	3.6%	3.6%	3.2%	4.3%	3.4%
Madhya Pradesh*	1.8%	1.7%	2.2%	2.6%	1.9%	1.8%	2.5%	2.2%	2.4%	2.6%	4.3%	3.4%
Maharashtra	1.8%	-0.4%	1.7%	2.8%	1.6%	1.6%	0.9%	1.6%	1.8%	1.4%	1.7%	1.9%
Orissa	-0.8%	-1.0%	0.2%	1.3%	0.3%	-0.3%	0.0%	1.6%	1.7%	2.1%	2.5%	3.5%
Punjab*	3.3%	2.9%	3.7%	3.0%	3.0%	3.2%	3.1%	2.6%	3.1%	4.5%	12.3%	4.5%
Rajasthan	2.2%	1.7%	2.9%	3.7%	1.2%	0.8%	1.7%	2.8%	3.1%	9.2%	6.1%	3.5%
Tamil Nadu	1.1%	0.9%	1.9%	2.2%	2.5%	2.3%	1.9%	2.1%	2.5%	2.8%	4.4%	2.9%
Uttar Pradesh	2.7%	3.4%	4.4%	3.4%	2.7%	2.1%	2.3%	2.5%	3.2%	5.1%	4.5%	3.0%
West Bengal	4.4%	3.9%	4.0%	6.3%	4.3%	3.4%	3.2%	3.7%	3.8%	2.6%	2.9%	2.9%
Total	2.1%	1.7%	2.7%	3.2%	2.3%	2.1%	2.2%	2.4%	2.8%	3.3%	3.6%	2.9%

Table A.17: Growth Rates of Own Tax Revenue Receipts in General Category States

States	Growth OTR											
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Andhra Pradesh	24.6%	20.3%	15.9%	5.5%	28.3%	18.0%	12.4%	7.1%	-33.5%	-6.4%	10.7%	19.3%
Bihar	13.2%	26.3%	21.2%	31.1%	22.0%	27.8%	28.9%	22.8%	4.0%	22.6%	-6.7%	34.8%
Chattisgarh	24.7%	11.3%	17.3%	8.0%	26.5%	18.9%	21.7%	10.0%	9.5%	8.7%	11.0%	6.6%
Goa*	17.3%	5.4%	24.3%	4.1%	21.6%	19.2%	15.2%	21.9%	8.7%	2.0%	7.2%	13.8%
Gujarat*	17.6%	18.5%	7.6%	13.5%	35.9%	21.8%	21.8%	4.6%	8.8%	2.1%	2.9%	21.0%
Haryana*	20.4%	6.3%	0.3%	13.4%	27.0%	21.5%	15.5%	8.5%	8.1%	11.9%	10.0%	31.3%
Jharkhand	8.3%	13.4%	43.1%	9.4%	7.4%	16.5%	18.3%	14.1%	10.3%	10.9%	15.9%	38.3%
Karnataka	25.1%	11.5%	6.4%	10.6%	25.8%	20.8%	15.7%	16.5%	12.1%	7.7%	9.8%	3.2%
Kerala*	22.1%	14.5%	17.0%	10.3%	23.2%	18.4%	16.9%	6.4%	10.1%	10.7%	8.2%	15.8%
Madhya Pradesh*	14.8%	14.8%	13.2%	26.9%	24.0%	25.9%	13.4%	9.7%	9.0%	10.0%	9.9%	4.9%
Maharashtra	19.6%	18.5%	9.5%	13.6%	26.9%	16.8%	18.1%	5.0%	6.0%	10.0%	7.9%	20.8%
Odissa	21.4%	13.0%	16.6%	12.3%	24.6%	20.1%	11.8%	12.4%	17.4%	13.6%	1.4%	16.0%
Punjab*	0.3%	9.8%	12.6%	8.0%	39.8%	11.9%	19.9%	6.6%	6.2%	4.4%	4.0%	27.9%
Rajasthan	17.5%	14.4%	12.5%	9.8%	26.5%	22.2%	20.2%	9.8%	15.5%	10.4%	3.9%	16.8%
Tamil Nadu	19.0%	6.7%	13.7%	8.5%	30.7%	24.6%	44.6%	-14.3%	6.7%	2.3%	6.8%	6.2%
Uttar Pradesh	22.0%	8.5%	14.8%	18.2%	22.0%	27.2%	10.4%	14.6%	11.4%	9.3%	6.0%	10.5%
West Bengal	12.6%	12.2%	9.8%	17.2%	25.0%	18.0%	31.6%	9.2%	10.0%	7.8%	7.0%	0.03%
Total	19.1%	13.7%	12.1%	12.6%	27.1%	20.7%	20.4%	6.2%	5.1%	7.4%	6.8%	14.7%

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