SBI Research

West Bengal FY27 Budget: A bold reset to Combine Social Welfare, Government Employment, Infrastructure Development and Revamping Industrialisation

Issue # 09, FY27 Date: 25 June 2026

West Bengal – Demographic & Socio-Economic Profile

Notified Geographical Area (GA) (km2)	88,752
Districts	23
No. of Blocks	341
Gram Panchayats	3,354
Population in 2024 in cr	9.96
Rural Population	63%
Urban Population	37%
Decadal Population Growth (2014-2024)	6.4%
Density of Population (per sq.km.)	1,122
As a percentage of India's Population	7.1%

Major indicators	West Bengal	India
Sex Ratio per 1,000 Males for the year 2026	964	951
Infant Mortality Rate per 1,000 Live births	17	25
Maternal Mortality Rate per 1,000 Live births	105	88
Life Expectancy at Birth	72	70
Percentage of Population below Poverty Line, Urban	6.2	4.1
Percentage of Population below Poverty Line, Rural	7.2	4.9
Literacy Rate	82.6	80.9
Population living in households with electricity (%)	99.1	98.3
Population living in households with an improved drinking-water source (%)	98.4	96.5
Children under 5 years who are wasted (weight-for-height)	22	19
Women having a bank or savings account that they themselves use (%)	95.3	89

Sources: Forest Survey Report, 2023; Population Projection Report (July 2020) by the National Commission on Population, MoHFW; SRS Bulletin 2023; MoSPI, NFHS 6, SPECIAL BULLETIN ON MATERNAL MORTALITY IN INDIA2020-22, SBI Research report on Consumption Expenditure Survey 2023-24, LOK SABHA UNSTARRED QUESTION NO. 100

Two Eras of WB Finance

	CPI (M)			TMC			BJP
	First Year	Terminal Year	Times Increase	First Year	Terminal Year	Times Increase	First Year
In Rs Crore	1977-78	2010-11		2011-12	2025-26		2026-27
Nominal GSDP	6423	460959	65.6x (India:73.4)	520485	1990896	3.8x (India: 4.1x)	2148213
Revenue Receipts	699	47264	68x (Real:5.3x)	47,264	244,866	5.2x (Real:5.1x)	320484
Revenue Expenditure	701	64538	92x (Real:7.3x)	73,326	286030	3.9x (Real:3.8x)	342469
Capital Expenditure	78	2226	29x (Real:2.3x)	2,763	26438	9.6x (Real:9.5x)	40930
Revenue Deficit	-1.81	-17273	-	-14,571	-41164	-	-21984
Revenue Deficit % of GDP	-0.03	-3.75	-	-2.80	-2.07	-	-1.02

During the same period:

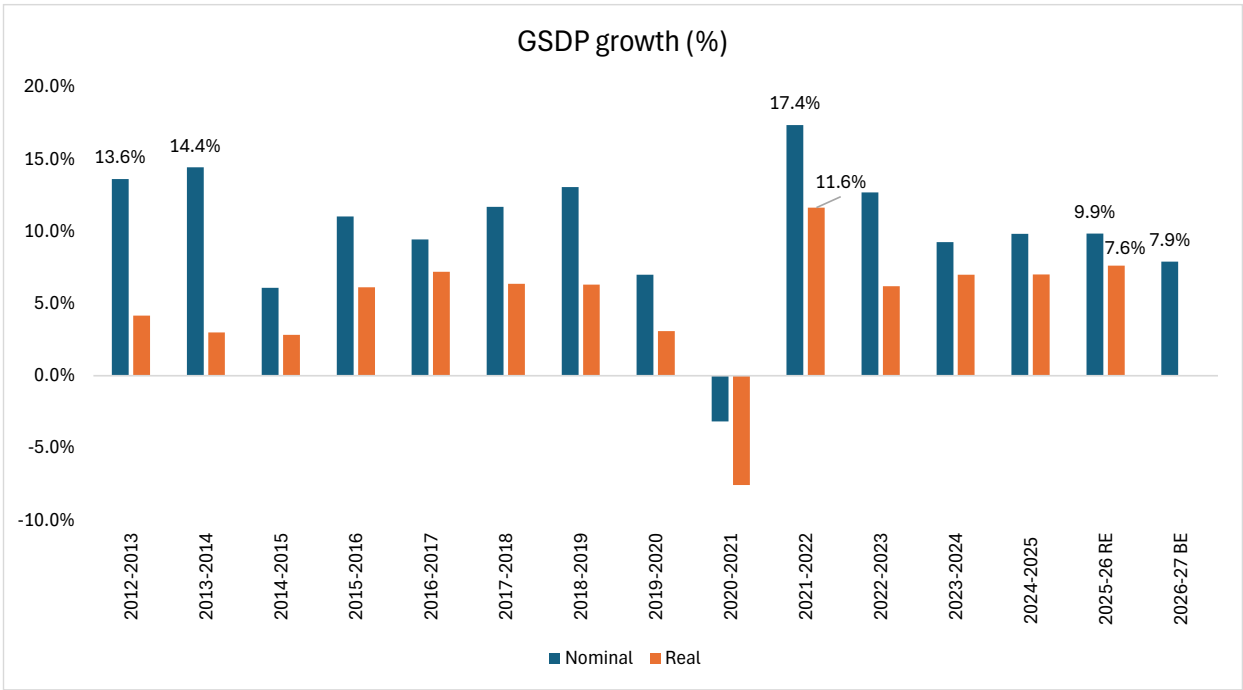
- Revenue receipts increased by 72x (Real:5.7x)
- Revenue Exp increased by 114X (Real: 9.0 x)
- Capital Exp increased by 19x (Real:1.5x)

Note: for 1977-78 to 2010-11 period, NSDP was available

During the same period:

- Revenue receipts increased by 5x (Real: 4.4 x)
- Revenue Exp increased by 3x (Real: 3.4x)
- Capital Exp increased by 7x (Real: 6.9 x)

Snapshot of WB Economy.. WB per capita income (rank 5th) was higher than India in 1978..it is now 23% lower…..(rank 19th among all states)



Share in GVA (Current Price) FY25 *

Agriculture : 20.1%
Industry: 21.6%
Services: 58.3%

WB had PC income greater than all India in FY78, but the situation deteriorated over the years with PC income in FY25 ~23% lower than the all-India PC income level (Rs 2.35 lakh)

Per capita GSDP (current Price)

FY78 # : Rs 1266 (5th Rank) (**All India: Rs 1194**)

FY12: Rs 56,693 (21st Rank)
FY25: Rs 1.81 lakh (19th Rank)

(3.20 times increase b/w FY12 & FY25 lower than 3.28 times all India per capita GDP increase)

*Share is based on MOSPI data, this is different from the one given in State Medium Term Fiscal Policy Statement for 2026-27. However, the difference exists for other states as well

NSDP for FY78

Executive Summary

- Thematic analysis points to a decisive shift in the FY27 Budget towards investment-led growth and economic transformation. Themes relating to investment, governance, fiscal management, technology, entrepreneurship, tourism and climate resilience (*that were hitherto absent in earlier budgets in terms of focus*) assume greater prominence suggesting a strategic reorientation of the budget discourse towards industrialization, productive capacity creation, and long-term growth acceleration

- West Bengal's fiscal position has not been healthy with higher debt accumulation, despite higher share of Central Government grants. In a persistent trend, grants from the Centre and tax devolution to West Bengal over the years has always been more than 50% of overall tax revenue of the state. *This has happened owing to rising unconditional cash transfers, higher off-balance sheet borrowings and higher committed expenditure and* ***higher leakages*** *in terms "****middleman intermediation****" siphoning of monetary resources*

- West Bengal has significant potential of higher non tax revenue that has been languishing over the years…*enhancing general administrative efficiency remains key to increasing non-tax revenues.. West Bengal is seventh largest in terms of coalbed methene…*The state can become the hub of methanol production given the locational advantage in CBM and coal gasification

- West Bengal legally abandoned continuation of revenue deficit as a target in 2020 FRBM Act…Subsequently, West Bengal revenue deficit jumped further from FY20 onwards…West Bengal has never achieved its outstanding debt / GDP target as specified in FRBM…. **West Bengal also has unrealised revenue booked in budget but remain locked in legal disputes or are unrecoverable due to administrative hurdles, creating a massive fiscal drag**

- **Notably, WB had PC income greater than all India in FY78, but the situation worsened over the years with PC income in FY25 ~23% lower than the all-India PC income level**

- *As part of a future endeavour there is a need to operationalisation of an Eastern Multimodal Growth Corridor linking Bihar, Odisha, West Bengal and Assam, by integrating existing rail, road, port and inland-waterway assets*

West Bengal Budget Speech Analysis
Insights from Natural Language Processing

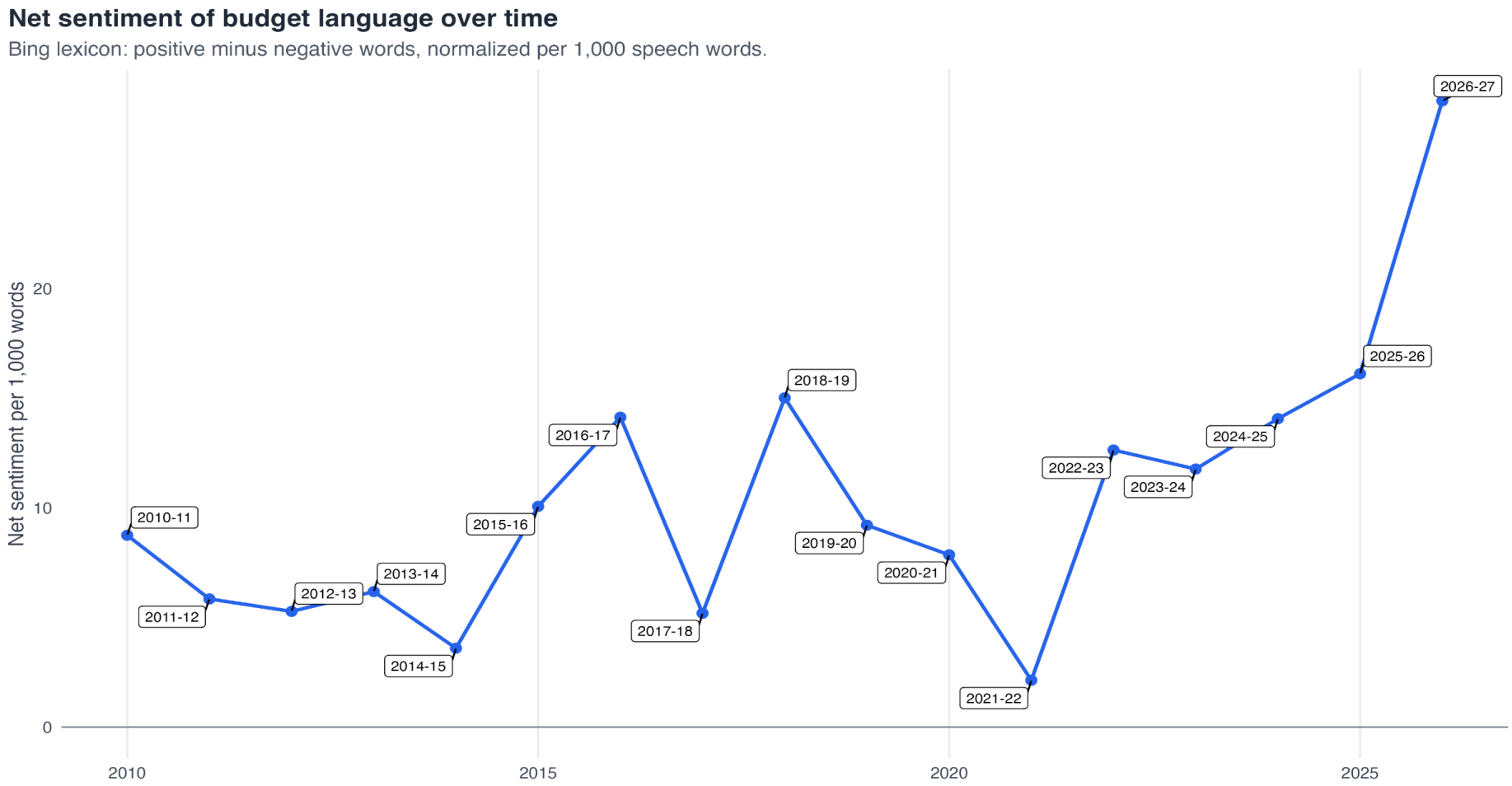
Quantifying budget priorities of the new West Bengal Government through NLP

The analysis employs a Natural Language Processing (NLP) framework to quantitatively evaluate the transition of policy narratives in West Bengal Budget Speeches from FY11 (the first year of TMC Government) to FY27 (the first year of the new Government). Budget documents were first digitized using Optical Character Recognition (OCR) and subsequently pre-processed through tokenization, stop-word removal, normalization, and elimination of non-informative terms

A dictionary-based thematic classification approach was then used to map individual tokens to predefined policy domains. Theme intensity was measured as the share of theme-specific words in total vocabulary, enabling inter-temporal comparison of policy priorities

We have then used a lexicon-based sentiment analysis by using the Bing Sentiment Lexicon, whereby sentiment-bearing words were classified into positive and negative categories to derive comparable sentiment indicators across years. Together, the thematic and sentiment analyses provide a data-driven assessment of shifts in budgetary discourse, policy emphasis and developmental priorities over time

2026-27 Budget shows the most optimistic narrative in the series….



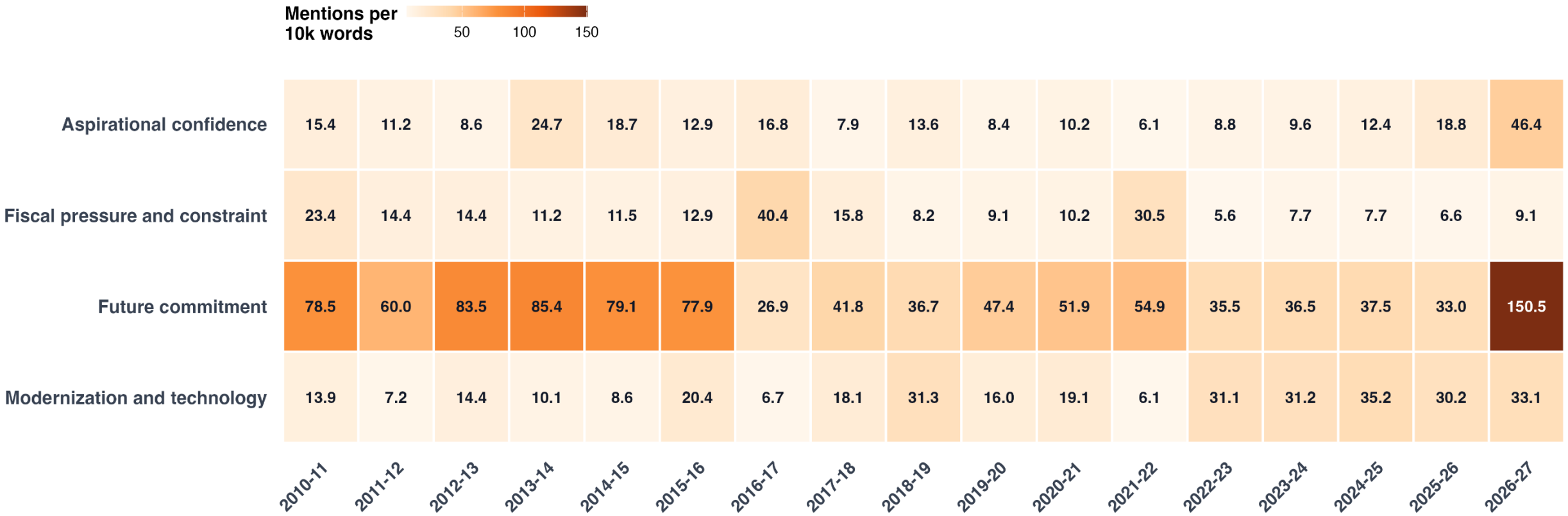
The lexicon-derived sentiment indicators suggest that the **FY2026–27 Budget exhibits an unprecedented degree of positive linguistic framing.** Normalized sentiment measures show that positive sentiment words account for the largest share of total vocabulary across the sample period, reflecting a highly expansionary and aspirational policy discourse relative to previous budget cycles

The budget tone is more aspirational and future oriented….

$$mentions\ per\ ten\ thousand\ words = \frac{theme\ keyword\ hits}{totalwords\ in\ this\ year's\ speech} \text{x } 10000$$

Budget speech tone shifts toward future commitment, aspiration, and modernization

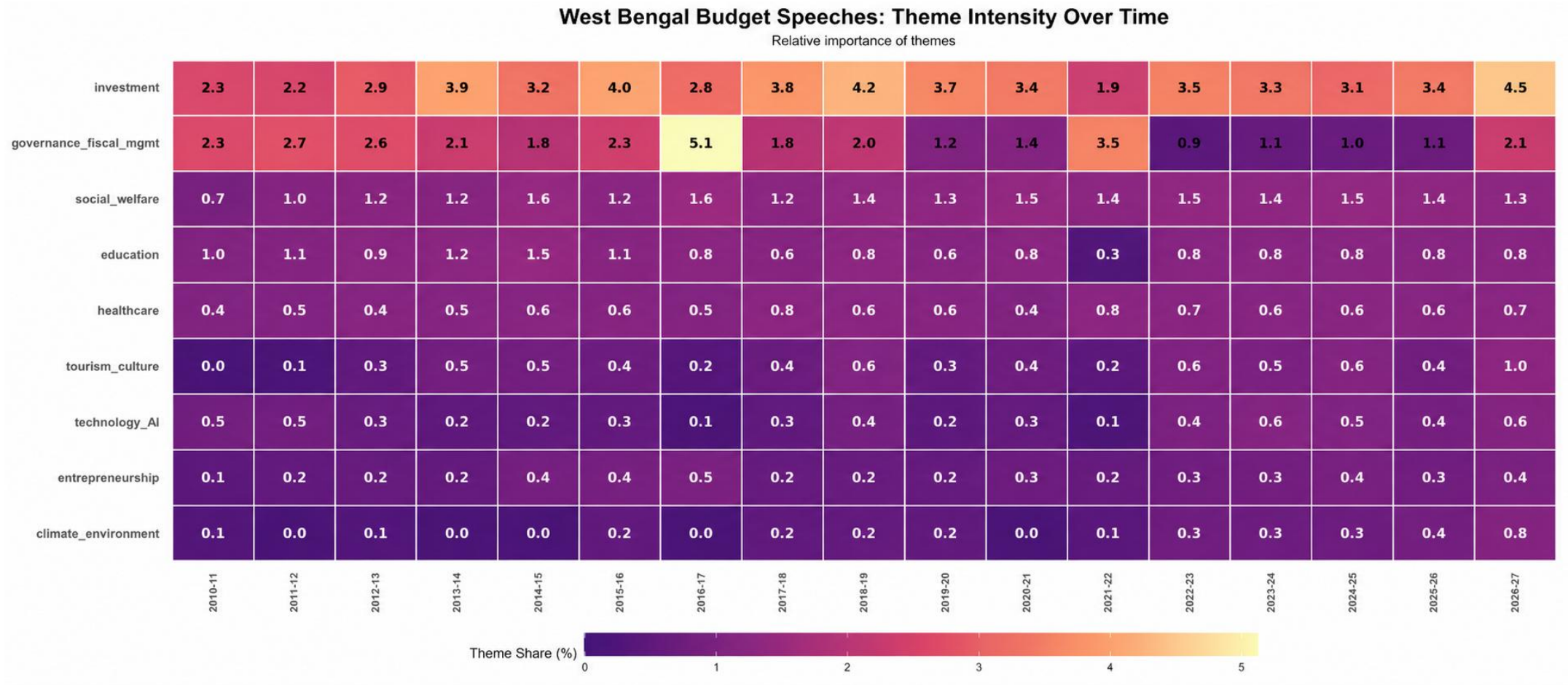
Selected tone dictionaries applied to page-level text and normalized by speech length.



Use this alongside close reading; dictionary tone is a structured proxy, not a human-coded judgment.

Longer thematic analysis shows transformation from redistribution to capacity building…

The long-run thematic profile of West Bengal Budget Speeches reveals significant transformation in policy priorities. FY27 records its highest thematic intensity in investment, governance and fiscal management. Equally noteworthy is the emergence of climate and environmental sustainability as a mainstream budget theme. Similar upward trends are visible in technology and AI, entrepreneurship, and tourism, indicating a broadening of the development narrative beyond traditional welfare interventions. **There exists a transition from a predominantly redistributive policy framework towards a more capability oriented strategy**



West Bengal Budget 2026-27: An Assessment

Composition of State Revenue Receipts: West Bengal has consistently received more than 50% of its revenue receipts from centre through devolution and Grants

Year/ Rs crore	Total Revenue receipts, *of which*	Own Tax Revenue	Central Taxes	Own Non-Tax Revenue	Grants from the Centre
2010-2011	47264	45%	34%	5%	17%
2011-2012	58755	42%	32%	2%	24%
2012-2013	68296	48%	31%	3%	18%
2013-2014	72882	49%	32%	3%	16%
2014-2015	86514	46%	28%	2%	24%
2015-2016	109732	39%	34%	2%	26%
2016-2017	117832	39%	38%	3%	21%
2017-2018	131270	44%	34%	2%	20%
2018-2019	145975	42%	37%	3%	18%
2019-2020	142914	42%	34%	2%	22%
2020-2021	148393	41%	30%	4%	26%
2021-2022	178159	40%	37%	1%	22%
2022-2023	195544	43%	37%	1%	20%
2023-2024	200268	45%	42%	2%	11%
2024-2025	213700	46%	45%	2%	7%
2025-26 RE	244867	46%	44%	2%	9%
2026-27 BE	320485	41%	34%	3%	22%
Source: WB Budget Documents; SBI Research					

West Bengal's own tax revenue share is stagnant around 40-45%

For FY27, grants from Centre accounted for 22% of total revenue receipts…**Union Tax devolution plus grants contribute 56%**

West Bengal is unable to garner non-tax revenues, which remains ~3% of revenue receipts

Budget FY27: Emphasizing Employment, Youth & Women Welfare, and push for industrial Revival

- West Bengal Finance Minister presented Government's first full budget for 2026-27 on 22 June 2026, outlining a net budget allocation of ₹4.38 lakh crore.. Significant focus on non tax revenue by the new regime…

Budget at a glance (Rs Crore)							
	FY 25	FY26 RE	FY27BE	FY27 over FY26 (Growth %)	FY26 over FY25 (Growth %)	5 Years CAGR(%)	10 Years CAGR(%)
Total Revenue receipts	213700	244867	320485	30.9	14.6	12.5	10.5
State's Own Tax Revenue	97994	111737	130670	16.9	14.0	12.9	11.1
Non Tax Revenue	3688	3795	8303	118.8	2.9	37.5	10.9
State Share of Union Taxes and Duties	96812	107266	110119	2.7	10.8	10.9	9.5
Grants in Aid	15205	22069	71393	223.5	45.1	12.4	11.2
Capital Receipts	93486	101795	108288	6.4	8.9	6.0	9.1
Total-Receipts	307186	346662	428773	23.7	12.9	10.6	10.2
Revenue Expenditure	253427	286031	342469	19.7	12.9	10.3	9.8
Capital Expenditure	53789	60661	86306	42.3	12.8	5.7	10.9
Total Expenditure	307216	346692	428775	23.7	12.8	10.5	10.5
Revenue Deficit	39727	41164	21984	-			
% of GSDP	2.2	2.1	1.0				
Fiscal deficit	61924	67774	62421				
% of GSDP	3.4	3.4	2.9				
Source: WB Budget Documents; SBI Research, Capital Expenditure including Capital outlay and Repayment of Loans to Central Govt. and Others							

Fiscal deficit budgeted at 2.9% of GSDP in FY27

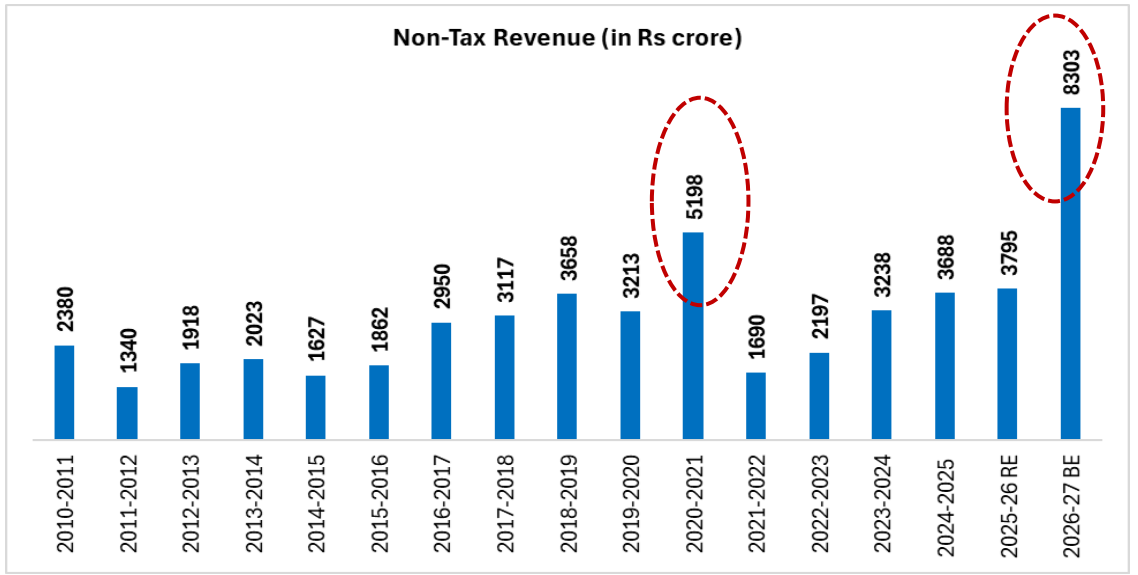
% YoY growth in revenue receipts for FY27, is way above the 5-year CAGR

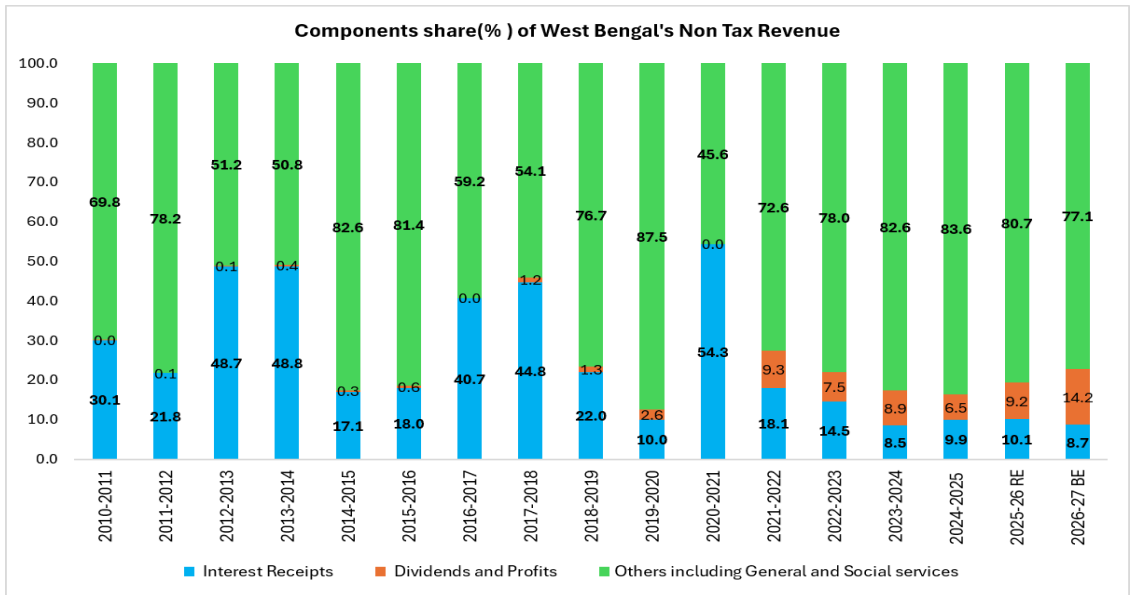
Capital outlay is expected to increase by 54.8% to Rs 40,930 crore in FY27

Revenue deficit reduced to almost half to Rs 21,948 crore

Grants in Aid have increased significantly (Rs 49,324 crore) primarily due to centrally sponsored schemes (Rs 48,972 crore)

….Non-tax revenue (NTR) remains small and volatile





- Non Tax Revenue (NTR) collected mainly from
  - ✓ Interest earned from investment of surplus cash balances
  - ✓ Dividends from PSUs
  - ✓ User charges/fees & fines and
  - ✓ Non-ferrous mining

- **NTR % revenue receipts is very small (~1.5% in FY26 and 2.6% FY27) and has remained volatile over the years**

- **2020-21**: Surge in NTR was due to accounting of interest receipts of ₹2,498 crore withdrawn from the Consolidated Sinking Fund (CSF) for meeting borrowing requirements in the COVID-19 pandemic situation

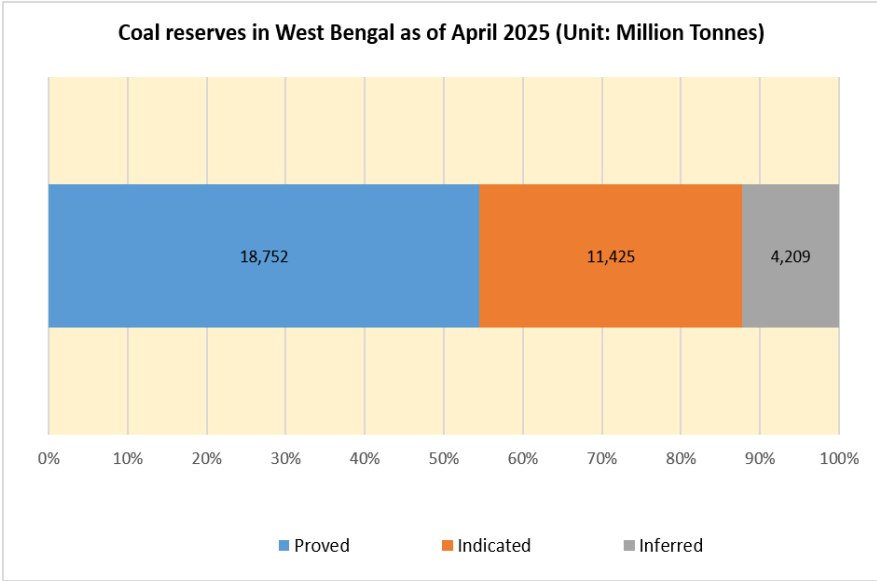
- **2026-27**: Huge surge in NTR to Rs 8303 crore, may have estimated higher interest receipts, dividends, fees and asset monetization. **In FY26 BE Govt has estimated NTR of Rs 9360 crore, but it has declined to Rs 3795 crore in revised estimate of FY26**

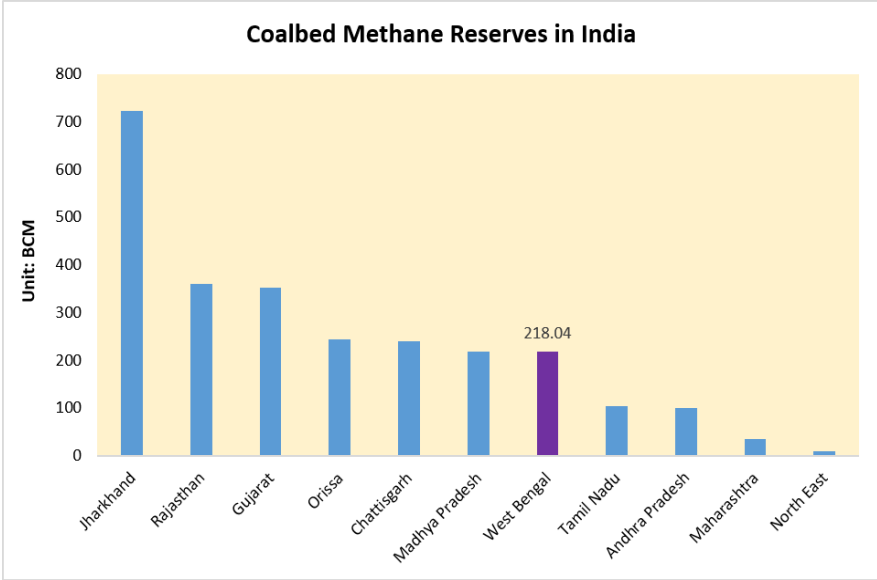
Augmenting non-tax revenues

- **Augmenting the non-tax revenues for the states is crucial**
  - Enhancing general administrative efficiency remains key to increasing non-tax revenues
  - Being highly urbanized, reforming property taxes collection will be key
  - **Creating a repository of idle assets that can be monetized; Identifying unutilized or underutilized land parcels owned by various state departments and PSUs for commercial leasing, public-private partnerships (PPPs), or long-term concessions**
- **Actively looking at value addition in existing mineral endowments**
  - Methanol production using coal and CBM reserves
- **Digitalisation in Public Services which will stop leakages**

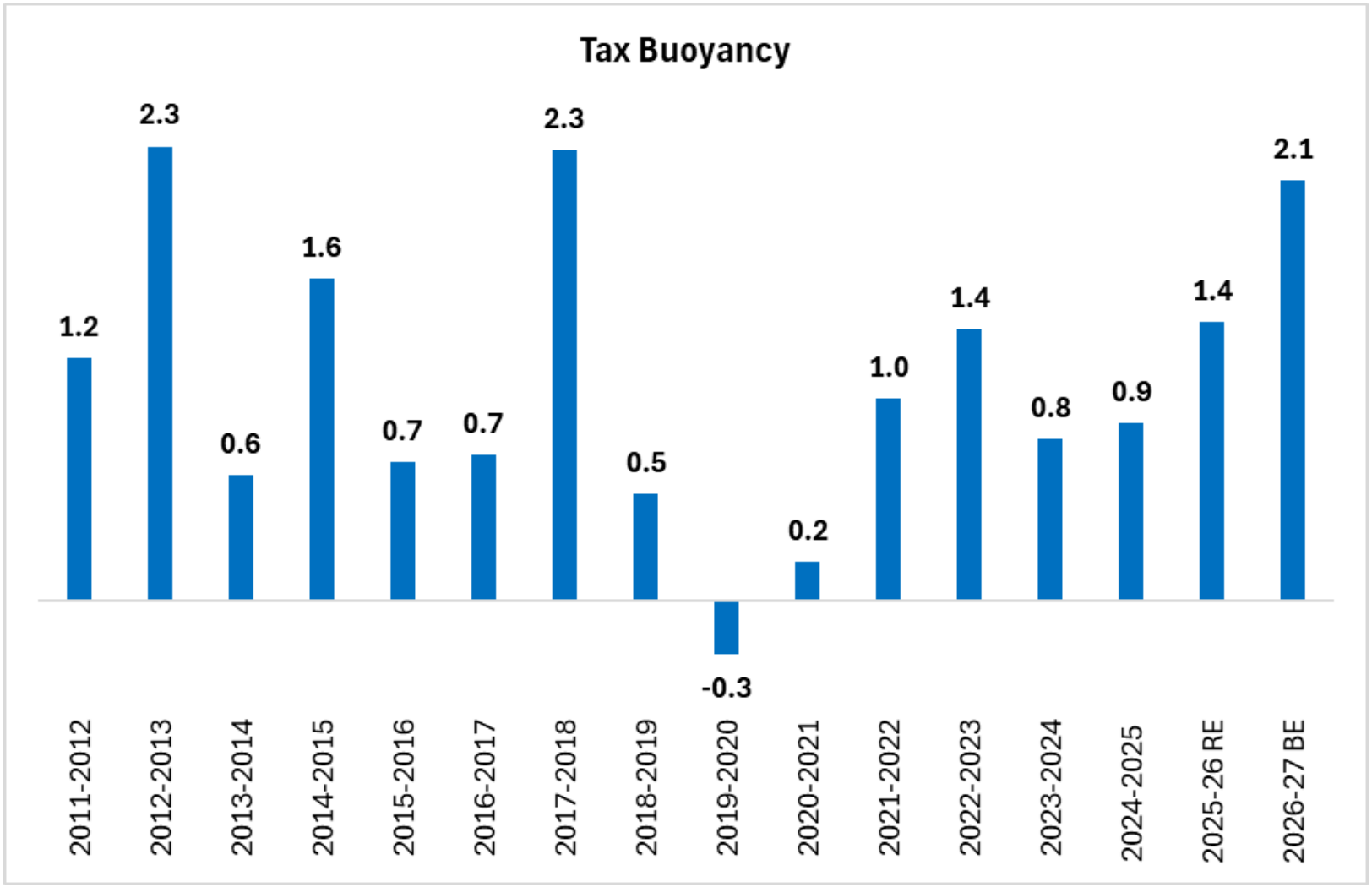
West Bengal potential for value addition from mineral exploitation

- State's non-tax revenues are linked to coal mining, a mineral that will be slowly phased out
- This exposes the state finances to risk of green transition
- **State also has seventh highest reserves of coalbed methane (CBM)**
- State should move away from royalty value additions to raise revenues
- The states should look at value addition in exploitation of its coal and CBM reserves
- The state can become the hub of methanol production given the locational advantage in CBM and coal gasification





Tax Buoyancy has been reset at higher levels through increased focus on non tax revenue in FY27



As per Budget, the tax buoyancy for FY27 is more than 2

The practical fiscal challenge is to raise buoyancy without broad-based tax increases under GST

Other Highlights of West Bengal Budget 2026-27

- ***Employment & Recruitment:*** Government has pledged to fill 1 lakh vacant government positions, with a 33% reservation for women candidates. A 20% hike in DA was announced for state government employees & pensioners, bringing the total DA to 38% effective October 1, 2026
- ***Empowering Nari Shakti:*** The Annapurna Yojana scheme received a massive allocation of ₹36,000 crore, ensuring eligible women receive ₹3,000 per month. Additionally, a ₹550-crore budget was allocated for all-women free bus services, which will feature pink cards
- ***Infrastructure & Industrial Revival***: A new greenfield airport is planned in Kalyani, alongside a deep-sea port in Purba Medinipur and a semiconductor unit in Durgapur. Reintroduced incentive of Rs 5,000 crore allocation for industries and re-examine the Urban Land Ceiling Act to attract mega private investments
- ***Social Benefits:*** *All the government welfare schemes running in West Bengal will continue*. However, some additional measures as: (i) MLA local area development funds were raised from Rs 70 lakh to Rs 1 crore annually; (ii) Monthly pension of ₹5,000 for retired journalists; (iii) Unemployed youth will also receive ₹3,000 per month under the Bhorsa Karmasathi Scheme; (iv) Welfare board for gig workers; (v) Ayushman Bharat card for migrant labourers; (vi) MGNREGA work increased from 100 days to 125 days; (vii) IIT and IIM campuses were proposed for North Bengal, along with four new medical colleges

Largest Centrally Sponsored Schemes (CSS)-Linked Allocations see a material jump in budget..

- Under VB-G RAM-G scheme, total allocation is Rs 14,180 crore for providing jobs, with Central share of Rs 8,516 crore and State share of 5,664 crore
- Under Jal Jeevan mission allocated Rs 8333 crore; Centre share Rs 4225 crore and State share Rs 4108 crore

Scheme / group	FY27	Budget focus
Rural employment (MGNREGA + VBG-RAM-G)	14,820	Wage, material, admin and social-audit lines
PMAY – Rural	13,050	Rural housing allocation
PMAY – Urban	2211	Urban Housing
Jal Jeevan Mission	8,333	Rural piped water + quality monitoring
Health & Family Welfare CSS aggregate	8,155	NHM/RCH, PMJAY, PM-ABHIM, AYUSH and medical infra
School Education CSS aggregate	6,133	PM SHRI, PM-POSHAN and Samagra Shiksha
WCD & Social Welfare CSS aggregate	3,154	Saksham Anganwadi/POSHAN 2.0, Vatsalya/Shakti
PMGSY	2,062	Rural roads
Swachh Bharat Mission – Rural & Urban	1,801	Rural sanitation
Swachh Bharat Mission –Urban	590	Urban Sanitisation & Capacity Building
DAY-NRLM / rural livelihoods	1,769	SHGs, self-employment and farming clusters

Selected Outlays: Development outlays

Budget is not narrowly consumption oriented but it attempts to support household welfare while also investing in human capital, urban services, logistics and infrastructure

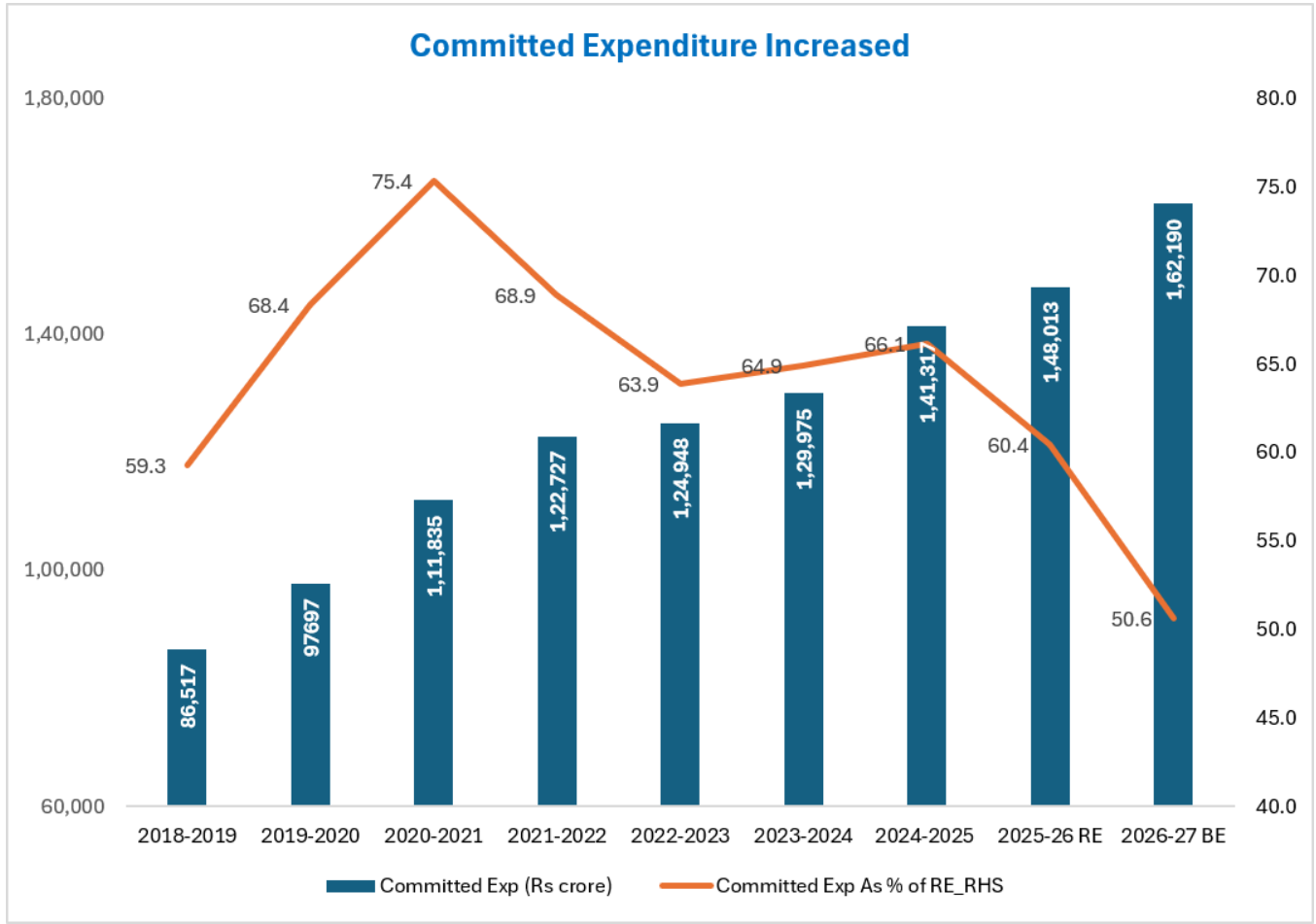
Major Budget Allocation (Net) in FY27		
Major heads	**Rs**	**% share of RE**
Women and Child Development & Social Welfare	52308	15.3
Panchayats & Rural Development	51836	15.1
School Education	44948	13.1
Health & Family Welfare	24753	7.2
Home & Hill Affairs	17925	5.2
Urban Development and Municipal Affairs	14609	4.3
Public Health Engineering (PHE)	12935	3.8
Agriculture	8565	2.5
Food and Supplies	8053	2.4
Public Works (PWD)	7240	2.1
Higher Education	7169	2.1
Power	5345	1.6
Irrigation and Waterways	3699	1.1
Industry, Commerce & Enterprises	3267	1.0
Labour	3147	0.9
Disaster Management & Civil Defence	3036	0.9
Transport	2697	0.8
Backward Classes Welfare	2544	0.7
Technical Education, Training and Skill Development	2393	0.7
Minority Affairs and Madrasah Education	2165	0.6

Major Cash transfer schemes

- Major schemes expenditure stands at 17.8% of Revenue Receipts in FY27…Jai Bangla allocation reduced, which may be due to women covered under Annapurna Bhandar

Major Cash transfer schemes				
Scheme	Budget allocation in Rs cr			
	FY 26	% of RR	FY27	% of RR
Lakshmir Bhandar/Annapurna Yojana/ Annapurna Bhandar	26,700	10.9	36,000	11.2
Pension Schemes under Jai Bangla	13,822	5.6	11,035	3.4
Youvashree/Bhorsha Karmasuch	180	0.1	2,010	0.6
Krishak Bandhu	6,054	2.5	4,625	1.4
Swasthya Sathi	3,000	1.2	1,200	0.4
Kanyashree	1,058	0.4	1,609	0.5
All-women free bus service	-	-	550	0.2
Source: West Bengal Budget document No: 3				

Committed expenditure remains the greatest drag



- A high proportion of the budget allocated for committed expenditures limits the state's flexibility to allocate funds towards other developmental priorities and capital infrastructure
- **Outgo is about 3.5x the FY11 level, even as its share of total expenditure has declined**
- FY27 is Rs 1.62 lakh crore - 50.6% of revenue receipts
- Share in TE is estimated to decline to 37.8% in FY27 from 42.7% in FY26
- **DA hikes and hiring plans keep the salary-pension path rigid**

FY27	Salary/Wages	Interest	Pension	Committed Exp % RR
Rs Crore	82,304	53,034	26,852	1,62,190
% RR	25.7%	16.6%	8.4%	50.6%

Of debts, deficits and fiscal management: An Assessment of WB Government finances

West Bengal along-with Kerala and Punjab (but for one year) always been a Revenue Deficit state….

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	No of Years
KL																						21
WB																						21
PB																						20
HR																						18
RJ																						16
TN																						15
MH																						12
AP*																						12
HP																						10
UK																						8
AS																						8
CH																						6
BR																						4
GJ																						4
KA																						4
MP																						2
JH																						2
UP																						1
OD																						-
No of States	8	2	3	6	11	7	5	5	9	13	9	9	9	8	13	14	8	10	12	13	10	

** AP data pertains to consolidated state prior to FY 2016*

West Bengal legally abandoned continuation of revenue deficit as a target in 2020 FRBM Act

West Bengal legally abandoned the target to reduce its revenue deficit to NIL when the state government amended its Fiscal Responsibility and Budget Management (WBFRBM) Act in 2020

Actual numbers for Revenue Deficit is always on the higher side than budgeted

Revenue & Fiscal Deficits (Actuals w.r.t Budget Estimates in Rs Cr)

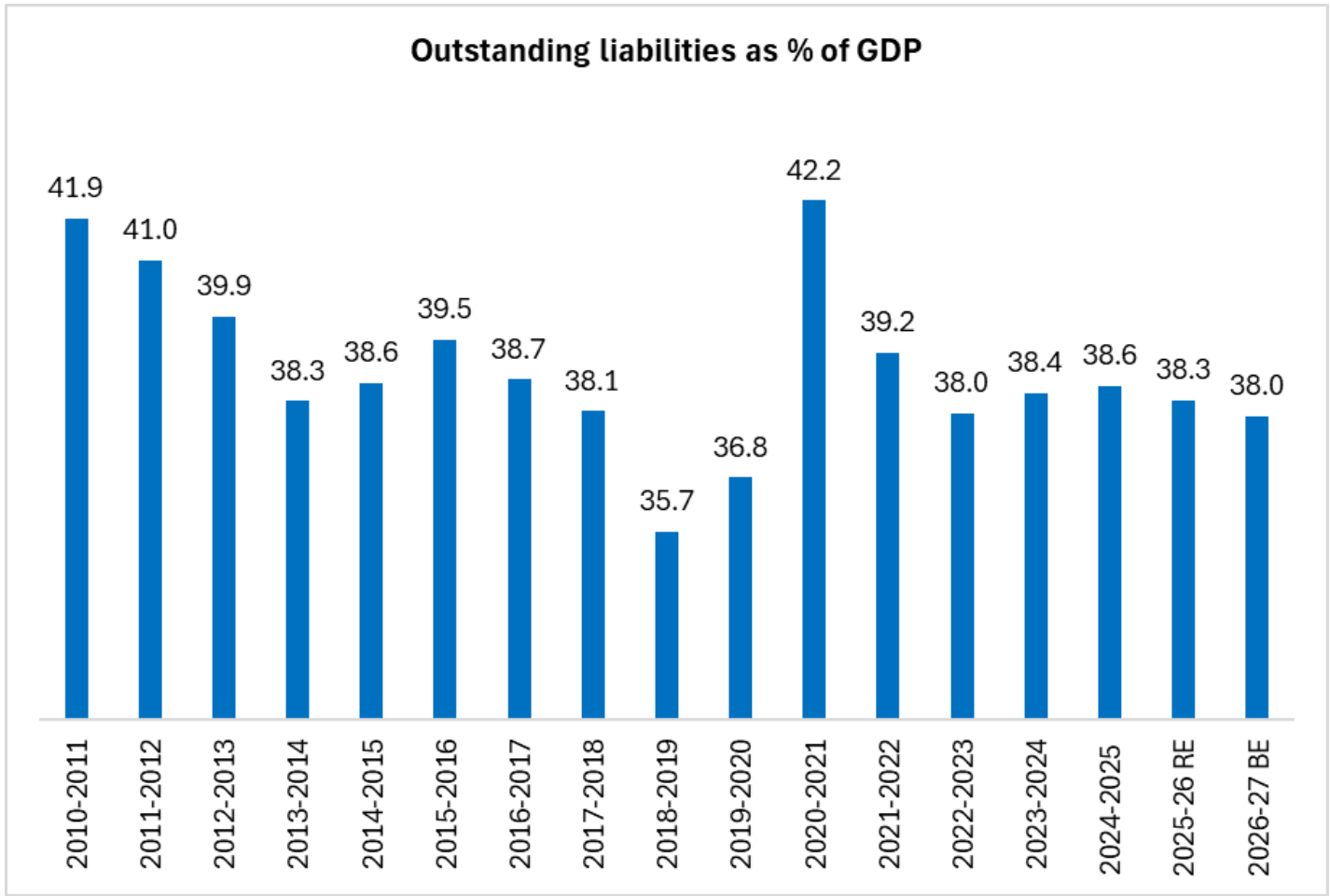
Year	Revenue Deficit		Fiscal Deficit	
	BE	Actual	BE	Actual
2019-2020	0	19661	27254	36831
2020-2021	0	29527	31483	44688
2021-2022	26755	32000	60864	50528
2022-2023	28280	27295	62397	49786
2023-2024	30924	25692	65839	59306
2024-2025	31952	39727	68250	61924
2025-26 RE	35315	41164	73178	67774
2026-27 BE	21984	-	62421	-

.. Subsequently, West Bengal revenue deficit jumped further from FY20 onwards…
West Bengal has never achieved its outstanding debt / GDP target

Latest Amendment (Year)	Fiscal Deficit (Target/Actual)						Revenue Deficit (-ve surplus)(Target/Actual)						O/S Liability as % of GSDP					
	Year	FY22	FY23	FY24	FY25	FY26	Year	FY22	FY23	FY24	FY25	FY26	Year	FY22	FY23	FY24	FY25	FY26
2024	Target	5.0%	5.0%	3.5%	3.0%	-	Target	-	-	-	-	0% by FY26	Target	-	-	-	-	34.3% by FY25
	Actual	3.3%	3.3%	3.2%	-	-	Actual	1.9%	1.8%	1.5%	-		Actual	39.4%	38.0%	37.3%	-	

Fiscal Parameters		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Déficit (-)/ Revenue Surplus (+) (₹ in crore)	Target	0	0	(-)26,755	(-) 28,280	(-) 30,924	(-) 32,702
	Achievement	(-) 19,661 ✗	(-) 29,527 ✗	(-) 32,000 ✗	(-) 27,295 ✓	(-) 25,691 ✓	(-) 39,727 ✗
Fiscal Deficit (-)/ Fiscal Surplus (+) (₹ in crore)	Target	(-) 27,254	(-) 31,483	(-) 60,864	(-) 62,397	(-) 65,839	(-) 65,780
	Achievement	(-) 36,831 ✗	(-) 44,688 ✗	(-) 50,528 ✓	(-) 49,787 ✓	(-) 53,992 ✓	(-) 67,773 ✗
Ratio of Total Outstanding Debt to GSDP (in per cent)	Target	34.30	34.30	34.30	34.30	34.30	34.30
	Achievement	36.76 ✗	42.21 ✗	39.22 ✗	38.03 ✗	38.42 ✗	38.57 ✗

…. West Bengal Public Debt is significantly above National Average

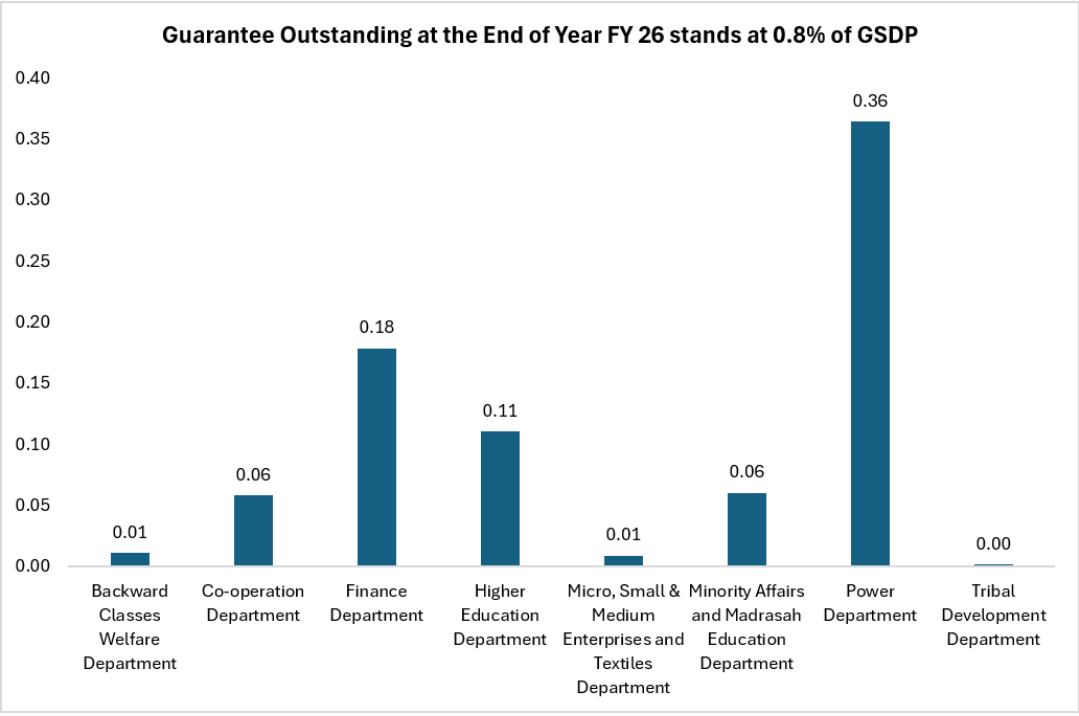


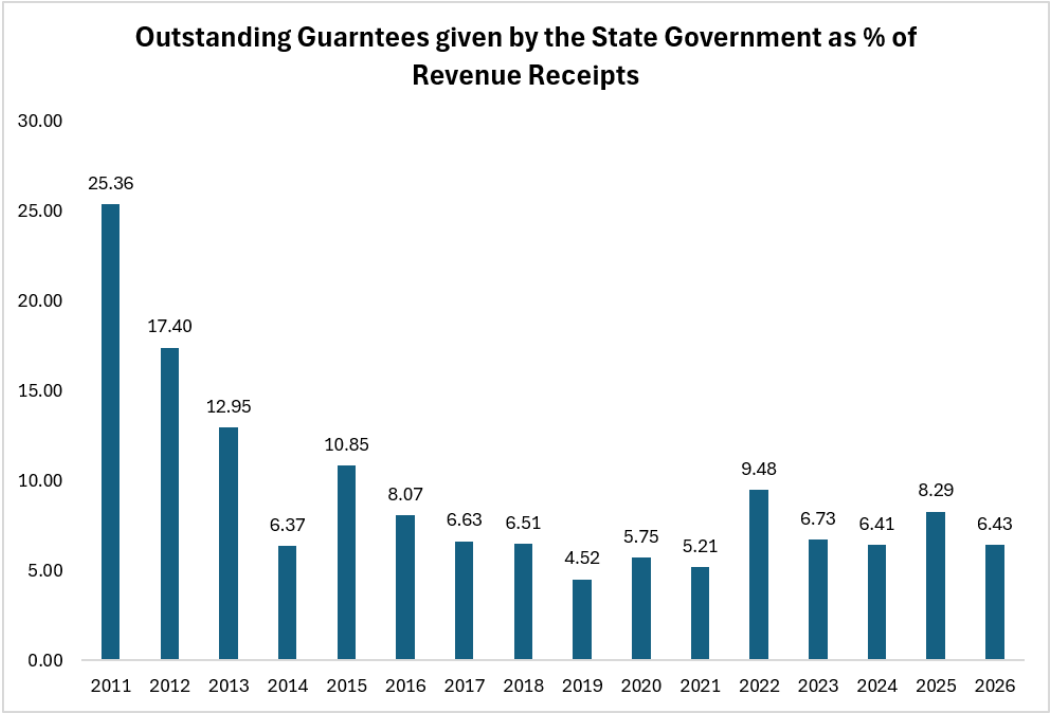
The debt situation of West Bengal is not encouraging.

As per FRBM amendment (2024), by FY25 the outstanding liability should be 34.3% of GDP; However, it is way above the FRBM target

Guarantees & Off-Budget Borrowings

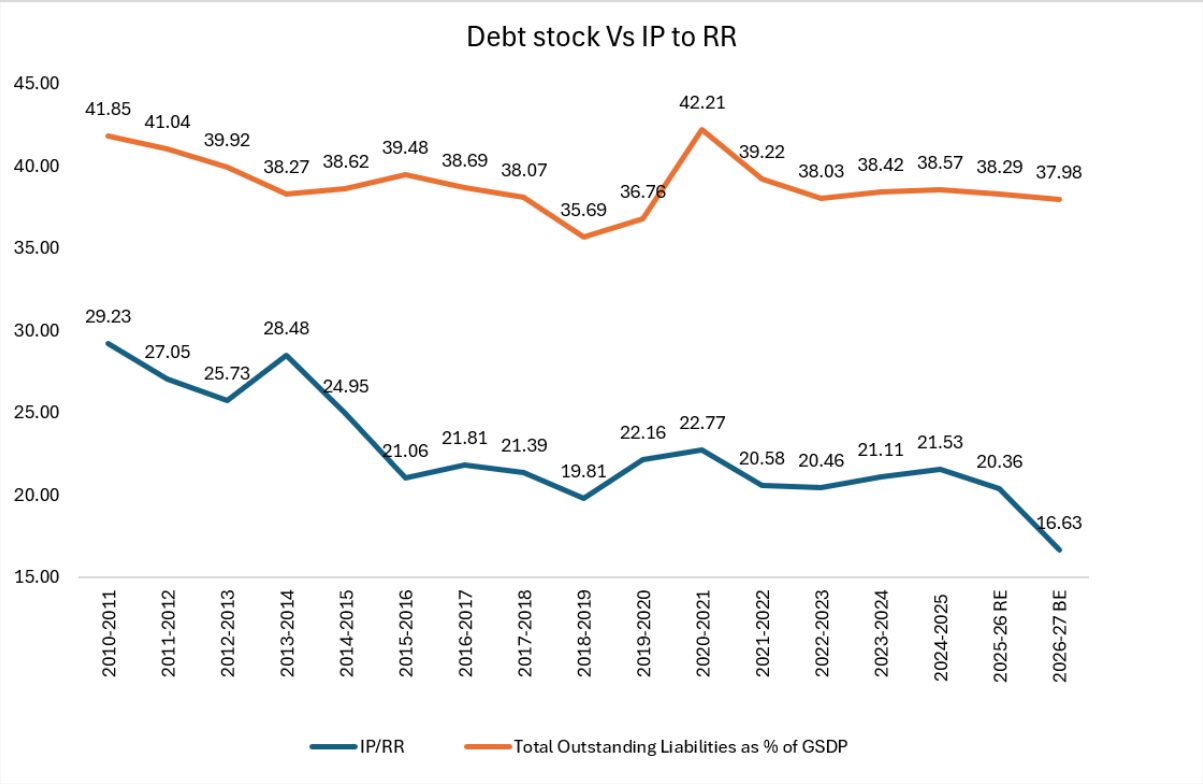
- At the end of FY26, the state's outstanding guarantee is estimated to be Rs 15,744 crore, which is 0.8% of West Bengal's GSDP
- **As per World Bank report submitted to 16-FC, some States like Tamil Nadu and West Bengal have underreported their OBBs compared to figures reported by the CAG**





Source: RBI, WB budget documents

Debt Sustainability



Selected Fiscal Indicators	2010-11	2025-26
Gross fiscal deficit as percentage of GSDP	4.2	3.4
Revenue deficit as percentage of gross fiscal deficit	-3.7	-2.1
Total debt stock as percentage of GSDP	41.9	38.3
Total debt stock as percentage of total revenue receipts	408.2	311.3
Own revenue receipts as percentage of revenue expenditure	32.7	39.1
Interest payment as percentage of revenue receipts	29.2	20.4
Non-tax revenue as percentage of revenue expenditure	3.7	1.3

Revenues Raised but not Realised

Revenues Raised but not Realised (Principal Taxes)_2025-26			
Rs crore	Amount under dispute	Amount not under dispute	Total
VAT	5468.5	1004.5	6473.0
Central Sales Tax	956.0	63.3	1019.2
Electricity Duty	23.8	86.5	110.3
Stamps and Registration fees	81.1	0.0	81.1
Entertainment Tax	6.0	33.9	39.9
R.E. Cess on Tea Estate	0.0	37.3	37.3
Agricultural Income Tax	1.3	26.6	27.9
Luxury Tax	3.7	18.2	21.9
State Excise	18.3	2.2	20.5
P.E Cess on Tea Estate	0.0	13.1	13.1
Source: FRBM Statement			

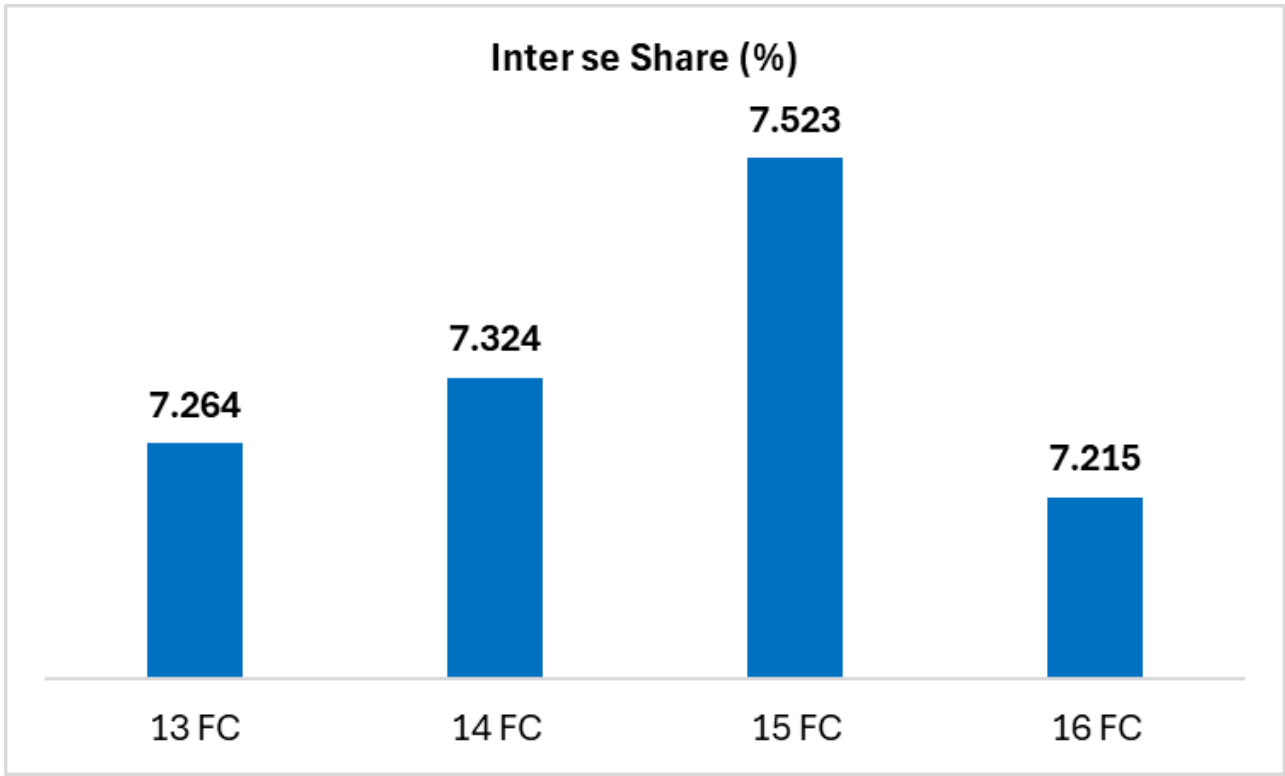
Revenue raised but not realized refers to assessed taxes and financial demands formally issued by the government to taxpayers, which have not yet been collected

These uncollected funds remain locked in legal disputes or are unrecoverable due to administrative hurdles, creating a massive fiscal drag

As of 2025-26, revenues worth Rs 7,844 crore has been raised but not realised

Central Transfers to West Bengal:
A Historical Analysis examining some fallacies

West Bengal Inter Se Share

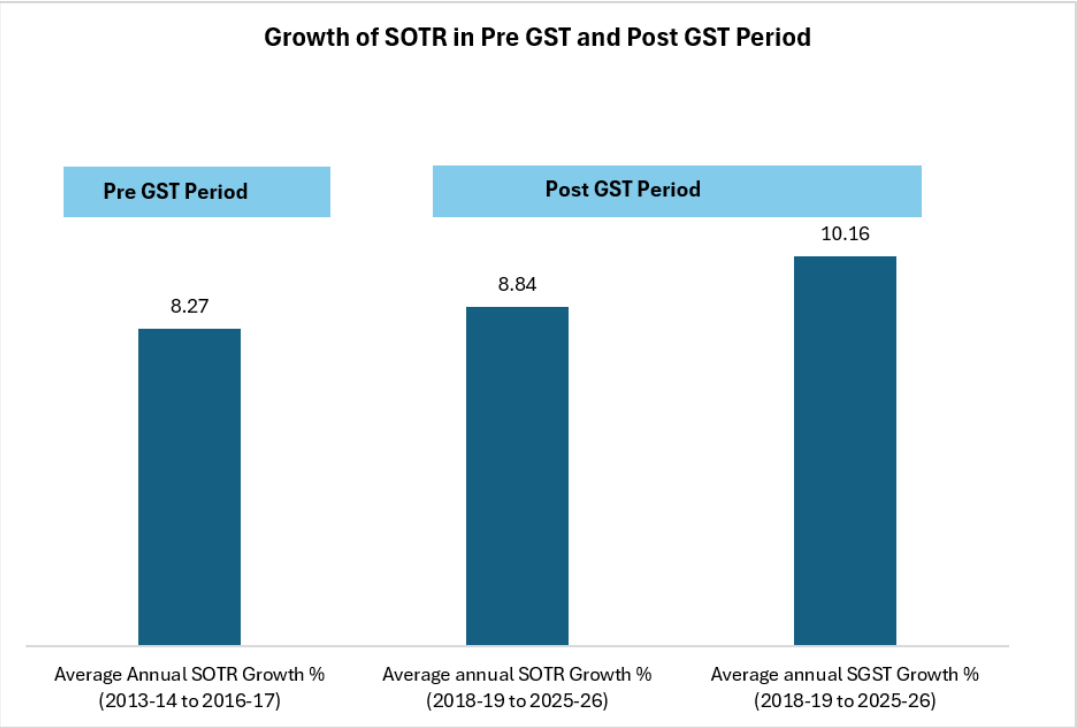


Source: Finance Commission Reports; SBI Research

Despite getting handsome share from Finance Commissions, West Bengal fiscal position has not improved much

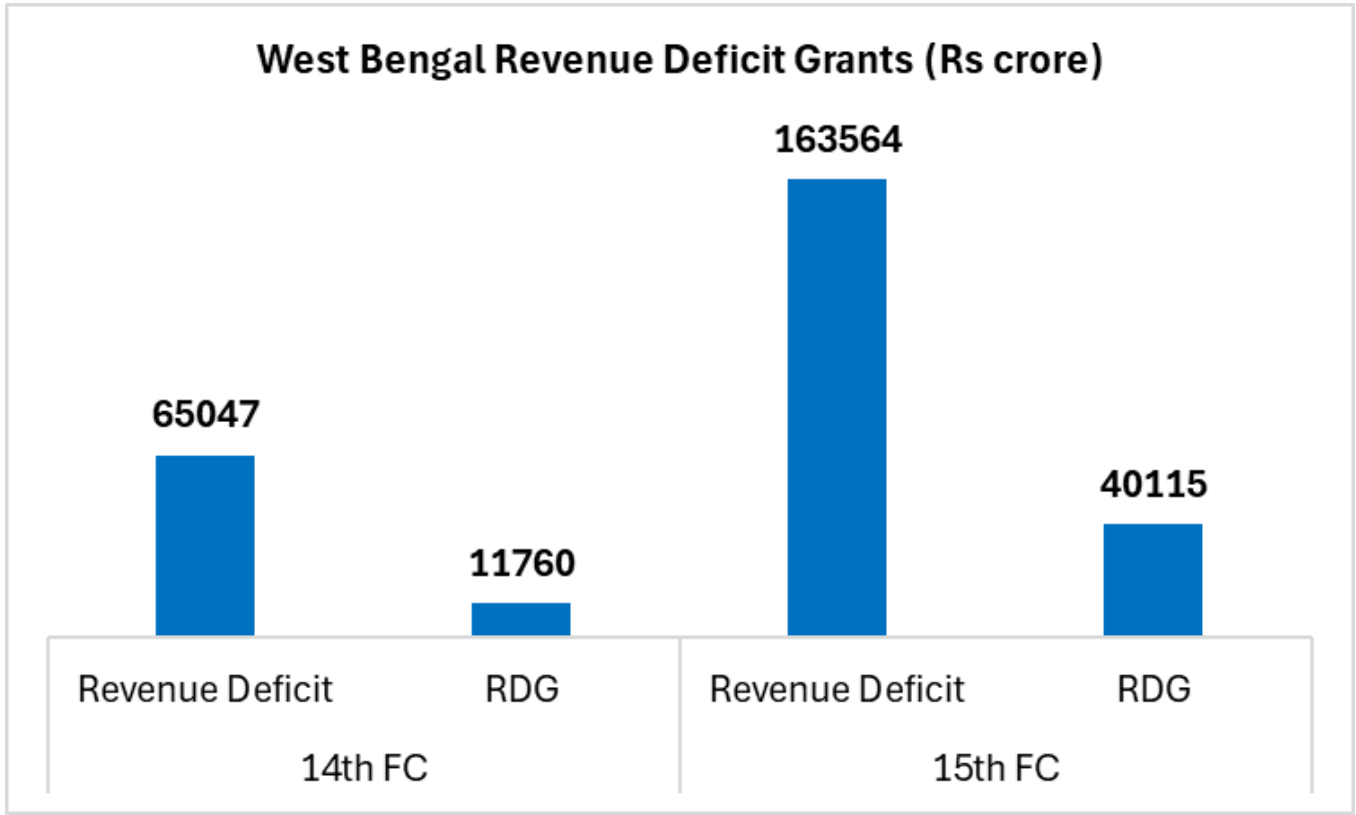
Impact of GST implementation on the State Finances has been positive despite claims to the contrary

Average growth in State's own tax revenue has not declined but has increased modestly post GST implementation.. SGST has registered higher growth



Source: Finance Accounts 2014-15 to 2024-25

…West Bengal has received significant Revenue Deficit Grants over the years even as revenue deficit has jumped significantly…

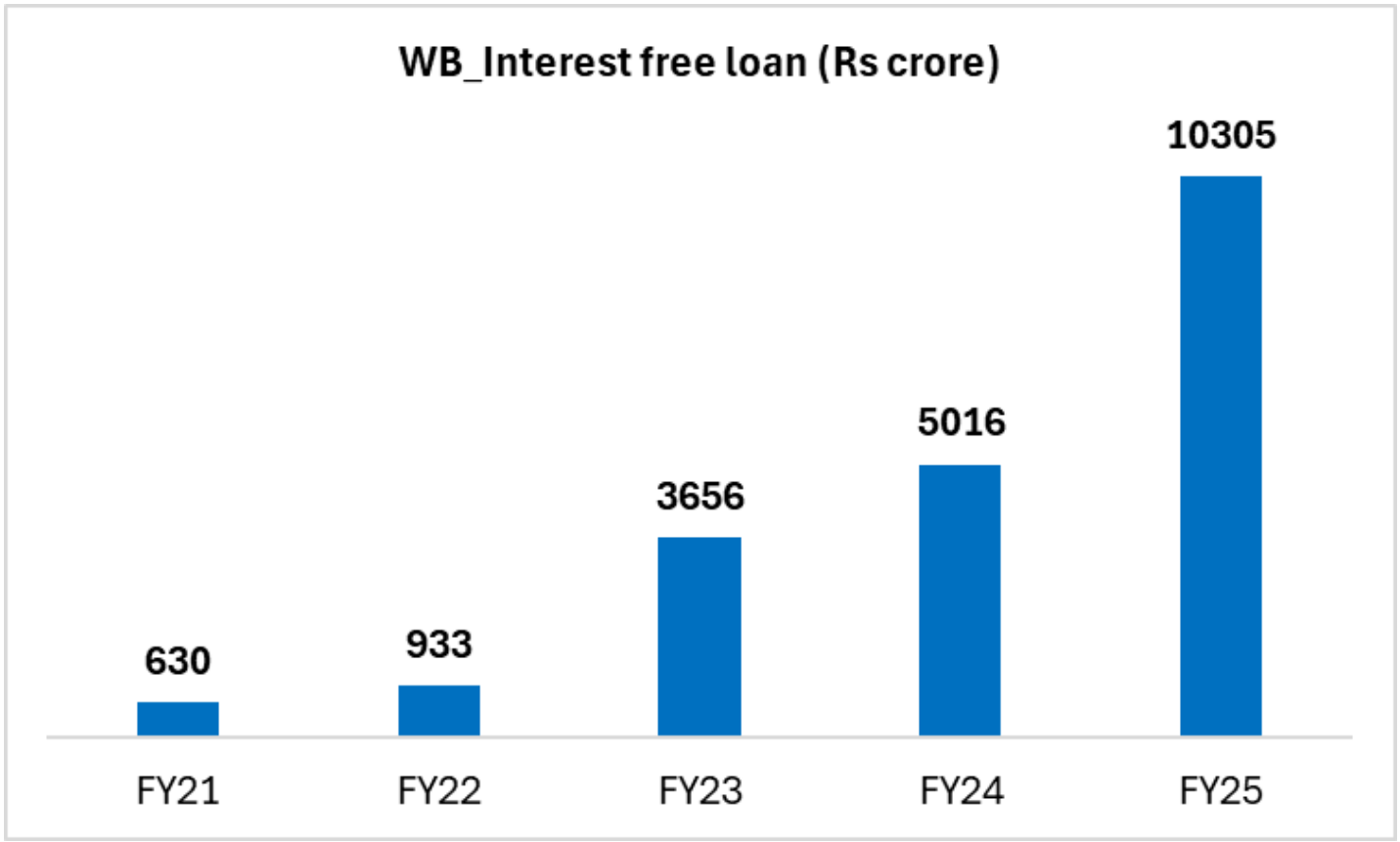


Source: Finance Commission Reports; SBI Research

Despite getting Rs 40,000 crore as Revenue Deficit Grant (RDG) during 15th Finance Commission period, West Bengal was unable to reduce its Revenue Deficit

Cognizant of this issue 16th FC has done away with RDGs

Also, 50 year interest Free Loans for capital expenditure have been on the rise..



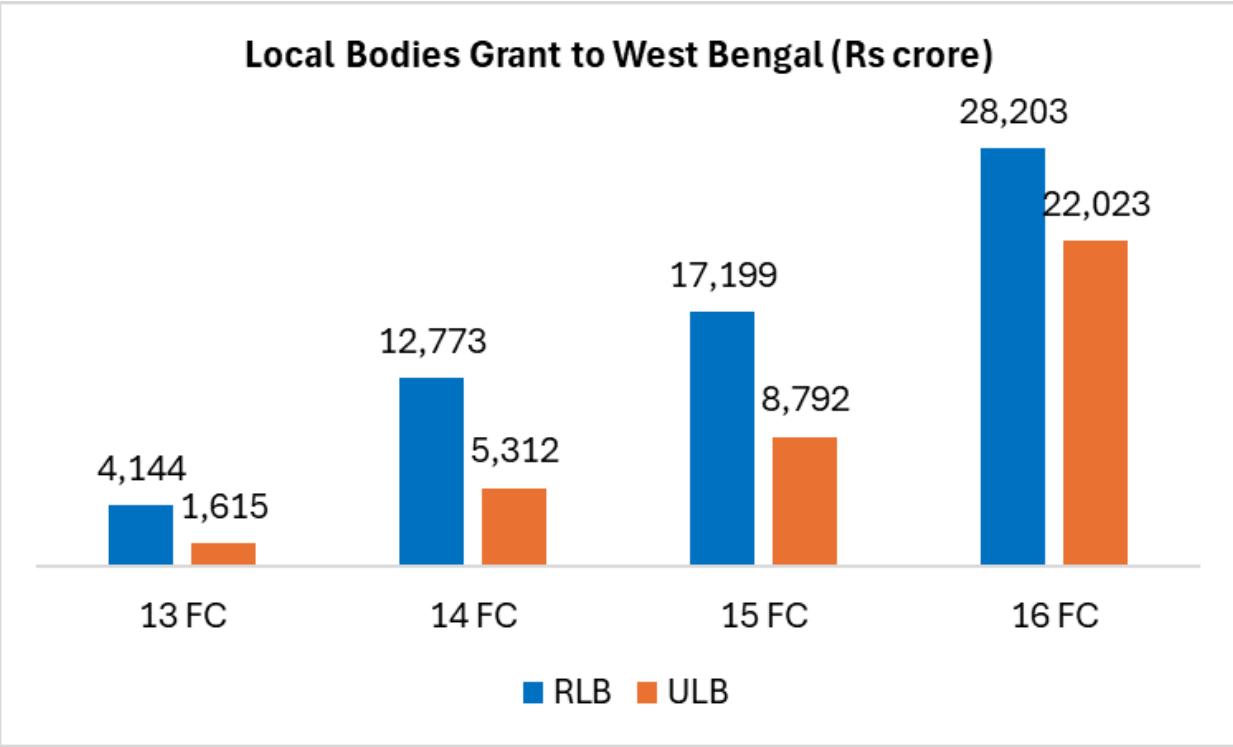
The amount of interest free loans to West Bengal has increased significantly over the years

From merely Rs 630 crore in FY21, it has increased to Rs 10,305 crore in FY25

Local Bodies Grants by the 16th FC almost doubled

16th FC allocated almost double the local bodies grant than were allocated by 15th FC

West Bengal is going to receive ~Rs 50,000 crore as local bodies grant for 16th FC period



Source: Finance Commission Reports; SBI Research

Weaknesses of Local Bodies

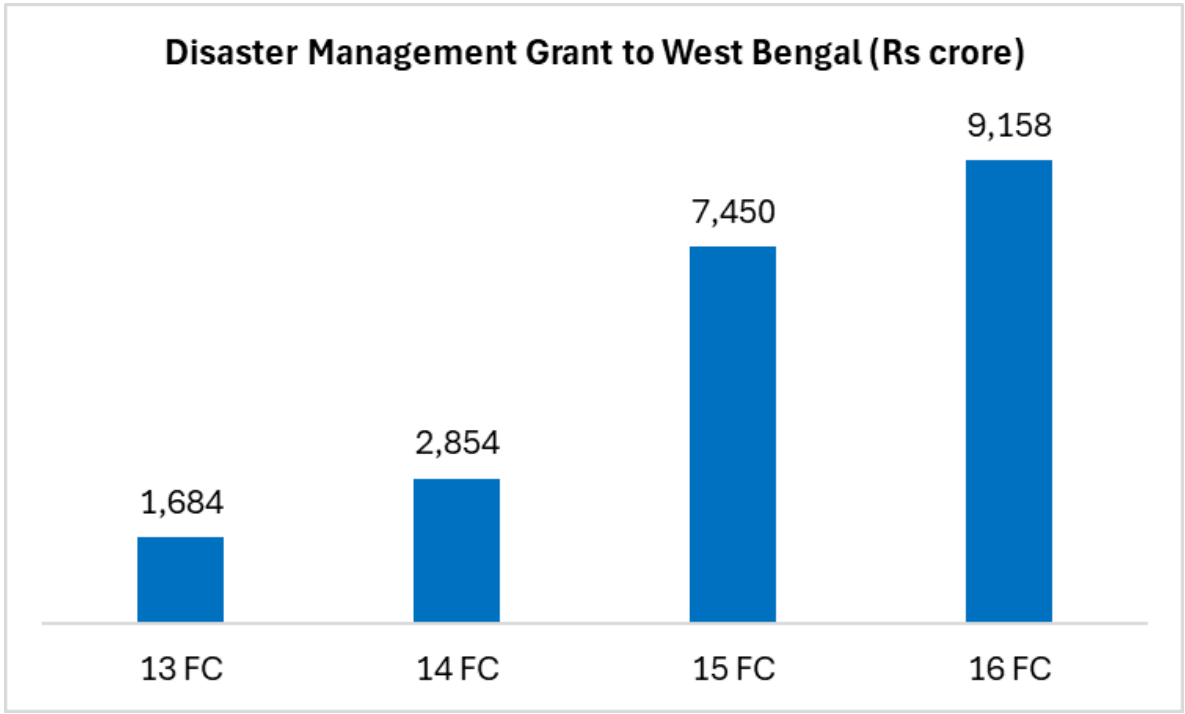
1. RLBs

- Deficiencies in conducting Internal audit
- Non-surrender of unutilised grants

2. ULBs

- Delay in holding of elections of ULBs thus making them ineligible for the CFC grant
- Delay in the preparation and submission of annual financial statements

Disaster Management Grants also increased 3-fold



There was more than 3-fold increase in disaster management grants given to West Bengal in 16th FC as compared to 14th FC

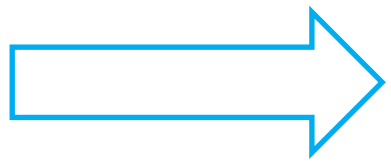
Source: Finance Commission Reports; SBI Research

Eastern Corridor operationalization connecting Bengal, Bihar, Odisha and Assam…

Need for operationalisation of an Eastern Multimodal Growth Corridor linking Bihar, Odisha, West Bengal and Assam, by integrating existing rail, road, port and inland-waterway assets.

Presently, the Amritsar–Kolkata Industrial Corridor covers Bihar and West Bengal, while the East Coast Economic Corridor covers West Bengal and Odisha; the Ganga–Brahmaputra–Barak waterway network connects NW-1, NW-2 and NW-16 through the Indo-Bangladesh Protocol route; and fixed scheduled cargo services have already been started between Kolkata–Patna–Varanasi and Kolkata–Pandu in Guwahati. This should now be converted into a time-bound corridor programme with last-mile rail and road connectivity, multimodal logistics parks, warehousing, cold-chain and port-led industrial nodes

Paradip port handled 150.41 MMT in FY 2024–25 and retained its No. 1 position among major ports, while Shyama Prasad Mookerjee Port, Kolkata registered highest cargo growth among major ports in Q1 fy26.



the infrastructure already exists and there is a need for integration. Such a corridor would support the Purvodaya objective by improving market access for agriculture, minerals, MSMEs and North-East trade, while shifting more freight to rail, inland waterways and coastal shipping.

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