

MEDIUM TERM FISCAL POLICY STATEMENT
&
FISCAL POLICY STRATEGY STATEMENT
FOR
2022-23



Finance Department
Government of West Bengal

Foreword

As per the statute of West Bengal Fiscal Responsibility and Budget Management (FRBM) Act, 2010 as amended and the rules thereto, I present before this august house the Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement for the year 2022-23.

March, 2022

Chandrima Bhattacharya
Minister of State
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Introduction

The path of fiscal prudence and discipline are imperative for ensuring overall fiscal health of the state. Focus on crucial fiscal indicators, is therefore important to optimise/reduce revenue deficit & fiscal deficit and to ensure prudent debt management. The West Bengal Fiscal Responsibility and Budget Management (FRBM) Act, 2010 was enacted in July 2010, and further amended in April 2011 and again on January, 2021. According to the last amendment, targets which had been fixed are still continuing for the coming years.

A set of recommendations has also been provided by the Fifteenth Central Finance Commission to meet the fiscal targets of Union and State Governments. One of the recommendations is that the State Governments may amend their FRBM Acts to provide for the statutory flexible limits on fiscal deficit. Again, the concerned FRBM Act may also be suitably amended to provide a statutory ceiling on the sanction of new capital initiatives to an appropriate multiple of the annual budget provision.

The 15th Finance Commission has enunciated provisions to introduce some flexibility in the fiscal discipline front of the State:-

“The normal limit for net borrowing may be fixed at 4 per cent of GSDP in 2021-22, 3.5 per cent in 2022-23 and be maintained at 3 per cent of GSDP from 2023-24 to 2025-26. The term ‘normal’ is used to clarify that we have not accounted for any additional borrowing to be done by the State Governments to manage the shortfall in GST compensation to them, or the incentive-based additional borrowing space that we have recommended for power sector reform.”

As per the FRBM Act, milestones have been set on a yearly basis to evaluate progress of achievement on fiscal discipline front. This yearly Statement reflecting upon the fiscal policy and fiscal strategy of the state is prepared as per the stated Act.

In the portions of the text that follows, discussions on overview in terms of growth of national and state economy have been made in respect of GDP/GSDP and GVA/ GSVVA calculated on base year 2011-12, and fiscal indicators have been arrived at accordingly.

The Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement for 2022-23 is presented along with the Annual Budget in the Assembly to reflect upon the intent of the government and initiatives adopted on its behalf to fulfill the objectives mentioned in the stated Act.

Overview of National Economy

A Press Note was released on 7th January 2022 by the Ministry of Statistics and Programme Implementation, the National Statistical Office (NSO), Govt. of India, where absolute GDP and GVA figures for All India and sectoral percentage shares etc., both at constant and current prices at base 2011-12, have been published with regard to 1st Advanced Estimates for 2021-22, as well as for previous few years. Hereunder, GDP growth figures of All India for the last few years have fallen which is shown in the tabulation presented below. Particularly in 2020-21 major decline in growth due to pandemic COVID 19 is seen.

Annual Growth of Gross Domestic Product (GDP) and Gross Value Added (GVA) at Market Price of All India at Base, 2011-12

Year	GDP Growth (Per cent)	
	Current Price	Constant Price
2019-20 (RE)	7.75	4.04
2020-21 (PE)	- 2.97	-7.25
2021-22 (1 st AE)	17.57	9.18

Source: Press note on 7 Jan, 2022, NSO, Govt. of India, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate

Since, sectoral classification of GDP with regard to national figures is not given, no such sectoral classification with regard to the three major sectors - agriculture and allied, industry and services sectors could be provided. However, national GVA figures on sectoral share of total GVA, are as provided herewith.

Percentage Share of Gross Value Added (GVA) of India at basic price by Economic activity at current price at base, 2011-12

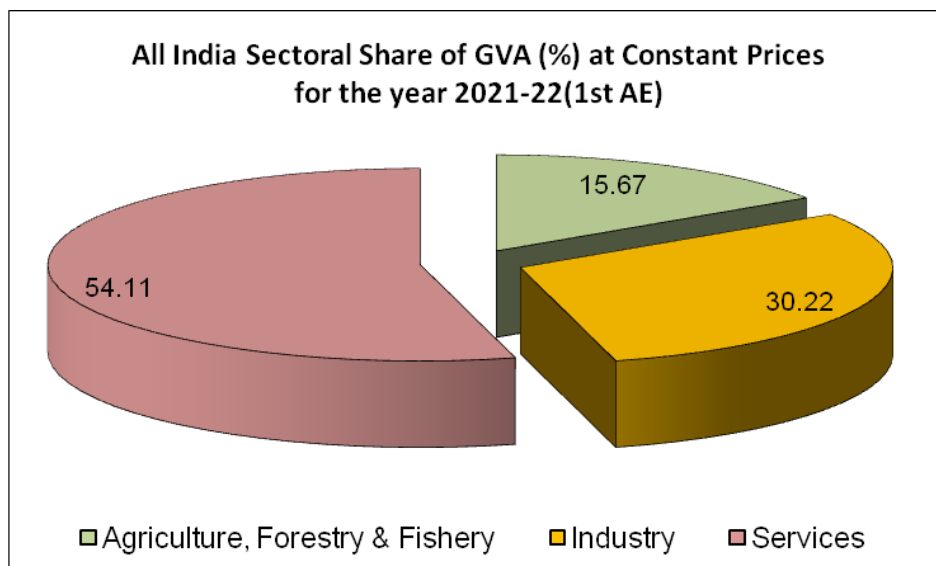
Sector	Share in % at Current (2011-12) Prices		
	2019-20 (RE)	2020-21 (PE)	2021-22 (1 st AE)
Agriculture, Forestry & Fishery	18.38	20.19	18.76
Industry	26.65	25.92	28.20
Services	54.97	53.89	53.04
GSVA at basic price	100	100	100

Source: Press note on 7 Jan, 2021, NSO, Govt. of India, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate

Percentage Share of Gross Value Added (GVA) of India at basic price by Economic activity at constant price of All India with Base, 2011-12

Sector	Share in % at Constant (2011-12) Prices		
	2019-20 (RE)	2020-21 (PE)	2021-22 (1 st AE)
Agriculture, Forestry & Fishery	14.83	16.38	15.67
Industry	29.59	29.34	30.22
Services	55.58	54.28	54.11
GSVA at basic price	100	100	100

Source: Press note on 7 Jan, 2021, NSO, Govt. of India, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate



Growth Rate of Index of Industrial Production (IIP) of India at Base 2011-12

Sector ↓ \ Year →	2019-20	2020-21	2021-22 (April - Oct.)
Manufacturing	- 1.4	- 9.6	21.2
General	- 0.8	- 8.4	20.0

*Source: For India data are obtained from National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India.
Note: Data are as on 12th January, 2021.*

Overview of State Economy

West Bengal GSDP figures, their annual growth rates, percentage of sectoral shares etc. have been deduced by the Bureau of Applied Economics & Statistics, Department of Planning & Statistics, Government of West Bengal for the last few financial years in terms of constant and current prices at base, 2011-12. Here GSDP growth rates, their percentage shares across three major economic sectors etc. have been analysed at constant and current prices with base year 2011-12 and such have been literally represented below.

Annual Growth of Gross State Domestic Product (GSDP) of West Bengal at Base, 2011-12

Year	GSDP Growth (Per cent)	
	Current Price	Constant Price
2019-20 (RE)	9.57	6.13
2020-21 (PE)	7.72	1.06
2021-22 (1 st AE)	18.11	12.82

Source: BAE&S, P & S Dept., Government of West Bengal, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate

GSDP of West Bengal has grown steadily and prodigiously over the period under consideration, as evident from the Table above. However, growth has declined during 2020-21 due to pandemic COVID 19. It is to be noted that **where GDP growth of India is (-)7.25 during 2020-21, GSDP growth of West Bengal is able to maintain (+)1.06 due to its appropriate demand stimulating macro-economic policy.**

Sectoral shares in percentages of GSVA at constant and current prices at base 2011-12, have been provided here for the last few years to highlight the thrust in sectoral contribution towards the State's overall GSVA over the years.

Percentage Share of Gross State Value Added (GSVA) of West Bengal at basic price by Economic activity at current price at base, 2011-12

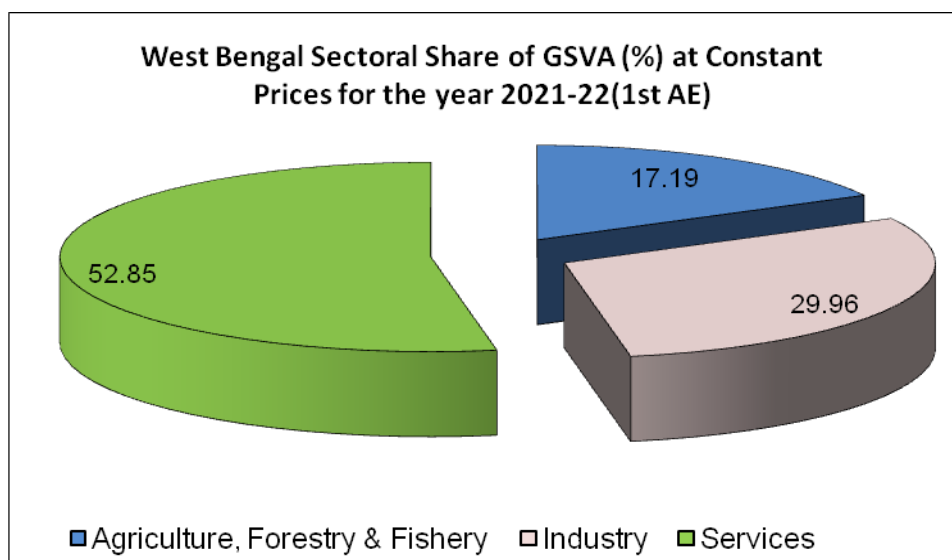
Sector	Share in % at Current (2011-12) Prices		
	2019-20 (RE)	2020-21 (PE)	2021-22 (1 st AE)
Agriculture, Forestry & Fishery	22.30	22.21	19.71
Industry	22.31	20.79	22.78
Services	55.39	57.00	57.51
GSVA at basic price	100.00	100.00	100.00

Source: BAE&S, P & S Dept., Government of West Bengal, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate

Percentage Share of Gross State Value Added (GSVA) of West Bengal at basic price by Economic activity at constant price at base, 2011-12

Sector	Share in % at Constant (2011-12) Prices		
	2019-20 (RE)	2020-21 (PE)	2021-22 (1 st AE)
Agriculture, Forestry & Fishery	18.72	19.50	17.19
Industry	29.11	28.52	29.96
Services	52.17	51.98	52.85
GSVA at basic price	100.00	100.00	100.00

Source: BAE&S, P & S Dept., Government of West Bengal, RE: Revised Estimate; PE: Provisional Estimate; AE: Advance Estimate



Services sector has consistently dominated the sectoral share of GSVA in constant / current prices over the last few years, followed by nearly equal shares of Industry and Agriculture and allied sectors.

Growth Rate of Index of Industrial Production (IIP) of West Bengal at Base 2011-12

Sector ↓ \ Year →	2019-20	2020-21	2021-22 (April - Oct.)
Manufacturing	5.8	- 7.6	29.8
General	2.4	- 3.4	24.8

Source: For West Bengal data are obtained from Bureau of Applied Economics & Statistics, Department of Planning & Statistics, Government of West Bengal.

Decline in growth during the year 2020-21 is noticed in Index of Industrial Production (IIP) due to pandemic COVID 19. However, IIP growth in Manufacturing is 29.8 and growth in General is 24.8 during 2021-22 (April-Oct.).

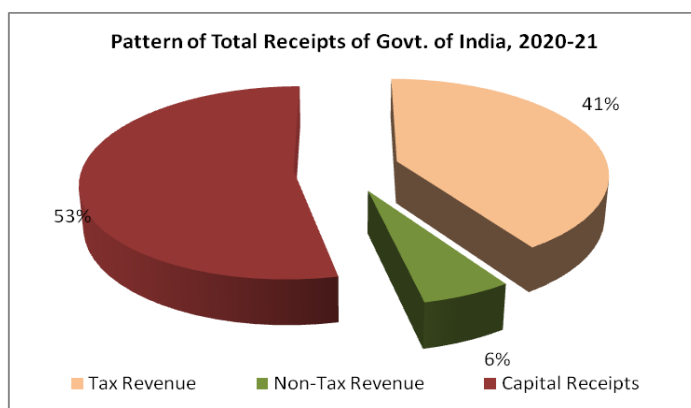
Overview of National Finance

As per Union Government budget publication the tables and graph below present different types of receipts of the Government of India during last ten years. It shows the Government's expenditure on different sectors and their share of percentage along with their trend.

Pattern of Total Receipts of the Government of India (₹ in Crore)

Financial Year	Tax Revenue	Non-Tax Revenue	Total Revenue Receipts	Capital Receipts	Total Receipts
2010-11	569869	218602	788471	408857	1197328
2011-12	629765	121672	751437	552928	1304365
2012-13	741877	137355	879232	531140	1410372
2013-14	815854	198870	1014724	544723	1559447
2014-15	903615	197857	1101472	562201	1663673
2015-16	943765	251260	1195025	595748	1790783
2016-17	1101372	272831	1374203	600991	1975194
2017-18	1242488	192745	1435233	706740	2141973
2018-19	1317211	235705	1552916	762197	2315113
2019-20	1356902	327157	1684059	1002271	2686330
2020-21	1426287	207633	1633920	1875916	3509836

Source: Budget Publications of Ministry of Finance, Government of India



National position in Capital Expenditure

The key parameters of National Finances are shown in the following tables, graphs and paragraphs.

Share of Capital Expenditure in Total Expenditure

Financial Year	Capital Expenditure (₹ in Crore)	Total Expenditure (₹ in Crore)	Capital Expenditure as % of Total Expenditure
2010-11	156605	1197328	13.08
2011-12	158580	1304365	12.16
2012-13	166858	1410372	11.83
2013-14	187675	1559447	12.03
2014-15	196681	1663673	11.82
2015-16	253022	1790783	14.13
2016-17	284610	1975194	14.41
2017-18	263140	2141973	12.28
2018-19	307714	2315113	13.29
2019-20	335726	2686330	12.50
2020-21	426317	3509836	12.15

Source: Budget Publications of Ministry of Finance, Government of India

From the table above it can be seen that over time share of capital expenditure in total expenditure has declined. Between 2016-17 and 2020-21, the share of capital expenditure in total expenditure has fallen about two percentage points.

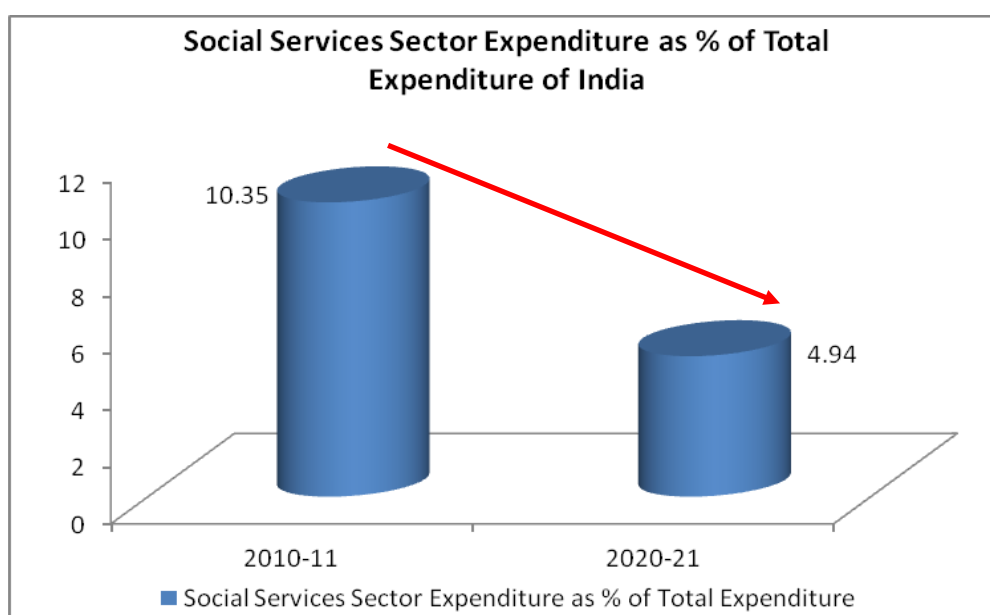
Expenditure on Social Services Sector (includes Education, Sports, Art & Culture, Health & Family Welfare, Water Supply, Sanitation, Housing, Information & Broadcasting, Labour & Labour Welfare, Welfare of SC, ST and OBC, Social Welfare, Nutrition and others):

Government's expenditure on social services sector plays a pivotal role in shaping the development storyline of an economy. The share of social services sector expenditure in total expenditure has significantly fallen over time, as shown in the table below. Between 2010-11 and 2020-21 the share had fallen from 10.35 to merely 4.49 per cent.

Share of Social Services Sector Expenditure in Total Expenditure

Financial Year	Social Services Sector Expenditure (₹ in Crore)	Total Expenditure (₹ in Crore)	Social Services Sector Expenditure as % of Total Expenditure
2010-11	123957	1197328	10.35
2011-12	113818	1304365	8.73
2012-13	119245	1410372	8.45
2013-14	134858	1559447	8.65
2014-15	61147	1663673	3.68
2015-16	90321	1790783	5.04
2016-17	98254	1975194	4.97
2017-18	106335	2141973	4.96
2018-19	112826	2315113	4.87
2019-20	141089	2686330	5.25
2020-21	173468	3509836	4.94

Source: Budget Publications of Ministry of Finance, Government of India



Expenditure on Agriculture and Agri-allied including Rural Development (includes Agri & allied activities, Rural Development, Special Areas Program and Irrigation and Flood Control):

Government's intention towards development of agriculture and allied sector as well as towards the development of rural economy can be understood from the government expenditure on Agriculture and allied sector including related activities. Enough importance has not been given towards the development of rural economy as the share of Agriculture and allied sector including rural development in total expenditure has fallen over time, except the financial year 2020-21 as can be seen from the Table below.

Share of Expenditure on Agriculture and Allied Sector Including Rural Development in Total Expenditure

Financial Year	Expenditure on Agri & Allied Sector (₹ in Crore)	Total Expenditure (₹ in Crore)	Expenditure on Agri & Allied Sector as % of Total Expenditure
2010-11	178796	1197328	14.93
2011-12	184387	1304365	14.14
2012-13	196692	1410372	13.95
2013-14	203438	1559447	13.05
2014-15	177637	1663673	10.68
2015-16	210679	1790783	11.76
2016-17	221540	1975194	11.22
2017-18	232427	2141973	10.85
2018-19	250518	2315113	10.82
2019-20	321534	2686330	11.97
2020-21	823360	3509836	23.46

Source: Budget Publications of Ministry of Finance, Government of India

Overview of the State Finance

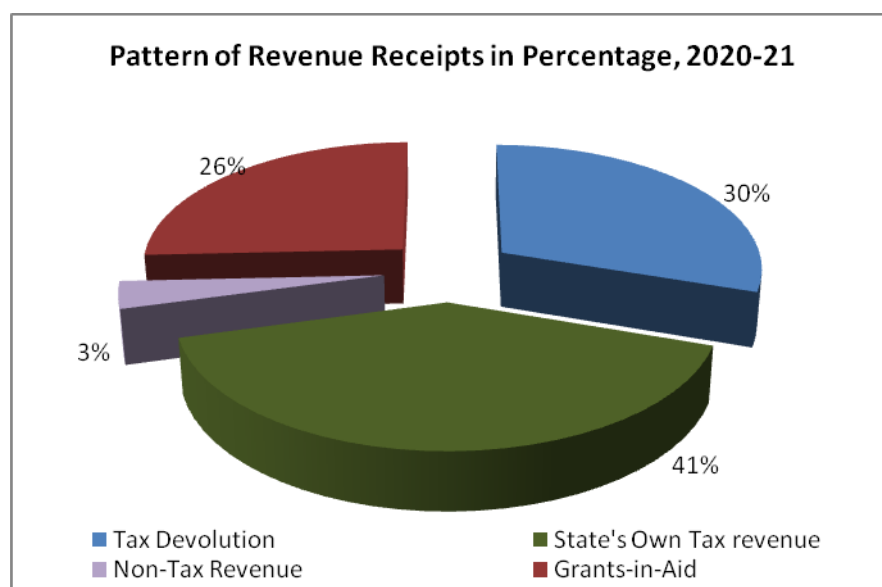
An economy anywhere in the world thrives on making itself fiscally self-sufficient. To increase state's Own Tax Revenue is one sure way to help boost up crucial fiscal indicators in favour of a resolute and resilient and most of all, a self-sufficient economy.

In the last nine years, in spite of an historical debt stress condition, significant achievements could be managed through concerted and sustained efforts the State Government. Resource mobilisation and comprehensive reforms in tax administration and collection resulted in consistently decreasing debt to GSDP ratio recorded over last nine years. Increase in Own Tax Revenue collection of the State played a crucial part in this process of recovery.

Pattern of Revenue Receipts (₹ in Crore)

Financial Year	Tax Devolution	State's own Tax Revenue	Non-Tax Revenue	Grants-in-Aid	Total
2010-11	15954.95	21128.74	2380.50	7800.01	47264.20
2011-12	18587.81	24938.16	1340.25	13888.82	58755.04
2012-13	21226.27	32808.49	1918.15	12342.84	68295.75
2013-14	23175.02	35830.56	2022.72	11853.49	72881.79
2014-15	24594.95	39411.96	1626.66	20880.64	86514.21
2015-16	37163.93	42492.08	1861.79	28214.41	109732.20
2016-17	44625.16	45466.46	2949.86	24790.97	117832.45
2017-18	44340.94	57700.73	3117.17	26111.54	131270.39
2018-19	55775.72	60732.28	3657.59	25809.66	145975.25
2019-20	48048.40	60669.37	3212.90	30983.54	142914.21
2020-21	44737.01	60287.24	5198.35	38171.37	148393.97
2021-22 (RE)	55940.29	73904.58	2884.83	43301.36	176031.06
2022-23 (BE)	61436.54	79346.60	6672.37	50591.50	198047.01

All figures are taken from AG, West Bengal except 2020-21 & 2021-22

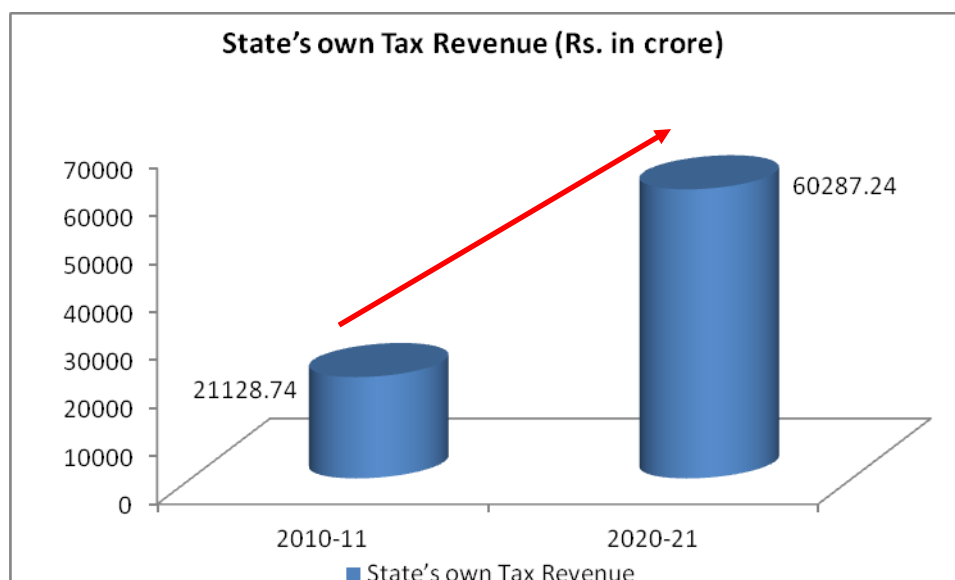
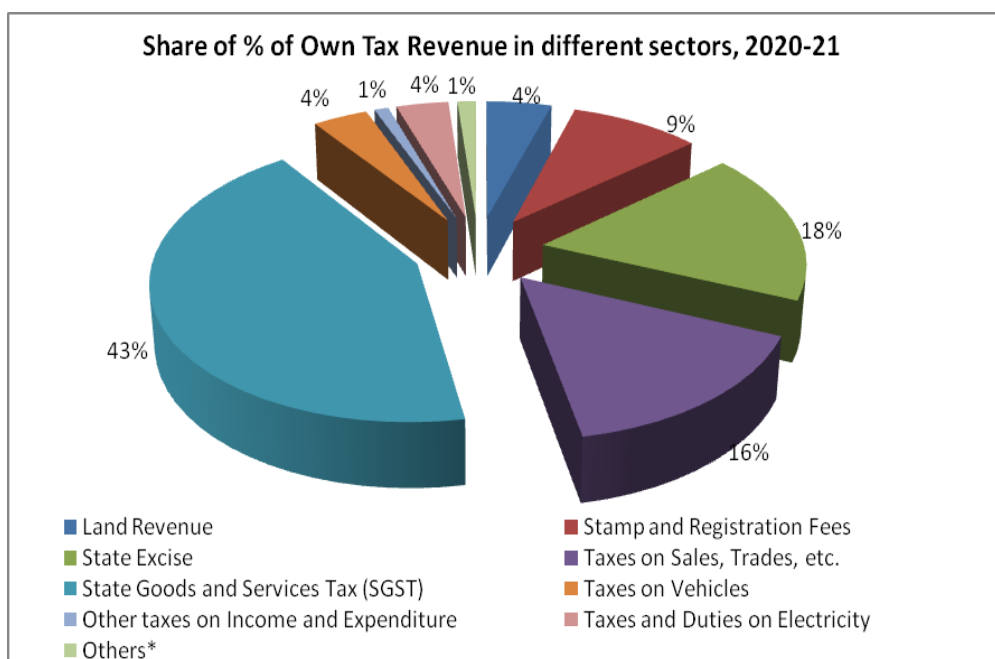


Own Tax Revenue has clearly dominated the shares of State Total Revenue Receipts in 2020-21. State's Own Tax Revenue collection grew up to ₹60287.24 crore in 2020-21 from ₹21128.74 crore in 2010-11, **thereby State's Own Tax Revenue has increased by about three times over the ten year span.**

Classification of State's Own Tax Revenue (₹ in Crore)

Major Heads of Account	₹ in crore					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Land Revenue	2456.27	2568.66	2874.51	2886.82	2728.08	2755.72
Stamp and Registration Fees	4174.97	4382.73	5260.77	5620.01	6025.79	5527.57
State Excise	4015.12	5226.16	9340.05	10622.45	11232.29	10665.96
Taxes on Sales, Trades, etc.	26050.16	27982.69	12999.34	7813.03	7161.17	9393.84
State Goods and Services Tax (SGST)	-	-	14963.74	27067.20	27307.52	26013.41
Taxes on Vehicles	1707.02	1869.86	2317.23	2562.58	2600.81	2336.33
Other taxes on Income and Expenditure	485.50	509.09	529.20	560.78	588.72	596.64
Taxes and Duties on Electricity	2091.63	1318.87	2333.55	2675.41	2421.42	2213.51
Others*	1511.40	1608.41	2102.20	924.00	603.58	784.26
Total	42492.07	45466.47	52720.57	60732.28	60669.37	60287.24

Others include Taxes on Agricultural Income, Taxes on Immovable Property other than Agricultural Land, Taxes on Goods and Passengers, Taxes and Duties on Commodities and Services etc. All figures are taken from AG, West Bengal



State's Own Tax Revenue receipts have consistently increased over the last few years. State Goods and Services Tax (SGST) has clearly dominated the State's Own Tax Revenue receipts in 2020-21. **State's Own Tax Revenue has increased by about three times over the ten year span.**

State position in Capital Expenditure

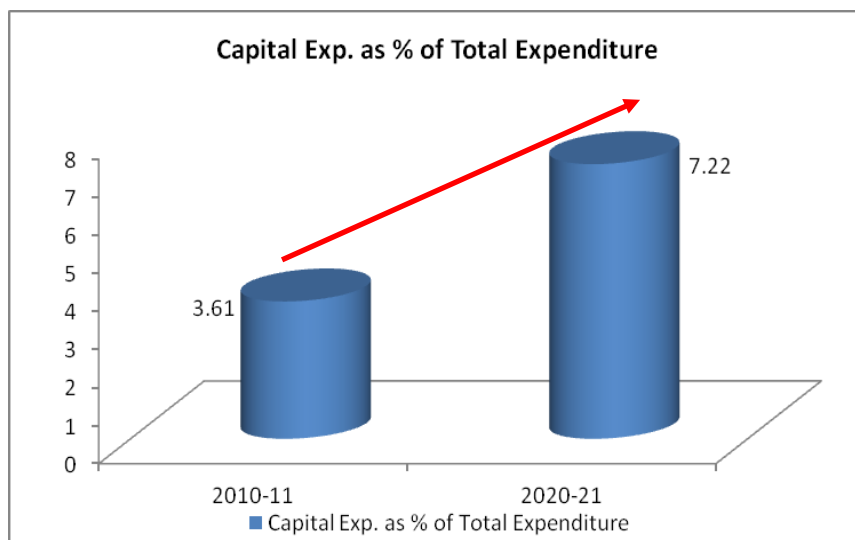
The key parameters of State Finances are shown in the following graphs, tables and paragraphs.

Capital Expenditure as a % of Total Expenditure

Year	₹ in Crore		Capital Exp. as % of Total Expenditure
	Total Expenditure	Capital Expenditure	
2010-11	72962.11	2633.48	3.61
2011-12	83830.88	3211.72	3.83
2012-13	95357.49	5611.33	5.88
2013-14	108513.39	7590.25	6.99
2014-15	123042.43	10383.39	8.44
2015-16	141451.09	13280.99	9.39
2016-17	157547.52	12533.63	7.96
2017-18	180030.93	19337.52	10.74
2018-19	201738.16	24582.81	12.18
2019-20	204365.17	17236.83	8.43
2020-21	211966.40	15310.49	7.22

All figures are taken from AG, West Bengal

Capital Expenditure of the State has been increasing steadily in course of the last few years' time, and its share in the State's Total Expenditure has also been increasing exponentially. Capital Expenditure as % of Total Expenditure grew from 3.61% in 2010-11 to 12.18% in 2018-19, 8.43% in 2019-20 and 7.22% in 2020-21 respectively.



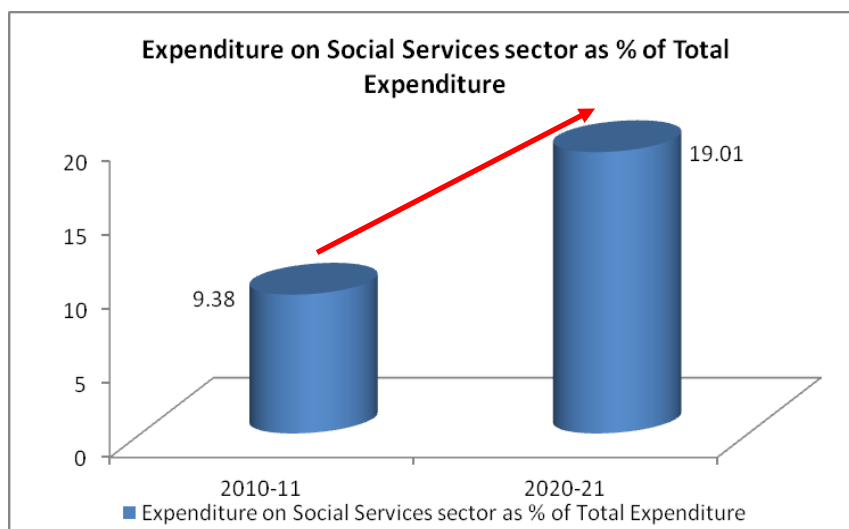
Expenditure on Social Service Sector (includes Education, Sports, Art & Culture, Health & Family Welfare, Water Supply, Sanitation, Housing, Information & Broadcasting, Labour & Labour Welfare, Welfare of SC, ST and OBC, Social Welfare and Nutrition and others):

The total expenditure on social service sector in 2010-11 was ₹6845.61 crore which grew to ₹40297.06 crore in 2020-21. The overall growth of expenditure on Social Infrastructure increased about six times on actual figures over the period 2010-11 through 2020-21.

Share of Social Services Sector Expenditure in Total Expenditure

Financial Year	Expenditure on Social Services sector (Rs. in Crore)	Total Expenditure (Rs. in Crore)	Expenditure on Social Services sector as % of Total Expenditure
2010-11	6845.61	72962.11	9.38
2011-12	8080.14	83830.88	9.64
2012-13	10273.91	95357.49	10.77
2013-14	13576.76	108513.39	12.51
2014-15	19753.81	123042.43	16.05
2015-16	24170.09	141451.09	17.09
2016-17	25736.23	157547.52	16.34
2017-18	28349.65	180030.93	15.75
2018-19	39181.95	201738.20	19.42
2019-20	38490.00	204365.17	18.83
2020-21	40297.06	211966.40	19.01

All figures are taken from AG, West Bengal



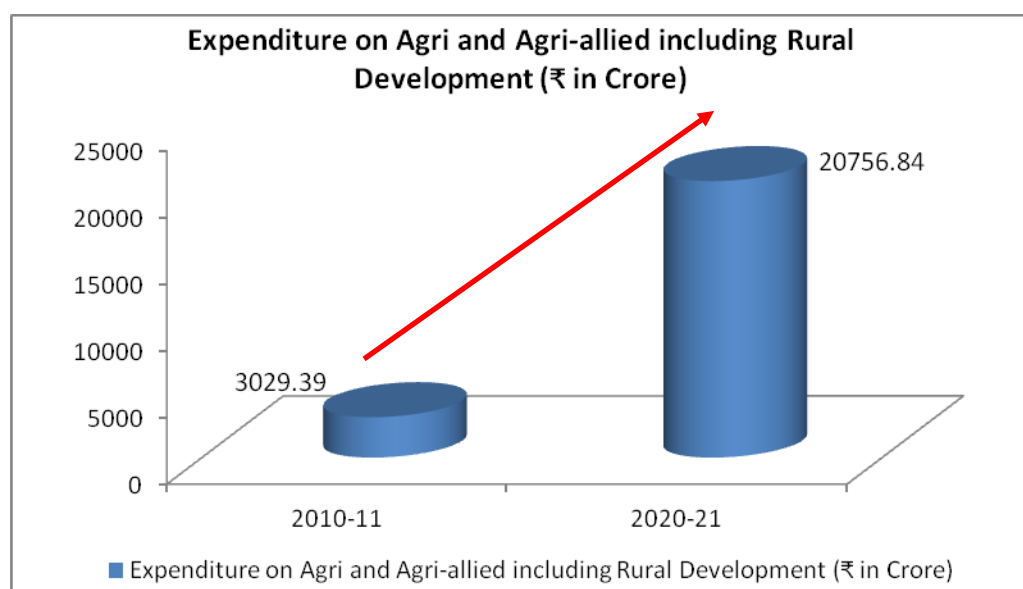
Expenditure on Agriculture and Agri-allied including Rural Development (includes Agriculture & allied activities, Rural Development, Special Areas Program and Irrigation and Flood Control):

Share of Expenditure on Agriculture and Allied Sector Including Rural Development in Total Expenditure

Financial Year	Expenditure on Agri & Allied Sector (Rs. in Crore)	Total Expenditure (Rs. in Crore)	Expenditure on Agri & Allied Sector as % of Total Expenditure
2010-11	3029.39	72962.11	4.15
2011-12	3696.55	83830.88	4.41
2012-13	5167.56	95357.49	5.42
2013-14	5759.82	108513.39	5.31
2014-15	15173.88	123042.43	12.33
2015-16	19924.63	141451.09	14.09
2016-17	16671.15	157547.52	10.58
2017-18	20322.91	180030.93	11.29
2018-19	25291.00	201738.20	12.54
2019-20	18603.00	204365.17	9.10
2020-21	20756.84	211966.40	9.79

All figures are taken from AG, West Bengal

The overall growth of expenditure on Agriculture and Agri-allied Services including Rural Development increased about seven times on figures of 2010-11 during the period 2010-11 through 2020-21. The total expenditure on Agriculture and Agri-allied sector was ₹3,029.39 crore in 2010-11 which increased to ₹20756.84 crore in 2020-21.



Medium Term Fiscal Policy Statement

A. Indicators – Rolling Targets

Item	Previous Years Actual		Current year		Ensuing year Budget Estimate
			Budget Estimate	Revised Estimate	
	2019-20	2020-21	2021-22	2021-22	2022-23
1	2	3	4	5	6
1. Revenue deficit as % of GSDP	1.63	2.27	1.74	2.15	1.65
2. Fiscal deficit as % of GSDP	3.05	3.43	3.96	3.48	3.64
3. Total debt stock as % of GSDP	35.89	37.05	34.87	34.41	34.23

B. BASICS UNDERLYING THE FISCAL INDICATORS

(1) **Revenue Receipts:** Revenue Receipts comprise State's own tax, central tax devolution, non tax revenue of the State Government and grants received from Government of India.

- a) **State's own tax:** State's own tax revenue collection grew from ₹21128.74 crore in 2010-11 to ₹60287.24 crore in 2020-21. The Own Tax Revenue collection therefore increased by about three times within the period 2010-11 through 2020-21. The Revised Estimates of State's own tax revenue collection for the year 2021-22 is ₹73904.58 crore and Budget Estimates for 2022-23 is ₹79346.60 crore.
- b) **Central tax devolution:** Central devolution of tax was ₹15954.95 crore in 2010-11 and it increased to ₹44737.01 crore in 2020-21. The Revised Estimates for Central Tax Devolution for the year 2021-22 is ₹55940.29 crore and Budget Estimates for 2022-23 is ₹61436.54 crore.
- c) **Non-tax revenue:** Non-tax revenue is only State's own non-tax revenue. The State's own non-tax revenue for financial year 2010-11 was ₹2380.50 crore and was ₹5198.35 crore in 2020-21. The collection figures of non-tax revenue is ₹2884.83 crore as per Revised Estimates of 2021-22 and ₹6672.37 crore as per Budget Estimates of 2022-23.
- d) **Others (Grants):** Others (Grants) means the plan and non-plan grants received from the Government of India. The State Government received ₹7800.01 crore for financial year 2010-11 and it increased to ₹38171.37 crore in 2020-21. The Grants supposed to have been received by the State as per Revised Estimates of 2021-22 is ₹43301.36 crore and as per Budget Estimates for 2022-23, it is set at ₹50591.50 crore.

(2) **Capital Receipts:** The Capital receipts for the financial year 2010-11 was ₹372.48 crore while the capital expenditure was ₹2633.48 crore for the same period. Actual figures for the financial year 2020-21 capital receipts and capital expenditure were ₹150.15 crore and ₹15310.49 crore respectively. For the year 2021-22, capital receipts and capital expenditure as per revised estimates are ₹171.32 crore and ₹20639.48 crore respectively. For 2022-23, budget estimates for capital receipts and capital expenditure are set at ₹185.41 crore and ₹34302.75 crore respectively.

(3) **Total Expenditure:** The total expenditure is classified into Revenue, Capital, Loans and Advances.

a) **Revenue Account:** The Revenue Account mainly consists of Salaries, Pension, Interest payment and Subsidies.

- i) **Interest Payments** - Interest payment during the year 2020-21 was ₹33781.51 crore and Revised Estimate for 2021-22 is ₹36561.67 crore. Budget Estimate for 2022-23 is ₹39110.92 crore.
- ii) **Salaries** - The salary expenditure of the State Government, which includes both plan and non-plan salary, has increased to ₹53708.70 crore in the financial year 2020-21 as compared to ₹45893.45 crore in the financial year 2019-20. The annual growth to the salary expenditure comes to 16.66%. The Revised Estimates in Salary payments in the year 2021-22 is ₹59568.43 crore. Budget Estimates on the same head for 2022-23 is ₹58217.88 crore.
- iii) **Pension** - The Pension payments in the financial year 2019-20 was ₹17462.47 crore and such payments in the financial year 2020-21 was ₹21393.74 crore. Payments due to Pensions is ₹22538.42 crore as per Revised Estimates for the financial year 2021-22 and ₹22997.75 crore as per Budget Estimates for the financial year 2022-23.

b) **Capital Account:** The actual capital expenditure for the year 2010-11 was ₹2633.48 crore and for 2020-21, it was ₹15310.49 crore, therefore a raise of about seven times during the period. The revised estimate for the year 2021-22 is ₹20639.48 crore. The budget estimate for 2022-23 is ₹34302.75 crore.

- i) **Disbursement of Loans and advances** - The disbursement of Loans and Advances has decreased to ₹1284.42 crore in 2021-22(RE) and ₹1158.37 crore in 2022-23(BE) as compared to ₹2276.75 crore AG actual of 2020-21. This expenditure comprises both plan & non-plan loans.
- ii) **Capital Outlay** - The Capital Outlay of the state went up from ₹2225.75 crore in 2010-11 to ₹13033.74 crore in 2020-21, thereby increasing by about six times during the interim period. ₹19355.06 crore is expected as capital outlay for the financial year 2020-21 (RE) and ₹33144.38 crore for 2021-22 (BE).

(4) **GSDP Growth:** GSDP of the state at current price grew from ₹460959 crore (2004-05 base year) in 2010-11 to ₹1536681 crore (2011-12 base year) in 2021-22(1st AE).

GSDP has **increased by about three and half times over the ten year span.**

Fiscal Policy Strategy Statement

A. OVERVIEW OF FISCAL POLICY & STATUS OF THE STATE

West Bengal Fiscal Responsibility and Budget Management (FRBM) Act, 2010 prescribes that the State government shall progressively reduce the debt stock, revenue deficit and fiscal deficit to specified targets.

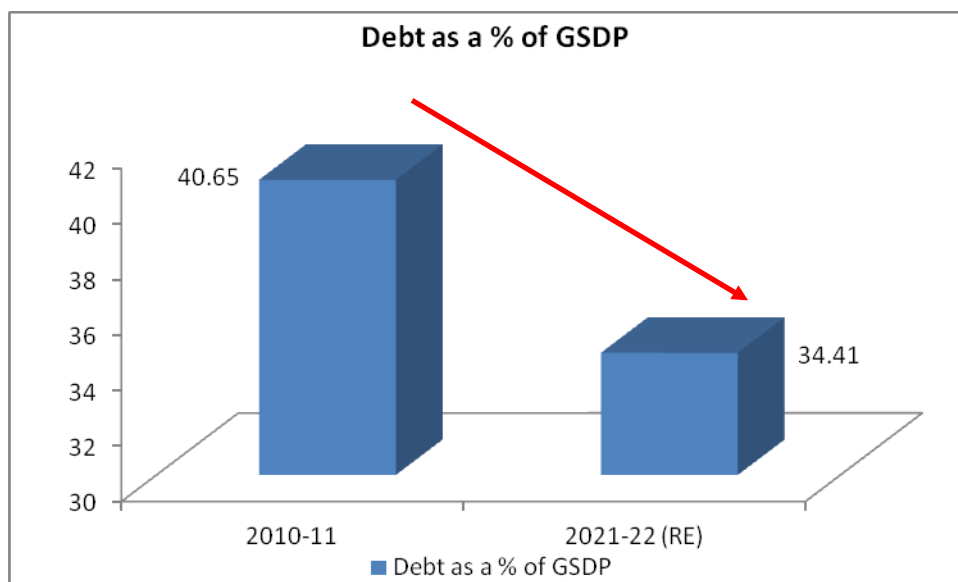
It however needs to be stressed in this case that despite an excessive financial burden on the State, the fiscal indicators have consistently moved towards the targets prescribed in the Act. The following tables will clarify the actual picture of the state in terms of fiscal indicators.

The Debt to GSDP ratio for the state was 40.65% in 2010-11 and it gradually decreased to 37.05% in 2020-21. The Debt to GSDP ratio is estimated at 34.41% as per 2021-22 (RE) and according to 2022-23 (BE), it is pegged at 34.23%.

Debt as a % of GSDP

Financial Year	Debt (₹ in Crore)	GSDP (₹ in Crore)	Debt as a % of GSDP
2010-11	187387.40	460959	40.65
2011-12	207702.04	520485	39.91
2012-13	229778.76	591464	38.85
2013-14	251996.59	676848	37.23
2014-15	277579.15	718082	38.66
2015-16	306042.58	797300	38.38
2016-17	337682.41	872527	38.70
2017-18	360961.07	974700	37.03
2018-19	393299.71	1102283	35.68
2019-20	433475.00	1207823	35.89
2020-21	481998.81	1301017	37.05
2021-22 (RE)	528833.05	1536681	34.41
2022-23 (BE)	586438.05	1713154	34.23

All figures are taken from AG, West Bengal except 2021-22 & 2022-23. All GSDP figures except 2010-11 taken at 2011-12 base. GSDP figures for 2010-11 taken at 2004-05 base. Source: BAE&S, DoP&S, Government of West Bengal.

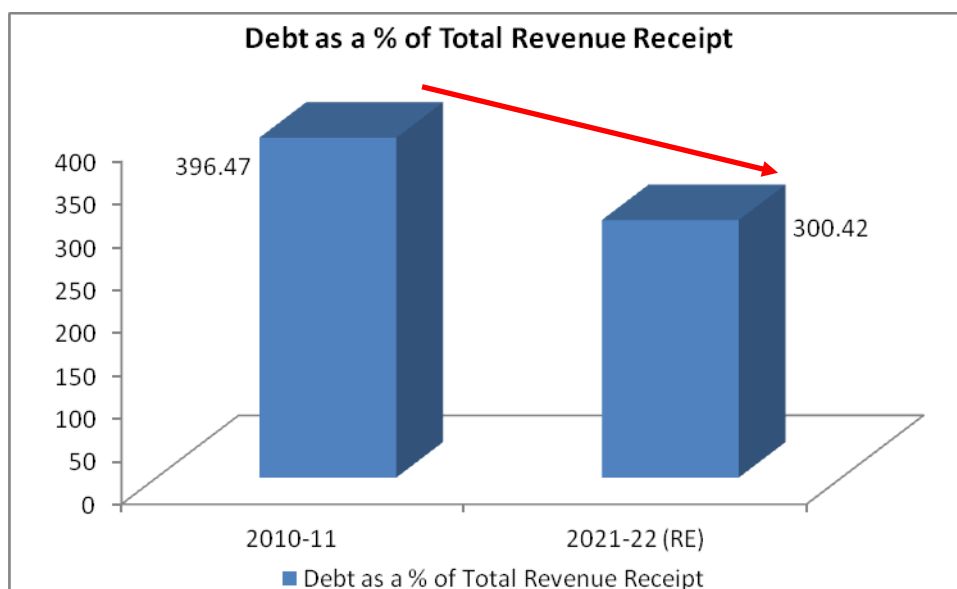


The Debt to Total Revenue Receipt ratio for the state was 396.47% in 2010-11 and it gradually decreased to 324.81% in 2020-21. According to 2021-22(RE), the Debt to Total Revenue Receipt ratio is estimated at 300.42% and as per 2022-23(BE), it is estimated at 296.11%.

Debt as a % of Total Revenue Receipt

Financial Year	Debt (₹ in Crore)	Total Revenue Receipt (₹ in Crore)	Debt as a % of Total Revenue Receipt
2010-11	187387.40	47264.20	396.47
2011-12	207702.04	58755.04	353.51
2012-13	229778.76	68295.75	336.45
2013-14	251996.59	72881.79	345.76
2014-15	277579.15	86514.21	320.85
2015-16	306042.57	109732.21	278.90
2016-17	337682.41	117832.45	286.58
2017-18	360961.08	131270.38	274.98
2018-19	393299.71	145975.25	269.43
2019-20	433475.00	142914.21	303.30
2020-21	481998.81	148393.97	324.81
2021-22 (RE)	528833.05	176031.06	300.42
2022-23 (BE)	586438.05	198047.01	296.11

All figures are taken from AG, West Bengal except 2021-22 & 2022-23

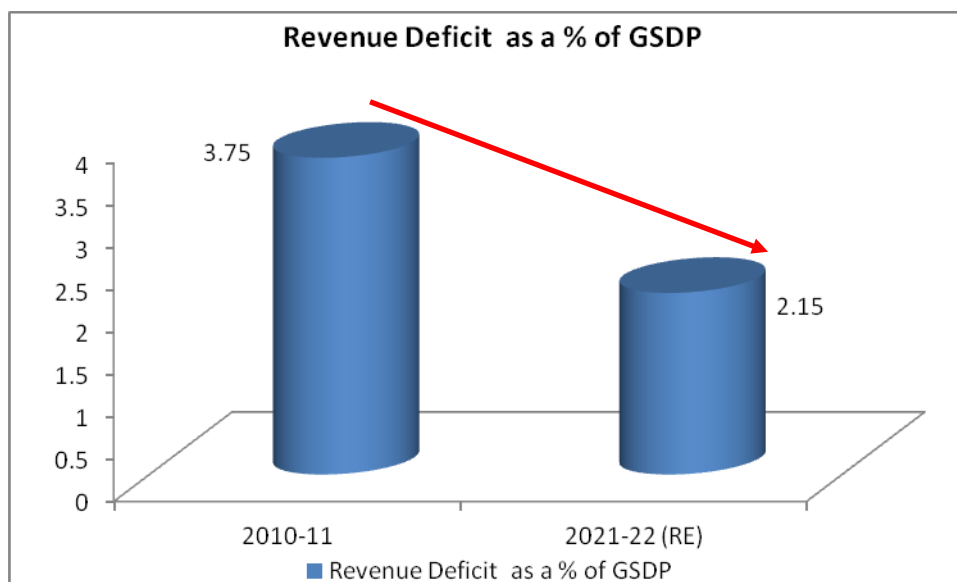


The Revenue Deficit to GSDP ratio for the state was 3.75% in 2010-11 and it gradually decreased to 2.27% in 2020-21 and 2.15% in 2021-22 (RE). As per budget estimate for 2022-23, it is further reduced at 1.65%.

Revenue Deficit as a % of GSDP

Financial Year	Revenue Deficit (₹ in Crore)	GSDP (₹ in Crore)	Revenue Deficit as a % of GSDP
2010-11	17273.96	460959	3.75
2011-12	14571.33	520485	2.80
2012-13	13815.13	591464	2.34
2013-14	18915.49	676848	2.79
2014-15	17137.40	718082	2.39
2015-16	9095.06	797300	1.14
2016-17	16085.11	872527	1.84
2017-18	9806.98	974700	1.01
2018-19	10398.66	1102283	0.94
2019-20	19660.91	1207823	1.63
2020-21	29527.31	1301017	2.27
2021-22 (RE)	32963.60	1536681	2.15
2022-23 (BE)	28279.67	1713154	1.65

All figures are taken from AG, West Bengal except 2021-22 & 2022-23. All GSDP figures except 2010-11 taken at 2011-12 base. GSDP figures for 2010-11 taken at 2004-05 base. Source: BAE&S, DoP&S, Government of West Bengal.

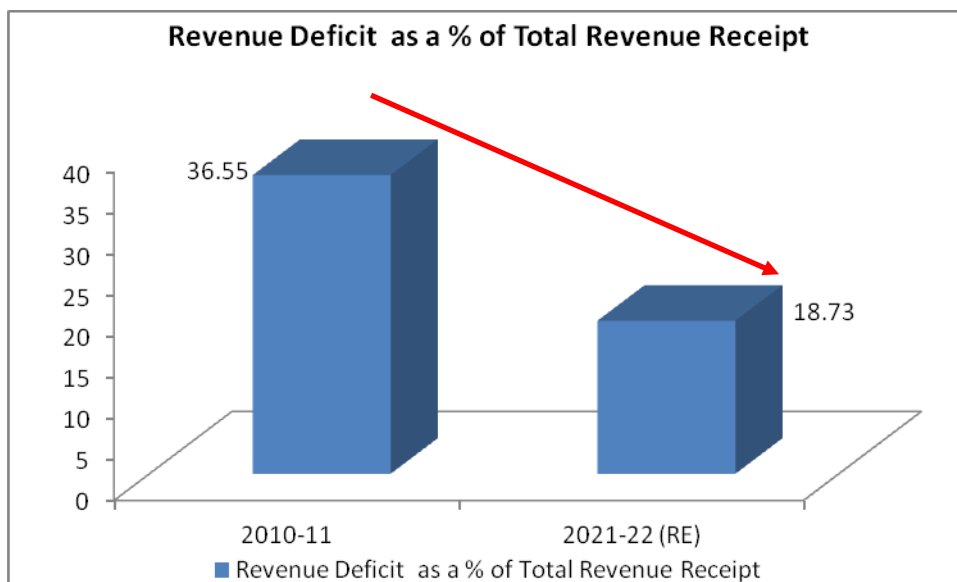


The Revenue Deficit to Total Revenue Receipt ratio for the state was 36.55% in 2010-11 and it steadily decreased to 19.90% in 2020-21 and 18.73% in 2021-22 (RE), it is estimated to further reduce to 14.28% as per budget estimate for 2022-23.

Revenue Deficit as a % of Total Revenue Receipt

Financial Year	Revenue Deficit (₹ in Crore)	Total Revenue Receipt (₹ 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	9806.98	131270.38	7.47
2018-19	10398.66	145975.25	7.12
2019-20	19660.91	142914.21	13.76
2020-21	29527.31	148393.97	19.90
2021-22 (RE)	32963.60	176031.06	18.73
2022-23 (BE)	28279.67	198047.01	14.28

All figures are taken from AG, West Bengal except 2021-22 & 2022-23

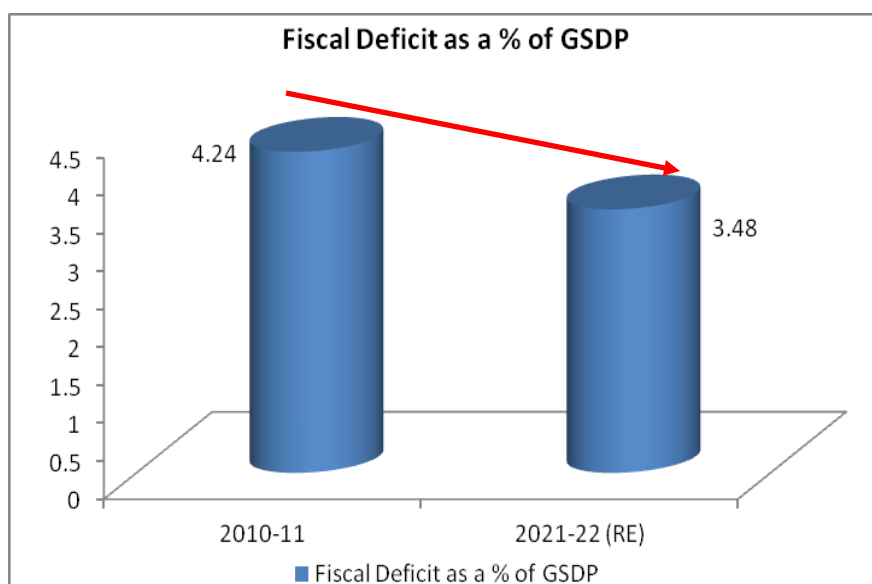


The **Fiscal Deficit to GSDP ratio** for the state was 4.24% in 2010-11 and it gradually decreased to 3.43% in 2020-21. The ratio is estimated at 3.48% as per 2021-22 (RE) and according to 2022-23 (BE), it is pegged at 3.64%.

Fiscal Deficit as a % of GSDP

Financial Year	Fiscal Deficit (₹ in Crore)	GSDP (₹ in Crore)	Fiscal Deficit as a % of GSDP
2010-11	19534.96	460959	4.24
2011-12	17704.88	520485	3.40
2012-13	19146.64	591464	3.24
2013-14	25347.90	676848	3.74
2014-15	27345.29	718082	3.81
2015-16	20890.69	797300	2.62
2016-17	25385.40	872527	2.91
2017-18	28930.90	974700	2.97
2018-19	33485.55	1102283	3.04
2019-20	36831.07	1207823	3.05
2020-21	44687.65	1301017	3.43
2021-22 (RE)	53431.76	1536681	3.48
2022-23 (BE)	62397.01	1713154	3.64

All figures are taken from AG, West Bengal except 2021-22 & 2022-23. All GSDP figures except 2010-11 taken at 2011-12 base. GSDP figures for 2010-11 taken at 2004-05 base. Source: BAE&S, DoP&S, Government of West Bengal.

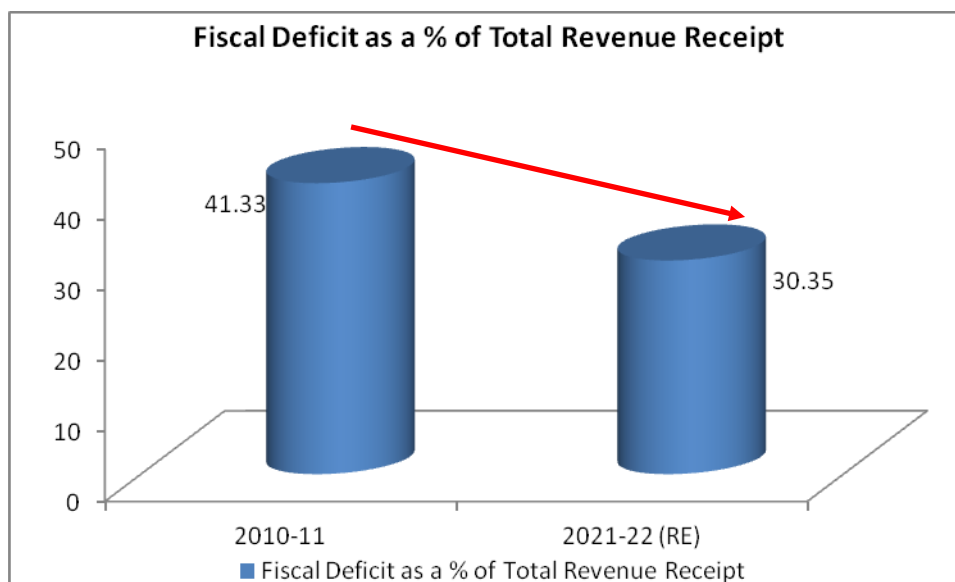


The Fiscal Deficit to Total Revenue Receipt ratio for the state was 41.33% in 2010-11 and it gradually decreased to 30.11% in 2020-21. According to 2021-22 (RE), the Fiscal Deficit to Total Revenue Receipt ratio is estimated at 30.35% and as per 2022-23 (BE), it is reduced at 31.51%.

Fiscal Deficit as a % of Total Revenue Receipt

Financial Year	Fiscal Deficit (₹ in Crore)	Total Revenue Receipt (₹ 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	28930.90	131270.38	22.04
2018-19	33485.55	145975.25	22.94
2019-20	36831.07	142914.21	25.77
2020-21	44687.65	148393.97	30.11
2021-22 (RE)	53431.76	176031.06	30.35
2022-23 (BE)	62397.01	198047.01	31.51

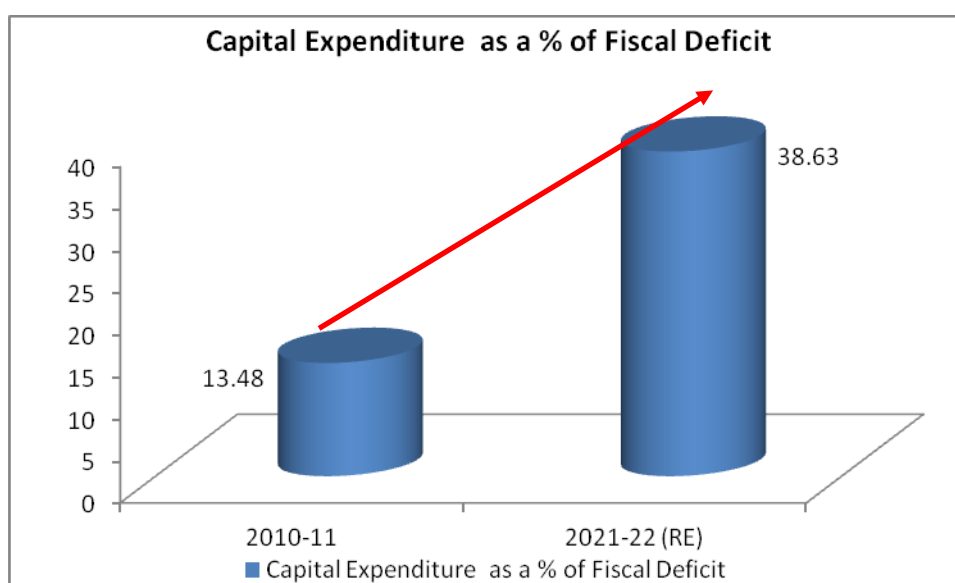
All figures are taken from AG, West Bengal except 2021-22 & 2022-23



Capital Expenditure as a % of Fiscal Deficit

Financial Year	Capital Expenditure (₹ in Crore)	Fiscal Deficit (₹ 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	19337.52	28930.90	66.84
2018-19	24582.81	33485.55	73.41
2019-20	17236.83	36831.07	46.80
2020-21	15310.49	44687.65	34.26
2021-22 (RE)	20639.48	53431.76	38.63
2022-23 (BE)	34302.75	62397.01	54.97

All figures are taken from AG, West Bengal except 2021-22 & 2022-23

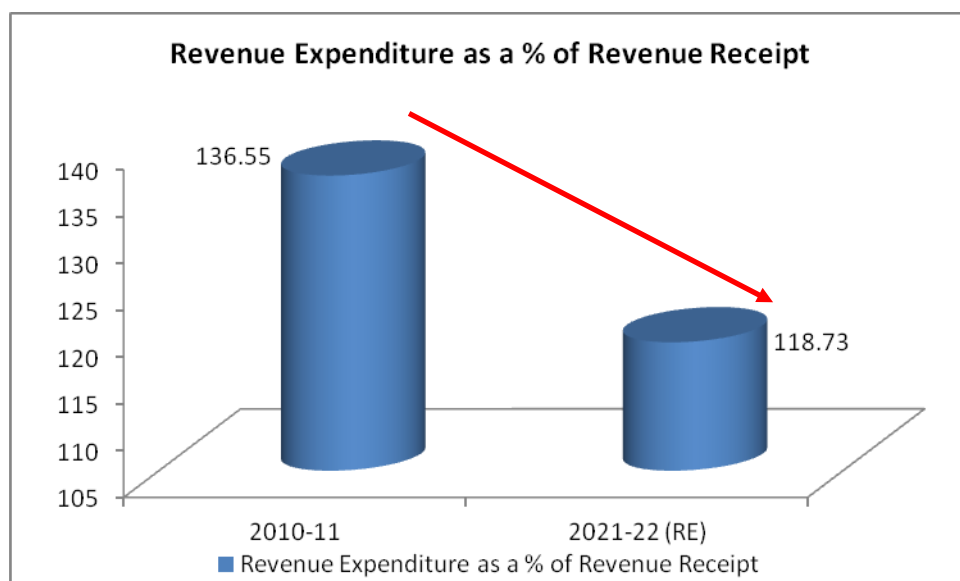


State's Capital Expenditure has been increasing steadily and consistently as percentage of State's Fiscal Deficit since the last few years. It increased consistently from 13.48% in 2010-11 to 34.26% in 2020-21, almost in quantum jumps in the last few years. It further leaped to 38.63% according to 2021-22 (RE), and went up to 54.97% in 2022-23 (BE). This reflects on the State's increased stress on Capital Expenditure while keeping Fiscal Deficit under control.

Revenue Expenditure as a % of Revenue Receipt

Financial Year	₹ 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	131270.38	141077.36	107.47
2018-19	145975.25	156373.91	107.12
2019-20	142914.21	162575.12	113.76
2020-21	148393.97	177921.28	119.89
2021-22 (RE)	176031.06	208994.66	118.73
2022-23 (BE)	198047.01	226326.68	114.28

All figures are taken from AG, West Bengal except 2021-22 & 2022-23

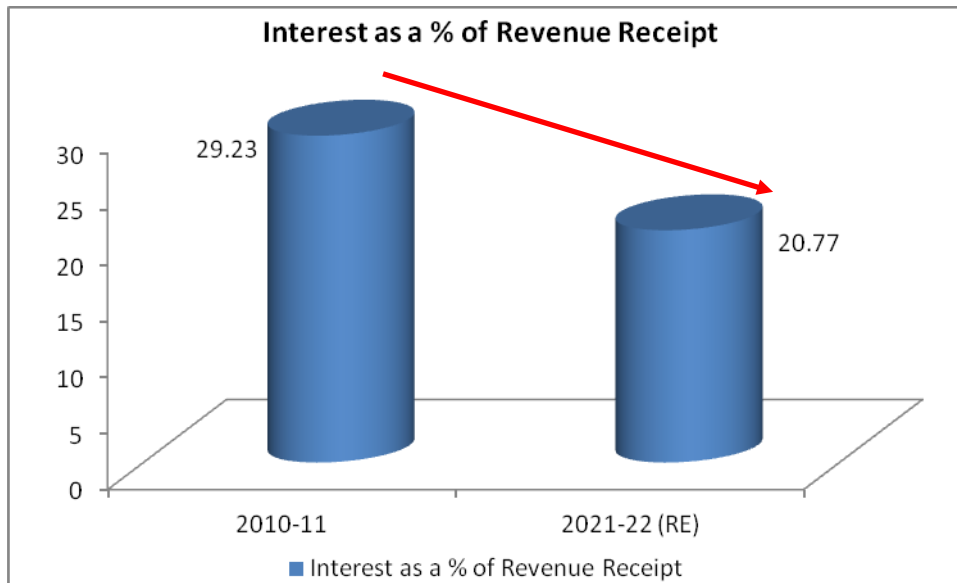


State's Revenue Expenditure as percentage of Total Revenue Receipt has been roughly gradually decreasing for the last few years, which highlights the State's direction towards revenue self-sufficiency.

Interest as a % of Revenue Receipt

Financial Year	Interest (₹ in Crore)	Revenue Receipt (₹ 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	28073.76	131270.38	21.39
2018-19	28911.14	145975.25	19.81
2019-20	31667.72	142914.21	22.16
2020-21	33781.51	148393.97	22.76
2021-22 (RE)	36561.67	176031.06	20.77
2022-23 (BE)	39110.92	198047.01	19.75

All figures are taken from AG, West Bengal except 2021-22 & 2022-23



State's Interest payments although have been increasing over the years, their percentage over the corresponding Revenue Receipt figures has been reducing approximately.

B. FISCAL POLICY FOR THE ENSUING YEAR

(1) Tax Policy

The Government has introduced far-reaching reforms in Tax policy and Tax Administration since the financial year 2011-12. Array of Government Process Re-engineering has been introduced in State Excise and Registration & Stamp Duty collection. Major digital initiatives have also been implemented in all areas of tax collection including e-registration, e-filing of returns and e-payment of taxes to simplify procedures and reduce compliance costs. Effective e-governance initiatives of the State Government in Tax Administration have deepened the structural changes in State tax collection in the last eight years thereby enhancing buoyancy.

Goods and Service Tax (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 concerted and planned execution of various reform measures in State Taxes, Collection of State Tax Revenue has increased from ₹21128.74 crore in 2010-11 to ₹60287.24 crore in 2020-21. It has increased by about three times over the 10-year span.

(2) Expenditure Policy

The cornerstone of State's Expenditure Policy has consistently been greater emphasis on Capital Expenditure and Development Expenditure than on Revenue Expenditure in view of its overall and long-term development imparts in the future. The thrust can be clearly observed in the regular increase of in Capital and Development Expenditure heads since 2011-12 over the years.

The Government has consistently laid emphasis on capital creation and other social welfare and development programmes. Efforts are being made to increase plan outlays for building infrastructure in the areas of road connectivity, power, drinking water, urban utilities, etc. and welfare programmes meant for the development of the backward classes, minorities, women, child, rural and urban population living below the poverty line.

(3) Borrowing and other liabilities, Lending and Investment

State Government's borrowing was for meeting the requirement for developmental expenditure of the State. State Government helps the Public Sector undertakings of the state by sanctioning loans, subsidy and grant for the smooth functioning of these organisations. Except this, investments to the share capital of the co-operative organisations of the state and various Public Sector undertakings may be done by the State Government by way of borrowing from different Central Financial Institutions.

(4) Consolidated Sinking Fund

The Consolidated Sinking Fund came into force from the financial year 1999-2000. This fund is to be utilised as an amortisation fund for redemption of the market loans of the State Government commencing from 2004-05. The outstanding balance of the extant Consolidated Sinking Fund Scheme as at end of March 2019 has transferred to the Fund. Total investment of the fund as on 01.04.2022 is ₹10296.76 crore.

(5) Contingent Liabilities

Government of West Bengal has enacted “the West Bengal Ceiling on Government Guarantees Act, 2001”, in which it was fixed that the total outstanding Government Guarantees as on first day of April of any year shall not exceed 90% per month of the state Revenue Receipts of the second preceding year. The Government accord guarantee worth ₹8541.52 cr., ₹6593.32 cr., ₹8178.43 cr. and ₹7727.68 cr. in the past four years (2017-18 to 2020-21) which were within the ceiling.

SELECT FISCAL INDICATORS

(In percentage)

Sl. No.	Item	Previous Years Actual		Current Year	
		2019-20	2020-21	BE 2021-22	RE 2021-22
(1)	(2)	(3)	(4)	(5)	(6)
1	Gross fiscal deficit as <i>per centum</i> of GSDP	3.05	3.43	3.96	3.48
2	Revenue deficit as <i>per centum</i> of gross fiscal deficit	53.38	66.07	43.96	61.69
3	Total debt stock as <i>per centum</i> of GSDP	35.89	37.05	34.87	34.41
4	Total debt stock as <i>per centum</i> of total revenue receipts	303.30	324.81	287.03	300.42
5	Own revenue receipts as <i>per centum</i> of revenue expenditure	37.32	33.88	35.33	35.36
6	Capital outlay as <i>per centum</i> of Gross fiscal deficit	43.36	29.17	53.85	36.22
7	Interest payment as <i>per centum</i> of revenue receipts	22.16	22.76	17.49	20.77
8	Non-tax revenue as <i>per centum</i> of revenue expenditure	1.98	2.92	2.16	1.38

COMPONENTS OF GOVERNMENT LIABILITIES

(₹ in Crore)

Sl. No.	Category	Raised during the Fiscal Year		Repayment/ Redemption during the		Outstanding Amount (End-March)	
		Previous year (Actual) 2020-21	Current year (RE) 2021-22	Previous year (Actual) 2020-21	Current year (RE) 2021-22	Previous year (Actual) 2020-21	Current year (RE) 2021-22
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Market borrowings	59,679.61	67,394.00	9,500.03	22,190.60	3,40,434.96	3,85,638.36
2	Loans from Centre	1,999.32	2,526.83	1,444.12	1,522.72	15798.71*	16802.81**
3	Special Securities issued to National Small Savings Fund (NSSF)	-	-	6,339.99	6,339.99	56,996.42	50,656.43
4	Borrowings from Financial Institutions/ Banks	1,164.44	1,693.00	1,450.48	1,459.28	6,586.30	6,819.91
5	Ways and Means Advance (WMA)/Over Draft (OD) from RBI	8,154.69	30,000.00	8,154.69	30,000.00	-	-
6	State Provident Funds etc.	4,761.69	5,235.84	2,474.10	2,633.34	} 62,182.42	68,915.54
7	Reserve and deposits	1,05,843.01	1,17,569.00	1,03,715.53	1,13,438.39		

* This amount excludes Rs.4431.00 Crore which has been passed on by Government of India to the State as Back to Back Loan in lieu of GST Compensation during the Financial Year 2020-2021 vide Ministry of Finance Order No. 40(1)PF-S/2020-21 dated 15/10/2020. In accordance with the said order this amount will not be taken into account for calculating the debt stock of the State Government.

** This amount excludes Rs.6425.00 Crore which will be passed on by Government of India to the State as Back to Back Loan in lieu of GST Compensation during the Financial Year 2021-2022 vide Ministry of Finance Order No. 40(1)PF-S/2021-22 dated 09/06/2021. In accordance with the said order this amount will not be taken into account for calculating the debt stock of the State Government.

GUARANTEES GIVEN BY STATE GOVERNMENT

(₹ in crore)

Category / Sector (No. of Guarantees)	Maximum amount guaranteed during this year 2021-22	Outstanding at the beginning of the year 01.04.2021	Additions during the year 2021-22	Deletions (other than invoked) during the year 2021-22	Invoked during the year 2021-22		Outstanding at end of the year 31.03.2022	Guarantee Commission of fee	
					Discharged	Not Discharged		Receivable	Received
Agriculture Department (1)	110.00	18.59	Nil	18.59	Nil	Nil	Nil	Nil	Nil
Food & Supplies Department (2)	4200.00	1200.00	2000.00	1200.00	Nil	Nil	2000.00	Nil	Nil
Backward Classes Welfare Department (4)	30.00	107.45	Nil	13.46	Nil	Nil	93.99	Nil	Nil
Tribal Development Department (1)	30.00	16.09	3.42	5.23	Nil	Nil	14.28	Nil	Nil
Co-operation Department (3)	1920.00	1394.56	306.72	555.73	Nil	Nil	1145.55	Nil	Nil
Finance Department (9)	3550.00	1400.00	3550.00	Nil	Nil	Nil	4950.00	Nil	Nil
Panchayats & Rural Development Department (1)	Nil	397.93	Nil	397.93	Nil	Nil	Nil	Nil	Nil
Power Department (8)	5289.01	7670.27	3915.00	2904.46	Nil	Nil	8680.81	149.65	Nil
Grand Total	15129.01	12204.89	9775.14	5095.40	Nil	Nil	16884.63	149.65	Nil

Note : All Category / Sectors under the Class : Guarantees given to the Reserve Bank of India, other banks and financial institutions for repayment of principal and payment of interest, cash credit facility, financing seasonal agricultural operations and for providing working capital to companies, corporations and cooperative societies and banks

GUARANTEE REDEMPTION FUND (GRF)

(₹ in crore)

Outstanding invoked guarantees at end of previous year 2020-21	Outstanding amount in GRF at end of previous year 2020-21	Amount of guarantees likely to be invoked during year 2021-22	Addition to GRF during current year 2021-22	Withdrawal from GRF during current year 2021-22	Outstanding amount in GRF at end of current year 2021-22
(1)	(2)	(3)	(4)	(5)	(6)
Nil	645.88*	Nil	50.00	Nil	695.88

* It includes accumulated interest upto 31/03/2021.

TAX REVENUES RAISED BUT NOT REALISED (PRINCIPAL TAXES)

(As at the end of reporting year 2021-22)

Major Head	Description	Amount under dispute (₹ crore)					Amount not under dispute (₹ crore)					
		Over 1 year but less than 2 years	Over 2 years but less than 5 years	Over 5 years but less than 10 years	Over 10 years	Total	Over 1 year but less than 2 years	Over 2 years but less than 5 years	Over 5 years but less than 10 years	Over 10 years	Total	Grand Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
0022	Agricultural Income Tax	0.57	0.21	0.23	0.28	1.29	7.92	7.20	8.24	3.43	26.79	28.08
0029	R. E. Cess on Tea Estate	0	0	0	0	0	0	5.16	27.10	5.09	37.35	37.35
	P. E. Cess on Tea Estate	0	0	0	0	0	0	2.51	8.22	2.34	13.07	13.07
0030	Stamps and Registration fees	0	0	0	128.45	128.45	0	0	0	0	0	128.45
0039	State Excise	0.9600	8.6295	4.4600	6.2345	20.2804	0	0.3500	0.5113	0.0250	0.8863	21.1667
0040	VAT	0	1508.35	3622.10	1654.50	6784.96	0	1869.03	729.27	308.06	2906.36	9691.31
	Central Sales Tax	0	168.79	665.04	309.92	1143.75	0	262.40	94.78	51.17	408.36	1552.11
0043	Electricity Duty	40.6	2.9	4.424	0	47.924	5.6588	3.726	0.9124	10.694	20.9912	68.9152
0045	Betting Tax	0	0	0	0	0	0	0	0	0	0	0
	Entertainment Tax	2.20	2.16	1.82	0.67	6.85	5.29	13.28	11.01	4.35	33.93	40.78
	Luxury Tax	0.33	0.55	2.53	0.24	3.65	2.62	7.25	5.41	3.20	18.48	22.13

Note: The reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.

Demand under VAT and Sale Tax are generated from the system as such it is always available in the system. However, realization against that is not interlinked with it resulting in system showing demand as unrealized, even in cases where the amount may have actually been realized. A task force has been recently set up to look into all such cases & come up with actual unrealized amount.

CONSOLIDATED SINKING FUND (CRF)

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
11788.17	100.00	2498.04	10196.76*	Not applicable	100.00	Nil	10296.76	Not applicable

* It includes accumulated interest upto 31/03/2021.