Summary Report for the State of West Bengal

1. Demography

As per the 2023 Census population projections, West Bengal has a population of 99.1 million and represents 7.1 percent of India's total population.[1] The State's projected population growth rate at 0.5 percent is lower than the national average (0.9 percent), as of 2022-23. The State's population density, at 1106 persons per sq km, is above the national average (415 persons per sq km), but its dependency ratio is below the national average, as of 2021. As per 2023 projections, majority of the State's population still lives in rural areas, while 36.8 percent of its population resides in urban areas, slightly higher than the national estimates. As per the National Family Health Survey (NFHS V, 2019-21), the sex ratio (female births per 1000 male births) in the State is higher than the national average.

As of 2022-23, the annual Unemployment Rate for the State, at 2.2 percent, is below the national average of 3.2 percent, and the Female Labour Force Participation Rate, at 33.8 percent, is also lower than the national average.

The working population in the State is predominantly concentrated in the Services (34.8 percent); Agriculture, Forestry, and Fishing (34.2 percent); Manufacturing (18.8 percent): and, Construction (11.7 percent) sectors.[2]

2. Economic Structure (Growth and Sectoral Composition)

West Bengal's real GSDP grew at an average rate of 4.3 percent during the period 2012-13 to 2021-22 as compared to the national average growth rate of 5.6 percent.[3] The State's share in the national GDP decreased from 6.8 percent in 1990-91 to 5.8 percent in 2021-22. Its per capita income was 20 percent below the national per capita income, as of 2021-22.

The Services sector is the largest contributor to the State's GSVA with a share of 54.9 percent, followed by the Industry (24 percent), and Agriculture (21.1 percent) sectors, respectively. During the last decade (2012-13 to 2021-22), the Services and Manufacturing sectors witnessed the highest growth rates of 4.8 and 6.8 percent per annum, respectively.[4]

3. Socio-economic Indicators

The literacy rate in the State, at 76.3 percent, is close to the national average of 73 percent, as of 2011.[5] The State has a lower school drop-out rate and higher pass percentages for Classes X and XII as compared to their respective national averages. The Gross Enrolment Ratios, at both the Higher Secondary (2015-16) and the Higher Education (2021) levels, are below their

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[1] Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from *"Population Projections for Indian States 2011-2036"* by the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, Government of India.

[2] Data on unemployment, female labour force participation, and workforce distribution is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

[3] Data on Economic Structure is sourced from Ministry of Statistics and Programme Implementation, as of August 2023.

[4] Data on Economic Structure is sourced from Ministry of Statistics and Programme Implementation (MoSPI), as of March 2024.

[5] Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011.

respective national averages.[6] For people aged 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) has improved and is slightly higher than the national average, as of 2021.[7]

As of 2020, the life expectancy in the State, at 72.3 years, is higher than the national average. The State has witnessed a decline in both Infant Mortality and Total Fertility Rates over the years, and is in a better situation relative to the national benchmarks. However, the Infant Mortality Rate (19 deaths per 1000 live births in 2020) and Total Fertility Rate (1.6 children per woman in 2019-21) are below their respective national averages. The State has shown an improvement in the "quality of life" indicators over the years. The households' access to drinking water is marginally above the national benchmark and access to electricity and sanitation facilities is close to the national benchmarks, as of 2019-21.

4. *State of Public Finances and Tax Devolutions*

West Bengal's debt-to-GSDP ratio at 38.4 percent in 2022-23,[8] is higher than that of a median State though its contingent liabilities, at 1.2 percent, are lower than those of a median State.[9] The fiscal deficit, at 4.0 percent of GSDP, is higher than that of a median State, as of 2022-23. The revenue deficit, at 2.6 percent of GSDP, in 2022-23 is also higher than a median State's deficit of 0.4 percent.

The State collects less in own tax and non-tax revenues as compared to a median State. The transfers from the Centre are also lower than that of a median State, but these constitute the largest component of its total revenues. The State's expenditure-to-GSDP ratio, at 16.5 percent, is lower as compared to a median State due to lower revenue and capital expenditures as a percentage of GSDP.

The State's public debt has declined but it has consistently remained above that of a median State. The Debt Sustainability Analysis shows that under all scenarios, the State's debt-to-GSDP ratio is projected to continue on a declining path over the next five years, starting from 2021-22.

The State's share in Taxes from the Centre, as per the Finance Commission (FC) recommendations, has remained consistent at about 7.5 percent under recommendations of both the 14th and 15th FCs. And, its share in the total grants-in-aid has increased by 2.0 percentage points under the 15th FC, compared to the 14th FC.

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[6] Data on dropout rates, pass percentage of students and Gross Enrolment Ratio at Higher Secondary Level is taken from the Unified District Information System for Education, 2015-16.

[7] Gross Enrolment Ratio at Higher Education Level, Data on Gender Parity Index and College Density is taken from the All India Survey on Higher Education, 2020-21.

[8] Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

[9] For calculation of a median State, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and North-eastern States, except Assam). The Macro and Fiscal Landscape State brief includes this benchmark in the States' Median (Large States), Column 6, Table 4A.

5. *Fiscal Rules*

Following the recommendations of the 12th FC, the State enacted the West Bengal Fiscal Responsibility and Budget Management (WBFRBM) Act in 2010. Since then, the WBFRBM Act has been amended five times in 2010 2011, 2020, 2021, and 2022.

Revenue Deficit: Initially, the Act required the State to progressively reduce revenue deficit to nil within a period of five years from 2011-12 to 2014-15. The Act further required the State to build up a surplus amount of revenue and utilise such amounts for discharging liabilities in excess of assets. In the 2020 amendment onwards, the revenue deficit targets were omitted.

Fiscal Deficit: The WBFRBM Act 2010 required the State to reduce its fiscal deficit to 3 percent of GSDP within a period of four years, by 2013-14. The 2020 amendment required the State to ensure that the fiscal deficit does not exceed 3.3 percent in 2019-20 as a one-time relaxation. The fiscal deficit limit was raised to 5 percent of GSDP in the 2021 and 2022 amendments.

Debt: The 2011 amendment introduced debt limits, which required the State to progressively reduce the debt to GSDP ratio from 40.6 percent by approximately 6.3 percentage points within a period of five years, from 2010-11 to 2014-15. The 2020 amendment required the State to maintain a maximum debt to GSDP ratio of 34.3 percent until the end of 2024-25.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2016-17 to 2020-21, the State was unable to eliminate revenue deficit. The State met its fiscal deficit targets in only two out of the five years, that is, in 2019-20 and 2020-21, and the debt to GSDP ratio just once in five years (2019-20).