

West Bengal Budget Analysis 2025-26

The Finance Minister of West Bengal, Ms. Chandrima Bhattacharya, presented the Budget for the state for the financial year 2025-26 on February 12, 2025.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of West Bengal for 2025-26 (at current prices) is projected to be Rs 20,31,805 crore, amounting to growth of 12% over 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 3,41,462 crore, an increase of 14% from the revised estimates of 2024-25. In addition, debt of Rs 47,732 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 2,68,284 crore, an increase of 18% as compared to the revised estimate of 2024-25.
- **Revenue deficit** in 2025-26 is estimated to be 1.7% of GSDP (Rs 35,315 crore), as compared to 2.4% of GSDP (Rs 43,262 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3.6% of GSDP (Rs 73,178 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 4% of GSDP, higher than the budgeted 3.6% of GSDP.

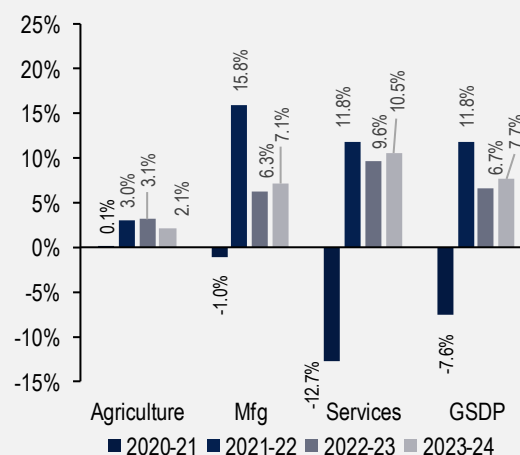
Policy Highlights

- **River development:** A new scheme ‘Nodi Bandhan’ will be launched for interconnecting rivers and wetlands. The Ghatal Master Plan will be implemented to address flooding in the Ghatal area in Paschim Medinipur. It will be completed in two years with a total cost of Rs 1,500 crore.
- **Agriculture:** 200 procurement centres will be set up in regulated market committee markets and haats for purchase of vegetable and other agricultural produce. Financial assistance will be provided for processing, sorting, and packaging of perishable agricultural produce. Assistance will be provided at 50% of project cost with a cap of five lakh rupees.
- **Health:** Rs 200 crore has been allocated for providing smart phones to 70,000 ASHA workers and over one lakh Anganwadi workers.
- **Rural housing:** Under the second phase of Banglar Bari (Gramin) scheme, assistance will be provided to 16 lakh eligible families for building houses. The first instalment of Rs 60,000 per family will be provided by December 2025.

West Bengal’s Economy

- **GSDP:** In 2023-24, West Bengal’s GSDP (at constant prices) is estimated to grow by 7.7% over the previous year. In comparison, India’s GDP is estimated to grow by 8.2% in 2023-24.
- **Sectors:** In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 20%, 23%, and 58% of West Bengal’s economy, respectively (at current prices).
- **Per capita GSDP:** In 2023-24, West Bengal’s per capita GSDP (at current prices) is estimated to be Rs 1,71,184, an increase of 11% over 2022-23. In 2023-24, India’s per capita GDP is estimated to increase by 8.6% over 2022-23 to Rs 2,11,725.

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



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

Budget Estimates for 2025-26

- **Total expenditure (excluding debt repayment)** in 2025-26 is targeted at Rs 3,41,462 crore. This is an increase of 14% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,68,284 crore and net borrowings of Rs 63,040 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 18% over the revised estimate of 2024-25.
- The state estimates a **revenue deficit** of 1.7% of GSDP (Rs 35,315 crore) in 2025-26, as compared to a revenue deficit of 2.4% of GSDP at the revised estimate stage of 2024-25. In 2024-25, West Bengal had budgeted a revenue deficit of 1.7% of GSDP.
- **Fiscal deficit** for 2025-26 is targeted at 3.6% of GSDP (Rs 73,178 crore), lower than the revised estimates for 2024-25 (4% of GSDP). For 2025-26, states' fiscal deficit limit has been fixed at 3.5% of GSDP, of which 0.5% of GSDP is linked to undertaking power sector reforms.

Table 1: Budget 2025-26 - Key figures (in Rs crore)

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Total Expenditure	2,86,068	3,66,116	3,61,845	-1%	3,89,194	8%
(-) Repayment of debt	30,351	61,427	61,013	-1%	47,732	-22%
Net Expenditure (E)	2,55,717	3,04,689	3,00,831	-1%	3,41,462	14%
Total Receipts	2,81,895	3,58,127	3,55,593	-1%	3,79,056	7%
(-) Borrowings	80,171	1,21,689	1,27,780	5%	1,10,772	-13%
of which central capex loans*	5,016	6,220	12,000	93%	7,500	-38%
Net Receipts (R)	2,01,724	2,36,438	2,27,813	-4%	2,68,284	18%
Fiscal Deficit (E-R)	53,993	68,250	73,018	7%	73,178	0%
as % of GSDP	3.3%	3.6%	4.0%		3.6%	
Revenue Deficit	25,692	31,952	43,262	35%	35,315	-18%
as % of GSDP	1.6%	1.7%	2.4%		1.7%	
Primary Deficit	11,372	22,981	26,802	17%	24,400	-9%
as % of GSDP	0.7%	1.2%	1.5%		1.2%	
GSDP	16,51,374	18,79,453	18,15,010	-3%	20,31,805	12%

Note: BE is Budget Estimates; RE is Revised Estimates. *Central government has been providing 50-year interest-free loans to state governments for capital expenditure since 2020-21. These loans are excluded from the calculation of the state's borrowing ceiling.
Sources: Annual Financial Statement, West Bengal Budget Documents 2025-26; PRS.

Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 3,01,375 crore, an increase of 11% from the revised estimate of 2024-25. This includes expenditure on salaries, pension, interest, and subsidies.
- **Capital outlay** for 2025-26 is proposed to be Rs 39,338 crore, an increase of 35% from the revised estimate of 2024-25. Capital outlay indicates the expenditure towards creation of assets.
- In 2025-26, loans and advances by the state are expected to be Rs 749 crore, 10% lower as compared to the revised estimate of 2024-25.

Expenditure on Lakshmir Bhandar

Since 2021-22, West Bengal has been implementing the Lakshmir Bhandar scheme under which cash transfers are provided to women in the state. It covers women in the age group of 25 to 60 years, subject to certain conditions. Between 2021-22 and 2025-26, the expenditure under the scheme is estimated to increase at an annual rate of 47%. In 2025-26, over Rs 26,000 crore is estimated to be spent on the scheme. In 2021-22, the state had spent 3% of its revenue receipts on cash transfers under Lakshmir Bhandar which is estimated to increase to 10% as per the budget estimates of 2025-26. Note that in the budget for 2024-25, the government had announced increasing the quantum of transfers under the scheme.

Table 2: Expenditure budget 2025-26 (in Rs crore)

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Revenue Expenditure	2,25,959	2,68,203	2,70,852	1%	3,01,375	11%
Capital Outlay	28,963	35,866	29,147	-19%	39,338	35%
Loans given by the state	794	620	831	34%	749	-10%
Net Expenditure	2,55,717	3,04,689	3,00,831	-1%	3,41,462	14%

Sources: Annual Financial Statement, West Bengal Budget Documents 2025-26; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2025-26, West Bengal is estimated to spend Rs 1,48,013 crore on committed expenditure, which is 56% of its estimated revenue receipts. This comprises spending on salaries (28% of revenue receipts), interest payments (18%), and pension (10%). In 2023-24, as per actual figures, 65% of revenue receipts were spent towards committed expenditure.

Table 3: Committed Expenditure in 2025-26 (in Rs crore)

Committed Expenditure	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Salaries	62,995	66,382	69,800	5%	73,330	5%
Pension	24,360	24,710	25,302	2%	25,905	2%
Interest payment	42,621	45,269	46,215	2%	48,778	6%
Total	1,29,975	1,36,361	1,41,317	4%	1,48,013	5%

Sources: Annual Financial Statement, Budget at a Glance, West Bengal Budget Documents 2025-26; PRS.

Sector-wise expenditure: The sectors listed below account for 67% of the total expenditure on sectors by West Bengal in 2025-26. A comparison of the state's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under West Bengal Budget 2025-26 (in Rs crore)

Sectors	2023-24 Actuals	2024-25 BE	2024-25 RE	2025-26 BE	% change from RE 24-25 to BE 25-26	Budget Provisions (2025-26)
Education, Sports, Arts, and Culture	39,140	47,470	49,277	50,559	3%	<ul style="list-style-type: none"> Rs 19,343 crore has been allocated for assistance to non-government secondary schools. Rs 9,799 crore has been allocated for assistance to non-government primary schools.
Social Welfare and Nutrition	31,543	44,834	42,476	47,234	11%	<ul style="list-style-type: none"> Rs 26,700 crore has been allocated for Lakshmir Bhandar. Rs 2,102 crore has been allocated for old age pension under Jai Bangla.
Agriculture and Allied Activities	16,979	22,620	22,225	23,283	5%	<ul style="list-style-type: none"> Rs 5,782 crore has been allocated for financial support to Krishak Bandhu. Rs 5,715 crore has been allocated for food subsidies.
Housing	499	7,333	9,442	22,810	142%	<ul style="list-style-type: none"> Rs 15,457 crore has been allocated for Banglar Bari (Gramin).
Health and Family Welfare	17,226	20,053	22,493	21,939	-2%	<ul style="list-style-type: none"> Rs 6,996 crore has been allocated for Urban Health Services – Allopathy. Rs 3,118 crore has been allocated for Rural Health Services – Allopathy.
Rural Development	18,166	18,892	13,213	14,227	8%	<ul style="list-style-type: none"> Rs 5,351 crore has been allocated for assistance to various panchayats. Rs 4,746 crore has been allocated for rural employment guarantee schemes.
Water Supply and Sanitation	8,040	5,052	7,676	13,772	79%	<ul style="list-style-type: none"> Rs 10,294 crore has been allocated for capital outlay on water supply and sanitation.
Police	10,135	10,984	11,341	12,281	8%	<ul style="list-style-type: none"> Rs 8,240 crore has been allocated for district police.
Urban Development	10,442	12,198	10,640	12,138	14%	<ul style="list-style-type: none"> Rs 3,743 crore has been allocated for assistance to municipalities/municipal councils. Rs 2,893 crore has been allocated for assistance to local bodies corporations, urban development authorities, and town improvement boards.
Transport	8,009	7,437	6,972	9,287	33%	<ul style="list-style-type: none"> Rs 5,864 crore has been allocated for capital outlay on roads and bridges.
% of total expenditure on all sectors	63%	65%	65%	67%		

Sources: Annual Financial Statement, West Bengal Budget Documents 2025-26; PRS.

Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 2,66,060 crore, an increase of 17% from the revised estimate of 2024-25. Of this, Rs 1,21,904 crore (46%) will be raised by the state through its **own resources**, and Rs 1,44,156 crore (54%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (40% of revenue receipts) and grants (14% of revenue receipts).
- **Devolution:** In 2025-26, state's share in central taxes is estimated at Rs 1,06,999 crore, an increase of 11% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 37,158 crore, an increase of 31% from the revised estimates for 2024-25. In 2024-25, grants from the Centre are expected to be 18% lower at the revised estimate stage as compared to budget estimates.
- **State's own tax revenue:** West Bengal's total own tax revenue is estimated to be Rs 1,12,544 crore in 2025-26, an increase of 13% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 5.5% in 2025-26, same as the revised estimates for 2024-25. As per the actual figures for 2023-24, own tax revenue as a percentage of GSDP was 5.4%.

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

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State's Own Tax	89,986	1,02,349	99,863	-2%	1,12,544	13%
State's Own Non-Tax	3,238	6,317	3,286	-48%	9,360	185%
Share in Central Taxes	84,972	92,900	96,010	3%	1,06,999	11%
Grants-in-aid from Centre	22,072	34,684	28,431	-18%	37,158	31%
Revenue Receipts	2,00,268	2,36,251	2,27,591	-4%	2,66,060	17%
Non-debt Capital Receipts	1,456	187	223	19%	2,224	899%
Net Receipts	2,01,724	2,36,438	2,27,813	-4%	2,68,284	18%

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

Sources: Annual Financial Statement, West Bengal Budget Documents 2025-26; PRS.

- In 2025-26, state GST is estimated to be the largest source of own tax revenue (44% share). State GST revenue is estimated to increase by 9% over the revised estimates of 2024-25.
- Revenue from state excise is estimated to be 10% higher in 2025-26 over the revised estimates of 2024-25.
- Revenue from sales tax/VAT and stamps duty and registration fees are estimated to be higher by 9% and 28% respectively in 2025-26 over the revised estimates of 2024-25.

West Bengal's Non Tax Receipts

States can raise non-tax revenue from various sources. These include receipts from interest, dividend, and mining and metallurgical industries. West Bengal has consistently fallen short of meeting its budget estimates in raising non-tax revenue. Between 2019-20 and 2023-24, the state's cumulative non-tax receipts were 40% lower than the budget estimates. One of the reasons for this is interest receipts being lower than budgeted. Between 2019-20 and 2023-24, actual interest receipts of the state were 69% lower than the budgeted figures. The Reserve Bank of India had observed that states can scale up their initiatives for asset monetisation for increasing non-tax revenue.

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

Head	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State GST	40,900	47,337	45,873	-3%	49,772	9%
State Excise	17,908	21,846	20,444	-6%	22,550	10%
Sales Tax/ VAT	11,811	13,228	12,768	-3%	13,905	9%
Stamps Duty and Registration Fees	6,497	7,300	7,885	8%	10,100	28%
Taxes on Vehicles	3,788	4,093	4,074	0%	5,824	43%
Land Revenue	3,967	3,470	4,140	19%	5,012	21%
Taxes and Duties on Electricity	3,090	3,286	3,195	-3%	3,501	10%

Sources: Annual Financial Statement, Revenue Budget, West Bengal Budget Documents 2025-26; PRS.

Deficits, Debt, and FRBM Targets for 2025-26

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

Revenue deficit: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue deficit of Rs 35,315 crore (1.7% of the GSDP) in 2025-26.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2025-26, the fiscal deficit is estimated to be 3.6% of GSDP. For 2025-26, the central government has permitted fiscal deficit of up to 3% of GSDP to states. Additional borrowing space up to 0.5% of GSDP will also be available for undertaking certain power sector reforms.

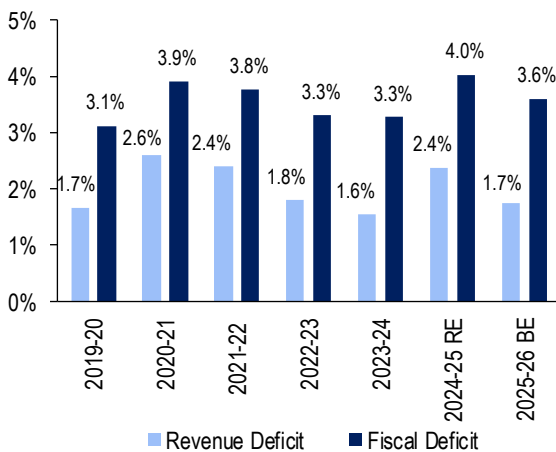
As per the revised estimates, in 2024-25, the fiscal deficit of the state is expected to be 4% of GSDP. This is higher than the budget estimate of 3.6% of GSDP. This is due to higher central loans for capital outlay for West Bengal at the revised estimate stage as compared to budget estimates. These loans are not included in the state’s annual borrowing limit.

Outstanding debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year. At the end of 2025-26, the state’s outstanding debt is estimated to be 38% of GSDP, lower than the revised estimate for 2024-25 (38.9% of GSDP).

Fiscal Health of West Bengal

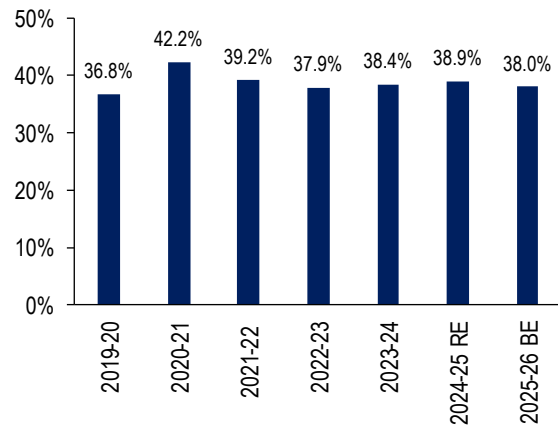
According to the Fiscal Health Index, released by Niti Aayog, West Bengal was ranked 16 out of 18 states for its fiscal health in 2022-23. It recommended the state to prioritise capital expenditure and improve revenue mobilisation through better tax compliance. Niti Aayog noted that West Bengal should implement stringent measures for fiscal discipline. West Bengal has persistently reported revenue deficit over the past several years. This was despite receiving revenue deficit grants of over Rs 40,000 crore between 2021-22 and 2024-25, as recommended by the 15th Finance Commission. West Bengal’s outstanding debt as a percentage of GSDP increased to 42.2% in 2020-21 and has since reduced with an estimate of 38% at the end of 2025-26. As per budget estimates, aggregate outstanding liabilities of all states is estimated at 28.8% of GSDP at the end of 2024-25.

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



Sources: Medium Term Fiscal Policy, West Bengal Budget Documents 2025-26; PRS.

Figure 3: Outstanding Debt (as % of GSDP)



Sources: Medium Term Fiscal Policy, West Bengal Budget Documents 2025-26; PRS.

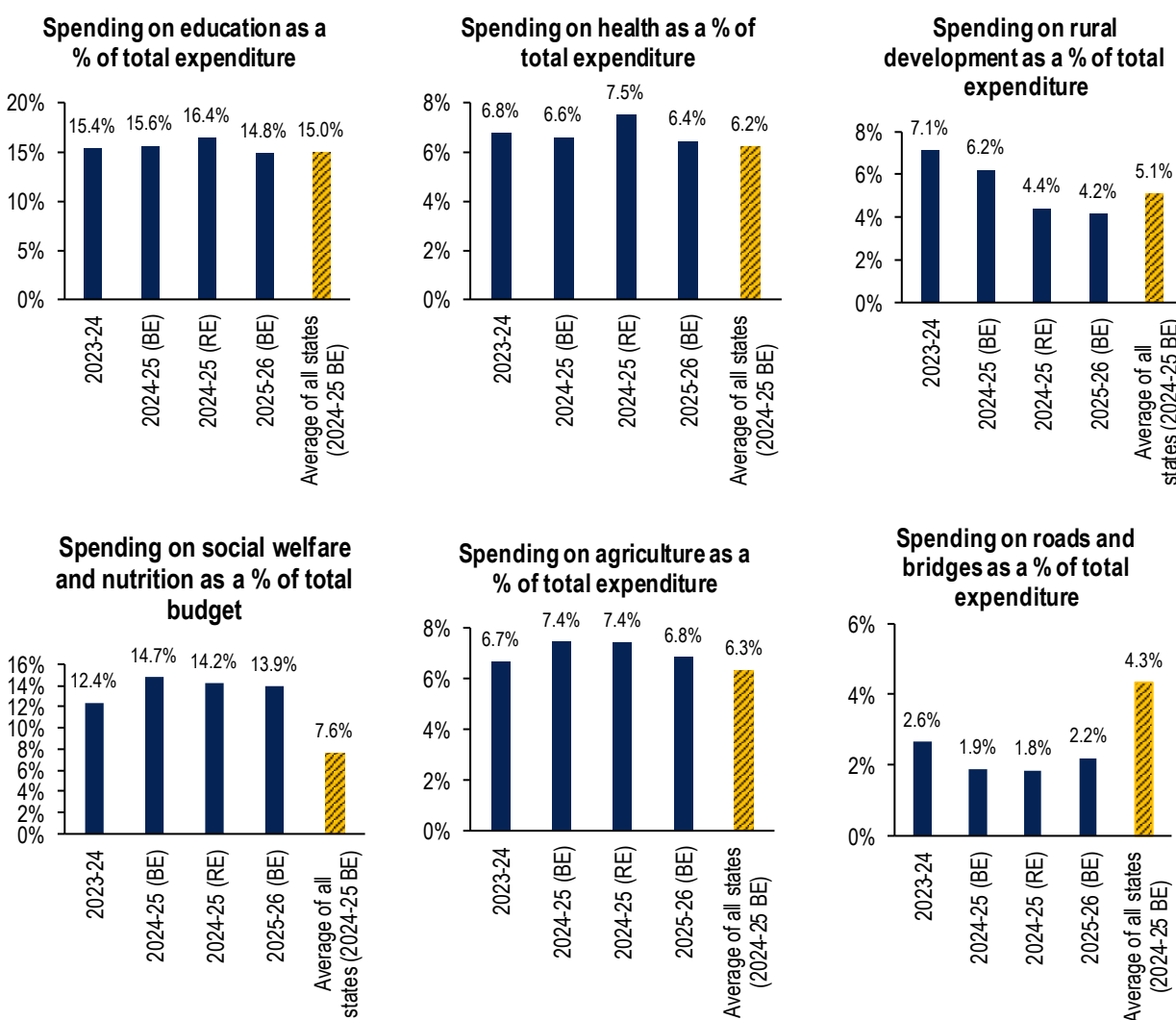
Outstanding Government Guarantees: Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of 2024-25, the state’s outstanding guarantee is estimated to be Rs 17,705 crore, which is 1% of West Bengal’s GSDP.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare West Bengal's expenditure in 2025-26 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including West Bengal) as per their budget estimates of 2024-25.¹

- **Education:** West Bengal has allocated 14.8% of its expenditure on education in 2025-26. This is marginally lower than the average allocation for education by states in 2024-25 (15%).
- **Health:** West Bengal has allocated 6.4% of its expenditure on health in 2025-26. This is marginally higher than the average allocation for health by states in 2024-25 (6.2%).
- **Rural development:** The state has allocated 4.2% of its expenditure on rural development in 2025-26. This is lower than the average allocation for rural development by states in 2024-25 (5.1%).
- **Social welfare and nutrition:** The state has allocated 13.9% of its expenditure on social welfare and nutrition in 2025-26. This is higher than the average allocation for the sector by states in 2024-25 (7.6%).
- **Agriculture:** West Bengal has allocated 6.8% of its expenditure on agriculture in 2025-26. This is higher than the average allocation for agriculture by states in 2024-25 (6.3%).
- **Roads and bridges:** The state has allocated 2.2% of its expenditure on roads and bridges in 2025-26. This is lower than the average allocation for roads and bridges by states in 2024-25 (4.3%).



Note: 2023-24, 2024-25 (BE), 2024-25 (RE), and 2025-26 (BE) figures are for West Bengal.

Sources: Annual Financial Statement, West Bengal Budget Documents 2025-26; various state budgets; PRS.

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

Annexure 2: Comparison of 2023-24 Budget Estimates and Actuals

The following tables compare the actuals of 2023-24 with budget estimates for that year.

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

Particular	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Net Receipts (1+2)	2,12,783	2,01,724	-5%
1. Revenue Receipts (a+b+c+d)	2,12,637	2,00,268	-6%
a. Own Tax Revenue	88,596	89,986	2%
b. Own Non-Tax Revenue	6,377	3,238	-49%
c. Share in central taxes	76,844	84,972	11%
d. Grants-in-aid from the Centre	40,821	22,072	-46%
2. Non-Debt Capital Receipts	146	1,456	900%
3. Borrowings	1,20,040	80,171	-33%
of which central capex loans	6,220	5,016	-19%
Net Expenditure (4+5+6)	2,78,622	2,55,717	-8%
4. Revenue Expenditure	2,43,561	2,25,959	-7%
5. Capital Outlay	34,026	28,963	-15%
6. Loans and Advances	1,034	794	-23%
7. Debt Repayment	60,541	30,351	-50%
Revenue Deficit	30,924	25,692	-17%
Revenue Deficit (as % of GSDP)	1.8%	1.6%	
Fiscal Deficit	65,839	53,993	-18%
Fiscal Deficit (as % of GSDP)	3.8%	3.3%	

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

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

Tax Source/Head	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Sales Tax/ VAT	13,898	11,811	-15%
Stamps Duty and Registration Fees	7,474	6,497	-13%
Taxes and Duties on Electricity	3,126	3,090	-1%
State Excise	17,922	17,908	0%
Taxes on Vehicles	3,584	3,788	6%
State GST	37,792	40,900	8%
Land Revenue	3,391	3,967	17%

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

Table 9: Allocation towards Key Sectors

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Housing	7,074	499	-93%
Welfare of SC, ST, OBC, and Minorities	7,229	4,927	-32%
Irrigation and Flood Control	5,551	4,115	-26%
Education, Sports, Arts, and Culture	45,812	39,140	-15%
Social Welfare and Nutrition	36,844	31,543	-14%
Urban Development	11,526	10,442	-9%
Health and Family Welfare	18,490	17,226	-7%
Agriculture and Allied Activities	17,767	16,979	-4%
Police	10,595	10,135	-4%
Transport	7,089	8,009	13%
of which Roads and Bridges	5,512	6,755	23%
Rural Development	15,979	18,166	14%
Energy	3,398	5,109	50%
Water Supply and Sanitation	4,323	8,040	86%

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