

A FISCAL MESS IN WEST BENGAL

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Lakshmir Bhandar, a cash transfer scheme to all women in West Bengal aged 25-60 years, received an allocation of 10,767 crore for 2020-23. Image for representation. | Photo Credit: PTI

The [West Bengal government allocated](#) 10,767 crore for [Lakshmir Bhandar, a cash transfer scheme](#) to all women in the State aged 25-60 years, for 2020-23. This was 13.6% of the State's tax revenue for 2022-23. Four schemes of the West Bengal government — Lakshmir Bhandar, Kanyashree Prakalpa, Krishak Bandhu and Rupashree Prakalpa — made up 23.8% of the tax revenue of the State for 2022-23, according to data published in the Reserve Bank of India's monthly bulletin in June 2022.

On February 15, 2023, when the 2023-24 Budget was tabled in the Assembly, the Trinamool Congress government announced that Lakshmir Bhandar beneficiaries would be linked to the pension scheme when they turn 60. The Budget provided benefits for dependent families in the event of deaths of fishermen and launched new schemes for the youth which would provide them loans to start a business. There are about 55 welfare schemes in the State. Most of them are aimed at women, students, the elderly and other weaker sections, and the Trinamool government takes pride in them.

However, the State continues to struggle to come up with new ways to generate revenue and the stress of huge spending on these welfare schemes are showing up in the Budget figures. The fiscal deficit of the State is at an all-time high of 65,838.92 crore (2023-24). The State government had to scale down capital expenditure from 33,144.37 crore in the Budget for 2022-23 to 21,468.37 crore (revised for 2022-23). In terms of per capita GSDP, West Bengal, which is among the bigger States in the country, was ranked 26th for 2019-20. In the same period, it was ranked 17th out of 18 States in terms of size of debt to GSDP ratio.

The State government is unable to pay Dearness Allowance (DA) to its employees on a par with the Centre and other States. The Calcutta High Court had pointed out that DA was the right of State government employees. The employees claim that DA in the State is 35% less than what is given to Central government employees. A section of the employees called a strike on March 10, which was largely a success. The Governor, C.V. Ananda Bose, has urged them to withdraw the strike, but the employees insist that he mediate with Chief Minister Mamata Banerjee and bring her to the talking table. Ms. Banerjee had earlier ruled out any DA revision.

Many believe that the populist policies of the State government are responsible for the fiscal mess. The Trinamool government has doled out cash to thousands of clubs, whether for organising community Durga Pujas or for promoting sports. While these have helped the party cement its political base, they have hurt the State's finances.

The ghosts of the violent agitations at Singur and Nandigram continue to haunt the State. Despite big business names participating in the Biswa Bangla Global Summit for several years, there is no silver lining in the industrial situation of the State.

Industries such as jute and tea, which were the bedrock of the State's economy and provided employment to lakhs of people, are in the doldrums. The poor condition of roads and the crumbling health and education infrastructure are evidence of the lack of capital expenditure.

Out-migration is turning out to be a bigger problem with every passing year. The Trinamool government has not considered any policy interventions to provide employment to the thousands of workers who migrate to States in the west and south. A large share of the population in Bengal survives on remittances and doles offered by the State government. While the cash transfers did help the majority of them to sustain themselves, particularly during the COVID-19 pandemic, the Trinamool government needs to think beyond its time-tested formula that has helped it reap political dividends.

Too much dependence on welfare schemes has also led to corruption in implementation of MGNREGA and the Pradhan Mantri Awas Yojana. The political slugfest between the Centre and State over corruption and the discontinuation of Central funds had not only adversely impacted the State's finances, but has also pushed the beneficiaries to the brink. Eleven years is a long time in governance. If the Trinamool government not does change the gears of the State's economy and clean up the financial mess, the people will have to brace for a bumpy ride in the years ahead.

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