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FEATURES

Schrodinger's Cat? The Curious Case of the Bengali Rate of Growth

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Earlier this year, the West Bengal Government went on a publicity blitz to hard-sell its annual business jamboree: the so-called Bengal Global Business Summit. Huge billboards went up all over Kolkata exhorting investors to come to Bengal, lest they (gasp) miss out on the unprecedented growth wave the state was claimed to be riding under the present Government. Businessmen obligingly fell over each other to congratulate the State Government on its growth performance, and to parrot its claim that West Bengal had become the fourth largest economy in the country on its watch. The growth claims made on behalf of Bengal's economy by its current Government, if true, would provide genuine cause for celebration. But are they?

1. The State Government contradicts itself, while the CSO keeps mum.

The prolonged silence maintained by the Central Statistical Organization (CSO) provides cause for feeling perplexed in this matter. CSO-sanctioned estimates of the Gross State Domestic Product (GSDP) are not available for West Bengal beyond 2014-15. Nor are these estimates available for the base year 2011-12. Every other state in India has however converted its GSDP series to a 2011-12 base. The old series, based on 2004-05 prices, ends in 2014-15. So there is simply no way the Bengal Government can convincingly justify its GSDP growth claims till the CSO comes out with its own estimates of Bengal's GSDP series, based on 2011-12 prices. The long-drawn unwillingness on part of the CSO to sign on to any revised GSDP series for West Bengal would be enough to make a suspicious soul wonder about the Bengal Government's growth claims.

But let us have faith in the State's Government: after all, its Finance Minister is an honorable man. What if one accepted the State Government's own figures at face value, albeit provisionally, pending confirmation by the CSO? This is where the story gets murkier. Trawling through the State Government's own annual Economic Review for the last three years, available online at <http://www.wbpspm.gov.in/publications/Economic%20Review>, one finds three completely different and contradictory estimates of West Bengal's GSDP at constant 2011-12 prices. The estimates provided in the 2016-17 documents are significantly higher than those provided a year earlier. The 2016-17 estimates are also far (up to 36%) higher than those provided in the subsequent year. The latest (2017-18) estimates are much lower than those provided two years before. The State Government has not been able to provide a consistent set of GSDP estimates in the last three years. So what exactly is it basing its growth claims on?

Table 1: Different official estimates of West Bengal GSDP at constant 2011-12 prices in billions of rupees

Year	GSDP of WB (ER 15-16)	GSDP of WB (ER 16-17)	GSDP of WB (ER 17-18)	GDP of India (ER 2017-18)
2011-12	5539	5989	5218	87360
2012-13	5986	6325	5487	92151
2013-14	6557 (P)	6737	5657	98178
2014-15	7258 (Q)	7346 (P)	5789	105370
2015-16	8172 (A)	8238 (Q)	6128	113810
2016-17	-	9002 (A)	6617 (P)	121899 (P)
2017-18	-	-	7376 (A)	129854 (A)

Source: West Bengal Economic Review, 2015-16, 2016-17 and 2017-2018, available online at <http://www.wbpspm.gov.in/publications/Economic%20Review>. GSDP values approximated to the nearest billion rupees. Note: P: provisional estimate, Q: quick estimate, A: advance estimate.

2. Best growth performer, or the very worst?

What if one looks at the implied real growth rates instead of the absolute GSDP estimates? Table 2 below presents the total real GSDP growth rates implied by the State Government's estimates for two time periods: 2011-12 to 2015-16 and 2011-12 to 2016-17. The estimates offered in 2015-16 imply almost 50% growth in the state's GSDP over just four years during the first term of the current Government. To put matters in perspective, China grew by about 43% over this period, while India as a whole grew by just about 30%. Perhaps coincidentally, these estimates were released immediately before the state elections in 2016. The growth estimate was in effect revised downward by as much as 10 percentage points (or about 20%) within a year, implying a marginally better performance than the country as a whole. The very next year, however, the claim was reduced by another 20 percentage points, i.e. more than half. Thus, within just two years, Bengal's growth estimates went from being about the best in the country to about the very worst. The same dramatic reversal of growth claims is noticeable for the 5-year period between 2011-12 and 2016-17. So which growth estimates should one take seriously? How does an estimate of 47.5% come down to 17.4% within two years? For that matter, why is an estimate of 50.3% in 2016-17 revised to a mere 26.8% the very next year?

Table 2: Different official estimates of total GSDP growth in West Bengal at constant 2011-12 prices

	WBGR 2015-16	WBGR 2016-17	WBGR 2017-18
Total GSDP growth in WB, 2011-12 to 2015-16	47.5%	37.6%	17.4%
Total GSDP growth in India, 2011-12 to 2015-16	-	-	30.3%
Total GSDP growth in WB, 2011-12 to 2016-17	-	50.3%	26.8%
Total GSDP growth in India, 2011-12 to 2016-17	-	-	39.5%

Source: Calculated from Table 1.

For the sake of completeness, Table 3 below provides growth calculations for the immediately preceding comparable periods under the Left Front. While the change of base implies that the numbers are not directly comparable, they do provide a rough benchmark. They suggest that, according to the latest (2017-18) Economic Survey, West Bengal's growth performance was noticeably worse under the first TMC Government, compared to that under the preceding Left Front one.

Table 3: Total GSDP growth in West Bengal at constant 2004-05 prices under the Left Front

Year	Total GDP growth in WB	Total GDP growth in India
2006-07 to 2010-11	29.2%	36.4%
2005-06 to 2010-11	39.2%	49.1%

Source: West Bengal percentages calculated from NITI Aayog, <http://niti.gov.in/content/2004-05-series>. India percentages calculated from the Handbook of Statistics on Indian Economy, Reserve Bank of India 2016-17, Table 2; <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=17777>.

3. Fourth largest economy in India?

Lastly, what of the claim, made during the last Bengal Global Business Summit, that Bengal is now the fourth largest economy within India (<https://bengalglobalsummit.com/overview/>)? Table 4 below provides the latest available (CSO-sanctioned) GSDP estimates for all the 5 states whose economies were estimated to be larger than that of West Bengal in the recent past. Read in conjunction with Table 1, it is clear that the real GSDP estimates provided by the Bengal Government cannot be marshaled to argue that the state's economy is anything other than the 6th largest in the country. The claim of rank-jumping remains unsubstantiated.

Table 4: GSDP of selected states at constant 2011-12 prices in billions of rupees

States	GSDP
Maharashtra	15248 (2014-15)
Tamil Nadu	9798 (2015-16)
Uttar Pradesh	9147 (2015-16)
Gujarat	8643 (2015-16)
Karnataka	8155 (2015-16)

Source: NITI Aayog, <http://niti.gov.in/content/2011-12-series#>

4. Summing up

Two main conclusions follow from the discussion above. First, as of now, there is absolutely no evidence to support the impressive growth claims that are being made regularly by the Bengal Government and echoed uncritically in the media. They need not necessarily turn out to be wrong. However, neither the CSO, nor the Bengal Government, has yet provided any evidence that can be deployed in their support. Judgment must be kept in abeyance till the CSO releases its own set of figures: the massive self-contradictions of the Bengal Government have made all its pronouncements completely suspect in this matter. Second, the statistical machinery of the Bengal Government appears to have turned shambolic, to the extent that none of its revelations can claim a priori credibility any more. Therein lies the most disturbing aspect of the matter.

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