PRESS RELEASE

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CAG REPORT ON COMPLIANCE of the FRBM ACT PRESENTED

Comptroller and Auditor General of India Report No. 29 of 2026 on 'Compliance of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003' for the year 2024-25 was presented in Parliament here on 12th August, 2026. The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 was enforced in July 2004 to ensure inter-generational equity in fiscal management and ensure long term macro-economic stability. Rule 8 of the FRBM Act, 2003 prescribes an annual review of the Act's compliance by the CAG, and the present report discusses the findings for the year 2024-25.

The FRBM framework, applicable at present, mandates that the Central Government limits the fiscal deficit up to three *per cent* of Gross Domestic Product (GDP) by 31 March 2021 and endeavours to limit the General Government Debt to 60 *per cent* of GDP and the Central Government Debt to 40 *per cent* of GDP by the end of FY 2024-25. The Government, through the Budget Speech for FY 2021-22 has committed to pursue a broad path of fiscal consolidation to attain a level of Fiscal Deficit lower than 4.5 *per cent* of GDP by FY 2025-26, a commitment which was reiterated in MTFP Statements for FY 2023-24 and FY 2024-25 as well.

(Para 1.1)

Though the Central Government debt, as a percentage of GDP, decreased over the last two years to 58.46 *per cent* by the end of FY 2024-25, the sunset target of 40 *per cent* could not be met. The increase in Central Government debt in absolute terms, by ₹14.24 lakh crore in FY 2024-25 or 8.29 *per cent* over FY 2023-24, was mainly on account of an increase of ₹12.28 lakh crore in internal debt, coupled with an increase of ₹0.78 lakh crore in the current value of external debt, and an increase of ₹0.24 lakh crore in the public account liability during 2024-25.

The trend in Central Government Debt and the Gross Domestic Product during FY 2022-23 to FY 2024-25, revealed that the pace of accumulation of Central Government Debt between FY 2022-23 to FY 2024-25 was less than the GDP expansion.

(Para 2.1)

Debt sustainability, as measured by the debt stabilization indicator, was positive for FY 2024-25. Interest payments on debt to revenue receipts ratio is an important indicator of the Government's fiscal health. It is a measure of how much of the Government's revenue is used to pay interest on its debt. This ratio stood at 35.35 *per cent* in FY 2022-23 and subsequently increased to 35.72 *per cent* in FY 2023-24, before declining to 34.02 *per cent* in FY 2024-25.

(Para 2.2)

The FRBM framework also provides that Central Government shall not give additional guarantees with respect to any loan on security of the Consolidated Fund of India (CFI) in excess of one-half *per cent* of GDP, in any financial year. Additional guarantees in FY 2024-25 have remained within the prescribed target of one-half *per cent* of the GDP.

(Para 2.3)

The figures in Budget at a Glance (BAG) 2026-27 for the Fiscal Deficit (₹15.74 lakh crore) were at variance from the figures (₹14.70 lakh crore) calculated as per FRBM Act, 2003 from the UGFA 2024-25.

(Para 2.5)

The report also revealed that at the end of FY 2024-25, an amount of ₹38.40 lakh crore was raised as taxes but was yet to be realised (Statement D1: Tax Revenue raised but not realised). This unrealised amount registered an increase of ₹7.29 lakh crore over the previous year, of which ₹4.80 lakh crore was 'not under dispute'. Some issues were noticed in D2 Statement (Arrears of Interest), where the figures varied from those figures in the Union Government Finance Accounts. Also, the amount of financial assets (Loans to Foreign Government and States & UTs) disclosed in D4 Statement, varied within the Receipt Budget. Finally, Budget Estimate figures of various fiscal parameters used in Half Yearly Statement (H1 and H2), and Medium-Term Fiscal Policy Statement varied from those in the Annual Financial Statement 2024-25.

(Para 3.1.1, 3.1.2 and 3.2)

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