



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थं सत्यनिष्ठा  
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**Report of the  
Comptroller and Auditor General of India  
on  
Compliance of the Fiscal Responsibility and  
Budget Management Act, 2003  
for the year 2022-23**

**Union Government  
Department of Economic Affairs  
(Ministry of Finance)  
Report No. 3 of 2025**



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## PREFACE

The Comptroller and Auditor General of India (C&AG) was, vide Rule 8 framed under Section 7A of the Fiscal Responsibility and Budget Management (FRBM) Act 2003, entrusted with the responsibility of an annual review of the compliance of the provisions of the FRBM Act 2003 and present such reviews before both Houses of Parliament beginning with the Financial Year 2014-15.

This is the Eighth report of the C&AG on compliance with the provisions of the Act and the Rules made thereunder, by the Central Government for the year ending March 2023. The report examines the achievements vis-à-vis FRBM targets and compares actuals with projections made in fiscal policy statements and adequacy of information in disclosure statements.

The Report contains findings arising from the review of compliance of the provisions of the Act and the Rules. The instances mentioned in this Report are those which came to notice in the course of test audit for FY 2022-23. Matters pertaining to the period earlier than FY 2022-23, which have a bearing on fiscal indicators have also been included, wherever relevant.



## Executive Summary



## Executive Summary

The Fiscal Responsibility and Budget Management Act, 2003 was enacted with a view to provide a legislative framework for reduction of deficit and thereby debt, of the Central Government to a sustainable level over a medium term so as to ensure inter-generational equity in fiscal management and long term macro-economic stability.

The present Report is an annual review conducted by the Comptroller and Auditor General (C&AG) of India on the compliance of the provisions of the Fiscal Responsibility and Budget Management (FRBM) Act by the Central Government for the FY 2022-23.

Through an amendment in 2018, the target for reduction in Central Government Debt and General Government Debt was set to be achieved over a period of seven years. The targets being limiting 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 2024-2025.

Our review showed that the Central Government debt as a percentage of GDP has steadily decreased, as targeted over the last two years to 57.93 *per cent* by FY 2022-23. The total debt, however, increased by ₹17.48 lakh crore or 12.61 *per cent* over the previous year, primarily due to an accumulation of internal debt.

The report identifies potential areas of improvements. For instance, in completeness in the statement on Extra Budgetary Resources (EBR – being a component of the Central Government Debt). At the end of FY 2022-23, an amount of ₹21.30 lakh crore was reportedly raised as taxes but was yet to be realized (Statement D1 Tax raised but not realized). This unrealized amount registered an increase by ₹5.47 lakh crore over the previous year, of which ₹5.28 lakh crore was not under dispute. Some transparency 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 (loan to Foreign Government and States & UTs) disclosed in D4 Statement, varied within the Receipt Budget. Finally, we found variations in Budget Estimate figures of various fiscal parameters used in Half Yearly Statement (H1, H2), and Medium-Term Fiscal Policy Statement from the Annual Financial Statement 2022-23.



# CHAPTER 1

## Introduction



## Chapter 1

## Introduction

## 1.1 The FRBM Act:

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 was enacted on 26 August 2003. The Act and the Rules under the Act were brought into force on 05 July 2004. Since the enactment of the original Act in 2003, it has been amended four times in 2004, 2012, 2015 and 2018. Highlights of the amendments made to the Principal Act and Rules after 2003 are given in **Annexure 1.1**.

The objectives of the Act are to ensure long term macro-economic stability and inter-generational equity. The targets set in FRBM Amendment Act, 2018 and applicable for FY 2022-23 are as follows:

The Central Government shall ensure by the end of FY 2024-2025 that:

- ❖ The General Government debt **does not exceed 60 per cent of Gross Domestic Product (GDP)**.

[Section 4(1)]

*“General Government debt” is defined as the sum total of the debt of the Central Government and the State Governments<sup>1</sup>, excluding inter-Governmental liabilities<sup>2</sup>.*

- ❖ The Central Government debt **does not exceed 40 per cent of GDP**.

[Section 4(1)]

- ❖ Not give additional guarantees with respect to any loan on security of the Consolidated Fund of India in excess of **one-half per cent of GDP**, in any financial year,

[Section 4(1)]

- ❖ The Finance Minister shall review, on half-yearly basis, the trends in receipts and expenditure in relation to the budget and place before both Houses of Parliament, the outcome of such reviews.

[Section 7(1)]

<sup>1</sup> Under Article 293(3) of the Constitution of India, “A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government or in respect of which a guarantee has been given by the Government of India or its predecessor Government”. Accordingly, the Government of India sets annual ceiling for borrowings for each State Government based on set parameters.

<sup>2</sup> What Governments, State and Union owe each other.

- ❖ If the outcome of half yearly review (i.e. end of September) shows that (i) total non-debt receipts are less than 40 *per cent* of Budget Estimates (BE), and (ii) Revenue Deficit (RD)<sup>3</sup> and Fiscal Deficit (FD)<sup>4</sup> are higher than 70 *per cent* of the BEs for the year, the Finance Minister shall make a statement in Parliament during the session immediately following the end of first half detailing the corrective measures taken. **[Rule 7]**

For FY 2022-23, a mid-year (i.e., end of September) review was presented before both houses of the Parliament. The detailed outcome presented in H1 Statement is given in **Annexure 1.2**.

- ❖ The Central Government shall reduce the fiscal deficit up to three *per cent* of GDP by 31<sup>st</sup> March 2021. However, in the absence of any further amendment to the Act, the Government 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, as laid out*** in the Budget Speech for FY 2021-22 and reiterated in Medium-Term Fiscal Policy (MTFP) Statements for FY 2023-24 and FY 2024-25 as well.

## 1.2 Other obligations prescribed under the FRBM Act and Rules

The Central Government shall lay before each House of Parliament:

- ❖ The Medium-Term Fiscal Policy cum Fiscal Policy Strategy (MTFP cum FP) Statement (in Form F1):

*This Statement contains a three-year rolling target for fiscal indicators viz. Revenue Deficit, Fiscal Deficit and Primary Deficit<sup>5</sup>, Tax Revenue and Central Government Debt as a percentage to GDP. It also contains the underlying assumptions<sup>6</sup>.*

- ❖ The Macroeconomic Framework Statement (in Form F2)-MEF Statement:

*Highlights the interaction of the Budget with growth in the economy along with the underlying assumptions.*

- ❖ The Medium-Term Expenditure Framework (MTEF) Statement (in Form F3):

*This Statement (in prescribed Form F3) provides a three-year rolling target for prescribed expenditure indicators along with the underlying assumptions and the risks. With the exception for FY 2018-19, the Government has not been*

<sup>3</sup> "Revenue deficit" means the difference between revenue expenditure and revenue receipts.

<sup>4</sup> "Fiscal deficit" means the excess of total disbursements, from the Consolidated Fund of India, over total receipts into the Fund during a financial year excluding the debt receipts and debt repayments.

<sup>5</sup> "Primary Deficit" means the fiscal deficit minus the interest payments.

<sup>6</sup> It also includes assessment of sustainability relating to balance between revenue receipt and revenue expenditure; use of capital receipts including market borrowings for generating productive assets.

*presenting this Statement(s) before the Parliament. This fact was acknowledged by the Government in MTFP 2023-24 although no reason was provided.*

**[Section 3(1)]**

- ❖ The Central Government shall not borrow from the Reserve Bank except in certain<sup>7</sup> circumstances. **[Section 5(1)]**

- ❖ The Central Government shall prepare a monthly statement of its accounts.

**[Section 7(1A)]**

- ❖ Five disclosure Forms (D-1 to D-5)<sup>8</sup> in respect of Tax Revenue, non-Tax revenue, Guarantee, Asset Register and Liability on Annuity projects have been prescribed in the rules to be laid in Parliament along with the Budget. **[Rule 6]**

### 1.3 Audit Scope and mandate

As per Section 7A<sup>9</sup> (2018 Amendment Act) read with Rule 8 of the FRBM Act, 2003, the CAG of India is mandated to carry out an annual review of the compliance of the provisions of the Act and the rules made there under by the Central Government, beginning with the FY 2014-15. The review shall include:

- ❖ Analysis of achievement and compliance of targets and priorities set out in the Act and the rules made there under, Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement, Macro-economic Framework Statement and Medium-Term Expenditure Framework Statement.
- ❖ Analysis of trends in receipts, expenditure and macro-economic parameters in relation to the Act and the rules made there under.
- ❖ Comments related to classification of revenue, expenditure, assets or liabilities having a bearing on the achievement of targets set out in the Act and the rules made there under.
- ❖ Analysis of disclosures made by the Central Government to ensure greater transparency in its fiscal operations.

<sup>7</sup> To meet temporary excess of cash disbursement over cash receipt, subscription of primary issues and thereafter on grounds of national security, national calamity, etc., and open market operations in the secondary market.

<sup>8</sup> Disclosure Forms (D1) – Tax Revenue raised but not realised, (D2) – Arrears of Non-tax Revenue, (D3) – Guarantee given by the Government, (D4) – Asset Register and (D5) – Liability on Annuity Projects. These disclosures provide data which is not captured in the Finance Accounts (being prepared on cash basis) except Guarantees but hold relevance to fiscal indicators.

<sup>9</sup> Laying of FRBM review reports – The Central Government may entrust the Comptroller and Auditor-General of India to review periodically as required, the compliance of the provisions of this Act and such reviews shall be laid on the table of both Houses of the Parliament.

Accordingly, the CAG has prepared Seven (7) reports (**Table 1.1**)

**Table 1.1: CAG reports tabled in both houses of Parliament**

Sl. No.	CAG Report	Financial year to which the report pertains
1	Report No. 27 of 2016	2014-15
2	Report No. 32 of 2017	2015-16
3	Report No. 20 of 2018	2016-17
4	Report No. 6 of 2021	2017-18 & 2018-19
5	Report No. 18 of 2022	2019-20
6	Report No. 32 of 2022	2020-21
7	Report No. 1 of 2024	2021-22

#### **1.4 Audit Methodology**

The review was undertaken primarily in the Department of Economic Affairs, Ministry of Finance which is the nodal Department for administration of the FRBM Act. The report is based on data derived from Union Government Finance Accounts (UGFA) 2022-23 and successive Budget documents for FY 2020-21 to FY 2024-25. In addition, certified annual accounts of the PSEs and GDP data released by National Statistics Office (NSO) for the concerned financial year have been used for analysis.

An entry meeting was held with the Ministry on 28 February 2024 and field audit was conducted between 26 February 2024 and 22 March 2024. The draft report was issued to the Ministry of Finance on 1 May 2024, and the Ministry's comments were discussed with them in an exit conference held on 26 June 2024. The present report incorporates the written responses received from the Ministry (July 2024), and subsequent verification of the Union Budget 2024-25 Statements, and status paper on debt 2022-23 placed before the Parliament in July 2024.

#### **1.5 Acknowledgement**

We acknowledge the cooperation of the Department of Economic Affairs in providing the records and facilitating the conduct of this compliance audit.

#### **1.6 Structure of the Report**

The present Report is the annual review by the CAG of India as per Rule 8 of FRBM (Amendment) Rules 2018 to examine compliance of the provisions of the Act, by the Central Government, for the FY 2022-23.

**Chapter 1** discusses the mandate for FRBM Act and Rules, while the audit findings are discussed in succeeding **Chapters 2** and **3**.

**Chapter 2:** FRBM Targets and Achievements.

**Chapter 3:** Disclosures and Transparency.

## CHAPTER 2

### FRBM Targets and Achievements



## Chapter

## 2

## FRBM Targets and Achievements

## 2.1 Central Government Debt and General Government Debt

The FRBM Act amended in 2018, introduced a new section 2(aa) which defined the concept of Central Government Debt at any date, that included:



Similarly, Section 2(bb) defines General Government Debt as “the sum total of the debt of the Central Government and the State Governments, excluding inter-Governmental liabilities”. The target laid down under FRBM Act is to limit the Central Government Debt (to 40 *per cent* of GDP) and the General Government Debt (to 60 *per cent* of GDP) by FY 2024-25.

## 2.1.1 Outstanding Central Government Debt

## Central Government debt as a percentage of GDP has come down steadily from FY 2020-21

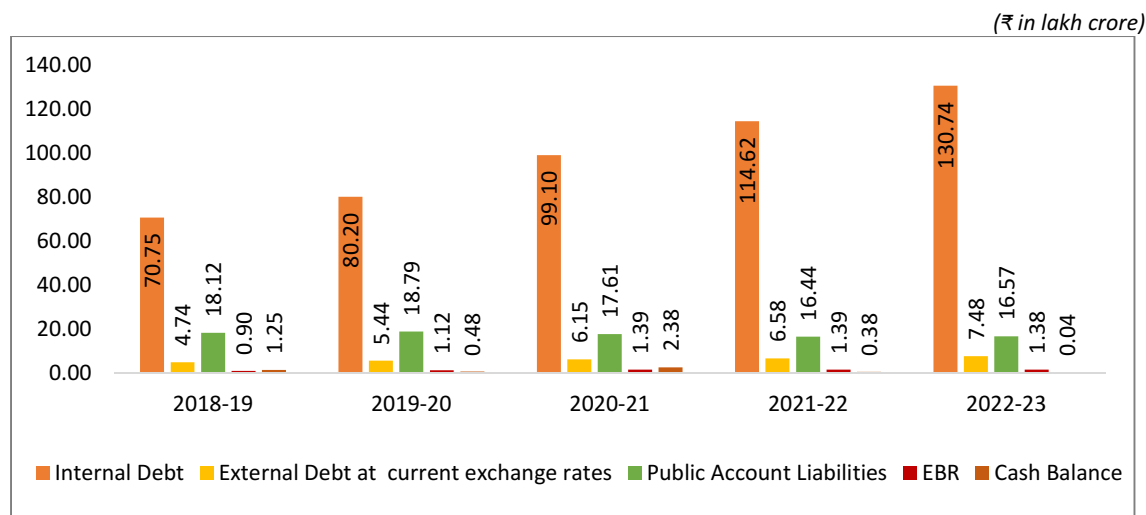
Analysis conducted over a five-year period between FY 2018-19 to FY 2022-23 (**Annexure 2.1**) showed that the Central Government debt as a percentage of GDP<sup>11</sup> first shot to 61.38 *per cent* in FY 2020-21, then steadily decreased to 57.93 *per cent* by the end of FY 2022-23. It is still higher than the pre-pandemic period. The Central Government debt however, increased in FY 2022-23 by ₹17.48 lakh crore or 12.61 *per cent* over FY 2021-22. This was largely due to increase in internal debt of ₹16.12 lakh crore during this period. Moreover, the current value of External Debt (increased by ₹0.90 lakh crore) and the Public Account liability (increased by ₹0.13 lakh

<sup>10</sup> Public Account holds all other public money than those credited in the Consolidated Fund of India, received by or on behalf of the Government of India as a trustee.

<sup>11</sup> GDP is the monetary value of all final goods and services, those that are bought by the final user, produced in a given period of time (say a quarter or a year) within the borders of a country. In essence, it conveys the size of the economy and is used as an appropriate base for measure of debt sustainability.

crore) also showed similar signs of increase in FY 2022-23 over the previous year. The amount of Central Government Debt across FY 2018-19 to FY 2022-23, and the component wise break-up therein, is depicted in **Figure 2.1** below:

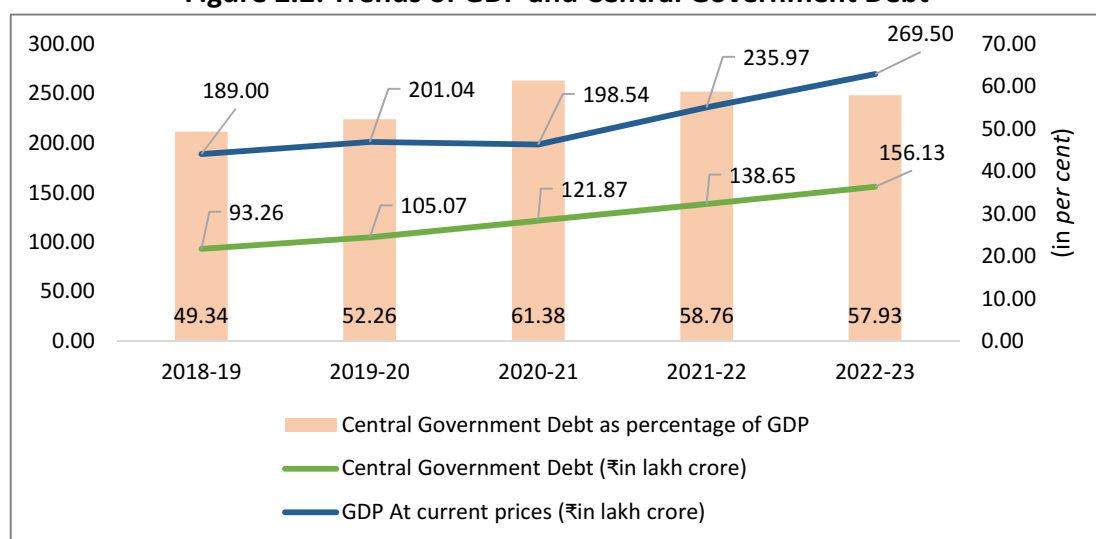
**Figure 2.1: Components of the Central Government Debt**



### Rate of growth in GDP outpaced rate of growth in Central Government Debt from 2021-22

**Figure 2.2** below depicts the trend in Central Government Debt and the Gross Domestic Product during FY 2018-19 to FY 2022-23. The pace of accumulation of Central Government Debt between FY 2020-21 to FY 2022-23 was less than the GDP expansion, which indicates that economy has grown to be able to absorb and service the accumulated debt.

**Figure 2.2: Trends of GDP and Central Government Debt**



### Disclosure of Central Government liabilities in Receipt Budget is not as per definition of Central Government Debt in FRBM Act

In the Medium-Term Fiscal Policy (MTFP) Statement 2023-24 (February 2023), the Government stated that it planned to reduce Central Government Debt from 58.8 *per cent* of GDP in FY 2021-22 to 57.0 *per cent* of GDP in RE 2022-23. Although the actual Central Government Debt for FY 2022-23 was not disclosed in the subsequent MTFP Statement 2024-25, the Receipt Budget 2024-25 stated the total liabilities of the Central Government as ₹152.24 lakh crore at the end of FY 2022-23. Our computation of the Central Government Debt for FY 2022-23, based on the definition provided in the FRBM Act 2003 (amended in 2018) was ₹156.13 lakh crore which is 57.93 *per cent* of the GDP. The difference is reconciled in **Table 2.3** below:

**Table: 2.3 Liabilities of the Central Government at the end of 2022-23 disclosed in Receipt Budget 2024-25 and computation of audit**

(₹ in lakh crore)

Sl. No.	Particulars	Receipt Budget 2024-25	Computed in Audit as per the FRBM Act
1	Internal Debt	130.74	130.74
2	External Debt	4.93 (at Book Value)	7.48 (at current exchange rate)
3	Other Liability/ Public Account Liability	16.57	16.57
4	EBR	Not included	1.38 <sup>12</sup>
5	Cash Balance	Not included	0.04
6	Central Government Debt	152.24	156.13

#### 2.1.2 General Government Debt

#### As a percentage of the GDP, there was a decline in debts during the post-pandemic period

The achievement with respect to the General Government Debt and its trend across the previous five years is analyzed in **Table 2.4** below:

<sup>12</sup> This amount (of ₹1.38 lakh crore) is as per Statement 27 of Expenditure Profile 2024-25, however Expenditure Profile 2023-24 contained figures of ₹ 1.39 lakh crore as discussed later in para 2.2(i) of this report.

**Table: 2.4 General Government Debt for 2018-19 to 2022-23 as worked out from the Status Paper on Debt for 2022-23**

(₹ in lakh crore)

Sr. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	General Government Debt / Liabilities	133.03	150.99	174.07	195.97	219.23
	Y-o-Y increase ( <i>per cent</i> )		13.50	15.29	12.58	<b>11.87</b>
2	Central Government Debt / Liabilities	93.26	105.07	121.87	138.65	156.13
	Y-o-Y increase ( <i>per cent</i> )		12.66	15.99	13.77	<b>12.61</b>
3 = (1-2)	State Government Debt / Liabilities	39.77	45.92	52.20	57.32	63.10
	Y-o-Y increase ( <i>per cent</i> )		15.46	13.68	9.81	<b>10.10</b>
4	GDP	189.00	201.04	198.54	235.97	269.50
5	General Government Debt / Liabilities as percentage of GDP	70.39	75.10	87.68	83.05	81.35
6	Central Government Debt / Liabilities as percentage of GDP	49.34	52.26	61.38	58.76	57.93
7 = (5-6)	State Government Debt / Liabilities as percentage of GDP	21.05	22.84	26.29	24.29	23.42

Source: GDP- NSO Press releases dated 29 February 2024 &amp; 31 May 2024

The target set by the FRBM Act 2003, as amended in 2018, was to limit the General Government Debt to 60 *per cent* of GDP by 2024–25. The General Government Debt expressed as a percentage of GDP increased from 70.39 *per cent* in FY 2018-19 to 81.35 *per cent* in FY 2022-23, after registering an all-time high of 87.68 *per cent* during the pandemic year in 2020-21.

Similarly, the liability borne by the State Governments (i.e., after excluding the debts of the Central Government), was on an increasing trend till 2020-21 and started declining thereafter, reaching 23.42 *per cent* by the end of FY 2022-23.

As a percentage of the GDP, the decline in debts during the post-pandemic period in FY 2020-21 to FY 2022-23 is favorable; however, in real monetary terms, it is still higher than the pre-pandemic period 2019–20 for all the parameters viz. General Government Debt, Central Government Debt, and liability attributable to the States. Further, the rate of Y-o-Y increase in General Government Debt consistently declined in FY 2022-23 despite a marginal increase in Y-o-Y debt borne by the States.

## 2.2 Extra Budgetary Resources

### EBR figures in Expenditure Profile of Union Budget need reconciliation

In the Medium-Term Fiscal Policy (MTFP) 2019-20, the Central Government introduced the concept of Extra Budgetary Resources as “those financial liabilities that were raised by Public Sector Undertakings for which repayment of entire principal and interest is done from the Union Government Budget”. These borrowings are only reflected in the accounts of the concerned entities and are neither depicted in the Demand for Grants of the concerned Ministry nor do they appear in the Annual Financial Statement (AFS), Union Government Finance Accounts (UGFA) and disclosure statements mandated under FRBM.

From the FY 2019-20 onwards, the Government started to disclose the amount of EBRs (Statement 27 of Expenditure Profile in the Budget). This statement shows EBRs mobilized through Government fully serviced bonds and financial support extended through loans from National Small Saving Fund (NSSF).

We analysed Statement 27 of Expenditure Profile, 2024-25 (**Annexure 2.2**) containing actuals for FY 2022-23, and observed the following:

i. Un-reconciled variation between the amounts disclosed in successive Statement 27 for FY 2023-24 and 2024-25.

- ❖ As per Statement 27 for FY 2022-23 (Expenditure Profile 2024-25), the actual EBR arranged between FY 2016-17 to FY 2021-22 was shown as ₹1,37,868.60 crore whereas the same (in previous Expenditure Profile 2023-24), was shown as ₹1,39,287.30 crore. Thus, there was a difference of ₹1,418.70 crore between consecutive statements, but no disclosure was given for the same in the current Statement 27 for 2022-23 (Expenditure Profile 2024-25). **Table 2.5** below shows the year-wise breakup of the EBR amount and the resulting difference of ₹1,418.70 crore.

**Table 2.5 Year wise breakup of EBR raised by Government**

(₹ in crore)

Financial Year	As per Expenditure Profile 2022-23	As per Expenditure Profile 2023-24	As per Ministry reply	As per Expenditure Profile 2024-25
2016-17	9,167.00	Year wise breakup was not available.	9,167.00	Year wise breakup was not available.
2017-18	15,095.00		15,095.00	
2018-19	65,602.10		64,192.10	
2019-20	22,006.30		22,006.60	
2020-21	26,665.10		26,656.10	
2021-22	751.80		1,39,287.30	
2022-23	-	-	NIL	-
<b>Total</b>	<b>1,39,287.30</b>	<b>1,39,287.30</b>	<b>1,37,868.60</b>	<b>1,37,868.60</b>

The Ministry provided (July 2024) a reconciliation statement to Audit for the differential amount of ₹1,418.70 crore, which was due to inadvertent errors in Statement 27 of previous years. However, no disclosure was made regarding the subject of reconciliation in the Union Budget 2024-25 placed in the Parliament in July 2024. It is recommended that the Ministry may include an appropriate disclosure in Statement 27 of expenditure profile 2025-26 in this regard.

ii. It was pointed out in the previous CAG Report No.1 of 2024 for FY 2021-22, that the EBR Statement, contained in Expenditure Profile 2023-24, did not show the portion on financial support extended through loans from NSSF, that was erstwhile presented in the previous years. For FY 2022-23, we observed from Statement 16 of UGFA 2022-23 that ₹350 crore was invested from NSSF in MTNL, and this amount remained outstanding on 31 March 2023. The Ministry restored the excluded portion of Statement 27, in the Expenditure Profile 2024-25 (placed in July 2024 before the Parliament), but mentioned that the loans from NSSF have been repaid. However, as the NSSF loan was shown as outstanding in UGFA 2022-23, this had to be depicted in Statement 27 of Expenditure Profile 2024-25, which showed the actuals of FY 2022-23. Clarification from the Ministry was awaited (September 2024).

### 2.3 Debt Sustainability Analysis

#### Debt stabilisation indicator is positive for FY 2022-23

Debt Sustainability Analysis (DSA) is a measure to assess the ability of the Government to service its debt-related financial obligations over a period of time. The cornerstone of the analysis is the debt-to-GDP ratio. The premise is that the rise of debt should be commensurate to growth in the economy (measured as Gross Domestic Product-GDP). A sustainable fiscal policy is one where the debt-to-GDP ratio is stable or declining over the long term.

**A debt stabilization indicator** is a useful indicator. The assumption is that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable, provided primary deficit is curtailed.

- ❖ Debt stabilization indicator = Quantum Spread<sup>13</sup>+ Primary Deficit<sup>14</sup>
- ❖ Debt sustainability condition states that if:
  - ✓ Debt stabilization indicator = 0, Debt-GDP ratio would be constant, or debt would stabilize eventually.
  - ✓ Debt stabilization indicator is negative, Debt-GDP ratio would rise.
  - ✓ Debt stabilization indicator is positive, Debt-GDP ratio would eventually fall.

<sup>13</sup> Quantum Spread = Central Government debt x Interest Spread/100.

<sup>14</sup> Primary Deficit = Fiscal Deficit – Interest payments.

In FY 2022-23 the debt stabilization indicator is positive, which is a positive indicator towards stability (Table 2.6).

**Table 2.6: Trends in Central Government Debt Sustainability Indicators**

(₹ in lakh crore)

S. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	Central Government Debt	93.26	105.07	121.87	138.65	156.13
2	Rate of growth of Central Government Debt (in per cent)	9.80	12.66	15.99	13.77	12.61
3	GDP at current prices	189.00	201.04	198.54	235.97	269.50
4	Rate of growth of GDP at current prices (in per cent)	10.59	6.37	-1.24	18.85	14.21
5	Central Government Debt-GDP ratio (in per cent)	49.34	52.26	61.38	58.76	57.93
6	Interest Paid on Debt	5.96	6.55	7.21	8.28	9.59
7	Total Revenue Receipts	18.06	19.48	18.65	24.36	27.13
8	Average interest cost <sup>15</sup> (in per cent)	6.69	6.61	6.35	6.36	6.51
9	Interest payment on Debt to Revenue Receipt (in per cent)	33.00	33.62	38.66	33.99	35.35
10	Public Debt Repayment	60.65	63.27	61.85	66.45	72.00
11	Public Debt Receipt	67.58	73.01	81.63	82.49	88.65
12	Public Debt Repayment to Public Debt Receipt (in per cent)	89.75	86.66	75.77	80.56	81.22
13	Interest Spread <sup>16</sup> (in per cent)	3.90	-0.24	-7.59	12.49	7.70
14	Quantum Spread	3.64	-0.25	-9.25	17.32	12.02
15	Primary Deficit (-)	1.89	3.76	12.54	9.34	7.97
16	Debt Stabilization indicator <sup>17</sup>	1.75	-4.01	-21.79	7.98	4.05

Source: UGFA of respective years. For GDP- NSO Press releases dated 29 February 2024 & 31 May 2024

<sup>15</sup> Average interest cost = Interest payments / average outstanding debt of previous financial year and current year x100.

<sup>16</sup> Interest Spread = Rate of growth of GDP (current price) – Average interest cost.

<sup>17</sup> Debt Stabilisation indicator = Quantum Spread + Primary Deficit.

Further analysis of **Table 2.6** above shows the following:

- ❖ Central Government's **debt-to-GDP ratio** increased from 49.34 *per cent* in FY 2018-19 to a peak of 61.38 *per cent* in 2020-21. However, the ratio descended to 57.93 *per cent* in FY 2022-23 from 58.76 *per cent* of GDP in FY 2021-22. The target under the Act is 40 *per cent*, to be achieved by the end of FY 2024-25.
- ❖ **Public debt repayment to Public debt receipts** was 89.75 *per cent* in FY 2018-19 but improved in FY 2022-23, and the debt repaid was 81.22 *per cent* of the debt acquired during the year, freeing up borrowings for productive expenditure.
- ❖ **Interest payments 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. The ratio reached its peak at 38.66 *per cent* in FY 2020-21, declined to 33.99 *per cent* in FY 2021-22 and increased to 35.35 *per cent* in FY 2022-23. Thus, Government used, comparatively, a larger part of their revenue receipts during FY 2022-23 towards interest obligations.

## 2.4 Guarantees

### Additional guarantees during FY 2022-23 are within the limits in FRBM Act

As per Rule 276 of General Financial Rules (GFR) 2017, the Central Government extends guarantees to Government entities, primarily to lower their cost of borrowings on socio- economic projects or activities. Sovereign guarantee is also given where it is a precondition for bilateral/ multilateral assistance. Guarantees being contingent liabilities do not form part of debt, but in the eventuality of default, they may have an impact on the Government's liabilities.

The FRBM Act and the Rules made thereunder, stipulate that the 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.

Government in the Medium-Term Fiscal Policy (MTFP) Statement 2024-25 (February 2024) pointed out that while Guarantee given by the Union Government was ₹3.14 lakh crore at the end of FY 2022-23, it decreased as a percentage of GDP to 1.2 *per cent* in FY 2022-23 as compared to 3.3 *per cent* in FY 2004-05.

The actual amount of outstanding guarantee at the end of the year declined from ₹5.19 lakh crore in FY 2021-22 to ₹3.14 lakh crore in FY 2022-23 due to deletions of ₹2.61 lakh crore.

Of the guarantee deletions, majority were Class III guarantees<sup>18</sup> (₹2.21 lakh crore) i.e., ₹1.38 lakh crore (total: 39) pertaining to Department of Financial Services, Ministry of Finance and ₹0.66 lakh crore (total: 1) pertaining to Ministry of External Affairs; and Class-I guarantees<sup>19</sup> (₹0.39 lakh crore) accruing majorly to Department of Financial Services, Ministry of Finance (₹0.35 lakh crore for 62 guarantees).

During FY 2022-23, additional guarantees issued were ₹0.61 lakh crore or 0.23 *per cent* of the GDP, which was well within the limit of 0.5 *per cent* set under the FRBM Act, 2003. Of the additional guarantees (of ₹0.61 lakh crore) issued during 2022-23, majority were Class-III guarantees (148 nos) amounting to ₹0.22 lakh crore pertaining to Department of Financial Services, Ministry of Finance, Class-II guarantees<sup>20</sup> (2 nos) amounting to ₹0.15 lakh crore pertaining to Department of Telecommunications, Ministry of Communication.

The additional guarantee in a financial year has remained within the limit for the last five years. **Annexure-2.3** gives further details.

## 2.5 Trends in Macro Economic Parameters

- ❖ Fiscal Deficit represents the excess of total disbursements, from the Consolidated Fund of India, over total receipts into the Fund during a financial year excluding the debt receipts and debt repayments.
- ❖ Revenue Deficit is the excess of revenue expenditure over revenue receipts.
- ❖ Primary Deficit means the fiscal deficit minus the interest payments.

### A (i). Fiscal Indicators-Rolling Targets

#### Fiscal projections for three year rolling targets not included in MTFP statements

As per Sec 3(2) of FRBM Act (Amended in April 2018) “The Medium-term Fiscal Policy Statement shall set forth a three-year rolling target for prescribed fiscal indicators with specification of underlying assumptions”.

Beginning with the fiscal year 2021-22, the Government did not, however, include the projection for the Y+1 and Y+2 years in the MTFP statement. Instead, the MTFP statement of the corresponding years carried a Statement explaining the reasons for deviation from the fiscal targets mentioned in Section 4 and compliance with the

<sup>18</sup> Class-III Guarantees are given in pursuance of agreements entered into by the Government of India with international financial institutions, foreign lending agencies, foreign governments, contractors, suppliers, consultants etc., towards repayment of principal, interest and/or commitment charges on loans etc., and/or for payment against supplies of material and equipment.

<sup>19</sup> Class – I Guarantees are given to the Reserve Bank of India, other Banks and Financial Institutions for repayment of principal and payment of interest, cash credit facility, financing seasonal agricultural operations and/or providing working capital to companies, corporations, cooperative societies and banks.

<sup>20</sup> Class – II Guarantees are given for repayment of share capital, payment of minimum annual dividend and repayment of bonds or loans, debentures issued or raised by statutory corporations and central public sector undertakings.

obligations cast under Section 7(3)(b) of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003.

The Government in MTFP Statement 2021-22 stated that “The Government will amend the FRBM Act. Hence, no fiscal projections for the years 2022-23 and 2023-24 have been presented along with this Statement”. Again, in MTFP Statement 2022-23 the Government contended that “While India’s economic foundations remain strong, it is vital for the Government to retain requisite fiscal flexibility to effectively respond to emerging contingencies till the pandemic-induced uncertainties ease. Hence, amendment to FRBM law is not being proposed and fiscal projections for the year FY 2023-24 and FY 2024-25 are not being placed alongside this Statement<sup>21</sup>. The advance projections for the Y+1 and Y+2 years have again not been made in MTFP 2023-24 and 2024-25 as well.

### A (ii). Projection vis-à-vis Actuals of Fiscal Indicators

The estimates regarding Fiscal indicators and their actuals for FY 2022-23 are depicted in **Table 2.7** below.

**Table 2.7: Projection vis-à-vis Actuals**

(As per cent of GDP)

Type of Projection Fiscal Indicator	MTFP 2020-21	MTFP 2021-22	MTFP 2022-23	MTFP 2023-24	UGFA 2022-23
	Projection for 2022-23 (Y+2)	Projection for 2022-23 (Y+1)	BE for 2022-23	RE for 2022-23	Actual for 2022-23
Fiscal Deficit	3.1	-	6.4	6.4	6.51
Revenue Deficit	1.9	-	3.8	4.1	3.97
Primary Deficit	0.0	-	2.8	3.0	2.95
Gross tax Revenue	10.7	-	10.7	11.1	11.33
Non-tax Revenue	1.5	-	1.0	1.0	2.25
Central Government Debt	45.5	-	60.2	57.0	57.93
Of which Liabilities on account of EBR	0.9	-	-	-	0.51

Source: GDP Figures for Actual 2022-23, as per National Statistical Office (NSO) Press Release dated 31<sup>st</sup> May 2024.

**Table-2.7** shows that as a percentage of GDP, the actual collections for Gross Tax Revenue and Non-Tax revenue were higher than the Budget Estimates, but the actuals for Revenue Deficit, Fiscal Deficit and Primary Deficit marginally surpassed their respective Budget estimates. The Central Government Debt as a percentage of GDP, was less than estimated at the BE stage.

<sup>21</sup> The Government stated in MTFP Statement 2021-22 that “The Government will amend the FRBM Act. Hence, no fiscal projections for the years 2022-23 and 2023-24 have been presented along with this Statement.”

## B. Gross Domestic Product (GDP)

Increase in nominal GDP during FY 2022-23 has surpassed budgetary estimates

**Table 2.8: Movement of GDP**

		(₹ in lakh crore)				
GDP	2018-19	2019-20	2020-21	2021-22	2022-23	
GDP at current prices (Nominal GDP)	189.00	201.04	198.54	235.97	269.50	
Percentage change over previous year (GDP at current prices)	10.59	6.37	-1.24	18.85	14.21	
GDP at constant (2011-12) prices (Real GDP)	139.93	145.35	136.95	150.22	160.71	
Percentage change over previous year (GDP at constant prices)	6.45	3.87	-5.78	9.69	6.99	

Source: GDP- NSO Press releases dated 29 February 2024 & 31 May 2024

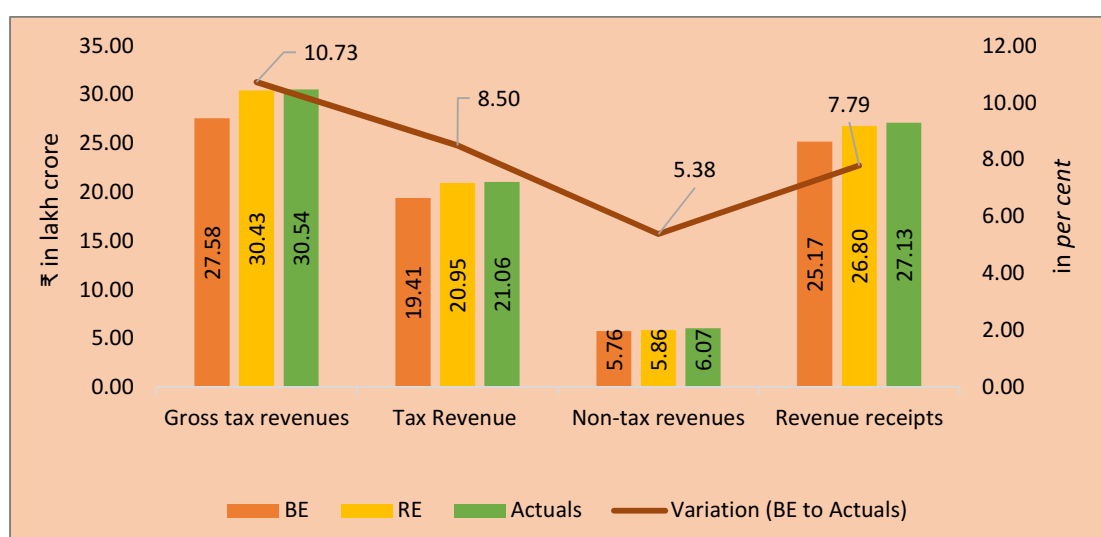
The Medium-Term Fiscal Policy Statement (MTFP) of 2020-21 estimated the GDP for FY 2022-23 at ₹285.54 lakh crore in nominal terms. Budget 2022-23 estimated the GDP to grow at 11.1 *per cent* over the previous year and attain the level of ₹258 lakh crore in FY 2022-23.

In Budget 2023-24, the estimate of GDP for FY 2022-23 was projected at ₹273.08 lakh crore. However, the actual GDP for FY 2022-23 was at ₹269.50 lakh crore, a growth of 14.21 *per cent* over previous year.

## C. Revenue Receipts

Gross Tax and Non-Tax Revenue has been higher than the budgetary estimates

**Figure 2.9: Analysis of Actuals vis-à-vis estimates for Revenue Receipt**



Source: For BE - Annual Financial Statement 2022-23 and for actuals - UGFA 2022-23.

Gross Tax Revenue collection was ₹30.54 lakh crore i.e. 10.73 *per cent* higher than the amount estimated in the budget FY 2022-23. The overall revenue receipt collection was ₹27.13 lakh crore in FY 2022-23 against the budgeted ₹25.17 lakh crore. The

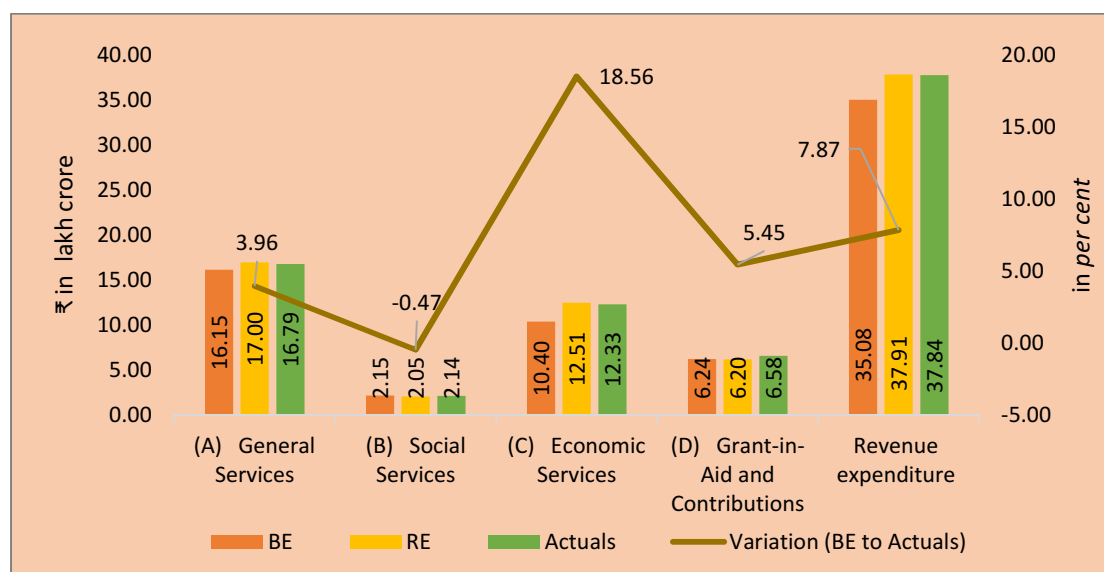
moderate increase in Actuals from budget estimates was registered across all gross tax revenue components except taxes on Commodities and Services other than Goods and Services Tax. Major increase in components of gross tax revenue was seen in “Taxes on Income and Expenditure” (16.71 per cent over BE) and “Taxes on Property and Capital Transactions” (25.00 per cent over BE). Non-tax revenue, which at ₹6.07 lakh crore also shows a moderate growth of 5.38 per cent over budget estimates (Annexure-2.4).

## D. Revenue Expenditure

### Revenue expenditure exceeded budgetary estimates, led by spike in Economic Services

The revenue expenditure in FY 2022-23 was ₹37.84 lakh crore, 7.87 per cent higher than the budget estimates (Figure 2.10). The Revenue expenditure on **General Services** (₹16.79 lakh crore) accounted for 44.37 per cent of the total revenue expenditure and remained close to the budget estimates (3.96 per cent higher). Major increase in actuals from Budget estimates was seen in Defence Services-Navy (19.23 per cent higher than BE) and Defence Services-Air Force (38.24 per cent higher than BE). The Revenue expenditure towards **Social Services** (₹2.14 lakh crore) was slightly lower than the Budget estimates (-0.47 per cent), due to a decrease in allotment towards Medical and Public Health (9.76 per cent lower than BE) and Labour, Employment and Skill Development (11.76 per cent Lower than BE). However, actuals of Revenue expenditure towards **Economic Services** (₹12.33 lakh crore) were higher than budgeted estimates by 18.56 per cent (Annexure 2.5).

Figure 2.10: Analysis of Actuals vis-à-vis estimates for Revenue Expenditure



Source: For BE - Annual Financial Statement 2022-23 and for actuals - UGFA 2022-23.

**E. Expenditure on Focus areas as per MTFP Statement 2022-23**

The Government in MTFP statement 2022-23 stated about “Prioritisation of expenditure towards the key developmental sectors viz., health, education, drinking water and sanitation, agriculture, rural development etc. to boost sustainable growth and employment;”. We analysed the sector wise expenditure during FY 2020-21 to FY 2022-23 as given in **Table 2.11** below.

**Table 2.11: Expenditure on Focus areas***(₹ in crore)*

Sector/Year		2020-21	2021-22	2022-23
Agriculture	Revenue	1,16,286.23	1,23,267.48	1,10,142.59
	Capital	21.8	12.89	8.10
	Total	1,16,308.03	1,23,280.37	1,10,150.69
Education	Revenue	1,18,489.32	1,19,181.91	1,50,132.08
	Capital	205.74	12.02	2.94
	Total	1,18,695.06	1,19,193.93	1,50,135.02
Health	Revenue	94,729.31	94,014.67	98,366.99
	Capital	3,586.99	4,940.60	3,050.82
	Total	98,316.3	98,955.27	1,01,417.81
Drinking water and sanitation	Revenue	34,116.89	1,26,616.94	71,810.50
	Capital	158.07	195.11	181.42
	Total	34,274.96	1,26,812.05	71,991.92
Rural development	Revenue	3,37,353.26	2,89,911.26	3,33,079.93
	Capital	0	0	0
	Total	3,37,353.26	2,89,911.26	3,33,079.93

Source: Summary of Demand for Grant of 2022-23, 2023-24 and 2024-25.

The expenditure of the relevant Ministry as detailed in Summary of Demand for Grant was used as the targeted sectoral expenditure for the analysis.

We found that Total Expenditure on focus area Agriculture, Drinking Water and Sanitation decreased in FY 2022-23 in comparison to that in FY 2021-22. However, it increased in Education, Health and Rural Development FY 2022-23 in comparison to that in FY 2021-22.

The actual expenditure (**Annexure 2.6**) over the originally budgeted were lower by 16.88 per cent, 9.90 per cent, 13.06 per cent and 53.09 per cent in Agriculture, Education, Health and Drinking water and Sanitation respectively. However, actual expenditure on Rural Development did increase by 33.12 per cent over that estimated in the BE 2022-23.

## F. Capital receipts

### Under non debt Capital Receipts, disinvestment proceeds have been lower than the budget estimates

Capital receipts comprise non-debt Capital receipts and the debt receipts. The non-debt capital receipts (NDCR) have two major components viz. recovery of loans and advances and other receipts (comprising mostly disinvestment receipts, which accrue to the Government on sale of equities in public sector enterprises which are owned by the Government, besides sale of strategic assets). The Government in MTFP 2022-23 stated that “In BE 2022-23, receipts under the recovery of loans and advances and under disinvestment estimates have been estimated at ₹0.14 lakh crore and at ₹0.65 lakh crore respectively”. The actual recovery of loans and advances and under disinvestment were ₹0.36 lakh crore and at ₹0.30 lakh crore respectively.

During the FY 2022-23, Government received ₹30,184 crore from disinvestment of its equities in PSUs compared to ₹8,432 crore in FY 2021-22. However, the receipts were lower than the pre pandemic period.

## G. Revenue and Capital Expenditure

### Capital expenditure in absolute terms and as a percentage of total expenditure has registered increase since FY 2020-21

**Table 2.12: Trend Analysis of Revenue and Capital Expenditure**

(₹ in lakh crore)

Financial Year	Revenue Expenditure	Capital Expenditure	Loans and advances	Total Expenditure
2018-19	22.62	4.00	0.55	27.16
	83.28 per cent	14.69 per cent	2.03 per cent	
2019-20	26.15	3.88	0.45	30.48
	85.79 per cent	12.73 per cent	1.48 per cent	
2020-21	33.15	3.43	2.50	39.08
	84.83 per cent	8.78 per cent	6.39 per cent	
2021-22	34.68	5.38	2.32	42.39
	81.83 per cent	12.69 per cent	5.48 per cent	
2022-23	37.84	6.25	1.42	45.51
	83.15 per cent	13.73 per cent	3.12 per cent	

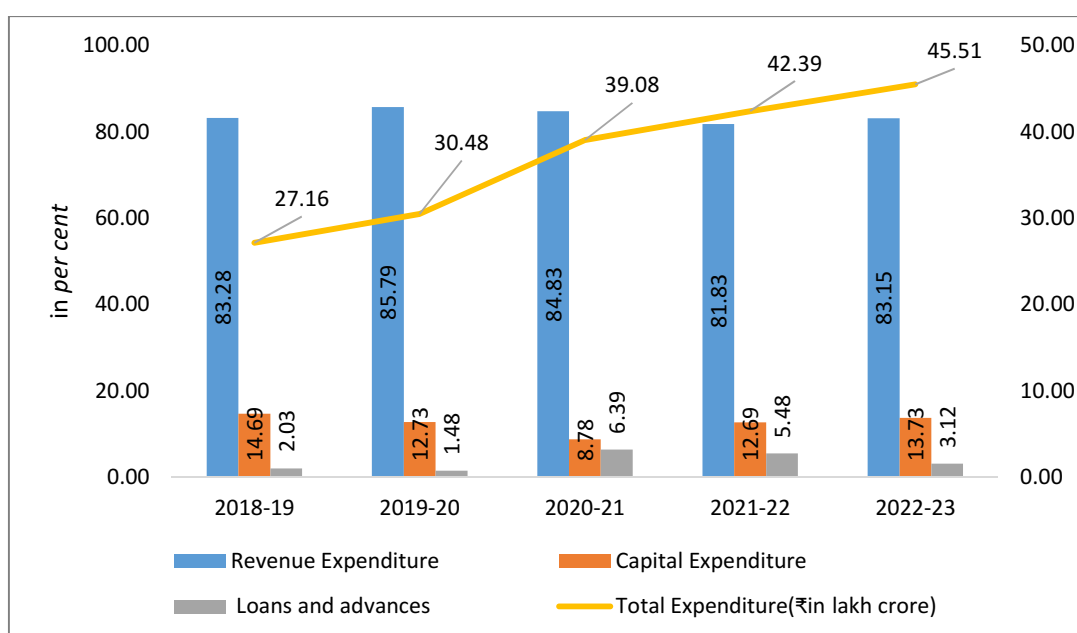
Source: UGFA of respective years. Figures in percentage are shown as a proportion of total expenditure for that year.

Total Expenditure of the Government in absolute terms increased by ₹3.12 lakh crore due to increase in revenue expenditure (by ₹3.16 lakh crore) and the capital expenditure (by ₹0.87 lakh crore) coupled with a reduction in loans and advances (by ₹0.90 lakh crore).

Revenue expenditure in absolute terms has been increasing consistently in line with the expanding total expenditures from FY 2018-19 to FY 2022-23, but as a proportion of the total expenditure, it declined from FY 2019-20 to FY 2021-22 and further increased in FY 2022-23 (83.15 *per cent*). However, as a percentage of GDP, it slightly declined from 14.70 *per cent* of GDP in FY 2021-22 to 14.04 *per cent* of GDP in FY 2022-23.

Capital expenditure in absolute terms shows a decreasing trend from FY 2018-19 to FY 2020-21, from ₹4.0 lakh crore in FY 2018-19 to ₹3.43 lakh crore in FY 2020-21. However, it increased in FY 2021-22 at ₹5.38 lakh crore to ₹6.25 lakh crore in FY 2022-23. It increased by 16.17 *per cent* over last year. It may be noted that the expenditure towards loan and advances decreased from ₹2.32 lakh crore in FY 2021-22 to ₹1.42 lakh crore in FY 2022-23 due to inclusion of back-to-back loans arranged for States/ UTs in lieu of GST Compensation shortfall<sup>22</sup>, of ₹1.59 lakh crore during FY 2021-22.

**Figure 2.13: Trend of Revenue Expenditure, Capital Expenditure and loans and advances as proportion of Total Expenditure**



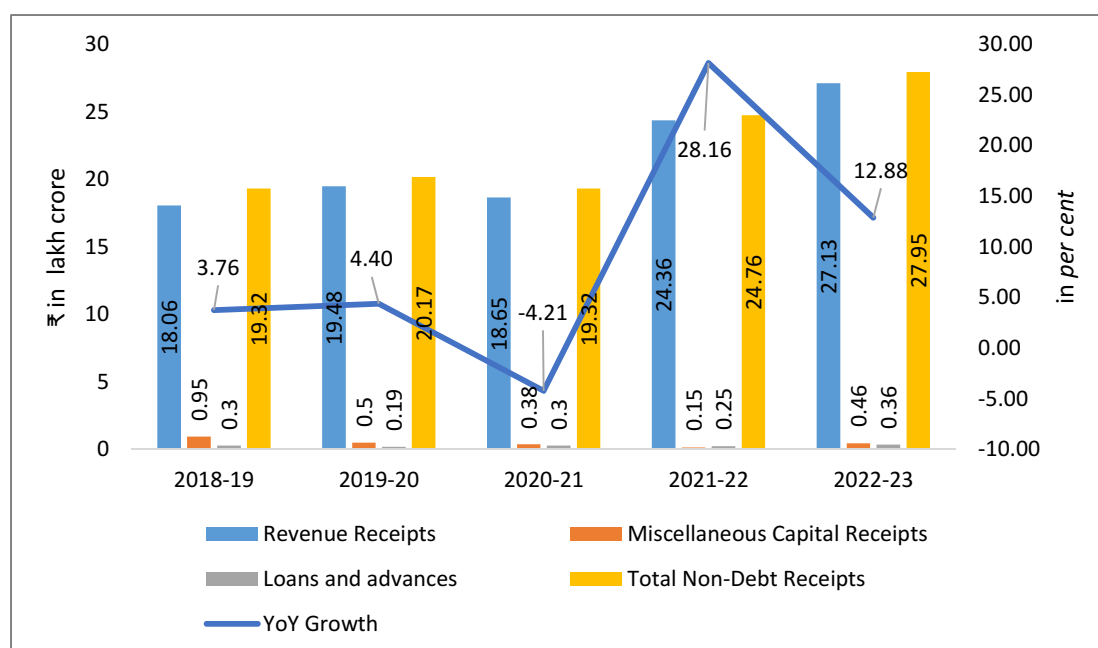
Source: UGFA of respective years.

Major component of the total expenditure of the Government is revenue expenditure, which remained between 83 to 86 *per cent* from FY 2018-19 to FY 2022-23. On the other hand, Capital Expenditure as a proportion of Total Expenditure was between 13 to 15 *per cent* from FY 2018-19 to FY 2022-23 (except during pandemic year FY 2020-21 when it was around 8.78 *per cent*).

<sup>22</sup> State Governments were to be compensated by the Government of India for the shortfall, if any, on shifting to the GST regime with effect from 1st July 2017. In lieu of shortfall in GST Compensation, Government of India decided to extend back-to-back loans of ₹1.10 lakh crore and ₹1.59 lakh crore during FY 2020-21 and FY 2021-22 respectively, to be fully serviced by Gol and recouped from future Compensation Cess collections.

## H. Non-Debt Receipts

Figure 2.14: Trend of Non-Debt Receipts



Source: UGFA of respective years.

The growth rate of non-debt receipts was 28.16 per cent in FY 2021-22 over FY 2020-21 (a dip in FY 2020-21 due to Covid 19). They increased by 12.88 per cent in FY 2022-23 as compared to FY 2021-22.

## I. Total Expenditure financed from Non-Debt Receipts

Total expenditure met from non-debt resources has increased since FY 2020-21

Table 2.15: Year wise collection of non-debt receipts and Total Expenditure

Financial Year	Total Expenditure (₹ in lakh crore)	YoY increase in Total Expenditure (in percentage)	Non-debt Receipts* (₹ in lakh crore)	YoY increase in non-debt receipts (in percentage)	Total expenditure financed by Non-Debt Receipts (in percentage)
2018-19	27.16	6.64	19.32	3.76	71.13
2019-20	30.48	12.22	20.17	4.40	66.17
2020-21	39.08	28.22	19.32	-4.21	49.44
2021-22	42.39	8.47	24.76	28.16	58.41
2022-23	45.51	7.36	27.95	12.88	61.42

Source: UGFA of respective years.

\*Non-debt Receipts comprise – Revenue Receipt, Miscellaneous Capital Receipts and Recovery of Loans & Advances.

The YoY increase in Non-Debt Receipts for FY 2022-23 (over FY 2021-22) was 12.88 *per cent*. During the pre-pandemic FY 2018-19 and FY 2019-20, total expenditure financed by non-debt receipts was around 71 *per cent* and 66 *per cent* respectively. The percentage of total expenditure financed by own sources (non-debt receipts) came down from FY 2018-19 to FY 2020-21 and increased steadily thereafter. In FY 2022-23 it was 61.42 *per cent* which is still lower than the pre-pandemic years. This reflects that comparatively more debt receipts are financing total expenditure vis-à-vis pre-pandemic period.

## 2.6 Fiscal Deficit (FD)

### Net borrowing requirement proxied by Fiscal Deficit (FD) has been lower than the projections in revised estimates and FY 2021-22

As per FRBM Act, 2003, Fiscal Deficit (FD) means the excess of total disbursements, from the Consolidated Fund of India, excluding repayment of debt, over total receipts into the Fund (excluding the debt receipts), during a financial year. **Table 2.16** below calculates the Fiscal Deficit based on the information contained in Statement No.1 of the UGFA 2022-23.

**Table 2.16: Revenue and Fiscal Deficit for 2022-23**

(₹ in lakh crore)

Expenditure	Amount	Fiscal Parameters	Receipt	Amount
Revenue Expenditure	37.84	Revenue Deficit 10.71	Revenue Receipts	27.13
Capital Expenditure	6.25		Miscellaneous Capital Receipts	0.46
Loans and Advances	1.42		Recoveries of Loans and Advances	0.36
Total Disbursement	45.51	Fiscal Deficit 17.56	Total Non-Debt Receipts	27.95

Source: UGFA of FY 2022-23.

The figures in Budget at a Glance (BAG) 2024-25 for the Fiscal Deficit (as ₹17,37,755 crore) and the Revenue Deficit (as ₹10,69,926 crore) were however at variance from the figures calculated as above from the UGFA 2022-23.

In the previous CAG Report No.1 of 2024, we had recommended that a general disclosure in the BAG should be given along with an explanation about the basis for exclusion of certain transactions from the calculation of Fiscal Deficit. Although a general disclosure<sup>23</sup> has been inserted from FY 2023-24, at the instance of Audit, an explanation was unavailable in BAG 2024-25.

<sup>23</sup> These transactions are listed in reconciliation statements provided in the Receipt Budget (Annexure-3) and Expenditure Profile document (Statement No. 17).

### Internal debt is the major source of financing Fiscal Deficit

The Fiscal Deficit is financed either by additional Public Debt (internal or external) or by using surplus funds from the Public Account. We identified these sources as detailed in **Table 2.17** below.

**Table 2.17: Sources of financing of Fiscal Deficit**

(₹ in lakh crore)

Period	Internal debt (Net)		External debt (Net)		Public Account (Net)		Cash draw down		Fiscal Deficit
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount
2018-19	6.73	85.84	0.20	2.55	0.92	11.74	-0.01	-0.13	7.84
2019-20	9.46	91.76	0.29	2.81	0.51	4.95	0.05	0.48	10.31
2020-21	18.89	95.65	0.89	4.51	0.04	0.20	-0.07	-0.36	19.75
2021-22	15.53	88.09	0.51	2.89	1.56	8.85	0.03	0.17	17.63
2022-23	16.12	91.80	0.54	3.07	0.92	5.24	-0.02	-0.11	17.56

Source: UGFAs of the respective years.

The fiscal deficit for FY 2022-23 was financed mainly from net internal debt (about 91.80 per cent share), while the share of external debt used to finance fiscal deficit, increased marginally from 2.89 per cent during FY 2021-22, to 3.07 per cent in FY 2022-23. The components of fiscal deficit are shown in **Table 2.18**.

### The ratio of net capital expenditure to fiscal deficit has been increasing since FY 2020-21

**Table 2.18: Components of the Fiscal Deficit**

(₹ in lakh crore)

Period	Revenue Deficit		Net Capital Expenditure		Net loans and advances		Fiscal Deficit
		Part in FD (in per cent)		Part in FD (in per cent)		Part in FD (in per cent)	
2018-19	4.55	58.04	3.05	38.90	0.24	3.06	7.84
2019-20	6.67	64.69	3.37	32.69	0.27	2.62	10.31
2020-21	14.50	73.42	3.05	15.44	2.20	11.14	19.75
2021-22	10.32	58.54	5.24	29.72	2.07	11.74	17.63
2022-23	10.71	60.99	5.79	32.97	1.06	6.04	17.56

Source: UGFAs of the respective years.

Out of the fiscal deficit of ₹17.56 lakh crore in FY 2022-23, ₹10.71 lakh crore (61 per cent) was towards funding deficits on revenue account, which after having receded to 58.54 per cent in FY 2021-22 from 73.42 per cent (in FY 2020-21) during the pandemic period, increased by 2.45 per cent. However, it was lower than pre pandemic period (FY 2019-20). The net Loans & Advances, as a percentage of the FD almost halved during FY 2022-23.

## 2.7 Borrowings - Public Debt and Other Liabilities

The Central Government planned gross and net borrowings through dated securities of about ₹14.95 lakh crore and ₹11.09 lakh crore, respectively, in BE 2022-23. This amount is 24 *per cent* higher than gross borrowings of ₹12.05 lakh crore planned in BE 2021-22. In Medium Term Fiscal Policy (MTFP) Statement 2022-23, Ministry stated that “The increase is on account of higher loan repayments in FY 2022-23 and change in fiscal deficit in nominal terms.” However, in MTFP 2023-24 gross borrowings and net borrowings was revised at ₹14.21 lakh crore and ₹12.08 lakh crore respectively. Other sources of financing fiscal deficit are NSSF investments in Special securities of the Central Government, short term treasury bills, net external assistance and the public account balances etc. For financing fiscal deficit in BE 2022-23, borrowing from NSSF was estimated at about ₹4.25 lakh crore, whereas those from external sources and State Provident Funds are estimated at ₹0.19 lakh crore and ₹0.20 lakh crore, respectively. However, as per UGFA<sup>24</sup> the deficit of ₹17.56 lakh crore in 2022-23 was met through borrowings of ₹16.12 lakh crore from internal debt, ₹0.54 lakh crore from external debt, and another ₹0.92 lakh crore from the Public Account, with a cash draw down of ₹0.02 lakh crore.

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<sup>24</sup> Union Government Finance Account.



# CHAPTER 3

## Disclosures and Transparency



## Chapter 3

## Disclosures and Transparency

## 3.1 Disclosure statements

Section 6 (1) of the FRBM Act, 2003 (as amended) states that “The Central Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest and minimize as far as practicable, secrecy in the preparation of the Annual Financial Statement and Demand for Grants”. Rule 6 of the FRBM Rules, 2004 amended from time-to-time, also mandates that the Central Government shall at the time of presenting the Annual Financial Statement and Demands for Grants, make disclosures (D-1 to D-5) in the format prescribed. Also, any significant change in accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators is also required to be disclosed under the FRBM Rules.

Table 3.1: Disclosure Statements as per FRBM Act

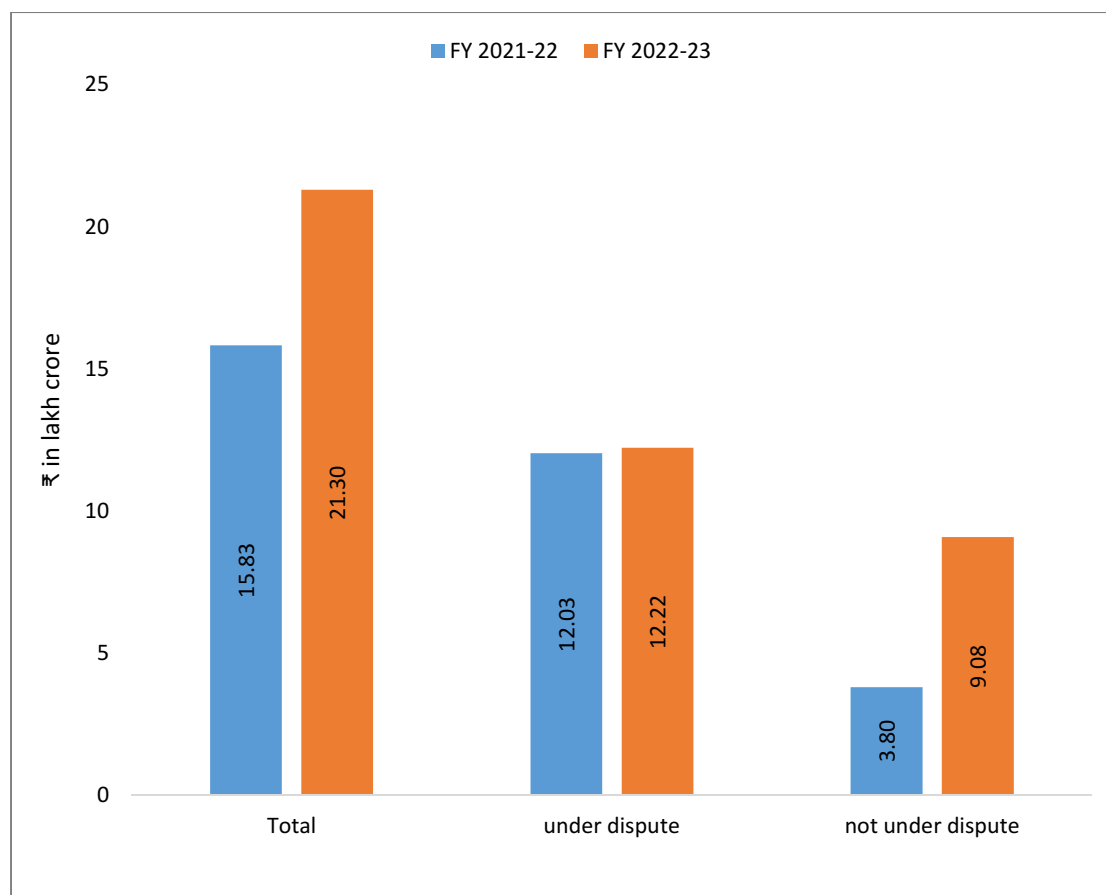
Title of the disclosure statement	
D1	Tax Revenue raised but not realised
D2	Arrears of Non-Tax Revenue
D3	Guarantee given by the Government
D4	Asset Register
D5	Liability on Annuity Projects

## 3.1.1 Disclosure Form 1 (D1) on Tax Revenue raised but not realized

### Tax revenue raised but not realised has increased over last year indicating lost opportunity to tap non-debt receipts

Disclosure Statement 1 provides details of tax revenue raised but not realized, i.e. amount of potential tax revenues, still to be collected as at the year-end. These amounts are further classified into separate categories of ‘items under dispute’ and ‘items not under dispute’ (**Annexure 3.1**). As per Form D1, at the end of FY 2022-23, an amount of ₹21.30 lakh crore was raised, but yet to be realized which is 69.74 *per cent* of the gross tax collected during the year. We observed that in comparison to the previous year, this unrealized amount had increased by ₹5.47 lakh crore during FY 2022-23 (from ₹15.83 lakh crore in FY 2021-22 to ₹21.30 lakh crore in FY 2022-23), out of which the portion of amounts not under dispute accounted for ₹5.28 lakh crore (from ₹3.80 lakh crore in FY 2021-22 to ₹9.08 lakh crore in FY 2022-23) as detailed in **Figure 3.2** below (Details in **Annexure 3.2**). The disclosure statement attributed “no assets or inadequate asset for recovery, assets not traceable, etc.” as the prominent reason for Tax Revenue raised but not realized for the ‘not under dispute’ category.

**Figure 3.2: Trend of tax revenue raised but not realized**



Source: For actuals of 2021-22 and 2022-23, Receipt Budget 2023-24 and 2024-25, respectively.

Further, an amount of ₹12.22 lakh crore was disclosed as ‘under dispute’ of which ₹10.48 lakh crore pertained to Taxes on Income & Expenditure and the rest of ₹1.74 lakh crore was towards Taxes on Commodities and services. We found that pendency of cases ‘under dispute’ for more than five years in Taxes on Income & Expenditure increased during FY 2021-23 from ₹0.62 lakh crore to ₹0.77 lakh crore and in respect of Taxes on commodities and services, from ₹0.62 lakh crore to ₹0.66 lakh crore.

The increase in tax revenue raised but not realized implies that the prospective tax collection would have reduced borrowings to that extent.

### 3.1.2 Inconsistencies in disclosures

#### There is inconsistency in figures of arrears of interest receipts from those reported in UGFA 2022-23

As per the disclosure required under Rule 6 of FRBM Rules, the details of arrears of non-tax revenue (NTR) are provided in the Receipt Budget. Past CAG report(s)<sup>25</sup> have pointed out differences between the actual figures disclosed as arrears in interest

<sup>25</sup> Report No. 6 of 2021 (for the period FY 2017-19), Report No. 18 of 2022 (for the period FY 2019-20) and Report No. 32 of 2022 (for the period FY 2020-21) and Report no.1 of 2024 (for the period FY 2021-22).

receipts<sup>26</sup> in Form D-2 vis-à-vis figures disclosed in Union Government Finance Account (Statement 3 & 15) for that year. The differences persist in 2022-23 as well and are shown in **Table 3.3** below:

**Table 3.3: Inconsistency in arrears of interest receipts**

Loanee entity	Arrears of Interest (₹ in crore)		
	As in D2 (Receipt Budget 2024-25)	As in Statement 3 of UGFA2022-23	Variation (between column 2 and 3)
(1)	(2)	(3)	(4)
State/ Union Territory Government	1,705.28	4,867.84	3,162.56
Public Sector and other Undertakings	47,265.92	47,480.04	214.12

Source: Receipt Budget 2024-25 placed in July 2024 and Union Government Finance Accounts 2022-23.

We noted that the Union Government Finance Accounts (UGFA) for FY 2022-23 were certified by C&AG of India on 17 December 2023 and were laid before the Parliament on 19 December 2023. The details of arrears of interest that were consolidated under Statement 15 section 2 of the UGFA, were prepared state-wise by the administrative Ministries/ Departments, whereas the data contained in the online utility of Union Budget Information System (UBIS) under Ministry of Finance, were consolidated Ministry/ grant-wise. Thus, these two sets of data remained unreconciled for want of a common parameter i.e. state-wise information. This issue was also raised in Report no. 1 of 2024.

We also noted that the Accounts were finalized in the Office of the Controller General of Accounts (CGA), under the Ministry of Finance which also has access to Monthly Accounts prepared by CGA. Thus, the Ministry needs to ensure that the data entered in the UBIS, specifically the “interest receipts pending from ‘State/Union territory Government’ and ‘Public Sector and Other Undertakings’ in Form D-2”, corresponds with that as per UGFA.

The Ministry replied (July 2024) that guidelines have been issued to all Ministries/ Departments to ensure that the information provided on the online utility of UBIS tallies with the data provided in the Finance Accounts.

<sup>26</sup> Arrears in interest receipts from State/Union territory Government, Department Commercial Undertakings and Public Sector Undertakings.

Likewise, the amount of financial assets (Loans outstanding from Foreign Government, States, and Union territory) disclosed in Statement D4 -Asset Register, varied from that contained in Statement No. 1(ii) of Receipt Budget 2024-25.

**Table 3.4: Inconsistency in figures of financial assets (loans and advances)**

(₹ in lakh crore)

Items	Form D-4 (Asset Register) in Receipt Budget 2024-25	Statement No.1(ii) of Receipt Budget 2024-25 and UGFA 2022-23	Difference
Loans to Foreign Governments	0.16	0.15	0.01
Loans to State and Unions Territories	0.05	5.82	5.77

Source: Receipt Budget 2024-25 and Union Government Finance Accounts 2022-23.

This inconsistency in figures was pointed out regularly in previous CAG Report<sup>27</sup>. This persisted during 2022-23 although both the statements were contained in the same document (Receipt Budget).

### 3.2 Variation in disclosure of BE Figures of Key Fiscal Indicators in Statements mandated under the FRBM Act

**A.** As per Section 7(1) of FRBM Act, “the Minister-in-charge of the Ministry of Finance shall review, on half-yearly basis, the trends in receipts and expenditure in relation to the budget and place before both Houses of Parliament the outcome of such reviews”. Thus, the assumption of correct budget figures is a crucial factor in determining whether the requisite compliance<sup>28</sup> was achieved or not.

While reviewing the Statement on Half yearly review (of the trends in receipts and expenditure) at the end of the first half of the FY 2022-23 it was found that the figures of Key Fiscal Indicators for BE 2022-23 depicted in Table 1 of the statement, were at variance from that stated in Annual Financial Statement for the FY 2022-23. The variations observed are tabulated below in **Table 3.5**.

<sup>27</sup> CAG Report Nos. 18 of 2022, 32 of 2022 and 01 of 2024 for F.Y 2019-20, F.Y 2020-21, and F.Y 2021-22 respectively.

<sup>28</sup> FRBM Rule 7 as amended from time to time, prescribed mid-year (i.e. end of September) benchmarks for collection of non-debt receipts of not less than 40 per cent of BEs, and for RD and FD of not more than 70 per cent of the BEs for the year. If these benchmarks get breached a statement is required to be placed in the Parliament detailing inter-alia, corrective measures being taken.

**Table 3.5: Variation in BE figures of Key Fiscal Indicators used in H1/ H2 statements and the AFS**

Sl. No.	Particulars	Budget Estimates (BE) (₹ in crore)	
		as per H1 and H2 for 2022-23	as per AFS for 2022-23
1	Revenue Receipts (2+3)	22,04,422	25,17,456.48
2	Tax Revenue	19,34,771	19,41,170.66
3	Non-Tax Revenue	2,69,651	5,76,285.82
4	Capital Receipts (5+6+7)	17,40,487	17,72,836.09
	Non-Debt Capital Receipts (5+6)	79,291	89,666.02
5	Recovery of Loans	14,291	24,666.02
6	Other Receipts	65,000	65,000.00
7	Borrowing and other liabilities	16,61,196	16,83,170.07
8	Total Receipts (1+4)	39,44,909	42,90,292.57
9	Revenue Expenditure	31,94,663	35,08,291.18
10	Interest payment	9,40,651	9,56,003.67
11	Grants for creation of Capital Assets	3,17,643	-
12	Capital Expenditure	7,50,246	7,82,001.39
13	Total Expenditure (9+12)	39,44,909	42,90,292.57
14	Revenue Deficit (9-1)	9,90,241	9,90,834.70
15	Effective Revenue Deficit (14-11)	6,72,598	-
16	Fiscal Deficit {13-(1+5+6)}	16,61,196	16,83,170.07
17	Primary Deficit (16-10)	7,20,545	7,27,166.40

Source; H1 2022-23, H2 2022-23, and AFS 2022-23.

As the H1 and H2 statements are required to be placed in Parliament in accordance with section 7(1) of FRBM Act, 2003 (Amended in April 2018), the figures (BE) of Key Fiscal Indicators depicted in Table 1 of H1 and H2 should match with that in Annual Financial Statement which in turn is prepared in accordance with Article 112 of the Constitution of India.

Ministry replied (July 2024) that BE figures of key fiscal indicators were taken from BAG figures which are netted figures. However, no disclosure in this regard was found in the H1, and H2 statement, which may be included by the Ministry in the future Statements.

**B.** As per Section 3(1) of the FRBM Act, 2003 the Central Government shall lay in each financial year before both Houses of Parliament the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement along with the Annual Financial Statement and Demand for Grants. The format of the MTFP has been prescribed under Rule 4(a) and Rule 5, that require three year rolling targets of prescribed fiscal indicators to be given in Form F-1.

While reviewing the MTFP statement placed during Budget 2022-23 it was found that the figures of Key Fiscal Indicators referred to in MTFP Statement varied from the BE 2022-23 figures stated in the Annual Financial Statement. The variations observed are tabulated below in **Table 3.6**.

**Table 3.6: Variation in BE figures of Key Fiscal Indicators used in MTFP statement and the AFS**

(₹ in lakh crore)

Sl. No.	Particulars	Budget Estimates (BE)	
		as per MTFP 2022-23	as per AFS 2022-23
1	Fiscal Deficit	16.61	16.83
2	Revenue Deficit	9.90	9.91
3	Primary Deficit	7.20	7.27
4	Non-Tax Revenue	2.70	5.76

Source: MTFP and AFS statements for FY 2022-23.

As the MTFP statement (prepared in accordance with Rule 4 and 5 of FRBM Rules 2004), and the AFS statement (prescribed under Article 112 of the Constitution) are both contained in the same Budget Document, the figures of Budget Estimates depicted in MTFP were expected to match with that in Annual Financial Statement. Further, in the absence of an item-wise reconciliation of the figures (BE) of Key Fiscal Indicators, the requisite transparency in fiscal operations of the Central Government and conducting of fiscal policy in a medium-term framework seems to be affected.

The Ministry replied (July 2024) that “Fiscal Deficit, Revenue Deficit, Primary Deficit etc. are matching in Budget at a Glance (BAG) 2022-23 and MTFP 2022-23. Since these numbers are not available in the AFS 2022-23, hence, no comments are warranted”.

The Reply of the Ministry is not accepted as RD figures and Non-Tax Revenue figures are disclosed in the AFS, and the FD and PD figures calculated from AFS were different from that in the MTFP. Moreover, consistency in figures across government documents would be ideal and gross figures may be considered to be used as per the FRBM Act (as in AFS) otherwise a detailed note be given in these statements for clarity.

**New Delhi**

**Dated: 16 March 2025**



**(PURUSHOTTAM TIWARY)**

Director General of Audit  
Finance & Communication

***Countersigned***

**New Delhi**

**Dated: 24 March 2025**



**(K. SANJAY MURTHY)**

Comptroller and Auditor General of India



# Annexures



**Annexure 1.1**  
**(Refer Para 1.1)**

**A brief highlight of the provisions of FRBM Act and Rules**  
**since their first enactment in 2003**

*(Figures as percentage of GDP)*

Fiscal Indicators		Target detail	Principal Act/ Rules	1 <sup>st</sup> Amendment (in 2004)	2 <sup>nd</sup> Amendment (in 2012)	3 <sup>rd</sup> Amendment (in 2015)	4th Amendment (in 2018)
1.	Revenue Deficit <sup>29</sup>	Target	Zero	Zero	2	2	No target
		Annual reduction	0.5	0.5	0.6	0.4	
		Beginning with financial year	2004-05	2004-05	2013-14	2015-16	
		Sunset date	31.03.08	31.03.09	31.03.15	31.03.18	
2.	Fiscal Deficit <sup>30</sup>	Target	3	3	3	3	3
		Annual reduction	0.3	0.3	0.5	0.4	0.1
		Beginning with financial year	2004-05	2004-05	2013-14	2015-16	2018-19
		Sunset date	31.03.08	31.03.09	31.03.17	31.03.18	31.03.21
3	Guarantee <sup>31</sup>	Aggregate guarantee in any financial year not to exceed 0.5 <i>per cent</i> of GDP, beginning with FY 2004-05					No additional guarantee for any loan on security of CFI, in excess of one-half <i>per cent</i> of GDP, in any financial year
4	Liability/ Debt	Not to assume additional liabilities (including external debt at current exchange rate) in excess of 9 <i>per cent</i> of GDP for 2004-05 and progressively reduce the limit of 9 <i>per cent</i> of GDP by at least one <i>percentage</i> point of GDP in each subsequent financial year.					General Government debt and Central Government debt not to exceed 60 <i>per cent</i> and 40 <i>per cent</i> of GDP respectively by the end of the FY 2024-25.

<sup>29</sup> Rule 2(ca) defines revenue deficit as difference between revenue expenditure and revenue receipts.

<sup>30</sup> Section 2(a) defines fiscal deficit as excess of total disbursements, from the Consolidated Fund of India, excluding repayment of debt, over total receipts into the Fund (excluding debt receipts), during a financial year.

<sup>31</sup> Section 4(1c) of the FRBM Act, amended in April 2018 specifies limit on additional guarantee issued during a year, which prior to amendment targeted the total guarantee as at the year end.

**Annexure 1.2**  
**(Refer Para 1.1)**  
**Outcome of Mid-Year Review by Ministry of Finance**

(₹ in lakh crore)

Parameter	Target for 2022-23	Actuals
		during 2022-23
<b>Non-Debt Receipt</b>		
Non-Debt Receipt (BE: ₹ 22.84)	9.14	12.04
Mid-year Benchmark	Not less than 40 per cent	52.71 per cent
(as per cent of BE)		(no adverse variation)
<b>Revenue Deficit</b>		
Revenue Deficit (BE: ₹ 9.90)	6.93	3.11
Mid-year Benchmark	Not more than 70 per cent	31.41 per cent
(as per cent of BE)		(no adverse variation)
<b>Fiscal Deficit</b>		
Fiscal Deficit (BE: ₹ 16.61)	11.63	6.20
Mid-year Benchmark	Not more than 70 per cent	37.33 per cent
(as per cent of BE)		(no adverse variation)

Source: H1 Statement of the FY 2022-23.

**Annexure 2.1**  
**Outstanding Central Government Debt**  
**(Refer to Para 2.1.1)**

(₹ in lakh crore)

FY	Internal Debt	External Debt at current exchange rate	Public Account Liability <sup>32</sup>	Extra Budgetary Resource <sup>33</sup>	Cash Balance <sup>34</sup>	Central Government Debt	GDP at Current prices	Central Government Debt as percentage of GDP
	1	2	3	4	5	6 (1+2+3+4-5)	7	8 (6/7x100)
2018-19	70.75	4.74	18.12	0.90	1.25	93.26	189.00	49.34
2019-20	80.20	5.44	18.79	1.12	0.48	105.07	201.04	52.26
2020-21	99.10	6.15	17.61	1.39	2.38	121.87	198.54	61.38
2021-22	114.62	6.58	16.44	1.39	0.38	138.65	235.97	58.76
2022-23	130.74	7.48	16.57	1.38	0.04	156.13	269.50	57.93

Source: For Internal debt, External debt, and Public Account liabilities refer to UGFA of the respective years. The Extra Budgetary Resources (gross) are as per Statement 27 of Expenditure Profile in Budget Documents for FY 2020-21 to FY 2024-25. For GDP data refer to National Statistical Office (NSO) Press Releases dated 29 February 2024 & 31 May 2024.

<sup>32</sup> It includes liability on Small savings & Provident fund including reserve funds and deposits. For the year 2022-23, these amounts were ₹11.19 lakh crore and ₹5.38 lakh crore, respectively.

<sup>33</sup> This amount (of ₹ 1.38 lakh crore) is as per Statement 27 of Expenditure Profile 2024-25, however Expenditure Profile 2023-24 contained figures of ₹ 1.39 lakh crore as discussed later in para 2.2(i) of this report.

<sup>34</sup> The figure for Cash Balance for FY 2018-19 to FY 2022-23 includes Cash Balance Investment Account (MH-8673) and Cash Balance (MH-8999) of the Union Government Finance Accounts.

**Annexure 2.2**  
**Statement of Extra Budgetary Resources (EBRs)**  
**(Government fully serviced bonds and other resources)**  
**(adopted from Statement 27 of the Expenditure Profile of Union Budget 2024-25)**  
**(Refer Para 2.2)**

(₹ in crore)

Demand No.	Name of the Ministry/Department and Name of the Scheme	2016-17 to 2021-22 Actuals
60	Ministry of Housing & Urban Affairs	
	Pradhan Mantri Awas Yojana (PMAY) - Urban	20,000.00
62	Department of Water Resources, River Development & Ganga Rejuvenation	
	(i) Polavaram Irrigation Project	6,236.00
	(ii) Pradhan Mantri Krishi Sinchai Yojana (Accelerated Irrigation Benefits Programme & other Projects)	13,270.80
63	Department of Drinking Water & Sanitation	
	Swachh Bharat Mission (Rural)	12,298.20
71	Ministry of New & Renewable Energy	
	Grid Interactive Renewable Power, Off-Grid/ Distributed & Decentralized Renewable Power	1,640.00
78	Ministry of Ports, Shipping and Waterways	
	Inland Waterways Authority of India (IWAI) Projects	1,000.00
79	Ministry of Power	
	(i) Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA	29,109.30
	(ii) Power System Development Fund Projects	5,504.70
87	Department of Rural Development	
	Pradhan Mantri Awas Yojana (PMAY) - Rural	48,809.60
	<b>Total</b>	<b>1,37,868.60</b>

## Notes:

- ❖ (i) M/o Railways was permitted to meet fund requirement of up to ₹10,200 crore (₹5,200 crore in FY 2018-19 & ₹5,000 crore in FY 2019-20) through borrowings for financing its National Projects. The repayment liability is being borne on General Revenues of Government.
- ❖ (ii) Capital Infusion in Public Sector Banks: An amount of ₹80,000 crore in 2017-18, ₹1,06,000 crore in 2018-19, ₹65,443 crore in 2019-20, ₹17,364 crore in 2020-21 and ₹4,600 crore in 2021-22 was infused for recapitalization of Public Sector Banks (PSBs).
- ❖ (iii) Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2024-25. The amount of unpaid annual liability at the end of financial year 2022-23 was ₹2,79,281 crore.
- ❖ (iv) The outstanding borrowings of National Highway Authority of India (NHAI) as on 31.03.2023 is ₹3,42,802 crore. In FY 2023-24, NHAI has not been permitted to borrow.

**Annexure 2.3**  
**Details of Guarantee**  
**(Refer Para 2.4)**

(₹ in lakh crore)

Sr. No.	Components	2018-19	2019-20	2020-21	2021-22	2022-23
1	Maximum amount guaranteed during the year	4.59	5.10	5.34	5.93	5.80
2	Outstanding at the beginning of the year	3.81	4.50	4.70	4.98	5.20
3	Addition during the year	0.78	0.61	0.64	0.96	0.61
4	Deletions (other than invoked)	0.11	0.44	0.36	0.72	2.61
5	Invoked during the year	0.00	0.00	0.00	0.02	0.05
6	Aggregate Guarantee [3-(4+5)]	0.67	0.17	0.28	0.22	-2.05
7	Outstanding at the end of the year	4.48	4.67	4.98	5.19	3.14
8	GDP	189.00	201.04	198.54	235.97	269.50
9	Maximum amount of Guarantee during the year as percentage of GDP	2.43	2.54	2.69	2.51	2.15
10	Additional Guarantee as percentage of GDP	0.41	0.30	0.32	0.41	0.23
11	Outstanding at the end of the year as percentage of GDP	2.02	2.24	2.37	2.11	1.93

Source: UGFA of respective Years.

**Annexure 2.4**  
**(Refer Para 2.5 C)**

**Analysis of Actuals vis-à-vis estimates for Revenue Receipt**

*(₹ in lakh crore)*

Item	BE	RE	Actuals	Variation
				(BE to Actuals) (in per cent)
Gross tax revenues	27.58	30.43	30.54	10.73
Goods and Services Tax (GST)	7.84	8.58	8.54	8.93
Taxes on income and expenditure	14.00	16.25	16.34	16.71
Taxes on Property and Capital Transactions	0.20	0.25	0.25	25.00
Taxes on Commodities and Services other than Goods and Services Tax	5.50	5.31	5.39	-2.00
<b>(A) Tax Revenue</b>	<b>19.41</b>	<b>20.95</b>	<b>21.06</b>	<b>8.50</b>
<b>(B) Non-tax revenues</b>	<b>5.76</b>	<b>5.86</b>	<b>6.07</b>	<b>5.38</b>
<b>(A+B) Revenue receipts</b>	<b>25.17</b>	<b>26.80</b>	<b>27.13</b>	<b>7.79</b>

Source: Annual Financial Statement 2022-23 for BE, 2023-24 for RE and UGFA 2022-23 for actuals.

**Annexure 2.5**  
**(Refer Para 2.5 D)**

**Analysis of Actuals vis-à-vis estimates for Revenue Disbursements**

*(₹ in lakh crore)*

Item		BE	RE	Actuals	Variation
					(BE to Actuals) (in per cent)
<b>(A) General Services</b>		16.15	17.00	16.79	3.96
Heads with Major variation	<b>i Defence Services- Navy</b>	0.26	0.32	0.31	19.23
	<b>ii Defence Services-Air Force</b>	0.34	0.46	0.47	38.24
<b>(B) Social Services</b>		2.15	2.05	2.14	-0.47
Heads with Major variation	Medical and Public Health	0.41	0.36	0.37	-9.76
	Labour, Employment and Skill Development	0.17	0.16	0.15	-11.76
<b>(C) Economic Services</b>		10.40	12.51	12.33	18.56
Heads with Major variation	Industries	0.95	1.77	1.84	93.68
	Other Communication Services	0.10	0.24	0.48	380.00
<b>(D) Grant-in-Aid and Contributions</b>		6.24	6.20	6.58	5.45
<b>Revenue expenditure (A+B+C+D)</b>		35.08	37.91	37.84	7.87

Source: Annual Financial Statement 2022-23 for BE, 2023-24 for RE and UGFA 2022-23 for actuals.

**Annexure 2.6**  
**(Refer Para 2.5 E)**

**Analysis of Actuals vis-à-vis estimates for expenditure on Focus Area (FY 2022-23)**

(₹ in crore)

Sector/Year		BE	RE	Actuals	Variation (BE to Actuals) (in per cent)
Agriculture	Revenue	1,32,474.37	1,18,862.09	1,10,142.59	-16.86
	Capital	39.25	51.33	8.10	-79.36
	Total	1,32,513.62	1,18,913.42	1,10,150.69	-16.88
Education	Revenue	1,66,609.71	1,62,213.12	1,50,132.08	-9.89
	Capital	18.01	18.01	2.94	-83.68
	Total	1,66,627.72	1,62,231.13	1,50,135.02	-9.90
Health	Revenue	1,11,026.06	1,03,735.40	98,366.99	-11.40
	Capital	5,632.57	3,582.14	3,050.82	-45.84
	Total	1,16,658.63	1,07,317.54	1,01,417.81	-13.06
Drinking water and sanitation	Revenue	1,53,021.29	73,778.02	71,810.50	-53.07
	Capital	438.83	310.12	181.42	-58.66
	Total	1,53,460.12	74,088.14	71,991.92	-53.09
Rural development	Revenue	2,50,203.63	3,04,818.80	3,33,079.93	33.12
	Capital	..	...	...	...
	Total	2,50,203.63	3,04,818.80	3,33,079.93	33.12

Source: Summary of Demand for Grant 2023-24 for BE and RE, Summary of Demand for Grant 2024-25 for Actuals.

**Annexure 3.1**  
**(Refer to Para 3.1.1)**  
**Tax Revenue Raised but not realized**

(₹ in lakh crore)

		FY 2021-22	FY 2022-23	Difference
Gross Tax Revenue		27.09	30.54	
Tax revenue raised but not realized	Total	15.83	21.30	5.47
	'under dispute'	12.03	12.22	0.19
	'not under dispute'	3.80	9.08	5.28
Tax revenue raised but not realized as a percentage of total tax collected for that year.		58.43 per cent	69.74 per cent	

Source: Disclosure statement D1 – Tax Revenue raised but not realized contained in receipt budget 2023-24 and 2024-25 for FY 2021-22 and FY 2022-23 respectively.

**Annexure 3.2**  
**(Refer to Para 3.1.1)**  
**Tax Revenue Raised but not realized**

(₹ in lakh crore)

Duration	FY 2021-22		FY 2022-23	
	Amounts under Dispute	Amounts not under dispute	Amounts under Dispute	Amounts not under dispute
Over 1 year but less than 2 year	6.99	2.15	6.59	4.23
Over 2 year but less than 5 year	3.80	1.36	4.20	2.13
Over 5 year but less than 10 year	0.89	0.17	1.05	1.29
Over 10 years	0.35	0.12	0.38	1.43
Total	12.03	3.80	12.22	9.08
Grand total (Amounts under Dispute+ Amounts not under Dispute)	15.83		21.30	

Source: Disclosure statement D1 – Tax Revenue raised but not realized contained in receipt budget 2023-24 and 2024-25 for FY 2021-22 and FY 2022-23 respectively.



# Glossary



## Glossary

<b>Annual Financial Statements (Budget)</b>	In terms of Article 112 of the Constitution the President shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India for that year, referred to as the “Annual Financial Statement”. Receipt and disbursements are shown under three parts in which Government accounts are kept, viz. (i) Consolidated Fund, (ii) Contingency Fund, and (iii) Public Account.
<b>Budget at a Glance</b>	This document shows in brief, receipts and disbursements along with broad details of tax revenues, other receipts and details of resources transferred by the Central Government to State and Union Territory Governments. This document also shows deficits of the Government.
<b>Consolidated Fund of India</b>	All revenues received by the Government of India, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled the “Consolidated Fund of India” established under Article 266 (1) of the Constitution.
<b>Public Account</b>	All other public moneys than those credited in the Consolidated Fund, received by or on behalf of the Government of India, are credited to the Public Account of India in terms of Article 266 (2) of the Constitution. These are the moneys in respect of which the Government acts more as a banker.
<b>Finance Accounts</b>	The Finance Accounts presents the accounts of receipts and disbursements together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debt and the liabilities and assets as worked out from the balances recorded in the accounts.
<b>Fiscal Policy</b>	The fiscal policy of a Government is concerned with the raising of Government revenue and the incurring of Government expenditure, to ensure how well the financial and resource management responsibilities have been discharged.
<b>Gross Domestic Product</b>	Gross Domestic Product (GDP) is the monetary value of all finished goods and services produced within a country’s borders in specific time period, generally calculated on an annual basis. It includes all private and public consumption, Government’s outlays, investments and exports less imports that occur within a defined territory. GDP is worked out at constant prices with reference to specified base year and also at current prices (which includes changes in prices due to inflation or a rise in the overall price level).
<b>Guarantees</b>	Article 292 of the Constitution extends the executive power of the Union to giving of guarantees on the security of the Consolidated Fund of India within such limits, if any, as may be fixed by the Parliament.
<b>Revenue Deficit</b>	Excess of revenue expenditure over revenue receipts.

<b>Revenue Expenditure</b>	Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order and also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses are classified as revenue expenditure. Grants given to State/UT Government and other entities are also treated as revenue expenditure, even if some of the grants may be meant for creating capital assets.
<b>Revenue Receipts</b>	These include proceeds of taxes and duties levied by the Government, interest and dividend on investments made by the Government, fees and other receipts for services rendered by the Government.
<b>Effective Revenue Deficit</b>	Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets. It can be interpreted as the difference between the Government's current expenditure (on revenue account) and revenue receipts less grants for creation of capital assets which is recorded as revenue expenditure.
<b>Capital Expenditure</b>	Expenditure of a capital nature is broadly defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of reducing recurring liabilities.
<b>Capital Receipt</b>	Capital receipt comprises of loans raised by the Government, borrowing from the Reserve Bank of India and loans taken from foreign Governments/institutions. It also embraces recoveries of loans advanced by the Government and sale proceeds of Government assets, including those realized from divestment of Government equity in PSUs.
<b>Fiscal Deficit</b>	Excess of total disbursements from the Consolidated Fund of India, excluding repayment of debt over total receipts in the Fund, excluding the debt receipts, during a financial year.
<b>External Debt</b>	Bilateral and multilateral debt contracted by the Government from foreign Governments and financial institutions abroad, mostly in foreign currency.
<b>Internal Debt</b>	Internal Debt comprises loans raised in India. It is confined to loans raised and credited into the Consolidated Fund of India.
<b>Loans and Advances</b>	This includes loans and advances given by the Union Government to the State and UT Governments, Foreign Governments, Public Sector Undertakings, Government Servants, etc.
<b>Public Debt</b>	Government debt from internal and external sources contracted in the Consolidated Fund of India is defined as Public Debt.



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