INDIAN AUDIT AND ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), HIMACHAL PRADESH, SHIMLA-171003

PRESS RELEASE

on

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON STATE FINANCES FOR THE YEAR 2024-25 – GOVERNMENT OF HIMACHAL PRADESH

(STATE FINANCE AUDIT REPORT)

The Report of the Comptroller and Auditor General of India on State Finances for the year 2024-25 – Government of Himachal Pradesh [Report No. 2 of 2026 (State Finances Audit Report)] has been prepared in accordance with the provisions of Article 151 of the Constitution of India. The Report was forwarded to the Government of Himachal Pradesh on 24.03.2026. The Report has been laid on the table of the Himachal Pradesh Vidhan Sabha on 03.09.2026.

The Report comprises three chapters and presents an overview of the State's finances, budgetary management, and quality of accounts of the State Government for the year 2024-25. In addition, the Report examines the State Government's debt position and borrowing patterns, compliance with various financial rules, procedures, and directives related to financial reporting, along with other matters relevant to State Finances.

Key Findings:

Macro-Fiscal Performance and Revenue Trends

The State's economy showed moderate growth during the financial year 2024-25, with Gross State Domestic Product (GSDP) registering growth of 9.20 *per cent* as against the previous financial year. State contributed 0.70 *per cent* to GDP of India. This contribution has declined over the last five years, a concern for the State.

It was observed that the revenue receipts of the state grew by 4.34 *per cent*, driven by higher tax collections, notably GST, and increased central tax devolution. Non-tax revenue growth was modest, and grants from the Centre declined. The state's own revenue performance improved yet dependence on central grants-in-aid remains substantial.

Expenditure, Deficits, and Liabilities

Expenditure of the State was dominated by higher growth of revenue spending particularly committed costs and subsidies (86 *per cent* of Revenue Receipts), leaving limited fiscal space for capital investment. Committed costs alone constituted 70 *per cent* of the Revenue Expenditure. Capital expenditure remained volatile and below budgeted levels, reflecting constraints in infrastructure investment. Subsidies increased sharply, mainly due to power subsidies and debt relief measures.

As a result, the State was not able to keep the Revenue Deficit (₹ 6,804.61 crore, 2.94 *per cent* of

GSDP) and Fiscal Deficit (₹ 12,611.05 crore, 5.44 *per cent* of GSDP) within the target levels of the State FRBM Act, thereby rendering little room for fiscal consolidation. The outstanding liability as a percentage of GSDP remained far beyond 15th Finance Commission targets and State's budget estimate. This also needs to be seen in the context of outstanding contingent liabilities through guarantees. Besides, the State Government also carried forward undischarged liabilities in respect of balances lying under interest bearing Deposits/Reserve Funds in the FY 2024-25.

Budgetary Management and Reporting issues

Audit through its various reports have already highlighted the increased efforts to be taken by State in realising the arrears in tax revenue, reducing the compliance risks in the taxations, recycling the capital investments made in the SPSEs, and rationalising the expenditure in tune with revenue growth.

The fiscal year also continued to witness large scale savings and excess in revenue/capital, charged and voted sections. Excess expenditure in FY 2024-25 requires regularisation by the legislature. Concerns also arise from delays in submission of utilisation certificates, which are mainly from Local Bodies (Urban Development Department and Panchayati Raj Institutions), pending proforma accounts for departmental undertakings and autonomous bodies, and substantial use of SOE 20 (Other charges), affecting transparency in financial reporting. Funds, viz., Milk Cess, Environment Cess, Building and Other Construction Workers Welfare Cess were kept outside Government Account which violates the provisions of Article 266 of the Constitution of India.

The report notes positive steps like implementation of Single Nodal Agency (SNA) and SNA-SPARSH for better fund tracking in centrally sponsored schemes. However, full migration to these systems is pending.

Conclusion and Outlook

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in booking of expenditure under MH 800 and SOE 20 (Other charges), ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.

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