PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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CAG Report on Accounts of the Union Government Presented in Parliament

Comptroller and Auditor General of India report no. 4 of 2025 on accounts of the Union Government for the year 2022-23 presented in Parliament here today.

Overview of Union Finances

Financial year (FY) 2022-23 was a year of fiscal consolidation. The size of the economy as measured by GDP, has grown. Real GDP increased by 6.99 *per cent* over last year and Nominal GDP grew by 14.21 *per cent*. Revenue receipts of Central Government increased by 11.36 *per cent* over last year, led by a 16.28 *per cent* increase in tax receipts (after accounting for taxes devolved to States). The share of direct taxes in Gross Tax Receipts (GTR) has been on a rising trend from FY 2020-21; it rose to 53.50 *per cent* during FY 2022-23 from 51.14 *per cent* in FY 2021-22. The increasing share of direct taxes in GTR is indicative of a progressive tax system.

Among Direct Taxes, revenue from Income Tax saw a significant rise in FY 2022-23, both in terms of its contribution to GTR (26.46 *per cent*) and GDP (three *per cent*). Corporation tax as a percentage of GDP grew to 3.06 *per cent* from last year (3.02 *per cent*) and registered a mild increase over last year in its contribution to GTR. As a percentage of GDP, GST collection has been the highest in FY 2022-23 in the last five years. There was a decrease in collection of Road & Infrastructure Cess, concomitant to the reduction in excise duty on petrol and diesel. Surcharge collection has registered 207.17 *per cent* increase over last year due to high growth in collection of surcharges on Corporation Tax and Income Tax. Non tax revenue saw a decline of 2.88 *per cent* over FY 2021-22, led by a decrease in dividends and profits, mostly on account of less receipt of surplus profit from RBI. Proceeds from disinvestment increased significantly over last year.

Government spending as a percentage of GDP has come down in comparison to last year. But Capital expenditure as a proportion of GDP has grown over last year (rising from 2.28 *per cent* in FY 2021-22 to 2.32 *per cent* in FY 2022-23). Repayment of debt was the biggest draw from the Consolidated Fund of India, consuming 61.27 *per cent* of the total outgo during FY 2022-23. Fixed commitments of revenue expenditure on salary, pension and interest payments, as a share of total revenue expenditure has come down from 43.06 *per cent* in FY 2018-19 to 38.83 *per cent* in FY 2022-23, indicating more headroom for spending on non-committed heads of expenditure. Capital expenditure increased by 16.10 *per cent* over last year and as a percentage of GDP registered a marginal increase, mostly led by Transport and Defence services. Transport sector saw an increase of 191.68 *per cent* as compared to FY 2018-19. This indicates the primacy given to infrastructure sector as a key growth multiplier in the economy.

Overall liabilities increased due to the increase in public debt. A substantial part of market loans is due for repayment in FY 2025-26 which would require judicious fiscal management. Fiscal parameters improved during FY 2022-23, led by higher rate of growth in revenue receipts as compared to revenue expenses. Both revenue and fiscal deficits were lower than the revised estimates. The Fiscal Deficit during FY 2022-23 was lower than previous year, indicating prudent fiscal management. Total liabilities under National Small Savings Fund (NSSF) increased by 12.62 *per cent* over last year.

Quality of Accounts and Financial Reporting Practices

Reserve Funds form part of the Public Account of India. These funds are set aside for specific purposes and are generally financed through cess or levy which on collection, is credited into the Consolidated Fund of India and transferred to the specified Reserve Fund with Parliament's approval. In respect of four reserve funds, out of receipts of ₹2,41,220 crore raised during the period from FY 2018-19 to FY 2022-23, only ₹344 crore was transferred to the funds. Also, continuance of dormant Reserve Funds and Deposits with an accumulated net credit balance of ₹6,065 crore implies that they have outlived their utility and need to be reviewed.

(Para 3.3.1 & 3.3.3)

User charges for compensatory afforestation was to be collected by the State CAMPA authority and deposited in 90:10 ratio between the State and Central authorities into their relevant Reserve Funds. However, the money was transferred to the Public Account of India for further distribution to the National/ State Compensatory Afforestation Funds. At the end of FY 2022-23, ₹20,082 crore was pending for disbursement to the funds of respective States/UTs. The balance reflected in the Public Account was lower than corresponding figures in the books of accounts of the National Authority, leading to a potential understatement of Public Account by ₹864.56 crore.

(Para 3.1.1.4)

Statement 13 of the Union Government Finance Accounts shows only the net balances under Suspense Heads, thus understating the actual balances pending for clearance. The understatement being 61.99 *per cent* in Suspense Account (Civil) and 74.72 *per cent* in PSB Suspense. Similarly, netting of cash balances resulted in understatement of cash balance pending reconciliation with RBI, the total cash balance to be reconciled being ₹4,597.11 crore. Out of ₹39,311 crore pending clearance under the suspense head 'Cheques and Bills', more than half pertained to Postal Cheques.

(Para 3.2.1 & 3.4.4)

There were instances of misclassification in accounting amounting to ₹5,522 crore. Of these, ₹4,289 crore related to receipts, the remaining misclassifications aggregating to ₹1,233 crore related to expenditure and occurred largely at the level of Object Head (₹1,023 crore). Short recovery of guarantee fee of ₹113.57 crore and short receipt of dividend of ₹669.13 crore from 16 entities functioning under seven Ministries/Departments, were noticed.

(Para 3.4.1, 3.4.2 & 3.5)

At the end of FY 2022-23, loans and advances of ₹8,69,479 crore were outstanding for recovery from State/UT Governments and other entities, out of which arrears in recovery (principal and interest) were of ₹74,241 crore. There were 65 cases of adverse balances in various funds and deposits of which 41 remained unresolved for over five years.

(Para 3.2.3 & 3.2.2)

Budgetary Management

Union Government Appropriation Accounts consist of 102 Grants/Appropriations for FY 2022-23. The Parliament approved appropriations of ₹1,29,48,803.37 crore, against which Government spent ₹1,26,07,539.04 crore leading to overall savings of ₹3,41,264.33 crore. Total charged provision from the Consolidated Fund of India in FY 2022-23 was ₹83,53,811.79 crore against which the expenditure incurred was ₹83,81,271.25 crore. The total voted provision was ₹45,94,991.58 crore and actual expenditure was ₹42,26,267.79 crore with savings of ₹3,68,723.79 crore.

(Para 4.1.1 & 4.1.2)

In respect of 'Repayment of Debt (Capital Charged)', there was excess expenditure of ₹53,871.01 crore during FY 2022-23. This excess was due to year end withdrawal by the State Governments. At minor/sub heads level, excess expenditure of ₹25 crore or more occurred under 10 Grants/Appropriations due to inadequate provisioning of funds. Further, there were savings of ₹5,000 crore or more in 18 Grants/Appropriations during FY 2022-23 against which eight Grants/Appropriations had persistent savings in FY 2020-21 and FY 2021-22 as well. Further, savings of ₹100 crore or more occurred in 102 segments of 75 Grants/Appropriations.

(Para 4.2.1.1, 4.2.1.2, 4.2.2.1 & 4.2.2.2)

Supplementary provisions obtained in respect of 21 minor/sub heads under 13 Grants during FY 2022-23, in anticipation of higher expenditure, were found unnecessary as the final expenditure were less than the original provisions under the corresponding minor/sub heads. Further, re-appropriations in 21 cases, exceeding ₹10 crore each, across 15 Grants/Appropriations, were injudicious as the sanctioned provision under the minor/sub heads to which augmentation was made by way of re-appropriation were adequate and re-appropriations were not required. Similarly, re-appropriations were injudiciously made from 10 minor/sub heads across seven Grants, resulting in avoidable excess expenditure in these minor/sub heads.

(Para 4.3.1 & 4.4.1)