

PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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CAG REPORT ON FRBM ACT PRESENTED IN PARLIAMENT

Comptroller and Auditor General of India Report No.3 of 2025 on Compliance of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 for the year 2022-23 was presented in Lok Sabha here today. In Rajya Sabha this report was presented on 4th April, 2025. The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 was enforced in July 2004 to ensure inter-generational equity in fiscal management and ensure long-term macroeconomic stability. Rule 8 of the FRBM Act, 2003 prescribes an annual review of the Act's compliance by the CAG, and the present report discusses the findings made for the year 2022-23.

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

(Para 1.1)

Analysis over a five-year period 2018-2023 showed that Central Government debt as a ratio of the GDP 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. The increase in Central Government debt in absolute terms, by ₹17.48 lakh crore or 12.61 *per cent* over FY 2021-22, was mainly on account of an increase of ₹16.12 lakh crore in internal debt, coupled with an increase of ₹0.90 lakh crore in the current value of external debt, and a net increase of ₹0.13 lakh crore in the public account liability during 2022-23.

The trend in Central Government Debt and the Gross Domestic Product during FY 2018-19 to FY 2022-23, revealed that the pace of accumulation of Central Government Debt between FY 2020-21 to FY 2022-23 was less than the GDP expansion.

(Para 2.1.1)

Debt sustainability, as measured by the debt sustainability indicator, was positive in 2022-23 which is a positive indicator towards stability. Debt sustainability analysis revealed that the Debt-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. 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.

(Para 2.3)

The FRBM framework also provides that Central Government shall not give additional guarantees with respect to any loan on security of the Consolidated Fund of India (CFI) in excess of one-half per cent of GDP, in any financial year. Additional guarantees in FY 2022-23 have remained within the prescribed target of one-half per cent of the GDP.

(Para 2.4)

The figures in Budget at a Glance (BAG) 2024-25 for the Fiscal Deficit (₹17.38 lakh crore) were at variance from the figures (₹17.56 lakh crore) calculated as per FRBM Act, 2003 from the UGFA 2022-23.

(Para 2.6)

The report also revealed that at the end of FY 2022-23, an amount of ₹21.30 lakh crore was raised as taxes but was yet to be realised (Statement D1: Tax Revenue raised but not realised). This unrealised amount registered an increase 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 (Loans to Foreign Government and States & Union Territory) disclosed in D4 Statement, varied within the Receipt Budget. Finally, some 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 were also reported.

(Para 3.1.1;3.1.2;3.2)