Press Brief

Brief on Audit Report of CAG of India on State Finances for the year 2024-25 – GoG

In accordance with Article 151 of the Constitution of India, the Comptroller and Auditor General of India (CAG) submits Audit Reports to the Governor of the State for being laid on the table of the Legislature. Accordingly, the **Report of CAG of India on State Finances for the year 2024-25** – Government of Gujarat (Report No. 2 of 2026), has been laid on the table of the State Legislature on 25 March 2026. The Report stands referred to the Public Accounts Committee of the State Legislature.

Purpose of this Report

This Report assesses the financial performance of the Government of Gujarat during 2024-25 and furnishes the State Legislature with audit-based analysis of financial data. It comprises three Chapters.

Chapter I – Overview of the Finances of the State

Presents a macro-fiscal analysis of the State's finances, including key indices, fiscal position (deficits/surplus), debt profile, and significant Public Account transactions.

Chapter II – Budgetary Management

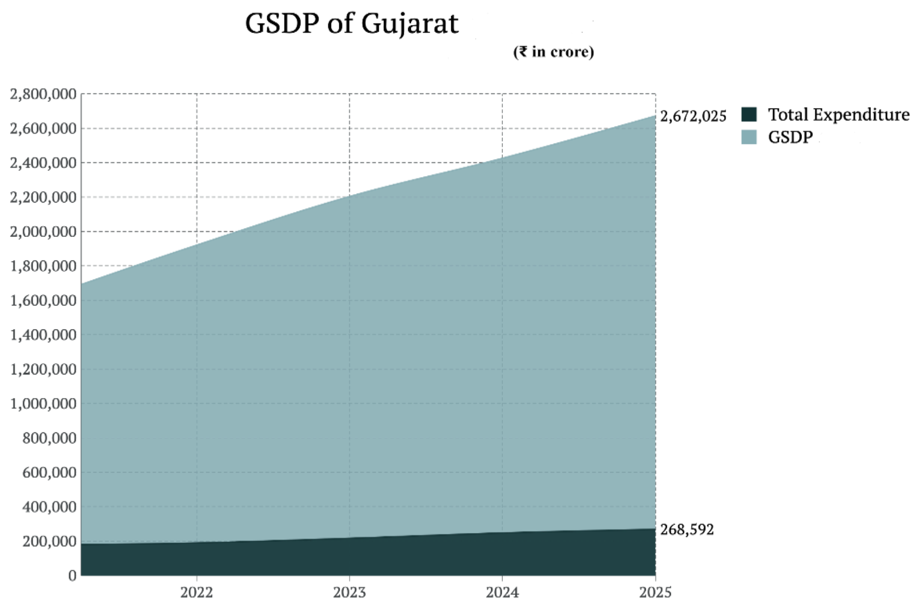
Reviews the appropriation accounts, allocative priorities, and deviations from Constitutional provisions relating to budgetary management.

Chapter III – Financial Reporting Practices

Comments on the quality of accounts rendered by State Government authorities and issues of non-compliance with prescribed financial rules and regulations.

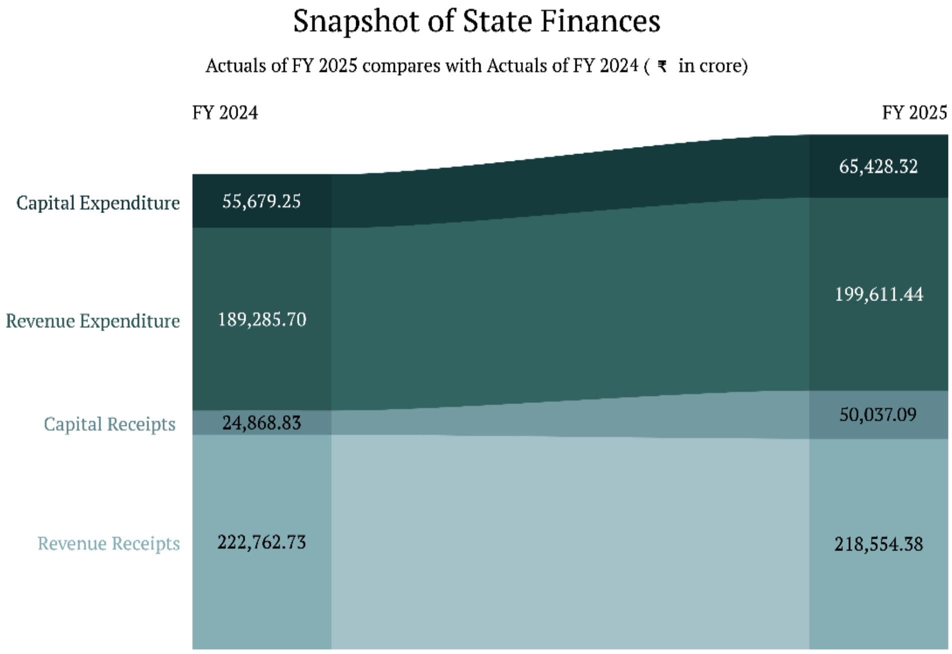
Major Audit Observations

This Report on the Finances of the State of Gujarat provides an independent assessment of the fiscal position of Gujarat for FY 2024-25.



Growth, Revenue and Expenditure Profile

Gujarat's economy showed moderate growth during FY 2024-25, with GSDP registering growth of 10.15 *per cent* against FY 2023-24. The state's GSDP constituted 8.08 *per cent* of India's GDP.



The Revenue Receipts have declined by 1.89 *per cent*, attributed to the fall in non-tax revenue and decrease in Grants-in-Aid from GoI. State's Own Resources contributed 73.06 *per cent* of Revenue Receipts in 2024-25, with Central Tax Transfers and Grants-in-Aid contributing the remaining 26.94 *per cent*.

The predominance of the State's Own Resources in Revenue Receipts indicates relatively strong fiscal autonomy; however, it places greater onus on sustaining State's tax and non-tax revenue growth in the absence of commensurate Central transfers. The decline in Revenue Receipts in 2024-25 as a proportion of GSDP, despite continued economic growth, suggests weakening revenue buoyancy.

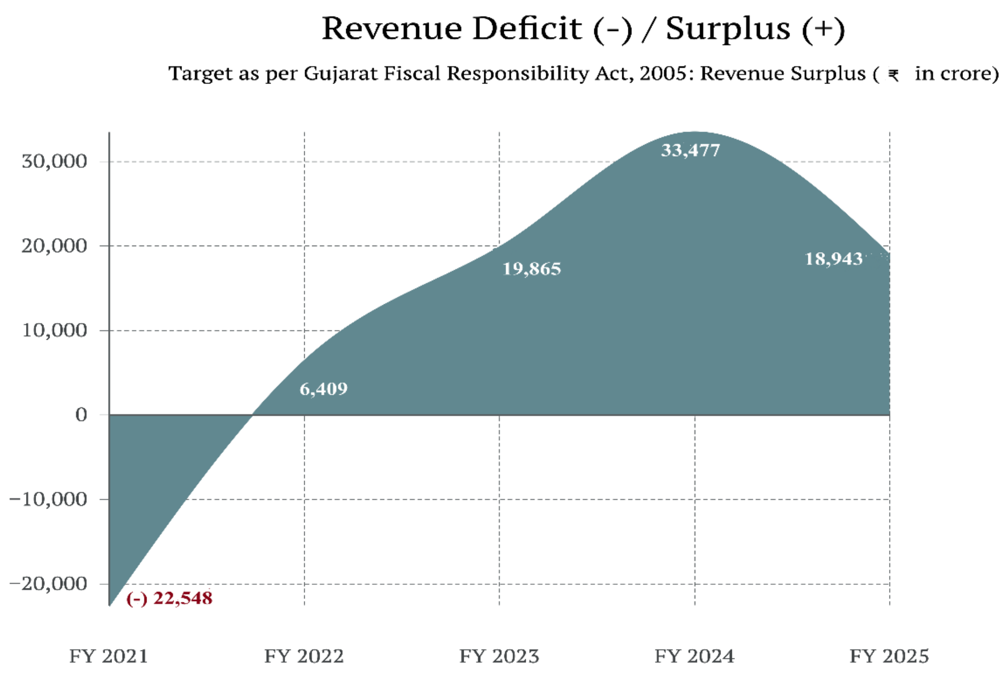
Capital Receipts remain volatile and predominantly debt-financed, with a growing share of new borrowings deployed toward principal repayment, underscoring potential pressures on debt sustainability.

Total Expenditure increased by 50.29 *per cent* from ₹ 1,78,718 crore (2020-21) to ₹ 2,68,592 crore (2024-25) and increased by 8.46 *per cent* over the previous year. Revenue Expenditure constituted over 91 per cent of Revenue Receipts in 2024-25, underscoring the importance of sustaining revenue growth to support both revenue and capital spending needs. The increasing share of Social Services reflects sustained emphasis on social sector outcomes but also rising recurring commitments.

Capital Expenditure increased from ₹ 26,781 crore (2020-21) to ₹ 65,428 crore

(2024-25). Additionally, ₹ 6,241.38 crore was transferred as GIA for capital asset creation to Local Bodies and other institutions. The upward trend indicates continued emphasis on infrastructure development; however, concurrent rises in Revenue Expenditure and committed liabilities suggest greater reliance on borrowings.

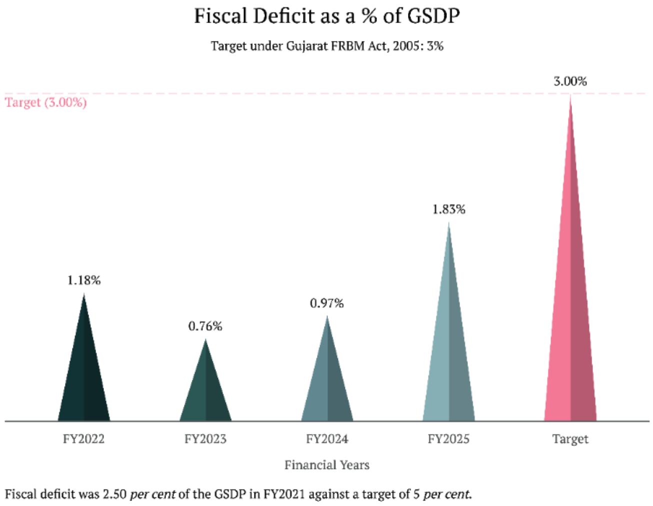
Revenue Surplus

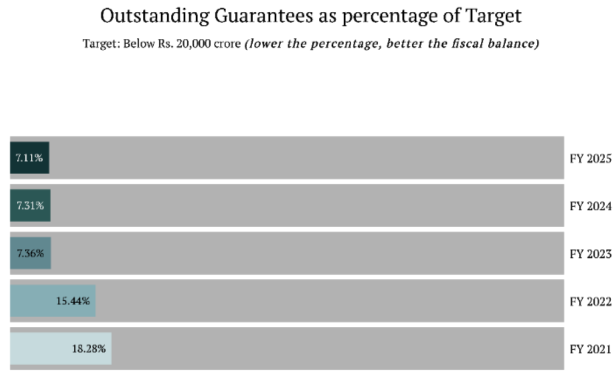


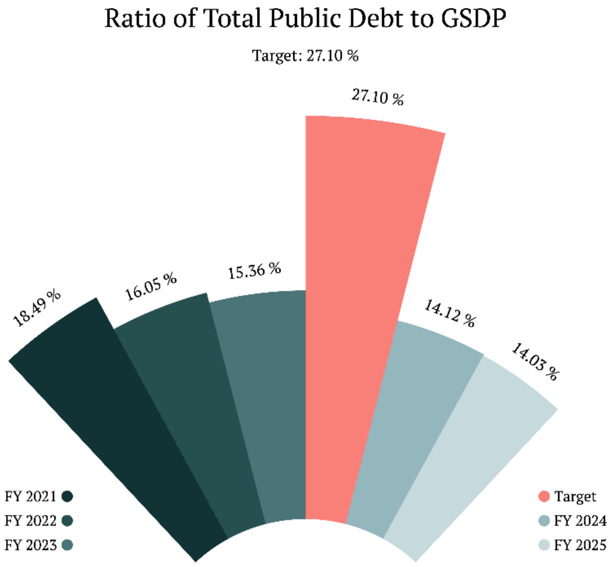
Revenue surplus achieved indicates that day-to-day spend is covered by current revenue. Nevertheless, Revenue Surplus decreased from ₹ 33,477 crore (2023-24) to ₹ 18,943 crore (2024-25). While the revenue account continues to generate a surplus, fiscal balance in 2024-25 is increasingly sustained through higher borrowings and large public account operations. The declining revenue surplus, sectoral concentration of capital outlay, and increasing borrowing reliance indicate emerging structural pressures warranting close fiscal monitoring.

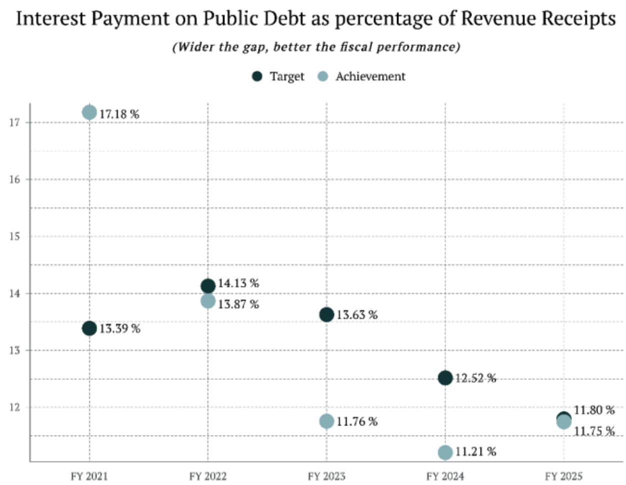
Fiscal Responsibility Act Targets

The State achieved all the four key fiscal parameter targets under the Gujarat Fiscal Responsibility Act during the last five years, except the parameter of Revenue Surplus in 2020-21. Thus, the State was able to contain the revenue and fiscal deficits within the levels envisaged under the State FRBM framework.





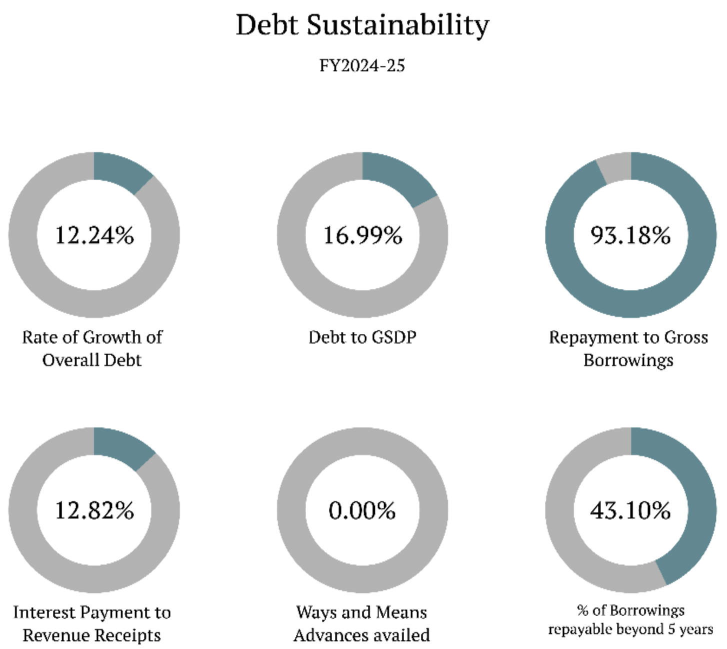




Nevertheless, the State carried forward significant undischarged liabilities in respect of National Pension Scheme, Labour Cess to Labour Welfare Board, Gujarat Motor Spirit Cess, Gujarat Rural Development Cess, Consolidated Sinking Fund, interest liabilities to the tune of ₹ 12,383.10 crore in the FY 2024-25, which changes the revenue surplus and fiscal deficit figures.

This resulted in an overstatement of Revenue Surplus by ₹ 11,928.97 crore and understatement of Fiscal Deficit by ₹ 12,383.10 crore. Such undischarged liabilities distort the State’s true financial position, accumulate over time to burden future fiscal space, and delay intended developmental or welfare outcomes. A review of post-audit figures confirms that while Fiscal Deficit as a percentage of GSDP stayed below the stipulated ceiling, the Revenue Surplus target was not achieved in 2020-21 and 2021-22.

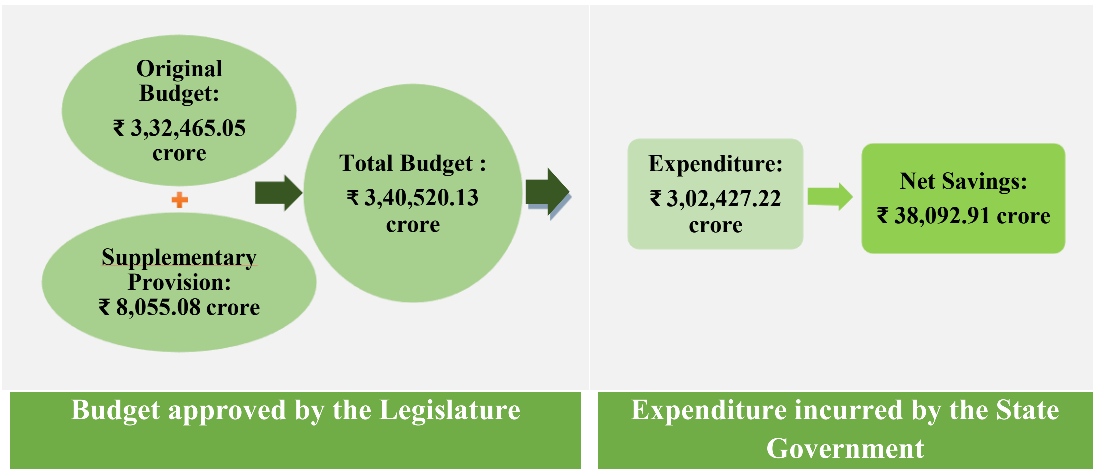
Debt Sustainability



The total liabilities-GSDP ratio averaged over 18 per cent during 2020-25, peaking at 21.57 per cent in 2020-21 on account of pandemic disruptions before declining below 20 per cent in subsequent years, attributed to the significant nominal growth. The average real growth rate exceeded the average inflation rate during 2020-24, indicating that debt-GSDP reduction was achieved through economic growth rather than inflation.

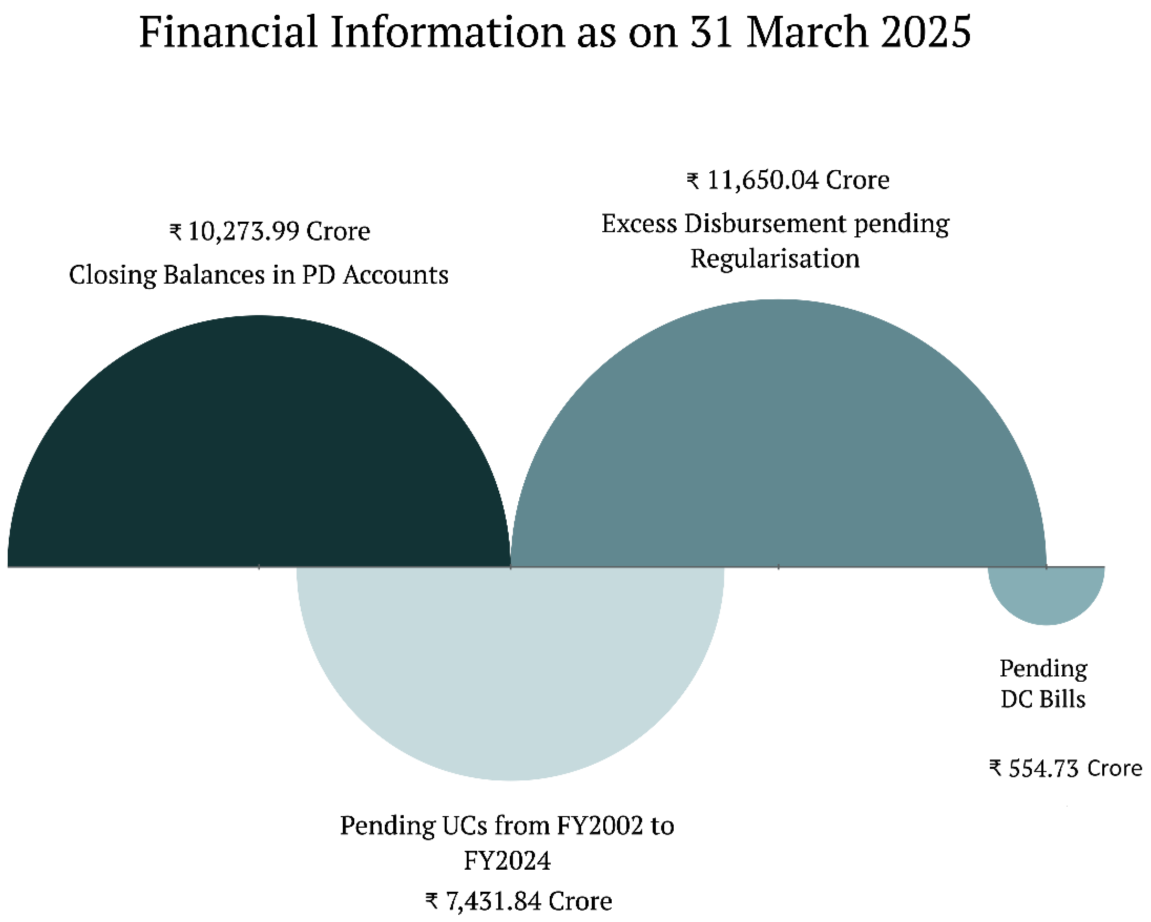
As per the Domar criterion, real growth remained higher than the real interest rate, keeping the growth-interest differential (GID) favourable during 2021-25. However, in 2024-25, the favourable GID was unable to offset the impact of a negative primary deficit, resulting in a marginal increase in the debt-GSDP ratio. Notwithstanding rising absolute liabilities, economic growth broadly outpaced liability growth, and debt sustainability indicators showed gradual improvement. The state's fiscal health supports debt sustainability, even though the figures from the previous year were better. Thus, caution is to be exercised in the coming years.

Budgetary Management



Excess expenditure of ₹ 11,650.04 crore during 2011-12 and 2014-15 to 2024-25 remains to be regularised by the State Legislature, including ₹ 584.74 crore during 2024-25. Moreover, during 2024-25, Supplementary provisions (₹ 10 crore or more in each case) aggregating ₹ 1,834.97 crore across 10 Grants/Appropriation proved unnecessary as expenditure in these cases did not reach the level of original provision.

Financial Reporting Practices



Since non-submission of UCs and non-adjustment of advances (DC bills) for long periods are fraught with the risk of misutilisation, it is imperative that the State Government should monitor these aspects closely.