

Office of the Accountant General (Audit-II), Kerala

Press Brief

The Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24, (Report No.3 of 2025), Government of Kerala has been laid on the table of the **Kerala Legislative Assembly on 09 October 2025.**

This Audit Report, apart from providing a broad perspective of the finances of the Government of Kerala, contains observations on matters arising from examination of the Finance Accounts and Appropriation Accounts of the State Government for 2023-24. The summary of the significant points highlighted in the Report are given below:

Gross State Domestic Product of Kerala

- Gross State Domestic Product (GSDP) (at current prices) of the State grew at an average annual growth rate of 8.97 *per cent* from ₹8,12,935 crore in 2019-20 to ₹11,46,109 crore in 2023-24.

Revenue Resources and Expenditure

- Revenue receipts of the State grew from ₹90,224.67 crore to ₹1,24,486.15 crore during 2019-20 to 2023-24 at an average annual growth rate of 8.38 *per cent*. However, Revenue Receipts decreased by 6.21 *per cent* from ₹1,32,724.65 crore in 2022-23 to ₹1,24,486.15 crore in 2023-24. State's own tax revenue increased by 3.28 *per cent* from ₹71,968.16 crore in 2022-23 to ₹74,329.01 crore in 2023-24. Non-tax revenue also increased by 8.12 *per cent* while State's share in Union taxes and duties increased by 19.07 *per cent* during the period. However, Grants-in-aid from GoI decreased by 55.92 *per cent* from ₹27,377.86 crore in 2022-23 to ₹12,068.26 crore in 2023-24.
- Revenue expenditure increased by ₹37,906.42 crore (36.20 *per cent*) from ₹1,04,719.92 crore in 2019-20 to ₹1,42,626.34 crore in 2023-24 growing at an annual average growth rate of 8.03 *per cent* during the five-year period.
- Committed expenditure on salaries and wages, interest payment and pensions increased at an annual average rate of 6.82 *per cent* from ₹71,221.27 crore in 2019-20 to ₹92,728.15 crore in 2023-24. Committed expenditure increased by ₹2,072.10 crore (2.29 *per cent*) from ₹90,656.05 crore in 2022-23 to ₹92,728.15 crore in 2023-24.
- Capital expenditure increased from ₹8,454.80 crore in 2019-20 to ₹14,191.73 crore in 2021-22 but decreased thereafter to ₹13,996.56 crore in 2022-23 and ₹13,584.45 crore in 2023-24. Capital expenditure during 2019-20 to 2023-24 constituted only 7.39 to 9.28 *per cent* of the Total expenditure.
- The State Government's investment in PSUs increased from ₹8,775.35 crore in 2019-20 to ₹10,920.97 crore in 2023-24. The return on investment also increased from 1.14 *per cent* to 2.22 *per cent* during the above period. However, it fell short of the rate of interest ranging from 6.74 *per cent* to 7.58 *per cent* paid by Government during 2019-20 to 2023-24 on borrowings. The State Government's investment in PSUs increased

from ₹10,709.18 crore in 2022-23 to ₹10,920.97 crore in 2023-24 while return on investment increased from 0.46 *per cent* to 2.22 *per cent* during the period.

Deficit

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit.

- The revenue deficit of the State increased to ₹18,140.19 crore (1.58 *per cent* of GSDP) in the current year from ₹14,495.25 crore (1.78 *per cent* of GSDP) in the year 2019-20.
- The fiscal deficit of the State increased to ₹34,258.05 crore (2.99 *per cent* of GSDP) in 2023-24 from ₹23,837.47 crore (2.93 *per cent* of GSDP) in 2019-20.

Off-budget borrowings

- The State Government, through Public Sector Undertakings, raised ₹10,632.46 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the State but are required to be repaid and serviced through budget.

Kerala Fiscal Responsibility (KFR) Act requirements and compliance with fiscal parameters

The KFR Act prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the GSDP should be maintained.

- In 2023-24, revenue deficit was 1.58 *per cent* of GSDP as against the target of 1.20 *per cent* revenue surplus; fiscal deficit was 2.99 *per cent* of GSDP as against the limit of 3.5 *per cent*; outstanding liability including off-budget borrowings was 37.84 *per cent* of GSDP as against limit of 33.70 *per cent* prescribed in KFR Act.

Budgetary Management

- Budget Outlay of the State grew at an average growth rate of 8.35 *per cent* from ₹1,94,462.61 crore in 2019-20 to ₹2,67,969.30 crore in 2023-24. It increased from ₹2,47,628.77 crore in 2022-23 to ₹2,67,969.30 crore in 2023-24.
- The Appropriation Accounts depicted an overall savings of ₹29,962.02 crore offset by excess of ₹427.68 crore during the year 2023-24 resulting in net savings of ₹29,534.34 crore.
- The overall savings, i.e., both charged and voted items of expenditure taken together decreased from 18.07 *per cent* in 2022-23 to 11.02 *per cent* in 2023-24.

Regularisation of excess expenditure of previous financial years

- The State Government has to get excesses over grants/appropriations regularized by the State Legislature as per article 204 and 205(1)(b) of the constitution. It was observed that in 2023-24 there was excess expenditure of ₹427.68 crore under seven grants and one appropriation which required regularisation. Further, excess expenditure of ₹2,202.11 crore pertaining to the period from 2016-17 to 2022-23 were yet to be regularised.