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CAG Flags ₹21.3 Trillion in Unrealized Taxes, Highlights Gaps in Union Government's Fiscal Reporting

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India's top audit body, the Comptroller and Auditor General of India (CAG), has flagged serious fiscal discrepancies in the central government's financial reporting for the year 2022–23. The audit revealed that ₹21.3 trillion in tax revenues remained unrealized by the

end of the fiscal year, raising concerns over revenue collection efficiency and compliance with the Fiscal Responsibility and Budget Management (FRBM) Act.

According to the CAG's audit report, presented in Parliament, the unrealized tax amount includes ₹5.28 trillion in undisputed taxes, indicating delayed action in tax recovery. This marks a ₹5.47 trillion increase in unrealized dues compared to the previous fiscal year.

The report also pointed out inconsistencies in fiscal data across official documents:

- A mismatch of ₹18,000 crore was found in fiscal deficit figures between the Union Government Finance Accounts and the Budget at a Glance report.
- Variations in loan and advance arrears, including a ₹3,162 crore difference in reported figures for loans to states and union territories.
- Divergences between revenue projections and actual collections in the medium-term fiscal policy and the fiscal policy strategy statements.

Despite these concerns, the audit noted progress in reducing public debt. Central government debt declined to 57.93% of GDP in 2022–23, compared to a peak of 61.38% during the COVID-19 pandemic. The ratio of interest payments to revenue receipts also saw improvement, falling to 35.35% from 38.66% in 2020–21.

The government complied with FRBM limits on guarantees as well, issuing new guarantees worth 0.5% of GDP, which is well within the permissible cap of 0.5% for the fiscal year.

The CAG has recommended stronger enforcement of tax collections and harmonization of fiscal reporting across documents to improve transparency and accountability.

As of now, the Finance Ministry has not issued a response to the findings presented in the report.