

EXECUTIVE SUMMARY

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Based on the audited accounts of the Government of Union Territory of Puducherry (UT Government) for the year ending March 2016, this Report provides an analytical review of the Annual Accounts of the UT Government. The Report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2016. It provides an insight into trends in receipts and expenditure, committed expenditure, borrowing pattern and fiscal status of the Government.

Chapter II is based on the audit of Appropriation Accounts and gives a description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

Chapter III is an inventory of the Government's compliance with various reporting requirements and financial rules. The Report also has additional data collated from several sources in support of the findings.

Audit findings

1 Finances of the Union Territory Government

High share of Revenue Expenditure in total expenditure: The Revenue Expenditure of ` 5,285 crore during 2015-16 constituted 92.30 *per cent* of total expenditure. The committed expenditure such as salaries, pension and interest payments constituted around 52 *per cent* of Revenue Receipts and 50 *per cent* of Revenue Expenditure.

Enhanced Development Expenditure: Development Expenditure increased by ` 264 crore from ` 3,902 crore in 2014-15 to ` 4,166 crore in 2015-16. However, Development Expenditure, as a percentage of aggregate expenditure, marginally increased from 72 in 2014-15 to 73 in 2015-16.

Low return on investments: As of 31 March 2016, Government invested ` 1,018.52 crore in Government Companies and Co-operative Institutions. Though the average rate of interest on UT Government's borrowings was 7.5 *per cent*, the average rate of return on investments was around 0.3 *per cent* during 2011-12 to 2015-16.

High ratio of fiscal liabilities to GSDP: The outstanding fiscal liabilities increased from ` 5,441 crore in 2011-12 to ` 7,754 crore in 2015-16. The fiscal liabilities represented about 29 *per cent* of GSDP in 2015-16.

Maturity Profile: The maturity profile of the UT Government's Public debt indicates that nearly 62.65 *per cent* of the total Public debt is repayable within next seven years, which shows that UT Government is leading towards debt trap.

2 Financial Management and Budgetary control

- During 2015-16, expenditure of ` 5,894.47 crore was incurred against total grants and appropriations of ` 6,763.62 crore, resulting in overall savings of ` 869.15 crore (12.85 *per cent*).
- In 74 cases, where savings exceeded ` 50 lakh in each case and by more than 20 *per cent* of the total provision, no expenditure was incurred against the provision of ` 268.76 crore.
- There were persistent savings of more than ` 10 lakh in 22 grants during 2011-16. In 43 cases, the expenditure exceeded the original provision, resulting in excess expenditure of ` 161.93 crore. Out of total anticipated savings of ` 235.73 crore in six grants, ` 145.92 crore was not surrendered.

3 Financial Reporting

- There was pendency in furnishing of Utilisation Certificates by various grantee institutions for Grants-in-aid of ` 225.33 crore. The pendency ranged from one to more than nine years. Twenty four Autonomous Bodies/Authorities did not submit to Accountant General (Audit) their annual accounts due for the period upto 2014-15 as of March 2016. Fifteen Autonomous Bodies/Authorities had not submitted their accounts since 2008-09.
- Temporary advances aggregating to ` 402.14 crore, were pending adjustment by 276 Drawing and Disbursing Officers.
- The Departments of UT Government reported 334 cases of misappropriation, loss, theft, defalcation, etc., involving Government money of ` 44.78 crore upto March 2016. Final action on these cases was pending for periods ranging from one to more than 15 years.