

## OVERVIEW

This Audit Report includes five chapters comprising six performance audit reviews and 12 transaction audit paragraphs relating to the Union Territory Government and its Companies.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for audit of programmes and schemes has been mentioned in the reviews. Audit conclusions have been drawn and recommendations made, taking into consideration the views of the Government, wherever received.

A summary of the audit findings is given below :

### **1. National Rural Health Mission**

The National Rural Health Mission was launched in April 2005 with the aim of providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas. The State Health Society could spend only Rs 13.37 crore (56 *per cent*) out of Rs 23.79 crore made available to them during 2005-09. The objective of long-term and bottom-up approach in planning was not attained. There were instances of inadequate health care services and infrastructure as well as shortages of medical and para-medical staff. There were shortfalls in administration of iron-folic acid tablets and Vitamin A solution. Cases of gender imbalance in sterilisation, decline in the number of institutional deliveries and treatment of in-patients in community health centres/primary health centres were noticed. The infant mortality rate and the total fertility rate did not show any improvement since the inception of the Mission.

*(Paragraph 1.1)*

### **2. Financial management in Commune Panchayats**

Review on financial management in three out of 10 Commune Panchayats revealed that only 22 out of 29 functions included in the Eleventh Schedule of the Constitution of India were transferred to the Panchayat Raj Institutions. Funds and functionaries were not transferred to PRIs. Revision of house tax after 20 years, by introducing a revised pattern of house tax assessment with the objective of augmentation of revenue had resulted in reduction of revenue in Commune Panchayats. Rates of profession tax and licence fee for trade and manufacturing units were not revised. Collection of revenue in respect of house tax, water charges and lease rent was poor in test-checked Commune Panchayats.

*(Paragraph 1.2)*

### **3. Modernisation of Police Force**

Government of India introduced the 'Modernisation of Police Force' scheme in the Union Territory from the year 2006-07 to improve the operational efficiency of its police force and the existing infrastructural facilities. The Police Department spent Rs 16.51 crore during 2006-09 under the scheme. Despite the availability of funds, the required number of staff quarters were not constructed and construction of 23 out of 24 official buildings planned during 2006-09 was not started. Training in handling modern weapons was not imparted to police personnel. Communication equipment procured did not have built-in devices to maintain secrecy in communication.

*(Paragraph 1.3)*

### **4. Integrated Audit of Public Works Department**

The prime responsibility of the Public Works Department in the Union Territory is to plan, design, construct and maintain roads, buildings, bridges, etc., apart from implementing and maintaining water supply and sewerage projects as well as irrigation and flood control schemes. The department incurred a total expenditure of Rs 568.70 crore during 2004-09 under roads and bridges, minor irrigation and flood control sectors.

Integrated audit of the department revealed that budget provisions were not based on any approved Annual Plans. Large scale re-appropriations indicated poor budgeting. Award of works without inviting tenders; commencement of works without administrative approval and provision of funds; foreclosure of contracts etc., were noticed. There was no internal audit wing in the department and its quality control mechanism was weak.

*(Paragraph 3.1)*

### **5. Receipts under State Excise**

There is no provision for levy of penalty on non-lifting of the minimum guaranteed quantity of *arrack*. 596 bidders did not lift the minimum guaranteed quota of *arrack* of 1.71 crore bulk litres. In the absence of a penalty clause, no action could be taken against the bidders.

There is no provision in the Pondicherry Excise Act for levy of interest on belated payment of excise dues. Therefore, interest on belated payment of licence fee, excise duty, additional excise duty, countervailing duty, etc., could not be levied. This resulted in foregoing of revenue recoverable on account of interest.

No periodical returns were prescribed for submission to the higher authorities to facilitate monitoring of excise receipts and overall functioning of the department.

Non-levy of the additional excise duty from 23 April 2007 to 31 March 2008 resulted in non-realisation of revenue of Rs 35.48 crore.

Import fee on the rectified spirit, extra neutral alcohol and special spirits was not levied resulting in non-realisation of revenue of Rs 36.26 crore.

Due to issue of incorrect notification, there was non-realisation of revenue of Rs 31.25 lakh.

*(Paragraph 4.9)*

## **6. Puducherry Road Transport Corporation Limited**

Performance Audit of the Puducherry Road Transport Corporation Limited revealed that the company incurred loss from 2005-06 to 2008-09 which accumulated to Rs 30.66 crore as on 31 March 2009. The company earned Rs 17.23 per kilometer but expended Rs 20.04 per kilometer during 2008-09. The company had a fleet strength of 82 buses which was 4.80 *per cent* of the total number of buses licenced for public transport in the Union Territory and the percentage of average passengers carried per day to population was 1.82 only. The company could not achieve even its own norm for fuel consumption resulting in excess consumption of fuel valued at Rs 4.11 crore during 2005-09. Independent regulatory body was not established to fix the fare, specify operations on uneconomical routes and address the grievances of commuters.

*(Paragraph 5.2)*

## **7. Audit of Transactions**

### *Civil*

Audit of financial transactions test-checked in various Government departments and their field offices revealed instances of avoidable expenditure, idle expenditure, blockage of funds and irregular expenditure amounting to Rs 43.07 crore in the Animal Husbandry and Animal Welfare Department (Rs 53.07 lakh), the Civil Supplies and Consumer Affairs Department (Rs 22.66 lakh), the Education Department (Rs 30 lakh), the Labour Department (Rs 44.45 lakh), the Local Administration Department (Rs 20.61 lakh) and the Town and Country Planning Department (Rs 41.36 crore).

*(Paragraphs 2.1 to 2.3)*

## **8. Revenue receipts**

Incorrect grant of remission by the Registration Department resulted in short levy of stamp duty of Rs 15.25 lakh.

*(Paragraph 4.10)*

## **9. Commercial transactions**

Out of 13 Public Sector Undertakings (PSUs) of the Union Territory, six were incurring loss continuously from 2003-04 and during 2008-09 they incurred loss of Rs 58.31 crore. Five PSUs earned profit of Rs 23.10 crore during 2008-09. The loss incurred by the Pondicherry Textiles Corporation Limited increased from Rs 17.95 crore as on 31 March 2004 to Rs 44.09 crore as on 31 March 2009.

*(Paragraph 5.1)*

### ***Puducherry Power Corporation Limited***

Inordinate delay of more than six years in installation of reverse osmosis plant by Puducherry Power Corporation Limited resulted in locking up of Company's funds of Rs 1.21 crore besides avoidable recurring expenditure of Rs 37.10 lakh.

*(Paragraph 5.3.1)*