

# **EXECUTIVE SUMMARY**

## Executive Summary

Based on the audited accounts of the Government of Union Territory of Puducherry for the year ending March 2014, this Report provides an analytical review of the Annual Accounts of the Union Territory 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 2014. It provides an insight into trends in receipts and expenditure, committed expenditure, borrowing pattern and fiscal status of the Government, besides giving a brief account of Central funds transferred directly to the UT implementing agencies through the off-budget route.

**Chapter II** is based on the audit of Appropriation Accounts and gives grant-wise 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 ₹ 4,483 crore during 2013-14 constituted 92.51 *per cent* of total expenditure. The committed expenditure such as salaries, pension and interest payments constituted around 50 and 48 *per cent* of revenue receipts and revenue expenditure respectively.

**Inadequate priority to Development expenditure:** Capital expenditure increased by ₹ 47 crore from ₹ 315 crore in 2012-13 to ₹ 362 crore in 2013-14 and it was 7.47 *per cent* of the aggregate expenditure. However, the development capital expenditure, as a percentage of aggregate expenditure decreased from eight *per cent* in 2012-13 to six *per cent* in 2013-14.

**Low return on investments:** As of 31 March 2014, Government invested ₹ 981.85 crore in Government companies and co-operative institutions. Though the average rate of interest on UT Government's borrowings was 7.7 *per cent*, the average rate of return on investment was around 0.5 *per cent* during 2009-14.

**High ratio of fiscal liabilities to GSDP:** The outstanding fiscal liabilities increased from ₹ 3,887 crore in 2009-10 to ₹ 6,555 crore in 2013-14. The fiscal liabilities constituted about 31 *per cent* of GSDP in 2013-14.

## **2. Financial management and budgetary control**

During 2013-14, expenditure of ₹ 5,099.02 crore was incurred against total grants and appropriations of ₹ 5,972.27 crore, resulting in overall savings of ₹ 873.25 crore (14.62 *per cent*). In 66 cases, no expenditure was incurred against the provision of ₹ 337.73 crore. There were persistent savings of more than ₹ 10 lakh in 10 grants during 2009-14. In 57 cases, the expenditure exceeded the approved provisions, resulting in excess expenditure of ₹ 165.18 crore. Out of total anticipated savings of ₹ 435.03 crore in 11 grants, ₹ 348.92 crore was not surrendered.

## **3. Financial Reporting**

There was large scale pendency in furnishing of Utilisation Certificates by various grantee institutions for grants-in-aid of ₹ 253.04 crore. The pendency ranged from one to more than nine years. Twenty two autonomous bodies/authorities did not submit to Audit their annual accounts due for the period upto 2012-13 as of November 2014. Temporary advances aggregating to ₹ 273.15 crore were pending for adjustment by the Drawing and Disbursing Officers. The Union Territory Government departments reported 330 cases of misappropriation, loss, defalcation, etc., involving Government money of ₹ 44.66 crore upto March 2014. Final action on these cases was pending for periods ranging from one to more than 15 years.