

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 2015, 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 2015. 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 ₹ 4,800 crore during 2014-15 constituted 88.64 *per cent* of total expenditure. The committed expenditure such as salaries, pension and interest payments constituted around 51 *per cent* of Revenue Receipts and Revenue Expenditure.

Inadequate priority to Development Expenditure: Development Expenditure increased by ₹ 344 crore from ₹ 3,558 crore in 2013-14 to ₹ 3,902 crore in 2014-15. However, Development Expenditure as a percentage of Aggregate Expenditure marginally decreased from 73 in 2013-14 to 72 in 2014-15.

Low return on investments: As of 31 March 2015, Government invested ₹ 998.93 crore in Government Companies and Co-operative Institutions. Though the average rate of interest on UT Government's borrowings was 7.9 *per cent*, the average rate of return on investments was around 0.4 *per cent* during 2010-15.

High ratio of fiscal liabilities to GSDP: The outstanding fiscal liabilities increased from ₹ 4,588 crore in 2010-11 to ₹ 7,030 crore in 2014-15. The fiscal liabilities constituted about 27 *per cent* of GSDP in 2014-15.

2. Financial Management and Budgetary control

During 2014-15, expenditure of ₹ 5,612.39 crore was incurred against total grants and appropriations of ₹ 6,329.93 crore, resulting in overall savings of ₹ 717.54 crore (11.34 *per cent*). In 33 cases, no expenditure was incurred against the provision of ₹ 130.05 crore. There were persistent savings of more than ₹ 10 lakh in 10 grants during 2010-15. In 42 cases, the expenditure exceeded the approved provision, resulting in excess expenditure of ₹ 150.91 crore. Out of total anticipated savings of ₹ 608.31 crore in 10 grants, ₹ 234.77 crore was not surrendered.

3. Financial Reporting

There was pendency in furnishing of Utilisation Certificates by various grantee institutions for Grants-in-aid of ₹ 242.26 crore. The pendency ranged from one to more than nine years. Twenty four Autonomous Bodies/Authorities did not submit to Audit their annual accounts due for the period upto 2013-14 as of March 2015. Temporary advances aggregating to ₹ 171.43 crore were pending for adjustment by the Drawing and Disbursing Officers. The Union Territory Government Departments reported 327 cases of misappropriation, loss, defalcation, etc., involving Government money of ₹ 44.72 crore upto March 2015. Final action on these cases was pending for periods ranging from one to more than 15 years.