

CHAPTER I

FINANCE ACCOUNTS

EXHIBIT – II

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99	Sources	1999-2000
747.44	1. Revenue receipts	877.48
110.03	2. Public debt – Loans and Advances from Government of India	130.11
8.32	3. Recoveries of Loans and Advances	3.78
865.79	TOTAL	1011.37
1998-99	Application	1999-2000
688.94	1. Revenue expenditure	845.57
46.81	2. Repayment of loan to Government of India	43.00
11.17	3. Lending for development and other purposes	9.34
109.95	4. Capital expenditure	103.07
8.92	5. Increase in Cash Balance	10.39
865.79	TOTAL	1011.37

EXHIBIT-III
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR
THE YEAR 1999-2000

Section-A: Revenue**(Rupees in crore)**

Receipts			Disbursements					
1998-99		1999-2000	1998-99		Non-plan	Plan	Total	1999-2000
747.44	I			I				
	Revenue receipts	877.48	688.94	Revenue expenditure-	638.06	207.51	845.57	845.57
224.98	-Tax revenue	260.59						
171.96	-Non-tax revenue	218.47	174.34	General Services	189.08	6.94	196.02	
			246.41	Social Services-	177.83	124.95	302.78	
			110.33	Education, Sports, Arts and Culture	88.55	43.02	131.57	
350.50	-Grants-in-aid and Contributions :	398.42	55.96	Health and Family Welfare Services	43.94	29.21	73.15	
			25.54	Water supply, Sanitation, Housing and Urban Development	7.89	20.91	28.80	
234.75	Non-Plan	265.86	36.51	Social Welfare and Nutrition	26.51	20.46	46.97	
	Plan:		18.07	Others	10.94	11.35	22.29	
			261.00	Economic Services-	268.33	75.62	343.95	
			34.57	Agriculture and Allied Activities	15.08	28.98	44.06	
107.23	Union Territory Plan Schemes	119.85	178.88	Energy	230.97	3.44	234.41	
			10.56	Industry and Minerals	6.59	12.55	19.14	
Nil	Central Plan Schemes	Nil	36.99	Others	15.69	30.65	46.34	
8.52	Centrally Sponsored Plan Schemes	12.71	7.19	Grants-in-aid and Contributions	2.82	--	2.82	
Nil	II			II				
	Revenue deficit carried over to Section B	Nil	58.50	Revenue surplus carried over to Section B				31.91
747.44	TOTAL	877.48	747.44	TOTAL				877.48

Section-B: Others

(Rupees in crore)

Receipts			Disbursements				
1998-99		1999-2000	1998-99	Non-plan	Plan	Total	1999-2000
0.03	III Opening Cash balance	8.95	Nil	III Opening Balance			Nil
Nil	IV Miscellaneous Capital Receipts	Nil	109.95	IV Capital Outlay : (-) 1.72*	104.79	103.07	103.07
			6.65	General Services	--	7.63	7.63
			17.34	Social Services-	--	24.84	24.84
			4.03	Education, Sports, Arts and culture	--	8.99	8.99
			11.98	Water supply, Sanitation, Housing and Urban Development	--	13.68	13.68
			1.33	Others	--	2.17	2.17
			85.96	Economic Services-	(-)1.72*	72.32	70.60
			43.56	Energy	(-)1.72*	17.92	16.20
			25.67	Industries and Minerals	--	30.46	30.46
			16.73	Others	--	23.94	23.94
8.32	V Recoveries of Loans and Advances- -From Government Servants	3.78	11.17	V Loans and advances disbursed			9.34
2.29	-From others	2.58	0.14	- Loans for Social Services		0.10	
6.03		1.20	7.71	- Loans for Economic Services		1.66	
			3.32	- Loans for Government Servants		7.58	
58.50	VI Revenue surplus brought down	31.91	3.32	VI Revenue deficit brought down			Nil
	VII Public debt receipts-		Nil	VII Repayment of Loans and Advances to Central Government			43.00
110.03	Loans and Advances from Central Government	130.11	46.81	Non-plan		16.64	
52.62	Non-plan	65.26	18.67	Plan		26.36	
57.38	Plan	64.81	28.14				
	Centrally Sponsored Schemes	0.04					
0.03				VIII Appropriation to Contingency Fund			Nil
Nil	VIII Appropriation to Contingency Fund	Nil	Nil	IX Expenditure from Contingency Fund			Nil
Nil	IX Amount transferred to Contingency Fund	Nil	Nil	X Cash Balance at end			19.34
Nil	X Excess of disbursement over receipt	Nil	8.95				
176.88	TOTAL	174.75	176.88	TOTAL			174.75

* Minus expenditure was due to more credit and less debit under "4801-05-799-Suspense-Stock"

Explanatory notes for Exhibits I, II and III

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government Accounts being mainly on cash basis, the surplus on Government Accounts as shown in Exhibit - I indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently, items payable and receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. There is no Public Account for the Union Territory. The transactions pertaining to 'Debt' (other than those included in the Consolidated Fund), 'Deposits', 'Advances', 'Remittances' and 'Suspense' are accounted for in the Public Account of the Union Government.
4. The cash balance of the Union Territory Government is merged in the general cash balance of the Government of India (GOI). Though the GOI had decided that from 1 April 1994, the Union Territory of Pondicherry should operate their own account separately and their cash balance of Consolidated Fund, positive or negative, should not form part of the general cash balance of GOI, the separation had not taken effect and the cash balance of Union Territory Government remained merged with the balance of GOI as of 31 March 2000. The balance, adopted here *pro forma* to agree the total receipts with total disbursements, represents the excess of receipts over expenditure in the Union Territory.

EXHIBIT - IV

TIME SERIES DATA ON UNION TERRITORY GOVERNMENT FINANCES

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Part A. Receipts					
1. Revenue Receipts	454 (86)	502(86)	602(87)	747(86)	877(87)
(i) Tax Revenue	162(36)	193(38)	208(35)	225(30)	261(30)
Sales Tax	102	123	133	149	171
State Excise	37	44	47	52	61
Taxes on vehicles	12	13	15	16	18
Stamps and Registration fees and other taxes	11	13	13	8	11
(ii) Non-tax Revenue	124(27)	128(26)	132(22)	172(23)	218(25)
(iii) Grants-in-aid from Government of India	168(37)	181(36)	262(43)	350(47)	398(45)
2. Miscellaneous Capital Receipts	--	--	--	--	--
3. Total Revenue and Non debt capital receipts (1+2)	454	502	602	747	877
4. Recoveries of Loans and Advances	4	5	3	8	4
5. Public Debt Receipts	67(13)	74(13)	85(12)	110(13)	130(13)
Loans and Advances from Government of India	67	74	85	110	130
6. Total receipts in the Consolidated Fund (3+4+5)	525	581	690	865	1011
7. Total receipts of the Union Territory	525	581	690	865	1011
Part B. Expenditure/Disbursement					
8. Revenue Expenditure	422(79)	454(79)	564(82)	689(80)	845(84)
Plan	105(25)	115(25)	131(23)	157(23)	207(24)
Non-plan	317(75)	339(75)	433(77)	532(77)	638(76)
General Services (including interest payments)	93	96	138	174	196
Social Services	148	173	209	247	302
Economic Services	177	181	208	261	344
Grants-in-aid and contributions	4	4	9	7	3
9. Capital Expenditure	75(14)	87(15)	93(13)	110(13)	103(10)
Plan	74(99)	85(98)	90(97)	110(100)	105(100)
Non-plan	1(1)	2(2)	3(3)	\$	(-2)
General Services	3	4	4	7	8
Social Services	9	9	9	17	25
Economic Services	63	74	80	86	70
10. Disbursement of Loans and Advances	10	11	11	11	10
11. Total (8+9+10)	507	552	668	810	958
12. Repayments of Public Debt	25(5)	23(4)	24(3)	47(5)	43(4)
Loans and Advances from Government of India	25	23	24	47	43
13. Total disbursement out of Consolidated Fund (11+12)	532	575	692	857	1001
14. Total disbursement by the Union Territory	532	575	692	857	1001
Part C. Deficit/Surplus					
15. Revenue surplus(1-8)	32	48	38	58	32
16. Fiscal deficit (3+4-11)	49	45	63	55	77
Part D. Other data					
17. Interest payments (included in revenue expenditure)	42	39	52	78	75
18. Arrears of revenue (Percentage of Tax and Non-tax Revenue Receipts)	28 (10)	41(13)	46(14)	59(15)	64(13)
19. Financial assistance to local bodies, etc.,	32	46	62	62	79
20. Outstanding debt (year end)	437	487	548	611	698
21. Outstanding guarantees (year end)	15	14	15	15	21
22. Maximum amount guaranteed (year end)	15	21	23	21	28
23. Number of incomplete projects @			35	24	24
24. Capital blocked in incomplete projects @			27	23	22

Note : Figures in brackets represent percentages to total of each sub-heading

\$: Rs 5,16,046

@ : Compiled only from 1997-98

1.2 Financial position of the Union Territory

Government Accounts are mainly on cash basis as opposed to accrual basis in commercial accounting. However, the Government Accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit - I gives an abstract of such liabilities and the assets as on 31 March 2000 compared with the corresponding position on 31 March 1999. While the liabilities in this statement consist mainly of loans and advances from the GOI, the assets comprise mainly the capital outlay, loans and advances given by the Union Territory (UT) Government and the cash balance. It would be seen from Exhibit - I that the liabilities grew by 14.2 *per cent*, while the assets grew by 14.4 *per cent* during 1999-2000, mainly due to assets created out of grants from GOI.

1.3 Sources and application of funds

1.3.1 Exhibit - II gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances and public debt. These are applied mainly on revenue and capital expenditure and lending for developmental purposes. The revenue receipts constitute the most significant source of fund for the UT Government and their relative share increased marginally from 86.3 *per cent* in 1998-99 to 86.8 *per cent* during 1999-2000. While the receipts from the public debt increased from 12.7 *per cent* in 1998-99 to 12.9 *per cent* during 1999-2000, the receipts from recoveries of loans and advances given for developmental purposes declined from 1 *per cent* to 0.4 *per cent*.

1.3.2 The funds were mainly applied for revenue expenditure, whose share increased from 80 *per cent* in 1998-99 to 84 *per cent* in 1999-2000. The share of capital expenditure, repayment of loan and lending for developmental purposes declined marginally from 12.7 to 10.2 *per cent*, 5.4 to 4.3 *per cent* and 1.3 to 1 *per cent* respectively.

1.4 Financial operations of the Union Territory Government

1.4.1 Exhibit - III gives the details of the receipts and disbursements made by the UT Government. The revenue receipts (Rs 877 crore) during the year was more than the revenue expenditure (Rs 845 crore) resulting in a revenue surplus of Rs 32 crore. The revenue receipts comprised tax revenue (Rs 261 crore), non-tax revenue (Rs 218 crore) and grants-in-aid from the

Central Government (Rs 398 crore). The main sources of tax revenue were sales tax (66 per cent), state excise (23 per cent) and taxes on vehicles (7 per cent). The major non-tax revenue was from sale of power by Electricity Department (93 per cent).

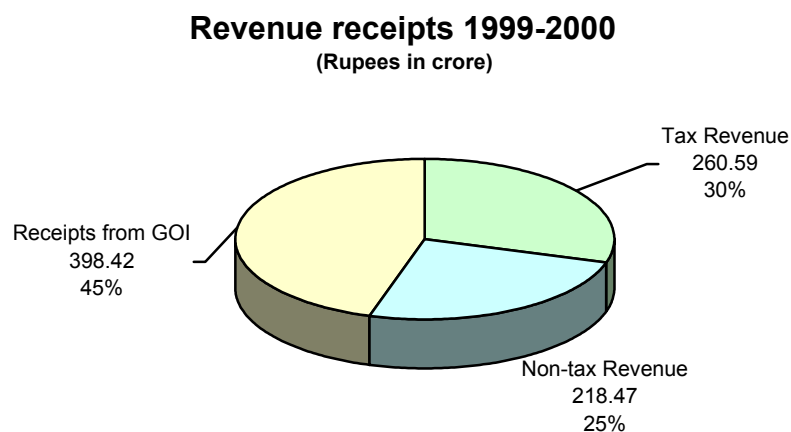
1.4.2 The capital receipts comprised Rs 130 crore from public debt and Rs 4 crore from recoveries of loans and advances. Against this, the expenditure was Rs 103 crore on capital outlay, Rs 10 crore on disbursement of loans and advances and Rs 43 crore on repayment of public debt. The excess expenditure was met from the revenue surplus of Rs 32 crore. There is no Public Account for the UT Government and the net effect of the transactions in the Consolidated Fund and Contingency Fund was an increase in the cash balance from Rs 8.95 crore at the beginning of the year to Rs 19.34 crore at the end of the year.

1.4.3 The financial operations of the UT Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit - III and the time series data for the five year period from 1995-96 to 1999-2000 presented in Exhibit - IV.

1.5 Revenue receipts

1.5.1 The revenue receipts consist of tax and non-tax revenue and receipts from GOI. Their relative shares are shown in Figure 1. The revenue receipts grew at an average annual rate of 26 per cent during 1995-96 to 1999-2000. The increase compared to 1998-99 was 17 per cent.

Figure 1



1.5.2 Tax revenue

The share of tax revenue (30 *per cent*) in revenue receipts remained the same as in 1998-99. After a healthy growth rate of 23 *per cent* during 1995-96, the rate of growth of the tax revenue declined to 8 *per cent* in 1998-99 and increased to 16 *per cent* in 1999-2000. The increase in tax revenue during 1999-2000 was due to increase in growth rate of sales tax from 12 to 15 *per cent*, state excise from 11 to 17 *per cent* and taxes on vehicles from 6 to 13 *per cent*. However, the relative shares of these taxes to the total revenue remained the same during 1998-99 and 1999-2000.

1.5.3 Non-tax revenue

The share of non-tax revenue in the revenue receipts of the Government has been on decline, from 27 *per cent* in 1995-96 to 23 *per cent* in 1998-99 and it went up marginally to 25 *per cent* during the current year.

1.5.4 Grants-in-aid from the Central Government

These constitute the major share of the revenue receipts and have increased significantly from 36 *per cent* in 1996-97 to 47 *per cent* in 1998-99 and decreased to 45 *per cent* in 1999-2000. Out of the grant of Rs 400.19 crore received from GOI during 1999-2000, only Rs 398.42 crore was shown as receipt in Government Account. The UT Government transferred Rs 1.77 crore received for implementing Centrally Sponsored Schemes to the Deposit head thereby understating the grants received to that extent. It was seen that 67 *per cent* of the grant received from GOI was to cover non-plan deficit and the UT Government obtained a grant of Rs 265.86 crore to cover non-plan deficit during 1999-2000, while the actual deficit was Rs 233.95 crore.

1.6 Revenue expenditure

1.6.1 Revenue expenditure accounted for most (84 *per cent*) of the expenditure of the UT Government and had increased by 23 *per cent* during 1999-2000, over the previous year. Of this, the non-plan revenue expenditure accounted for 76 *per cent*. Trend analysis shows that the growth in non-plan component was 101 *per cent* while the growth in plan expenditure was 97 *per cent*, in the five year period 1995-2000.

1.6.2 Sector-wise analysis shows that while the expenditure on General Services increased by 111 *per cent* (from Rs 93 crore in 1995-96 to Rs 196 crore in 1999-2000), the corresponding increases in expenditure on Social Services and Economic Services were only 104 and 94 *per cent* respectively. As a proportion of total expenditure, the share of General Services increased from 22 *per cent* in 1995-96 to 23 *per cent* in 1999-2000.

The share of Economic Services increased from 38 *per cent* in 1998-99 to 41 *per cent* in 1999-2000 whereas the share of Social Services remained static at 36 *per cent* during 1998-99 and 1999-2000.

1.6.3 Interest payments

Interest payments increased steadily by 79 *per cent* (from Rs 42 crore in 1995-96 to Rs 75 crore in 1999-2000). The increase was mainly due to 94 *per cent* increase in loans and advances from GOI during this period.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance by way of grants provided to different local bodies, etc., during the period of five years ending 1999-2000 was as follows:

	(Rupees in crore)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
Private Educational Institutions	2.82	3.34	4.80	5.41	6.58
Municipalities	4.39	6.66	7.22	8.96	11.41
Commune Panchayats	4.67	5.79	8.87	6.74	8.43
Statutory Boards/Authorities	14.03	22.21	30.73	32.09	39.55
Other Institutions					
(i) Co-operative Institutions	5.63	6.58	6.67	8.22	11.13
(ii) Others	0.95	1.31	3.71	0.94	1.56
Total	32.49	45.89	62.00	62.36	78.66
Percentage of growth over previous year	35	41	35	0	26
Assistance as a percentage of revenue expenditure	8	10	11	9	9

The amount of assistance to the local bodies, statutory boards and others increased from Rs 32.49 crore in 1995-96 to Rs 78.66 crore in 1999-2000 (an increase of 142 *per cent*).

1.6.5 Loans and advances by the Union Territory Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, etc., for developmental and non-developmental activities. It also disburses loans to Government servants for construction of houses, purchase of vehicles, etc. The position for the last five years given below shows that there was no improvement in recovery as a result of which the closing balance increased every year.

	(Rupees in crore)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening Balance	32.43	38.08	44.11	52.40	50.25 ¹
Amount advanced during the year	9.63	11.13	11.33	11.17	9.34
Amount recovered during the year	3.98	5.10	3.04	8.32	3.78
Closing Balance	38.08	44.11	52.40	55.25	55.81
Net addition	5.65	6.03	8.29	2.85	5.56
Interest received	0.96	1.07	1.17	1.33	1.46

The Departmental Officers, who maintain detailed accounts for loans, are to furnish particulars of arrears in recovery of loan to Director of Accounts and Treasuries. While six Heads of Department had not furnished the details, the details furnished by the remaining 5 Heads of Department revealed that of Rs 9.88 crore pending collection (Principal : Rs 5.80 crore and Interest : Rs 4.08 crore), Rs 7.92 crore related to 1997-98 and earlier years.

Test-check of the records relating to loan recovery in Tourism Department revealed that the Government released Rs 3.40 crore in 8 instalments during 1994-98 as short term loan assistance to Pondicherry Tourism and Transport Development Corporation Limited, a Government Undertaking. The loans were to be repaid on or before the last day of the year in which they were released and carried an interest liability of 7.5 to 18.5 *per cent* per annum with a penalty of 2.5 and 2.75 *per cent* for delayed payment. The Corporation had not repaid the entire loan as of March 2000 and overdue interest amounted to Rs 2.14 crore. The Corporation stated (October 2000) that the loan amount was utilised for repayment of old dues, payment of bonus and for meeting working capital and the loan could not be repaid due to continuous loss incurred by it. The Corporation assured repayment after improvement of its financial position.

1.7 Capital expenditure

Capital expenditure includes expenditure on creation of assets, investment in institutions or undertakings outside Government (Public Sector Undertakings, Corporations, etc.), extending loans and advances and repayment of loan to GOI. The capital expenditure which grew by 31 *per cent* during 1998-99 over the previous year had declined by 7 *per cent* during 1999-2000 which was due to decline in capital outlay. Repayment of loans to GOI constituted 28 *per cent* of the capital expenditure. Exhibit - IV shows that the share of capital expenditure on General and Social Services has been increasing during 1998-99 and

¹ Differs from previous year due to *pro forma* correction

1999-2000, whereas the share of capital expenditure on Economic Services has been decreasing during this period.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order, regulatory functions and various developmental activities. Government expenditure is broadly classified into plan and non-plan and revenue and capital. While the capital expenditure and plan expenditure under revenue are usually associated with asset creation and welfare activities, the non-plan component under revenue expenditure is identified with expenditure on establishment, maintenance and services. By definition, therefore, in general the plan and capital expenditure can be viewed as contributions to the quality of expenditure. Increase in the expenditure on General Services, which is mainly non-plan, to the detriment of Economic and Social Services and funds blocked in incomplete projects would affect the quality of expenditure, in terms of benefits provided.

1.8.2 The following table lists out the trend in these indicators :

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Plan expenditure as a percentage of total expenditure ^{**}	34	35	32	31	31
2. Capital expenditure excluding loans as a percentage of total expenditure ^{**}	14	15	13	13	10
3. Expenditure on General Services as a percentage of total expenditure ^{**}	18	17	21	21	20
4. Amount of wastage and diversion of funds reported in Audit Reports (Rupees in crore)	5.73	0.35	4.38	7.92	20.98
5. Amount blocked up due to non-completion of works detected during test audit (Rupees in crore)	5.82	2.62	1.59	1.23	4.21
6. Non-remunerative expenditure on incomplete projects (Rupees in crore) ^{##}	@	@	27.22	22.90	22.28
7. Amount booked as expenditure but not spent during the year (Rupees in crore)	4.42	3.66	0.70	3.88	1.93

**** Total expenditure represents total disbursement out of Consolidated Fund**

@ Compiled only from 1997-98

Represents cumulative expenditure on incomplete projects to the end of the year

It would be seen that the share of capital expenditure has been declining while the expenditure on General Services has been on the increase upto 1998-99 and declined in 1999-2000. The table also shows that substantial amounts remained blocked in incomplete projects and a significant amount of expenditure booked every year did not actually take place, in addition to the substantial amounts of wastage and diversion of funds brought out in the Audit Reports. This, in turn, affected the quality of expenditure incurred by the Government.

1.9 Financial management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of test audit. Some other parameters which can be segregated from the accounts and other related financial information of the Government are discussed in this section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		As on 31.3.2000	During 1999-2000
Government companies	11	302.87	31.40
Co-operative institutions	355	55.92	8.95
Total	366	358.79	40.35

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent per annum)
	(Rupees in crore)			
1995-96	155.95	0.25	0.2	13
1996-97	196.51	0.83	0.4	13
1997-98	250.58	0.50	0.2	13
1998-99	313.44	0.54	0.2	12.5
1999-2000	358.79*	0.65	0.2	12.5

* Rs 5 crore paid to Pondicherry Textile Corporation Limited in 1995-96 as short term loan has been converted into share capital

While the Government was raising high cost borrowings from GOI, its investments in Government companies etc., fetched insignificant returns. The working results of eleven Government Companies (discussed in detail in Chapter VII) revealed that ten out of eleven companies with a total investment of Rs 302.87 crore did not pay any dividend during 1999-2000; seven of these companies did not declare any dividend during the past seven to nine years.

1.9.2 Incomplete projects

As of 31 March 2000, there were 24 incomplete projects in which Rs 22.28 crore were blocked.

1.9.3 Arrears of revenue

According to information collected from various Government departments, the arrears of revenue pending collection which stood at Rs 27.82 crore in 1995-96 increased to Rs 64.36 crore in 1999-2000. The percentage of arrears to tax and non-tax revenue receipts also increased from 10 *per cent* in 1995-96 to 13 *per cent* during 1999-2000. The arrears mainly related to Electricity, State Excise and Transport Departments as discussed in Chapter VI of this report. The overall deterioration in the position of arrears of revenue showed a slackening of efforts on revenue collection by the UT Government.

1.9.4 Deficit/Surplus

1.9.4.1 Deficit/Surplus in Government account represent gap between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to two concepts of deficit *viz.*, Revenue Deficit and Fiscal Deficit.

1.9.4.2 The Revenue Surplus/Deficit is the gap between the revenue receipts and the revenue expenditure. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). The following exhibit gives a break-up of the deficit in Government Account.

(Rupees in crore)				
Consolidated Fund				
Receipt	Amount		Disbursement	Amount
Revenue	877	Revenue surplus : 32	Revenue	845
Miscellaneous Capital receipts	Nil		Capital	103
Recovery of loans and advances	4		Loans and advances disbursed	10
Sub total	881	Gross Fiscal deficit : 77	Sub total	958
Public debt	130		Public debt repayment	43
Total	1011	Surplus in Consolidated Fund : 10		1001

The table shows that there was a Revenue Surplus of Rs 32 crore in 1999-2000. The surplus was mainly due to excess release of grants-in-aid by GOI over and above the actual revenue gap. The capital expenditure of Rs 156 crore was financed partly by the Revenue Surplus and partly by the Public debt (loans and advances from GOI). Exhibit - IV reveals that the Revenue Surplus decreased from Rs 58 crore to Rs 32 crore, and the Fiscal Deficit increased from Rs 55 crore in 1998-99 to Rs 77 crore in 1999-2000.

1.9.5 Guarantees given by the Government of India

The Government of Union Territories Act, 1963 does not empower the UT Governments to give guarantees; the guarantees for the purpose of administration of the Union Territories are given by the GOI under Article 292 of the Constitution. In the event of any guarantee being invoked, the payment is made initially by the GOI and subsequently recovered from the UT. Under this arrangement, the GOI had guaranteed, as on 31 March 2000, the repayment of loans and debentures upto a maximum of Rs 27.36 crore and payment of interest thereon on behalf of Pondicherry Co-operative Central Land Development Bank Limited, Pondicherry Co-operative Milk Producers' Union Limited, Pondicherry State Co-operative Housing Federation Limited and Jayaprakash Narayan Co-operative Spinning Mills, Karaikal. The contingent liability on account of the guarantees stood at Rs 21.07 crore (Principal : Rs 20.74 crore; Interest: Rs 0.33 crore) as on 31 March 2000. No guarantee was invoked during the year.

1.10 Public debt

The Government of Pondicherry is not empowered to raise loans in open market. The Public debt of the UT Government consists of only loans and advances from GOI.

The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

	(Rupees in crore)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
Loans and advances from Government of India :					
- Receipt during the year	67.33	73.78	84.94	110.03	130.11
- Repayment	24.57	23.44	23.87	46.81	43.00
Net funds available	42.76	50.34	61.07	63.22	87.11
(per cent)	(64)	(68)	(72)	(57)	(67)
Outstanding debt	436.63	486.96	548.03	611.25	698.35

The net available funds for investments and other expenditure was 67 per cent of the loans and advances received. However, the outstanding debt has been on the rise over the last five years, leading to increase in debt burden.

1.11 Public Account transactions

The UT Government has no separate Public Account and such transactions are made under the 'Public Account' of the Union Government. A perusal of such transactions in the Public Account (Central) prepared by the Director of Accounts and Treasuries (DAT), Pondicherry, revealed the following:

(i) *Pay and Accounts Office Suspense Account*

This account pertains to the expenditure incurred on payment of pension of other State pensioners, Defence and Central Government pensioners and National Highways works. The balance under this head is cleared as and when reimbursement is made by the department/Government concerned. As of March 2000, Rs 4.88 crore was pending clearance of which Rs 1.41 crore related to expenditure incurred during 1984-85 to 1996-97. Further, Rs 1.73 crore related to expenditure incurred on National Highways works which was not settled by the Ministry of Surface Transport, Bangalore for want of audit certificates, stamped vouchers, budget allocation, etc.

(ii) *Other Suspense heads*

The suspense heads 'Cash Settlement Suspense Account', 'Departmental Adjusting Account (Suspense)' and 'Material Purchase Settlement Suspense Account' are operated to temporarily book the expenditure of the UT Government and cleared after providing necessary funds under the final head. Normally, the balances under these heads are to be cleared in the same year by providing funds from the Consolidated Fund so that the expenditure incurred during the year is reflected in the Accounts of the UT Government. It was seen that there was a balance of Rs 6.58 crore under these suspense

heads pending clearance as of March 2000 for want of funds under the respective final heads. Non-clearance of the balance under these heads resulted in non-reflection of the expenditure in the Accounts of the UT Government as well as indirect borrowing from GOI without proper sanction.

(iii) *8550 – Civil Advances*

The advances granted for departmental purposes are to be booked under this head for clearance on receipt of materials/services. Government, in November 1980 and September 1988, authorised the Executive Engineer, Government Automobile Workshop, to operate this account for booking the advances paid for purchase of petrol, oil, lubricants, including transport, etc., and spare parts. The workshop was not provided with funds to clear this head on receipt of materials and the balance is cleared by the recoveries made towards the cost of petrol, etc., supplied to various departments. Thus, the balance under this head was kept pending even after supplies were received from the suppliers and cleared as and when funds were provided in the respective grants of the departments concerned. As of March 2000, Rs 1.13 crore was pending clearance under this head for want of funds and to this extent, the expenditure is understated in the Accounts of the UT Government.

(iv) *8674 – Security deposits made by Government*

According to the List of Major and Minor Heads, 'Security Deposits' made by Government departments to higher courts to obtain stay order on the decree awarded by lower courts and to statutory organisations like Electricity Board, Corporations, Municipalities, etc., are to be recorded under this head. As such, there could only be a credit balance under this head. It was, however, seen that there was a debit balance of Rs 8.34 crore as of March 2000 and the departments operated this head for booking expenditure for payment of land acquisition compensation to land acquisition officers for eventual clearance by providing funds under relevant grant. Thus, this head has been operated as a suspense head and the expenditure of the UT Government has been understated to this extent. Besides, the UT Government drew funds from the Union Account without any authorisation and proper sanction.