

# **EXECUTIVE SUMMARY**



## Executive Summary

Based on the audited accounts of the Government of Union Territory of Puducherry (UT Government) for the year ending March 2017, this Report provides an analytical review of the Annual Accounts of 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 2017. 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 proportion of Revenue expenditure in total expenditure:** The Revenue expenditure of ₹ 5,458 crore during 2016-17 constituted 92.43 *per cent* of total expenditure. The committed expenditure such as salaries, pension and interest payments constituted 53 *per cent* of Revenue expenditure.

**Enhanced Development expenditure:** Development expenditure increased by ₹ nine crore from ₹ 4,166 crore in 2015-16 to ₹ 4,175 crore in 2016-17. However, Development expenditure, as a percentage of aggregate expenditure, marginally decreased from 73 in 2015-16 to 71 in 2016-17.

**Low return on investments:** As on 31 March 2017, Government invested ₹ 1,031 crore in Government Companies and Co-operative Institutions. Though the average rate of interest on UT Government's borrowings was 7.2 *per cent*, the average rate of return on investments was 0.26 *per cent* during 2012-13 to 2016-17.

**High ratio of fiscal liabilities to GSDP:** The outstanding fiscal liabilities increased from ₹ 5,880 crore in 2012-13 to ₹ 8,299 crore in 2016-17. The fiscal liabilities represented about 30 *per cent* of GSDP in 2016-17.

**Maturity Profile:** The maturity profile of UT Government's Public debt indicated that nearly 65.88 *per cent* of the total Public debt was repayable within next seven years, which shows that UT Government is leading towards debt trap.

## 2 Financial Management and Budgetary control

- During 2016-17, expenditure of ₹ 6,128.84 crore was incurred against total grants and appropriations of ₹ 6,910.14 crore, resulting in overall savings of ₹ 781.30 crore (11.31 *per cent*).
- In 43 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 ₹ 170.17 crore.
- There were persistent savings of more than ₹ 10 lakh in respect of 23 grants during 2012-17. In 16 cases, the expenditure exceeded the original provision, resulting in excess expenditure of ₹ 57.63 crore. Out of total anticipated savings of ₹ 649.50 crore in 19 grants, ₹ 351.57 crore was not surrendered.

## 3 Financial Reporting

- There was pendency in furnishing of Utilisation Certificates by various grantee institutions for Grants-in-aid of ₹ 438.23 crore. The pendency ranged from one to more than nine years. Fifty eight Autonomous bodies/Authorities did not submit to Principal Accountant General (G&SSA) their annual accounts due for the period upto 2015-16 as of March 2017. Fifteen Autonomous bodies/Authorities did not submit their accounts since 2008-09.
- Temporary advances aggregating to ₹ 357.25 crore were pending adjustment by Drawing and Disbursing Officers.
- The Departments of UT Government reported 338 cases of misappropriation, loss, theft, defalcation, etc., upto March 2017 involving Government money of ₹ 44.98 crore. Final action on these cases was pending for periods ranging between one and 25 years and above.