

# OVERVIEW



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This Report contains two Compliance Audits, one on ‘Implementation of Food Safety and Standards Act, 2006’ and other on ‘Collection of Tax, Fees and Delivery of Citizen’s Services by Transport Department, Puducherry’ and six compliance audit paragraphs.

The overall receipts and expenditure of Union Territory of Puducherry for the year 2018-19 was ₹ 8,186 crore<sup>1</sup> and ₹ 8,677 crore<sup>2</sup> respectively.

As on 31 March 2019, there were 12 working Government Companies (Public Sector Undertakings - PSUs) and one non-functional Government Company in the Union Territory of Puducherry. The working PSUs registered a turnover of ₹ 376.43 crore, as per their latest finalised accounts received upto 31 March 2020, which was equal to 1.03 *per cent* of Gross State Domestic Product of the Union Territory for 2018-19. As on March 2019, the total investment in these PSUs was ₹ 759.90 crore consisting of equity of ₹ 716.84 crore and long-term loans of ₹ 43.06 crore. The investment grew by 3.29 *per cent* from ₹ 735.68 crore in 2014-15 to ₹ 759.90 crore in 2018-19.

There were arrears in finalisation of accounts in 12 working PSUs upto 2018-19. The net worth of these PSUs was ₹ 19.66 crore. As per the latest finalised accounts, out of 12 working PSUs, four PSUs earned a profit of ₹ 9.35 crore and eight PSUs incurred a loss of ₹ 67.11 crore, leading to overall loss of ₹ 57.76 crore.

### Audit observations on Compliance Audit

We observed several deficiencies in critical areas, which had adverse impact on effective functioning of Government departments/organisations. Key audit findings of compliance issues are as under:

### Compliance Audit on ‘Implementation of Food Safety and Standards Act, 2006’

The audit revealed that even after nine years of the implementation of the Food Safety and Standards Act, 2006, the registration and obtaining of licences by all Food Business Operators (FBOs) could not be ensured by the Department. FBOs continued operation even after expiry of the validity of registration/licence in the absence of any system to track the periodical renewal of licences.

<sup>1</sup> Revenue receipts - ₹ 6,400 crore; Recovery of Loans and Advances - ₹ One crore; Public Debt receipts - ₹ 1,007 crore and Public Account receipts - ₹ 778 crore.

<sup>2</sup> Revenue expenditure - ₹ 6,387 crore and Capital expenditure (inclusive of Public Account Disbursements) - ₹ 2,290 crore.

The Department could not deploy adequate number of Designated Officers and Food Safety Officers and had been functioning with significant shortage of manpower. This resulted in inadequate number of inspections and food samples being collected for testing. The failure to do so, carried the risk of the public consuming unsafe food products.

Only one Food Testing Laboratory was available and that too with shortage of equipment and chemicals. Non-strengthening of infrastructure facilities in the laboratory had resulted in issue of test reports without analysing all the required safety parameters.

Proper monitoring of the analysis report of the Food Analyst was not in place and follow-up action on the report also was not taken. No awareness campaigns were undertaken and Information, Education and Communication activities were not given adequate importance.

The gaps in implementation of the Act clearly indicate that food safety was not prioritised and given the importance it deserved. The adverse implications on health of the populace are thus a matter of serious concern.

The implementation of the Act was poor, largely due to inadequate human resources.

*(Paragraph 2.3)*

### **Compliance Audit on 'Collection of Tax, Fees and Delivery of Citizen's Services by Transport Department, Puducherry'**

Audit on "Collection of Tax, Fees and Delivery of Citizen Services by Transport Department, Puducherry" revealed the following:

Owners of 117 vehicles from other States opted to register their vehicles in Puducherry. They enclosed affidavits in proof of their current addresses in Puducherry and availed the benefit of lower tax structure prevailing in the Union Territory. Audit noticed that only five addresses were involved in the registration of these 117 vehicles. Owners of 45,095 vehicles did not renew their registration after the lapse of 15 years from the date of registration. The Department data showed these vehicles were live and plying. The potential revenue loss due to non-registration was ₹ 0.47 crore.

Tax and penalty amounting to ₹ 0.29 crore was not collected from 32 vehicles which were plying with valid permits. Absence of Motor Vehicle Inspectors/Assistant Motor Vehicle Inspectors in all the check posts resulted in non-checking of inter-state vehicles and potential loss of revenue due to non-collection of taxes and penalties.

The Department did not monitor fitting of Speed Limiting Devices and High Security Registration Plates to ensure road safety. There was considerable delay in commencing of work relating to setting up of Institute of Driver Training,

Research and Regional Driver Training Centre and Inspection and Certification Centre. Drivers and travelling public therefore could not realise timely benefit of these projects.

*(Paragraph 3.11)*

### **Compliance Audit Paragraphs**

Awarding of construction of high level bridge work without ensuring availability of requisite lands for approach roads led to unfruitful expenditure of ₹ 24.84 crore as newly constructed bridge remained unused and inaccessible in absence of approach roads.

*(Paragraph 2.1.1)*

Non-availability of the site equipped with requisite infrastructure for Level II+ Laboratory resulted in idling of equipment for more than five years leading to unfruitful expenditure of ₹ 85.61 lakh.

*(Paragraph 2.1.2)*

Foreclosure of the coastal construction project due to delay in obtaining mandatory environmental clearances and non-inclusion of Littoral Drift Management using Rainbow Technique in scope by Public Works Department resulted in infructuous expenditure of ₹ 4.03 crore. Additionally, ₹ 5.05 crore was paid to the contractor towards arbitration award and interest due to late settlement of payment.

*(Paragraph 2.2.1)*

Awarding the work for Flood Control Project by PWD, Yanam Division without ensuring site free from encumbrances and proper plan for execution coupled with inordinate delays resulted in the Project not taking off for over eight years, despite an expenditure of ₹ 23.11 crore. Further, a liability of ₹ 10.32 crore was also due to the contractor.

*(Paragraph 2.2.2)*

Failure of Registering Officers of the Registration Department in implementing the orders of UT Government has resulted in non-withdrawal of concession of stamp duty and transfer duty surcharge amounting to ₹ 1.52 crore granted to women property purchasers.

*(Paragraph 3.12)*

Injudicious decision of downward revision of sub-lease charges of industrial plots resulted in undue benefit to the allottees and loss of revenue of ₹ 2.59 crore to the Company during January 2016 to January 2019.

*(Paragraph 4.4.1)*

