## TABLE OF CONTENTS

	Reference to paragraph	Page
Preface		xi
Executive Summary		xiii
CHAPTER - I OVERVIEW		
Profile of the Union Territory	1.1	1
Gross State Domestic Product of the UT of Puducherry	1.1.1	1
Basis and approach to Union Territory Finances Audit Report	1.2	3
Report Structure	1.3	4
Overview of Government Account Structure and Budgetary Processes	1.4	5
Snapshot of Finances	1.4.1	6
Snapshot of Assets and Liabilities of the Government	1.4.2	8
Fiscal Balance: Achievement of deficit and total debt targets	1.5	9
Deficits and total debt after examination in audit	1.6	13
Post audit - Deficits	1.6.1	13
Analysis of outstanding debt	1.6.2	13

	Reference to paragraph	Page	
CHAPTER - II FINANCES OF THE UNION TERRITORY OF PUDUCHERRY			
Major changes in key fiscal aggregates during 2019-20 vis-à-vis 2018-19	2.1	15	
Sources and Application of Funds	2.2	16	
Resources of the Union Territory	2.3	17	
Receipts of the UT	2.3.1	17	
Revenue receipts	2.3.2	18	
Capital receipts	2.3.3	28	
UT's performance in mobilisation of resources	2.3.4	29	
Application of resources	2.4	29	
Growth and composition of expenditure	2.4.1	30	
Revenue expenditure	2.4.2	32	
Capital expenditure	2.4.3	38	
Expenditure priorities	2.4.4	43	
Public Account	2.5	44	
Net Public Account Balances	2.5.1	44	

	Reference to paragraph	Page	
Reserve Funds	2.5.2	46	
Debt management	2.6	47	
Debt profile - Components	2.6.1	47	
Components of fiscal deficit and its financing	2.6.2	50	
Debt profile - Maturity and Repayment	2.6.3	50	
Debt Sustainability Analysis	2.7	51	
Utilisation of borrowed funds	2.7.1	54	
Status of Guarantees	2.7.2	55	
Management of cash balances	2.7.3	56	
Conclusion	2.8	58	
Recommendations	2.9	60	
CHAPTER - III BUDGETARY MANAGEMENT			
Budget Process	3.1	61	
Summary of total provisions, actual disbursements and savings during 2019-20	3.1.1	62	
Charged and voted disbursements	3.1.2	64	

	Reference to paragraph	Page
Appropriation Accounts	3.2	65
Integrity of budgetary and accounting process	3.3	65
Expenditure incurred without authority of law	3.3.1	65
Transfers not mandated by the Appropriation Act	3.3.2	66
Unnecessary or excessive supplementary grants	3.3.3	66
Unnecessary supplementary provision	3.3.4	67
Unnecessary/excessive/injudicious re-appropriation	3.3.5	68
Unspent amount and large savings/surrenders	3.3.6	69
Comments on effectiveness of budgetary and accounting process	3.4	74
Budget projection and gap between expectation and actuals	3.4.1	74
Reasons for savings/excess	3.4.2	75
Major policy pronouncements in budget and their actual funding for ensuring implementation	3.4.3	76
Rush of expenditure	3.4.4	77
Review of selected grants	3.4.5	79
Recommendations	3.5	80

	Reference to paragraph	Page	
CHAPTER – IV			
QUALITY OF ACCOUNTS AND FINANCIAL REPO	ORTING PRAC	CTICES	
Funds kept outside Consolidated Fund or Public Account of the UT	4.1	83	
Non-inclusion of clear cut liabilities in the budget	4.2	84	
Non discharge of liability in respect of interest towards interest bearing deposits	4.3	85	
Funds transferred directly to State Implementing Agencies	4.4	85	
Delay in submission of Utilisation Certificates	4.5	86	
Non-adjustment of Temporary Advances	4.6	88	
Indiscriminate use of Minor head '800'	4.7	89	
Submission of Accounts/Separate Audit Reports of Autonomous Bodies	4.8	91	
Misappropriations, losses, thefts, etc.	4.9	92	
Follow up action on Union Territory Finances Audit Report	4.10	93	
Conclusion	4.11	93	
Recommendations	4.12	94	
CHAPTER – V			
UNION TERRITORY PUBLIC SECTOR UNDERTAKINGS			
Definition of Government Companies	5.1	95	
Mandate	5.2	95	

	Reference to paragraph	Page
Coverage and nature of PSUs	5.3	96
Contribution of the PSUs to the GSDP of the UT	5.4	96
Investment in UT Government Companies	5.5	97
Equity holding and Loans in PSUs	5.5.1	97
Disinvestment, restructuring or privatisation	5.5.2	97
Returns from PSUs	5.6	98
Profit earned by PSUs	5.6.1	98
Dividend pay-out by PSUs	5.6.2	98
Debt Servicing	5.7	99
Interest Coverage	5.7.1	99
Operating efficiency of Government Companies	5.8	99
Return on Capital Employed (ROCE)	5.8.1	99
Return on Equity (ROE) of PSUs	5.8.2	100
Rate of Real Return on Government Investment (RORR)	5.8.3	101
PSUs incurring losses	5.9	103
Loss incurred by Government Companies	5.9.1	103

	Reference to paragraph	Page
Erosion of capital in Government Companies	5.9.2	104
Submission of accounts by PSUs	5.10	104
Need for timely submission	5.10.1	104
Timeliness in preparation of accounts by Government Companies	5.10.2	105
CAG's oversight - Audit of accounts and supplementary audit	5.11	106
Financial reporting frame work	5.11.1	106
Audit of accounts of Government Companies by Statutory Auditors	5.11.2	106
Supplementary Audit of accounts of Government Companies	5.11.3	106
Result of CAG's oversight role	5.12	107
Revision of Auditor's Report	5.12.1	107
Non Compliance with provisions of Accounting Standards/IND AS	5.12.2	107
Management Letters	5.13	108
Conclusion	5.14	108
Recommendations	5.15	109

## **APPENDICES**

Appendix No.	Particulars	Reference to paragraph	Page
2.1	Time series data on the Union Territory Government finances	2.1	111
3.1	Glossary of important Budget related terms	3.1	115
3.2	Supplementary provision of ₹ 50 lakh or more proved wholly unnecessary	3.3.4	118
3.3	Supplementary provision of ₹ 50 lakh or more proved unnecessary	3.3.4	119
3.4	Re-appropriation of ₹ 10 lakh or more proved wholly unnecessary	3.3.5	121
3.5	Details of saving of ₹ one crore and above not surrendered	3.3.6.1	124
3.6	Details of cases where more than 50 <i>per cent</i> of the total provision and more than ₹ 10 lakh was surrendered	3.3.6.2	126
3.7	Details of cases where savings exceeded ₹ 50 lakh in each case and by more than 50 per cent of the total provision	3.3.6.3	128
3.8	Details of the schemes for which provision (₹ one crore and above) was made but no expenditure was incurred	3.4.3	134
3.9	Rush of Expenditure	3.4.4	136
3.10	Unnecessary provision of funds	3.4.5.2	139
4.1	Booking under minor head "800 - Other Expenditure" during 2019-20	4.7	140
4.2	Booking under minor head "800 - Other Receipts" during 2019-20	4.7	141
4.3	List of Autonomous Bodies/Authorities from whom accounts were not received	4.8	142

Appendix No.	Particulars	Reference to paragraph	Page
4.4	Cases of misappropriation/losses/theft of Government material	4.9	145
5.1	List of Government Companies under the purview of CAG Audit during 2019-20	5.3	146
5.2	Return on Capital Employed of PSUs	5.8.1	147
5.3	Return on Equity of PSUs	5.8.2	149
5.4	List of PSUs having negative Net Worth as on 31 March 2020	5.9.2	151
5.5	Details of PSUs whose accounts are in arrears	5.10.2	152
5.6	Details of Government Companies where there were non-compliance with Accounting Standards as reported by the Statutory Auditors	5.12.2	153
5.7	List of PSUs where Management Letters issued by CAG	5.13	154
	Glossary of abbreviations		155