

EXECUTIVE SUMMARY

Profile of the Union Territory

The Union Territory (UT) of Puducherry is located on the East Coast of India and extends over an area of 490 sq.km. UT consists of four regions namely, Puducherry, Karaikal, Mahe and Yanam, geographically separated from each other. As per 2011 census, UT's population was 12.48 lakh, which recorded a decadal growth rate of 25.83 *per cent* as compared to 2001 census. UT's Gross State Domestic Product (GSDP) in 2020-21 at current price was ₹ 36,402 crore.

(Paragraph 1.1)

Overview of Government Account

Snapshot of Finances: The Revenue receipts (₹ 5,890 crore) of the UT during 2020-21 decreased by ₹ 891 crore over the previous year. However, the same was lesser than the revenue expenditure of ₹ 7,260 crore which resulted in revenue deficit of ₹ 1,370 crore as against the revenue deficit of ₹ 55 crore during 2019-20. The Capital expenditure decreased from ₹ 327 crore in 2019-20 to ₹ 240 crore in 2020-21. The fiscal deficit increased from ₹ 381 crore in 2019-20 to ₹ 1,615 crore in 2020-21.

(Paragraph 1.4.1)

Snapshot of Assets and Liabilities: The Internal Debt of the UT increased by 15.44 *per cent* from ₹ 6,911.07 crore in 2019-20 to ₹ 7,978.35 crore in 2020-21. The Gross Capital Outlay increased by 3.38 *per cent* from ₹ 7,086.80 crore in 2019-20 to ₹ 7,326.36 crore in 2020-21.

(Paragraph 1.4.2)

Resources of the Union Territory

Revenue receipts: Revenue receipts decreased by ₹ 891 crore (13.14 *per cent*) in 2020-21 over the previous year. Buoyancy of revenue receipts to GSDP increased from 1.55 in 2019-20 to 3.20 in 2020-21.

(Paragraph 2.3.2.1)

Own resources: The annual growth rate of own tax revenue decreased by 21.29 *per cent* during 2020-21 over the previous year.

The arrears of revenue as on 31 March 2021 under the principal heads of revenue amounted to ₹ 1,241.99 crore, of which ₹ 552.59 crore was outstanding for more than five years.

(Paragraph 2.3.2.2)

Grants-in-aid: The Grants-in-aid from GoI decreased by ₹ 186 crore in 2020-21 over the previous year. The Grants-in-aid from GoI constituted 42.14 *per cent* of the Revenue receipts.

(Paragraph 2.3.2.3)

Application of resources

Total expenditure: The total expenditure increased from ₹ 7,163 crore in 2019-20 to ₹ 7,505 crore (4.77 *per cent*) in 2020-21. The expenditure on General, Social and Economic Services constituted 32.92 *per cent*, 33.80 *per cent* and 33.21 *per cent* of the total expenditure respectively.

(Paragraph 2.4.1)

Revenue expenditure: During 2020-21, the Revenue expenditure increased by ₹ 424 crore (6.20 *per cent*) over the previous year. Revenue expenditure constituted 96.73 *per cent* of the total expenditure. As a percentage of GSDP also it increased from 18.01 in 2019-20 to 19.94 in 2020-21. The buoyancy of Revenue expenditure with reference to Revenue receipts during 2020-21 was (-) 0.47.

(Paragraph 2.4.2)

Committed expenditure: The committed expenditure constituted 57.47 *per cent* of Revenue expenditure and 70.83 *per cent* of Revenue receipts during 2020-21.

(Paragraph 2.4.2.2)

Subsidies: Implicit subsidies to the tune of ₹ 17 crore were provided during the current year.

(Paragraph 2.4.2.3)

Capital expenditure: Capital expenditure was on a decreasing trend. As against the Capital expenditure of ₹ 447 crore incurred during 2016-17, the expenditure incurred during 2020-21 was ₹ 240 crore which constituted only 3.20 *per cent* of total expenditure.

(Paragraph 2.4.3)

Incomplete projects: An amount of ₹ 212.95 crore was blocked in 58 incomplete projects by Public Works and Electricity Departments.

(Paragraph 2.4.3.3)

Expenditure priorities

The percentage of aggregate expenditure to GSDP increased from 19.97 *per cent* in 2016-17 to 20.62 *per cent* in 2020-21. In respect of General Category States, it was 17.12 *per cent* in 2016-17 and 16.18 *per cent* in 2020-21. Expenditure on Education, Sports, Art and Culture decreased from 13.05 *per cent* in 2016-17 to 12.20 *per cent* of the aggregate expenditure in 2020-21 and it was also less than the General Category States in both the years.

(Paragraph 2.4.4)

Debt management

Debt profile: The outstanding debt (including Public Account liabilities) increased from ₹ 8,299 crore in 2016-17 to ₹ 10,894 crore in 2020-21 and the rate of growth also increased from 7.03 *per cent* to 15.29 *per cent* during the same period. Out of the total debt receipt of ₹ 2,529 crore during 2020-21, an amount of ₹ 838 crore (33.14 *per cent*) was utilised for repayment of debt leaving a balance of ₹ 1,691 crore available for capital spending.

(Paragraph 2.6.1)

Maturity profile: The Maturity profile of Public debt indicated that nearly 66.61 *per cent* of the total Public debt was repayable within the next seven years.

(Paragraph 2.6.3)

Interest burden: The burden of interest payments increased from 10.18 *per cent* in 2019-20 to 12.85 *per cent* of Revenue receipts during 2020-21.

Debt repayment: The debt repayment to debt receipts which was 27.32 *per cent* in 2016-17 increased to 53.72 *per cent* in 2017-18 and went upto 73.06 *per cent* in 2019-20. The sudden downfall in the debt repayment to debt receipts during 2020-21 to 33.14 *per cent* was mainly due to release of ₹ 742 crore as back-to-back loan in lieu of GST compensation shortfall by GoI.

(Paragraph 2.7)

Budgetary Management

Summary: The total provision authorised by the UT legislature including original and supplementary budget was ₹ 9,256.04 crore, out of which an expenditure of ₹ 8,361.93 crore was incurred resulting in savings of ₹ 894.11 crore.

(Paragraph 3.1.1)

Expenditure without budget provision: An amount of ₹ 4.21 crore was re-appropriated under 15 sub-heads without any original or supplementary budget provision and expenditure of ₹ 2.74 crore was incurred therein.

(Paragraph 3.3.1.1)

Unnecessary supplementary provision: Supplementary provision of ₹ 50 lakh or more aggregating ₹ 241.03 crore obtained in 10 grants/appropriations during the year 2020-21 was proved excessive to the extent of ₹ 214.86 crore.

(Paragraph 3.3.3)

Unnecessary/excessive re-appropriation: In 77 sub-heads, unnecessary provision of more than ₹ 10 lakh were made by re-appropriation to the tune of ₹ 116.92 crore wherein the expenditure incurred was ₹ 1,594.93 crore under these heads which was within the total provision of ₹ 1,696.53 crore. Out of these 77 sub-heads, no expenditure was incurred under 10 sub-heads.

(Paragraph 3.3.4)

Anticipated savings not surrendered: In respect of 24 grants/appropriations with saving of ₹ 882 crore (saving of ₹ one crore and above), ₹ 633.73 crore (71.85 per cent of savings) was not surrendered and in respect of nine grants/appropriations with a savings of ₹ 222.18 crore, no amount was surrendered.

(Paragraph 3.3.5.1)

Grants having huge savings: Out of total 33 grants, there was savings of ₹ 812.14 crore (90.83 per cent of total savings of ₹ 894.11 crore) in 14 grants/appropriations exceeding ₹ 10 crore in each case (above ₹ 50 crore in six grants). In 145 sub-heads, savings exceeded ₹ 50 lakh in each case and by more than 50 per cent of the total provision wherein out of total provision of ₹ 510.25 crore, savings amounted to ₹ 421.01 crore (82.51 per cent).

(Paragraph 3.3.5.3)

Persistent savings: Out of 33 grants, savings of more than ₹ 50 lakh was noticed persistently under 19 grants during the last five years.

(Paragraph 3.3.5.4)

Rush of expenditure: In respect of 81 sub heads, expenditure exceeding ₹ 50 lakh and by more than 50 *per cent* of the total expenditure for the year was incurred in March 2021.

(Paragraph 3.4.4)

Financial Reporting

Funds kept outside Public Account: The service charge of ₹ 8.70 crore received by the Transport Department for driving licence, registration certificate, taxation and permit were kept outside the Government Account.

(Paragraph 4.1)

Non-inclusion of clear cut liabilities: The Public Works Department had a committed pending liability of ₹ 102.14 crore as of March 2021 towards payment to contractors, land acquisition, court cases, arbitration etc.

(Paragraph 4.2)

Funds transferred directly to implementing agencies: During 2020-21, GoI transferred ₹ 189.55 crore directly to various implementing agencies in the UT of Puducherry for implementation of Schemes of GoI. As funds are not routed through the UT budget, Finance Accounts do not capture the flow of these funds or the related expenditure.

(Paragraph 4.4)

Utilisation Certificates: The Utilisation Certificates in 788 cases amounting to ₹ 462.25 crore were outstanding. Of this, 226 cases amounting to ₹ 39.88 crore were pending for more than nine years.

(Paragraph 4.5)

Temporary advance: As of 31 March 2021, 1,460 temporary advances amounting to ₹ 129.14 crore drawn by various DDOs, remained unadjusted. Of this, 285 advances amounting to ₹ 19.26 crore remained unadjusted for more than 10 years.

(Paragraph 4.6)

Indiscriminate use of Minor Head 800: During 2020-21, under eight Major Heads, expenditure aggregating to ₹ 1,745.03 crore (90.13 *per cent* of the total expenditure of ₹ 1,936.10 crore under these heads) were classified under the minor head '800 - Other Expenditure'. Similarly, under nine Major Heads, Revenue receipts aggregating ₹ 37.32 crore (94.94 *per cent* of the total receipts

of ₹ 39.31 crore under these heads), were classified under minor head '800 - Other Receipts'.

(Paragraph 4.7)

Non-submission of accounts: The annual accounts of 68 out of 70 Bodies/Authorities due up to 2020-21, were not received by Audit. The pendency was more than five years in respect of 17 Bodies/Authorities.

(Paragraph 4.8)

Misappropriation and losses: The UT Government reported 321 cases of misappropriation, loss, theft and defalcation upto March 2021 involving Government money of ₹ 28.05 crore in various Departments. In respect of 49 cases, amounting to ₹ 27.31 crore, FIRs were lodged but results of investigation are awaited.

(Paragraph 4.9)

Union Territory Public Sector Undertakings

Nature of PSUs and Investments: As on 31 March 2021, there were 13 Government Companies (Public Sector Undertakings - PSUs). Out of which, there are 12 working companies and one non-functional Government Company in the Union Territory of Puducherry. The total investment (Equity and Long term loans) in PSUs was ₹ 738.03 crore.

(Paragraphs 5.3 and 5.5)

Dividend declared: The UT Government had not formulated any policy for payment of minimum dividend on the share capital contributed by it. The return in the form of dividend on the aggregate investment of ₹ 712.39 crore of UT Government in the PSUs was a meagre 0.38 *per cent*.

(Paragraph 5.6.2)

Rate of Real Return: Since the PSUs incurred overall loss during 2020-21, the Rate of Real Return on Government Investment calculated on historical value was negative at (-) 10.95 *per cent* as compared to present value which was also negative and worked out to (-) 4.45 *per cent*.

(Paragraph 5.8.3)

Profit earned: Out of 12 working PSUs, six PSUs earned a profit of ₹ 35.07 crore and six PSUs incurred a loss of ₹ 62.43 crore, leading to overall loss of ₹ 27.36 crore.

(Paragraph 5.9.1)

Timeliness in preparation of accounts: Accounts of all the 12 Government Companies were in arrears for various reasons. During 2020-21, two companies submitted their two arrear accounts for audit.

(Paragraph 5.10.2)

Non-compliance of Accounting Standards: The statutory auditors reported that one company did not comply with mandatory Accounting Standards.

(Paragraph 5.12.2)