REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 2008

GOVERNMENT OF THE UNION TERRITORY OF PUDUCHERRY

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PREFACE

1. This Report has been prepared for submission to the Lieutenant Governor under Section 49 of the Government of Union Territories Act, 1963.

2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the Union Territory Government for the year ended 31 March 2008.

3. The remaining Chapters deal with the findings of audit of transactions in the various departments including Public Works, audit of Local Bodies and Autonomous Bodies and observations arising out of audit of Revenue Receipts, Statutory Boards and Government Companies.

4. The cases mentioned in the Report are among those which came to notice during the course of test audit of accounts during the year 2007-08 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2007-08 have also been included wherever necessary.

5. It is certified that the audits have been conducted in conformity with the Auditing standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Audit Report includes two Chapters containing observations on the Finance and the Appropriation Accounts of the Union Territory Government of Puducherry for the year 2007-08 and three Chapters comprising 14 paragraphs (including one stock paragraph) dealing with the result of the financial transactions of the Government, Local Bodies and Government Companies.

A summary of the financial position of the Union Territory of Puducherry and the audit findings is given below:

1 Financial position of the Union Territory Government

Revenue receipts of the Union Territory Government during the current year increased by 13 *per cent* (Rs 252 crore) and revenue expenditure increased by 14 *per cent* (Rs 274 crore) over previous year resulting in an increase of revenue deficit of Rs 22 crore during 2007-08 over the revenue deficit of Rs 43 crore in previous year. Given the incremental deficit of Rs 22 crore in revenue account during 2007-08 along with an increase of Rs four crore under non-debt capital receipts accompanied with decrease of Rs 85 crore in capital expenditure led to a decrease of Rs 67 crore in fiscal deficit during 2007-08 from the level of Rs 398 crore in 2006-07. The decrease of Rs 67 crore in fiscal deficit along with an increase of Rs 30 crore in interest payments led to a decrease of Rs 97 crore in primary deficit during 2007-08 from Rs 211 crore in 2006-07. Fiscal liabilities grew by 34.8 *per cent* from Rs 2,168 crore in 2006-07 to Rs 2,923 crore in 2007-08 mainly due to creation of separate Public Account for the Union Territory from 17 December 2007. The return on investment was Rs 3.68 crore (0.5 *per cent*) against the Government investment of Rs 760.91 crore in companies and co-operatives.

(Paragraphs 1.1 to 1.12)

2 Appropriation audit and control over expenditure

Appropriation Accounts present the details of amounts actually spent *vis-à-vis* the amount authorised by the Legislature. During 2007-08, expenditure of Rs 2,603 crore was incurred against the total grants and appropriations of Rs 3,045 crore, resulting in a saving of Rs 442 crore. Supplementary provision of Rs 98.20 crore made in six grants was in excess of requirement resulting in savings of Rs 9.06 crore. In 86 cases, expenditure fell short by more than Rs 50 lakh in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs 569.33 crore and in 54 cases, the expenditure exceeded the approved provisions resulting in excess of Rs 149.85 crore. Rupees 48.26 crore was released far in advance of requirement to Project Implementation Agency for rehabilitation works under Tsunami Rehabilitation Programme.

(Paragraphs 2.1 to 2.4)

3 Audit of Transactions

Civil

Audit of financial transactions test checked in various Departments of the Government and their field offices and Local Bodies revealed instances of irregular/avoidable/unfruitful expenditure aggregating to Rs 4.19 crore as mentioned below:

Health Department made irregular payment of Rs 56.38 lakh towards special and sumptuary allowances to the teaching faculties of Perunthalaivar Kamaraj Medical College and Research Institute.

Avoidable expenditure/liability was noticed in the departments of Local Administration (Rs 57.19 lakh) and Public Works (Rs 66.64 lakh).

Land purchased for Rs 2.39 crore by Adi-dravidar Welfare Department for distribution of housing plots was not allotted to the beneficiaries even after four years of acquisition.

(Paragraphs 3.1 to 3.3)

4 Revenue receipts

Cross verification of records in audit revealed suppression of taxable turnover involving tax and penalty of Rs 2.52 crore.

(Paragraph 4.9.7)

Application of incorrect rates of tax resulted in short levy of tax of Rs 3.36 crore.

(Paragraph 4.11)

Incorrect computation of taxable turnover in respect of three dealers resulted in short levy of tax of Rs 1.85 crore.

(Paragraph 4.12)

There was short collection of licence fees of Rs 90.75 lakh in respect of two assessees.

(Paragraph 4.15)

5 Commercial transactions

As on 31 March 2008, the Union Territory of Puducherry had 13 Government companies including one subsidiary Company. The total investment in Government companies increased from Rs 604.45 crore as on 31 March 2007 to Rs 620.99 crore as on 31 March 2008. The accounts of 12 Government companies were in arrears for periods ranging from one to three years. As per the latest finalised accounts, five Government companies earned aggregate profit of Rs 22.07 crore. Six companies incurred aggregate loss of Rs 41.15 crore and of this, the accumulated losses of three companies had aggregated to Rs 295.25 crore, which exceeded their paid-up capital of Rs 259.07 crore.

(Paragraphs 5.2 to 5.8)

Puducherry Distilleries Limited

Failure to pursue with the supplier of rectified spirit its obligation to pass on the benefit of abolished excise duty to the Company resulted in undue benefit of Rs 29.12 lakh to the supplier.

(Paragraph 5.14)

Puducherry Agro Service and Industries Corporation Limited

Supply of mineral water to a stockist in contravention of the terms of supply led to accumulation and non-recovery of dues of Rs 13.15 lakh.

(Paragraph 5.15)

CHAPTER I

FINANCES OF THE UNION TERRITORY GOVERNMENT OF PUDUCHERRY

AN OVERVIEW OF THE FINANCES OF THE UNION TERRITORY GOVERNMENT OF PUDUCHERRY

1.1 Introduction

The accounts of the Union Territory (UT) Government are maintained in (i) the Consolidated Fund in which receipts from revenues, loans and recoveries of loans are accounted and expenditure incurred with the authorisation from the Legislature and (ii) the Contingency Fund which is in the nature of an imprest to meet urgent unforeseen expenditure pending authorisation from the Legislature. There was no Public Account for the UT till 16 December 2007. The transactions of UT pertaining to the Public Account were included in the Public Account of the Union Government. The cash balance of the UT was also merged in the general cash balance of the Union Government upto 16 December 2007. Consequent on the creation of separate Public Account for the UT from 17 December 2007 in accordance with the introduction of section 47A of Government of UT Act, 1963, the cash balance has been transferred to the Union Territory Public Account. The transactions relating to 'Debt' (other than those included in Part-I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' are recorded in the Public Account.

Finance Accounts of the UT Government of Puducherry are laid out in seventeen statements, presenting receipts and expenditure (revenue as well as capital), in the Consolidated Fund, Contingency Fund and Public Account of the UT. The lay out of the Finance Accounts is depicted in **Appendix 1.1 - Part A.**

1.1.1 Summary of receipts and disbursements

Table-1.1 summarises the finances of the UT Government of Puducherry for the year 2007-08 including revenue receipts, revenue expenditure, capital receipts, capital expenditure and Public Accounts receipts and disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1.1: Summary of receipts and disbursements for the year 2007-08

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
					Non-Plan	Plan	Total
Section-A: Revenue							
1,884	Revenue receipts	2,136	1,927	Revenue expenditure	1,357	844	2,201
570	Tax revenue	653	463	General services	468	70	538
550	Non-tax revenue	626	701	Social services	282	569	851
--	Share of Union Taxes/Duties	--	759	Economic services	603	205	808
764	Grants from Government of India	857	4	Grants-in-aid and contributions	4	--	4
Section-B: Capital							
--	Miscellaneous Capital Receipts	--	360	Capital Outlay	7	268	275
8	Recoveries of Loans and Advances	12	3	Loans and Advances disbursed	3	--	3
444	Public debt receipts	425	97	Repayment of Public Debt			109
--	Contingency Fund	--	--	Contingency Fund			--
	Public Accounts Receipts	898		Public Accounts Disbursements			214
244	Opening Cash Balance	193	193	Closing Cash Balance			862
2,580	Total	3,664	2,580	Total			3,664

Following are the significant changes during 2007-08 over previous year:

- Revenue receipts grew by Rs 252 crore (13 *per cent*) over previous year. The increase is mainly contributed by tax revenue (Rs 83 crore), non-tax revenue (Rs 76 crore) and grants received from GOI (Rs 93 crore).

- Revenue expenditure increased by Rs 274 crore (14 *per cent*) over previous year mainly due to increase in expenditure on Collection of land revenue (Rs 20 crore), Interest payments (Rs 30 Crore), Pension and other retirement benefits (Rs 16 crore), Medical and Public Health (Rs 23 crore), Housing and Urban Development (Rs 76 crore) and Energy (Rs 57 crore).

- Capital expenditure decreased by Rs 85 crore (24 *per cent*) over previous year mainly due to decrease in expenditure on Water Supply and Sanitation Services (Rs 14 crore), Flood Control Projects (Rs 12 crore) and Industries and Minerals (Rs 55 crore).

- While public debt receipts decreased by Rs 19 crore, repayment of public debts increased by Rs 12 crore.

- Due to transfer of balances under Public Account from Union Account to the Union Territory Account, the receipt and disbursement under Public Account stood at Rs 898 crore and Rs 214 crore respectively during 2007-08.

- Cash balance of UT increased from Rs 193 crore during 2006-07 to Rs 862 crore during 2007-08 due to transfer of accumulated balance relating to Public Account from Union Account to the newly opened Public Account of Union Territory.

Trends in fiscal aggregates

Fiscal position of the UT Government as reflected by the key fiscal indicators during the current year as compared to the previous year is given in Table-1.2.

Table-1.2: Fiscal position of the UT Government

(Rupees in crore)

2006-07	Sl. No	Major Aggregates	2007-08
1,884	1.	**Revenue Receipts (2+3+4)**	**2,136**
570	2.	Tax Revenue	653
550	3.	Non-Tax Revenue	626
764	4.	Other Receipts	857
8	5.	**Non-Debt Capital Receipts**	**12**
8	6.	*Of which* Recovery of loans	12
1,892	7.	**Total Receipts (1+5)**	**2,148**
1,235	8.	**Non-Plan Expenditure**	**1,367**
1,229	9.	On Revenue Account	1,357
187	10.	*Of which* Interest payments	217
4	11.	On Capital Account	7
2	12.	On Loans disbursed	3
1,055	13.	**Plan Expenditure**	**1,112**
698	14.	On Revenue Account	844
356	15.	On Capital Account	268
1	16.	On Loans disbursed	--
2,290	17.	**Total Expenditure (13+8)**	**2,479**
(-) 43	18.	Revenue Surplus (+) / Deficit (-) (1-9-14)	(-) 65
(-) 398	19.	Fiscal Surplus (+) / Deficit (-) (17-1-5)	(-) 331
(-) 211	20.	Primary Surplus (+) / Deficit (-) (19-10)	(-) 114

During the current year, revenue receipts increased by 13 *per cent* (Rs 252 crore), revenue expenditure increased by 14 *per cent* (Rs 274 crore) over previous year resulting in an increase of revenue deficit by Rs 22 crore during 2007-08. Given the incremental deficit of Rs 22 crore, increase in non-debt capital receipt by Rs four crore and decrease in capital expenditure by Rs 85 crore, the fiscal deficit decreased by Rs 67 crore. Decrease in fiscal deficit accompanied with an increase of Rs 30 crore in interest payment led to an improvement of Rs 97 crore in primary deficit during 2007-08 over the previous year.

1.2 Audit methodology

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts are analysed wherever necessary over the period from 2002-03 to 2007-08 and observations are made on their behaviour. Assuming that Gross State Domestic Product (GSDP)[1] is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices.

Table – 1.3: Trends in growth of GSDP

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07 (P)	2007-08 (QE)
GSDP	4,931	5,439	5,192	6,214	6,401	7,103
Growth rate of GSDP	15.8	10.3	(-) 4.5	19.7	3.0	11.0

Source : Directorate of Economics and Statistics, Government of Puducherry.
P: Provisional; QE: Quick Estimate

The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure, etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure, etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. Audit observations on the Statements of Finance Accounts for the year 2007-08 bring out the trends in the major fiscal aggregates of receipts and expenditure; wherever necessary, they were analysed and are presented in the light of Time series data on Union Territory Government finances (**Appendix 1.2**), Abstract of Receipts and Disbursements (**Appendix 1.3**), Sources and Applications of funds (**Appendix 1.4**) and Summarised financial position of the UT Government (**Appendix 1.5**). The overall

1 GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production

financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1-Part B**.

1.3 Trends and composition of aggregate receipts

The aggregate receipts of the UT Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues and grants-in-aid from the GOI. Capital receipts comprise recoveries of loans and advances given by the Government, loans and advances obtained from GOI and internal debt (market loans and borrowing from financial institutions/commercial banks) as well as accruals from Public Account.

Table-1.4 shows that the total receipts of the UT Government for the year 2007-08 were Rs 3,471 crore. Of these, the revenue receipts were Rs 2,136 crore, constituting 62 *per cent* of the total receipts. The balance came from borrowings under Public Debt (Rs 425 crore : 12 *per cent*), receipts from recovery of loans and advances (Rs 12 crore) and Public Account receipts (Rs 898 crore : 26 *per cent*).

Table 1.4: Trends in Growth and Composition of Aggregate Receipts

(Rupees in crore)

Sources of UT Receipts	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
I Revenue Receipts	1,185	1,303	1,631	1,802	1,884	2,136
II Capital Receipts	236	274	354	359	452	437
Recovery of Loans and Advances	6	6	6	6	8	12
Public Debt Receipts	230	268	348	353	444	425
III Contingency Fund	--	--	--	--	--	--
IV Public Accounts Receipts	--	--	--	--	--	898
a. Small Savings, Provident Fund etc.	--	--	--	--	--	294
b. Reserve Fund	--	--	--	--	--	--
c. Deposits and Advances	--	--	--	--	--	203
d. Suspense and Miscellaneous	--	--	--	--	--	327
e. Remittances	--	--	--	--	--	74
Total Receipts	1,421	1,577	1,985	2,161	2,336	3,471

Total receipts of the UT increased from Rs 1,421 crore in 2002-03 to Rs 3,471 crore in 2007-08. While revenue receipts increased by Rs 252 crore during 2007-08, capital receipts decreased by Rs 15 crore. The debt Capital receipt created future repayment obligation with interest after increasing from Rs 230 crore in 2002-03 to Rs 444 crore in 2006-07, slightly decreased to Rs 425 crore in 2007-08. Separate Public Account was opened with Reserve Bank of India on 17 December 2007 with the cash balance of Rs 324.13 crore being the net credit balance available in the Public Account transactions of the UT Government as of 31 October 2007 settled by GOI. Transactions relating to Public Account were booked from 17 December 2007 including the balances under various heads as of 16 December 2007 as transactions relating to this year. This mainly contributed to the increase in total receipts of the UT during this year.

1.3.1 Revenue receipts

Statement-10 of the Finance Accounts details the revenue receipts of the Government. Revenue receipts consist of its own tax and non-tax revenues and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table-1.5.**

Table-1.5: Revenue receipts - Basic parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue receipts (RR) (Rupees in crore)	1,185	1,303	1,631	1,802	1,884	2,136
Own taxes (*per cent*)	276 (23)	353 (27)	404 (25)	479 (27)	570 (30)	653 (31)
Non-tax revenue (*per cent*)	412 (35)	454 (35)	501 (31)	511 (28)	550 (29)	626 (29)
Grants-in-aid (*per cent*)	497 (42)	496 (38)	726 (44)	812 (45)	764 (41)	857 (40)
Rate of growth of RR (*per cent*)	10.4	10.0	25.2	10.5	4.6	13.4
RR/GSDP (*per cent*)	24	24	31	29	29	30
Revenue buoyancy[2] (ratio)	0.7	1.0	(-) 5.6	0.5	1.5	1.2
State's own taxes buoyancy (ratio)	0.2	2.7	(-) 3.2	0.9	6.3	1.3
Revenue buoyancy with reference to State's own taxes (ratio)	3.5	0.4	1.8	0.6	0.2	0.9
GSDP Growth (*per cent*)	15.8	10.3	(-) 4.5	19.7	3.0	11.0

Figures in bracket indicates percentage to revenue receipts

[2] Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.5 during 2005-06 implies that revenue receipts tend to increase by 0.5 percentage points if the GSDP increases by one *per cent*

General trends

The rate of growth of revenue receipts which had shown a declining trend from 25.2 *per cent in* 2004-05 to 4.6 *per cent* during 2006-07 increased to 13.4 *per cent* during 2007-08 as compared to the revenue receipts of 2006-07. This was due to increase in receipt of its own taxes, non-tax revenue as well as grants-in-aid from GOI. While the share of own taxes in Revenue Receipts increased from 23 *per cent* to 31 *per cent* during 2002-08, the share of non-tax revenue declined from 35 *per cent* to 29 *per cent* during this period. The share of grants from GOI which increased from 42 *per cent* to 45 *per cent* during 2002-06 declined to 40 *per cent* during 2007-08. The revenue buoyancy which was below one during 2002-03 exceeded to one during 2006-08. This indicates that revenue receipt grew faster than GSDP. Revenue buoyancy with reference to UT Governments' own taxes buoyancy was 0.9 during 2007-08. This indicates that growth of own taxes was faster than that of revenue receipts.

Tax revenue

Tax revenue mainly comprises of receipts from Sales Tax (Rs 355 crore – 54 *per cent*), State Excise (Rs 224 crore – 34 *per cent*), Taxes on vehicles (Rs 32 crore – five *per cent*) and Stamp and Registration (Rs 41 crore – seven *per cent*). Tax revenue increased by 14.6 *per cent* (Rs 83 crore) during the current year (Rs 653 crore) over the previous year (Rs 570 crore). The increase was mainly from State Excise (Rs 80 crore) due to introduction of additional excise duty to bring all units under tax network and stamps and registration fees (Rs 10 crore) due to sale of more non-judicial stamps. Counter balance by the decrease of Rs 10 crore from Sales Tax was due to transfer of levy on Indian Made Foreign Liquor to Excise Department and also due to implementation of Value Added Tax. The trends in various components of tax revenue during 2002-08 are given in Paragraph 4.1 of Chapter IV of this Report.

Non-tax revenue

Non-tax revenue is realized from sale of power (Rs 570 crore – 91 *per cent*), interest receipts (Rs 18 crore – three *per cent*), Public Works Department (Rs nine crore - two *per cent*), Medical and Public Health (Rs eight crore – one *per cent*) and other departments (Rs 21 crore – three *per cent*). Non-tax revenue which constituted 29 *per cent* of revenue receipts increased by Rs 76 crore (14 *per cent*) during the current year (Rs 626 crore) over the previous year (Rs 550 crore). The major contribution for increase over previous year is from sale of power (Rs 61.41 crore), interest receipts due to (i) more receipt of interest by investing cash balance in 14 days treasury bills (ii) receipt of interest from Prime Minister's Relief Fund towards waiver of loan given by Fisheries Department (Rs 11.53 crore) and receipt of dividend from Puducherry Power Corporation Limited (Rs 2.56 crore).

Grants-in-aid

Grants-in-aid from GOI increased from Rs 764 crore in 2006-07 to Rs 857 crore during 2007-08. The increase was under UT Plan schemes (Rs 15 crore), Centrally Sponsored Schemes (Rs 39 crore) and non-plan grants (Rs 39 crore). Details of grants-in-aid are given in **Table-1.6**.

Table 1.6: Grants-in-aid from GOI

(Amount – Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for UT plan schemes	136	122	132	297	243	258
Non-Plan grants	348	361	578	468	492	531
Grants for Centrally Sponsored Schemes	13	13	16	47	29	68
Total	**497**	**496**	**726**	**812**	**764**	**857**
Percentage of increase (+) /decrease (-) over previous year	(-) 1	(-) 0.2	(+) 46	(+) 12	(-) 6	(+) 12

Grants-in-aid from GOI increased mainly due to receipt of more non-plan grants in lieu of share of central taxes and duties (Rs 44 crore), block grants for plan schemes (Rs 14 crore) and increased grants for Centrally Sponsored Schemes *viz.* Police Modernisation Scheme (Rs 16.51 crore), Tourism Schemes (Rs 9.54 crore), construction of Fishing Harbour at Karaikal (Rs three crore).

Arrears of revenue

Arrears of revenue pending collection which was Rs 142.41 crore in 2006-07 increased to Rs 199.09 crore in 2007-08 (40 *per cent*). These mainly relate to Electricity Department (Rs 113.52 crore), State Excise (Rs 13.23 crore) and Commercial Taxes (Rs 65.80 crore). Of the arrears pending collection by Electricity Department, Rs 32 crore were due from Government institutions and local bodies and Rs 12.80 crore were under litigation. The pendency in State Excise was due to non-payment of fees by the lessees of arrack and toddy shops.

1.4 Application of resources

1.4.1 Growth of expenditure

Statement 11 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The UT raises resources to perform its sovereign functions, to maintain the existing nature of delivery of Social and Economic Services, to extend the network of these services through capital expenditure and investments and to discharge debt service obligations. The total expenditure of the UT which comprises revenue expenditure, capital expenditure and loans and advances increased from Rs 1,304 crore in 2002-03 to Rs 2,479 crore in 2007-08. Total expenditure, its annual growth rate and ratio of expenditure to the GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table-1.7.

Table-1.7: Total expenditure – Basic parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total expenditure (TE) (Rupees in crore)	1,304	1,445	1,771	2,087	2,290	2,479
Rate of Growth (*per cent*)	6.4	10.8	22.6	17.8	9.7	8.3
TE/GSDP Ratio (*per cent*)	26.4	26.6	34.1	33.6	35.8	34.9
RR /TE Ratio (*per cent*)	91	90	92	86	82	86
Buoyancy of total expenditure with reference to :						
GSDP (ratio)	0.4	1.0	(-) 5.0[3]	0.9	3.2	0.8
RR (ratio)	0.6	1.1	0.9	1.7	2.1	0.6

The total expenditure increased at an annual average rate of growth of 18 *per cent* from Rs 1,304 crore in 2002-03 to Rs 2,479 crore in 2007-08. Total expenditure comprises 88.8 *per cent* of revenue expenditure (Rs 2,201 crore), 11.1 *per cent* of capital expenditure (Rs 275 crore) and 0.1 *per cent* of loans and advances (Rs three crore). An increase of Rs 189 crore in 2007-08 was contributed by revenue expenditure (Rs 274 crore) which was partially offset by a decrease of Rs 85 crore in capital expenditure. The increase in revenue expenditure was on account of increased expenditure under interest payment (Rs 30.03 crore), Medical and Public Health (Rs 23.18 crore), Housing (Rs 40.69 crore); Urban Development (Rs 34.87 crore), Social Security and Welfare (Rs 21.74 crore) and Power (Rs 57.26 crore). The increases under these heads were mainly due to payment of interest towards subscription of General Provident Fund and Group Insurance Scheme on account of creation of Public Account for the UT, payment of additional dearness allowance, payment of arrears for medical staff, repair carried out in Government staff quarters, cleaning of urban drains and maintenance of drainage system, purchase of more power and revision of tariff by Neyveli Lignite Corporation Limited. The buoyancy of total expenditure to GSDP which stood at 0.8 in 2007-08 indicates that pace of Government expenditure was lower than the rate of increase in GSDP of the UT.

Against the growth of 91 *per cent* in the revenue expenditure during 2002-08, the capital expenditure grew by 86 *per cent* only. The steady growth of capital expenditure during 2002-07 was retarded during 2007-08 mainly due to less investment in share capital to Pondicherry Industrial Promotion and

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[3] Negative buoyancy of total expenditure with reference to GSDP is due to decline in the growth rate of GSDP

Development Investment Corporation (Rs 56.50 crore), less expenditure on Flood Control Projects (Rs 15.52 crore) and Water Supply and Sanitation Projects (Rs 13.44 crore). In spite of decrease in plan capital expenditure, the total plan expenditure increased by 5.4 *per cent* against the growth of 10 *per cent* in non-plan expenditure primarily on account of an increase of 21 *per cent* in plan revenue expenditure in 2007-08 relative to the previous year. The revenue receipts constitute 86 *per cent* of total expenditure during 2007-08 indicating that the remaining 14 *per cent* was met from borrowings.

Trends in total expenditure by activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, Social and Economic Services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table-1.8**.

Table-1.8: Components of Expenditure – Relative Share

(**in *per cent***)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	20.7	21.1	20.2	19.5	21.7	23.1
Of which interest payments	8.9	9.3	8.6	8.2	8.2	8.8
Social Services	30.7	31.5	36.3	37.2	33.9	36.7
Economic Services	48.0	46.8	43.0	42.9	44.1	39.9
Grants-in-aid	0.2	0.2	0.2	0.2	0.2	0.2
Loans and Advances	0.4	0.4	0.3	0.2	0.1	0.1

The share of expenditure on General Services increased marginally mainly due to payment of interest towards subscription of General Provident Fund, Employees Group Insurance Scheme and Defined Contribution Pension Scheme on account of creation of separate Public Account for the UT and payment of additional dearness relief to pensioners and payment of arrears due to revision of retirement benefits. The share of Economic Services declined from 48 *per cent* to 39.9 *per cent* during 2002-08 whereas the share of Social Services increased from 30.7 *per cent* to 36.7 *per cent* during this period.

1.4.2 Incidence of revenue expenditure

Revenue expenditure had a predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment of past obligations and as such does not result in any addition to the infrastructure and service network of the UT. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-1.9**.

Table-1.9: Revenue expenditure: Basic parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE) (Rupees in crore) *Of which*	1,151	1,294	1,573	1,794	1,927	2,201
Non-plan Revenue Expenditure (NPRE)	879	962	1,142	1,148	1,229	1,357
Plan Revenue Expenditure (PRE)	272	332	431	646	698	844
Rate of Growth (*per cent*)	4.7	12.4	21.6	14.0	7.4	14.2
NPRE	3.0	9.4	18.7	0.5	7.1	10.4
PRE	10.6	22.1	29.8	49.9	8.0	20.9
NPRE/GSDP (*per cent*)	17.8	17.7	22.0	18.5	19.2	19.1
NPRE as *per cent* of TE	67.4	66.6	64.5	55.0	53.7	54.7
NPRE as *per cent* of RR	74.2	73.8	70.0	63.7	65.2	63.5
Buoyancy of Revenue Expenditure with						
GSDP (ratio)	0.3	1.2	(-) 4.7[4]	0.7	2.5	1.3
Revenue Receipts (ratio)	0.5	1.2	0.9	1.3	1.6	1.1

The revenue expenditure increased by 91 *per cent* from Rs 1,151 crore in 2002-03 to Rs 2,201 crore in 2007-08. While NPRE has increased by 54 *per cent* (Rs 1,357 crore) during this period, the PRE increased by 210 *per cent* (Rs 844 crore). The increase of Rs 274 crore in revenue expenditure was contributed by increase of Rs 128 crore in NPRE and Rs 146 crore in PRE. The increase in NPRE during the current year was mainly due to increased expenditure in interest payments (Rs 30.03 crore), increased expenses on purchase of power (Rs 60.22 crore) mainly due to upward revision of tariff by major supplier (Neyveli Lignite Corporation) and payment of pension and other retirement benefits (Rs 15.87 crore). The increase in PRE over previous year was mainly due to increased expenditure on Housing (Rs 46.22 crore), Urban Development (Rs 37.95 crore); Land revenue and operations (Rs 20.56 crore) and Technical Education (Rs 8.13 crore).

[4] Negative buoyancy of revenue expenditure with GSDP was due to decline in the growth rate of GSDP

1.4.3 Committed expenditure

Expenditure on salaries

Table 1.10: Expenditure on salaries

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on salaries (Rupees in crore) *Of which*	281	299	327	364	429	445
Non-plan head	237	249	268	287	326	336
Plan head	44	50	59	77	103	109
As *per cent* of GSDP	5.7	5.5	6.3	5.9	6.7	6.3
As *per cent* of Revenue Receipts	23.7	22.9	20.1	20.2	22.8	20.8

During 2007-08, expenditure on salaries was Rs 445 crore (Non-plan Head - Rs 336 crore; Plan Head - Rs 109 crore). The share of salaries relative to revenue receipts continued to remain around 22 *per cent* during the period 2002-08 and it was 20.8 *per cent* during 2007-08. The expenditure on salaries increased marginally by four *per cent* over previous year (Rs 429 crore in 2006-07).

Pension payments

Table-1.11: Expenditure on pensions

Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions (Rupees in crore)	57.24	71.82	77.33	85.68	104.16	120.04
Rate of growth	22.6	25.5	7.7	12.1	20.2	15.2
As *per cent* of GSDP	1.2	1.3	1.5	1.4	1.6	1.7
As *per cent* of RR	4.8	5.5	4.7	4.8	5.5	5.6
As *per cent* of RE	5.0	5.6	4.9	4.8	5.4	5.5

The pension payment increased by 15 *per cent* from Rs 104.16 crore in 2006-07 to Rs 120.04 crore in 2007-08 mainly due to increase in number of pensioners, payment of two instalments of dearness relief to pensioners and revision of retirement benefits due to upgradation of pay scale with retrospective effect.

Interest payments

Table-1.12: Interest payments

Year	Total Revenue Receipts	Total Revenue Expenditure	Interest Payments	Percentage of interest payments with reference to	
	(Rupees in crore)			Revenue Receipts	Revenue Expenditure
2002-03	1,185	1,151	116	9.75	10.04
2003-04	1,303	1,294	134	10.33	10.40
2004-05	1,631	1,573	152	9.37	9.72
2005-06	1,802	1,794	171	9.51	9.55
2006-07	1,884	1,927	187	9.93	9.70
2007-08	2,136	2,201	217	10.16	9.86

Expenditure on interest was mainly on loans from GOI. The rate of interest on plan and non-plan loans from GOI ranged between 10.5 and 11.5 *per cent* in 2002-03. By 2007-08, it had fallen and ranged between 9 and 9.5 *per cent.* As the borrowings from GOI increased from Rs 230 crore during 2002-03 to Rs 425 crore during 2007-08, the interest payments have also gone up steadily. The increase of Rs 30 crore in interest payment during 2007-08 over the previous year was due to payment of interest for loans received for Non-plan schemes, National Small Saving Fund from GOI, payment of interest towards subscription of General Provident Fund, Union Territory Government Employees' Group Insurance Scheme and defined Contribution Pension Scheme on account of separation of Cash Balance.

Subsidies

Trends in subsidies given by the UT Government are given in **Table-1.13.**

Table-1.13: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2002-03	3.89	87	0.30
2003-04	6.70	72	0.46
2004-05	11.07	65	0.62
2005-06	17.93	63	0.86
2006-07	16.63	(-) 7.3	0.73
2007-08	30.91	86	1.25

The amount indicated in the table represents the expenditure booked under the object head 'Subsidy' under rural housing, welfare of scheduled castes, animal husbandry, fisheries, rural development, village and small industries and civil supplies. The increase of subsidy by Rs 14.28 crore was mainly due to increased subsidy given to scheduled castes for construction of low cost units and houses (Rs 6.92 crore) and "Motivation of entrepreneurs to start village and small industries" (Rs 7.68 crore). Major subsidies on free supply of electricity to small farmers and poor people, supply of rice at subsidised rates to ration card holders, free supply of rice, cloth, etc., made by various departments and cash incentives and subsidies paid to agriculturists were, however, classified in the budget as well as in accounts under 'other charges', or 'grants-in-aid' to agencies implementing the schemes. Since the UT Administration Budget has distinct head only for explicit subsidies, therefore implicit subsidies given on account of the facilities listed above are not counted for and to that extent this resulted in under statement of subsidy given by UT Government.

1.5 Expenditure by allocative priorities

1.5.1 Quality of expenditure

The availability of better social and physical infrastructure in the UT is reflected in its quality of expenditure. The ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing Social and Economic Services determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, better is quality of expenditure. **Table-1.14** gives these ratios during 2002-08.

Table-1.14 – Indicators of quality of expenditure

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Capital Expenditure	148	146	193	289	360	275
Revenue Expenditure	1,151	1,294	1,573	1,794	1,927	2201
Of which Social and Economic Services with						
(i) Salary and Wage Component	224.72	238.15	258.65	266.41	318.29	333.98
(ii) Non-Salary and Wage Component	674.65	758.19	968.56	1,143.49	1,141.49	1324.91
As *per cent* of Total Expenditure (excluding loans and advances)						
Capital Expenditure	11.4	10.1	10.9	13.9	15.7	11.1
Revenue Expenditure	88.6	89.9	89.1	86.1	84.3	88.9
As *per cent* of GSDP						
Capital Expenditure	3.0	2.7	3.7	4.7	5.6	3.9
Revenue Expenditure	23.3	23.8	30.3	28.9	30.1	31.0

The capital expenditure decreased by Rs 85 crore during 2007-08 (Rs 275 crore) over previous year 2006-07 (Rs 360 crore). Against the increase of 49 *per cent* in Salary and Wage component under Social and Economic Services sectors, there was an increase of 96 *per* cent under the Non-salary and Wage component under these sectors during 2007-08. The Non-salary and Wage component incurred on Social and Economic Services remained dominant throughout the period and constituted an average of about 80 *per cent* of revenue expenditure on Social and Economic Services. These trends indicate that impetus is being given by the UT Government to asset formation and quality of these services.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc., have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table-1.15** summarises the expenditure incurred by the UT Government in expanding and strengthening of Social Services during 2002-08.

Table-1.15: Expenditure on Social Services

(Rupees in crore)

	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Education, Sports, Art and Culture						
Revenue expenditure	153.22	157.86	177.64	192.80	218.57	241.23
Of which						
(a) Salary and Wage component	104.61	109.30	122.30	126.36	143.43	158.24
(b) Non-salary and Wage component	48.61	48.56	55.34	66.44	75.14	82.99
Capital expenditure	14.69	12.09	16.82	38.69	18.31	18.59
Total expenditure	**167.91**	**169.95**	**194.46**	**231.49**	**236.88**	**259.82**
Health and Family Welfare						
Revenue expenditure	77.90	81.79	93.44	107.83	167.91	190.64
Of which						
(a) Salary and Wage component	49.03	52.66	57.48	64.81	73.68	78.87
(b) Non-salary and Wage component	28.87	29.13	35.96	43.02	94.23	111.77
Capital expenditure	2.15	3.59	8.30	10.51	13.25	14.08
Total expenditure	**80.05**	**85.38**	**101.74**	**118.34**	**181.16**	**204.72**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Water Supply, Sanitation, Housing and Urban Development						
Revenue expenditure	43.16	55.98	104.09	115.81	99.98	172.84
Of which						
(a) Salary and Wage component	4.85	4.88	5.27	5.43	6.67	6.58
(b) Non-salary and Wage component	38.31	51.10	98.82	110.38	93.31	166.26
Capital expenditure	21.84	27.21	34.25	40.84	38.32	24.42
Total expenditure	**65.00**	**83.19**	**138.34**	**156.65**	**138.30**	**197.26**
Other Social Services						
Revenue expenditure	86.79	115.50	203.80	267.42	214.77	246.26
Of which						
(a) Salary and Wage component	17.02	18.59	16.22	13.77	18.95	19.13
(b) Non-salary and Wage component	69.77	96.91	187.58	253.66	195.82	227.13
Capital expenditure	1.00	0.89	5.00	3.63	5.46	3.37
Total expenditure	**87.79**	**116.39**	**208.80**	**271.05**	**220.23**	**249.63**
Total (Social Services)						
Revenue expenditure	361.07	411.13	578.97	683.86	701.23	850.97
Of which						
(a) Salary and Wage component	175.51	185.43	201.27	210.36	242.73	262.82
(b) Non-salary and Wage component	185.56	225.70	377.70	473.50	458.50	588.15
Capital expenditure	39.68	43.78	64.37	93.67	75.34	60.46
Total expenditure	**400.75**	**454.91**	**643.34**	**777.53**	**776.57**	**911.43**

The expenditure on Social Services increased at an average annual growth rate of 21 *per cent* from Rs 400.75 crore in 2002-03 to Rs 911.43 crore in 2007-08. Expenditure on Social Services during current year accounted for 37 *per cent* of total expenditure and 48 *per cent* of developmental expenditure[5]. Relative to 2006-07, the revenue expenditure under Social Services increased mainly due to increase in non-salary component. This indicates that the major expenditure in this sector was made on welfare schemes. Capital expenditure under Social Services sector increased by 52 *per cent* against the increase of 135 *per cent* recorded in revenue expenditure under this sector during 2002-08. Consequently, the share of revenue expenditure to total expenditure increased from 90 *per cent* to

[5] Developmental expenditure is defined as the total expenditure made on Social and Economic Services

99 *per cent* during 2002-08. The salary and wage component of revenue expenditure, however, decreased from 49 *per cent* to 31 *per cent* during 2002-08. The share of Education, Health, Water Supply, Sanitation, and Housing and Urban Development to the expenditure on Social Services declined from 76 *per cent* during 2002-03 to 71 *per cent* during 2007-08.

1.5.3 Expenditure on Economic Services

Expenditure on Economic Services includes all such expenditure as to promote directly or indirectly, productive capacity within the States' economy. The trend of expenditure under various components of this sector is shown in Table-1.16.

Table-1.16: Expenditure on Economic Services Sector

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Agriculture and Allied Activities						
Revenue expenditure	49.74	56.92	70.59	89.86	100.98	85.91
Of which						
(a) Salary and Wage component	15.51	16.81	18.38	17.89	23.93	24.07
(b) Non-salary and Wage component	34.23	40.11	52.21	71.97	77.05	61.84
Capital expenditure	3.43	2.77	5.84	5.49	18.31	15.35
Total expenditure	**53.17**	**59.69**	**76.43**	**95.35**	**119.29**	**101.27**
Irrigation and Flood Control						
Revenue expenditure	13.94	13.24	18.57	17.70	19.15	17.27
Of which						
(a) Salary and Wage component	6.06	6.35	7.15	4.80	5.42	5.47
(b) Non-salary and Wage component	7.88	6.89	11.42	12.90	13.73	11.80
Capital expenditure	17.31	10.27	23.64	31.99	39.50	29.88
Total expenditure	**31.25**	**23.51**	**42.21**	**49.69**	**58.65**	**47.15**
Power and Energy						
Revenue expenditure	407.98	428.18	448.88	450.57	488.45	545.71
Of which						
(a) Salary and Wage component	15.07	16.09	17.41	18.48	29.20	23.74
(b) Non-salary and Wage component	392.91	412.09	431.47	432.09	459.25	521.97
Capital expenditure	22.04	23.30	25.07	28.62	38.74	44.28
Total expenditure	**430.02**	**451.48**	**473.95**	**479.19**	**527.19**	**589.99**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Transport						
Revenue expenditure	19.00	23.21	29.00	48.45	44.66	31.33
Of which						
(a) Salary and Wage component	3.99	4.10	4.34	4.53	4.81	5.20
(b) Non-salary and Wage component	15.01	19.11	24.66	43.92	39.85	26.13
Capital expenditure	21.66	22.76	25.59	54.87	56.09	45.96
Total expenditure	**40.66**	**45.97**	**54.59**	**103.32**	**100.75**	**77.29**
Other Economic Services						
Revenue expenditure	47.64	63.66	81.20	119.44	105.31	127.70
Of which						
(a) Salary and Wage component	8.58	9.37	10.10	10.33	12.20	12.67
(b) Non-salary and Wage component	39.06	54.29	71.10	109.11	93.11	115.02
Capital expenditure	23.25	32.51	33.11	48.13	99.05	45.62
Total expenditure	**70.89**	**96.17**	**114.31**	**167.57**	**204.36**	**173.31**
Total (Economic Services)						
Revenue expenditure	538.30	585.21	648.24	726.03	758.55	807.92
Of which						
(a) Salary and Wage component	49.21	52.72	57.38	56.04	75.56	71.16
(b) Non-salary and Wage component	489.09	532.49	590.86	669.99	682.99	736.76
Capital expenditure	87.69	91.61	113.25	169.10	251.69	181.09
Total expenditure	**625.99**	**676.82**	**761.49**	**895.13**	**1,010.24**	**989.01**

The expenditure on Economic Services increased at an average annual growth rate of 9.7 *per cent* from Rs 626 crore in 2002-03 to Rs 989 crore in 2007-08. The expenditure on Economic Services (Rs 989.01 crore) during 2007-08 (**Table-1.16**) accounted for 40 *per cent* of the total expenditure and 52 *per cent* of the development expenditure. Out of total expenditure on Economic Services, 60 *per cent* was spent on Power and Energy.

Contrary to the trend in the Social Services sector, capital expenditure under Economic Services sector grew by 105 *per cent* during 2002-08 against the growth of 50 *per cent* in revenue expenditure. The share of capital expenditure under Economic Services sector increased from 14 *per cent* to 18 *per cent* during 2002-08 whereas the share of revenue expenditure decreased from 86 to 81 *per cent* during the period. Even though the share of revenue expenditure declined, the salary and wage component in revenue expenditure remained at nine *per cent* during 2002-03 as well as 2007-08.

1.5.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the six year period 2002-08 is presented in Table-1.17.

Table-1.17: Financial assistance to local bodies and other institutions

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools)	8.75	12.01	10.90	11.54	10.93	12.09
Municipal Corporations and Municipalities	26.89	21.73	19.24	43.26	40.67	19.20
Commune Panchayats	11.49	14.39	8.27	31.11	19.78	10.15
Statutory Boards/Authorities	48.96	61.59	152.43	218.44	151.50	213.93
Co-operatives	9.53	15.44	31.71	25.47	27.78	22.26
Other Institutions*	5.24	6.50	5.59	2.28	9.57	3.80
Total	**110.86**	**131.66**	**228.14**	**332.10**	**260.23**	**281.43**
Assistance as per percentage of Revenue Expenditure	10	10	14	19	14	13

* Welfare societies and Hindu religious institutions

The financial assistance extended to local bodies and other institutions increased from Rs 260.23 crore in 2006-07 to Rs 281.43 crore in 2007-08. The decrease in assistance to Municipalities from Rs 40.67 crore in 2006-07 to Rs 19.20 crore in 2007-08 was mainly due to non-release of funds under "Member of Legislative Assembly Local Area Development Scheme". The increase in assistance to Statutory Boards/Authorities by Rs 62.43 crore was mainly due to increased grants released to Pondicherry Slum Clearance Board (Rs 32.68 crore) for implementing Housing and Sanitation Schemes for poor people, Project Implementing Agency (Rs 20.83 crore) for implementing Tsunami Reconstruction Project and Karaikal Planning Authority (Rs 6.76 crore) for implementing their schemes.

1.5.5 Delay in furnishing utilisation certificates

Of the 2,624 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 500.73 crore paid up to March 2007, 1,603 UCs for an aggregate amount of Rs 381.05 crore were not received by March 2008. Details of department-wise break-up of outstanding UCs are given in **Appendix 1.6**.

1.6 Misappropriations, losses, defalcations, etc.

State Government reported 296 cases of misappropriation, defalcation, etc involving Government money amounting to Rs 7.41 crore up to the period March 2008 on which final action was pending. The department-wise break up of pending cases is given in **Appendix 1.7**.

1.7 Assets and liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of Government and the assets created out of the expenditure incurred. **Appendix 1.5** gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities in this Appendix consist mainly of loans and advances from the GOI and receipts from Public Account, the assets comprise mainly the capital outlay and loans and advances given by the UT Government and cash balance. The good financial position of the Government is revealed by the fact that the Government liabilities constitute only 93 *per cent* of the assets. **Appendix 1.2** depicts the time series data on UT Government finances for the period 2002-08.

1.7.1 Incomplete projects

There were 85 incomplete projects which were scheduled for completion before 31 March 2008 on which Rs 129.10 crore of capital expenditure was incurred. The time over-run noticed as of March 2008 on 46 incomplete projects ranged between 26 days to 822 days. In respect of 14 projects, the budgeted cost of Rs 75.55 crore was revised to Rs 105.88 crore due to non-completion of the projects on projected date of completion resulting cost overrun amounting to Rs 30.33 crore in these projects requiring attention of the UT Government.

1.7.2 Investments and returns

As of 31 March 2008, Government had invested Rs 760.91 crore mainly in Government companies and Co-operatives (**Table-1.18**). The return on this investment was 0.1 to 0.6 *per cent* during 2002-08 while the Government paid interest at the average rate of 8.5 to 11.2 *per cent* on its borrowings during 2002-08.

Table-1.18: Return on investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing	Difference between interest rate and return
	(Rupees in crore)		(*per cent*)		
2002-03	476.59	2.84	0.6	11.2	10.6
2003-04	517.85	2.47	0.5	11.1	10.6
2004-05	554.12	2.79	0.5	10.7	10.2
2005-06	606.98	1.74	0.3	10.2	9.9
2006-07	712.36	1.03	0.1	9.4	9.3
2007-08	760.91	3.68	0.5	8.5	8.0

Government investment of Rs 760.91 crore as of March 2008 comprises of Rs 597.02 crore in 15 Public Sector Undertakings and Rs 163.89 crore in 368

Co-operative Institutions. The UT Government made investment of Rs 48.55 crore during 2007-08. The sectors/companies where major investments were made during 2007-08 included (i) Pondicherry Textiles Corporation (Rs 22.21 crore), (ii) Bharathi Swadeshi Textile Mills Limited (Rs 5.27 crore) and Co-operative Institutions (Rs 16.62 crore).

Of the 12 companies owned by the UT Government involving the investment of Rs 596.91 crore, five companies are profit earning and seven are loss making and three companies declared dividend aggregating Rs 3.67 lakh. The major companies incurring perennial losses include *viz.* Pondicherry Textile Corporation Limited, Bharathi Swadeshi Textile Mills Limited and Pondicherry Tourism Development Corporation Limited which had an accumulated loss of Rs 295.25 crore exceeding their paid up capital of Rs 259.07 crore. Detailed financial results of Government Companies are given in Chapter V of this report.

1.7.3 Loans and advances by UT Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organisations, local bodies, Government servants and others. Total outstanding loans and advances as on 31 March 2008 was Rs 27.82 crore (**Table-1.19**).

Table-1.19: Average interest received on loans advanced by the UT Government

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Opening balance*	50.82	50.16	44.89	44.06	41.76	36.74
Amount advanced during the year	5.43	4.95	5.46	3.85	3.08	2.68
Amount repaid during the year	5.88	6.22	6.26	6.15	8.11	11.60
Closing balance*	50.37	48.89	44.09	41.76	36.74	27.82
Net addition	(-) 0.45	(-) 1.27	(-) 0.80	(-) 2.30	(-) 5.02	(-) 8.92
Interest received	1.83	1.82	1.97	2.07	5.53	7.94
Interest received as *per cent* to outstanding loans and advances	3.6	3.7	4.5	4.8	14.1	24.6
Average interest rate (in *per cent*) paid on borrowings by UT Government.	11.2	11.1	10.7	10.2	9.4	8.5
Difference between average interest paid and received (*per cent*)	7.6	7.4	6.2	5.4	(-) 4.7	(-) 16.1

* The difference between opening balance and closing balance of previous year were due to *pro forma* corrections made during the respective years.

During the current year, loan was advanced to Co-operative Institutions (Rs 0.12 crore) and to Government servants for House Building, purchase of conveyance and computers (Rs 2.56 crore). The increased recovery during

2007-08 was on account of waiver of loan of Rs 6.15 crore due from fishermen by way of receipt of the dues from Prime Minister's Relief Fund. Similarly interest receipts are also inclusive of Rs 5.74 crore as interest relief from Prime Minister's Relief Fund on the loans outstanding towards Fishermen during the year.

Detailed accounts of loan are kept by the respective Heads of Departments (HODs) who released the loans. Of the ten HODs, five[6] did not give the details of overdue loan and interest thereupon. The amount due for recovery in respect of the remaining five departments was Rs 7.88 crore (Principal: Rs 3.79 crore and Interest: Rs 4.09 crore). Of this Rs 7.65 crore were due from 2005-06 and earlier years.

1.7.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances - ordinary and special - from Reserve Bank of India has been put in place.

As there was no Public Account for the UT till 16 December 2007, the cash balance of the UT Government was merged with cash balance of the Union Government. The UT Government opened a separate Public Account from 17 December 2007. GOI settled the net credit balance in various heads of accounts of the UT and the cash balance as of 31 October 2007 aggregating to Rs 324.13 crore was credited to the newly opened Public Account on 17 December 2007. The UT Government had not availed any Ways and Means Advances during 2007-08. The cash balance of the UT has increased mainly due to transfer of accumulated balances relating to Public Account to the newly opened Public Account of the UT.

1.8 Undischarged liabilities

1.8.1 Fiscal liabilities – Public debt and guarantees

There are two sets of liabilities, namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to

[6] Social Welfare, Fisheries, Industries, Local Administration and Civil Supplies

time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of Public Account, include deposits under small savings scheme, provident funds and other deposits. Statement 3 read with Statement 15 of the Finance Accounts show the year end balances under Debt, Deposit and Remittance heads from which the liabilities are worked out.

Table-1.20 gives the fiscal liabilities of the UT, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-1.20: Fiscal liabilities – Basic parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities (Rupees in crore)	1,113	1,312	1,553	1,820	2,168	2,923
Rate of Growth (*per cent*)	17.8	17.9	18.4	17.2	19.1	34.8
Ratio of Fiscal Liabilities to						
GSDP (*per cent*)	23	24	30	29	34	41
Revenue Receipts (*per cent*)	94	101	95	101	115	137
Own Resources (*per cent*)	162	163	172	184	194	229
Buoyancy of Fiscal Liabilities to						
GSDP (ratio)	1.1	1.7	(-) 4.0[7]	0.9	6.4	3.2
Revenue Receipts (ratio)	1.7	1.8	0.7	1.6	4.2	2.6
Own resources (ratio)	0.9	1.0	1.5	1.8	1.5	2.5

Fiscal liabilities of the UT comprise Consolidated Fund liabilities and Public Account liabilities. Overall fiscal liabilities of the UT increased from Rs 1,113 crore in 2002-03 to Rs 2,923 crore in 2007-08. The Consolidated Fund liabilities (Rs 2,484 crore) comprise of market loan (Rs 337 crore) and loans from GOI (Rs 2,147 crore). The Public Account liabilities (Rs 439 crore) comprise of small savings, provident funds, etc., (Rs 252 crore), Interest bearing obligation (Rs one crore) and non-interest bearing obligations (Rs 186 crore) both containing deposits.

The growth rate of fiscal liabilities was 34.8 *per cent* during 2007-08 over previous year which was due to raising of market loan as well as transfer of balances under General Provident Fund, Insurance and Pension Fund from the Public Account of GOI to the newly opened Public Account of the UT. The ratio of fiscal liabilities to GSDP also increased from 23 *per cent* in 2002-03 to 41 *per cent* in 2007-08. These liabilities stood at 1.37 times of revenue receipts and 2.29 times of the own resources of the UT as at the end of 2007-08.

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[7] Negative buoyancy of fiscal liabilities to GSDP is due to decline in the growth rate of GSDP

1.8.2 Status of guarantees – contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. Government of Union Territories has no power to give guarantees on the security of their Consolidated Fund. Guarantees for the purpose of administration of Union Territories were given by Government of India under Article 292 of the Constitution of India. In the event of the guarantees being invoked, the payment will initially be charged to the Consolidated Fund of India and the amount will subsequently be recovered from the Government of the Union Territory. Consequent on the amendment of UT Act on 6 September 2001 and issue of notification by Government of India on 10 May 2006, the Government of Union Territory of Puducherry is empowered to give guarantee. However, the cash balance was settled by GOI only on 17 December 2007. Besides, no law to control the guarantee to be given was enacted by the UT Government. GOI gave guarantees for a maximum amount of Rs 20.98 crore on behalf of UT Administration to Pondicherry Co-operative Central Land Development Bank Limited (Rs 6.48 crore), Pondicherry State Co-operative Housing Federation Limited (Rs 9.50 crore) and Pondicherry Adi-Dravidar Development Corporation Limited (Rs five crore). Statement-5 of the Finance Accounts gives the outstanding guarantees at the end of the year since 2002-03 as shown in **Table-1.21.** No guarantee was invoked during any of the six years.

Table-1.21: Guarantees given by Government of India for the Government of Union Territory of Puducherry

(Rupees in crore)

Year	Outstanding amount of guarantees
2002-03	18.38
2003-04	11.38
2004-05	8.53
2005-06	7.78
2006-07	4.26
2007-08	6.84

1.9 Debt Sustainability

The debt sustainability is defined as the ability of the UT to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

A prior condition for debt sustainability is the debt stabilisation in term of debt/GSDP ratio.

1.9.1 Debt stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt * rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be increasing and in case it is positive, Debt-GSDP ratio would eventually be decreasing. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in **Table 1.22**.

Table 1.22 : Debt stabilisation : Indicators and Trends

	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate *(per cent)*	11.1	10.7	10.2	9.4	8.5
GSDP growth *(per cent)*	10.3	(-) 4.5	9.8	10.5	11.0
Interest spread *(per cent)*	(-) 0.8	(-) 15.2	(-) 0.4	1.1	2.5
Outstanding Debt at the beginning of the year (Rs in crore)	1,113	1,312	1,553	1,820	2,168
Quantum Spread (Rs in crore)	(-) 8.9	(-) 199.42	(-) 6.21	20.82	54.20
Primary Deficit (-) / Surplus (+) (Rs in crore)	(-) 2	(+) 19	(-) 108	(-) 211	(-) 114

Table 1.22 reveals that quantum spread together with primary deficit continued to remain negative from 2003-04 to 2007-08 indicating the rising Debt-GSDP ratio which has consistently increased from 24 to 41 *per cent* during this period. The increasing trend in fiscal liabilities to GSDP viewed along with the significantly high Fiscal Deficit-GSDP ratio is cause of concern as it may impair the UT's capacity to sustain debt in the medium to long run.

1.9.2 Sufficiency of non-debt receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. The negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. **Table 1.23** indicates the resource gap as defined for the period 2002-08.

Table 1.23: Incremental revenue receipts and expenditure

(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2002-03	112	64	15	79	(+) 33
2003-04	118	123	18	141	(-) 23
2004-05	328	307	19	326	(+) 2
2005-06	171	298	18	316	(-) 145
2006-07	84	187	16	203	(-) 119
2007-08	256	159	30	189	(+) 67

The trends in resource gaps indicate the oscillations between positive and negative magnitudes during the period 2002-08. These oscillations in resource gaps exactly correspond to the trends in fiscal deficit during the period 2002-08. The positive resource gap in the current year was mainly due to steep decline in capital expenditure (Rs 85 crore) on one hand and a sharp increase of Rs 252 crore in incremental revenue receipts in 2007-08 on the other hand in relation to the previous year.

1.9.3 Net availability of funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest. **Table-1.24** below gives the position of the receipt and repayment of loans and advances from GOI and market loan over the last six years.

Table-1.24: Net availability of borrowed funds

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Internal Debt [8]						
Receipts	--	--	--	--	--	337.00
Repayment (Principal + Interest)	--	--	--	--	--	0.13
Net fund available	--	--	--	--	--	336.87
Net fund available (*per cent*)	--	--	--	--	--	100
Loans and advances from GOI						
Receipts	229.96	268.40	347.54	353.33	443.76	88.04
Repayment (Principal + Interest)	177.06	203.84	259.70	257.40	283.65	320.78
Net fund available	52.90	64.56	87.84	95.93	160.11	(-) 232.74
Net fund available (*per cent*)	23	24	25	27	36	--

[8] Internal Debt represents market loan raised during the year. As Public Account was opened only from 17 December 2007, no market loan was raised during 2002-07.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total						
Receipts	229.96	268.40	347.54	353.33	443.76	425.04
Repayment (Principal + Interest)	177.06	203.84	259.70	257.40	283.65	320.91
Net fund available	52.90	64.56	87.84	95.93	160.11	104.13
Net fund available (*per cent*)	23	24	25	27	36	24

The debt redemption ratio remained within the range of 73 to 77 *per cent* during the period 2002-08 except in 2006-07 when it declined to 64 *per cent*. In fact, during the current year, internal debt redemption was negligible while the redemption of GOI loans was 265 *per cent* resulting in debt redemption ratio at 76 *per cent* as compared to 64 *per cent* in 2006-07.

1.10 Management of deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health.

1.10.1 Trends in Deficits

The trends in fiscal parameters depicting the position of fiscal equilibrium in the UT are presented in **Table 1.25**.

Table-1.25: Fiscal imbalances: Basic parameters

(Value - Rupees in crore and ratios in *per cent*)

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (RD) (-)/Revenue surplus (+)	(+) 34	(+) 9	(+) 58	(+) 8	(-) 43	(-) 65
Fiscal deficit (FD)	(-) 113	(-) 136	(-) 134	(-) 279	(-) 398	(-) 331
Primary deficit (PD) (-)/ Primary Surplus (+)	(+) 3	(-) 2	(+) 19	(-) 108	(-) 211	(-) 114
RD/GSDP	--	--	--	--	0.7	0.9
FD/GSDP	2.3	2.5	2.6	4.5	6.2	4.7
PD/GSDP	--	negligible	--	1.7	3.3	1.6
RD/FD	--	--	--	--	10.8	19.6

-- **indicates surplus**

Revenue deficit indicates the excess of revenue expenditure over revenue receipts. It is revealed from the trends in **Table 1.25** that after experiencing revenue surplus for four years (2002-06) although with wide inter year variations, it turned into revenue deficit from 2006-07 which further deteriorated during the current year. The increase of revenue deficit by Rs 22 crore during 2007-08 was due to increase of revenue expenditure by Rs 274 crore against an increase of Rs 252 crore in the revenue receipt. Despite the fact that about 40 *per cent* of the incremental revenue receipts are contributed in the form of grants-in-aid from GOI and State's own resources increased at an average rate of growth of 14 *per cent* in 2007-08 over the previous year; a steep increase in interest payments, increased expenditure under housing, urban development and enhancement in expenses on purchase of power due to upward revision of tariff resulted in increase in revenue deficit during the year.

Even with the increase in revenue deficit in 2007-08, fiscal deficit was reduced by Rs 67 crore relative to previous year mainly on account of a steep fall in capital expenditure by Rs 85 crore (23.6 *per cent*) over the previous year. The decline in fiscal deficit on account of fall in capital expenditure does not seem to be desirable as it tend to reduce the productive capacity of the economy but also adversely affects the asset back up of fiscal liabilities. As proportion to GSDP, fiscal deficit had decreased from 6.2 *per cent* in 2006-07 to 4.7 *per cent* in 2007-08 mainly due to decrease in the fiscal deficit by 17 *per cent* against the growth rate of 11 *per cent* in GSDP. An improvement in fiscal deficit position along with an increase in interest payments by Rs 30 crore led to a decrease of Rs 97 crore in primary deficit during the year.

1.10.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary Deficit into primary revenue deficit[9] and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. After experiencing revenue surplus for four years (2002-06) although with wide inter year variations, revenue account of UT turned into deficit again from the year 2006-07 indicating the fact that some part of borrowed funds are diverted towards current consumption. Moreover, the ratio of RD to FD has also increased to 20 *per cent* in 2007-08 from 11 *per cent* in the previous year indicating 1/5th of the borrowed funds will be used to meet the current consumption requirements of UT Government.

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9 Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its revenue receipts indicates the extent to which the revenue receipts of the State are able to meet the primary expenditure incurred under revenue account

Table 1.26: Primary deficit/Surplus – Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary Revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Non-debt receipts *vis-à-vis* Primary Revenue expenditure	Primary deficit (-) / surplus (+)
(1)	(2)	(3)	(4)	(5)	(6) (3 + 4 + 5)	(7) (2 - 3)	(8) (2 - 6)
2002-03	1,191	1,035	148	5	1,188	156	(+) 3
2003-04	1,309	1,160	146	5	1,311	149	(-) 2
2004-05	1,637	1,420	193	5	1,618	217	(+) 19
2005-06	1,808	1,623	289	4	1,916	185	(-) 108
2006-07	1,892	1,740	360	3	2,103	152	(-) 211
2007-08	2,148	1,984	275	3	2,262	164	(-) 114

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2002-08 reveals (Table 1.26) that non-debt receipts of the UT were enough to meet the primary revenue expenditure thereby generating surplus which increased from Rs 156 crore in 2002-03 to Rs 164 crore in 2007-08 with wide inter year fluctuations. In other words, non-debt receipts of the UT were enough to meet the primary expenditure requirement in the revenue account and some receipts were left to meet the expenditure under the capital account. It was only during 2002-03 and 2004-05, the UT of Puducherry experienced the primary surplus when total non-debt receipts were adequate to meet the total primary expenditure and in the remaining years, it experienced the primary deficit largely on account of increasing capital expenditure.

1.11 Fiscal Ratios

The table on indicators of fiscal health relating to 2007-08 of UT of Puducherry is given below:

Table 1.27: Indicators of Fiscal Health (in *per cent*)

Fiscal Indicators	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)
I Resource Mobilisation (in ratio)					
Revenue Receipt/GSDP	24	31	29	29	30
Revenue Buoyancy	1.0	(-) 5.6	0.5	1.5	1.2
Own Tax/GSDP	6.5	7.8	7.8	8.9	9.2
Own Tax buoyancy	2.7	(-) 3.2	0.9	6.3	1.3

(1)	(2)	(3)	(4)	(5)	(6)
II Expenditure Management					
Total Expenditure/GSDP (in ratio)	27	34	34	36	35
Revenue Receipts/ Total Expenditure (in ratio)	90	92	86	82	86
Revenue Expenditure/Total Expenditure (in ratio)	90	89	86	84	89
Revenue Expenditure on Social and Economic Services (Rs in crore)	1,294	1,573	1,794	1,927	2,201
Capital Expenditure/Total Expenditure (in ratio)	10	11	14	16	11
Buoyancy of TE with RR (in ratio)	1.1	0.9	1.7	2.1	0.6
Buoyancy of RE with RR (in ratio)	1.2	0.9	1.3	1.6	1.1
III Management of Fiscal Imbalances					
Revenue deficit (-) /Revenue Surplus (+) (Rs in crore)	(+) 9	(+) 58	(+) 8	(-) 43	(-) 65
Fiscal deficit (Rs in crore)	(-) 136	(-) 134	(-) 279	(-) 398	(-) 331
Primary Deficit (-)/ Primary Surplus (+) (Rs in crore)	(-) 2	(+) 19	(-) 108	(-) 211	(-) 114
Revenue Deficit/Fiscal Deficit (in ratio)	-	-	-	11	20
Quantum spread (Rs in crore)	(-) 8.9	(-) 199.42	(-) 6.21	20.02	54.2
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP (in ratio)	24	30	29	34	41
Fiscal Liabilities/RR (in ratio)	101	95	101	115	137
Buoyancy of FL with RR (in ratio)	1.8	0.7	1.6	4.2	2.6
Buoyancy of FL with Own Receipt (in ratio)	1.0	1.5	1.8	1.5	2.5
Net Funds Available under Public Debt (in percentage)	24	25	27	36	24
V Other Fiscal Health Indicators					
Return on Investment (in percentage)	0.5	0.5	0.3	0.1	0.5
Balance from Current Revenue (Rs in crore)	206	341	310	383	454
Financial Assets/Liabilities (in ratio)	1.23	1.23	1.20	1.15	1.08

The trends in ratio of revenue receipts and UT's own taxes to GSDP indicate the adequacy and accessibility of UT to resources. Revenue receipts comprise not only the tax and non-tax resources of the UT but also the grants from Union Government. The revenue receipts as a ratio to GSDP remained almost static around 30 *per cent* during the last four years (2004-08). The UT's own taxes relative to GSDP, however, improved consistently from 6.5 in 2003-04 to 9.2 in 2007-08.

Various ratios concerning the expenditure management of the UT indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation efforts. The revenue expenditure as a percentage to total expenditure declined from 92 *per cent* in 2004-05 to 84 *per cent* in 2006-07 but it increased to 89 *per cent* in 2007-08. Decreasing reliance on revenue receipts to finance the total expenditure which stood at 86 *per cent* during 2007-08 indicates increasing dependence on borrowed funds. This is also reflected by the increasing ratio of fiscal liabilities to revenue receipts.

A deterioration in revenue deficit accompanied with a steep decline in fiscal and primary deficits and improvement in Balance from Current Revenue during 2007-08 indicates the situation of imbalance in UT's finances.

1.12 Conclusion

The fiscal health of UT of Puducherry viewed in terms of key fiscal parameters – revenue, fiscal and primary deficits – indicated mixed trends during 2007-08 over the previous year. An increase in revenue deficit (Rs 22 crore) was accompanied with a significant improvement in fiscal deficit (Rs 67 crore) as well as primary deficit (Rs 97 crore) during 2007-08 in relation to the previous year. This situation was in fact mainly on account of a steep fall in capital expenditure (Rs 85 crore) over the previous year. The decline in fiscal deficit on account of fall in capital expenditure does not seem to be desirable as it tend to reduce the productive capacity of the economy but also adversely affects the asset back up of fiscal liabilities. Mobilisation of resources by the UT comprising its tax and non-tax revenue as well as recovery of loans and advances could not meet the Non-plan revenue expenditure and the Government was heavily dependent on grants from GOI for meeting both NPRE and PRE requirements during the current year. Within NPRE, salaries, interest and pension payments as well as subsidies consumed little more than half of NPRE during 2007-08. Moreover, the increasing fiscal liabilities accompanied with negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt situation in medium to long run unless suitable measures are initiated to compress the Non-plan revenue expenditure and to mobilise the additional resources both through the tax and non-tax sources in ensuing years.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Section 29 of the Government of Union Territories Act, 1963, soon after grants under Section 28 are made by the Union Territory (UT) Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the UT. The Appropriation Act passed by the Legislature contains authority to appropriate certain sums from the Consolidated Fund of the UT for specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Section 30 of the Government of Union Territories Act, 1963.

The Appropriation Act includes expenditure which has been voted by the Legislature on various grants in terms of Sections 29 and 30 of the Government of Union Territories Act, 1963 and also expenditure which is required to be charged to the Consolidated Fund of the UT. The Appropriation Accounts are prepared every year indicating details of amounts spent on various specified services by Government *vis-à-vis* those authorised by the Appropriation Act.

The objective of Appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The 33 demands for grants approved by the Legislature comprise of 46 Voted grants (Revenue (31) and Capital (15)) and nine Charged appropriations (Revenue (eight) and Capital (one)) totalling 55 grants/appropriations. The summarised position of actual expenditure during 2007-08 against these grants and appropriations are as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure[1]	Saving (-)/ Excess (+)
Voted	I Revenue	1,945.79	169.34	2,115.13	1,988.90	(-)126.23
	II Capital	596.08	1.73	597.81	283.56	(-)314.25
	III Loans and Advances	3.40	0.00	3.40	2.68	(-)0.72
Total-Voted		**2,545.27**	**171.07**	**2,716.34**	**2,275.14**	**(-)441.20**
Charged	IV Revenue	204.47	15.28	219.75	219.43	(-)0.32
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt	108.94	0.00	108.94	108.92	(-)0.02
Total-Charged		**313.41**	**15.28**	**328.69**	**328.35**	**(-)0.34**
Grand Total		**2,858.68**	**186.35**	**3,045.03**	**2,603.49**	**(-)441.54**

Overall savings of Rs 441.54 crore was due to savings in 46 grants and nine appropriations (55 cases). The schemes under which the savings mainly occurred and the reasons therefor are given in Appropriation Accounts for the year 2007-08.

2.3 Results of Appropriation Audit

Supplementary provision

2.3.1 Supplementary provision constituted six *per cent* of the original provision as against eight *per cent* in the previous year.

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1 These are gross expenditure figures without taking into account the recoveries adjusted in accounts as reduction of expenditure.

2.3.2 In six grants, against additional requirement of Rs 89.14 crore, supplementary provisions of Rs 98.20 crore were obtained resulting in aggregate savings of Rs 9.06 crore (Details are given in **Appendix – 2.1**). The savings in each case exceeded Rs 50 lakh.

2.3.3 In 86 cases, expenditure fell short by more than Rs 50 lakh in each case and also by more than 10 *per cent* of the total provision, resulting in savings of Rs 569.33 crore (Details are given in **Appendix – 2.2**). In 26[2] out of these 86 cases, the entire provision of Rs 474.45 crore was not spent. In 54 cases, the expenditure exceeded the approved provisions (both Original and Supplementary) by more than Rs 50 lakh and also by more than 10 *per cent* of the total provision, resulting in an excess of Rs 149.85 crore. (Details are given in **Appendix – 2.3**). In 35 out of these 54 cases, the expenditure exceeded the approved provision by 100 *per cent*, resulting in an excess of Rs 112.39 crore.

2.3.4 Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 29 cases, re-appropriation of Rs 4.67 crore proved unnecessary (Details are given in **Appendix – 2.4**).

2.3.5 Anticipated savings not surrendered

The departments surrender the grants/appropriations or portions thereof whenever savings are anticipated. As against the total savings of Rs 441.54 crore in all grants/appropriations during 2007-08, the departments surrendered Rs 420.10 crore on 31 March 2008. It was, however, observed that the entire anticipated savings in 11 cases amounting to Rs 17.77 crore were not surrendered (Details are given in **Appendix – 2.5**).

2.3.6 Expenditure on Centrally Sponsored Schemes

Out of Rs 37.54 crore provided as Final Modified Grant (FMG) for implementing 92 Centrally Sponsored Schemes, Rs 31.94 crore (85 *per cent*) were spent. While no expenditure was incurred in respect of 28 schemes (FMG : Rs 2.51 crore), the expenditure was less than 50 *per cent* of provision in respect of four schemes (FMG : Rs 1.63 crore).

2.4 Advance drawal of funds

Project Implementation Agency (PIA) implements Tsunami Rehabilitation Project (TRP) utilising plan funds of the UT. Government released Rs 30.89 crore to PIA for undertaking construction and rehabilitation works under Tsunami Rehabilitation Programme. Based on the decision to take up

[2] Items having saving of 100 *per cent* in **Appendix 2.2**

construction of houses under Tsunami Rehabilitation Programme, PIA sent proposals for release of Rs 60.11 crore which included Rs 31.05 crore for construction of 1,350 houses at Rs 2.30 lakh per house. The Department of Revenue and Disaster Management released (September 2007) Rs 48.26 crore for construction of 1,350 houses which was Rs 17.21 crore in excess of requirement. Besides, the amount was released even before acquisition of land required for construction of houses and obtaining statutory clearances etc. As only Rs 12.53 crore could be spent out of Rs 79.15 crore, PIA kept the balance amount in banks as savings bank account and fixed deposits. Thus, release of Rs 48.26 crore in September 2007 was far in advance of requirement resulting in keeping/parking of funds outside the Government account.

CHAPTER III

AUDIT OF TRANSACTIONS

AUDIT OF TRANSACTIONS

This chapter presents the results of the audit of transactions of the Departments of the Government, their field formations as well as that of local bodies and autonomous bodies. The instances of lapses in the management of resources and failures in the observance of the norms of regularity, propriety and economy have been presented in the succeeding paragraphs under broad headings.

3.1 Irregular expenditure

HEALTH DEPARTMENT

PERUNTHALAIVAR KAMARAJ MEDICAL COLLEGE AND RESEARCH INSTITUTE

3.1.1 Irregular payment of allowances to teaching faculties

Rupees 56.38 lakh were paid as Special and sumptuary allowances to the teaching faculties of Medical College without obtaining approval of Government of India.

The Memorandum of Association of 'Perunthalaivar Kamaraj Medical College and Research Institute', a society registered in June 2005 and fully funded by the Union Territory Government, stipulates that service rules of Central Government including General Financial Rules (GFRs) are applicable for the officers and staff of the society. The GFRs stipulate that all grantee institutions which receive more than fifty *per cent* of their recurring expenditure in the form of grants-in-aid, shall formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Central Government and in exceptional cases, relaxation may be made in consultation with Government of India (GOI).

As the response to the advertisement given (November 2005) for recruitment of teaching faculties was poor, the Director of the Medical College proposed to enhance the total emoluments by way of allowing some special allowances/incentives. The Governing Body agreed (December 2006) to the payment of special allowance of Rs 10,000 in addition to the allowances applicable to the faculties of All India Institute of Medical Sciences, New Delhi (AIIMS) to attract experienced faculties. Comparison of allowances approved by the Governing Body with that paid by AIIMS, however, revealed that two allowances viz., special allowance of Rs 10,000 per month and sumptuary allowance of Rs 5,000 per month were not paid to the teaching faculties of AIIMS. The Governing Body, however, did not obtain any approval or relaxation from GOI through the Union Territory (UT) Government for payment of these two allowances. The Director recruited 44 teaching faculties during February 2007 to December 2007 and paid these allowances in addition to the pay and allowances allowed by AIIMS. These two allowances were also drawn by the Director from the date of his joining the College (23 November 2006). The Medical College incurred Rs 56.38 lakh till December 2007 towards payment of these two allowances without the approval of GOI.

The matter was referred to Government in June 2008. Government stated (August 2008) that these two allowances were given to attract faculties to serve in Government institutions. As the Medical College is fully funded by the UT Government, the Governing Body should have obtained relaxation from GOI through the UT Government for sanction of these two allowances. As such, the expenditure of Rs 56.38 lakh incurred towards payment of additional allowances to the teaching faculties of Medical College was irregular.

3.2 Avoidable expenditure

PUBLIC WORKS AND LOCAL ADMINISTRATION DEPARTMENTS

3.2.1 Additional liability due to delay in finalisation of tenders

Delay in finalisation of tenders and communicating them to the successful tenderer within the validity period in the cases of six different works resulted in an additional liability of Rs 78.38 lakh to Government.

In the following cases, there were delays in finalisation of tenders before the expiry of validity period which resulted in additional liability of Rs 78.38 lakh.

Case A :

To safeguard against any breach of contract, CPWD Manual stipulates production of performance guarantee[1] by the contractor in the form of irrevocable bank guarantee (BG) bond from any scheduled bank before awarding the work. The Chief Engineer issued instructions (November 2004) to verify the genuineness of the BG before accepting it.

Tenders were invited (February 2005) for the work of providing side drain from Vazhudhavur road junction to NH 45 junction. The tenders were

[1] Five *per cent* on the tendered value

valid upto 29 April 2005. The Superintending Engineer, Circle III, Puducherry (SE) approved (March 2005) the lowest tender of Rs 30.38 lakh. The Executive Engineer, Buildings & Roads (Central) Division, Puducherry (EE) requested the contractor (March 2005) to submit a performance guarantee in the form of BG. The contractor submitted the BG on 8 April 2005. The EE addressed the bank to confirm the genuineness of the bond only on 3 May 2005. Consequently the acceptance of tender was not communicated within the validity period (29 April 2005).

The contractor demanded (May 2005) release of earnest money deposit and BG. The EE sought orders of SE for cancellation of tender. The SE called for (June 2005) the reasons for non-communication of acceptance of tenders. The EE attributed (September 2005) the delay to the bank for not confirming the authenticity and genuineness of BG before expiry of validity period of tender. The SE accepted (November 2005) the proposal for cancellation of the tender. On retender (May 2006), the work was awarded (August 2006) to a contractor for Rs 51.57 lakh and the work is still under progress (April 2008).

Failure of the EE to verify the genuineness of the BG before the expiry of validity period of the tender resulted in extra liability of Rs 21.19 lakh.

Case B :

Test check of the records of Karaikal Municipality and Kottucherry Commune Panchayat by Audit during February and December 2007 and March 2008 revealed delay of 35 to 67 days in finalisation of tenders of four works without any recorded reasons resulting in withdrawal of offers by the lowest tenderers and consequent execution of these works at higher cost. Though the tender for a building work was finalised in time, work order was not issued for want of demolition of existing structure at the site. The details of these cases are given below:

Name of Work	Reasons for rejection of tender	Additional avoidable liability (Rs)
(1)	(2)	(3)
Karaikal Municipality		
Improvement of internal roads with WBM and BT and protection works in Kilinjalmedu	Tenders opened on 16 November 2005. Commissioner recommended the single tender of Rs 49.98 lakh to SE, LAD on 28 November 2005. This was forwarded to the CE, PWD on 3 January 2006 (delay of 35 days). The CE failed to approve it within the validity date of 15 January 2006. The tenderer withdrew the offer. The tender was finalised in the third call[2] for Rs 74.53 lakh in August 2007.	24.55 lakh

2 There was no response in the second call.

(1)	(2)	(3)
Improvement to link road from Beach road to Thomas Arul Street.	Tenders were opened on 16 November 2005 and the lowest offer of Rs 18.69 lakh was recommended to SE, LAD for acceptance on 21 December 2005. Proposal for expenditure sanction was sent to Director, LAD on 27 December 2005. The Director accorded sanction on 31 January 2006 (delay of 40 days). Validity of tender was over on 15 January 2006. The tenderer withdrew the offer. The tender was finalised in the second call for Rs 29.50 lakh in July 2006.	10.81 lakh
Improvement to internal roads in Ammankoil pathu.	Tenders were opened on 16 November 2005 and the lowest offer of Rs 15.30 lakh was accepted by SE, LAD on 21 December 2005. Proposal for expenditure sanction was sent to Director, LAD on 27 December 2005. Sanction was accorded only on 1 February 2006 (delay of 41 days). Validity of tender was over on 15 January 2006. The tenderer withdrew the offer. The tender was finalised in the third call[3] for Rs 20.44 lakh in July 2007.	5.14 lakh
Kottucherry Commune Panchayat		
Construction of Multipurpose Community Hall	Tenders were opened on 15 February 2007 and the lowest offer of Rs 61.69 lakh was accepted by SE, LAD on 30 March 2007. Tender validity was extended up to 30 June 2007 but the Commissioner requested the Director, LAD to accord expenditure sanction on 6 June 2007 (delay of 67 days). The validity of tender was over. The tenderer withdrew the offer. The tender was finalised in the second call for Rs 67.40 lakh in January 2008.	5.71 lakh
Reconstruction of Office Building by demolishing the old tiled building	The work involved demolition of existing building and construction of new building at that site. The estimate for construction work was sanctioned by SE, LAD in March 2005 and tenders were invited in July 2005. The lowest tender of Rs 39.58 lakh was accepted after obtaining expenditure sanction from Director, LAD (11 November 2005). Though the acceptance was communicated to the tenderer on 16 November 2005, work order was not issued as the old building was not demolished. The sanction for dismantling the old building was obtained only in March 2006. Tenders were invited on 5 July 2006. As the site was not ready, the tenderer (for construction work) withdrew his offer. The old building was dismantled in April 2007[4] and the tender for the same construction work was finalised for Rs 50.56 lakh in January 2008.	10.98 lakh

As all the above stated works were taken up for execution with Government grants, the delay in finalisation of tenders due to inaction at various levels resulted in an additional liability of Rs 57.19 lakh to Government.

The matter was referred to Government in June/July 2008; the replies had not been received (November 2008).

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[3] There was no response in the second call.

[4] Tenders received in the first two calls (Rs 45,000 and Rs 46,000) were rejected for lesser bid than the upset price (Rs 82,899) and the tender was decided only in the third call for Rs 52,000, to avoid delay in taking up construction work at that site.

PUBLIC WORKS DEPARTMENT

3.2.2 Avoidable liability due to non-communication of acceptance of tender in time

Failure of the Government to arrange for attending to urgent work of Chief Engineer during the vacancy period resulted in non-communication of the acceptance of the tender for a road work within the validity period and avoidable liability of Rs 45.45 lakh on retender.

The notice inviting tender (NIT) for the work 'Providing wearing coat from Marapalam to Chunnambar in NH 45A' (estimate : Rs 1.96 crore), issued on 16 October 2006, stipulated that the tender should remain open for acceptance for a period of sixty days from the date of opening. The tenders were opened on 2 November 2006 and the lowest offer of Rs 1.60 crore was recommended (8 November 2006) for acceptance by the Executive Engineer, NH Division, Puducherry (EE). The Chief Engineer (CE), accepted the lowest tender on 29 November 2006. The draft letter of acceptance was, however, not approved within the validity period of tender (31 December 2006) as the post of CE was lying vacant from 1 December 2006. The letter was approved by the Secretary (Works) on 4 January 2007 on behalf of the CE, but the contractor withdrew the offer on the ground of expiry of validity of tender.

When the new CE invited (February 2007) the tenderer for a discussion, he did not turn up. On retender (March 2007), the work was awarded (April 2007) to the same contractor for Rs 2.05 crore. The work was in progress and Rs 83.27 lakh was spent as of December 2007.

Thus, failure of the Government to organise and arrange a CE for attending to the urgent work/duties of CE during the vacancy period resulted in non-communication of the acceptance of tender to the contractor before the expiry of validity of tender leading to an additional liability of Rs 45.45 lakh[5].

Government attributed (November 2008) the delay in making alternate arrangements for attending to urgent work of CE to administrative reasons. This reply is not acceptable as the Government could have given additional charge or delegated the powers of CE to the senior most Superintending Engineer to carry out the regular activities of the Department.

[5] Rs 205.44 lakh - Rs 159.99 lakh

3.3 Unfruitful Expenditure

ADI-DRAVIDAR WELFARE DEPARTMENT

3.3.1 Non-development of land resulted in blocking of Rs 2.39 crore

The Director failed to develop the lands acquired at the cost of Rs 2.39 crore as housing plots for allotment to Scheduled Caste and Other Economically Backward Class even after four years of acquisition.

The Department implements the scheme "Distribution of plots to Scheduled Caste (SC) and Other Economically Backward Class (OEBC) beneficiaries free of cost" for construction of their own dwelling units/houses. Revenue Department acquired two pieces of land measuring 1.126 hectares (ha) and 1.52 ha at Kirumampakkam and Pitchaiveerampet villages respectively by invoking urgency clause of Land Acquisition Act for implementing the scheme. The lands acquired at a total cost of Rs 2.39 crore were handed over to the Director of Adi-dravidar Welfare in September and December 2003. The scheme was not implemented due to delay in developing the lands into plots even by April 2008. Scrutiny of relevant records by audit disclosed the following:

As the land at Pitchaiveerampet required earth filling before demarcation, the Director requested the Public Works Department (PWD) to fill the low-lying areas with desilted earth from nearby ponds in June 2004. PWD could not take up the work as the site was full of bushes, jungles etc. and the boundaries of the same were not demarcated. The Director approached (November 2004) a Government company to undertake the work. Though the company quoted a rate of Rs 23.40 lakh (January 2005), it demanded actual cost with service charges (June 2005) while finalising the payment conditions. The Director did not entrust the work to the company. PWD executed the work as and when desilting works were undertaken and the work was partially completed and work in 0.10 ha was left undone upto February 2007. The land was divided into 183 housing plots in April 2007 but the Selection Committee was not convened to select the beneficiaries, as earth filling work was not completed in 0.10 ha of land. The boundaries of this piece of land were demarcated (June 2007), but the earth filling work was not taken up by PWD (April 2008).

The Director took over the land at Kirumampakkam in September 2003. After exploring the possibility of filling the low lying areas with earth filling work by a Government company and Pondicherry Slum Clearance Board, the Director got the work completed through a private agency in May 2005. The Director then requested (June 2005) the Electricity Department to shift the power lines but did not follow it up. Based on the estimate given by the Electricity Department (June 2006), the Director deposited the cost of shifting in April 2007. As the work was to be executed departmentally, Electricity Department returned the deposit in August 2007. The Low Tension lines were shifted (February 2008) but High Tension lines were not shifted for want of line materials. In the meantime, the land was divided into 190 housing plots but the beneficiaries were not selected or finalised due to non-shifting of power lines.

Failure of the Director to develop the land as housing plots resulted in non-distribution of housing plots to 373 beneficiaries even by April 2008 and blocking of Rs 2.39 crore for more than four years.

The matter was referred to Government in July 2008; reply had not been received (November 2008).

3.4 General

3.4.1 Follow up action on earlier Audit Reports

The Committee on Public Accounts (PAC) prescribed a time limit of three months for the Departments for furnishing replies to the audit observations included in the Audit Reports indicating the corrective/remedial action taken or proposed to be taken by them and submission of Action Taken Notes on the recommendations of the PAC by the Departments. The pendency position of paragraphs/recommendations for which replies/action taken notes were not received is as follows:

(a) Out of 63 paragraphs/reviews included in the Audit Reports relating to 2003-04, 2004-05, 2005-06 and 2006-07, Departmental replies were not received for 51 paragraphs/reviews as of September 2008.

(b) Government Departments had not taken any action as of September 2008 on 381 recommendations made by the PAC in respect of Audit Reports of 1977-78 to 2001-02 (details *vide* **Appendix 3.1**).

CHAPTER IV
REVENUE RECEIPTS

REVENUE RECEIPTS

4.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Union Territory of Puducherry during the year 2007-08 and the grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(Rupees in crore)

Sl. No.		2003-04	2004-05	2005-06	2006-07	2007-08
I	**Revenue raised by the Government**					
	• Tax revenue	352.76	404.58	479.40	569.55	652.85
	• Non-tax revenue	454.34	500.72	510.99	549.92	625.82
	Total (I)	**807.10**	**905.30**	**990.39**	**1,119.47**	**1,278.67**
II	Receipts from the Government of India-Grants-in-aid	495.42	725.70	811.49	764.09	856.95
III	**Total receipts of the Government (I + II)**	**1,302.52**	**1,631.00**	**1,801.88**	**1,883.56**	**2,135.62**
IV	Percentage of I to III	62	56	55	59	60

The above table indicates that during the year 2007-08, the revenue raised by the Union Territory Government was 60 *per cent* of the total revenue receipts (Rs 2,335.62 crore) against 59 *per cent* in the preceding year. The balance 40 *per cent* of the receipts during 2007-08 was obtained from the Government of India.

4.1.1 The details of tax revenue raised during the year 2007-08 alongwith the figures for the preceding four years are mentioned below:

(Rupees in crore)

Sl. No.	Heads of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+)/ decrease (-) in 2007-08 over 2006-07
1.	Taxes on sales, trade, etc.	203.19	246.48	304.22	364.89	354.98	(-) 2.72
2.	State excise	105.66	110.29	125.17	143.49	224.02	56.12
3.	Stamp duty and registration fees	20.27	23.52	23.97	31.01	41.37	33.41
4.	Taxes on vehicles	23.19	23.87	25.56	29.01	31.60	8.93
5.	Land revenue	0.29	0.29	0.31	0.91	0.54	(-) 40.66
6.	Others	0.16	0.13	0.17	0.24	0.34	41.67
	Total	**352.76**	**404.58**	**479.40**	**569.55**	**652.85**	**14.63**

The reasons for the variations in receipts during 2007-08 over those of 2006-07 as reported by the concerned departments are mentioned below:

State excise: The increase (56.12 *per cent*) was due to increase in the realisation of *kist* amount and more collection of excise duty due to levy of additional excise duty in lieu of sales tax with effect from 23 April 2007.

Stamp duty and registration fees: The increase (33.41 *per cent*) was due to increase in the cost of land mentioned in the guideline and registration of more documents.

Land revenue: The decrease (40.66 *per cent*) was due to grant of exemption from collection of land tax.

The other departments did not intimate (December 2008) the reasons for variations in receipts from that of previous year despite being requested in August 2008.

4.1.2 The details of major non-tax revenue raised during the year 2007-08 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Heads of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+) / decrease (-) in 2007-08 over 2006-07
1.	Power	430.30	464.48	486.88	508.95	570.36	12.07
2.	Interest receipts, dividends and profits	4.50	5.25	4.13	7.23	21.41	196.13
3.	Medical and public health	5.45	4.11	3.57	7.52	7.83	4.12
4.	Education, sports, art and culture	1.04	0.51	0.46	0.47	0.48	2.13
5.	Crop husbandry	0.34	0.28	0.53	0.43	0.34	(-) 20.93
6.	Other receipts	12.71	26.09	15.42	25.32	25.40	0.32
	Total	**454.34**	**500.72**	**510.99**	**549.92**	**625.82**	**13.80**

The reasons for variations in receipts during 2007-08 over 2006-07, though called for from the concerned departments in August 2008, have not been received (December 2008).

4.2 Variations between the budget estimates and actual receipts

The variations between the budget estimates and actuals of revenue receipts for the year 2007-08 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(Rupees in crore)

Sl. No.	Heads of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
1.	Taxes on sales, trade, etc.	394.00	354.98	(-) 39.02	(-) 9.90
2.	State excise	138.00	224.02	86.02	62.33
3.	Stamp duty and registration fees	26.00	41.37	15.37	59.11
4.	Taxes on vehicles	27.57	31.60	4.03	14.62
5.	Land revenue	0.27	0.54	0.27	100.00
6.	Power	530.00	570.36	40.36	7.62
7.	Interest receipts, dividends and profits	4.79	21.41	16.62	346.97
8.	Medical and public health	4.70	7.83	3.13	66.60
9.	Education, sports, art and culture	0.55	0.48	(-) 0.07	(-) 12.73
10.	Crop husbandry	0.30	0.34	0.04	13.33

The reasons for the variations as reported by the concerned departments are mentioned below:

State excise: The increase (62.33 *per cent*) was due to levy of additional excise duty on liquor in lieu of sales tax with effect from 23 April 2007.

Stamp duty and registration fees: The increase (59.11 *per cent*) was due to increase in the cost of land mentioned in the guideline and registration of more documents.

Interest receipts, dividends and profits: The increase (346.97 *per cent*) was on account of accrual of interest by investing cash balance in 14 days treasury bills, collection of interest from Fisheries Department through waiver of loans from Prime Minister's Relief Fund and receipt of dividend from Puducherry Power Corporation.

Medical and Public Health: The increase (66.60 *per cent*) was due to increase in hospital stoppages, collection of licence fees from food and drugs administration, increase in medical reimbursement of insured persons and more receipt of share from ESI.

The reasons for the variations in respect of the remaining heads, though called for from the concerned departments, have not been received (December 2008).

4.3 Analysis of collection

The break-up of total collection at pre-assessment stage and after regular assessment of sales tax under the Pondicherry General Sales Tax Act for the year 2007-08 and the corresponding figures for the preceding two years as furnished by the department are mentioned below:

(Rupees in crore)

Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 2 to 6
1	2	3	4	5	6	7
2005-06	303.48	0.48	0.32	0.06	304.22	99.76
2006-07	364.31	1.07	0.35	0.84	364.89	99.84
2007-08	350.30	4.43	0.37	0.12	354.98	98.68

The above table shows that collection of revenue at the pre-assessment stage ranged between 98.68 *per cent* and 99.84 *per cent* during 2005-06 to 2007-08.

4.4 Arrears of revenue

The arrears of revenue pending for collection as on 31 March 2008 under the principal heads of revenue, as reported by various departments was Rs 199.09 crore as indicated below:

Sl. No.	Departments	Total arrears	Arrears outstanding for more than five years	Remarks
(1)	(2)	(3)	(4)	(5)
1.	Electricity	113.52	20.64	The arrears comprise of Rs 41.24 crore from high tension (HT) consumers and Rs 72.28 crore from low tension (LT) consumers. Of the HT arrears, Rs 9.91 crore is due from Government owned company; Rs 84.22 lakh is pending with Claim Commissioner, New Delhi; Rs 12.80 crore is covered under litigation and Rs 3.78 crore is proposed to be recovered through Revenue Recovery Act. Rupees 13.91 crore is due from other consumers/industries. Under LT category, Rs 18.58 crore is due from local bodies and Rs 3.51 crore from Government departments. Rupees 50.19 crore is due from other consumers/ industries.

(1)	(2)	(3)	(4)	(5)
2.	State Excise	13.23	11.46	Arrears were mainly due to non payment of *kist* by the lessees of arrack and toddy shops.
3.	Commercial Taxes	65.80	4.68	Demands amounting to Rs 28 crore were covered by stay granted by High Court and other judicial authorities. Rupees 3.29 crore is covered by Revenue Recovery Act and Rs 34.51 crore is covered under various stages of recovery.
4.	Public Works	5.25	1.37	Arrears relate to water charges due from consumers.
5.	Revenue and Disaster Management	0.01	Nil	The stage at which arrears were pending was not made available to audit.
6.	Stationery and Printing	0.16	0.02	Arrears relate to payment due from Government departments.
7.	Town and Country Planning	0.14	0.14	Arrears are due to non-payment of enhanced plot costs by the allottees.
8.	Agriculture	0.18	0.08	Arrears mainly relate to rent due from UT/Government owned companies and the amount due from commune panchayats.
9.	Port	0.62	Nil	Arrears relate mainly to lease rent due from M/s. Concur (A Government of India undertaking).
10.	Judicial	0.05	0.04	In some cases, accused are undergoing imprisonment and in some cases, appeals are pending in Sessions Court, Puducherry and High Court, Chennai.
11.	Information and Publicity	0.11	0.09	Arrears are mainly due from Pondicherry Tourism and Development Corporation towards canteen rent.
12.	Fisheries and Fishermen Welfare	0.01	--	Reasons for arrears were not furnished by the department.
13.	Health and Family Welfare	0.01	--	Reasons for arrears were not furnished by the Department.
	Total	**199.09**	**38.52**	

The other departments *viz.*, Registrar of Co-operative Societies, Assembly Secretariat, Directorate of Collegiate Education, Commissioner of Hindu Religious Institutions, Chief Superintendent of Jails, Director of Industries, Director of Planning and Research, Director of Information Technology and Transport Department did not furnish the details of arrears of revenue.

4.5 Frauds and evasion of tax

The details of cases of fraud and evasion of the sales tax cases detected, cases finalised and the demands for additional tax and penalty levied as reported by the Commercial Taxes Department is mentioned below:

(Rupees in crore)

Cases pending as on 1 April 2007	Cases detected during 2007-08	Total	Number of cases in which assessment/investigation completed and additional tax and penalty levied		Number of pending cases as on 31 March 2008
			Number of cases	Amount demanded	
33	4	37	9	5.33	28

4.6 Failure to enforce accountability and protect interest of the Government

Accountant General (Commercial and Receipt Audit), Tamil Nadu arranges periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounts and other records as per the prescribed rules and procedures. These inspections are followed up with inspection reports (IRs). Important irregularities are included in the IRs issued to the heads of offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in theirs and rectify the defects and omissions promptly and report compliance to the office of the Accountant General within two months from the dates of issue of the IRs. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Accountant General.

Inspection reports issued upto December 2007 disclosed that 627 paragraphs involving Rs 195.23 crore relating to 195 IRs remained outstanding at the end of June 2008. Department-wise break up of the IRs and audit observations outstanding as on 30 June 2008 is mentioned below:

(Rupees in crore)

Sl. No.	Tax heads	Outstanding		Amount involved
		Inspection reports	Audit observations	
1.	Sales tax	51	241	181.06
2.	Land revenue	26	53	1.76
3.	Stamp duty and registration fees	60	149	1.40
4.	Taxes on vehicles	29	127	4.37
5.	State excise	29	57	6.64
	Total	**195**	**627**	**195.23**

4.7 Results of audit

Test check of the records of sales tax, state excise, stamp duty and registration fees, taxes on vehicles, land revenue, town and country planning conducted during the year 2007-08 revealed under assessment/short levy/loss of revenue amounting to Rs 26.31 crore in 53 audit observations. During the course of the year, the departments accepted Rs 14.35 lakh in 13 audit observations; of which, Rs 9.09 lakh was pointed out during 2007-08 and the rest in earlier years. Rupees 2.73 lakh was recovered by the department.

This report contains seven paragraphs relating to non/short levy of taxes, duties, interest and penalties and other audit observations involving revenue of Rs 9.49 crore. The departments/Government accepted audit observations involving revenue of Rs 1.30 crore (November 2008). In respect of the audit observations where departments' reply has been found at variance with the rules and regulations, suitable rebuttals have been included in the paragraphs.

4.8 Status of recovery against audit observations accepted by the Government

Review of the replies of the Government to the paragraphs of the Audit Reports for the last five years from 2002-03 to 2006-07 shows that against the revenue effect of Rs 22.35 crore of the audit observations accepted by the department, the actual recovery is Rs 11 lakh. A year-wise break up of the recovery of revenue till November 2008 is mentioned below:

(Rupees in crore)

Year of Audit Report	Revenue effect of chapter	Amount accepted by the department	Amount recovered
2002-03	0.22	0.22	0.11
2005-06	22.13	22.13	--
2006-07	1.13	--	--
Total	**23.48**	**22.35**	**0.11**

COMMERCIAL TAXES DEPARTMENT

4.9 Receipt, issue, custody and surrender of declaration forms

4.9.1 Introduction

The Central Sales Tax Act, 1956 (CST Act) stipulates that every dealer who in the course of inter-state trade or commerce sells to a registered dealer, goods of the class or classes specified in the certificate of registration of the purchasing dealer, shall be liable to pay tax at a concessional rate, if such sales are supported by declarations in form 'C' obtained from the purchaser. Transfer of goods claimed otherwise than by way of sale made by a registered dealer to any other place of his business located outside the state is exempted from tax on production of the prescribed declarations in form 'F' duly filled in and signed by the principal officer of the other place of his business or his agent as the case may be. The Pondicherry General Sales Tax Act, 1967 (PGST Act) provides for the concessional rate of tax on sale of raw materials to industries in the Union Territory of Puducherry to form part of the finished products of the goods manufactured by such industries subject to the furnishing of a declaration in Form XVII obtained from the purchaser.

The forms are printed at the Government Printing Press, Puducherry. The Commissioner, Commercial Taxes Department places indents for the supply of these forms required by the various assessing authorities. The allotment of serial numbers to the forms is done at the Government Press.

A study of the system/procedure relating to receipt, issue, custody and surrender of the declaration forms was undertaken in audit. The result of such study is discussed in the following paragraphs:

4.9.2 Inventory control of the declaration forms

Under Rule 15 of the CST (Pondicherry) Rules, declaration forms under the CST Act shall be printed in books of 25 forms and supplied to the dealers on application and on payment of the prescribed fees. It is incumbent upon the Commercial Taxes Department to ensure proper receipt, custody and issue of the forms so as to obviate the possibility of misuse of the forms and loss of revenue.

Scrutiny of the records relating to maintenance of the declaration forms revealed that four books containing 25 forms each bearing serial numbers 113276-113300, 142376-142400, 160676-160700 and 216476-216500 and one 'C' form bearing number 31155 were not received from the Government press. Similarly two 'C' forms books contained 24 forms each and one 'C' form book contained 26 forms instead of the standard 25 forms. However, no action was taken to invalidate these forms.

Whenever a dealer made indent for supply of less than 25 forms, one book was allotted in the name of the assessee, but only the actual number of forms indented was issued to the dealer. The balance forms available in the book were kept in the custody of the assessing officer concerned for future issue. However, in such event, no procedure was followed for accounting the forms held by the assessing officers. This defective system of receipt and issue of declaration forms leaves scope for misuse and makes tracking of the forms problematic.

The department did not have any mechanism for periodic review of the stock of forms held by it so as to ensure that unused or cancelled forms are either destroyed after obtaining the approval of the competent authority or otherwise secured so as to obviate the possibility of their misuse.

4.9.3 Misuse of 'C' form declarations

4.9.3.1 Rule 14(16) of the PGST Rules, provides that the Government may, by notification to be published in the official gazette, declare that declaration forms of a particular series, design or colour shall be deemed as obsolete and invalid with effect from such date as may be specified in the notification. The Government may also furnish information regarding such declaration to other State Governments for publication in their gazettes.

During September 1997, the Commercial Taxes (CT) Department, Puducherry declared 150 'C' forms as invalid on the ground that they were lost while in custody of the department. However, scrutiny of the records revealed that no steps were taken by the department to notify these declarations as obsolete and invalid in the gazette. As such, misuse of these forms cannot be ruled out.

Audit further noticed that three 'C' forms, out of the above forms, were utilised by two dealers of Puducherry for effecting purchases in inter state trade during 2000-01 and 2001-02. The department did not detect the misuse of the forms that resulted in non-levy of tax and penalty of Rs 2.72 lakh.

After this was pointed out in June/July 2007, the department stated in October 2007 that investigation in one case was under progress while reply in the other case has not been received.

4.9.3.2 According to Rule 14(8) read with Rule 14 (13) of the PGST Rules, the declaration form obtained by a registered dealer shall be kept by him in safe custody and he shall be personally responsible for the loss, destruction or theft of any such form or the loss of Government revenue, if any, resulting directly or indirectly from such theft or loss and no registered dealer shall, either directly or through any other person, transfer the same to another person.

Cross check of records in audit revealed that two 'C' forms and a form XVII declaration issued to a dealer in Karaikal during February 2002 were used by another dealer in Puducherry and by an unregistered dealer based in Karaikal for effecting purchases valued at Rs 1.36 crore at concessional rate of tax during 2002-03. The value of such purchases worked out to Rs 1.36 crore. These transactions revealed that the declaration forms were misused resulting in short levy of tax and penalty of Rs 5.32 lakh.

After the cases were pointed out in audit in November 2007, the department intimated that an amount of Rs 3.51 lakh has been recovered in one case while the reply of the department in the remaining cases has not been received (December 2008).

4.9.4 Irregular issue of the declaration form

Rule 5(1) of the CST (Registration and Turnover) Rules 1957, read with Rule 24(8) of the PGST Rules envisage that the registering authority before issuing the registration certificate should satisfy, after making such enquiry as it thinks necessary, that the particulars contained in the application for registration are correct and complete in all aspects.

Scrutiny of the records in Pondicherry-II assessment circle revealed that a dealer in kerosene was issued registration certificate in May 2003. In October 2003, the department cancelled the registration certificate for the reason that the dealer did not possess explosive licence issued by the Additional District Magistrate, Puducherry, licence from the Civil Supplies Department and there was no storage facilities essential for carrying out the business. Though the registration certificate was cancelled in October 2003 and the assessment for the year 2003-04 was finalised in May 2004, 'C' forms were erroneously issued to the dealer in May 2004 for purchase of kerosene for a value of Rs 5.17 crore at concessional rate of tax.

After this was pointed out, the department replied in November 2007 and June 2008 that the registration certificate was granted on the assurance of the dealer that the necessary licence would be obtained. The reply of the department is not tenable as under the rule, the registering authority was to issue registration certificate only after satisfying himself that the application was in order. Moreover the CST (Pondicherry) Rules provide for issue of declaration forms to a registered dealer. In this case, the issue of 'C' forms in May 2004 after cancellation of the registration certificate in October 2003 was not in order.

4.9.5 Non surrender of forms

Rule 14(11) and (12) of the CST (Pondicherry) Rules 1967, stipulate that the dealer who discontinues his business during the course of the year shall submit the details of utilisation of the declaration forms and any unused declaration forms remaining in stock with a registered dealer on the cancellation of his registration certificate shall be surrendered to the registering authority. Rule 22(2) of the PGST Rules provides that any unused declaration form remaining in stock with a dealer shall be surrendered to the assessing authority on the discontinuance of the business by the dealer or cancellation of his registration certificate on his ceasing to be an assessee.

Scrutiny of the records of seven assessment circles in the Union Territory revealed that 810 dealers, after obtaining the forms discontinued their business. The details of forms utilised by the dealers and the unutilised forms, if any, surrendered to the department was sought by audit.

The assessing authority, Industrial assessment circle, Pondicherry replied in September 2007 that the dealers had stopped their business long back and their whereabouts were not known and it was proposed to invalidate the unused/unaccounted forms to avoid misuse. The assessing authorities of three[1] assessment circles replied that the files were to be traced out to find out the details of utilisation/surrender of forms. Reply from the remaining assessment circles has not been received (December 2008).

The reply of the department revealed that there was no proper mechanism to ensure and monitor surrender of the forms by the dealers who discontinued their business.

4.9.6 Use of fake form

Under the CST Act, transfer of goods claimed otherwise than by way of sale made by a registered dealer to any other place of his business located outside the state is exempted from tax on production of prescribed declaration in form 'F' duly filled in and signed by the principal officer of the other place of his business or his agent as the case may be.

The correctness of the exemption claimed by a dealer in Andhra Pradesh on a value of Rs 44.36 lakh as representing consignment sale of rice bran oil to his consignment agent at Puducherry was taken up for verification in audit. Scrutiny of the register relating to issue of forms revealed that the 'F' forms used for movement of goods from Andhra Pradesh otherwise than by way of sale were not at all issued to the concerned dealer. Thus the dealer had used fake form to evade the liability from payment of tax.

After this was pointed out in December 2007, the assessing authority replied that the dealer had closed business with effect from 31 March 2004 and action would be taken to levy tax and penalty after ascertaining the whereabouts of the dealer. Further report has not been received (December 2008).

4.9.7 Evasion of tax

To verify correctness of the transactions, certain norms have to be prescribed to cross check the transactions at the other end. However, when

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[1] Karaikal, Mahe and Yanam assessment circles.

the norms were called for, the department did not produce any standing orders requiring the assessing authority/intelligence wing to carry out cross check of use of the forms. Similarly, the department did not provide complete details of cross checks done by them in respect of sale/purchase effected by the dealers.

4.9.7.1 Under the CST Act and Rule 3(1) of the CST (Pondicherry) Rules, every dealer shall maintain true and correct account of purchases made by him from other states against 'C' form declarations and if any dealer conceals any purchase or furnishes inaccurate particulars of his purchase, he shall be liable to pay penalty in addition to the amount of tax payable.

Cross verification of the assessment records of dealers in Tamil Nadu and in Gujarat with that of the records of dealers in Puducherry revealed that 16 dealers of five assessment circles had suppressed the purchase of soda ash amounting to Rs 9.78 crore effected by them by issue of 'C' form declarations during the years 1999-2000 to 2006-07. The corresponding sales turnover which had escaped assessment worked out to Rs 10.75 crore (after addition of gross profit of 10 *per cent)* involving tax and penalty of Rs 96.53 lakh.

Of the above, nine dealers had closed down their business and the misuse of the balance forms, if any, available with the dealers for such purchases cannot be ruled out. Eleven dealers, after obtaining 'C' forms from the department had not filed returns either under the PGST Act or under the CST Act. Had the assessing authorities exercised a close watch over the non-filing of returns by the dealers and called for the same or taken steps to make best of judgment assessment as provided in the Rules, such unaccounted purchases could have been avoided.

After this was pointed out, the assessing authorities in eight cases accepted the audit observation and stated that necessary action would be taken for recovery of the tax and penalty. The assessing authorities in five cases stated that the department was already seized of the matter and that investigation was under progress. The assessing authority in two cases involving tax and penalty of Rs 19.13 lakh stated that the assessments had become time barred and no further action was possible. The reply of the assessing authority in respect of the remaining one case has not been received (December 2008).

The department stated in June 2008 that in respect of seven dealers, criminal cases had been filed and in respect of others, investigation commenced by the department in the year 2003 was under progress. The reply is not tenable as the transactions pointed out in audit involve misuse of declaration forms other than those unearthed by the department. These cases were not known earlier to department and, therefore, had not been subject to investigation/ legal proceedings.

4.9.7.2 By a notification issued in April 1993, the rate of tax on sale of raw materials to industries in the Union Territory of Puducherry to form part of the finished products of the goods manufactured by such industries was reduced to one *per cent,* where the rate of tax payable under the said section does not exceed four *per cent*. Such concessional rate of tax was subject to the furnishing of a declaration in Form XVII by the purchaser. Section 26 of the PGST Act provides for levy of penalty of a sum not exceeding one and half times the tax payable where the purchaser fails to make use of the goods for the declared purpose.

Scrutiny of the records of the Puducherry depot of Tamil Nadu Petro Products Ltd. (TPL), an assessee in the books of Pondicherry-I assessment circle, revealed sale of linear alkyl benzene to various dealers in Puducherry at concessional rate of one *per cent* against Form XVII declarations. Further scrutiny of the assessment records in three assessment circles revealed that nine dealers who had purchased linear alkyl benzene for Rs 29.82 crore at concessional rate during the years 2000-01 to 2002-03 had subsequently stopped their manufacturing activities and had not filed monthly returns to the assessing authorities concerned. The amount of tax and penalty leviable for such unaccounted purchases worked out to Rs 1.55 crore.

After this was pointed out between July 2007 and October 2007, the assessing authorities agreed to initiate action in respect of four dealers. The assessing authorities further replied that in respect of three dealers, the cases were time barred. The reply is not tenable as the dealers had not filed returns to the department and therefore the question of the cases becoming time barred does not arise. Reply in respect of the remaining two cases has not been received (December 2008).

4.9.8 Non-accounting of stock transfer

On verification of the transactions relating to stock transfer of a dealer, it was noticed that computer spares valued at Rs 70.70 lakh sent on branch transfer during the year 2000-01 from the head office at Chennai to the dealer's branch at Puducherry was not properly accounted for. The dealer had filed monthly returns upto the month of September 2000 only disclosing a turnover of Rs 27.68 lakh. In February 2005, the Inter state investigation cell, Chennai had intimated the details of stock transfer to the Commercial Taxes Department, Puducherry requesting them to take further action. However, the unaccounted transactions were not brought to assessment in the concerned assessment circle.

After this was pointed out in July 2007, the assessing authority replied in November 2007 that the whereabouts of the dealer would be traced and the assessment finalised. Further report has not been received (December 2008).

The matter was reported to the Government in July 2008; their reply has not been received (December 2008).

4.10 Incorrect grant of exemption from levy of tax

By the notifications issued in June 1974 and September 1986, industries in Puducherry and in Karaikal were granted exemption from sales tax for a period of five years and 10 years respectively in respect of their turnover from the sale of goods manufactured by such industries.

With effect from 21 July 2000, the above said exemptions were discontinued except to the then existing industries for the balance period of their eligibility and to the new industries that were in pipe line as on 21 July 2000, subject to the condition that the industries in the pipe line should have started production within two years from the date of issue of the notification.

Scrutiny of the records in the Industrial assessment circle, Pondicherry and Karaikal assessment circle revealed that the assessing authorities, while finalising the assessments of three dealers for the years 2001-02 to 2005-06 between December 2005 and December 2006, erroneously allowed exemption on a turnover of Rs 8.82 crore, though two industrial units were not in pipe line as on 21 July 2000 and one industrial unit had not commenced production within two years from 21 July 2000, i.e. before 21 July 2002. The erroneous admittance of exemption resulted in non-levy of tax of Rs 48.78 lakh.

After the cases were pointed out in audit in August 2006 and March 2008, the department revised the assessment in two cases in October 2007 and November 2007 and raised an additional demand of Rs 8.46 lakh; the collection particulars of which has not been received (December 2008). The department in the remaining case contended that the dealer was eligible for exemption as the industry had commenced production on 10 March 2002 as certified by the Director of Industries. The reply is not tenable as the date of production mentioned in the certificate was only trial production as evidenced by the meagre turnover of Rs 861 and the certificate also did not indicate the eligibility of the assessee for the sales tax exemption.

The matter was reported to the Government in July 2008; their reply has not been received (December 2008).

4.11 Application of incorrect rate of tax

Under the CST Act, inter state sale of goods not covered by valid declarations in form 'C' is assessable to tax at the rate of 10 *per cent* or at the rate applicable to sale of such goods inside the state, whichever is higher. By notifications issued under the CST Act, the rate of tax on inter state sale of machinery and inter state sale of computers, IT products and their accessories was reduced to one *per cent* and two *per cent* respectively. Consequent to the amendment of the CST Act, the reduced rates of tax would be applicable only if the transactions were covered by valid declaration forms. The Government of Puducherry by a notification issued in October 2003 had directed that the exemption/concessional rate of tax on inter state sales shall be allowed with effect from 1 October 2002 only if the transactions were covered by declaration forms.

In the Industrial assessment circle, Pondicherry and Pondicherry-I assessment circles, while finalising the assessments of two dealers for the years 2002-03 and 2004-05 in November 2005 and March 2007, the assessing authorities allowed concessional rate of tax on sale of hydraulic brakes and UPS systems valued Rs 39.72 crore, though the sales were either made to unregistered dealers or were not covered by 'C' form declarations. The application of incorrect rate of tax resulted in short levy of tax of Rs 3.36 crore.

After the cases were pointed out, the assessing authority, Pondicherry-I assessment circle, revised the assessment of the dealer in June 2007 and levied tax of Rs 8.51 lakh; the collection particulars of which has not been received (December 2008). The assessing authority, Industrial assessment circle replied that the sales were made to persons not falling under the category of dealers and were outside the ambit of the CST Act and hence there was no necessity for filing of the declaration forms. The reply is not tenable as consequent to the amendment of the CST Act, the concessional rate of tax can be granted only on furnishing of 'C' form declarations.

The matter was reported to the Government in July 2008; their reply has not been received (December 2008).

4.12 Incorrect computation of taxable turnover

According to Section 2(s) of the PGST Act, "turnover" means the aggregate amount for which goods are bought or sold and according to explanation 2 thereunder, the amount for which goods are sold shall include any sums charged for anything done by the dealer in respect of the goods sold at the time of, or before the delivery thereof.

In the Pondicherry-II and Industrial assessment circles, while finalising the assessment of three dealers for the assessment years 2001-02 to 2005-06 between March 2005 and March 2007, the assessing authorities failed to levy tax on the freight charges/handling charges of Rs 13.44 crore. This resulted in short levy of tax of Rs 1.85 crore.

After the cases were pointed out between December 2005 and December 2007, the assessing authority revised the assessments of a dealer for the years 2001-02 to 2003-04 in May 2006 and raised an additional demand of Rs 36.07 lakh; the collection particulars of which have not been received. The department in the remaining two cases relating to sale of industrial gas, contended that there was no contractual obligation that the transfer of title to goods would be at the place of delivery in the premises of the buyer and therefore, the freight charges was not eligible to tax. The reply is not tenable as it has been judicially held[2] that the freight charges, though shown separately in the invoices, are liable to tax as in the case of supply of liquid gas in safe containers, the consideration of price payable by the buyers includes the value of gas as well as the freight charges incurred for dispatch of the gas cylinders and to get back the empty cylinders.

The matter was reported to the Government in July 2008; their reply has not been received (December 2008).

REGISTRATION DEPARTMENT

4.13 Excess allocation of surcharge to local bodies

According to Schedule VII under Section 158 of the Pondicherry Municipalities Act, 1973 and Schedule IV under Section 149 of the Pondicherry Village and Commune Panchayat Act, 1973 read with notifications in G.O.Ms.No.275 and 278 dated 16 September 1976, a transfer duty in the form of surcharge along with the duty imposed by the Indian Stamp Act, 1899 is collected on the instruments of sale, exchange, gift, etc. The rate of surcharge is five *per cent* of the market value of the property. The surcharge so collected is required to be allocated to the local bodies.

4.13.1 Scrutiny of the records in the office of the Sub Registry, Thirukkanur in October 2007 revealed that for the month of May 2006, a transfer duty surcharge of Rs 38.87 lakh was allocated instead of Rs 5.89 lakh due to clerical error. This resulted in excess allocation of Rs 32.98 lakh.

[2] Ram Oxygen (P) Ltd. Vs. Joint Commissioner (CT) 134 STC P.240 (TNTST)
Indian Oxygen Ltd. Vs. CTO, Central Assessment Circle-I, Chennai 132 STC P.337 (TNTST)

4.13.2 Similarly, it was noticed in the offices of Sub-Registries, Karaikal and Villianur in October 2007 that in respect of 14 documents, though only a sum of Rs 41,525 was collected as transfer duty surcharge, Rs 2.35 lakh was allocated to the local bodies due to clerical error. This resulted in excess allocation of Rs 1.93 lakh.

After this was pointed in November 2007, the Registering Officers concerned replied that the excess allocation would be adjusted. Report on recovery/adjustment of the amount has not been received (December 2008).

The matter was reported to the Government in December 2007; their reply has not been received (December 2008).

4.14 Short collection of stamp duty

According to Article 35(b) of Schedule I to the Indian Stamp Act, 1899, where lease is granted for premium or money advanced and where no rent is reserved, stamp duty shall be levied at the rate of five *per cent* of the premium paid or amount advanced as set forth in the lease agreement.

It was noticed in the office of the Sub-Registry, Villianur in October 2007 that through two lease deeds registered in May 2006, a land was leased for 99 years and an advance of Rs 22 lakh as premium was paid in lumpsum. However, it was seen that though stamp duty of Rs 1.10 lakh was leviable, only Rs 9,240 was levied. This resulted in short collection of stamp duty of Rs 1.01 lakh.

After this was pointed out in November 2007, the Sub-Registrar, Villianur replied (July 2008) that stamp duty was collected at the rate of five *per cent* of the amount equal to four times of average annual rent. The reply is not tenable because the entire lease rent was paid as premium in lumpsum and no monthly or annual rent was payable and as such stamp duty should have been levied under Article 35 (b) instead of on the average annual rent under Article 35 (a)(vi).

The matter was reported to the Government in December 2007; their reply has not been received (December 2008).

DEPARTMENT OF REVENUE AND DISASTER MANAGEMENT

4.15 Short collection of licence fees

According to Rule 28 of the Pondicherry Excise Rules 1970, as amended with effect from 31 May 2002, the fee for grant of a licence or renewal of a licence is Rs 1.25 lakh per year for the distilleries having production capacity upto five lakh cases per year and Rs 75,000 per year for every additional capacity of one lakh cases or part thereof in a year.

It was noticed in the offices of the Deputy Collector (Excise), Puducherry and Excise Officer, Pondicherry Distilleries Ltd that in respect of M/s. Vinbros and Company and M/s. Pondicherry Distilleries Ltd. for the years from 2002-03 to 2006-07, licence fee of Rs 17.50 lakh and Rs 6.25 lakh respectively was collected as against Rs 63.25 lakh and Rs 51.25 lakh resulting in short collection of licence fee of Rs 90.75 lakh as mentioned below:

Year	M/s. Vinbros and Company		M/s. Pondicherry Distilleries Ltd.	
	Production capacity (in lakh of cases)	Licence fee payable (Rupees in lakh)	Production capacity (in lakh of cases)	Licence fee payable (Rupees in lakh)
2002-03	8.14	4.25	16.72	10.25
2003-04	26.84	17.75	16.72	10.25
2004-05	26.84	17.75	16.72	10.25
2005-06	18.71	11.75	16.72	10.25
2006-07	18.71	11.75	16.72	10.25
Total		**63.25**		**51.25**
Amount collected		**17.50**		**6.25**
Short collection		**45.75**		**45.00**
Grand total			**90.75**	

After this was pointed out between August 2004 and June 2007, the department stated (March 2008) that a sum of Rs 18.75 lakh has been collected as deficit licence fees for the years 2002-03 to 2004-05 in respect of M/s. Pondicherry Distilleries Ltd. based on the actual production and in respect of M/s. Vinbros and Company, a demand of Rs 23.25 lakh was raised (February 2007) as deficit licence fees for the years 2002-03 to 2004-05. Further, it was replied (September 2007) that for the years 2005-06 and 2006-07, the units were not permitted to produce more than the quantity mentioned in the licence and therefore collection of excess licence fee on the installed capacity did not seem to be correct. The reply is not tenable because as per the rules, licence fee is leviable on the production capacity and not on the actual production or licenced capacity. Hence the balance amount of Rs 72 lakh should be collected from the two distilleries for the said years.

The matter was reported to the Government in February 2008; their reply has not been received (December 2008).

CHAPTER V
GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

5.1 Introduction

This chapter deals with the functioning of the Government companies. Paragraphs 5.2 to 5.13 give an overview of the Government companies and the Government's investment in the Public Sector Undertakings (PSUs). Paragraphs 5.14 and 5.15 contain transaction audit observations on Puducherry Distilleries Limited and Puducherry Agro Service and Industries Corporation Limited.

5.2 Overview of Government companies

As on 31 March 2008, there were 13 Government companies (all working) including one subsidiary company under the control of the Government of the Union Territory of Puducherry (UT Government) as against same number of companies (all working) as on 31 March 2007. Accounts of Government companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit by the CAG as per provisions of Section 619 of the Companies Act, 1956.

5.3 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

The total investment in Government companies in the form of equity and loans as on 31 March 2007 and 31 March 2008 was as under:

(Rupees in crore)

Year	Number of companies	Investment			Total
		Equity	Share application money	Long term loans[1]	
2006-07	13	505.35	58.70	40.40	604.45
2007-08	13	535.14	70.96	14.89	620.99[2]

Source: Particulars furnished by companies

1 Long term loans are excluding interest accrued and due on such loans

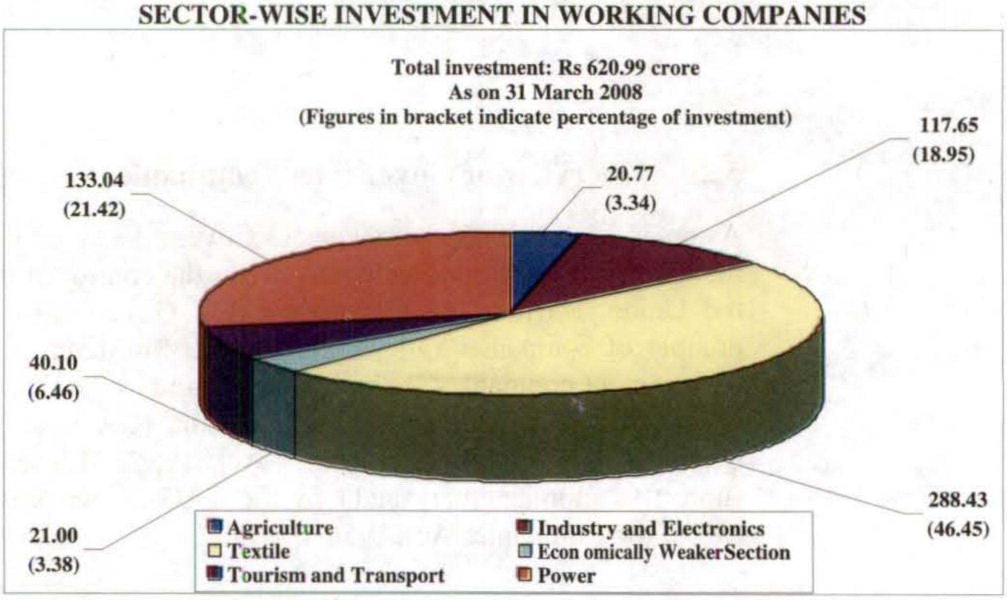
2 UT Government's investment in the working PSUs was Rs 596.67 crore (Others: Rs 24.32 crore). The figure as per Finance Accounts is Rs 596.10 crore and the difference is under reconciliation.

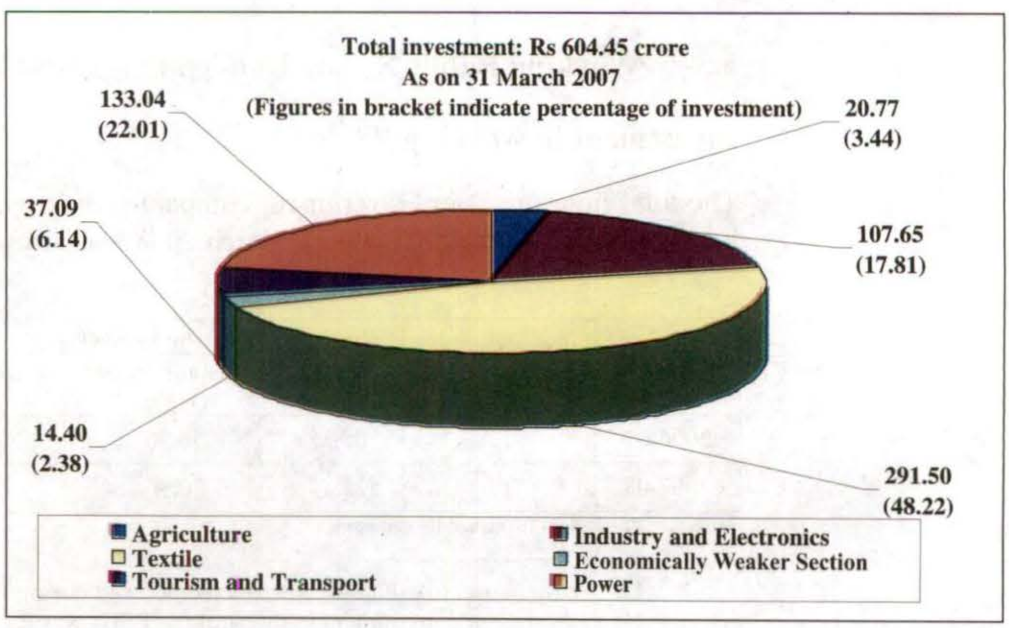
As on 31 March 2008, the total investment in working companies comprised of 97.60 *per cent* equity capital and 2.40 *per cent* loans as compared to 93.32 *per cent* and 6.68 *per cent* respectively as on 31 March 2007.

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in **Appendix 5.1**.

The investment (equity and long-term loans) in various sectors at the end of 31 March 2008 and 31 March 2007 are indicated below in the pie charts:

SECTOR-WISE INVESTMENT IN WORKING COMPANIES





5.4 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the Government to the working Government companies are given in **Appendices 5.1 and 5.3.**

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the UT Government to the working Government companies for the three years upto 2007-08 are given below:

(Rupees in crore)

Particulars	2005-06		2006-07		2007-08	
	Number	Amount	Number	Amount	Number	Amount
Equity capital outgo from budget	8	21.93	9	87.41	7	32.05
Grants	5	21.20	5	18.04	5	25.40
Subsidy towards Projects/Programmes/ Schemes	2	1.13	2	4.94	2	0.63
Total outgo	**8**[3]	**44.26**	**10**[3]	**110.39**	**9**[3]	**58.08**

At the end of 2007-08, guarantee of Rs 3.19 crore against one working Government company (Pondicherry Adi-dravidar Development Corporation Limited) was outstanding. During the year 2007-08, the UT Government did not waive any of its dues.

5.5 Finalisation of accounts by working PSUs

The accounts of companies for every financial year are required to be finalised within six months from the end of the financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year.

Out of 13 working Government companies, only one Company had finalised its accounts for 2007-08 within the stipulated period as can be seen from **Appendix 5.2.** During the period from October 2007 to September 2008, 10 companies finalised 11 accounts for previous years.

[3] These are the actual number of companies which received budgetary support in the form of equity, grants and subsidy from the Government during the respective years.

The accounts of 12 companies were in arrears for periods ranging from one to three years as on 30 September 2008 as detailed below:

Serial Number	Number of working companies	Period for which accounts were in arrears	Number of years for which accounts were in arrears	Reference to Serial Number of Appendix 5.2
1.	3	2005-06 to 2007-08	3	8, 9 and 12
2.	2	2006-07 and 2007-08	2	2 and 11
3.	7	2007-08	1	1, 4, 5, 6, 7, 10 and 13

The UT Government had invested[4] Rs 85.70 crore (equity: Rs 40.15 crore; loans: Rs 0.94 crore and grants/subsidy: Rs 44.61 crore) in 12 working PSUs during the years for which accounts have not been finalised as detailed in **Appendix 5.4**. In the absence of timely finalisation of accounts and their audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of provisions of the Companies Act, 1956.

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments were informed every quarter by the Audit of the arrears in finalisation of accounts of PSUs under their administrative control, no remedial measures had been taken, as a result of which the net worth of these PSUs could not be assessed in audit.

5.6 Financial position and working results of working PSUs

The summarised financial results of working Government PSUs as per the latest finalised accounts are given in **Appendix 5.2**

According to the latest finalised accounts of 13 working Government companies, six[5] companies incurred an aggregate loss of Rs 41.15 crore

[4] Information as provided by the companies

[5] Pondicherry Electronics Limited, Pondicherry Textile Corporation Limited, Swadeshee-Bharathee Textile Mills Limited, Pondicherry Adi-dravidar Development Corporation Limited, Puducherry Tourism Development Corporation Limited and Puducherry Road Transport Corporation Limited

and five[6] companies earned an aggregate profit of Rs 22.07 crore. In respect of two[7] companies, entire loss was met by the UT Government. Details of profit and loss, as per their latest finalised accounts, are given below:

Year of latest accounts finalised	Profit earning companies		Loss making companies	
	Number of companies	Amount of profit (Rupees in crore)	Number of companies	Amount of loss (Rupees in crore)
2004-05	---	---	2	2.56
2005-06	1	0.06	1	1.49
2006-07	3	15.27	3	37.10
2007-08	1	6.74	---	---
Total	**5**	**22.07**	**6**	**41.15**

Source: Annual accounts of the companies.

5.7 Profit earning companies and dividend

One Company (Puducherry Distilleries Limited) which finalised its accounts for 2007-08, earned a profit of Rs 6.74 crore and declared a dividend of Rs 1.35 crore. The dividend as a percentage of share capital of this Company worked out to 15.98 *per cent*. The total return in 2007-08 by way of dividend of Rs 1.35 crore worked out to 0.23 *per cent* of total equity investment of Rs 595.74 crore by the Union Territory Government in all the Government companies as against dividend of Rs 0.81 crore (0.15 *per cent*) in the previous year. The Government has not framed any policy for payment of minimum dividend.

Similarly, out of 10 working Government companies, which finalised their accounts for the previous years during October 2007 to September 2008, four Government companies earned an aggregate profit of Rs 15.33 crore. Only three companies (Serial numbers 1, 4 and 13 of **Appendix 5.2**) declared dividend of Rs 3.29 crore. All these companies earned profit for two or more successive years.

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6 Puducherry Agro Services and Industries Corporation Limited, Pondicherry Agro Products, Food and Civil Supplies Corporation Limited, Puducherry Distilleries Limited, Pondicherry Industrial Promotion Development and Investment Corporation Limited and Puducherry Power Corporation Limited

7 Pondicherry Corporation for Development of Women and Handicapped Persons Limited and Puducherry Backward Classes and Minorities Development Corporation Limited

5.8 Loss incurring Government companies

Out of six loss incurring Government companies, three companies had accumulated losses of Rs 295.25 crore, which exceeded their paid up capital of Rs 259.07 crore. Despite poor performance and complete erosion of the paid-up capital, the UT Government continued to provide financial support to these companies. As per available information, total financial support provided by the UT Government to these companies during 2007-08 amounted to Rs 30.10 crore.

5.9 Return on capital employed

As per latest finalised annual accounts of PSUs, capital employed[8] worked out to Rs 571.93 crore and total return[9] thereon amounted to (-)Rs 14.55 crore, as compared to capital employed of Rs 530.83 crore and total return of (-)Rs 11.34 crore in the previous year. The details of capital employed and total return on capital employed of working Government companies are given in **Appendix 5.2.**

5.10 Results of audit of accounts of PSUs

Some of the important comments made by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) under Section 619(2) of the Companies Act, 1956 in their audit reports on the accounts of the companies finalised during the period from October 2007 to September 2008 are given below:

Pondicherry Textile Corporation Limited (Accounting year 2006-07)

- Inventories included process stock of Rs 8.94 crore, which included unpacked grey cloth valued at cost of Rs 7.37 crore. As the net realisable value of the finished goods had been less than their cost of production, grey cloth was overvalued by Rs 1.89 crore. This overvaluation resulted in understatement of losses to the same extent.

8 Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies, where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance)

9 For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account

- The Company granted interim relief to the workers for the period from 1999 to 2003 and also employed outside contractors for undertaking stitching and repair work. The Company was liable for enhanced ESI contribution on interim relief and on the payments made for the stitching work outsourced to the tune of Rs 1.42 crore. The Company considered these known liabilities as contingent liabilities. This resulted in understatement of current liabilities as well as loss to the same extent.

5.11 During the period from October 2007 to September 2008, for supplementary audit of accounts under section 619 of the Companies Act 1956, six PSUs were selected. As a result of supplementary audit by the CAG, two companies namely, Pondicherry Agro Service and Industries Corporation Limited (PASIC) and Pondicherry Agro Products, Food and Civil Supplies Corporation Limited (PAPSCO) agreed to revise their accounts. Due to such revision there was decrease in profit in respect of PASIC. The revised accounts of PAPSCO were awaited (September 2008).

In addition, PASIC treated the interest income of Rs 20.85 lakh earned on unutilised grant-in aid as other income instead of treating the same as part of grant-in aid, resulting in overstatement of other income (prior period – Rs 7.39 lakh and current year - Rs 13.46 lakh).

5.12 Internal audit/internal control

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal control/internal audit systems in companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under section 619 (3) (a) of the Companies Act, 1956 and to identify areas, which needed improvement.

Statutory Auditors had observed deficiencies in Pondicherry Textile Corporation Limited (accounting year 2006-07) with regard to its weak internal audit system and lack of effective internal controls in the areas of confirmation of balances from debtors, co-ordination between purchases and stores departments and clearance of goods by agents.

5.13 Response to inspection reports, draft paragraphs and reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of departments within a period of six weeks. Inspection reports issued up to March 2008 pertaining to 12 PSUs disclosed that 151 paragraphs relating to 29 inspection reports remained outstanding at the end of August 2008 (**Appendix 5.5**).

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to the inspection reports/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within the prescribed time, and (c) the system of responding to audit observations is revamped.

TRANSACTION AUDIT OBSERVATIONS

PUDUCHERRY DISTILLERIES LIMITED

5.14 Undue benefit due to non-claiming of reduction in Excise Duty

Failure to pursue with the supplier of rectified spirit its obligation to pass on the benefit of abolished excise duty to the Company resulted in undue benefit of Rs 29.12 lakh to the supplier.

The Company entered (January 2007) into an agreement with Siddapur Distilleries Limited (SDL), Bagalkot, Karnataka for purchase of 20 lakh litres of Rectified Spirit (RS) at Rs 28.35 per litre Free on Road (FOR) destination basis (inclusive of all taxes, freight, insurance, *etc.*) over a period of three months i.e., upto April 2007. The purchase order was extended for another three lakh litres for supply by June 2007. Against this, the Company received 10 lakh litres of RS upto the end of March 2007 and balance 13 lakh litres between April and June 2007. The price *inter alia* included basic price of Rs 22.94 and the State Excise Duty of rupees three. Consequent to abolition of the excise duty on RS and introduction of value added tax by the Government of Karnataka with effect from 1 April 2007, SDL increased its basic price from Rs 22.94 to Rs 25.18 per litre and charged three *per cent* of Central Sales Tax against production of "C" Form by the Company.

Audit observed that SDL increased its basic price only to off-set the decrease in the price on account of abolition of the State excise duty. But the Company did not pursue with the supplier to pass on the benefit of abolished excise duty and accepted the revised price without any justification. Thus, the Company passed on an undue benefit of Rs 29.12 lakh to SDL.

The Company stated (June 2008) that the agreed price was on FOR basis and payments were made accordingly. The reply of the Company is not acceptable as all the statutory levies were to be paid only on actual basis. Not claiming the benefit of reduction in excise duty by the Company on the ground that rates were on FOR basis was not justifiable.

The matter was reported to the Government in August 2008, their reply was awaited (October 2008).

PUDUCHERRY AGRO SERVICE AND INDUSTRIES CORPORATION LIMITED

5.15 Non-recovery of dues

Supply of mineral water to a stockist in contravention of the terms of supply led to accumulation of dues and its non-recovery.

The Company appointed (June 2003) Sai and Company as a stockist for distributing canned mineral water in Chennai without inviting any bids so as to judge the capability and financial soundness of the indenting firms. After receipt (17 June 2003) of an initial deposit amount of Rs 40,000 as security for the cans, the Company communicated (21 August 2003) the terms and conditions of appointment to the stockist without entering into any formal agreement. The terms and conditions of appointment, *inter alia*, stipulated that the supply of water would be effected only against advance payment.

Audit noticed (October 2007) that the Company sold water on credit resulting in accumulation of dues of Rs 3.84 lakh by 31 March 2004. The Company continued to supply mineral water without insisting upon clearance of the outstanding dues and advance payment for further supplies, which led to further increase in accumulation of the dues to Rs 13.15 lakh at the end of November 2005, when the Company stopped further supplies to the stockist. Its subsequent efforts to collect the dues from the stockist did not yield any result as the whereabouts of the stockists could not be located by the Company. On this being pointed out by Audit, the Company filed (April 2008) a civil suit for recovery of Rs 13.15 lakh with interest at 24 *per cent per annum*.

Thus, supply of mineral water on credit, in contravention of the terms of appointment, led to non- recovery of Rs 13.15 lakh.

The matter was reported to the Company/Government in September 2008; their replies were awaited (October 2008).

(SHANKAR NARAYAN)
Principal Accountant General (Civil Audit)
Tamil Nadu and Puducherry.

Chennai,
The

Countersigned

(VINOD RAI)
Comptroller and Auditor General of India.

New Delhi,
The

Appendices

Appendix 1.1
(Reference: Paragraph 1.1; Page 1)

Part A: Layout of Finance Accounts

Statement	1	Presents the summary of transactions in the Consolidated and Contingency Funds.
Statement	2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of the financial year.
Statement	3	Contains the summarised debt position showing receipts, repayments and current balance.
Statement	4	Contains the summary of loans and advances by the Government.
Statement	5	Contains details of guarantees given by the Government of India on behalf of the Government of Puducherry.
Statement	6	Cash balance and investment of cash balances
Statement	7	Contains the summary of balances under Consolidated Funds, Contingency Fund and Public Account.
Statement	8	Contains the revenue and expenditure under different heads as a percentage of total revenue/expenditure.
Statement	9	Shows the distribution between charged and voted expenditure.
Statement	10	Contains detailed account of revenue by minor heads.
Statement	11	Contains detailed account of revenue expenditure by minor heads.
Statement	12	Contains detailed account of capital expenditure by minor heads incurred during the year and the expenditure to the end of the year.
Statement	13	Contains details of investments made in Government companies and co-operative institutions up to the end of the year.
Statement	14	Contains capital and other expenditure and the principal sources of funds for such expenditure.
Statement	15	Contains details of receipts, disbursements and balances under debt, loans and advances, Contingency Fund and Public Account.
Statement	16	Contains detailed position of debt.
Statement	17	Contains details of loans and advances by the Government.

Appendix 1.1
(Reference: Paragraph 1.2; Page 5)

Part B : List of terms used in Chapter I and basis of their calculation

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
Interest spread	GSDP growth – Weighted Interest Rate
Interest received as *per cent* to Loans Outstanding	Interest Received/ [(Opening balance + Closing balance of Loans and Advances) / 2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Weighted Interest Rate (Average interest paid by the UT)	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) / 2]*100
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants (under Major Head 1601 – 02,03,04) and Non-plan revenue expenditure excluding debit under 2048 – Application for Reduction or Avoidance of Debt

Appendix 1.2
(Reference: Paragraphs 1.2 and 1.7; Pages 4 and 20)
Time series data on Union Territory Government finances

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Part A. Receipts						
1. Revenue Receipts	**1,185(83)**	**1,303(83)**	**1,631(82)**	**1,802(84)**	**1,884(81)**	**2,136 (62)**
(i) Tax Revenue	276(23)	353(27)	404(25)	479(27)	570(30)	653 (31)
Taxes on Sales, Trade, etc.	150	203	246	304	365	355
State Excise	88	106	110	125	144	224
Taxes on vehicles	22	23	24	26	29	32
Stamps and Registration fees and other taxes	16	21	24	24	32	42
(ii) Non-tax Revenue	412(35)	454(35)	501(31)	511(28)	550(29)	626 (29)
(iii) Grants-in-aid from Government of India	497(42)	496(38)	726(44)	812(45)	764(41)	857 (40)
2. Miscellaneous Capital Receipts	--	--	--	--	--	--
3. Total Revenue and Non debt capital receipts (1+2)	**1,185**	**1,303**	**1,631**	**1,802**	**1,884**	**2,136**
4. Recoveries of Loans and Advances	6(1)	6(0)	6(0)	6(0)	8(0)	12
5. Public Debt Receipts	**230(16)**	**268(17)**	**348(18)**	**353(16)**	**444(19)**	**425 (12)**
Internal Debt (excluding ways and means advances and overdrafts)	--	--	--	--	--	337
Net transaction under ways and means advances and overdrafts	--	--	--	--	--	--
Loans and Advances from Government of India	230	268	348	353	444	88
6. Total receipts in the Consolidated Fund (3+4+5)	**1,421**	**1,577**	**1,985**	**2,161**	**2,336**	**2,573**
7. Public Accounts Receipts						**898 (26)**
8. Total receipts of the Union Territory (6+7)	**1,421**	**1,577**	**1,985**	**2,161**	**2,336**	**3,471**
Part B. Expenditure/Disbursement						
9. Revenue Expenditure	**1,151(84)**	**1,294(85)**	**1,573(84)**	**1,794(83)**	**1,927(81)**	**2,201 (79)**
Plan	272(24)	332(26)	431(27)	646(36)	698(36)	844 (38)
Non-plan	879(76)	962(74)	1,142(73)	1,148(64)	1,229(64)	1,357 (62)
General Services (including interest payments)	249	295	343	381	463	538
Social Services	361	411	579	684	701	851
Economic Services	538	585	648	726	759	808
Grants-in-aid and contributions	3	3	3	3	4	4
10. Capital Expenditure	**148(11)**	**146(10)**	**193(10)**	**289(13)**	**360(15)**	**275 (10)**
Plan	147	145	195	290	356	268 (97)
Non-plan	1	1	(-) 2	(-) 1	4	7 (3)
General Services	20	11	15	26	33	34
Social Services	40	44	65	94	75	60
Economic Services	88	91	113	169	252	181
11. Disbursement of Loans and Advances	**5(0)**	**5(0)**	**5(0)**	**4(0)**	**3(0)**	**3**
12. Total (9+10+11)	**1,304**	**1,445**	**1,771**	**2,087**	**2,290**	**2,479**
13. Repayments of Public Debt	**61(4)**	**69(5)**	**107(6)**	**86(4)**	**97(4)**	**109 (4)**
Internal Debt (excluding ways and means advances and overdrafts)	--	--	--	--	--	--
Net transaction under ways and means advances and overdrafts	--	--	--	--	--	--
Loans and Advances from Government of India	61	69	107	86	97	109
14. Public Accounts Disbursements						**214 (7)**
15. Total disbursement out of Consolidated Fund (12+13)	**1,365**	**1,515**	**1,878**	**2,173**	**2,387**	**2,588**
16. Total disbursement by the Union Territory (14+15)	**1,365**	**1,515**	**1,878**	**2,173**	**2,387**	**2,802**
Part C. Deficit/Surplus						
17. Revenue surplus / deficit (1-9)	(+) 34	(+) 9	(+) 58	(+) 8	(-) 43	(-) 65
18. Fiscal deficit (3+4-12)	(-) 113	(-) 136	(-) 134	(-) 279	(-) 398	(-) 331
19. Primary deficit (18+20)	(+) 3	(-) 2	(+) 19	(-) 108	(-) 211	(-) 114
Part D. Other data						
20. Interest payments (included in revenue expenditure)	116	134	153	171	187	217
21. Gross State Domestic Product (GSDP) *	4,931	5,439	5,192	6,214	6,401	7,103
22. Financial assistance to local bodies, etc.	111	132	228	332	260	281
23. Outstanding debt (year end)	1,113	1,312	1,553	1,820	2,168	2,736
24. Outstanding guarantees (year end)	18	11	9	8	4	7
25. Maximum amount guaranteed (year end)	38	35	22	35	34	21
26. Number of incomplete projects	32	52	94	120	65	85
27. Capital blocked in incomplete projects	34	44	50	81	93	129

Note : **Figures in brackets represent percentages to total of each sub-heading**
* **GSDP figures communicated by the Government adopted**

Appendix 1.3
(Reference: Paragraph 1.2; Page 4)

Abstract of Receipts and Disbursements for the year 2007-08

Section-A: Revenue (Rupees in crore)

Receipts				Disbursements					
2006-07			2007-08	2006-07		Non-plan	Plan	Total	2007-08
1,883.56	I Revenue receipts		**2,135.62**	**1,927.02**	I Revenue expenditure-	1,356.99	843.60	2,200.59	**2,200.59**
569.55	-Tax revenue	652.85							
549.92	-Non-tax revenue	625.82		463.47	General Services	468.43	69.20	537.63	537.63
		1,278.67							
				701.23	Social Services-	281.87	569.10	850.97	850.97
					Education, Sports, Art and Culture	139.62	101.61	241.23	
764.09	-Grants-in-aid and Contributions :	856.95			Health and Family Welfare Services	66.15	124.49	190.64	
					Water supply, Sanitation, Housing and Urban Development	16.24	156.60	172.84	
491.68	Non-Plan	531.42			Social Welfare and Nutrition	39.52	140.98	180.50	
					Others	20.34	45.42	65.76	
	Plan:								
243.35	Union Territory Plan Schemes	257.49		758.55	Economic Services-	602.62	205.30	807.92	807.92
	Central Plan Schemes				Agriculture and Allied Activities	20.82	65.10	85.92	
29.06	Centrally Sponsored Plan Schemes	68.04			Energy	539.28	6.43	545.71	
	External Grant Assistance				Industry and Minerals	1.46	27.43	28.89	
					Others	41.06	106.34	147.40	
				3.77	Grants-in-aid and Contributions	4.07	--	4.07	4.07
43.46	II Revenue deficit carried over to Section B		**64.97**	--	II Revenue surplus carried over to Section B	--	--	--	--
1,927.02	**Total**		**2,200.59**	**1,927.02**	**Total**				**2,200.59**

Section-B: Others

(Rupees in crore)

Receipts 2006-07		Receipts		Receipts 2007-08	Disbursements 2006-07		Disbursements	Non-plan	Plan	Total	Disbursements 2007-08
243.87	III	Opening cash balance		192.56		III	Opening balance				
	IV	Miscellaneous Capital Receipts			360.32	IV	Capital Outlay -	6.87	268.50	275.37	275.37
							General Services	--	33.82	33.82	33.82
							Social Services-	--	60.46	60.46	60.46
							Education, Sports, Art and Culture	--	18.59	18.59	
							Water supply, Sanitation, Housing and Urban Development	--	24.42	24.42	
							Others	--	17.45	17.45	
							Economic Services-	6.87	174.22	181.09	181.09
							Energy	6.87	37.41	44.28	
							Industry and Minerals	--	41.51	41.51	
							Others	--	95.30	95.30	
8.11	V	Recoveries of Loans and Advances-		11.60	3.09	V	Loans and Advances disbursed	2.56	0.12	2.68	2.68
		-From Government Servants	5.18				- Loans for Social Services		0.02	0.02	
		-From others	6.42				- Loans for Economic Services		0.10	0.10	
--	VI	Revenue surplus brought down					- Loans for Government Servants	2.56	--	2.56	
443.76	VII	Public debt receipts-		425.04	43.46	VI	Revenue deficit brought down				64.97
		Loans and Advances from Central Government-			96.31	VII	Repayment of Public Debt				108.92
		Non-plan					- Internal Debt				
		Plan					- Repayment of loans and advances to Central Government				
		Centrally Sponsored Schemes									
--	VIII	Appropriation to Contingency Fund		--		VIII	Appropriation to Contingency Fund				--
--	IX	Amount transferred to Contingency Fund		--		IX	Expenditure from Contingency Fund				--

Receipts				Disbursements					
2006-07			2007-08	2006-07					2007-08
	Public Accounts Receipts		898.64		Public Accounts Disbursements				214.39
	- Small Savings and Provident Funds	294.25			- Small Savings and Provident Funds	42.10			
	- Reserve Funds				- Reserve Funds				
	Deposits and advances	202.68			Deposits and advances	16.08			
	- Suspense and Miscellaneous	327.17			- Suspense and Miscellaneous	88.15			
	- Remittances	74.54			- Remittances	68.06			
--	x Excess of disbursement over receipt		--	192.56	x Cash balance at end				861.51
					- Cash in Treasuries and Local Remittances			1.99	
					- Deposits with Reserve Bank			207.27	
					- Cash balance investment			652.25	
695.74	Total		1,527.84	695.74	Total				1,527.84

Appendix 1.4
(Reference: Paragraph 1.2; Page 4)

Sources and Application of funds

(Rupees in crore)

2006-07	Sources	2007-08
1,883.56	1. Revenue receipts	2,135.62
443.77	2. Public debt – Loans and advances from Government of India	425.04
8.11	3. Recoveries of Loans and advances	11.60
51.30	4. Decrease in cash balance	--
--	Net receipts in Public Account	684.25
--	Increase/Decrease (-) in Small Savings and Provident Funds	252.15
--	Increase/Decrease (-) in Deposits and Advances	186.60
--	Increase/Decrease (-) in Reserve Funds	--
--	Net effect of Suspense and Miscellaneous transactions	239.01
--	Net effect of Remittance transactions	6.49
2,386.74	**Total**	**3,256.51**
	Application	
1,927.02	1. Revenue expenditure	2,200.59
96.31	2. Repayment of loans to Government of India	108.92
3.09	3. Lending for development and other purposes	2.68
360.32	4. Capital expenditure	275.37
--	5. Increase in cash balance	668.95
2,386.74	**Total**	**3,256.51**

Appendix 1.5

(Reference: Paragraphs 1.2 and 1.7; Pages 4 and 20)

Summarised financial position of the UT Government as on 31 March 2008

(Rupees in crore)

As on 31.03.2007	Liabilities			As on 31.03.2008
	Public Debt:			2,736.01
	Internal Debt – market loans		337.00	
	Loans and Advances from Central Government:		2,146.86	
1,614.64	Non-Plan loans	1,642.40		
551.94	Loans for Union Territory plan schemes	503.32		
--	Loans for Central plan schemes	-		
1.16	Loans for Centrally sponsored schemes	1.14		
	Small Savings, Provident Fund, etc		252.15	
	State Provident Funds	220.20		
	Insurance and Pension Funds	31.95		
2,167.74				
0.50	**Contingency Fund**			0.50
	Deposits and advances			186.60
	Suspense and Miscellaneous			239.01
	Reserve Funds			--
	Remittance Balances			6.49
	Surplus on Government Account :			
319.38	Opening balance brought forward		319.38	
	Add: *Pro forma* Corrections		--	
	Current year's surplus		(-) 64.97	
				254.41
2,487.62	**Total**			**3,423.02**
As on 31.03.2007	**Assets**			**As on 31.03.2008**
	Gross Capital Outlay:			**2,533.70**
712.36	Investments in shares of Companies, Co-operatives, etc.		760.91	
1,545.96	Other Capital Outlay		1,772.79	
	Loans and Advances:			27.81
5.01	Loans to Co-operatives		4.97	
13.77	Other development loans		7.51	
17.96	Loans to Government Servants		15.33	
192.56	Cash Balance			**861.51**
2,487.62	**Total**			**3,423.02**

Explanatory notes for Appendices 1.3, 1.4 and 1.5

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 Appendix-1.5 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. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the Union Territory (UT) and other pending settlements, etc.

4. There was no Public Account for the UT till 16 December 2007. The transactions pertaining to 'Debt' (other than those included in the Consolidated Fund), 'Deposits', 'Advances', 'Remittances' and 'Suspense' were accounted for in the Public Account of the Union Government till 16 December 2007. Consequent on the creation of separate Public Account for the UT, the balances were brought to the UT Account and the cash balances shown in the account represents the cash balance available with Reserve Bank of India after taking into account the inter-Government monetary settlements advised to the Reserve Bank of India upto 15 April 2008.

Appendix 1.6
(Reference: Paragraph 1.5.5; Page 19)

Pendency in furnishing utilisation certificates

Serial number	Department/Local Bodies/Institutions	Number of certificates outstanding	Amount (Rupees in lakh)
1.	College and Technical Education	4	247.08
2.	Directorate of School Education	12	654.00
3.	Directorate of Arts and Culture	4	35.65
4.	Health and Family Welfare	1	0.28
5.	Town and Country Planning	161	4,393.55
6.	Adi-dravidar Welfare	39	827.46
7.	Labour	5	90.50
8.	Social Welfare	11	339.90
9.	Hindu Religious Institutions and Wakf Board	49	240.93
10.	Agriculture	30	1,634.67
11.	Co-operation	52	317.15
12.	Fisheries and Fishermen Welfare	67	1,960.28
13.	Rural Development	13	163.65
14.	District Industries Centre	10	234.72
15.	Science, Technology and Environment	1	2.35
16.	Information Technology	2	237.90
17.	Civil Supplies and Consumer Affairs	9	923.38
18.	Women and Child Development	8	891.66
19.	Local Administration, Puducherry and Karaikal	925	13,102.01
20.	Mahe Municipality	58	591.83
21.	Yanam Municipality	128	891.91
22.	Yanam Marketing Committee	2	11.41
23.	Natural calamities	5	10,172.17
24.	Animal Husbandry	6	128.90
25.	Transport	1	11.35
	Total	**1,603**	**38,104.69**

Appendix 1.7
(Reference: Paragraph 1.6; Page 19)

Cases of misappropriation/losses pending finalisation as on 31 March 2008

Department-wise analysis along with departmental and criminal action pendency details

Serial number	Department	Number of cases	Amount (Rupees in lakh)	Pendency details	
				Action pending	Number of cases
(1)	(2)	(3)	(4)	(5)	(6)
1.	Adi-dravidar Welfare	1	0.43	Departmental	1
				Criminal	--
2.	Agriculture	4	0.22	Departmental	2
				Criminal	2
3.	Animal Husbandry	2	0.01	Departmental	2
				Criminal	--
4.	Art and Culture	2	0.05	Departmental	1
				Criminal	1
5.	Collegiate Education	1	17.97	Departmental	--
				Criminal	1
6.	Education	24	4.91	Departmental	10
				Criminal	14
7.	Electricity	234	702.43	Departmental	1
				Criminal	233
8.	Government Automobile Workshop	1	0.01	Departmental	--
				Criminal	1
9.	Health and Family Welfare	7	0.29	Departmental	3
				Criminal	4
10.	Local Administration	3	0.55	Departmental	1
				Criminal	2
11.	Police	2	0.30	Departmental	--
				Criminal	2
12.	Public Works	5	5.76	Departmental	4
				Criminal	1
13.	District Rural Development Agency	3	0.49	Departmental	--
				Criminal	3
14.	Revenue and Disaster Management	2	0.87	Departmental	--
				Criminal	2
15.	Tourism	1	0.50	Departmental	--
				Criminal	1

(1)	(2)	(3)	(4)	(5)	(6)
16.	Women and Child Development	3	5.00	Departmental	2
				Criminal	1
17.	Information Technology	1	1.14	Departmental	1
				Criminal	--
	Total	**296**	**740.93**	**Departmental**	**28**
				Criminal	**268**

Appendix – 2.1
(Reference: Paragraph 2.3.2; Page 35)

Grants where savings in supplementary provision exceeded Rs 50 lakh

(Rupees in crore)

Serial number	Grant number and Description	Supplementary provision	Additional expenditure over original Grant	Savings in Supplementary Grant
	Revenue - Voted			
1.	10 District Administration	30.19	27.85	2.34
2.	16 Public Works	1.99	1.37	0.62
3.	17 Education	12.39	9.85	2.54
4.	18 Medical	5.91	5.25	0.66
5.	21 Social Welfare	46.76	44.82	1.94
6.	22 Co-operation	0.96	NIL	0.96
	Total	**98.20**	**89.14**	**9.06**

Appendix – 2.2
(Reference: Paragraph 2.3.3; Page 35)

Cases where expenditure fell short by more than Rs 50 lakh and also by more than 10 *per cent* of total provision

Serial number	Grant Number	Head of Account					Total Provision (Original + Supplementary)	Expenditure	Savings	Percentage
							(Rupees in lakh)			
(1)	(2)	(3)					(4)	(5)	(6)	(7)
1.	06	2245	80	800	01	01	11,000.00	0.00	11,000.00	100.00
2.	09	3451	00	090	03	01	437.30	202.17	235.13	53.77
3.	09	3451	00	091	02	01	685.00	67.60	617.40	90.13
4.	10	2216	80	789	04	01	940.00	682.00	258.00	27.45
5.	10	2216	80	789	07	01	135.00	0.00	135.00	100.00
6.	10	2216	80	800	01	01	58.00	0.00	58.00	100.00
7.	10	2216	80	800	04	01	3,139.00	2,713.28	425.72	13.56
8.	10	2216	80	800	08	01	685.00	0.00	685.00	100.00
9.	10	2216	80	800	09	02	800.00	0.00	800.00	100.00
10.	10	2217	05	789	01	01	100.27	0.00	100.27	100.00
11.	10	2217	80	001	02	01	113.14	31.66	81.48	72.01
12.	10	2217	80	191	01	01	223.78	62.00	161.78	72.29
13.	10	2217	80	191	04	01	67.19	11.10	56.09	83.48
14.	10	2217	80	800	03	01	500.00	0.00	500.00	100.00
15.	10	2217	80	800	03	02	100.00	0.00	100.00	100.00
16.	10	2217	80	800	03	03	77.00	0.00	77.00	100.00
17.	10	2515	00	101	07	01	69.16	0.00	69.16	100.00
18.	10	2515	00	101	17	01	295.00	71.00	224.00	75.93
19.	10	2515	00	101	17	02	110.00	27.00	83.00	75.45
20.	10	2515	00	789	05	01	60.00	0.00	60.00	100.00
21.	10	3054	04	337	02	01	168.00	96.82	71.18	42.37
22.	16	2215	01	789	01	01	277.00	140.64	136.36	49.23
23.	16	2215	01	789	02	02	150.00	75.00	75.00	50.00
24.	16	2702	01	101	02	01	92.00	32.00	60.00	65.22
25.	16	2702	01	101	03	04	150.00	32.10	117.90	78.60
26.	16	2702	01	789	02	01	60.00	5.00	55.00	91.67
27.	16	3054	04	789	01	01	206.00	135.00	71.00	34.47
28.	16	3054	04	789	02	02	145.00	45.00	100.00	68.97
29.	16	4059	01	051	01	01	359.16	178.48	180.68	50.31
30.	16	4215	01	789	02	01	200.00	65.00	135.00	67.50

(1)	(2)	(3)					(4)	(5)	(6)	(7)
31.	16	4215	01	800	01	02	344.00	244.00	100.00	29.07
32.	16	4215	01	800	02	04	4,200.00	0.00	4,200.00	100.00
33.	16	4216	01	106	01	01	346.00	21.00	325.00	93.93
34.	16	4216	01	700	01	01	109.50	33.86	75.64	69.08
35.	16	4217	60	051	01	01	7,500.00	0.00	7,500.00	100.00
36.	16	4217	60	051	02	02	1,000.00	0.00	1,000.00	100.00
37.	16	4217	60	051	03	01	5,915.00	0.00	5,915.00	100.00
38.	16	4217	60	051	04	02	9,200.00	0.00	9,200.00	100.00
39.	16	4711	03	103	01	01	150.00	80.00	70.00	46.67
40.	16	4711	03	800	03	01	513.68	310.68	203.00	39.52
41.	16	5054	04	800	02	01	100.00	26.50	73.50	73.50
42.	16	5054	04	800	06	02	758.00	558.00	200.00	26.39
43.	16	5054	04	800	07	01	1,800.00	0.00	1,800.00	100.00
44.	16	5054	04	800	08	03	200.00	0.00	200.00	100.00
45.	17	2202	01	789	03	01	282.72	223.18	59.54	21.06
46.	17	2202	02	789	02	01	84.59	26.98	57.61	68.10
47.	17	2202	03	789	01	07	500.00	152.14	347.86	69.57
48.	17	2202	80	003	01	01	125.00	56.88	68.12	54.50
49.	18	2210	01	110	13	04	339.00	178.66	160.34	47.30
50.	18	2210	80	004	02	01	320.00	220.00	100.00	31.25
51.	18	2211	00	001	01	01	305.98	246.86	59.12	19.32
52.	19	3452	80	104	04	01	100.00	0.00	100.00	100.00
53.	19	3452	80	104	10	01	1,321.00	942.61	378.39	28.64
54.	21	2225	01	789	07	01	300.00	32.85	267.15	89.05
55.	21	2225	80	800	04	01	98.00	0.00	98.00	100.00
56.	21	2235	02	102	01	01	192.27	140.91	51.36	26.71
57.	21	2235	02	103	06	01	141.93	69.96	71.97	50.71
58.	21	2235	02	104	04	01	344.91	238.21	106.70	30.94
59.	21	2235	02	104	06	01	550.00	350.00	200.00	36.36
60.	22	2401	00	195	07	01	545.69	0.00	545.69	100.00
61.	22	2404	00	195	02	01	423.00	200.00	223.00	52.72
62.	22	2404	00	789	01	01	120.00	0.00	120.00	100.00
63.	22	2851	00	103	01	01	680.50	503.25	177.25	26.05
64.	22	4860	04	789	01	01	120.00	60.00	60.00	50.00
65.	24	2406	04	800	01	01	100.00	42.19	57.81	57.81
66.	24	2415	01	789	01	02	110.00	55.00	55.00	50.00

(1)	(2)	(3)					(4)	(5)	(6)	(7)
67.	24	2702	02	001	01	01	354.00	123.84	230.16	65.02
68.	25	2403	00	789	06	01	175.00	50.00	125.00	71.43
69.	26	2405	00	103	04	01	107.50	49.40	58.10	54.05
70.	26	2405	00	800	03	01	62.92	9.34	53.58	85.16
71.	27	2216	03	800	01	01	110.50	0.00	110.50	100.00
72.	28	4885	01	190	01	01	2,600.00	0.00	2,600.00	100.00
73.	28	4885	01	190	02	02	1,000.00	177.61	822.39	82.24
74.	28	4885	01	190	03	01	100.00	0.00	100.00	100.00
75.	29	2801	80	800	01	01	261.98	185.48	76.50	29.20
76.	29	4801	05	800	13	01	638.10	547.72	90.38	14.16
77.	32	3452	01	800	01	01	260.00	100.00	160.00	61.54
78.	32	4202	01	201	01	01	250.00	103.84	146.16	58.46
79.	32	4202	01	201	03	01	100.00	3.00	97.00	97.00
80.	32	4202	01	202	01	01	300.00	115.00	185.00	61.67
81.	32	4202	01	202	02	01	258.84	55.00	203.84	78.75
82.	32	4202	01	203	02	01	200.00	92.00	108.00	54.00
83.	32	4202	03	800	01	04	300.00	235.92	64.08	21.36
84.	32	4210	01	110	01	01	334.00	159.00	175.00	52.40
85.	32	4210	01	110	02	01	1,300.00	1,099.99	200.01	15.39
86.	32	5452	01	800	01	04	371.51	0.00	371.51	100.00
Total							69,727.12	12,793.71	56,933.41	

Appendix – 2.3
(Reference: Paragraph 2.3.3; Page 35)

Cases where expenditure exceeded approved provision by more than Rs 50 lakh and also by more than 10 *per cent* of total provision

Serial number	Grant number	Head of Account					Total Provision (Original + Supplementary)	Expenditure	Excess
							(Rupees in lakh)		
(1)	(2)	(3)					(4)	(5)	(6)
1.	06	2216	03	102	01	01	53.00	114.56	61.56
2.	06	2245	02	101	02	01	10.00	71.34	61.34
3.	06	3456	00	001	07	01	0.00	1,510.69	1,510.69
4.	10	2216	80	789	08	01	0.01	189.00	188.99
5.	10	2216	80	789	09	01	0.01	57.00	56.99
6.	10	2216	80	800	10	01	0.01	754.00	753.99
7.	10	2216	80	800	11	01	0.01	179.00	178.99
8.	10	2217	05	800	02	01	372.41	596.26	223.85
9.	10	2217	80	800	04	01	1,445.45	4,068.00	2,622.55
10.	10	2515	00	101	11	01	0.01	58.49	58.48
11.	10	2515	00	101	16	02	5.00	60.00	55.00
12.	10	2515	00	789	03	02	5.25	63.31	58.06
13.	16	2215	01	102	05	01	111.00	211.10	100.10
14.	16	2217	05	001	03	01	170.00	223.00	53.00
15.	16	2711	01	789	01	02	60.00	255.00	195.00
16.	16	3054	04	789	01	04	150.00	400.00	250.00
17.	16	3054	04	800	01	01	186.00	273.55	87.55
18.	16	3054	04	800	03	02	60.00	155.00	95.00
19.	16	4059	01	051	01	02	33.00	648.00	615.00
20.	16	4059	01	051	05	01	100.00	250.01	150.01
21.	16	4059	01	051	07	01	1.00	81.00	80.00
22.	16	4059	01	051	09	01	100.00	165.00	65.00
23.	16	4702	00	789	01	01	80.00	180.00	100.00
24.	16	4711	03	800	02	02	50.00	115.00	65.00
25.	16	4711	03	800	03	02	500.00	900.32	400.32
26.	16	4711	03	800	03	04	220.00	347.00	127.00
27.	16	5054	03	337	01	01	300.00	1,025.94	725.94
28.	16	5054	04	800	01	01	460.00	1,156.16	696.16
29.	17	2202	01	800	01	01	608.42	804.93	196.51
30.	17	2202	02	109	08	01	460.07	555.07	95.00

(1)	(2)	(3)					(4)	(5)	(6)
31.	17	2204	00	104	01	01	42.45	100.94	58.49
32.	18	2210	80	800	02	04	10.01	95.18	85.17
33.	19	3452	80	104	06	01	18.76	328.15	309.39
34.	19	3452	80	104	07	01	263.57	445.18	181.61
35.	21	2225	01	789	02	01	240.26	491.25	250.99
36.	21	2225	01	789	02	02	44.34	94.52	50.18
37.	21	2235	02	104	02	01	692.50	853.13	160.63
38.	21	2235	02	104	03	01	3,288.62	3,761.38	472.76
39.	22	2404	00	195	03	01	100.00	323.00	223.00
40.	22	2404	00	789	02	01	0.00	120.00	120.00
41.	22	4851	00	195	01	01	324.17	395.00	70.83
42.	24	2401	00	102	01	01	182.00	317.59	135.59
43.	24	2406	04	800	01	02	0.00	57.79	57.79
44.	25	2403	00	102	03	01	137.09	228.10	91.01
45.	26	2405	00	800	04	01	618.74	787.33	168.59
46.	27	2216	03	800	02	01	0.00	110.50	110.50
47.	28	4860	01	190	01	01	1,400.00	1,921.33	521.33
48.	29	2801	05	001	02	01	1,677.48	2,158.63	481.15
49.	32	2225	80	789	01	02	10.00	100.00	90.00
50.	32	4055	00	211	01	01	164.00	279.00	115.00
51.	32	4202	03	800	02	02	100.00	200.00	100.00
52.	32	4405	00	104	01	02	0.01	1,000.00	999.99
53.	32	4405	00	104	01	03	0.01	104.37	104.36
54.	32	5452	01	800	04	02	0.01	100.00	99.99
Total							**14,854.67**	**29,840.10**	**14,985.43**

Appendix – 2.4
(Reference: Paragraph 2.3.4; Page 35)

Unnecessary re-appropriation of funds

(Rupees in lakh)

Serial number	Grant number	Head of Account	O	S	Amount re-appropriated	Total	Actual Expenditure	Excess(+) / Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	08	2041 00 101 01 04	4.15	0.00	0.34	4.49	3.45	-1.04
2.	10	2217 03 191 02 01	0.00	20.00	7.00	27.00	0.00	-27.00
3.	10	2217 05 800 02 04	31.63	5.00	32.09	68.72	30.36	-38.36
4.	10	2515 00 101 19 01	0.00	50.00	11.37	61.37	0.00	-61.37
5.	10	2515 00 101 19 02	0.00	20.55	5.29	25.84	0.00	-25.84
6.	10	2575 60 789 01 04	17.49	0.00	10.00	27.49	10.00	-17.49
7.	12	2055 00 115 03 01	0.03	270.03	24.93	294.99	263.76	-31.23
8.	13	2056 00 101 01 01	86.21	0.61	0.28	87.10	85.16	-1.94
9.	16	2217 05 001 01 01	11.45	0.00	0.75	12.20	10.32	-1.88
10.	16	4059 01 001 01 01	1,323.83	0.00	17.33	1,341.16	1,323.31	-17.85
11.	17	2202 01 101 01 02	1,099.28	60.00	5.91	1,165.19	1,157.27	-7.92
12.	17	2202 03 103 03 01	391.30	40.00	3.40	434.70	427.61	-7.09
13.	17	2202 03 103 05 01	348.88	9.00	4.77	362.65	337.36	-25.29
14.	17	2202 03 103 06 03	232.50	10.00	0.05	242.55	236.44	-6.11
15.	17	2202 03 103 10 01	103.39	0.00	5.01	108.40	96.14	-12.26
16.	17	2202 03 789 03 01	10.65	0.00	0.33	10.98	1.53	-9.45
17.	17	2202 80 800 01 01	36.43	0.00	0.12	36.55	33.13	-3.42
18.	17	2205 00 105 01 01	41.60	15.00	0.02	56.62	49.75	-6.87
19.	19	2075 00 800 01 01	50.00	8.65	18.45	77.10	53.64	-23.46
20.	19	2220 60 001 01 01	52.15	0.00	1.51	53.66	51.58	-2.08
21.	19	2220 60 101 03 01	40.00	20.00	14.02	74.02	59.30	-14.72
22.	21	2235 02 102 03 01	73.85	0.00	1.17	75.02	71.11	-3.91

(1)	(2)	(3)					(4)	(5)	(6)	(7)	(8)	(9)
23.	22	2401	00	195	07	01	500.00	45.69	204.31	750.00	0.00	-750.00
24.	24	2401	00	119	02	01	56.06	14.00	0.49	70.55	69.05	-1.50
25.	25	2403	00	113	02	01	1.88	0.00	3.00	4.88	1.37	-3.51
26.	25	2403	00	113	04	01	0.00	0.01	44.99	45.00	0.00	-45.00
27.	26	2405	00	800	05	01	20.00	9.93	0.01	29.94	20.07	-9.87
28.	29	2801	05	001	02	01	1.65	1.65	0.09	3.39	0.00	-3.39
29.	32	5452	01	800	05	02	0.00	0.01	49.99	50.00	0.00	-50.00
		Total					**4,534.41**	**600.13**	**467.02**	**5,601.56**	**4,391.71**	**-1,209.85**

O: Original **S: Supplementary**

Appendix – 2.5
(Reference: Paragraph 2.3.5; Page 35)

List of grants where savings of more than Rs 10 lakh was not surrendered

(Rupees in crore)

Serial number	Grant number	Description	Savings amount not surrendered
		Revenue - Voted	
1.	10	District Administration	2.34
2.	12	Police	0.49
3.	16	Public Works	0.62
4.	17	Education	2.54
5.	18	Medical	0.66
6.	19	Information and Publicity	0.48
7.	21	Social Welfare	1.94
8.	22	Co-operation	7.50
9.	24	Agriculture	0.42
10.	26	Fisheries	0.43
		Capital - Voted	
11.	06	Revenue and Food	0.35
		Total	17.77

Appendix 3.1
(Reference: Paragraph 3.4.1; Page 43)

Department-wise pendency of Action Taken Notes

Serial number	Department	Number of recommendations pending	Year of Audit Report
(1)	(2)	(3)	(4)
1.	Adi-dravidar Welfare	11	1977-78, 1992-93, 1994-95, 1999-2000 and 2001-02
2.	Agriculture	7	1995-96 to 1999-2000
3.	Animal Husbandry	22	1992-93 and 1998-99
4.	Civil Supplies	11	1998-99
5.	Commercial Taxes	3	1995-96, 1999-2000 and 2001-02
6.	Community Development	3	1992-93, 1996-97 and 1997-98
7.	Co-operation	8	1994-95, 1998-99, 1999-2000 2000-01 and 2001-02
8.	Directorate of Accounts and Treasuries (Finance Department)	1	2000-01
9.	Education	28	1992-93, 1994-95 and 1996-97 to 2001-02
10.	Election	1	1998-99
11.	Electricity	13	1996-97, 1998-99 and 1999-2000
12.	Excise	2	1998-99 and 1999-2000
13.	Finance	11	1995-96, 1996-97, 1998-99 and 1999-2000
14.	Finance (Housing)	4	1995-96
15.	Fisheries	3	1997-98 and 1998-99
16.	Health	43	1992-93, 1995-96, 1996-97, 1998-99, 1999-2000 and 2000-01
17.	Industries	39	1988-89, 1990-91, 1992-93, 1993-94, 1998-99, 1999-2000 and 2000-01
18.	Information and Publicity	1	1992-93
19.	Jail	1	1998-99

(1)	(2)	(3)	(4)
20.	Labour	1	1993-94
21.	Local Administration	27	1995-96, 1997-98, 1998-99, 1999-2000 and 2001-02
22.	Planning and Research	2	1995-96 and 2001-02
23.	Police	8	1997-98
24.	Port	1	1995-96
25.	Public Works	61	1988-89, 1990-91 to 2000-01
26.	Revenue	6	1996-97 to 1998-99
27.	Rural Development	18	1993-94 and 1998-99
28.	Science, Technology and Environment	6	1999-2000 and 2000-01
29.	Social Welfare	2	1996-97 and 1997-98
30.	Stationery and Printing	2	1996-97 and 1997-98
31.	Tourism	2	1994-95
32.	Town and Country Planning	14	1994-95, 1996-97, 1997-98 1999-2000 and 2001-02
33.	Transport	10	1994-95, 1997-98 and 1999-2000
34.	Welfare	1	1997-98
35.	Women and Child Development	2	1996-97 and 1998-99
36.	General	6	2000-01 and 2001-02
Total		**381**	

Appen

(Reference : Paragraphs 5.3 and

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out

Serial number	Sector and Name of the company	Paid-up capital as at the end of the current year (Figures in brackets indicate share application money)				
		Union Territory Government	Central Government	Holding Companies	Others	Total
(1)	(2)	(3a)	(3b)	(3c)	(3d)	(3e)
	Agriculture					
1.	Puducherry Agro Service and Industries Corporation Limited	1,083.28	--	--	--	1,083.28
2.	Puducherry Agro Products, Food and Civil Supplies Corporation Limited	894.81	--	--	5.00	899.81
	Sector-wise total	**1,978.09**	--	--	**5.00**	**1,983.09**
	Industry					
3.	Puducherry Distilleries Limited	845.00	--	--	--	845.00
4.	Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC)	3,186.21 (6,870.00)	--	--	854.00	4,040.21 (6,870.00)
	Sector-wise total	**4,031.21 (6,870.00)**	--	--	**854.00**	**4,885.21 (6,870.00)**
	Electronics					
5.	Pondicherry Electronics Limited (Subsidiary of PIPDIC)	--	--	9.65	--	9.65
	Sector-wise total	--	--	**9.65**	--	**9.65**
	Textiles					
6.	Pondicherry Textiles Corporation Limited	26,921.97	--	--	--	26,921.97
7.	Swadeshee-Bharathee Textile Mills Limited	1,421.22	--	--	--	1,421.22
	Sector-wise total	**28,343.19**	--	--	--	**28,343.19**
	Economically Weaker Section					
8.	Pondicherry Adi-dravidar Development Corporation Limited	323.24 (103.00)	167.77	--	--	491.01 (103.00)
9.	Pondicherry Corporation for Development of Women and Handicapped Persons Limited	324.00 (23.12)	--	--	--	324.00 (23.12)
10.	Puducherry Backward Classes & Minorities Development Corporation Limited	263.65	--	--	--	263.65
	Sector-wise total	**910.89 (126.12)**	**167.77**	--	--	**1,078.66 (126.12)**
	Tourism					
11.	Puducherry Tourism Development Corporation Limited	600.00 (100.00)	--	--	--	600.00 (100.00)
	Sector-wise total	**600.00 (100.00)**	--	--	--	**600.00 (100.00)**
	Transport					
12.	Puducherry Road Transport Corporation Limited	3,309.89	--	--	--	3,309.89
	Sector-wise total	**3,309.89**	--	--	--	**3,309.89**
	Power					
13.	Puducherry Power Corporation Limited	13,304.42	--	--	--	13,304.42
	Sector-wise total	**13,304.42**	--	--	--	**13,304.42**
	Grand Total	**52,477.69 (7,096.12)**	**167.77**	**9.65**	**859.00**	**53,514.11# (7,096.12)**

\# **UT Government's investment in PSUs was Rs 596.67 crore (Others: Rs 24.32 crore). Figure as per Finance Accounts 2007-08 is Rs 596.10 crore. The difference is under reconciliation.**
'--' indicates 'nil'. Figures in bracket represents share advance held in the companies.

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of budget and loans outstanding as on 31 March 2008 in respect of Government Companies

(Figures in columns 3(a) to 4(f) are rupees in lakh)

Equity/loans received out of the budget during the year		Other loans received during the year	Loans outstanding at the close of 2007-08**			Debt equity ratio for 2007-08 (Previous year) (4f / 3e)
Equity	Loans		UT Govt.	Others	Total	
(4a)	(4b)	(4c)	(4d)	(4e)	(4f)	(5)
--	--	--	--	--	--	--
--	--	--	93.50	--	93.50	0.10:1 (0.10:1)
--	--	--	**93.50**	--	**93.50**	**0.05:1 (0.04:1)**
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
2,221.33	--	500.00	--	500.00	500.00	0.02:1
526.72	--	--	--	--	--	-- (3.97:1)
2,748.05	--	**500.00**	--	**500.00**	**500.00**	**0.02:1 (0.14:1)**
103.00	--	393.61	--	441.74	441.74	0.74:1(0.10:1)
23.12	--	19.27	--	12.38	12.38	0.04:1 (- -)
31.00	--	147.50	--	441.17	441.17	1.67:1(1.47:1)
157.12	--	**560.38**	--	**895.29**	**895.29**	**0.74:1(0.37:1)**
200.00	--	--	--	--	--	--
200.00	--	--	--	--	--	--
100.00	--	--	--	--	--	--
100.00	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
3,205.17	--	**1060.38**	**93.50**	**1,395.29**	**1,488.79#**	**0.02:1 (0.07:1)**

** Loans outstanding at the close of 2007-08 represent long-term loans only.

Appen

(Reference: Paragraphs 5.5, 5.6, 5.7

Summarised financial results of Government Companies

Serial number	Sector and name of the company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net Profit / Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Working companies					
	AGRICULTURE					
1.	Puducherry Agro Service and Industries Corporation Limited	Agriculture	26 March 1986	2006-07	2007-08	51.32
2.	Puducherry Agro Products, Food and Civil Supplies Corporation Limited	Civil Supplies and Consumer Affairs	27 September 1990	2005-06	2008-09	6.11
	Sector-wise total					**57.43**
	INDUSTRY					
3.	Puducherry Distilleries Limited	Industries	8 December 1971	2007-08	2008-09	673.76
4.	Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC)	Industries	17 April 1974	2006-07	2007-08	323.08
	Sector-wise total					**996.84**
	ELECTRONICS					
5.	Pondicherry Electronics Limited (Subsidiary of PIPDIC)	Industries	7 December 1982	2006-07	2007—08	(-) 6.19
	Sector-wise total					**(-) 6.19**
	TEXTILES					
6.	Pondicherry Textiles Corporation Limited	Industries	25 November 1985	2006-07	2007-08	(-) 3,132.63
7.	Swadeshee-Bharathee Textile Mills Limited	Industries	4 July 2005	2006-07	2007-08	(-) 571.52
	Sector-wise total					**(-) 3,704.15**
	ECONOMICALLY WEAKER SECTION					
8.	Pondicherry Adi-dravidar Development Corporation Limited	Welfare	26 September 1986	2004-05	2006-07	(-) 98.26
9.	Pondicherry Corporation for Development of Women and Handicapped Persons Limited	Welfare	31 March 1993	2004-05	2008-09	$
10.	Puducherry Backward Classes and Minorities Development Corporation Limited	Welfare	31 March 1999	2006-07	2007-08	$
	Sector-wise total					**(-) 98.26**
	TOURISM					
11.	Puducherry Tourism Development Corporation Limited	Tourism	1 April 2005	2005-06	2008-09	(-) 149.08
	Sector-wise total					**(-) 149.08**
	TRANSPORT					
12.	Puducherry Road Transport Corporation Limited[&]	Tourism	19 February 1986	2004-05	2008-09	(-) 157.94
	Sector-wise total					**(-) 157.94**
	POWER					
13.	Puducherry Power Corporation Limited	Electricity	30 March 1993	2006-07	2007-08	1,152.48
	Sector-wise total					**1,152.48**
	Grand Total					**(-) 1,908.87**

* Capital employed represents net fixed assets (including capital work-in-progress) PLUS working capital except in case of finance companies, where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

& Represents arrears of accounts of Pondicherry Tourism and Transport Development Corporation Limited for the year ending 31 March 2005. This is a last account of the company due to bifurcation of the company into Puducherry Tourism Development Corporation Limited and Pondicherry Road Transport Corporation Limited with effect from 1 April 2005.

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and 5.9; Pages 65, 66, 67 and 68)
for the latest year for which accounts were finalised

(Figures in columns 7 to 12 and 15 are rupees in lakh)

Net impact of Audit comments	Paid-up capital	Accumulated Profit/ Loss(-)	Capital employed*	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turn-over	Man-power
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Profit reduced by Rs 20.85 lakkh	1,083.28	282.51	1,689.99	51.32	3.04	1	5,695.81	390
..	814.81	(-) 713.48	430.12	18.75	4.36	2	5,545.45	294
..	**1,898.09**	**(-) 430.97**	**2,120.11**	**70.07**	**3.31**	**..**	**11,241.26**	**684**
..	845.00	2,120.45	2,981.94	673.76	22.59	..	2,394.87	113
..	10,910.21	2,929.85	13,610.76	323.15	2.37	1	1,111.84	144
..	**11,755.21**	**5,050.30**	**16,592.70**	**996.91**	**6.01**	**..**	**3,506.71**	**257**
..	9.65	16.32	26.22	(-) 6.19	..	1	24.72	10
..	**9.65**	**16.32**	**26.22**	**(-) 6.19**	**..**	**..**	**24.72**	**10**
..	24,700.64	(-) 28,005.63	12,700.55	(-) 2,773.47	..	1	7,168.46	3,012
..	894.50	(-) 1,134.75	2,991.23	(-) 507.46	..	1	1,513.25	702
..	**25,595.14**	**(-) 29,140.38**	**15,691.78**	**(-) 3,280.93**	**..**	**..**	**8,681.71**	**3,714**
..	311.38	(-) 384.85	289.16	(-) 79.82	..	3	..	61
..	312.62	..	450.54	..	..	3	24.58	38
..	232.65	..	943.18	..	..	1	..	13
..	**856.65**	**(-) 384.85**	**1,682.88**	**(-) 79.82**	**..**	**..**	**24.58**	**112**
..	^300.00	(-) 149.08	150.10	(-) 149.08	..	2	419.22	
..	**300.00**	**(-) 149.08**	**150.10**	**(-) 149.08**	**..**	**..**	**419.22**	**..**
..	^2,810.73	(-) 2,154.10	928.32	(-) 157.94	..	3	1,448.16	463
..	**2,810.73**	**(-) 2,154.10**	**928.32**	**(-) 157.94**	**..**	**..**	**1,448.16**	**463**
..	13,304.42	6,057.06	20,000.92	1,152.48	5.76	1	5,392.53	128
..	**13,304.42**	**6,057.06**	**20,000.92**	**1,152.48**	**5.76**	**..**	**5,392.53**	**128**
..	**56,529.89**	**(-) 21,135.70**	**57,193.03**	**(-) 1,454.50**	**..**	**..**	**30,738.89**	**5,368**

$ Entire loss is reimbursed by the Government. ^ Includes a share advance of Rs 100 lakh; The particulars given in column no. 16 are as furnished by the companies

Appendix – 5.3
(Reference : Paragraph 5.4; Page 65)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2008

(Rupees in lakh)

Name of the working company		Puducherry Agro Products, Food and Civil Supplies Corporation Limited	Pondicherry Adi-dravidar Development Corporation Limited	Pondicherry Corporation for Development of Women and Handicapped Persons Limited	Puducherry Backward Classes and Minorities Development Corporation Limited	Pondicherry Industrial Promotion Development and Investment Corporation Limited	Total
		(1)	(2)	(3)	(4)	(5)	(6)
Subsidy/Grants received during the year							
Union Territory	Grants	449.82	99.00	1,405.00	75.10	510.89	2,539.81
	Subsidy	3.32	60.00	---	---	---	63.32
Central Govern-ment	Grants	---	---	---	---	1,127.51	1,127.51
	Subsidy	---	93.34	---	---	---	93.34
Others	Grants	---	---	2.52	---	---	2.52
	Subsidy	---	24.15	---	---	---	24.15
Total	**Grants**	**449.82**	**99.00**	**1,407.52**	**75.10**	**1,638.40**	**3,669.84**
	Subsidy	**3.32**	**177.49**	**---**	**---**	**---**	**180.81**
Guarantees received during the year and outstanding at the end of the year							
Cash credit from banks		---	---	---	---	---	---
Loans from other sources		---	(318.88)	---	---	---	(318.88)
Letter of credit opened by bank in respect of imports		---	---	---	---	---	---
Payment obligation under agreement with foreign consultants		---	---	---	---	---	---
Total		---	**(318.88)**	---	---	---	**(318.88)**

Figures in brackets indicate guarantees outstanding at the end of the year

Appendix – 5.4

(Reference : Paragraph 5.5; Page 66)

Statement showing investment made by the Union Territory Government in PSUs whose accounts are in arrears

(Rupees in lakh)

Sl.No.	Name of the Company	Year up to which accounts finalised	Paid-up capital as per latest finalised accounts	Investment made by UT Government during the years for which accounts were in arrears			
				Equity	Loan	Grants/ Subsidy	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Working companies						
1.	Puducherry Agro Service and Industries Corporation Limited	2006-07	1,083.28	---	---	---	---
2.	Pondicherry Agro Products, Food and Civil Supplies Corporation Limited	2005-06	814.81	85.00 (2006-07)	93.50 (2006-07)	198.48 (2006-07) 453.14 (2007-08)	---
3.	Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC)	2006-07	10,910.21	---	---	510.89 (2007-08)	---
4.	Pondicherry Electronics Limited (Subsidiary of PIPDIC)	2006-07	9.65	---	---	---	---
5.	Pondicherry Textile Corporation Limited	2006-07	24,700.64	2,221.33 (2007-08)	---	---	---
6.	Swadeshee-Bharathee Textile Mills Limited	2006-07	894.50	526.72 (2007-08)	---	---	---
7.	Pondicherry Adidravidar Development Corporation Limited	2004-05	311.38	43.00 (2005-06) 103.00 (2006-07) 103.00 (2007-08)	---	188.01 (2005-06) 589.00 (2006-07) 159.00 (2007-08)	---
8.	Pondicherry Corporation for Development of Women and Handicapped Persons Limited	2004-05	312.62	11.50 (2005-06) 23.12 (2007-08)	---	784.00 (2006-07) 1,405.00 (2007-08)	---
9.	Puducherry Backward Classes and Minorities Development Corporation Limited	2006-07	232.65	31.00 (2007-08)	---	75.10 (2007-08)	---

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10.	Puducherry Tourism Development Corporation Limited	2005-06	300.00	200.00 (2006-07) 200.00 (2007-08)	---	---	---
11.	Pondicherry Road Transport Corporation Limited	2004-05	2,810.73	150.00 (2005-06) 217.00 (2006-07) 100.00 (2007-08)	---	98.78 (2005-06)	---
12.	Puducherry Power Corporation Limited	2006-07	13,304.42	---	---	---	---
	Total		**55,684.89**	**4,014.67**	**93.50**	**4,461.40**	

Appendix – 5.5
(Reference : Paragraph 5.13; Page 70)

Statement showing the department-wise outstanding Inspection Reports (IRs)

Serial number	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Year from which paragraphs outstanding
1.	Agriculture	2	5	30	2005-06
2.	Industries	4	10	54	2004-05
3	Welfare	3	8	34	2004-05
4.	Transport	1	3	16	2004-05
5	Tourism	1	1	4	2007-08
6.	Electricity	1	2	13	2006-07
	Total	12	29	151	