Report of the
Comptroller and Auditor General of India

for the year ended March 2017

Government of the Union Territory of Puducherry

Report No. 2 of 2018

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PREFACE

This Report for the year ended March 2017 has been prepared for submission to the Lieutenant Governor under Section 49 of the Government of Union Territories Act, 1963.

The Report contains significant results of the Performance Audit and Compliance Audit of the Departments of the Government of Union Territory of Puducherry under the General, Social and Economic (including Revenue) services including Departments of Adi-Dravidar Welfare, Electricity, Health and Family Welfare Services, Industries and Commerce, Labour, Public Works, Revenue and Disaster Management, Tourism, Town and Country Planning and Women and Child Development.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

CHAPTER I

INTRODUCTION

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INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Government of the Union Territory of Puducherry relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of Government Departments, Government Companies and Autonomous Bodies.

The primary purpose of the Report is to bring to the notice of the Union Territory Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit observations are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved management of the organisations, thus, contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipt, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance Audit examines whether the objectives of an organisation, programme or scheme were achieved economically, efficiently and effectively.

This Chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on the previous Audit Reports. Chapter-II of this Report contains findings arising out of Performance Audit of selected Programmes/Activities/Departments and observations on Compliance Audit in Government Departments and Autonomous Bodies. Chapter-III contains audit observations arising out of audit of Revenue Receipts and Chapter-IV contains audit observations arising out of audit of Commercial and Trading Activities.

The cases mentioned in this Report are among those, which came to notice in the course of test audit of accounts during the year 2016-17, as well as those which came to notice in earlier years but could not be included in the previous Reports.

Abbreviations used in this Report are listed in the Glossary at Page No. 97.

1.2 Profile of audited entities

There are 30 Departments in the Union Territory at the Secretariat level, headed by Development Commissioners/Secretaries, who are assisted by Directors and subordinate officers. There are 13 Government Companies and 73 Autonomous Bodies.

The entities in Puducherry falling under General and Social Sectors are audited by the Principal Accountant General (General and Social Sector Audit), Tamil Nadu and Puducherry and those falling under Revenue and Economic (both PSUs and non-PSUs) Sectors are audited by the Accountant General (Economic and Revenue Sector Audit), Tamil Nadu.

The comparative position of receipts of the Union Territory Government and expenditure incurred by the Union Territory Government during the year 2016-17 and in the preceding two years is given in **Tables 1.1** and **1.2** below:

Table 1.1 - Comparative position of receipts

(₹ in crore)

Receipts	**2014-15**	**2015-16**	**2016-17**
Revenue receipts	**4,758**	**5,088**	**5,383**
Tax revenue	1,993	2,260	2,401
Non-tax revenue	1,300	1,138	1,245
Grants-in-aid and contributions	1,465	1,690	1,737
Capital receipts	**Nil**	**Nil**	**Nil**
Recovery of loans and advances	**2**	**2**	**2**
Public Debt receipts	**704**	**741**	**820**
Public Account receipts	**982**	**1,015**	**845**
Total receipts	**6,446**	**6,846**	**7,050**

(Source: Finance Accounts of respective years)

Table 1.2 - Comparative position of expenditure

(₹ in crore)

Expenditure	2014-15	2015-16	2016-17
Revenue expenditure			
General services	1,417	1,469	1,639
Social services	1,831	2,199	2,129
Economic services	1,544	1,611	1,684
Grants-in-aid and contributions	8	6	6
Total	**4,800**	**5,285**	**5,458**
Capital expenditure			
Capital expenditure	614	439	447
Loans and advances disbursed	1	1	Nil
Repayment of public debt	183	169	224
Contingency fund	Nil	Nil	Nil
Public account disbursements	845	938	800
Total	**1,643**	**1,547**	**1,471**
Grand total	**6,443**	**6,832**	**6,929**

(Source: Finance Accounts of respective years)

1.3 Authority for audit

The authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Article 149 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG conducts audit of expenditure and receipts of the Departments in UT of Puducherry under Sections 13[1] and 16[2] of CAG's (DPC) Act. CAG is the sole auditor in respect of three Autonomous Bodies, which are audited under Sections 15[3] and 19(2)[4] of CAG's (DPC) Act. In addition, CAG conducts

[1] Audit of (a) all expenditure from the Consolidated Fund of Union Territory having a Legislative Assembly, (b) all transactions relating to the Contingency Fund and Public Accounts and (c) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in Government Departments.

[2] Audit of all receipts, which are payable into the Consolidated Fund of Union Territory having a Legislative Assembly.

[3] Audit of accounts of a body or authority to which grant or loan is given from Consolidated Fund of Union Territory for any specific purpose.

[4] Audit of the accounts of Corporations (not being companies) established by or under law made by Parliament.

audit of 70 other Autonomous Bodies, under Section 14[5] of CAG's (DPC) Act, which are substantially funded by the Government.

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors are required to submit a copy of the Audit Report to CAG, which among other things, include financial statements of the Company as per Section 143 (5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the Audit Report under the provisions of Section 143 (6) of the Company's Act, 2013.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various Departments, Corporations and Companies of Government based on expenditure incurred, revenue collected, criticality, complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit observations are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports (IRs) containing audit observations are issued to the Heads of the Departments, Corporations and Companies. The Departments, Corporations and Companies are requested to furnish replies to the audit observations within one month of receipt of IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. Important audit observations arising out of these IRs are processed for inclusion in the Audit Report of CAG of India, which is submitted to the Lieutenant Governor of Union Territory of Puducherry under Article 149 of the Constitution of India and Section 49 of the Union Territories Act, 1963.

1.5 Significant audit observations

In the last few years, we pointed out several deficiencies in implementation of various programmes/activities through Performance Audits as well as on

5 Audit of all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of Union Territory having a Legislative Assembly.

the quality of internal controls in selected Departments, which impacted the success of programmes and functioning of the Departments. Similarly, deficiencies noticed during Compliance Audit of the Government Departments/Organisations were also pointed out.

1.5.1 Performance Audit of Programmes/Activities/ Departments

The present Report contains one Performance Audit. The highlights of audit observations are given in the following paragraphs:

1.5.1.1 Performance Audit of Comprehensive Sewerage Scheme for urban areas of Puducherry under Jawaharlal Nehru National Urban Renewal Mission

A Performance Audit was conducted to assess whether the implementation of Comprehensive Sewerage Scheme for urban areas of Puducherry under Jawaharlal Nehru National Urban Renewal Mission was carried out as per the plan. There were delays and deficiencies in implementing the Sewerage project as detailed below:

- The aim to provide a sewerage system with sewage handling capacity of 94.5 Million Litres per Day by the year 2026 as envisaged in the City Development Plan could not be achieved as there was a shortfall (at planning level) of 26 Million Litres per Day due to non-adoption of Central Public Health Environmental Engineering Organisation norms.

- Administrative delays and slow progress of the work led to curtailment of funds of ₹ 52.88 crore committed by Government of India, which resulted in additional financial burden to that extent on the Union Territory Government.

- Penalty was not levied, despite slow progress of work. Monitoring was inadequate and the necessity of rigorous monitoring required for a Sewerage project associated with social impact was not given due attention.

(Paragraph 2.1)

1.5.2 Compliance Audit

Audit of financial transactions test-checked in various Departments of the Government, their field offices and Government Companies revealed instances of excess payment, idle investment and other irregularities. Some of the important audit observations are as follows:

- Erroneous calculation of enhanced interest for land acquisition resulted in undue payment of ₹ 64 lakh to the land owners.

(Paragraph 2.2.1)

- Perunthalaivar Kamaraj Medical College Society did not adopt correct square feet rate for outsourcing the housekeeping services of a Medical Institute, resulting in excess payment of ₹ 4.90 crore.

(Paragraph 2.2.2)

- Water supply connection was not provided to the toilet and wash room block at Yanam obelisk, which resulted in idle investment of ₹ 74.58 lakh.

(Paragraph 2.3.1)

- Building for Auxiliary Nursing Midwifery School, Mahe was not constructed, which resulted in blocking up Government of India funds of ₹ 2.50 crore, for seven years.

(Paragraph 2.3.2)

- The Pondicherry Building and Other Construction Workers' Welfare Board did not take enough steps to identify the eligible workers and to ensure that all eligible workers were registered as beneficiaries. The Board did not ensure that the cess amount was collected in respect of all activities as envisaged in the Act. There were delays in release of educational assistance to the wards of registered beneficiaries. Pension scheme was not implemented for the beneficiaries who crossed the age of 60 years. Full time employees were not appointed including Labour Officer and Assistant Inspectors of Labour, which had a bearing on the efficient functioning of the Board. Monitoring was inadequate and there was no internal audit mechanism.

(Paragraph 2.4)

- The Women and Child Development Department did not plan and assess the requirements of own and dedicated buildings for Anganwadi centres and there were delays in construction of own buildings for Anganwadi centres. Infrastructure and basic amenities as stipulated in the norms were inadequate in the test-checked Anganwadi centres. The Department procured food grains at a much higher rate from open market instead of lifting from Food Corporaton of India, at concessional rates, leading to an excess expenditure of ₹ 9.06 crore. Non-supply of medicine kits every year defeated the purpose of extending basic medical care to children at Anganwadi centres. Non-supply of preschool kits affected the aim of holistic development of children by use of play and learning material. Monitoring as well as inspections by Child Development Project Officers and Supervisors were inadequate, which led to the deficiencies in implementation of the scheme.

(Paragraph 2.5)

1.5.3 Revenue Receipts

An audit of e-Pathiram system of registration revealed the following:

- Conditions governing remission of stamp duty was not adhered to, resulting in incorrect allowance of remission of stamp duty of ₹ 1.46 crore.

- Incorrect classification of land and consequent adoption of lower guideline value resulted in short collection of stamp duty and registration fee of ₹ 25.65 lakh.

- The envisaged objectives of e-Pathiram system, *viz*., issue of computerised encumbrance certificate and issue of certificated copy on the same day of registration of instrument could not be achieved even after a lapse of nine years since the implementation of e-Pathiram system of registration.

(Paragraph 3.10)

1.5.4 Commercial and Trading Activities

As on 31 March 2017, there were 12 working Government Companies (Public Sector Undertakings-PSUs) and one non-working Government Company in the Union Territory of Puducherry.

The working PSUs registered a turnover of ₹ 366.63 crore, as per their latest finalised accounts as of March 2017, which was equal to 1.33 *per cent* of State Gross Domestic Product for 2016-17. The working PSUs incurred losses of ₹ 24.79 crore, as per their latest finalised accounts, as of March 2017. PSUs employed 4,778 employees as at the end of March 2017.

As on 31 March 2017, the total investment in working PSUs consisted of 98.58 *per cent* towards capital and 1.42 *per cent* in long-term loans. The investment grew by 3.08 *per cent* from ₹ 711.15 crore in 2012-13 to ₹ 733.05 crore in 2016-17. As per the latest finalised accounts (March 2017), the ratio of return on capital employed and equity stood at (-) 7.67 and (-) 24.79 respectively.

As there were arrears in accounts in 12 working PSUs upto 2016-17, their net worth could not be assessed in Audit. As per the latest finalised accounts, out of 12 working PSUs, four PSUs earned a profit of ₹ 13.20 crore and seven

PSUs incurred a loss of ₹ 37.99 crore, leading to overall loss. One company neither earned profit nor incurred any loss.

(Paragraph 4.1)

Two PSUs did not secure their financial interest on account of injudicious sanction of loans, which led to blocking of ₹ 92.69 crore.

(Paragraph 4.2)

1.6 Response to Audit

One Performance Audit and eight Audit Paragraphs were forwarded demi-officially to the Development Commissioners and Secretaries of the Departments concerned between July and December 2017 to send their responses within six weeks. Government replies were received in respect of Performance Audit and two Audit Paragraphs. The replies, wherever received, were suitably incorporated in the Report.

A review of IRs issued upto 31 March 2017 revealed that 5,099 paragraphs relating to 1,177 IRs remained outstanding at the end of September 2017 **(Appendix 1.1)**.

1.7 Follow-up on the Audit Reports

The Public Accounts Committee (PAC) of the Union Territory Legislature of Puducherry, prescribed a time limit of three months, from the date of placement of the Audit Reports in Legislature, to the Departments for furnishing replies on the audit observations included in the Audit Reports indicating the corrective action taken or proposed to be taken by them and for submission of Action Taken Notes (ATNs) on the recommendations of PAC by the Departments.

The position of pendency of paragraphs/recommendations, for which replies and ATNs were not received is shown in **Table 1.3**.

Table 1.3 - Explanatory notes not received (as of December 2017)

Year of the Audit Report	Date of placement of Audit Report in the UT Legislature	Number of paragraphs in Audit Report			Number of paragraphs for which explanatory notes were not received		
		GSSA	Revenue	Commercial	GSSA	Revenue	Commercial
2010-11	30.07.2012	11	3	2	2	Nil	1
2011-12	29.07.2013	11	4	2	1	Nil	2
2012-13	23.09.2014	10	3	1	4	2	1
2013-14	06.05.2015	9	2	1	6	2	1
2014-15	08.09.2016	8	6	1	6	5	1
2015-16	15.06.2017	8	2	1	8	2	1
Total		**57**	**20**	**8**	**27**	**11**	**7**
Grand Total		**85**			**45**		

From the above, it could be seen that out of 85 paragraphs, explanatory notes to 45 paragraphs in respect of 20 Departments were awaited (December 2017).

The status of PAC discussion in respect of Review/Paragraphs appeared in Audit Reports is shown in **Table 1.4**.

Table 1.4 - Reviews/Paragraphs appeared in Audit Reports *vis-a-vis* discussed (as on 31 December 2017)

Period of the Audit Report	Number of paragraphs appeared in Audit Report				Number of paragraphs discussed
	GSSA	Revenue	Commercial	Total	
2010-11	11	3	2	16	Not yet discussed
2011-12	11	4	2	17	
2012-13	10	3	1	14	
2013-14	9	2	1	12	
2014-15	8	6	1	15	
2015-16	8	2	1	11	
Total	**57**	**20**	**8**	**85**	

From the above, it may be seen that none of the paragraphs, which appeared in the Audit Reports for the period from 2010-11 to 2015-16 were discussed by PAC.

The compliance position of various Departments to PAC recommendations is shown in **Table 1.5**.

Table 1.5 - Compliance to PAC Reports

Year of the PAC Report	Total number of PAC Reports	Total number of recommendations in PAC Report			Number of recommendations where ATNs not received		
		GSSA	Revenue	Commercial	GSSA	Revenue	Commercial
Up to 2010-11	15	984	50	101	210	12	30
2011-12	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2012-13	1	119	14	21	48	11	15
2013-14	2	84	18	25	65	10	22
2014-15	2	76	31	36	39	17	18
2015-16	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**20**	**1,263**	**113**	**183**	**362**	**50**	**85**
Grand Total		**1,559**			**497**		

As of December 2017, Government Departments did not furnish ATNs on 497 recommendations made by PAC in respect of Audit Reports pertaining to the period 1988-89 to 2008-09.

CHAPTER II

GENERAL AND SOCIAL SECTOR

CHAPTER II

This Chapter contains Performance Audit of the Comprehensive Sewerage Scheme for urban areas of Puducherry under Jawaharlal Nehru National Urban Renewal Mission and results of Compliance Audit of various Departments of the Government, their field formations, Local and Autonomous Bodies. Instances of lapses in the management of resources and deficiencies in observance of the norms of regularity, propriety and economy were presented in the succeeding paragraphs.

TOWN AND COUNTRY PLANNING AND PUBLIC WORKS DEPARTMENTS

2.1 Performance Audit of the Comprehensive Sewerage Scheme for urban areas of Puducherry under Jawaharlal Nehru National Urban Renewal Mission

Executive Summary

A Performance Audit was conducted to assess whether the implementation of Comprehensive Sewerage Scheme for urban areas of Puducherry under Jawaharlal Nehru National Urban Renewal Mission was carried out as per the plan. There were delays and deficiencies in implementing the Sewerage project as detailed below:

The aim to provide a sewerage system with sewage handling capacity of 94.5 Million Litres per Day by the year 2026 as envisaged in the City Development Plan could not be achieved as there was a shortfall of 26 Million Litres per Day due to non-adoption of Central Public Health Environmental Engineering Organisation norms.

Administrative delays and slow progress of the work led to curtailment of funds of ₹ 52.88 crore committed by Government of India, which resulted in additional financial burden to that extent on the Union Territory Government.

Penalty was not levied, despite slow progress of work. Monitoring was inadequate and the necessity of rigorous monitoring required for a Sewerage project associated with social impact was not given due attention.

2.1.1 Introduction

The Puducherry urban area was subdivided into nine zones for the purpose of sewage collection and its conveyance to the sewage treatment plants. The zones I, II and parts of zones III, IV and V were already covered under ‘Under Ground Sewerage System’ (UGSS) implemented by Union Territory (UT) Government between 1980 and 2003. In order to cover the rest of the areas of zones III, IV and V and all the remaining four zones i.e zones VI to IX under UGSS, the UT Government formulated 'Comprehensive Sewerage Scheme for Urban areas of Puducherry' (Sewerage Project) in March 2007. The Sewerage project was approved by Government of India (GOI) (April 2007) to be implemented under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a GOI scheme, which aimed at fast track planned development of urban infrastructure and basic services in identified cities.

The Sewerage project envisaged collection and conveyance of waste water in seven[1] urban zones of Puducherry. As per plan, the treatment of resultant sewage was to be undertaken in three new Sewage Treatment Plants[2] (STPs) each having a capacity of 17 Million Litres per Day (MLD). The implementation of the Sewerage project commenced in January 2010 and was scheduled for completion in February 2013. The Sewerage project was yet to be completed as of December 2017.

2.1.2 Organisational framework

A State Level Nodal Agency (SLNA) was constituted in July 2008 for the implementation of JNNURM scheme with the Secretary to Government, Housing Department as its Chairperson. The Secretaries of Finance, Public Works and Local Administration Departments were the members of SLNA. The Chief Town Planner, Town and Country Planning Department was the Secretary to SLNA, who was to monitor the financial and physical progress of the scheme. The Public Works Department was the Project Executing Agency (PEA). GOI and UT Government were to release grants to SLNA, which released the funds to PEA. The Chief Engineer (CE), Public Works Department was responsible for implementation of the scheme who was assisted by a Superintendent Engineer (SE), an Executive Engineer (Public Health Division) and Assistant Engineers (Sewerage Sub-Divisions).

2.1.3 Audit Objectives

The objectives of the performance audit were to ascertain whether:

- the scheme was planned comprehensively and future requirement of sewage infrastructure/development was assessed and addressed in the planning;

- the scheme was implemented as envisaged by achieving the milestones;

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[1] Mudaliarpet, Nellithope, Lawspet, Thattanchavady, Muthirapalayam, Moolakulam and Reddiarpalayam.

[2] Lawspet, Dubrayapet and Kanaganeri.

- financial management and control was exercised effectively; and
- monitoring and evaluation was adequate and effective.

2.1.4 Audit Criteria

The following criteria were adopted to assess the performance of the Sewerage project under JNNURM:

- JNNURM guidelines;
- Central Public Works Department (CPWD) Manual 2007;
- Guidelines and instructions issued by GOI and UT Government; and
- Central Public Health Environmental Engineering Organisation (CPHEEO) Manual.

2.1.5 Audit Scope and Methodology

The Performance Audit of the Sewerage project under JNNURM was conducted during April-August 2017. An entry conference with the Secretaries, Public Works Department and Town and Country Planning Department was held on 13 April 2017. Records were scrutinised at Secretariat, PWD, Town and Country Planning Department, Puducherry and Oulgaret Municipalities. Photographic evidences were obtained to substantiate audit findings wherever necessary. The Audit findings on the Sewerage project execution were discussed with the Secretaries (Public Works and Town and Country Planning Departments) in the exit conference held on 8 November 2017.

Audit Findings

2.1.6 Planning

2.1.6.1 Defective assessment of sewage handling capacity under the Sewerage project

The guidelines of JNNURM mandated preparation of a City Development Plan (CDP) for Puducherry Town and sub-urban areas including Villianur and Ariankuppam urban areas. All the schemes proposed for assistance under JNNURM was based on CDP. SLNA prepared CDP in March 2007, which envisaged that the Sewerage project would provide a sewerage system with a sewage handling capacity of 94.5 MLD to cover the projected urban population of 7,60,925[3] for the year 2026. Further, as per norms in chapter 2.5 of CPHEEO manual, the design period for a STP should be 15 years. PEA while preparing DPR, was expected to follow the norms stipulated in CPHEEO manual while keeping in mind the requirements as projected in

[3] Puducherry Town and sub-urban areas.

CDP. However, PEA prepared DPR for Puducherry Urban area alone and did not include Villianur and Ariankuppam Urban area.

While the existing STPs had sewage handling capacity of 17.5 MLD, the DPR prepared for the Sewerage project in April 2007 proposed three more STPs each having a capacity of 17 MLD to add 51 MLD, so that the combined sewage handling capacity would be 68.5 MLD to handle the sewage that would be generated by the year 2020. The work was commenced from June 2011. Out of three STPs, two were completed (April 2015/ March 2016), while the third STP was under construction (November 2017).

It was noticed that PEA proposed to establish STPs with a design period of 10 years from the year 2011 to 2020, after allowing three years for implementation from the year 2007 (when DPR was prepared), instead of 15 years as stipulated in CPHEEO norms. Hence, the aim of CDP to provide a sewerage system with sewage handling capacity of 94.5 MLD by the year 2026 could not be achieved as there was shortfall of 26 MLD (94.5 – 68.5 MLD) while planning the project.

When pointed out, UT Government replied (December 2017) that CDP was for entire Puducherry urban area including Villianur and Ariankuppam Urban areas, and DPR was prepared excluding Villianur and Ariankuppam Urban areas, as the per capita water supply level was very low in these areas. Hence, the sewage generation specified in CDP was not fully applicable to the Sewerage project. Regarding the design period, it was replied that the capacity of STP could be extended in modules based on future requirements.

The reply was not justifiable, as the sewage facility of 68.5 MLD projected under the Sewerage project was for urban population of Puducherry as of 2020. Further as the Sewerage project is still in progress and the project is not complete (December 2017), the sewerage project once commissioned might be insufficient to handle the sewage generated. Hence, it is construed that preparation of DPR for 10 years for a major Sewerage project, as against CPHEEO norms of 15 years, would only lead to a need for augmentation of additional system components at extra cost, at a later stage.

2.1.7 Financial Management

The Government of India sanctioned the Sewerage project at a cost of ₹ 203.40 crore based on the Detailed Project Report (DPR) submitted (March 2007) by UT Government for implementation of the Sewerage project. The Sewerage project cost was to be shared between GOI and UT Government on 80:20 basis. GOI was to release ₹ 162.72 crore being 80 *per cent* of the Sewerage project cost, while the balance ₹ 40.68 crore (20 *per cent*) was to be borne by UT Government. Due to adoption of new Sequential Batch Reactor technology for STPs and taking into account the cost for the electrical and allied works and maintenance of the Sewerage project for five years, the Sewerage project cost was later revised to

₹ 300.65 crore[4] (October 2009). However, GOI share remained as ₹ 162.72 crore and the balance ₹ 137.93 crore was to be borne by UT Government. As of March 2017, GOI released ₹ 109.84 crore as against ₹ 162.72 crore. UT Government released (March 2017) ₹ 184.78 crore, which included ₹ 40.51 crore as its share and loan of ₹ 144.27 crore availed from Housing and Urban Development Corporation (HUDCO).

2.1.7.1 Curtailment of GOI share

The Sewerage project, which commenced in January 2010, was scheduled for completion in February 2013. JNNURM was extended upto April 2014. However, the Sewerage project remained incomplete as of April 2014 due to administrative delays and slow progress in execution. The Ministry of Urban Development decided (August 2015) to consider release of central share for the incomplete projects of JNNURM under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The sharing pattern of the scheme was fixed (August 2016) at 60 *per cent* of approved Sewerage project cost, which was ₹ 122.04 crore as against the original GOI share of ₹ 162.72 crore.

Furthermore, central assistance under JNNURM was tied with implementation of 23 reforms[5], which UT Government agreed to comply with, while availing the central assistance. However, as UT Government could implement 18 reforms only as against the 23 reforms envisaged, GOI further deducted ₹ 12.20 crore as penalty being 10 *per cent* of the sanctioned assistance and restricted its share to ₹ 109.84 crore, which resulted in curtailment of ₹ 52.88 crore[6] against the original sanction. UT Government, therefore, had to meet the shortfall out of HUDCO loan availed at a floating interest of 10.50 *per cent* per annum.

Thus, the sharing ratio, which was 80:20 at the initial stage, now stood at 37:63[7], resulting in an additional financial burden to UT Government, which was avoidable, had the Sewerage project been completed within the scheduled period.

When pointed out, UT Government accepted (November 2017) that financial ratio shifted from 80:20 to 37:63 and further replied that best efforts were made by PEA to complete the Sewerage project by availing loan from HUDCO. However, the fact remained that the financial burden of UT Government towards the Sewerage project, which was under progress, had increased.

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[4] Phase I : ₹ 190.85 crore, Phase II : ₹ 70.75 crore, Phase III : ₹ 20.60 crore and Phase IV : ₹ 18.45 crore.

[5] Urban local bodies level reform (6), State level reforms (7) and optional reforms (10), which include e-Governance, accrual based accounting, property tax, reform in rent control, stamp duty rationalisation, etc.

[6] ₹ 162.72 crore - ₹ 109.84 crore = ₹ 52.88 crore.

[7] Sewerage project cost - ₹ 300.65 crore; GOI share - ₹ 109.84 crore; UT share – ₹ 190.81 crore.

2.1.8 Implementation

2.1.8.1 Delay in award of work

The Government of India approved the Sewerage project in April 2007 and released the first instalment of ₹ 40.68 crore in February 2008, for which UT Government released its proportionate share of ₹ 10.17 crore in March 2008. UT Government, issued administrative approval for the Sewerage project only in December 2008 after a delay of nine months.

The first call for tender was invited during January 2009 and the second call was invited in February 2009. However, the bid of ₹ 282.15 crore (includes ₹ 20.60 crore for maintenance) in the second call was approved in September 2009, after a delay of five months as against the time frame of 45 days from the date of opening of tender, as per CPWD manual.

The Union Territory Government, further took three months to issue expenditure sanction and the work order was finally issued to the selected bidder in January 2010. Hence, 17 months[8] were taken as there were administrative delays. Though DPR prepared in April 2007 for the Sewerage project envisaged three years for completion (2010), the Sewerage project commenced only in January 2010. When pointed out, UT Government accepted (December 2017) that delay was due to administrative reasons.

2.1.8.2 Slow progress in implementation of the Sewerage project

The Sewerage project was proposed to be taken up in four phases as given in the following **Table 2.1.1**.

Table 2.1.1 – Envisaged phase-wise implementation of the Sewerage project

(₹ in crore)

Phase	Work	Estimate cost
Phase I	Laying of sewer lines for collection and conveyance of sewage in all the seven zones	190.85
Phase II	Design and construction of 3 Nos. of 17 MLD capacity Sewerage Treatment Plant	70.75
Phase III	Maintenance of the sewerage system for five years	20.60
Phase IV	External electrification work, shifting of utilities, advertisement charges, procurement of machinery for sewer maintenance and chassis for mounting etc.	18.45
	Total	**300.65**

(Source : Details compiled from the department records)

The works related to Phase I, II and III was entrusted to a contractor in January 2010 for execution. Phase I and II were to be completed in 36 months and maintenance for five years under Phase III was to commence on completion of work. The allied works under Phase IV were to be carried out

[8] Nine months for administrative approval + five months for approval of tender + three months for expenditure sanction.

by PEA. The milestones fixed for completion of the Sewerage project and the actual progress was as in the following **Table 2.1.2**.

Table 2.1.2 – Physical progress against the milestones fixed under Phase I

Sl.No	Milestones fixed	Actual progress against fixed milestones
1	1/4th of the whole work by nine months (November 2010)	6 *per cent*
2	1/2 of the whole work by 18 months (August 2011)	21.20 *per cent*
3	3/4th of the whole work by 27 months (May 2012)	24.64 *per cent*
4	100 *per cent* – 36 months (February 2013)	38.27 *per cent*
The physical progress given above relates to the progress of work in respect of laying of sewer lines and construction of appurtenances. As regards three STPs, the works were commenced only in June 2011, September 2011 and June 2012 and as of February 2013 none of the STPs were completed.		

(Source : Details compiled from the department records)

It was evident from the above that the contractor was unable to complete the work as per the milestones fixed and at the scheduled period of completion (February 2013), only 38.27 *per cent* of the work was completed. The contract period was further extended seven times upto December 2016, with milestones being revised every year. However, the contractor did not complete the work and the work was under progress for more than seven years. As of August 2017, the physical progress was 63.93 *per cent* while financial progress stood at 111.07 *per cent* (₹ 290.47 crore) against the agreed amount of ₹ 261.55 crore (Phase I and II). Further, it was not possible to estimate the probable date of completion of the Sewerage project.

The delays noticed in implementation of the two important Phases I and II were discussed below:

Phase – I : While the work order was issued in January 2010, the contractor commenced the work of laying sewer lines and construction of appurtenances in all the seven zones with a delay ranging from four to 32 months. Work in zone VII was taken up during October 2012 i.e. three months before the scheduled date of completion. The progress of work under Phase I as of March 2017 was as follows:

- In zone V, sewer appurtenances like manholes and laying of sewer lines was completed with channeling to the respective households. However, provision of ventilating shaft and linking with flushing tank[9] were yet to be done.

[9] Ventilating shaft and flushing tanks were to be provided at suitable locations along the sewers to ensure minimum flow in the sewers and escape of foul gases and proper inspection for operation and management, if necessary.

- In zones III, IV, VI, VII, VIII and IX, only sewer appurtenances and sewer lines was completed. Channeling, provision of ventilating shaft were yet to be completed.

- As of March 2017, out of 19,354 appurtenances to be constructed in the seven zones, only 11,003 (57 *per cent*) were completed. Out of 289 km of sewer line to be laid, only 195 km (67 *per cent*) of sewer lines were laid.

- Out of five pumping stations proposed, four were completed and the fifth pumping station at Kanaganeri (**Picture 1**) was in progress.

Picture 1 – Unfinished pumphouse at Kanaganeri (5 July 2017)

The main reason for the delay was attributed on the part of the contractor in not deploying the required manpower for executing the Sewerage project by PEA. Thus, the zones III to IX were not complete in respect of laying of sewer lines, appurtenances and requisite pumping stations, even after a lapse of seven years since commencement (January 2010) and the sewer lines to households remained unconnected.

When pointed out, UT Government replied (December 2017) that delay occurred due to assembly elections, scarcity of stoneware pipes and delay in release of funds etc. The reply was not justifiable, as model code of conduct for elections does not apply for ongoing schemes. Further, High Density Poly Ethylene pipes (HDPE) were permitted to be used from September 2012, instead of stoneware pipes and the payments to contractor was made periodically during 2010-17.

Phase - II : Phase II comprised construction of three STPs at Lawspet, Dubrayapet and Kanaganeri to process the sewage water collected in all the seven zones. Though the construction period of each STP was 18 months, the same was to be constructed within the project period of 36 months (February 2013) from the date of awarding of work (January 2010). It was noticed that construction of STPs commenced after a delay ranging from 16 to 29 months as shown in the following **Table 2.1.3**.

Table 2.1.3 – Delay in construction of STP

Sl. No.	Location of STP	Date of commence-ment	Scheduled date of completion	Actual date of completion	Delay beyond scheduled period of contract	Cost as per agreement (₹ in crore)
1	Lawspet	June 2011	December 2012	April 2015	28 months	20.91
2	Dubrayapet	September 2011	March 2013	March 2016	35 months	22.66
3	Kanganeri	June 2012	December 2013	Not yet completed	39 months (as of March 2017)	27.18

(Source : Details compiled from the department records)

PEA had to obtain the Consent to Establish (CoE) from Puducherry Pollution Control Committee (PPCC) for establishment of STP, before commencement of construction of STP. On the contrary, PEA applied for CoE in July 2010 only, after awarding the work to the contractor in January 2010. PPCC issued CoEs for all the three STPs belatedly in July 2011 and June 2012, after a delay of 12 to 24 months from the date of application. The CoE issued for STP at Kanaganeri in June 2012, was just seven months before the scheduled completion of the Sewerage project. Thus, PEA failed to apply for CoE prior to award of work, eventhough DPR was approved in April 2007 and further did not follow it up with PPCC for CoE, which also delayed the construction of STPs.

The two STPs at Lawspet and Dubrayapet, proposed to process the sewage generated in zones III, IV and V, were completed in April 2015 and March 2016 respectively, after a delay[10] of more than 28 to 35 months at a cost of ₹ 43.57 crore. However, they were still on trial run, since the collection and conveyance system in those zones were yet to be provided with ventilation shafts, flushing tanks and channeling with the households.

[10] Delay beyond 18 months time allowed for construction of a STP.

The third STP at Kanaganeri (**Picture 2**) was not completed even after a lapse of 39 months beyond the scheduled date of completion.

Picture 2 – STP under construction at Kanaganeri (5 July 2017)

When pointed out, UT Government replied (December 2017) that contractor was paid for the entire electro-mechanical equipment, which were to be installed and balance would be paid after completion. The reply was not justifiable, as 99 *per cent* of the cost was paid well in advance without retention of nine *per cent* of the cost until completion of entire work. As such, under Phase II, two out of three STPs were completed and the work at Kanaganeri STP was under progress (December 2017).

2.1.8.3 Failure to recover compensation for delay in execution

As per clause 2 of the agreement, the contractor was to pay compensation at the rate of 1.5 *per cent* of the tendered value of the work per month of delay to be computed on per day basis, for delay in execution of work or if failed to maintain the required progress. The Sewerage project was incomplete as the contractor did not deploy the required manpower as observed from the 16 memorandums issued to the contractor between June 2011 and February 2017. Further, PEA reserved the right to levy compensation for delay under clause 2 of the agreement while extending the validity of the agreement period.

As discussed in the preceding paragraph, there was a delay ranging from 28 to 35 months in completing two STPs and one STP was not completed even after a delay of 39 months beyond the scheduled date of completion. PEA did not invoke the provision under clause 2 of the agreement and levy compensation of ₹ 7.08 crore[11] for the delay in construction of three STPs as per the agreement conditions.

[11] ₹ 36.57 crore restricted to 10 *per cent* of the tendered value of STP - ₹ 70.75 crore.

When pointed out, UT Government replied (December 2017) that compensation could not be levied as long as the contract period was extended. The reply was not justifiable as PEA itself issued as many as 16 memorandums to the contractor for slow progress of work even though the contract period was extended periodically, and the same was also not extended beyond December 2016. Thus, the compensation for delay in completion, which should have worked as a deterrent, was not levied by PEA.

2.1.8.4 Deficiency in laying sewer lines

Due to shortage of stoneware pipes originally provided in the agreement and high level of water table, the contractor requested (February 2012) for substituting the stoneware pipe with HDPE pipe. UT Government sent a proposal to GOI in that regard for technical clearance (June 2012). GOI directed (July 2012) that the most economical pipe material should be adopted in areas where groundwater table was low. It was also pointed out that laying of HDPE pipe in the areas having high water table has tendency to move due to buoyancy[12] and to safeguard against the buoyancy, it was necessary that the pipes require proper bedding and anchoring. GOI further directed to submit a revised DPR after making necessary changes.

The Project Executing Agency, without sending revised DPR, permitted (September 2012) the contractor to substitute stoneware pipes with HDPE pipes. It was noticed that the contractor did not provide bedding and anchoring for laying of HDPE pipes and also for the stoneware pipes laid earlier. Despite directions by CPHEEO to provide bedding and anchoring, PEA did not insist for the same.

When pointed out, UT Government replied (December 2017) that bedding and anchoring was not provided as the site condition did not necessitate provision of the same. It was further added that bedding and anchoring were additional works, which would lead to additional cost. The reply was not justifiable, as CPHEEO had specifically directed to provide bedding and anchoring to safeguard against buoyancy. Hence, in absence of bedding and anchoring, the possibility of buoyancy damaging the pipes and the collection system as a whole, once the Sewerage project is commissioned, could not be ruled out.

2.1.8.5 Other points of interest

A scrutiny of work executed revealed the following:

(i) As per agreement, the technical specification included provision of bus duct for conduction of power, wherever transformers of 1000 KVA and above were used. In respect of STP at Lawspet, two transformers of 1000 KVA capacity were installed (March 2015). However, the necessary

[12] The force that causes objects to float.

bus ducts as specified were not provided and instead underground cabling was done. The Central Electrical Authority (CEA), while inspecting the facility, directed the department to remove the underground cable and provide bus duct. As the contract for STP was a lumpsum contract, the PEA should have instructed the contractor to provide the bus duct as per the agreement. Instead, PEA entrusted (March 2015) the work of providing bus duct to another contractor at a cost of ₹ 35.80 lakh and thus, incurred an additional expenditure, which could have been avoided.

When pointed out, UT Government replied (December 2017) that cost would be recovered from the contractor in the subsequent bills.

(ii) The technical agreement provided maintenance of the Sewerage project for a period of five years, which was to commence after satisfactory completion of performance run of 12 months on completion of the Sewerage project. However, PEA agreed to pay ₹ 20.60 crore to the contractor for five years from the date of completion. The Department did not take note of the provision of the technical agreement, which would result in avoidable liability of ₹ 4.12 crore on maintenance for the first year. This would be actually covered under performance period. Besides, contractor who had to maintain the Sewerage project for six years (one year performance period and five years maintenance period) would maintain the Sewerage project only for five years.

When pointed out, UT Government replied (December 2017) that maintenance period starts after completion of three months of trial run and not 12 months. The reply was not justifiable, as PEA specifically clarified that in respect of maintenance, the contract period included performance period of 12 months, trial run of three months and maintenance for 60 months. Thus, the lapse on the part of PEA while awarding the work, had benefitted the contractor.

2.1.9 Monitoring

As per GOI guidelines for JNNURM, it was necessary to have a third party monitoring and reviewing agency to keep track of the physical and financial progress of the Sewerage project throughout the project development life cycle. Towards this purpose, SLNA appointed (December 2009) a firm as Independent Review and Monitoring Agency (IRMA). IRMA was to monitor the progress of the Sewerage project every quarter and submit a report to SLNA. SLNA had to take suitable action through PEA for the implementation of the Sewerage project, based on the reports submitted by IRMA. IRMA has submitted four reports[13] during the years 2010-15, against 20 reports stipulated.

A scrutiny of the review reports submitted by IRMA revealed that against the requirement of four site visits per year during the Sewerage project

[13] February 2011, March 2012, April 2013 and February - March 2014.

execution period, it had made only five site visits during February 2011 to February 2014. Audit observed that SLNA did not take any action based on the reports submitted by IRMA to speed up the work. PEA also issued only memorandums to the contractor without levying penalty for slow progress.

It was further noticed that contract period of IRMA came to an end with the closure of JNNURM in March 2014 and no efforts were taken by SLNA to select another agency as IRMA. Later, PEA appointed the Puducherry Engineering College (PEC) as IRMA during October 2016, which had submitted just one report during November 2016. As such, during the intervening period of 30 months, no independent monitoring agency was appointed to monitor the progress of the work.

It was important for SLNA to take note of the expiry of Sewerage project deadlines and had to intervene to expedite Sewerage project completion, in view of the increasing financial burden to the Union Territory. Thus, Audit observed that monitoring of the Sewerage project was inadequate and the necessity of a rigorous monitoring of a Sewerage project of major financial consequence and social impact and outcome was not given due attention.

2.1.10 Impact and consequences of delay in completion of the Sewerage project

As a direct result of delay in implementing the Sewerage project as discussed in the preceding paragraphs, the adverse health impacts were noticed as discussed below:

Section 17 of the Water (Prevention and Control of Pollution) Act, 1974 provides that pollution of streams should be prevented. The existing UGSS in Puducherry covered approximately 30 *per cent* of the population. The other areas were dependent on septic tanks for waste water disposal. A sample survey[14] conducted by Audit revealed that 98 *per cent* of houses surveyed in Puducherry region were disposing waste water in septic tanks only. The wastewater from these septic tanks was disposed either into soak pits or into natural drains in the city, which resulted in unhygienic conditions in the surrounding areas. There were 19 canals in Puducherry urban and sub-urban areas, which carried the sewage water for ultimate disposal into the sea, in violation of the Act provisions. It was observed that 94 *per cent* of houses surveyed, preferred UGSS instead of septic tanks and they were aware that sewage water was being discharged into canals and sea.

(ii) Para 1.2.1 of the “Manual on Sewerage and Sewage Treatment” stated that unsafe disposal of untreated or partially treated sewage resulted in loss to economical value of life. Accordingly, the common water borne and water related diseases that occur mainly due to unsafe disposal of untreated or partially treated sewage were (i) Diarrheal diseases (ii) Intestinal Helminthes (iii) Trachoma and (iv) Hepatitis. To an Audit query calling for

[14] 350 households covering seven zones (III-IX).

details of occurrence of the above diseases, the Director of Public Health, Puducherry furnished the following data for two diseases (i) Diarrheal diseases and (ii) Hepatitis from the years 2014-17 as shown in the following **Table 2.1.4**.

Table 2.1.4 – Number of cases reported on water borne diseases

Year	Diarrheal diseases	Hepatitis	Total
2014	52,359	27	52,386
2015	56,692	114	56,806
2016	62,693	495	63,188
2017 (Upto April 2017)	19,542	224	19,766

(Source : Details furnished by Deputy Director (Public Health))

It was evident from the above that the water borne diseases were on the rise year after year and unsafe disposal of untreated or partially treated sewage water being one of the reason for such an increase could not be ruled out.

When pointed out, UT Government replied (December 2017) that non-completion of Sewerage project could not be attributed as a reason for spread of diseases as all the houses were provided with septic tanks. The reply was not justifiable, as the sewage water from septic tanks was disposed either into soak pits or into natural drains, resulting in unhygienic conditions in the surrounding areas.

2.1.11 Conclusion

A comprehensive sewerage system envisaged in April 2007 for the benefit of the people of Puducherry urban areas was not yet completed (December 2017). Inadequate planning and administrative delays were noticed. Delays at all stages of work such as laying of sewer lines, construction of appurtenances and Sewage Treatment Plants resulted in non-completion of Sewerage project. GOI curtailed its financial commitment from ₹ 162.72 crore to ₹ 109.84 crore for the Sewerage project due to slow progress and non-completion of committed reforms under JNNURM. Penalty was also not levied on the contractor for slow progress of work. Monitoring of the sewerage project was inadequate.

2.1.12 Recommendations

- The Union Territory Government should plan to augument the capacity and meet the shortfall in sewage treatment capacity to meet the near future requirements.

- Necessary steps needs to be taken to complete the Sewerage project within a reasonable timeframe and administrative delays may be avoided in future. Digital mapping of exact locations of underground sewerage pipes and appurtenances in the sewerage network should be maintained.

- The Union Territory Government may impose penalty for slow progress of work by the contractor.

COMPLIANCE AUDIT

2.2 Overpayment

ADI-DRAVIDAR WELFARE AND REVENUE AND DISASTER MANAGEMENT DEPARTMENTS

2.2.1 Undue interest payment

Erroneous calculation of enhanced interest for land acquisition resulted in undue payment of ₹ 64 lakh to the land owners.

As per Section 34 of the Land Acquisition Act, 1894 (Act), if compensation or any part thereof is not paid or deposited in Court within a period of one year from the date of possession of land, interest at the rate of nine *per cent per annum* shall be payable for a period of one year. Beyond one year, until the compensation was paid, interest shall be payable at the rate of 15 *per cent*.

Scrutiny of the records (February 2017) revealed that UT Government accorded approval (December 2009) to Adi-Dravidar Welfare Department (Department) for acquisition of land in Puducherry District to an extent of 02-35-50 hectares[15] in Seliamedu village, to provide free house sites to Scheduled Caste and Other Economically Backward Class people. The land acquisition proceedings were initiated (August 2010) under urgency clause of Section 17 of the Act and the land possession was taken on 12 January 2012 and ₹ 1.02 crore (80 *per cent* of the tentative compensation amount) was paid to the land owners in February/May 2012. The Land Acquisition Officer (LAO) passed (August 2012) an award of ₹ 1.38 crore and the balance ₹ 0.36 crore (₹ 1.38 crore - ₹ 1.02 crore) was paid to the land owners in September 2013.

As the land owners were not satisfied with the compensation, they requested for enhancement of compensation and LAO referred the case to the Court of Law under Section 18 of the Act. The Court awarded (March 2015) ₹ 5.63 crore as enhanced compensation along with interest at rates applicable as per Section 34 of the Act from the date of taking possession of the land (January 2012). As such, ₹ 4.25 crore (₹ 5.63 crore - ₹ 1.38 crore) had to be paid with interest at the rate of nine *per cent* for the period from 13 January 2012 to 12 January 2013 (one year period from the date of taking possession) and at the rate of 15 *per cent* from 13 January 2013 onwards (beyond one year) until the date of payment. Towards this, ₹ 6.26 crore[16] was deposited (September 2015) in the Court including interest upto 10 September 2015. The amount was paid to the land owners in a Lok Adalat function held in April 2016.

15 Hectares-Ares-Centiares.
16 ₹ 4.25 crore (compensation) + ₹ 2.71 crore (interest) - ₹ 0.70 crore (TDS).

It was noticed that the Department calculated interest at the rate of nine *per cent* amounting to ₹ 0.38 crore (₹ 4.25 crore x nine *per cent)* for one year from the date of taking possession (13 January 2012 to 12 January 2013). We observed that in addition to nine *per cent* for the period 13 January 2012 to 12 January 2013, the Department again paid interest at the rate of 15 *per cent* for the same period, which led to payment of interest at the rate of 24 *per cent* instead of nine *per cent* for the first year. Thus, an additional interest of ₹ 0.64 crore (₹ 4.25 crore x 15 *per cent*) was paid to the land owners.

When pointed out, the Department accepted and replied (December 2017) that LAO was instructed to refund the excess payment made to the land owners.

The matter was referred to UT Government (July 2017); reply was not received (December 2017).

HEALTH AND FAMILY WELFARE SERVICES DEPARTMENT

2.2.2 Excess payment of service charges

Perunthalaivar Kamaraj Medical College Society did not adopt correct square feet rate for outsourcing the housekeeping services of a Medical Institute, resulting in excess payment of ₹ 4.90 crore.

The Perunthalaivar Kamaraj Medical College Society (Society) engaged (August 2011) Pondicherry Multipurpose Service Providers Co-operative Society (PMPSPCS) to provide housekeeping services in the Indira Gandhi Medical College and Research Institute (IGMCRI) for a period of two years from August 2011 to July 2013. As per the agreement, the Society was to pay PMPSPCS service charges on daily rate basis for the number of personnel engaged. PMPSPCS was paid ₹ 11.49 lakh[17] for July 2013 for deploying 220 personnel for 31 days at the rate of ₹ 150 per day (excluding service tax) towards housekeeping services offered by it. At the expiry of the agreement period (July 2013), PMPSPCS was allowed to continue its services until the new agreement was executed. PMPSPCS requested (September 2013) to revise the service charges as ₹ 3.92 per sq.ft per month to be at par with the service charges paid by Rajiv Gandhi Women and Children Hospital (RGWCH) to a firm[18] for housekeeping services.

Rules 178 to 185 of the General Financial Rules (GFR), 2005, stipulates that in the interest of economy and efficiency, for outsourcing services, the contractor should be selected by following due tender process after proper evaluation, segregation and ranking of bids. We observed that the Society, without exploring the possibility of availing the services at a better rate by

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[17] ₹ 10.23 lakh + service tax ₹ 1.26 lakh at 12.36 *per cent.*

[18] Faber Sindoori Management Services Private Limited, Chennai.

inviting tenders as provided in GFR rules, engaged PMPSPCS at the rate of ₹ 3.92 per sq.ft per month for a further period of three years starting from August 2013.

Audit noticed that RGWCH paid a fixed amount of ₹ 7.86 lakh per month for housekeeping services, which worked out to ₹ 2.55 per sq.ft per month for the area occupied by it. IGMCRI occupied 12.33 lakh sq.ft and hence PMPSPCS should have been paid ₹ 31.44 lakh only per month at the rate of ₹ 2.55 per sq.ft, if the rates considered were to be at par with RGWCH contract.

The Society, without adhering to GFR Rules and without any justification, paid ₹ 48.34 lakh per month at the rate of ₹ 3.92 per sq.ft for 12.33 lakh sq.ft., which was four times more than what was paid in the previous contract. As no competitive rates for comparison of service charges were available, Audit considered the only available rate of ₹ 2.55 per sq.ft of RGWCH for the sake of comparison and held the view that IGMCRI incurred an excess expenditure of ₹ 16.90 lakh per month. This resulted in an overall excess payment of ₹ 4.90 crore for 29 months (from August 2013 to December 2015[19]).

Thus, the failure of the Society to invite tenders to explore the possibility of better rates for outsourcing the services and accepting the rate quoted arbitrarily by PMPSPCS, without ensuring its correctness, led to an excess payment of ₹ 4.90 crore.

The matter was referred to UT Government (August 2017); reply was not received (December 2017).

2.3 Idle investment/Blocking up of funds

TOURISM AND PUBLIC WORKS DEPARTMENTS

2.3.1 Idle investment

Water supply connection was not provided to the toilet and washroom block at Yanam obelisk, which resulted in idle investment of ₹ 74.58 lakh.

The Government of India, based on a proposal (July 2009) of Tourism Department, sanctioned and released (December 2009) ₹ 4.87 crore[20] for the

19 The contract was closed in December 2015 as the staff deployed by PMPSPCS were absorbed by the Society from January 2016 (paragraph 2.1.8.3 of AR 2015-16).

20 Entrance gate and compound wall - ₹ 1.78 crore, ancillary building - ₹ 1.78 crore, toilets, washrooms and pathway - ₹ 1.18 crore and other allied works - ₹ 0.13 crore.

work 'Landscaping and tourist amenities around the Yanam obelisk'. The work, to be executed by Public Works Department (PWD), included provision of basic amenities such as toilets and wash rooms near Yanam obelisk.

The sub-work of construction of 15 toilets and wash rooms and pathway was awarded (January 2011) to a contractor at a cost of ₹ 1.21 crore with stipulated time of three months for completion of the work. The work was completed in June 2013 only at a cost of ₹ 1.02 crore[21]. We observed that, the Yanam obelisk was opened to Public from January 2016, but the toilet and washrooms were yet to be put to use, as PWD did not hand over them to the Tourism Department.

Scrutiny of the records (February 2017) revealed that though the civil works were completed in June 2013 itself, PWD did not take any steps to provide water supply connection to the toilet and washroom. When pointed out, PWD replied (September 2017) that the funds provided (₹ 4.87 crore) were fully utilised for construction of toilets and washrooms and allied components. It was further replied that expenditure sanction was received (July 2017) for ₹ 1.01 lakh for provision of water supply and follow-up action was being taken.

As such, the toilets and washrooms constructed at a cost of ₹ 74.58 lakh, remained idle for more than four years, as PWD having utilised the funds made available for other allied components, did not provide water supply connection to them. Further, the Tourism department though opened the obelisk in January 2016, did not follow it up with PWD to provide water supply connection defeating the social objective of providing basic amenities to the public.

On being pointed out, UT Government replied (August 2017) that though the toilets and washrooms were constructed under Phase I, water supply connections to the same would be provided after completion of musical fountain, floor fountain, landscaping, stone pathway and other amenities, which were proposed to be taken up under Phase II. It was further stated that the toilets inside the obelisk were sufficient.

The reply was not justifiable, as GOI approved the work along with water supply connection as single work only. Such being the case, the reply of UT Government that water supply connection would be provided on completion of some other works under Phase II is not relevant as construction of toilets and washrooms under the work approved by GOI was already completed. Moreover, there were only four toilets inside the obelisk. Considering the average number (131) of tourists visiting the obelisk daily and to cater to the needs of those tourists, PWD itself had planned and constructed 15 toilets.

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[21] ₹ 74.58 lakh (toilet/washroom) and ₹ 27.42 lakh (pathway).

HEALTH AND FAMILY WELFARE SERVICES DEPARTMENT

2.3.2 Blocking up of funds due to improper planning in construction of Auxiliary Nursing Midwifery school

Building for Auxiliary Nursing Midwifery school, Mahe was not constructed, which resulted in blocking up Government of India funds of ₹ 2.50 crore for seven years.

The Government of India implemented the scheme for strengthening/ upgradation of nursing services during XI Plan period (2007-12) to improve the overall availability of human resources for health by opening Auxiliary Nursing Midwifery (ANM) schools all over the country. Under this scheme, one ANM school was to be established at Mahe, Union Territory of Puducherry (UT). The unit cost was fixed at ₹ five[22] crore, which was to be shared in the ratio of 85:15 between GOI and UT. GOI released (October 2010) ₹ 2.50 crore as first instalment towards establishment of ANM school at Mahe. The release of second instalment was to be considered after receiving the utilisation certificates in respect of the first instalment. The work was to be completed in 18 months from the date of release of first instalment (October 2010). However, the work was not taken up as of August 2017.

Scrutiny of the records revealed the following:

The Union Territory Government established an ANM school in Mahe during 2007-08. The school was functioning in a portion of Government Hospital, Mahe and the expenditure on human resources, furniture and goods was being met by UT Government. Under the scheme, the building component of ₹ 2.30 crore under the scheme was fixed by GOI based on the plinth area rates issued by Director General (Works), CPWD. However, PWD prepared a detailed estimate (October 2011) for ₹ 7.70 crore for construction of school-cum-hostel building.

As the estimated cost for construction was much higher and GOI approved cost for construction was not deemed sufficient, it was proposed to utilise the full quantum of grants (i.e. ₹ five crore) for construction of school-cum-hostel building. Towards this, the Health and Family Welfare Services department (Department) requested (January 2012) GOI to permit to utilise the full quantum of grant for construction itself. GOI, however, directed (June 2012) to utilise the funds as per the pattern of assistance. Hence, it was decided (March 2013) to construct ANM school building alone with funds available excluding hostel. Accordingly, PWD prepared (May 2013) a revised estimate for ₹ 2.84 crore and the Department sought for (June 2013)

[22] Teaching Block and hostel: ₹ 2.30 crore, infrastructure facilities: ₹ 1.64 crore and recurring expenditure: ₹ 1.06 crore.

approval and expenditure sanction from UT Government. No further action was taken in this regard.

Meanwhile, the Secretary (Health and Family Welfare Services), citing poor response for the course in Mahe requested (April 2015) GOI to utilise the grant released for the construction of General Nursing and Midwifery school building proposed at Puducherry. Later, it was decided (March 2017) to refund the amount of ₹ 2.50 crore to GOI. However, no final decision was taken and as a result ₹ 2.50 crore released by GOI in October 2010 remained unutilised in Government account for the last seven years.

Thus, the Department delayed the construction of school building owing to improper planning, which resulted in blocking of ₹ 2.50 crore for more than seven years. It was further noticed that during 2016-17, 28 students were studying in ANM School, Mahe and the objective of improving the availability of human resources for health by providing necessary infrastructure facilities to those students was not achieved.

The matter was referred to UT Government in November 2017; reply was not received (December 2017).

LABOUR DEPARTMENT

2.4 Audit of discharge of functions by the Pondicherry Building and Other Construction Workers' Welfare Board

2.4.1 Introduction

The Union Territory Government (UT Government) constituted Pondicherry Building and Other Construction Workers Welfare Board (Board) in December 2002 under the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (Act) to discharge the functions of the Board as envisaged in the Act and implement welfare schemes[23] for building and other construction workers. The activities of the Board were governed by the Pondicherry Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2001 (Rules).

An audit of the Board, covering the period 2014-15 to 2016-17 was conducted during April to July 2017 with the objective to assess whether the

[23] Maternity benefits, pension, advances for purchase/construction of houses, disability pension, loans for purchase of tools, financial assistance towards funeral expenses, medical assistance, financial assistance for education and marriage of children, scholarships for students etc.

welfare schemes were effectively implemented and monitored. An entry conference was held with the Secretary to Government, Labour Department on 13 April 2017, wherein the audit objective and scope of audit was discussed. Records in the Labour Department, Board, Pondicherry Planning Authority (PPA), Karaikal Planning Authority and Public Works Department (PWD) were examined. An exit conference was held on 27 September 2017 with Secretary to Government, Labour Department, wherein the audit findings were discussed and replies of UT Government, wherever appropriate, were incorporated.

Audit findings

2.4.2 State Advisory Committee not reconstituted

Section 4 of the Act stipulates that the State Government shall constitute a State Advisory Committee (SAC) comprising a Chairperson, two members of Legislative Assembly, a member from Government of India, seven to eleven nominees of the State Government representing employers, building workers etc., to advise the State Government on matters arising out of the administration of the Act. Further, Rule 11 stipulates that the term of the SAC shall be for three years.

It was seen that SAC was first constituted by UT Government in December 2002. On expiry of the term of three years (December 2005), SAC was not reconstituted. When pointed out, the UT Government accepted and replied (November 2017) that necessary steps were being taken to reconstitute SAC at the earliest.

Audit is of the view that key issues on deficiencies noticed in registration of employers, construction workers, collection of cess etc., (as discussed in subsequent paragraphs) could not be duly addressed and resolved in absence of an SAC since January 2006.

2.4.3 Shortfalls in discharge of provisions of the Act

2.4.3.1 Registration of employers

Section 7 of the Act provides that every employer was required to make an application for registration of their establishment within a period of sixty days of the commencement of the Act or within sixty days from the date on which Act becomes applicable to the establishment. On receipt of application, the Registering officer shall register the establishment and issue a certificate of registration to the employer. The Labour officer (Enforcement), Puducherry was the Registering officer for Puducherry, Mahe and Yanam regions while Labour officer, Karaikal was the Registering officer for Karaikal region, and was responsible for registration of establishments and issue of registration certificates.

The Union Territory Government issued orders (March 2015) to register all the contractors/employers/establishments engaged in government construction work for the purpose of the Act. Rule 23 envisages that for the purpose of registration, the employers have to make an application to the Registering officer and among other things, the employers have to provide the details regarding maximum number of employees being employed on any day by the employer.

Scrutiny of the records revealed that 410 employers got registered with the respective Labour Officers (Registering Officers as per the Act) during 2005-13. There was no new registration during the years 2013-14, 2014-15 and 2015-16, while only one establishment was registered during 2016-17. However, it was noticed that 157 employers[24] (Class I to V contractors) who enlisted themselves with PWD during the audit period 2014-17 did not register with their respective Registering officers during 2014-17.

It was further noticed that 159 new construction companies, which were registered with Registrar of Companies during the period 2014-17, also did not register themselves with their respective Registering officers for the purpose of the Act.

We further observed that the Board did not liaise with Government authorities to obtain the details of new firms/contractors who were registered with them. Hence, the details of workers engaged by those new establishments were not available to ensure that all workers were registered with the Board. Thus, the Registering officers did not ensure registration of firms during 2014-17, which resulted in non-coverage of all eligible workers, who could not avail the scheme benefits offered by the Board.

When pointed out, UT Government replied (November 2017) that a special drive would be conducted to register all employers and details of new firms/contractors would be obtained from other Government authorities.

2.4.3.2 Identification of beneficiaries

Section 12 of the Act and Rule 268 provides that every building worker who has completed 18 years of age, but has not completed 60 years of age and who were engaged in any building or any other construction work for not less than 90 days during the preceding 12 months, shall be eligible for registration as a beneficiary with the Board. Rule 268 (4) provides that application for registration of construction workers shall be made in such form to the officer authorised by the Board on this behalf. The application, among other things, should be attached with proof of age and a certificate from the employer or trade unions stating that the applicant was a bonafide construction worker.

[24] A total of 696 employers were enlisted with PWD as of July 2017.

The applications received were to be verified by the Assistant Inspectors of Labour (AIL) of the Board. On satisfactory verification of details provided by the applicant, he/she shall be registered as a beneficiary and becomes eligible for welfare schemes implemented by the Board. A registered beneficiary had to contribute ₹ 100 per annum for three years at least. Further, Rule 268 stipulates that a beneficiary of the Board should not be a member of any other welfare society i.e., he/she should not hold dual membership in any other Board, which provided similar kind of benefit, through other Government welfare schemes.

As of March 2017, 37,368 beneficiaries were registered with the Board. The details of the applications received during 2014-17 and their verification status were given in the following **Table 2.4.1**.

Table 2.4.1 – Status of verification of applications

Year	Number of applications received	Number of applications for which verification was completed	Number of applications for which verification was under process
2014-15	8,119	7,984	135
2015-16	1,545	349	1,196
2016-17	14,797	39	14,758
Total	**24,461**	**8,372**	**16,089**

(Source : Details furnished by the Board)

Out of 24,461 applications received during 2014-17, 8,372 applications were verified and the balance 16,089 applications (66 *per cent*) were not verified as of December 2017.

It was noticed that there were two Assistant Inspectors of Labour in position against the sanctioned strength of seven posts in the Board. The work of verification of applications was handed over to nine AILs of Labour Department during 2016-17 to meet the shortfall. However, the verification process was not completed by AILs in respect of 16,089 applications for a period ranging from one to three years. Further, it was observed that neither the Rules nor the Board fixed any time limit for verification of applications by AILs.

- Out of 8,372 applications verified, 4,522 were found to be in order and 3,850 were rejected by the Board. The veracity of rejected applications could not be ascertained by Audit, as the reasons were not on record.

- The Board claimed that none of the scheme benefits were extended to the beneficiaries who had not renewed their membership. It was noticed that though 33,204 beneficiaries alone renewed their membership in the year 2016-17, the Board paid insurance premium of ₹ 100 per beneficiary for 35,984 beneficiaries for the year 2016-17. This resulted in an undue benefit to 2,780[25] beneficiaries, who had not renewed their membership leading to avoidable excess expenditure of ₹ 2.78 lakh. When pointed out, the UT Government replied (November 2017) that in future, premium would not be paid for those who did not renew their membership with the Board.

- Rule 268 stipulates that a beneficiary of the Board should not be a member of any other similar welfare society. The Board did not initiate any comparative study with other similar societies to avoid multiple registrations. It was noticed that the beneficiary database contained 1,431 deceased members, 27 double entries and 19 migrated workers. When pointed out, UT Government replied (November 2017) that the process of linking Aadhaar numbers with bank accounts of the beneficiaries was to be commenced and the beneficiary database would be shared with other societies to weed out multiple registration and dual membership.

Thus, the Board was not able to ensure identification of exact number of beneficiaries including members who did not renew their membership. The inability to check duplication and to remove doubtful entries indicated that the database of the Board was not fully reliable. This resulted in the scheme benefits being extended to ineligible persons, while eligible applicants were not registered, as the applications were under process for more than one year.

2.4.4 Inadequate publicity on the existence and functioning of the Board

Any Board carrying out welfare activities for specified categories of public, needs sufficient publicity as to its existence and functioning. The Supreme Court also issued directions (December 2014) that the welfare schemes framed should be given due publicity and be brought to the notice of the workmen concerned and eligible applicants. For creating awareness among the targeted group of construction workers, who were migratory in their nature of job and place, the Board did not make sufficient publicity through notice boards and flex boards at various places, Government offices and other construction sites regarding its existence, functioning and schemes implemented. It was further noticed that during the audit period, only seven advertisements were made in newspapers for inviting applications and no advertisement about the schemes implemented were made through audio/visual media, which have a wide reach.

When pointed out, UT Government accepted and replied (November 2017) that publicity would be made by placing notice boards and flex boards at various places, Government offices and other construction sites. It was

[25] 35,984 *minus* 33,204 beneficiaries.

further stated that the services of All India Radio and Doordarshan would be utilised effectively to create awareness among the construction workers.

2.4.5 Financial management

2.4.5.1 Financial resources of the Board

As per Section 24 of the Act, UT Government formed (April 2003) the Pondicherry Building and Other Construction Workers' Welfare Fund into which the grants and loans made to the Board by the Central Government, all contributions made by the beneficiaries and all sums received by the Board from such other sources as may be decided by the Central Government, may be credited. The main source of the fund was the cess levied and collected from the employers who undertake construction works. The cess was levied at one *per cent* of the cost of construction incurred by an employer and shall be collected from every employer in such manner and at such time including deduction at source in relation to a building or other construction work of a Government or of a Public Sector Undertaking or advance cess collection through a local authority, when an approval of such building or other construction work by such local authority is required. In addition to cess, the Board was collecting registration fee, membership fee, renewal fee, etc., which were also credited to the fund.

2.4.5.2 Receipts and expenditure

The details of receipts of the Board towards cess, registration, subscription and renewal fee and expenditure incurred during 2014-17 were given in the following **Table 2.4.2**.

Table 2.4.2 – Receipts and expenditure of the Board during 2014-17

(₹ in crore)

Year	Cess	Registration, subscription and renewal fee	Total	Total expenditure
2014-15	13.41	0.33	13.74	5.37
2015-16	14.32	0.76	15.08	28.38
2016-17	14.56	0.45	15.01	8.54
Total	**42.29**	**1.54**	**43.83**	**42.29**

(Source : Unaudited figures as furnished by Board)

During the period 2014-17, the Board was in receipt of ₹ 43.83 crore towards cess, registration, subscription and renewal fee and incurred an expenditure of ₹ 42.29 crore. As of 31 March 2017, the Board had ₹ 3.73 crore in savings bank account and ₹ 50.96 crore as deposits invested out of balance funds available prior to 2014-15.

2.4.5.3 Collection of cess not done as per the provisions of the Act

In order to facilitate the implementation of welfare schemes for the construction workers, UT Government levied cess, at the rate of one *per cent* since 2002-03 on the cost of construction, from the employers. UT Government in September 2013, revised the cess by specifying standard value per sq.ft for different types of buildings. Based on this, the plan approval authorities were to assess the cess leviable and collect the same. The cess levied by the plan approval authorities were to be treated as advance cess and would be subject to final assessment by the Assessing Officers. Towards this, all plan approval authorities, were to forward a copy of the approval of building plan to the Assessing Officers not later than 30 days and remit the collected advance amount to the Board through demand draft. The Assessing Officers on receipt of the plan details have to assess and issue final assessment orders afterwards to collect the balance cess, if any, and remit the same to the Board.

Scrutiny of the records of Pondicherry Planning Authority (PPA) revealed the following:

- During 2014-17, PPA issued 4,678 building permits. A sample of 128 permits[26] wherein a total amount of ₹ 4.36 crore was collected as advance cess were selected for test check. When the files relating to 128 permits were called for, PPA produced files relating to 84 permits only and files in respect of balance 44 permits were not produced for scrutiny. When Audit addressed (June 2017) the Assessing Officer nominated under the Act regarding final assessment in respect of 84 permits, it was replied (July 2017) that no final assessments were made and the related documents were not forwarded to it by PPA. It was further stated that not even a single permit was forwarded to the Assessing officers to make final assessments. When pointed out, PPA accepted (August 2017) that files were not forwarded to Assessing officer and the same would be forwarded henceforth.

- Though the Board was in receipt of the details of month-wise permits issued and advance cess collected along with respective file numbers from PPA, it did not take initiative to get the final assessments completed by the Assessing officers for the balance cess amount, if any, to be collected from the respective employers who remitted only advance cess. As a result, the cess amount due based on final assessment in respect of all cases was not collected. Thus, the cess received from PPA was only advance cess and not the total cess amount resulting in short collection of cess, which could not be quantified by Audit in the absence of final assessment orders passed by the Assessing Officers. When pointed out,

[26] Estimated cost exceeding ₹ one crore.

UT Government accepted and replied (November 2017) that action would be initiated to collect the balance cess payable based on the completion certificate issued by the competent authorities.

- Section 2 (1) (d) of the Act provides for collection of cess for construction, alteration, repairs, maintenance or demolition, in relation to buildings, streets, roads, etc. Cess was collected only in respect of buildings for which permits were issued at the time of plan approval as discussed in the preceding paragraph and no cess was collected in respect of other construction activities like repairs, demolition and maintenance works as provided in the Act. Neither PPA nor the Board had taken any initiative to devise a mechanism to bring this aspect into consideration, which resulted in non-collection of cess in contravention of the Act provision. In the absence of details with PPA for alteration, repairs, maintenance or demolition, Audit could not quantify the revenue loss sustained by the Board in this regard.

  When pointed out, UT Government replied (November 2017) that necessary steps would be taken to collect cess for the activities as envisaged in the Act.

2.4.5.4 Non-collection of cess from Railways

The works executed by Railways were covered under the Act for which cess has to be collected. However, Audit noticed that Southern Railways had executed construction of Road over Bridges in UT, for which no cess was collected during the audit period. Further, no action was also taken by Assessing officer, Puducherry for collection of cess from Railways.

It was seen that Railways had commenced construction of two Road over Bridges in Puducherry region during July and August 2013 at a cost of ₹ 10.15 crore, for which no cess was paid. In respect of railway works carried out in Karaikal region, though the matter was taken up by the Assessing officer, Karaikal with Southern Railway during 2010-11, no further action was taken thereafter and cess was yet to be collected from Railways.

When pointed out, UT Government replied (November 2017) that the issue would be taken up with Railway Authorities and if need be, the matter would be taken up at Ministry level to instruct Railways to comply with the provisions of the Act.

2.4.5.5 Non-collection of cess from Karaikal Port

Construction activities undertaken for embankment and navigation works, water courses, tunnels, pipelines, aquaducts, etc., were covered under the Act and cess had to be recovered from the respective employers. Karaikal Port (Port) was developed under Public Private Partnership mode by a private firm. Section 13.2 and 13.3 of the concession agreement for development of port provides that the firm had to comply with all applicable laws including labour laws and had to pay all taxes and duties, which at any time may be levied by Government Authority. The construction activities for Port commenced in January 2006 and the firm paid ₹ 29.40 lakh as cess on self-assessment (March 2013).

As the amount paid by Port as cess was not acceptable, the Board requested (June 2013) the Assessment officer to pass an assessment order, who did not initiate any action in that regard. However, following a complaint from public on short collection of cess from the firm, the Assessment officer passed an interim order during August 2014 for ₹ 77.31 lakh, based on construction cost, which the firm did not pay and no follow up action was taken. Following this inaction to collect cess, a writ petition was filed (March 2015) by public in High Court of Madras praying for suitable direction, which was pending (December 2017).

Even after this, the Department did not initiate action to collect cess, instead delayed it by forming a Committee[27] in May 2015 to decide whether the construction activities, dredging and railway siding works were to be covered under the Act. The case was referred to Law department, which opined (December 2015) that all the construction activities including dredging, railway sidings and mechanisation works would be covered and cess had to be collected. Based on this, the Committee directed (October 2016) to submit an assessment order by November 2016. However, no further action was taken to recover the dues.

It was noticed that Executive Engineer, Port already submitted (August 2015) the cost of construction of Port as ₹ 1,270.60 crore with break up details and the same was discussed in the Committee meeting held during September 2015, which was also attended by Labour officer, Karaikal. The Labour Department did not take any action to levy cess resulting in non-collection of cess amounting to ₹ 12.42 crore[28].

On being pointed out, UT Government replied (November 2017) that the project would be re-assessed expediously and cess would be collected. It was further stated that provisions of Revenue Recovery Act would be invoked to recover the cess payable with interest from the Port, if necessary. Thus, the undue delay in collection of cess, despite clear provisions in the Act and concession agreement, indicated the ineffectiveness of the Labour Department to collect cess, which unduly favoured the firm.

2.4.6 Implementation of welfare schemes

The Board implemented welfare schemes like maternity benefits, advances for purchase/construction of houses, loans for purchase of tools, financial assistance towards funeral expenses, medical assistance, financial assistance for education and marriage of children, scholarships for students, etc., for the

[27] Committee constituted by the Deputy Labour Commissioner.
[28] ₹ 12.71 crore *minus* ₹ 0.29 crore already paid by the Port.

registered members of the Board. The scheme-wise expenditure incurred during the audit period is given in **Appendix 2.1**. The audit of the scheme expenditure revealed the following deficiencies.

2.4.6.1 Delay in release of educational assistance to students

(i) Under the scheme of educational assistance, being implemented from January 2013, the wards of the members were eligible for financial assistance of ₹ 50,000 and ₹ 25,000 for the courses MBBS/BDS and Engineering (BE/B.Tech) during the course period. Further, annual educational assistance of ₹ 1,000 for Diploma and Under Graduate, ₹ 1,500 for Post Graduate Diploma and ₹ 2,000 to Post Graduate were given to the respective students. Applications were called for from the wards of the registered beneficiaries and the details of assistance distributed under the scheme are given in the following **Table 2.4.3**.

Table 2.4.3 – Details of applications received for educational assistance and disbursement

Year	Opening date	Closing date	Appli-cations received	Appli-cations approved	Disbursed in	Number disbursed	Pending disburse-ment
2013-14	30.08.13	18.11.13	1,343	1,229	February 2016	1,139	90
2014-15	07.07.15	28.08.15	1,105	931	May 2017	401	530
2015-16	Applications not yet called for						
2016-17							

(Source : Details furnished by Board)

As seen from the table, the educational assistance for 1,139 wards for the year 2013-14 amounting to ₹ 87.02 lakh was disbursed only in February 2016, leaving a balance of 90 wards to whom the educational assistance was yet to be disbursed. Similarly, educational assistance for 401 wards amounting to ₹ 36.34 lakh for the year 2014-15 commenced from May 2017, leaving a balance of 530 wards, to whom the assistance was pending disbursement. Thus, 620 wards were not given financial assistance against their applications even after lapse of nearly two years, while applications for the years 2015-16 and 2016-17 were yet to be invited.

When pointed out, UT Government accepted and replied (November 2017) that delay was due to administrative reasons. Moreover, the delay in timely disbursement of educational assistance defeated the purpose, for which it was granted.

(ii) The construction workers enrolled in the Board were covered under the Aam Admi Bima Yojana (AABY), a scheme of Life Insurance Corporation (LIC) of India. As a free add on benefit to that scheme, LIC launched 'Shiksha Sahayog Yojana' under which two children of AABY beneficiary, studying in Standards IX to XII (including ITI courses) would be extended a scholarship of ₹ 1,200 every academic year. Applications were called for from wards of the members of the Board and details of eligible wards were to be furnished to LIC. On receipt of details, LIC was to release the amount to be paid to the students. The details of scholarship released to school students during 2014-17 was given in the following **Table 2.4.4**.

Table 2.4.4 – Details of applications received for scholarship and disbursement

Year	Applications for scholarship		No. of scholarships disbursed	No. of students yet to be disbursed scholarship
	Received	Sanctioned		
2014-15	4,967	4,967	4,374	593
2015-16	4,642	4,642	4,104	538
2016-17	4,900	Applications received by the Board forwarded to LIC only on 27.06.2017		

(Source : Details furnished by Board)

It was evident from the table that 1,131 students were yet to receive their respective scholarship amounts pertaining to the years 2014-16, while applications of 4,900 students for 2016-17 were forwarded to LIC in June 2017 belatedly.

Scrutiny of the records revealed that the Board invited applications through press advertisement in July/August of a particular academic year with one month time for applying. The Board forwarded the details of eligible students to LIC in May/June of the next academic year after a delay of eight months. Towards this, LIC released the required amount only during September/December 2015 for the year 2014-15 and December 2016/ February 2017 for the year 2015-16. As a result, the scholarships were disbursed to the students after a delay of more than a year and 6,031[29] students were yet to be awarded scholarships for the years 2014-17, defeating the very purpose of such scholarships to enable the students to pursue their education smoothly.

When pointed out, UT Government accepted and replied (November 2017) that delay was due to certification of authenticity of the claim by Head of the Institution where the students were studying. It was further stated that the matter would be taken up with the Education Department to expedite the issue of certificates by the Heads of institutions, so that all applications would be received by the month of June of the same academic year.

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[29] 593 (2014-15) + 538 (2015-16) + 4,900 (2016-17).

2.4.6.2 Skill development and vocational trainings were not conducted

The Government of India in June 2012 directed the Board to utilise the funds for skill upgradation or vocational education for the registered workers and their dependents, as the percentage of utilisation of cess funds was very low. Further, based on the specific direction[30] of Supreme Court in this aspect, GOI again directed (July 2013) the Board to spend every year at least 20 *per cent* of the balance cess amount at the beginning of the financial year on activities related to the skill development of registered workers and their dependents.

The Board, after a delay of almost three years, decided in February 2016 to implement the scheme. However, no follow up action was taken by the Board to forward necessary proposals in this regard for UT Government's approval and imparting skill development by conducting necessary training courses or through tie-up with suitable institutes. As such, the scheme remained a non-starter in UT, in spite of availability of funds of ₹ 50.96 crore accumulated over the years, which were held as deposits.

When pointed out, UT Government replied (November 2017) that Board identified two agencies for providing skill development training and the scheme would be implemented at the earliest. However, the delay in implementing the scheme indicated that the Board did not consider the directions of Supreme Court and GOI to utilise the accumulated cess fund for betterment of the registered workers and their dependents.

2.4.6.3 Non-implementation of pension scheme

Section 22(b) of the Act provides for pension to beneficiaries of the Board who completed 60 years of age. Rule 275 provides that every construction worker who crossed 60 years of age and was a building worker for a period not less than a year shall be eligible for pension and had to be provided with a pension of ₹ 150 per month with an annual increment of ₹ 10 for every completed year beyond five years. Though the Board discussed about implementing pension scheme for the beneficiaries in several Board meetings between May 2009 and December 2016, no decision was taken to implement pension scheme. As of March 2017, there were 1,217 beneficiaries who crossed the age of 60, but still not deriving the benefits of the scheme.

When pointed out, UT Government replied (November 2017) that decision in that regard was not taken as it involved recurring long term financial liability to the Board when compared with the pension paid by other departments to some of the beneficiaries. However, the fact remained that there was a delay of more than eight years since May 2009, in taking a decision to discharge the statutory obligations of the Board, which deprived the workers of their entitled pension benefits.

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[30] In a writ petition filed during 2006.

2.4.7 Manpower

The Chief Secretary to UT Government heads the Board as Chairman. The Secretary to Government (Labour) was a Member of the Board and the Commissioner of Labour Department was the Secretary of the Board. The Board had a sanctioned strength of 29 posts. The men-in-position against the sanctioned strength is given in **Appendix 2.2**.

Scrutiny of the manpower revealed the following:

- The Board did not have a full time Labour officer. The post was held as additional charge by a Superintendent of Labour Department.

- Against the sanctioned posts of seven Assistant Inspector of Labour, only two posts were filled up. AILs were key field staff dealing with the main activities of the Board such as receipt and enrollment of workers' applications, verification, beneficiary register maintenance, scheme implementation, etc.

- It was also noticed that the Draft Recruitment Rules framed (September 2009) for the 29 posts of the Board was yet to be approved by UT Government.

The Supreme Court issued clear directions in December 2014 to provide full time staff. Despite this, UT Government had not taken any steps to approve the Draft Recruitment Rules to fill-up all the sanctioned posts. As such, the Board had only two AILs and many of the core areas were being looked after by Lower Division Clerks employed on contract basis. This severely hampered the effective discharge of the functions of the Board such as beneficiary registration, verification of beneficiary applications, watching the collection of cess amount as discussed in the preceding paragraphs.

2.4.8 Monitoring and Internal Control

2.4.8.1 Shortfall in conduct of meetings of the Governing Body of the Board

The Board was entrusted with the responsibilities of administration of welfare fund, submission of annual budget and reports to Government for sanction and approval, proper maintenance and audit of accounts, collection of contribution to the fund, sanction of benefits and proper and timely recovery of any amount due to the Board. Rule 254 provides that the Board shall ordinarily meet once in two months to monitor the activities. Further, the Supreme Court also directed (December 2014) that Board should meet at least once in two months to discharge their statutory duties.

It was noticed that as against 18 meetings, only four were conducted during the audit period. Further, against the required number of 90 meetings to be conducted (from 2002-03 to 2016-17 i.e., since the constitution of the Board), only 16 meetings were conducted. Despite Supreme Court's direction, there was shortfall of 82 *per cent* in Board meetings. This had direct impact on effective functioning of the Board, besides non-implementation of schemes such as pension, skill development and vocational training as already discussed in this Report.

When pointed out, UT Government accepted and replied (November 2017) that in future, meetings would be convened strictly as per the stipulations made in the Rules.

2.4.8.2 Non-preparation and submission of reports

Section 26 stipulates that the Board shall prepare annual report, giving a full account of its activities during the previous financial year and submit a copy thereof to the State Government and the Central Government. Further, as provided in Section 27, the Board should maintain proper accounts and other relevant records and prepare an annual statement of accounts in such a form as prescribed.

It was, however, noticed that

- The annual accounts of the Board were prepared and audited only upto the year 2011-12 while the annual accounts for the financial years from 2012-13 to 2015-16 were not prepared (December 2017). Consequent to non-preparation of accounts, the annual reports were also not prepared and submitted to UT Government as envisaged in Section 26 of the Act.

- Though the Board prepared the annual budget for every financial year, the same was not submitted to UT Government, as stipulated in Section 25 of the Act.

As these reports and accounts were not prepared and submitted to UT Government by the Board, the functioning/performance of the Board and its financial status could not be ascertained by UT Government.

When pointed out, UT Government replied (November 2017) that the annual reports and budgets would be submitted to UT Government at the earliest, as soon as the audit of the accounts were completed.

2.4.8.3 Absence of Internal Audit

Internal Audit and Internal control system are important mechanisms for ensuring smooth working of any organisation. It was noticed that, there was no internal audit system in the Board in order to ensure effective control in exercising checks on various activities and implementation of the welfare schemes by the Board including its finances. When pointed out, the Board replied (June 2017) that Internal Audit would be conducted by the Labour Department during July 2017. However, it was noticed that audit was not conducted as stated (November 2017). UT Government assured (December 2017) that internal audit would be conducted annually, in future.

2.4.9 Conclusion

The Board did not take enough steps to identify the eligible workers and to ensure that all eligible workers were registered as beneficiaries. The Board did not ensure that the cess amount was collected in respect of all activities as envisaged in the Act.

The activities of the Board were not commensurate with the objectives of its formation. Despite availability of funds, there were inadequate interventions to improve the status of workers. There were delays in release of educational assistance to the wards of registered beneficiaries. Pension scheme was not implemented for the beneficiaries who crossed the age of 60 years.

Full time employees were not appointed including Labour officer and Assistant Inspectors of Labour, which had a bearing on the efficient functioning of the Board. Monitoring was ineffective and there was no internal audit mechanism.

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

2.5 Audit of implementation of Integrated Child Development Services scheme in Union Territory of Puducherry

2.5.1 Introduction

Integrated Child Development Services (ICDS) scheme, a flagship programme of Government of India was launched in 1975 for providing a package of six services (Supplementary Nutrition Programme, Immunisation, Health check-up, Referral services, Pre-school non-formal education and Nutrition and Health education) to combat malnutrition, impaired development, morbidity and mortality in young children and inter related needs of pregnant women and lactating mothers. The scheme was reorganised to be implemented in Mission Mode during the 12th Five Year Plan period (2012-17).

The scheme aims at a holistic development of children in the age group 0-6 years and pregnant and lactating mothers. The services included Early Childhood Care Education and Development, Care and Nutrition counselling, Health services and Community mobilisation, Awareness, Advocacy and Information Education and Communication.

The Secretary to Government, Department of Women and Child Development (Department) was the administrative head for implementation of the scheme in Union Territory of Puducherry. The Director, ICDS was the implementing officer. The scheme was implemented by a Programme Officer and five Child Development Project Officers (CDPO). ICDS services were delivered through 855 Anganwadi centres (AWCs) functioning in the village/habitations at unit level. AWCs were run by Anganwadi workers (AWW) and Anganwadi Helpers (AWH), who were supervised by Supervisors at the next higher level.

The scheme implemented by the Department covered only supplementary nutrition programme and pre-school non-formal education and nutrition components of ICDS. The other components regarding immunisation and health check-up were dealt by the Health Department.

The Audit was conducted during April-July 2017, covering the period 2014-17 to assess whether the services were provided as per the scheme guidelines. Records in the offices of Secretary to Government, Department of Women and Child Development, Directorate of ICDS, Office of the Programme Officer and Five CDPOs were scrutinised. Out of 855 AWCs, 199[31] were selected randomly for test check covering rural (90) and urban (109) centres. There were 6,395 children and 2,203 pregnant women and lactating mothers, who were enrolled as beneficiaries in the test-checked AWCs, as of June 2017.

An entry conference with the Secretary to Government, Department of Women and Child Development (WCD), Puducherry was held in April 2017 to discuss the audit objectives, audit criteria and methodology. An exit conference was held with the Secretary to Government, WCD in September 2017, wherein the audit results were discussed.

Audit findings

2.5.2 Perspective Plan not prepared

Government of India guidelines for implementation of the scheme required that States/UTs should prepare Perspective Plan for the plan period (2012-17). The main components of the Perspective Plan were project management and institutional development, capacity building, information education and communication, monitoring, evaluation and operations research, early childhood care education, quality assurance measures, infrastructure and capacity development.

We observed that the Department did not prepare the Perspective Plan for the period 2012-17 to address the problems/gaps faced, activities planned to overcome gaps, implementation and supervision arrangements on the above

[31] Puducherry – 137; Karaikal – 40; Mahe – 13; Yanam – 9.

components, but prepared only Annual Programme Implementation Plan (APIP) during 2014-17.

In respect of construction of own buildings for AWCs under infrastructure, requirements were not assessed and projected. As a result, out of 855 AWCs functioning in UT of Puducherry in 2016-17, 445 (52 *per cent*) were run in rented buildings and the need for own buildings was not assessed.

When pointed out, the Department replied (December 2017) that Perspective Plan would be prepared for the next five years from 2018-19 and action would be initiated to identify lands for construction of own buildings.

2.5.3 Financial outlays

During the period 2014-17, the funds for implementation of the scheme were to be shared between GOI and UT of Puducherry in the ratio of 50:50 for Supplementary Nutrition Programme (SNP). Under general components[32], the sharing ratio was 90:10 until 2014-15 and it was fully funded (100 *per cent*) by GOI from the year 2015-16. The sharing ratio in respect of construction and renovation of AWCs was 75:25.

The details of funds released by GOI, allocation by UT Government and expenditure incurred thereagainst during the period 2014-17 is given in the following **Table 2.5.1**.

Table 2.5.1 – Details of funds released and expenditure incurred

(₹ in crore)

Year	Budget allocation by UT	Fund released from GOI			Expenditure out of GOI fund			Expenditure out of UT fund			Unspent balance of GOI fund*
		Gen	SNP	Total	Gen	SNP	Total	Gen	SNP	Total	
2014-15	23.81	10.93	1.82	12.75	9.07	1.98	11.05	0.65	15.03	15.68	2.82
2015-16	33.27	13.22	3.40	16.62	9.26	1.82	11.08	2.15	6.01	8.16	8.36
2016-17	36.43	5.97	17.02	22.99	10.92	11.83	22.75	2.21	5.08	7.29	8.59

(Gen: General Component; SNP: Supplementary Nutrition Component)
* includes balances carried forward from previous year
(Source: Figures furnished by the Department)

As seen from the above table, GOI released ₹ 52.36 crore during the period 2014-17. The proportionate release of UT Government's share could not be ascertained as the scheme was implemented by the Department itself and not through an implementing society.

Further, UT Government had heavy unspent balances of GOI funds in all the three years, which increased from ₹ 2.83 crore in 2014-15 to ₹ 8.59 crore in

[32] General components included construction of AWC, salary, honorarium, rent, pre-school education kit, medicine kit, etc.

2016-17. Thus, the Department did not utilise the total funds available for the scheme during 2014-17.

2.5.4 Anganwadi centres

2.5.4.1 Functioning of Anganwadi centres

Anganwadi centre is the focal point for delivery of services under the scheme. GOI envisaged for opening up of new AWCs in a phased manner. During 12th Plan period, there were 788 AWCs from 2012-13 to 2015-16 and 67 new AWCs were opened in 2016-17. There were 855 AWCs in UT of Puducherry as of March 2017.

Audit noticed that 67 AWCs were opened in 2016-17 after a delay of 14 months, though GOI sanctioned the same in November 2014. Further, GOI issued (July 2005 and January 2007) guidelines for selecting areas for AWCs with main focus on:

- Villages predominantly inhabited by population belonging to SC/ST and minority community should be given priority;
- Location of a AWC in a village should be in the areas inhabited by population from SC/ST and minority community; and
- To prepare a list of uncovered habitations along with population, which would require additional AWCs/AWCs/mini AWCs.

Audit noticed that the Department did not conduct any survey to identify uncovered habitations in UT with focus as mentioned above. During exit conference, the Secretary, Department of WCD accepted to conduct a survey to identify uncovered habitations.

2.5.4.2 Construction of Anganwadi centres

Based on the proposal in APIP 2013-14, GOI sanctioned (October 2013) construction of 20 new Anganwadi centres[33] and upgradation[34] of 70 AWCs in UT of Puducherry at a total cost of ₹ 1.60 crore. GOI share was ₹ 1.20 crore and UT share was ₹ 0.40 crore in the sharing ratio of 75:25. GOI released (October 2013) 50 *per cent* of its share of ₹ 60 lakh with the instructions that the amount were to be utilised within the financial year itself and the balance grant would be released only on submission of utilisation certificate for the amount released. Towards this, UT Government did not release their share of ₹ 20 lakh stating non-availability of funds and proposed for utilisation of GOI grant in full for construction, only in March 2015.

[33] AWCs at ₹ 4.50 lakh each.

[34] Construction of toilet with urinal at ₹ one lakh per unit.

Out of 20 new AWCs, the Department took up construction of three[35] new AWCs at a cost of ₹ 30.73 lakh. Similarly, out of upgradation of 70 AWCs, only nine works were taken up at a cost of ₹ 27.78 lakh. Audit noticed that the expenditure sanction was accorded in March 2015 for three new AWCs and in October 2016 for upgradation works, after a delay of 17 months and three years respectively.

The works were handed over to Public Works Department (PWD) and the total amount of ₹ 60 lakh was deposited with PWD (May 2015).

Picture 1: Saint Paulpet (29.06.2017)

The construction of two[36] AWCs was completed and being used from December 2015 and January 2016 (**Picture 1**). Due to delay in handing over of site, the construction of Karasurpet AWC was taken up in 2016-17 and the work was in progress (December 2017). The upgradation of seven AWCs were in progress and two works were yet to commence (December 2017).

Audit observed that, due to delay in administrative sanction and cost escalation, the construction of three new AWCs and nine upgradation works, which were proposed at a cost of ₹ 22.50 lakh were taken up by the Department at a cost of ₹ 58.51 lakh. Further, the Department could not avail the balance GOI grant of ₹ 60 lakh, as the Department furnished utilisation certificate for ₹ 17.49 lakh only in September 2016 for the grant already received.

When pointed out, the Department replied (December 2017) that the matter was taken up with PWD for construction of buildings for AWCs. Thus, the aim of having own buildings for AWCs and upgradation of AWCs was not achieved in so far as 90 out of 199 AWCs test-checked were in rented buildings and 41 AWCs functioning in own buildings did not have toilets.

2.5.4.3 Infrastructural deficiencies in AWCs test-checked

As per GOI norms, an AWC must have a separate sitting room for children/women, separate kitchen, store room for food item, child friendly toilets, space for children to play (indoor and outdoor activities) and safe drinking water facilities. A test-check of 199 AWCs conducted during June-July 2017 by joint inspection with officials of the Department revealed the following.

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[35] Karasurpet, Kalitheerthalkuppampet and Saint Paulpet.

[36] Saint Paulpet and Kalitheerthalkuppampet.

- Out of 199 AWCs test-checked, 90 AWCs were functioning in rented buildings, out of which four[37] were in dilapidated condition (**Picture 2**), 33 AWCs were functioning under thatched/tile/asbestos roof (**Picture 3**).

Picture 2:Veeravanji Nagar (29.06.2017)

Picture 3:Kallaraipet I (14.07.2017)

- As per guidelines, AWCs should be child friendly with all facilities and the space shall be atleast 600 sq.ft. However, in 58 AWCs (own building: 27 and rented building: 31) the total area was found to be less than the minimum prescribed requirement as in **Picture 4**.

- 71 AWCs did not have separate kitchen. We observed that food was prepared using firewood/stove in open space or in the same room where children were accommodated as depicted in **Picture 5**.

Picture 4: Edayilpeedika (17.07.2017)

Picture 5: Kallaraipet I (14.07.17)

- ICDS norms envisaged that there should be space for children to play indoor and outdoor activities. Of the 199 AWCs test-checked, space for indoor activity was not available in 90 AWCs and none of the AWCs had space for outdoor activity.

- No toilet facility was available in 102 AWCs out of 199 test-checked. It was reported by AWWs that the children either used the toilets of

[37] Kallaraipet – I, Pandakkal – I, Vambapet and Veeravanjinagar.

neighbouring houses or waited till they reached home and in 28 AWCs the children were defecating in the open. Though there were toilet facilities in 97 AWCs, the same were not child friendly as envisaged in guidelines.

- As against the prescribed norms for an AWC to have a separate sitting room for children and women, none of the 199 AWCs test-checked had the same.

- Provision for water was not available in 45 AWCs. Water was either brought by AWWs from their homes or purchased from private operators.

The deficiencies discussed above revealed the adversities faced by the beneficiaries due to non-provision of basic amenities, like water and toilets in AWCs, by UT Government as against GOI's instructions.

When pointed out, the Department replied (December 2017) that action would be taken to provide all facilities in AWCs. It further added that the three dilapidated centres and 23 AWCs functioning under thatched/tile/asbestos roof would be shifted to the nearest rented buildings/Government schools immediately.

2.5.5 Implementation

The shortcomings in the implementation of the scheme were discussed below.

2.5.5.1 Procurement of rice/ragi from open market instead of lifting from FCI at subsidised price

Under Supplementary Nutrition Programme (SNP) of ICDS scheme, food grains (wheat/rice) are annually allocated by GOI from central reserves through Food Corporation of India (FCI) Public Distribution at concessional rates on need basis. The purpose was to reduce the procurement cost under SNP and ensure the availability of quality food grains for the beneficiaries. Further, in the operational guidelines for Food Safety and Hygiene under the scheme, GOI instructed (December 2013) that fair and average quality of rice and wheat should be lifted from FCI.

As per Section 22(3) of the National Food Security Act, 2013, the Central Government provides food grains in respect of entitlements under Sections 4, 5 and 6, to the State Governments at prices specified in Schedule I of the above Act, for the persons belonging to eligible households (at the rate of ₹ three per kg for rice, ₹ two per kg for wheat and ₹ one per kg for coarse grains).

Government of India requested (January 2014, March 2014, May 2014, August 2014 and January 2015) UT Government, to furnish the requirements of food grains for various categories of beneficiaries under SNP component of the scheme for allocation of food grains. However, the department did not furnish any reply to GOI's letters for allocation and lifting of food grains under wheat based nutrition programme and continued to procure rice/ragi from Self Help Groups (SHGs) at prices arrived at by the Department by calling for limited tender from SHGs.

Further, the Member Secretary, State Mission Steering Group (SMSG) proposed (August 2014) for procurement of rice from FCI to minimise the expenditure on diet items. The Chairperson of SMSG instructed that children should be given best quality of rice and that could be procured from co-operative rice mills by open tender. It was further added that, till the process was over, the supply might be continued from Development of Women and Children in Rural Areas (DWCRA) units. Based on the instructions, diet items were procured from 73 nominated private SHGs on quotation basis, who were registered with DWCRA units.

During 2014-17, the rates of FCI for rice and ragi were ₹ three and ₹ one per kg respectively during 2014-17. However, during 2014-15, the rice and ragi were procured at ₹ 35 and ₹ 38 respectively. During 2015-17, rice was procured at ₹ 38 and ragi at rates of ₹ 42 and ₹ 45 per kg. Thus, the food grains under SNP were procured at much higher rates when compared to rates of FCI.

In response to an audit query, the Department replied (December 2017) that rice and ragi were being procured from DWCRA units/SHGs since 1997 in order to promote SHGs. It further added that rice and ragi were supplied at the door steps of AWCs on credit basis from DWCRA/SHGs, which was an advantage. However, the Department did not ensure the quality of the food grains supplied by DWCRA/SHGs in comparison with that of food grains supplied by FCI and procured at a much higher price than that of FCI. Moreover, even after including the loading and unloading charges[38] levied by FCI, the concessional rate was much lower.

Audit further noticed that CDPO, ICDS II, Karaikal, implementing Rajiv Gandhi Scheme for Empowerment of Adolescent Girls – 'SABLA' for provision of supplementary nutrition for adolescent girls, procured rice from FCI only during 2014-17 at the rate of ₹ 7.45 per kg (BPL rates).

Thus, the Department did not lift rice and ragi from FCI, instead procured food grains at a much higher rate from open market, which resulted in an avoidable extra expenditure of ₹ 9.06 crore (**Appendix 2.3**) during the period 2014-17.

[38] Loading @ 0.90 paise and unloading @ 0.90 paise per kg.

2.5.5.2 Medicine kits

As per guidelines, a medicine kit[39] at the rate of ₹ 1,000 per AWC per annum was approved for distribution to AWCs. Funds were allocated and sanctioned in APIP every year for supply of medicine kits. However, it was noticed that the medicine kits were provided to AWCs only once in 2014-15 during the three year period 2014-17, though funds were provided every year by GOI. In the 199 AWCs test checked, none of them had any medicines in stock and cases of ill health were referred to Primary Health Centres. When pointed out, the Department accepted and stated (December 2017) that all AWCs would be provided with medicine kits.

2.5.5.3 Early Childhood Care and Education (ECCE)

The main focus under ICDS mission was on strengthening Early Childhood Care and Education (ECCE) programme as a core service of AWCs with dedicated four hours of early childhood education sessions followed by supplementary nutrition, growth monitoring and other related interventions. The component aimed at all round development of children and to provide an enabling environment for promotion of early childhood development at the Early Childhood Development Centre. Pre-school kits comprising of play and learning material for allround development of children were to be provided to AWCs.

Government of India released grant of ₹ 25.65 lakh every year during 2014-17 for supply of pre-school kits to all AWCs every year. However, Audit noticed that the Department supplied pre-school kits during 2014-15 only and did not procure pre-school kits for supply to AWCs during 2015-16 and 2016-17. Thus, 67 new AWCs opened during 2016-17 were not supplied with pre-school kits.

When pointed out, the Department replied (December 2017) that all AWCs would be provided with pre-school kits and ECCE activities as contemplated in the new curriculum would be followed.

2.5.5.4 Growth monitoring

As per GOI norms "Growth-cum-Weight" chart for every child at AWCs was to be maintained to assess the growth of the children as normal, moderately underweight children and severely underweight children. AWCs were to have two types of weighing scales (baby weighing scales and 25 kg salter scale) for the purpose of weighing children. Weight for age growth chart was to be maintained in respect of each child and the data on the growth of children was to be furnished by AWCs to CDPOs.

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[39] Medicine kit includes Paracetamol, Septran Tablet and Syrup, Gentamycin Eye/Ear drop, Neosprin etc.

Audit noticed that the weighing scales /salter scales were not available in any of the 199 test-checked AWCs to monitor the growth of children though the weight for age growth chart was maintained in respect of each child using PHC facilities. Further, it was seen that the Department proposed for procurement of baby weighing scales for all AWCs at a cost of ₹ 2.75 lakh in APIP 2016-17. However, the same was not procured for reasons not on record. It was noticed that the mother and child were weighed together and the mother separately to calculate the weight of the child. This data was maintained in the growth chart in AWCs and forwarded to CDPO by the respective AWCs. In the absence of baby weighing scales in AWCs (test-checked), the accuracy and plotting of weight of the child, to assess the growth of the child could not be ensured.

When pointed out, the Department replied (December 2017) that salter scales were available in nearby PHCs and separate salter scales would be provided to AWCs after funds were allotted.

As per GOI norms, a joint Mother and Child Protection Card (MCPC) was to be provided to each mother to track the nutritional status, immunisation schedule and developmental milestones for both the child and pregnant and lactating mothers. Audit noticed that MCPC was not provided to the beneficiaries in any of the 199 test-checked AWCs. Hence, in the absence of MCPC, the nutritional status was not tracked and immunisation schedule and developmental milestones for both the child and pregnant and lactating mothers were not monitored.

2.5.6 Manpower

In UT of Puducherry, there were five CDPOs[40] for 855 AWCs, who were required to supervise, co-ordinate and guide the work of AWCs under their jurisdiction. The work of Anganwadi workers was to be supervised by a Supervisor who was to conduct regular field visits to AWCs, help AWWs in developing community contacts, check all the records and registers, cash and accounts, stock and material at each AWC and assist CDPO in project administration and implementation. As per norms, each supervisor has to supervise 17 to 25 AWCs per month. The details of Supervisors in position during 2014-17 is given in the following **Table 2.5.2**.

Table 2.5.2 – Details of sanctioned strength and men-in-position of Supervisors

Year	Sanctioned strength	Men-in-position	No. of vacancy	Percentage of vacancy
2014-15	32	10	22	69
2015-16	39	7	32	82
2016-17	39	7	32	82

40 CDPO I – 173, CDPO II -172, CDPO III – 163, CDPO IV – 151 and CDPO V – 196.

In 2014-15, there were 10 supervisors in position against the sanctioned strength of 32, who could supervise a maximum of 250 AWCs as per norms. Considering the vacancy position, SMSG recommended (August 2014) filling up of 25 supervisor posts on contract basis through open advertisement and selection were to be made by selection committee constituted for the purpose. However, the vacancies were not filled up (December 2017).

Audit noticed that the vacancy position increased to 82 *per cent* during 2015-17, which was evident from the fact that 178 out of 199 AWCs test-checked were not supervised at all during the period 2014-17.

During exit conference, the Secretary, WCD, stated that though action was taken to appoint supervisors on contract basis, the same could not materialise due to protests by the existing staff and added that action would be taken to fill up the post of supervisors at the earliest.

2.5.7 Monitoring and Review

2.5.7.1 State Mission Steering Group

To provide policy support and guidance for effective implementation of the scheme, an empowered structure called State Mission Steering Group (SMSG) headed by the Chief Minister was to be constituted as per the guidelines. SMSG was to meet atleast once in three months to consider and approve APIP, suggest any midcourse correction that might be required in the State mission strategy, give advice to the State Empowered Programme Committee on policies and oversee programme implementation. However, Audit noticed that SMSG met only once in August 2014 and no meetings were held thereafter. Further, the State Action Plan to be discussed and approved was got approved by circulation among the members of SMSG.

2.5.7.2 State Empowered Programme Committee

A State Empowered Programme Committee (SEPC) was constituted (May 2011), with the Chief Secretary as the Chairperson and the Secretaries of line Departments as its members. The SEPC was constituted to co-ordinate, oversee and monitor the implementation of the SNP. The SEPC was to meet as frequently as required and at least twice a year to analyse, discuss and resolve the technical issues and nutrition aspects of all plans and strategies during the implementation stage. However, it was noticed that the SEPC met only once during April 2012 and no meetings were conducted thereafter to discuss and resolve the technical issues in implementation of the scheme.

2.5.7.3 Five tier monitoring and review

As per guidelines, a five-tier monitoring and review mechanism from the Central Level to AWC level was to be set up. Monitoring to be done at State level through State Level Monitoring and Review Committee (SLMRC) headed by the Chief Secretary, at district level by a District Level Monitoring and Review Committee (DLMRC) headed by District Magistrate or District Collector or Deputy Commissioner. Implementation at block level was to be monitored by Block Level Monitoring Committee (BLMC) headed by Sub-Divisional Magistrate and finally at anganwadi level by the Anganwadi Level Monitoring and Support Committee (ALMSC) headed by Member Gram Panchayat/Ward Member.

Audit noticed that though SLMRC, DLMRC, BLMC and ALMSC were constituted in April 2012 itself, the Committees did not monitor/review the implementation of the scheme. The Department accepted the fact that the committees were not functional.

Further, as per guidelines, the monitoring and supervision schedule stipulated that atleast 20 AWCs per month was to be inspected by CDPOs on a rotational basis to ensure effectiveness in the delivery of services. Audit noticed that periodical inspection was not conducted by CDPOs in 120 (60 *per cent)* out of 199 AWCs test-checked during the three year period 2014-17. The shortfall in inspection of AWC's by CDPOs resulted in AWC's functioning without basic amenties such as water and sanitation facilities as discussed in earlier paragraph.

When pointed out, the Department replied (December 2017) that action would be taken to conduct the meetings and comply with the guidelines.

2.5.8 Conclusion

The Department did not plan and assess the requirements of own and dedicated buildings for AWCs and there were delays in construction of own buildings for AWCs. Infrastructure and basic amenities as stipulated in the norms were inadequate in the test-checked AWCs. The Department procured food grains at a much higher rate from open market instead of lifting from FCI, at concessional rates, leading to an excess expenditure of ₹ 9.06 crore. Non-supply of medicine kits every year defeated the purpose of extending basic medical care to children at AWCs. Non-supply of preschool kits affected the aim of holistic development of children by use of play and learning material. Monitoring was ineffective and inadequate inspections by CDPOs and Supervisors led to the deficiencies noticed in implementation of the scheme.

The matter was referred to UT Government in September 2017; reply was not received (December 2017).

CHAPTER III

REVENUE RECEIPTS

CHAPTER III

REVENUE RECEIPTS

3.1 Trend of Revenue Receipts

3.1.1 The tax and non-tax revenue raised by the Government of the Union Territory of Puducherry and the grants-in-aid received from the Government of India (GOI) during the year 2016-17 and the corresponding figures for the preceding four years are mentioned in **Table 3.1**.

Table 3.1 - Trend of revenue receipts

(₹ in crore)

Sl. No.	Category	2012-13	2013-14	2014-15	2015-16	2016-17
I	**Revenue raised by the Government**					
	(a) Tax revenue	1,917.22	1,904.51	1,992.74	2,260.34	2,401.21
	(b) Non-tax revenue	118.15	1,192.59	1,300.36	1,137.75	1,245.37
	Total (I)	**2,035.37**	**3,097.10**	**3,293.10**	**3,398.09**	**3,646.58**
II	Receipts from GOI – Grants-in-aid	1,110.77	1,210.51	1,464.80	1,689.86	1,736.37
III	**Total receipts of the Government (I + II)**	**3,146.14**	**4,307.61**	**4,757.90**	**5,087.95**	**5,382.95**
IV	**Percentage of I to III**	**65**	**72**	**69**	**67**	**68**

(Source: Finance Accounts of the respective years)

During the year 2016-17, the revenue raised (₹ 3,646.58 crore) by the Union Territory Government was 68 *per cent* of the total revenue receipts (₹ 5,382.95 crore), as against 67 *per cent* in the preceding year. The balance (₹ 1,736.37 crore) 32 *per cent* of the receipts during 2016-17 were obtained from GOI as grants-in-aid and contributions.

3.1.2 The details of tax revenue raised during the period from 2012-13 to 2016-17 are given in **Table 3.2**.

Table 3.2 - Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Heads of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+)/ decrease (-) in 2016-17 over 2015-16
		Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	
1	Taxes on Sales, Trade, etc.	1,395.61	1,287.10	1,505.00	1,256.71	1,380.00	1,313.13	1,510.00	1,438.89	1,600.00	1,576.48	(+) 9.56
2	State Excise	688.49	503.98	620.00	511.72	560.00	544.67	630.00	673.75	775.00	671.27	(+) 0.36
3	Stamps and Registration Fees	121.29	72.67	98.00	82.79	96.00	74.96	115.00	76.37	100.00	65.50	(-) 14.23
4	Taxes on Vehicles	87.66	52.64	66.00	51.95	63.00	58.46	83.00	69.34	83.00	86.94	(+) 25.38
5	Land Revenue	1.35	0.55	0.80	1.14	0.80	1.30	1.75	1.93	1.75	1.02	(-) 47.15
6	Others	0.29	0.28	0.20	0.20	0.20	0.22	0.25	0.06	0.25	Nil	Nil
Total		**2,294.69**	**1,917.22**	**2,290.00**	**1,904.51**	**2,100.00**	**1,992.74**	**2,340.00**	**2,260.34**	**2,560.00**	**2,401.21**	

(Source : Finance Accounts of the respective years)

3.1.3 The details of non-tax revenue raised during the period from 2012-13 to 2016-17 are given in **Table 3.3**.

Table 3.3 - Details of Non-Tax Revenue raised

(₹ in crore)

Sl. No.	Heads of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) / decrease (-) in 2016-17 over 2015-16
		Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	
1	Power	Nil	29.58	1,200.00	1,055.15	1,220.00	1,159.92	1,300.00	990.60	1,200.00	1,116.21	(+)12.68
2	Interest Receipts, Dividends and Profits	39.87	35.64	36.29	68.44	81.62	93.28	93.28	91.88	97.10	66.45	(-)27.68
3	Medical and Public Health	16.43	13.94	14.50	9.46	10.97	9.15	12.54	16.58	19.01	13.51	(-)18.52
4	Education, Sports, Art and Culture	0.30	0.73	0.26	0.91	1.00	0.99	1.14	2.22	2.44	1.07	(-)51.80
5	Crop Husbandry	0.52	0.51	0.46	0.38	0.41	0.43	0.47	0.66	0.72	1.23	(+)86.36
6	Other receipts	63.88	37.75	58.49	58.25	46.00	36.59	52.57	35.81	50.73	46.90	(+)30.94
	Total	**121.00**	**118.15**	**1,310.00**	**1,192.59**	**1,360.00**	**1,300.36**	**1,460.00**	**1,137.75**	**1,370.00**	**1,245.37**	

(Source : Finance Accounts of the respective years)

3.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 under the principal heads of revenue amounted to ₹ 727.10 crore, of which ₹ 276.73 crore were outstanding for more than five years, as detailed in **Table 3.4**.

Table 3.4 - Arrears of revenue

(₹ in crore)

Sl. No.	Departments	Total arrears	Arrears outstanding for more than five years	Remarks
(1)	(2)	(3)	(4)	(5)
1	Accounts and Treasuries	0.47	0.30	Arrears were due to non-remittance of audit fee by religious institutions.
2	Agriculture	0.32	0.32	Arrears due from Puducherry Agro Services and Industrial Corporation Limited (PASIC) and local bodies towards rent, cost of seeds and other services.
3	Commercial Taxes	269.33	172.49	Arrears related to collection of tax under PGST/CST and VAT Acts and major portion were covered under court cases.
4	Co-operative	0.26	0.03	Arrears related to societies, which were dormant/under liquidation.
5	Electricity	381.47	84.58	Arrears were due to non-payment of electricity charges.
6	Excise	47.96	9.27	Arrears were mainly due to non- payment of *kist* by the lessees of arrack and toddy shops.
7	Fisheries and Fishermen Welfare	0.02	0.02	Arrears of lease amount on fish farm at Coringa river, Yanam.
8	Government Automobile Workshop	1.16	0.42	Arrears were due from Government departments towards sale of petrol, oil and lubricants and work bills.
9	Health and Family Welfare Services	0.32	0.17	Arrears due to receipts due from Deputy Director (Employees State Insurance).
10	Hindu Religious Institutions and Wakf Board	0.60	0.35	Arrears were due to shortfall in collection of dues from temples.
11	Industries and Commerce	0.11	0.10	Arrears related to rent and loan due from defunct industrial units.
12	Judicial	0.06	0.03	Arrears were due to accused absconding in some cases and pendency of appeals in courts.

(1)	(2)	(3)	(4)	(5)
13	Port	0.58	0.57	Arrears due from M/s Concor, which was under dispute and from port users including Puducherry Tourism Development Corporation.
14	Public Works	20.04	7.52	Arrears related to non-collection of licence fee, annual track rent and water charges.
15	Revenue	3.00	Nil	Arrears in land tax, encroachment, Irrigation cess, water tax and stamp duty.
16	Stationery and Printing	0.52	0.10	Arrears related to non-recovery of dues from Government departments.
17	Tourism	0.15	0.05	Arrears were mainly due from Guests and Government officials towards room rent.
18	Town and Country Planning	0.01	0.01	Arrears related to final cost of plots due from the allottees of various housing schemes.
19	Transport	0.72	0.40	Arrears were due to non-recovery of motor vehicles tax.
	Total	**727.10**	**276.73**	

Local Administration and Information and Publicity Departments did not furnish (November 2017) the details of arrears of revenue, if any.

3.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year, as furnished by the Commercial Taxes Department (CTD), in respect of Value Added Tax, are shown below in **Table 3.5**.

Table 3.5 - Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
VAT Scrutiny Assessment	16,032	8,922	24,954	3,162	21,792	12.67

As the percentage of disposal was very low, the Department should take adequate steps for speedy finalisation of cases.

3.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by CTD, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 3.6**.

Table 3.6 - Evasion of Tax

(₹ in lakh)

Head of revenue	Cases pending as on 31 March 2016	Cases detected during 2016-17	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc., raised		Number of cases pending for finalisation on 31 March 2017
				Number of cases	Amount of demand	
Sales Tax/VAT	367	45	412	4	1.07	408

Data in the above table indicated that the number of cases pending at the end of the year had increased compared to the number of cases pending at the beginning of the year. The Department should institute appropriate measures for finalisation of pending cases, so as to ensure early realisation of revenue.

3.5 Response of the Departments/Government towards audit

Accountant General (Economic and Revenue Sector 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 corrective action. The Heads of offices/Government are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report compliance to the office of the Accountant General within one month from the dates of issue of IRs. Serious irregularities are also brought to the notice of the Heads of Departments by the office of the Accountant General.

Inspection Reports issued upto 31 December 2016 disclosed that 940 paragraphs involving ₹ 307.86 crore relating to 214 IRs remained outstanding at the end of June 2017, along with the corresponding figures for the preceding two years, as mentioned below in **Table 3.7**.

Table 3.7 - Details of pending IRs

Inspection reports	June 2015	June 2016	June 2017
Number of outstanding IRs	192	209	214
Number of outstanding audit observations	696	785	940
Amount involved (₹ in crore)	**245.36**	**270.46**	**307.86**

(Source: As per data maintained in the Office of the AG (E & RSA), Tamil Nadu)

3.5.1 Department-wise details of IRs and audit observations outstanding as on 30 June 2017 and the amounts involved are mentioned in **Table 3.8**.

Table 3.8 - Department-wise details of IRs

(₹ in crore)

Sl. No.	Tax Heads	Outstanding		Amount
		Inspection Reports	Audit Observations	
1	Sales Tax	52	435	158.17
2	Stamp Duty and Registration Fee	71	209	4.71
3	Taxes on Vehicles	49	202	5.32
4	State Excise	42	94	139.66
	Total	**214**	**940**	**307.86**

(Source: As per data maintained in the Office of the AG (E & RSA), Tamil Nadu)

3.5.2 Non-production of records to audit for scrutiny

The programme of local audit of commercial tax offices is prepared sufficiently in advance and intimated to the Department one month before the commencement of local audit to enable them to keep relevant records ready for audit scrutiny.

During 2016-17, 99 sales tax assessment records relating to three offices[1] were not made available for audit.

The matter regarding non-production of records in each office is included in IRs of the respective offices. The same was also brought to the notice of the Secretary, Commercial Taxes Department in November 2017. The

[1] Puducherry-1, Industrial Assessment Circle-Puducherry and Mahe.

Department attributed (November 2017) the reason for non-production of 22 assessment files to pendency of appeals in various appellate forums. The Department assured to produce the remaining assessment files during next audit.

The delay in production of records for audit might render audit scrutiny incomplete, as rectification of under-assessments, if any, might become time barred by the time these records are produced for audit.

3.5.3 Response of the Departments to draft Audit Paragraphs

A draft paragraph proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended March 2017 was forwarded to the Secretary of the Department of Revenue and Disaster Management during October 2017 through a demi-official letter. The Secretary of the Department did not send reply to the draft paragraph (December 2017). The paragraph is included in the Report without the response of the Secretary of the Department concerned.

3.5.4 Follow-up on Audit Reports

The internal working system of the Public Accounts Committee (PAC), laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Twenty three paragraphs included in the Revenue Chapter of the Reports of the Comptroller and Auditor General of India relating to the Government of Union Territory of Puducherry for the years ended 31 March 2010 to 31 March 2016 were placed before the Legislative Assembly of UT between September 2011 and June 2017. The action taken explanatory notes from the concerned Departments in respect of 12 paragraphs were received late with average delay of more than 15 months, while in respect of 11 paragraphs included in the Audit Reports for the year ended 31 March 2013 to 31 March 2016, explanatory notes were not received.

Twenty paragraphs included in the Audit Reports of the Comptroller and Auditor General of India for the years 2010-11 to 2015-16 are yet to be discussed by PAC, while action taken notes in respect of 50 recommendations pertaining to paragraphs discussed by PAC were awaited from the Departments concerned.

3.6 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in IRs/Audit Reports by the Departments/Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 3.6.1 and 3.6.2 discuss the performance of the Commercial Taxes Department under revenue head '0040' and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2006-07 to 2015-16.

3.6.1 Position of Inspection Reports

The summarised position of IRs issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2017 are tabulated in **Table 3.9**.

Table 3.9 - Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Additions			Total			Clearance			Closing balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2007-08	33	215	48.88	5	47	25.63	38	262	74.51	1	31	24.18	37	231	50.33
2008-09	37	231	50.33	4	84	42.90	41	315	93.23	0	33	1.97	41	282	91.26
2009-10	41	282	91.26	4	25	0.38	45	307	91.64	0	12	0.20	45	295	91.44
2010-11	45	295	91.44	5	44	4.03	50	339	95.46	0	18	0.21	50	321	95.25
2011-12	50	321	95.25	0	0	0.00	50	321	95.25	0	6	1.68	50	315	93.58
2012-13	50	315	93.58	7	93	18.47	57	408	112.05	15	104	44.12	42	304	67.93
2013-14	42	304	67.93	6	85	34.12	48	389	102.05	0	4	0.02	48	385	102.03
2014-15	48	385	102.03	3	34	23.62	51	419	125.65	5	61	0.26	46	358	125.39
2015-16	46	358	125.39	4	66	2.82	50	424	128.21	1	19	0.55	49	405	127.66
2016-17	49	405	127.66	4	53	30.85	53	458	158.52	1	18	0.34	52	440	158.18

(Source: As per data maintained in the office of the AG (E & RSA), Tamil Nadu)

As against 33 IRs involving 215 paragraphs, which were pending at the beginning of 2007-08, the number at the end of 2016-17 had increased to 52 IRs involving 440 paragraphs. Except for the year 2012-13, in which, 104 paragraphs pertaining to 15 IRs were cleared, no significant closure of IRs and the paragraphs was noticed during the rest of ten years period. The response to the local audit reports was poor and adequate steps are required to be taken by the department to clear the outstanding IRs and paragraphs.

3.6.2 Recovery of accepted cases

During the last 10 years, 14 draft paragraphs, including four Performance Audits involving ₹ 59.21 crore were included in the Revenue Receipts

Chapter of the Report of the Comptroller and Auditor General of India, Government of the Union Territory of Puducherry. The Department accepted audit observations involving ₹ 47.90 crore and recovered ₹ 2.73 crore. In respect of a case involving ₹ 41.32 crore, the Government, while accepting the audit observation, issued Notification granting reduced rate of tax with retrospective effect.

3.7 Audit planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, nature/volume of transactions, etc. The annual audit plan is prepared on the basis of risk analysis, which *inter-alia*, includes statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2016-17, the audit universe comprised 33 auditable units; out of which, 19 units were audited during the year 2016-17, i.e., 57.58 *per cent* of the total auditable units.

3.8 Results of audit

Test check of the records of sales tax/value added tax, state excise, stamp duty and registration fees and taxes on vehicles conducted during the year 2016-17 revealed under-assessment/short levy/loss of revenue amounting to ₹ 37.27 crore in 106 cases. During the course of the year, the Department accepted under-assessments and other deficiencies in 15 cases involving ₹ 2.54 crore and recovered ₹ 78.03 lakh. Out of this, 11 cases involving ₹ 2.49 crore were pointed out in 2016-17 and the rest in earlier years.

3.9 Coverage of this Chapter

This Chapter contains a Thematic Audit on “e-Pathiram System of Registration” involving money value of ₹ 1.93 crore. The Department/Government accepted audit observations, involving ₹ 1.71 crore.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.10 Audit of e-Pathiram system of registration

3.10.1 Introduction

Government of India approved the project of "Replication of e-Governance Project Land Registration in the Union Territory of Puducherry" in February 2004, to replace the manual process of registration of documents. National Informatics Centre (NIC), Puducherry, started developing the software e-Pathiram in January 2006. The project aimed at complete digitisation of the process of registration at the Sub-Registrar's Offices thereby rendering expeditious and quality service delivery to citizens. The District Registrar (DR) Office at Puducherry monitored the functioning of the Sub-Registrar Offices with regard to implementation of the Project.

The Project endeavoured to automate the registration workflow, issue of computerised Encumbrance Certificate, electronic scanning/archival of registered documents and issue of certified copies with the objectives of providing transparency, improving turnover time, quality of service and doing away with manual records. The Project, which was operated through standalone computers in each sub-registry, was converted in 2016 as a web based application.

e-Pathiram software has two major modules, *viz*., Workflow module and the Scanning module, which encompasses the entire[2] process of registration.

Audit was undertaken to ascertain (i) the correctness of the amount of stamp duty and registration fee levied in respect of the instruments registered during the period 2013-14 to 2015-16; and (ii) the timely deliverance of the intended citizen services. Audit was conducted between April 2017 and August 2017 covering the District Registry and five[3] out of 10 sub-registries in UT of Puducherry. Since the dump data of accounts module of e-Pathiram was not provided by the Registration Department despite repeatedly asked for, the issues relating to input controls, data completeness, accuracy and reliability of data could not be verified.

An entry conference was held in April 2017 during which the Department was apprised of the objectives, scope and methodology of audit. The audit findings were referred to the Government in October 2017. An exit conference was held with the Secretary to the Government of Puducherry,

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[2] Input Form verification, Title Deed verification, Data entry, Cash approval, Photo capturing/Finger print capturing, Document registration, Document scanning and Document return.

[3] Karaikal, Oulgaret, Puducherry, Thirukannur and Thirunallar selected on the basis of major revenue collection during the audit period.

Revenue Department. The views expressed by the Secretary are incorporated in relevant paragraphs of the report.

Audit findings

3.10.2 Incorrect remission of stamp duty

Government of Puducherry granted (December 2004) remission of 50 *per cent* of stamp duty to the women member(s) acquiring property through conveyance, exchange or gift either individually or severally. The remission was subject to the condition that the beneficiary shall not, within five years of registration of the instrument through which the concession was obtained, create/execute any instrument, including power of attorney, in favour of any male member except mortgage to Government/ Nationalised banks/Registered Co-operative Societies. However, the women beneficiaries were permitted to alienate such property after remitting back the amount of concession availed by them. With effect from August 2009, this concession was restricted to the women member(s) permanently residing in UT of Puducherry.

Our scrutiny of documents registered in the five registration offices during the period April 2013 to March 2016 revealed non-compliance to the conditions governing the grant of remission of stamp duty as mentioned below.

- In 164 cases, mortgage deeds were executed in favour of banks other than Nationalised Banks/Registered Co-operative Societies within five years of acquiring the property.

- In 36 cases, instruments of power in favour of male members were executed within five years from the date of registration of instrument through which the concession was granted.

Since the conditions subject to which the remission of stamp duty was granted, were not adhered to, the women beneficiaries were required to remit the amount of concession availed by them. The registering officers, while registering the subsequent instruments, however, failed to ensure the same. This resulted in incorrect allowance of remission of stamp duty of ₹ 1.46 crore as per details in **Table 3.10.1**.

Table 3.10.1 - Incorrect remission of stamp duty

(₹ in lakh)

Sl. No.	Name of SRO	No. of instru-ments	Amount of concessional stamp duty to be recovered
1	Karaikal	55	94.48
2	Oulgaret	23	22.18
3	Puducherry	57	11.48
4	Thirukannur	43	12.82
5	Tirunallar	22	4.73
	Total	**200**	**145.69**

After we pointed this out between April and July 2017, the District Registrar stated (October 2017) that necessary instructions were issued to the Sub-Registrar concerned to initiate action for recovery of stamp duty. Further report regarding recovery was awaited (December 2017).

3.10.3 Incorrect classification of land resulting in short collection of stamp duty and registration fee

3.10.3.1 Non-adoption of guideline value

As per the provisions of Article 23 of Schedule-I to the Indian Stamp Act, 1899 (IS Act), as applicable to the UT of Puducherry, in the case of conveyance of immovable property, stamp duty including surcharge is leviable at the rate of 10 *per cent* on the market value of the property. According to Section 27, the consideration, market value and all other facts and circumstances affecting the chargeability of the instrument with duty or the amount of the duty with which it is chargeable shall be fully and truly set forth therein.

We compared the Guideline registers of two successive years to identify the survey numbers involving change in classification of lands. We followed this by conducting encumbrance search of the survey numbers concerned to ascertain the transactions involved therein. Such an exercise revealed that agricultural lands converted as residential plots were conveyed through 137 instruments registered in SR, Puducherry and Thirukannur. These instruments were executed prior to the dates of revision of Guide Line Value (GLV) but were registered after the dates of such revision. The total area conveyed through such instruments was 1,93,477 square feet. Since at the time of executing the instruments, agricultural land was already converted as residential plots and GLV for residential land was available at the time of registering the documents, the same was required to be adopted for determination of the amount of stamp duty. We observed that in 137 cases, GLV applicable to agricultural land was adopted instead of the GLV applicable to residential land. Thus, the failure of the registering officers to adopt the correct classification of land and applicable GLV thereon resulted in short collection of stamp duty and registration fee of ₹ 25.65 lakh as mentioned in the following **Table 3.10.2**.

Table 3.10.2 – Short collection due to non-adoption of guideline value

(in ₹)

Name of the sub-registry	No. of cases	Extent conveyed in sq.ft.	Value as per Are	SD and RF paid	Value as per sq.ft.	SD and RF due	Short collection of SD and RF
Puducherry	50	80,213	22,99,500	1,78,373	2,40,63,900	18,77,810	16,99,437
Thirukannur	87	1,13,264	29,31,000	2,51,230	1,29,78,200	11,17,051	8,65,825
Total	**137**	**1,93,477**	**52,30,500**	**4,29,603**	**3,70,42,100**	**29,94,861**	**25,65,262**

After we pointed this out, the District Registrar stated (October 2017) that the Sub-Registrars concerned were directed to recover the deficit stamp duty. Further report regarding recovery was awaited (December 2017).

3.10.3.2 Omission to refer the instruments for determination of market value

As per Indian Stamp (Puducherry Amendment) Act 1970, if the registering authority has reason to believe that market value of the property has not been truly set forth in the instrument, he may refer the same to the Collector for determination of the market value of such property after registering the instruments.

During check of records, we noticed in four sub-registries[4] that agricultural lands were converted as residential plots and conveyed through 221 instruments of sale registered during 2012-13 and 2013-14. However, guideline rates for the survey numbers (including the lands conveyed) continued to be in Ares till 2015-16, *viz.*, agricultural land. Since at the time of executing these instruments, agricultural lands were already converted as residential plots and in the absence of guideline rates for residential plots, the registering officer should have referred these documents to the Collector for fixation of market value. The registering officers, however, did not do so and registered the instruments at the rates applicable to agricultural lands.

We pointed this out to the Department between April and July 2017. Reply was awaited (December 2017).

3.10.4 Levy of stamp duty on agreements relating to sale of securities/shares

According to Article 5(b) of Schedule I to IS Act, stamp duty of maximum of ₹ 10 is payable on instruments of agreements relating to sale of Government security or share in an incorporated company or other

[4] Karaikal, Oulgaret, Puducherry and Thirunallar.

corporate bodies. As per Article 5(c), all other agreements not covered in the Article shall attract eight *annas*.

A perusal of the data collected from Multi Commodity Exchange of India Ltd. (MCX) and National Stock Exchange (NSE) showed that there was a turnover of ₹ 2,16,620.45 crore from the residents of Puducherry in these exchanges for the period from 2013-14 to 2015-16. The details regarding collection of stamp duty at prescribed rates on such turnover was not furnished by the Department. Thus, audit could not ensure collection of stamp duty under Article 5 of the Indian Stamp Act. The rates of duty for these instruments were also due for revision as they were formulated in 1899. At the rate applicable in the State of Tamil Nadu (0.006 *per cent*), the duty on the above turnover would have yielded a stamp duty of ₹ 13 crore for the three years.

After we pointed this out between April and July 2017, the District Registrar replied (November 2017) that collection of stamp duty on sale of shares and debentures does not come under the purview of Registration Department.

The reply is not tenable, as IS Act provides for collection of stamp duty in respect of agreements relating to sale of shares/securities and therefore, the Registration Department is responsible for ensuring collection of the same.

During Exit Conference, the Secretary stated that the system prevailing in the State of Tamil Nadu would be studied and feasibility of implementing the same in UT of Puducherry would be considered.

3.10.5 Delivery of intended citizen services

3.10.5.1 Issue of computerised Encumbrance Certificate

One of the key objectives of “Replication of e-Governance Land Registration” is issue of computerised Encumbrance Certificate (EC). Issue of computerised EC requires the digitisation of index registers maintained in all the sub-registries from the year 1969 onwards. The task of digitising index details from 1969 to 2004 was entrusted to a private firm in 2005. As the firm expressed (April 2008) its inability to continue the work, the contract was terminated in October 2008. The firm had digitised only 60,806 entries out of total 7,61,310 entries. After a delay of more than four years since the termination of contract, data entry operators from the Puducherry Management Productivity Council were engaged (February 2013) to undertake the digitisation of balance 7,00,504 records. Since the process was yet to be completed (December 2017), only manual copies of ECs were being issued even in cases where the index details were digitised.

After we pointed this out (June 2017), the District Registrar replied in October 2017 that 90 *per cent* of the work relating to digitisation of index entries was completed and the remaining work would be completed soon.

The District Registrar further stated that on-line issue of EC would be launched shortly in respect of the sub-registries at Puducherry and Oulgaret, wherein the index entries were digitised completely.

The fact, however, remains that even after a passage of more than nine years since the implementation of e-Pathiram, the basic objective of grant of computerised EC is not achieved.

3.10.5.2 Issue of certified copies of document to the public

The issue of certified copy to the public "over the counter" was one of the objectives of e-Pathiram. Though this requires the scanning/image capturing of 43.64 lakh old documents registered from the year 1969, the work of image capturing of old documents did not commence (May 2017).

After we pointed this out (May 2017), the Department replied (October 2017) that the process of image capturing of old documents was yet to be initiated since the work involved in-house scanning of sensitive registration records. The Department further stated that the funds were sought from the Government and the work is contemplated to be completed within a year.

The fact, however, remains that due to non-scanning/image capturing of old documents registered prior to 2008, certified copy of the documents registered prior to the implementation of e-Pathiram could not be issued on the same day, thus defeating one of the objectives of e-Pathiram even after a lapse of nine years since its implementation.

3.10.5.3 Registration of marriages and issue of marriage certificates

Registration of marriages and issue of marriage certificate are allied functions, besides registration of instruments, of Registration department. After the implementation of e-Pathiram in 2008, the Department proposed the computerisation of the process of marriage registration through integration with e-Pathiram. The proposal involved introduction of bio-metric system and use of webcam similar to registration of documents. However, this was yet to be implemented (December 2017) and registration of marriages and issue of marriage certificates was not being done through e-Pathiram system.

After we pointed this out, the Department stated (October 2017) that integration of the process of registration of marriage with e-Pathiram software was completed and would be put to use shortly.

3.10.5.4 Non-establishment of connectivity between sub-registries and taluk offices

Integration between sub-registries and taluk office records was envisaged in the project to issue patta, based on the registered documents. We observed that digitisation of index register prior to 2008 was not completed (July 2017) by the Registration Department. Further, fresh re-survey/ survey and updating of all survey and settlement records were also not conducted. The Department of Survey stated (April 2017) that surveys and updation would be conducted under a centrally sponsored scheme. Since these two Departments did not complete the above task, the automatic mutation with revenue records at the time of registration of documents under e-Pathiram was not achieved.

After we pointed this out, the Department stated (October 2017) that NIC, which had to integrate the software platform operated by SR offices and Taluk offices were addressed in this regard. Further report was awaited (December 2017).

3.10.6 Implementation of IT System

As the dump data of accounts module of the e-Pathiram was not provided by the Department, the issues relating to input controls, data completeness, accuracy and reliability of data could not be verified.

3.10.6.1 User Access Control

Logical access controls are “a system of measures and procedures, both within an organisation and in the software products used, aimed at protecting computer resources (data, programs and terminals) against unauthorised access attempts”. The District Registrar created and assigned username and password for new users of e-Pathiram system. Usernames of officials are disabled on their transfer or retirement from the Department.

We noticed that though the access to e-Pathiram website was restricted with “node specific access”, the system permitted multiple logins of same user from different machines simultaneously. This carries the risk of unauthorised access to data and manipulation of the same.

After we pointed this out, the Department replied that NIC was addressed for disabling multiple user login.

3.10.6.2 Replacement of obsolete software

Indian Computer Emergency Response Team (CERT-in), Department of Electronics and Information Technology, New Delhi, advised (June 2013) all the departments to replace Windows XP operating system with the latest operating systems before April 2014, in view of perceived security issues. The Department had 67 computer systems deployed in District Registrar's Office and at ten Sub-Registrar's Offices. Of these, 42 computers were functioning with Windows XP operating system (September 2017). As these computers were incompatible with the latest Operating System version of Windows 7 and above, they were exposed to security threats. The Department intended to purchase 25 new computers in October 2014, but only five were purchased so far (September 2017) due to "inadequate allocation of funds".

On being pointed out (September 2017), the Department replied in October 2017 that it prepared a comprehensive proposal for revamping and upgrading all the systems with latest software and for this purpose, NIC was requested to upgrade e-Pathiram with necessary security features.

3.10.6.3 e-Stamp certificates not locked

As per Rule 30 of the Puducherry Stamp (Payment of duty by means of e-stamping) Rules 2010, the registering authority, after verifying the details of the e-stamp certificate used in an instrument shall disable or lock the distinguishing unique identification number of the e-stamp certificate to prevent repeated use of such e-stamp certificate. The report received from the Stock Holding Corporation of India Limited (SHCIL) in respect of compulsory registerable documents revealed that out of 76,379 certificates for ₹ 172.22 crore issued during the years 2013-14 to 2015-16 (up to September 2015), 52,212 certificates (68.36 *per cent*) involving ₹ 64.17 crore were not locked. The e-Pathiram software does not have the facility of auto lock to prevent misuse of e-stamp papers and the process of manual locking of certificates is required. Though proposal was forwarded (2012) to the District Collector for linking the websites of NIC and SHCIL to enable locking the e-Stamp certificates within the e-Pathiram, integration was yet to be made (December 2017).

The Rule for verification and locking of e-Stamp certificates was framed with the view to ensure genuineness of e-Stamp certificates and also to prevent their misuse.

After we pointed out the non-observance of rule provisions and non-integration of websites, the Department replied (October 2017) that NIC was addressed for integration of the websites of NIC and SHCIL.

3.10.7 Conclusion

Audit noticed that the provisions of the Indian Stamp Act regarding levy of stamp duty was not followed in some cases, resulting in non/short realisation of revenue. The registering officers did not ensure the adoption of correct guideline value of properties conveyed and their proper classification. The envisaged objectives of e-Pathiram, including timely rendering of citizen services could not be achieved due to failure to address the issues relating to legacy data even after a lapse of nine years since the implementation of e-Pathiram system of registration in UT of Puducherry.

The matter was referred to UT Government (October 2017); reply was not received (December 2017).

CHAPTER IV

GOVERNMENT COMMERCIAL

AND

TRADING ACTIVITIES

CHAPTER IV

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

4.1 Overview of Union Territory of Puducherry Public Sector Undertakings

Introduction

4.1.1 The Union Territory (UT) Public Sector Undertakings (PSUs) consist of only Government companies. UT PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2017, in UT of Puducherry, there were 12 working Government companies and one non-working Government company. None of the working Government companies were listed on the stock exchange. The details of PSUs in UT of Puducherry as on 31 March 2017 were given in **Table 4.1** below:

Table 4.1 - Total number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs[1]	Total
Government Companies[2]	12	1	13
Total	**12**	**1**	**13**

(Source: Details collected from the Government)

The working PSUs registered a turnover of ₹ 366.63 crore, as *per* their latest finalised accounts as of March 2017. This turnover was equal to 1.33 *per cent* of State Gross Domestic Product (GDP) for 2016-17. The working PSUs incurred loss of ₹ 24.79 crore as *per* their latest finalised accounts as of March 2017. PSUs employed 4,778 employees as at the end of March 2017.

Since 2011-12, Pondicherry Electronics Limited is the non-working PSU in UT of Puducherry. The assets and liabilities of this PSU were taken over by its holding Company (Pondicherry Industrial Promotion Development and Investment Corporation Limited) and PSU is in the process of getting its name removed from the records of Register of Companies.

[1] Non-working PSUs are those which have ceased to carry on their operations.
[2] Government PSUs include companies referred to in Section 139 (5) and 139 (7) of the Companies Act, 2013.

Accountability framework

4.1.2 The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2(45) of the Act, "Government Company" means any Company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company, which is a subsidiary Company of such a Government Company. Further, as per sub-Section 7 of Section 143 of the Act, the Comptroller and Auditor General of India (CAG) may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19 A of CAG's (Duties, Power and Conditions of Service) Act, 1971, shall apply to the report of such test audit.

Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by CAG. An audit of the finanacial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Role of Government and Legislature

4.1.3 The Union Territory Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The Legislature of UT also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of CAG, in respect of Government companies are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19 A of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of UT Government

4.1.4 The Union Territory Government's stake in PSUs is mainly of three types:

- **Share Capital and Loans:** In addition to the share capital contribution, UT Government also provides financial assistance by way of loans to PSUs from time to time.

- **Special Financial Support:** UT Government provides budgetary support by way of grants and subsidies to PSUs, as and when required.
- **Guarantees:** UT Government also guarantees the repayment of loans with interest availed by PSUs from Financial Institutions.

Investment in State PSUs

4.1.5 As of 31 March 2017, the investment (capital and long-term loans) in 12 PSUs was ₹ 733.05 crore, with the capital of ₹ 722.66 crore and ₹ 10.39 crore of long term loans. As on 31 March 2017, the total investment in working PSUs consisted of 98.58 *per cent* towards capital and 1.42 *per cent* in long-term loans. The investment grew by 3.08 *per cent* from ₹ 711.15 crore in 2012-13 to ₹ 733.05 crore in 2016-17.

4.1.6 The sector-wise summary of investments in UT PSUs as on 31 March 2017 is given in **Table 4.2** below:

Table 4.2 - Sector-wise investment in PSUs

Name of the Sector	Working PSUs (₹ in crore)	Investment (in *per cent*)
Manufacturing	409.51	55.86
Finance	143.74	19.61
Power	99.78	13.61
Service	55.09	7.52
Agriculture and allied	24.93	3.40
Total	**733.05**	**100.00**

Special support and returns during the year

4.1.7 The Union Territory Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of UT PSUs for three years ended 2016-17 are given in **Table 4.3** below:

Table 4.3 - Details of budgetary support to PSUs

(₹ in crore)

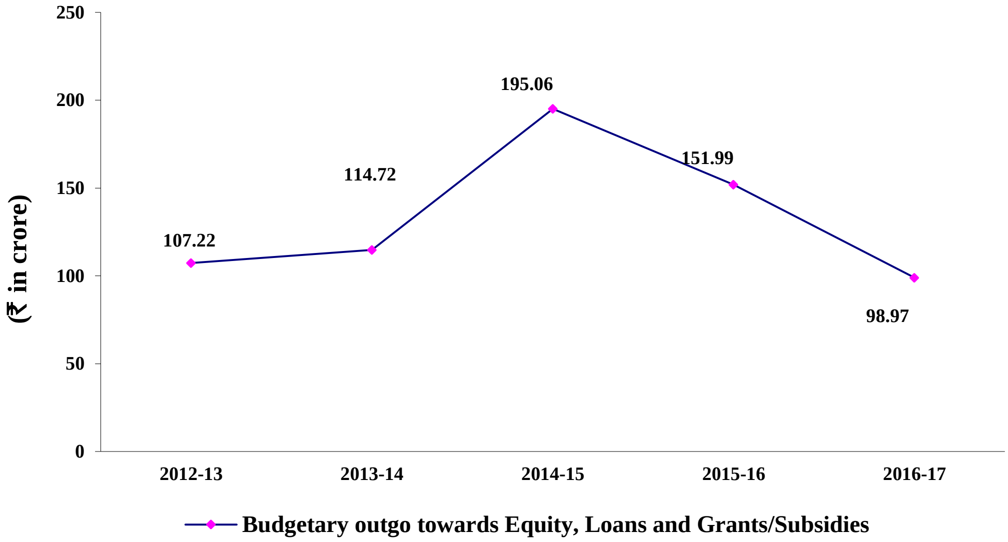
Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1	Equity capital outgo from budget	3	7.96	1	0.31	Nil	Nil
2	Loans given from budget	Nil	Nil	Nil	Nil	2	4.80
3	Grants/subsidy from budget	9	187.10	7	151.68	8	94.17
4	**Total outgo (1+2+3)**	**9**[3]	**195.06**	**7**[3]	**151.99**	**8**[3]	**98.97**
5	Loans converted into equity	Nil	Nil	Nil	Nil	Nil	Nil
6	Loans written off	Nil	Nil	1	5.27	Nil	Nil
7	Interest/penal interest written off	Nil	Nil	1	7.71	Nil	Nil
8	**Total waiver (6+7)**	Nil	Nil	**1**	**12.98**	Nil	Nil
9	Guarantees issued	Nil	Nil	Nil	Nil	Nil	Nil
10	Guarantee commitment	1	3.15	1	3.15	1	3.15

(Source: Details furnished by the companies)

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in the following **Chart 4.1**:

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

Chart 4.1 - Budgetary support to PSUs



4.1.8 As regards guarantee commitment, only Puducherry Adi-Dravidar Development Corporation Limited availed the guarantee from GOI against which ₹ 3.15 crore was outstanding as on 31 March 2017.

Reconciliation with Finance Accounts

4.1.9 The figures in respect of equity, loans and guarantees, outstanding as per records of UT PSUs, should agree with that of the figures appearing in the Finance Accounts of the UT of Puducherry. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2017 is stated in **Table 4.4** below:

Table 4.4 – Equity, loans, guarantees outstanding as per Finance Accounts *vis-a-vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
(1)	(2)	(3)	(4)=(3)-(2)
Equity	710.92	712.39	1.47
Loans	0.94	10.39	9.45
Guarantee	16.15	3.15	(-)13.00

(Source: Finance Accounts and details furnished by the companies)

Audit observed that the differences occurred in respect of equity and loans in three PSU[4], and guarantees in one PSU[5]. Reconciliation of difference was pending from March 2007 in case of one PSU[6]. The Secretary to Government of UT of Puducherry, Finance Department was addressed (May 2017) and his attention was drawn to the need for reconciliation of figures in Finance Accounts and as furnished by the companies in their respective accounts. The UT Government and PSUs should take concrete steps to reconcile the differences in a time bound manner.

Arrears in finalisation of accounts

4.1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year, *i.e.*, by September end, in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act.

The **Table 4.5** below provides the details of progress made by working PSUs in finalisation of accounts as on 30 September 2017.

Table 4.5 - Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Number of working PSUs	13	13	12[7]	12[7]	12[7]
2	Number of accounts finalised during the year	10	3	14	7	11
3	Number of accounts in arrears	24	34	29	34	35
4	Number of working PSUs with arrears in accounts	12	13	12	12	12
5	Extent of arrears (years)	1 to 4	1 to 5	1 to 5	1 to 6	1 to 7

(Source: Details compiled by audit based on certified accounts of companies)

It can be observed that the number of accounts in arrears increased from 29 in 2014-15 to 35 in 2016-17.

The administrative departments have the responsibility to oversee the activities of these Companies and ensure that the accounts are finalised and

4 Puducherry Agro Products, Food and Civil Supplies Corporation Limited, Puducherry Corporation for the Development of Women and Differently Abled Persons Limited and Puducherry Road Transport Corporation Limited.

5 Puducherry Backward Classes and Minority Development Corporation Limited.

6 Puducherry Agro Products, Food and Civil Supplies Corporation Limited.

7 One PSU, *viz.*, Pondicherry Electronics Limited had become a non-working Company and is under the process of winding up.

adopted by these PSUs within the stipulated period. The Accountant General (AG), Economic and Revenue Sector Audit, Tamil Nadu brought out the position of the arrears of accounts to the notice of the Secretary, Finance Department every quarter. As there were arrears in accounts in all the 12 working PSUs upto 2016-17, their net worth could not be assessed in Audit.

4.1.11 The Union Territory Government invested ₹ 179.22 crore in nine PSUs (equity: ₹ 6.12 crore (two PSUs), loans: ₹ 4.80 crore (two PSUs) and grants: ₹ 168.30 crore (nine PSUs)), during the years for which accounts were not finalised, as detailed in **Appendix 4.1**. Due to non-finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred was properly accounted for and the purpose for which the amount was invested was achieved or not and thus, UT Government's investment in such PSUs remained outside the control of Legislature.

Impact of non-finalisation of accounts

4.1.12 As pointed out above (Para 4.1.9 to 4.1.11), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to UT GDP for the year 2016-17 could not be ascertained and their contribution to State Exchequer was also not reported to the Legislature.

It is, therefore, recommended that:

- The Union Territory Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies, which would be monitored by the cell.

- The Union Territory Government may consider outsourcing the work relating to preparation of accounts, wherever the staff is inadequate or lacks expertise.

Performance of PSUs as per their latest finalised accounts

4.1.13 The financial position and working results of working Government companies are detailed in **Appendix 4.2**. A ratio of PSU turnover to UT GDP shows the extent of PSU activities in UT economy. **Table 4.6** depicts the details of working PSUs turnover and UT GDP for a period of five years ending 2016-17.

Table 4.6 - Details of working PSUs turnover *vis-a-vis* State GSDP

(₹ in crore)

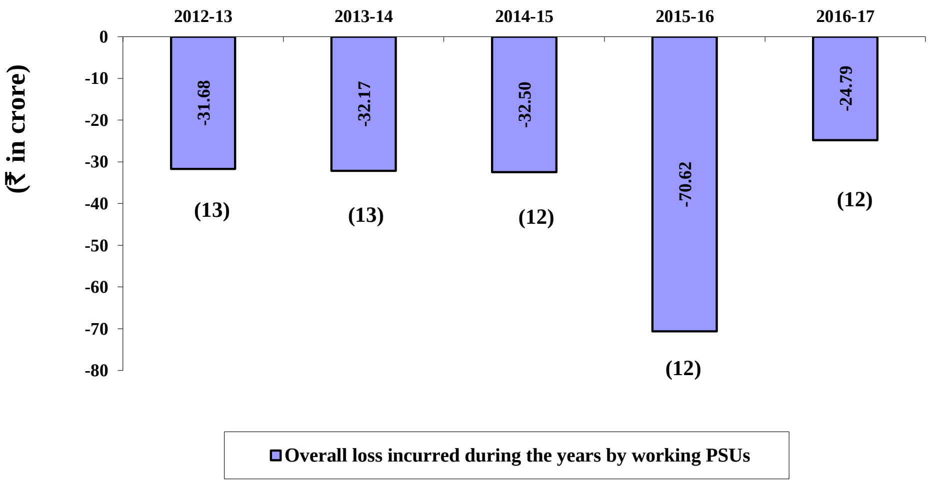
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover[8]	373.92	378.86	401.26	362.61	366.63
GSDP	16,768	21,061	25,819	26,533	27,586
Percentage of turnover to GSDP	2.23	1.80	1.55	1.37	1.33

(Source: Details furnished by companies and data on GDP furnished by UT Government)

Turnover of PSUs increased continuously from 2012-13 to 2014-15 but decreased in 2015-16. However, the turnover for 2016-17 increased by 1.11 *per cent* as compared to 2015-16. Percentage of turnover of PSUs to UT GDP decreased from 2.23 in 2012-13 to 1.33 in 2016-17.

4.1.14 Overall losses incurred by working PSUs of UT of Puducherry, during 2012-13 to 2016-17, as per the latest finalised accounts are given below in **Chart 4.2**.

Chart 4.2 – Profit/Loss of working PSUs



(Figures in brackets show the number of working PSUs in respective years)

Working PSUs of UT Government collectively incurred continuous losses in all the five years ending 2016-17. As per the latest finalised accounts, out of 12 working PSUs, four PSUs earned a profit of ₹ 13.20 crore and seven PSUs incurred a loss of ₹ 37.99 crore, leading to overall loss of ₹ 24.79 crore. One[9] Company neither earned profit nor incurred any loss.

8 Turnover as per the latest finalised accounts as on 30 September 2017.

9 Puducherry Corporation for Development of Women and Differently Abled Persons Limited.

4.1.15 Some other key parameters of PSUs are given in **Table 4.7** below:

Table 4.7 - Key parameters of State PSUs

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital employed (Ratio)	-18.80	-19.19	-15.38	-53.60	-7.67
Return on Equity (Ratio)	-31.68	-32.17	-32.50	-70.62	-24.79
Debt	Nil	Nil	12.83	11.86	10.39
Turnover[10]	373.92	378.86	401.26	362.61	366.63
Debt / turnover ratio	Nil	Nil	0.03:1	0.03:1	0.03:1
Interest payments	12.88	12.98	17.12	17.02	17.12
Accumulated losses	496.38	490.12	520.39	550.01	640.29

(Source: Details furnished by the Companies and latest finalised accounts of companies)

4.1.16 The Government of UT of Puducherry did not formulate any policy for payment of minimum dividend on the share capital contributed by it. Out of nine PSUs, which finalised their 11 accounts during the year, two[11] PSUs, declared a dividend of ₹ 1.39 crore.

Winding up of non-working PSUs

4.1.17 There was one non-working PSU as on 31 March 2017, which was in the process of getting its name removed from the records of Register of Companies.

Accounts comments

4.1.18 Nine working companies forwarded eleven audited accounts to the CAG during the year 2016-17. Of these, accounts of four companies were selected for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of Statutory Auditors and CAG are given in **Table 4.8**:

[10] Turnover of working PSUs, as per the latest finalised accounts, as on 31 March 2017.

[11] Puducherry Distilleries Limited and Pondicherry Industrial Promotion Development and Investment Corporation Limited.

Table 4.8 - Impact of audit comments on working companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Increase in loss	2	8.58	2	1.51	2	6.81
2	Decrease in loss	1	0.15	1	0.27	Nil	Nil
3	Increase in profit	1	0.42	Nil	Nil	1	0.76
4	Errors of classification	1	2.06	Nil	Nil	Nil	Nil
	Total	**5**	**11.21**	**3**	**1.78**	**3**	**7.57**

(Source: Latest finalised annual accounts of companies)

During the year, the Statutory Auditors issued unqualified certificates for seven accounts and qualified certificates for four accounts. The compliance of companies with the Accounting Standards remained poor, as there were seven instances of non-compliance in three accounts during the year.

Coverage of this Chapter

4.1.19 This Chapter contains a draft paragraph on Blocking up of funds by Puducherry Power Corporation Limited and Puducherry Distilleries Limited involving financial effect of ₹ 92.69 crore.

PUDUCHERRY POWER CORPORATION LIMITED AND PUDUCHERRY DISTILLERIES LIMITED

4.2 Injudicious sanction of loans

Two PSUs did not secure their financial interest on account of injudicious sanction of loans, which led to blocking of ₹ 92.69 crore.

Puducherry Power Corporation Limited (PPCL) and Puducherry Distilleries Limited (PDL) were profit earning Public Sector Undertakings (PSUs) of Union Territory of Puducherry. Both the PSUs have not laid down any norms for investment of their surplus funds. The profits of these PSUs were mainly parked as short term fixed deposits with banks with the approval of their Board of Directors. The details of accumulated profit and fixed deposits

(FDs) of these two PSUs in the last five years up to 2016-17 are given in the following **Table 4.9**.

Table 4.9 - Statement showing profits earned and fixed deposits maintained by the two PSUs in different financial years

(₹ in crore)

Sl. No.	PSU/Year	2012-13	2013-14	2014-15	2015-16	2016-17
	Accumulated Profit					
1.	PPCL	42.94	45.75	31.06	32.02	34.52
2.	PDL	24.24	26.01	28.02*	29.28*	26.70*
	Fixed Deposits					
3.	PPCL	77.68	64.80	54.52	18.92	26.84
4.	PDL	32.07	29.97	26.77	12.78	13.68

*These figures are provisional

It is evident from above that the investments in FDs of these PSUs suddenly decreased during 2015-16 due to sanction of loans to (i) Pondicherry Co-operative Sugar Mills Limited (PCSM), (ii) Pondicherry Textiles Corporation Limited (PTC) and (iii) Pondicherry Co-operative Wholesale Stores Limited (PCWS). These entities were either sick or loss making entities. The details of loans disbursed to these three entities and the loan amounts outstanding as on 31 July 2017 are given in the following **Table 4.10.**

Table 4.10 - Statement showing loans disbursed and outstanding dues as of July 2017

(₹ in crore)

Sl. No	Loan availed by	From PPCL			From PDL		
		Loan amount sanctioned	Date of sanction	Outstanding Principal and Interest as of July 2017	Loan amount sanctioned	Date of sanction	Outstanding Principal and Interest as of July 2017
1.	PCSM	5.00	July 2011	9.75	13.00	June 2011/ January 2014	18.73
2.	PTC	10.00	September 2015	12.20	---	---	---
3.	PCWS	30.00	February 2016	34.38	15.00	February 2016	17.63
	Total	**45.00**		**56.33**	**28.00**		**36.36**

Audit noticed that both PSUs did not invoke the security offered for recovery of the loan disbursed and interest thereon as provided for in the short term loan agreement entered into with these entities. Consequently, the outstanding amount accumulated to ₹ 92.69 crore. In this connection audit observed that:

- As per the Memorandum of Association (MOA) of PPCL, it could grant loans only to its customers or others having dealings with it. Therefore, sanction of loans to the three entities not having any dealings with PPCL was *ultra-vires* of MOA.

- The loan amount of ₹ 45 crore was sanctioned by both PSUs to PCWS based on the decision taken at the high level meeting conducted (February 2016) by the then Chief Minister of the Government of Puducherry. The loan amount was disbursed without any security and without incorporating deterrent provisions in the short term loan agreement entered into with PCWS for ensuring loan repayment. PCWS was an entity engaged in distribution of freebies[12] on behalf of Government, therefore, not generating any revenue on its own through its activities. The chances for repayment of the loan by PCWS without any external support were remote. Hence, the accumulation of the dues (repayable only in three months) amounting to ₹ 52.01 crore as of July 2017 was difficult to recover.

- PCSM was a defaulter of the loan obtained from PPCL (₹ five crore) and PDL (₹ three crore) in June/July 2011. While not initiating any steps to recover the loan, this Company was again sanctioned a loan of ₹ 10 crore by PDL in January 2014 ignoring the poor record of repayment of earlier loans.

- PPCL advanced loan of ₹ 10 crore to PTC on the condition that the loan should be repaid out of sale proceeds of its land. Even though the loan was overdue by more than a year in October 2017, PTC did not obtain the Government approval for sale of land. This indicated doubtful recovery of the loan in near future.

Thus, failure of these two PSUs in securing their financial interests on account of injudicious sanction of loans led to blocking of funds to the extent of ₹ 92.69 crore. There is also a remote chance that these PSUs could not even recover the principal amount from those defaulters.

[12] Distribution of mixie and grinders to the public and ration card holders free of cost.

Both the PSUs replied (September/October 2017) that the loans were being followed up. The fact, however, remained that despite follow-ups, no recovery was made by these PSUs (November 2017).

The matter was referred to the UT Government in December 2017; reply was not received (December 2017).

Chennai
The 16 March 2018

(R. THIRUPPATHI VENKATASAMY)
Accountant General
(General and Social Sector Audit)
Tamil Nadu and Puducherry

Countersigned

New Delhi
The 21 March 2018

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

Appendices

Appendix 1.1
(Reference: Paragraph 1.6; Page 8)

Details of IRs issued upto March 2017 and paragraphs pending as on September 2017

Sl.No	Name of the Department/ Directorate/Societies	Inspection Reports	Paragraphs
(1)	(2)	(3)	(4)
1	Accounts and Treasuries	19	52
2	Adi-Dravidar Welfare	18	118
3	Agriculture	55	233
4	Animal Husbandry and Animal Welfare	12	57
5	Art and Culture	10	60
6	Civil Supplies and Consumer Affairs	16	66
7	Collegiate and Technical Education	67	309
8	Commercial Taxes	46	341
9	Co-operation	15	84
10	Economics and Statistics	3	5
11	Election	2	6
12	Electricity	31	125
13	Fire Service	2	12
14	Fisheries and Fishermen Welfare	32	141
15	Forest and Wild Life	4	13
16	Heads of State	12	35
17	Health and Family Welfare Services	71	299
18	Hindu Religious Institutions	5	33
19	Industries and Commerce	36	147
20	Information and Publicity	8	25
21	Information Technology	5	20
22	Jails	8	38
23	Labour and Employment	25	123
24	Law/Judicial	12	40
25	Local Administration	78	432
26	Planning and Research	3	5
27	Police	10	54

Appendix 1.1 (concld)

(1)	(2)	(3)	(4)
28	Port	10	36
29	Public Works	88	431
30	Revenue and Disaster Management	164	522
31	Rural Development	29	125
32	Sainik Welfare	2	3
33	School Education	116	397
34	Science, Technology and Environment	10	38
35	Social Welfare	28	96
36	Stationery and Printing	3	11
37	Tourism	16	98
38	Town and Country Planning	22	112
39	Transport	60	244
40	Women and Child Development	24	113
	Total	**1,177**	**5,099**

Appendix 2.1
(Reference: Paragraph 2.4.6; Page 40)

Details of scheme-wise expenditure incurred during 2014-17

(₹ in lakh)

Sl. No.	Name of the Scheme	2014-15		2015-16		2016-17	
		Number of beneficiaries	Amount	Number of beneficiaries	Amount	Number of beneficiaries	Amount
1	Marriage Assistance	381	19.05	296	14.80	589	29.45
2	Maternity Assistance	48	1.44	53	1.59	65	1.95
3	Medical Assistance	148	0.64	98	0.44	167	0.72
4	Accidental medical benefit	Nil	Nil	8	0.17	12	0.27
5	Funeral Assistance	207	10.35	181	9.05	264	13.20
6	Refund of contribution	207	1.12	181	1.20	264	2.16
7	Payment of premium to LIC under AABY	33,725	33.73	35,731	35.73	35,984	35.98
8	Diwali gift coupons	33,981	339.81	34,276	685.52	32,773	655.40
9	Lean period assistance	Nil	Nil	28,787	1,154.48	Nil	Nil
10	Educational financial assistance	Nil	Nil	1,139	87.02	401	36.34
11	Mixie and Grinders	Nil	Nil	20,982	596.00	Nil	Nil
12	Laptops	Nil	Nil	849	119.40	Nil	Nil
13	Administrative expenses and others	Nil	130.86	Nil	132.60	Nil	78.53
Total expenditure			**537.00**		**2,838.00**		**854.00**

Appendix 2.2
(Reference: Paragraph 2.4.7; Page 43)

Manpower position

Sl.No	Post	Sanctioned number	Filled	Vacant	Remarks
1	Labour Officer	1	Nil	1	Held as an additional charge by a Superintendent of Labour Department
2	Deputy Inspector of Labour	1	Nil	1	The Deputy Inspector of Labour appointed on deputation from Labour department has been posted as Labour officer (Enforcement), Labour department on service placement
3	Assistant Inspector of Labour	7	2	5	Filled on deputation basis from Labour Department
4	Accountant	1	Nil	1	A retired Accounts Officer was engaged on contract basis without approval of the UT Government
5	Stenographer	1	Nil	1	Not filled up since the formation of the Board
6	Upper Division Clerk	1	Nil	1	
7	Lower Division Clerk	10	13	1	Includes eight staff engaged on contract basis
8	Driver	1	1	Nil	The driver was working on service placement at the office of the Labour Minister and Board was engaging a driver on outsourcing for operating Board's vehicle
9	Peon	6	7	Nil	
	Total	**29**	**23**		

Appendix 2.3
(Reference: Paragraph 2.5.5.1; Page 52)

Comparative statement of procurement of rice and ragi

(₹ in crore)

Year	Quantity procured (in kgs)	Purchase price per kg (₹)	Total expenditure	FCI Rate per kg	Total cost as per FCI rate	Loading and unloading charges	Total cost as per FCI rates including loading and unloading charges	Excess expenditure
(A) Rice								
2014-15	3,73,533.33	35.00	1.31	3.00	0.11	0.07	0.18	1.13
2015-16	6,29,544.54	38.00	2.39	3.00	0.19	0.11	0.30	2.09
2016-17	5,81,803.90	38.00	2.21	3.00	0.17	0.10	0.28	1.93
							Total (A)	**5.15**
(B) Ragi								
2014-15	2,05,336	38.00	0.78	1.00	0.02	0.04	0.06	0.72
2015-16	3,97,028	42.00	1.67	1.00	0.04	0.07	0.11	1.56
2016-17	3,86,860	45.00	1.74	1.00	0.04	0.07	0.11	1.63
							Total (B)	**3.91**
							Total excess expenditure incurred (A) + (B)	**9.06**

Appendix 4.1
(Reference: Paragraph 4.1.11; Page 81)
Statement showing investments made by Union Territory Government in PSUs whose accounts are in arrears

(Figures in columns 4 and 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid-up capital	Period of accounts pending finalisation	Investment made by Union Territory Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Puducherry Agro Service and Industries Corporation Limited (PASIC)	2011-12	15.00	2012-13 to 2016-17	Nil	Nil	15.00
2	Puducherry Agro Products, Food and Civil Supplies Corporation Limited (PAPSCO)	2012-13	9.93	2013-14 to 2016-17	Nil	Nil	11.60
3	Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC)	2015-16	112.58	2016-17	Nil	Nil	Nil
4	Puducherry Adi-Dravidar Development Corporation Limited (PADCO)	2014-15	14.86	2015-16 and 2016-17	Nil	Nil	3.30
5	Puducherry Corporation for the Development of Women and Differently Abled Persons Limited (PCDWDAP)	2015-16	3.82	2016-17	Nil	2.08	38.62
6	Puducherry Backward Classes and Minorities Development Corporation Limited (PBCMDCL)	2013-14	4.19	2014-15 to 2016-17	0.62	Nil	5.60
7	Puducherry Distilleries Limited (PDL)	2013-14	8.45	2014-15 to 2016-17	Nil	Nil	Nil
8	Pondicherry Textile Corporation Limited (PONTEX)	2014-15	367.35	2015-16 and 2016-17	Nil	Nil	36.52
9	Swadeshee-Bharathee Textile Mills Limited (SBTML)	2009-10	28.21	2010-11 to 2016-17	5.50	Nil	29.00
10	Puducherry Power Corporation Limited (PPCL)	2015-16	99.78	2016-17	Nil	Nil	Nil
11	Puducherry Tourism Development Corporation Limited (PTDC)	2014-15	17.59	2015-16 and 2016-17	Nil	Nil	5.00
12	Puducherry Road Transport Corporation Limited (PRTC)	2012-13	34.78	2013-14 to 2016-17	Nil	2.72	23.66
	Total				**6.12**	**4.80**	**168.30**

Appendix 4.2

(Reference: Paragraph 4.1.13; Page 81)

Summarised financial position and working results of Government companies as per their latest finalised financial statements/accounts

(Figures in Columns (5) to (12) are ₹ in crore)

Sl.No	Sector/Name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of the year	Accumulated profit(+)/ Loss(-)	Turnover	Net profit(+)/ Loss(-)	Net impact of audit comments	Capital employed[1]	Return on capital employed (Ratio)	Percen-tage of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	AGRICULTURE and ALLIED												
1	Puducherry Agro Service and Industries Corporation Limited (PASIC)	2011-12	2017-18	15.00	Nil	(-)36.97	22.69	(-)9.89		(-)20.91	(-)9.79	Nil	343
2	Puducherry Agro Products, Food and Civil Supplies Corporation Limited (PAPSCO)	2012-13	2016-17	9.93	Nil	(-)19.89	124.72	(-)1.44		(-)9.83	(-)0.82	Nil	347
	Sector-wise total			**24.93**	**Nil**	**(-)56.86**	**147.41**	**(-)11.33**		**(-)30.74**	**(-)10.61**	Nil	**690**
	FINANCE												
3	Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIC)	2015-16	2017-18	112.58	Nil	5.82	7.86	3.78		132.20	3.78	2.86	96
4	Puducherry Adi-Dravidar Development Corporation Limited (PADCO)	2014-15	2016-17	14.86	Nil	(-)14.55	1.42	(-)1.42		1.25	(-)1.26	Nil	61
5	Puducherry Corporation for the Development of Women and Differently Abled Persons Limited (PCDWDAP)	2015-16	2017-18	3.82	7.67	Nil	0.47	Nil		15.80	0.28	1.77	1,339
6	Puducherry Backward Classes and Minorities Development Corporation Limited (PBCMDCL)	2013-14	2016-17	4.19	Nil	1.45	3.65	1.45		43.88	1.45	3.30	40
	Sector-wise total			**135.45**	**7.67**	**(-)7.28**	**13.40**	**3.81**		**193.13**	**4.25**	**2.20**	**1,536**

Note: Loans outstanding represents long-term loans at the close of 2016-17

Sl.No	Sector/Name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of the year	Accumulated profit(+)/ Loss(-)	Turnover	Net profit(+)/ Loss(-)	Net impact of audit comments	Capital employed[1]	Return on capital employed (Ratio)	Percent-age of return on capital employed	Man-power
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	MANUFACTURING												
7	Puducherry Distilleries Limited (PDL)	2013-14	2016-17	8.45	Nil	42.85	36.06	4.95		51.69	4.96	9.60	145
8	Pondicherry Textile Corporation Limited (PONTEX)	2014-15	2017-18	367.35	Nil	(-)546.39	21.58	(-)9.52		109.40	4.60	4.20	856
9	Swadeshee-Bharathee Textile Mills Limited (SBTML)	2009-10	2012-13	28.21	Nil	(-)42.79	10.52	(-)11.36		16.49	(-)9.59	Nil	389
	Sector-wise total			**404.01**	**Nil**	**(-)546.33**	**68.16**	**(-)15.93**		**177.58**	**(-)0.03**	Nil	**1,390**
	POWER												
10	Puducherry Power Corporation Limited (PPCL)	2015-16	2017-18	99.78	Nil	32.02	96.09	3.02		165.67	3.02	1.82	124
	Sector-wise total			**99.78**	**Nil**	**32.02**	**96.09**	**3.02**		**165.67**	**3.02**	1.82	**124**
	SERVICE												
11	Puducherry Tourism Development Corporation Limited (PTDC)	2014-15	2017-18	17.59	Nil	(-)23.50	14.10	(-)2.91		(-)5.91	(-)2.85	Nil	249
12	Puducherry Road Transport Corporation Limited (PRTC)	2012-13	2015-16	34.78	2.72	(-)38.34	27.47	(-)1.45		3.49	(-)1.45	Nil	789
	Sector-wise total			**52.37**	**2.72**	**(-)61.84**	**41.57**	**(-)4.36**		**(-)2.42**	**(-)4.30**	Nil	**1,038**
	Grand total			**716.54**	**10.39**	**(-)640.29**	**366.63**	**(-)24.79**		**503.22**	**(-)7.67**	Nil	**4,778**
	Non-working company												
	MANUFACTURING												
1	Pondicherry Electronics Limited (PELECON)	Nil	Nil	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil

[1] Capital employed represents shareholders funds *plus* long-term borrowings. In respect of Sl.No.9, capital employed represents net fixed assets (including capital work-in-progress) PLUS working capital

Glossary of abbreviations

AABY	:	Aam Admi Bima Yojana
ALMSC	:	Anganwadi Level Monitoring and Support Committee
AIL	:	Assistant Inspector of Labour
AMRUT	:	Atal Mission for Rejuvenation and Urban Transformation
ANM	:	Auxiliary Nursing Midwifery
APIP	:	Annual Programme Implementation Plan
ATN	:	Action Taken Notes
AW	:	Anganwadi
AWC	:	Anganwadi Centres
AWH	:	Anganwadi Helpers
AWW	:	Anganwadi Workers
BLMC	:	Block Level Monitoring Committee
CDP	:	City Development Plan
CDPO	:	Child Development Project Officer
CERT	:	Computer Emergency Response Team
CoE	:	Consent to Establish
CPHEEO	:	Central Public Health and Environmental Engineering Organisation
CPWD	:	Central Public Works Department
CST Act	:	Central Sales Tax Act, 1956
CTD	:	Commercial Taxes Department
DD (ESI)	:	Deputy Director (Employees State Insurance)
DLMRC	:	District Level Monitoring and Review Committee
DPR	:	Detailed Project Report
DR	:	District Registrar
DWCRA	:	Development of Women and Children in Rural Areas
EC	:	Encumbrance Certificate
ECCE	:	Early Childhood Care and Education
FCI	:	Food Corporation of India
GDP	:	Gross Domestic Product
GFR	:	General Financial Rules, 2005
GLV	:	Guide Line Value

GOI	:	Government of India
GSDP	:	Gross State Domestic Product
HDPE	:	High Density Poly Ethylene
HUDCO	:	Housing and Urban Development Corporation
ICDS	:	Integrated Child Development Services
IGMCRI	:	Indira Gandhi Medical College and Research Institute
IRMA	:	Independent Review and Monitoring Agency
IRs	:	Inspection Reports
IS Act	:	Indian Stamp Act
IT	:	Information Technology
LAO	:	Land Acquisition Officer
MCPC	:	Mother and Child Protection Card
MCX	:	Multi Commodity Exchange of India Limited
MLD	:	Million Litres per Day
MoA	:	Memorandum of Association
NIC	:	National Informatics Centre
NSE	:	National Stock Exchange
OS	:	Outstanding
PAC	:	Public Accounts Committee
PASIC	:	Puducherry Agro Services and Industrial Corporation Limited
PCSM	:	Pondicherry Co-operative Sugar Mills Limited
PCWS	:	Pondicherry Co-operative Wholesale Stores Limited
PDL	:	Puducherry Distilleries Limited
PEA	:	Project Executing Agency
PEC	:	Puducherry Engineering College
PHCs	:	Primary Health Centres
PIPDIC	:	Pondicherry Industrial Promotion Development and Investment Corporation Limited
PMPSPCS	:	Pondicherry Multipurpose Service Providers Co-operative Society
PPA	:	Pondicherry Planning Authority
PPCC	:	Puducherry Pollution Control Committee
PPCL	:	Puducherry Power Corporation Limited
PSUs	:	Public Sector Undertakings

PTC	:	Pondicherry Textiles Corporation Limited
PWD	:	Public Works Department
RC	:	Registrar of Companies
RF	:	Registration Fee
RGWCH	:	Rajiv Gandhi Women and Children Hospital
SAC	:	State Advisory Committee
SC/ST	:	Scheduled Caste/Scheduled Tribe
SD	:	Stamp Duty
SEPC	:	State Empowered Programme Committee
SHCIL	:	Stock Holding Corporation of India Limited
SHG	:	Self Help Groups
SLMRC	:	State Level Monitoring and Review Committee
SLNA	:	State Level Nodal Agency
SMSG	:	State Mission Steering Group
SNP	:	Supplementary Nutrition Programme
SR	:	Sub-Registrar
SRO	:	Sub-Registrar Office
STP	:	Sewage Treatment Plant
TDS	:	Tax Deducted at Source
UGSS	:	Under Ground Sewerage System
UT	:	Union Territory
VAT	:	Value Added Tax
WCD	:	Women and Child Development

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