CHAPTER I

FINANCES OF THE UNION TERRITORY GOVERNMENT

CHAPTER I

FINANCES OF THE UNION TERRITORY GOVERNMENT

The Union Territory (UT) of Puducherry is located on the East Coast of India and extends over an area of 490 sq.km. The UT consists of four regions, namely, Puducherry, Karaikal, Mahe and Yanam, geographically separated from each other. The UT is administered under the provisions of the Government of Union Territories Act, 1963. As indicated in **Appendix 1.1**, the UT's population increased from 9.74 lakh in 2001 to 12.48 lakh in 2011, recording a decadal growth rate of 28.13 *per cent*. The percentage of population below the poverty line was 9.69, which was lower than the all-India average of 21.90. The UT's Gross State Domestic Product (GSDP) in 2013-14 at current price was ₹ 21,061 crore[1]. The UT's literacy rate increased from 81.24 *per cent* (as per 2001 census) to 85.80 *per cent* (as per 2011 census). The per capita income of the UT (source: Directorate of Economics and Statistics, Puducherry) stands at ₹ 1,68,766 against the country average of ₹ 86,538. General data relating to the UT is given in **Appendix 1.1**.

Gross State Domestic Product

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the UT in a given period of time. The growth of GSDP of the UT is an important indicator of the UT's economy as it indicates the standard of living of the UT's population. The trends in the annual growth of India's GDP and UT's GSDP at current prices are indicated below in **Table 1.1**:

Table 1.1: Trend of growth of GDP and GSDP*

	2009-10	2010-11	2011-12	2012-13	2013-14
India's GDP (₹ in crore)	61,08,903	72,48,860	83,91,691 (Revised Estimate)	93,88,876 (Quick Estimate)	1,04,72,807 (Advance Estimate)
Growth rate of GDP (percentage)	15.18	18.66	15.77	11.88	11.54
UT's GSDP (₹ in crore)	12,304	13,092	14,661 (Revised Estimate)	16,768 (Provisional)	21,061 (Quick Estimate)
Growth rate of GSDP (percentage)	22.43	6.40	11.98	14.37	25.60

(Source : GSDP in Puducherry-Directorate of Economics and Statistics, Puducherry;
India's GDP-Information from Ministry of Statistics and Programme Implementation)

* Revised, Provisional and Quick estimates of GSDP ₹ 14,661 crore, ₹ 16,768 crore and ₹ 21,061 crore have been adopted for the years 2011-12, 2012-13 and 2013-14 respectively

[1] Quick Estimate
The terms and abbreviations used in this Report are listed in the Glossary at Page No.73

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of the UT of Puducherry during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1 Part B and Part C.** The methodology adopted for the assessment of the fiscal position of the UT is given in **Appendix 1.2.** A time series data on the UT Government finances is given in **Appendix 1.3.**

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.2 presents the summary of the UT Government's fiscal transactions during the current year (2013-14) *vis-à-vis* the previous year (2012-13), while **Appendix 1.4 - Part A** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2 Summary of Current Year's Fiscal Operations

(₹ in crore)

2012-13	Receipts	2013-14	2012-13	Disbursements	2013-14		
Section-A: Revenue					**Non Plan**	**Plan**	**Total**
3,146	**Revenue receipts**	**4,308**	**3,051**	**Revenue expenditure**	**3,132**	**1,351**	**4,483**
1,917	Tax revenue	1,904	1,139	General services	1,191	44	1,235
118	Non-tax revenue	1,193	1,252	Social services	653	1,008	1,661
Nil	Share of Union Taxes/ Duties	Nil	655	Economic services	1,283	299	1,582
1,111	Grants from the Government of India	1,211	5	Grants-in-aid and Contributions	5	Nil	5
Section-B: Capital							
Nil	Miscellaneous Capital Receipts	Nil	315	Capital expenditure	6	356	362
3	Recoveries of Loans and Advances	3	1	Loans and Advances disbursed	1	Nil	1
529	Public Debt receipts	750	188	Repayment of Public Debt	128	76	204
Nil	Contingency Fund	Nil	Nil	Contingency Fund			Nil
715	Public Account receipts	$910	717	Public Account disbursements	*	*	709
899	Opening Cash Balance	1,020	1,020	Closing Cash Balance			1,232
5,292	**Total**	**6,991**	**5,292**	**Total**			**6,991**

(Source: Finance Accounts of respective years); * Bifurcation of Plan and Non-Plan not available. $ Differs from Appendix 1.3 due to rounding off

Following are the significant changes during 2013-14 as compared to the previous year 2012-13:

- Revenue receipts increased by ₹ 1,162 crore due to increase in non-tax revenue by ₹ 1,075 crore and release of additional grants by GOI amounting to ₹ 100 crore, offset by decrease of tax revenue of ₹ 13 crore.

- Revenue expenditure increased by ₹ 1,432 crore due to more expenditure on General Services (₹ 96 crore), Social Services (₹ 409 crore) and Economic Services (₹ 927 crore).

- Capital expenditure increased by ₹ 47 crore during the year and it was 7.47 *per cent* of the aggregate expenditure.

- While Public Account receipts increased by ₹ 195 crore, Public Account disbursements decreased marginally by ₹ eight crore during 2013-14.

1.1.2 Review of the fiscal situation

As UT of Puducherry was not covered under Central Finance Commission, FRBM Act was not enacted. However, fiscal road map based on the principles of GOI's FRBM Act had been prepared and approved by GOI. The target prescribed in the fiscal road map and target proposed in the budget are given in **Table 1.3**:

Table 1.3: Comparison of fiscal variable with road map for 2013-14

Fiscal variables	Target proposed in the fiscal road map	Target proposed in the budget	Actuals
Revenue deficit(-) / surplus (+) (₹ in crore)	(-) 171.41	(+) 48.38	(-) 175.13
Fiscal deficit / GSDP (*per cent*)	4.43	Nil	2.54
Ratio of total outstanding debt of the Government to GSDP (*per cent*)	30.85	Not Available	31.12

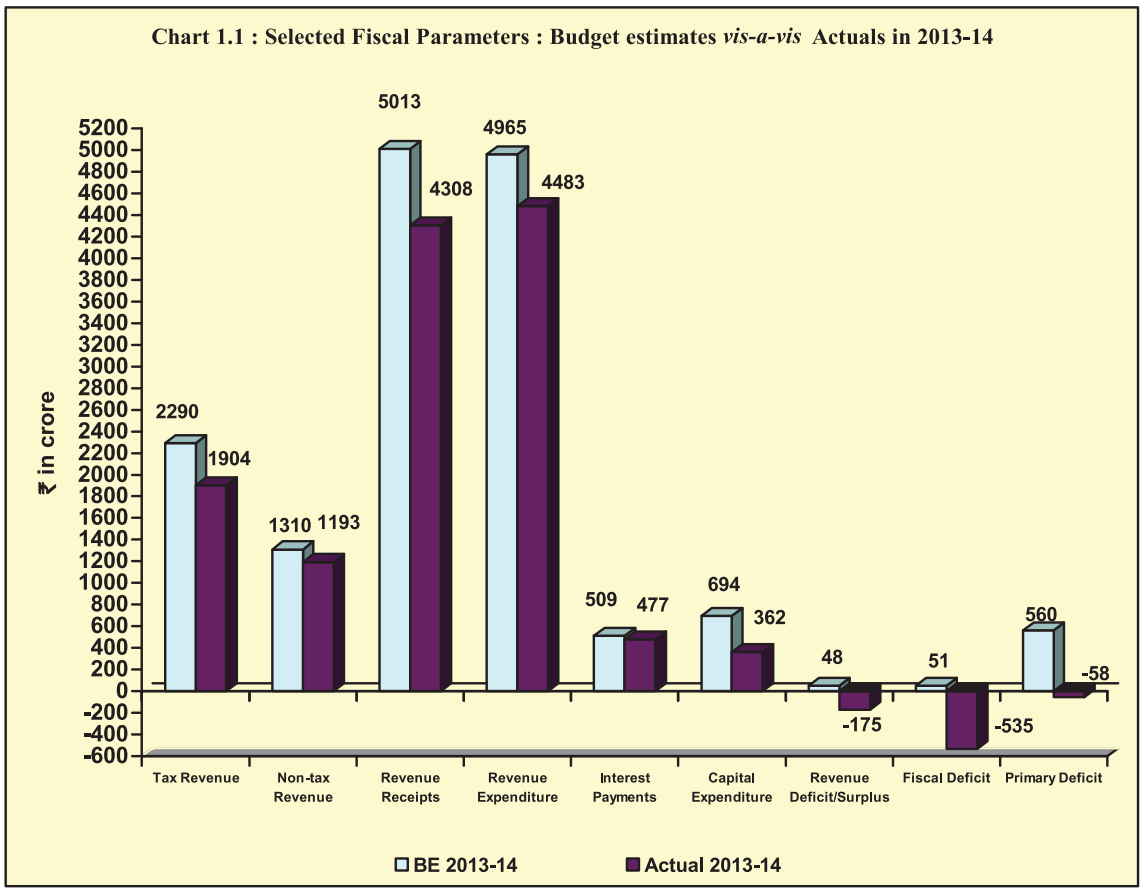
(Source: Finance Accounts, fiscal road map and budget documents)

As against the target proposed in the fiscal road map for revenue deficit of ₹ 171.41 crore, UT Government's revenue deficit was ₹ 175.13 crore which was 0.83 *per cent* of GSDP. The outstanding fiscal liabilities to GSDP were 31.12 *per cent* as against 30.85 *per cent* envisaged in the fiscal road map.

1.1.3 Budget estimates and actual

The Budget papers presented by a State/UT Government provide description of the estimated revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates are indicative of non-attainment of the desired fiscal objectives.

Chart 1.1 presents the budget estimates and actuals for some important fiscal parameters.



(Source: Finance Accounts and budget documents)

The actual revenue receipts were less by ₹ 705 crore as compared to the budget estimates, mainly due to less receipts of tax revenue (BE : ₹ 2,290 crore; Actual receipts : ₹ 1,904 crore), non-tax revenue (BE: ₹ 1,310 crore; Actual receipts: ₹ 1,193 crore) and Grants-in-aid (GIA) from GOI (BE : ₹ 1,413 crore; actual receipt: ₹ 1,211 crore). The revenue expenditure and capital expenditure were less by ₹ 482 crore and ₹ 332 crore respectively than the budget estimates. Lower revenue expenditure as compared to the budget estimates was mainly due to less expenditure on General Services; Education, Sports, Art and Culture and water supply, sanitation, housing and urban development under Social Services and agriculture and allied activities, energy and transport under Economic Services. Similarly, less capital expenditure was also noticed on education, sports, art and culture; health and family welfare; water supply; sanitation; housing and urban development and welfare of SC/ST/OBCs under Social Services and agriculture and allied activities, irrigation and flood control, and transport under Economic Services.

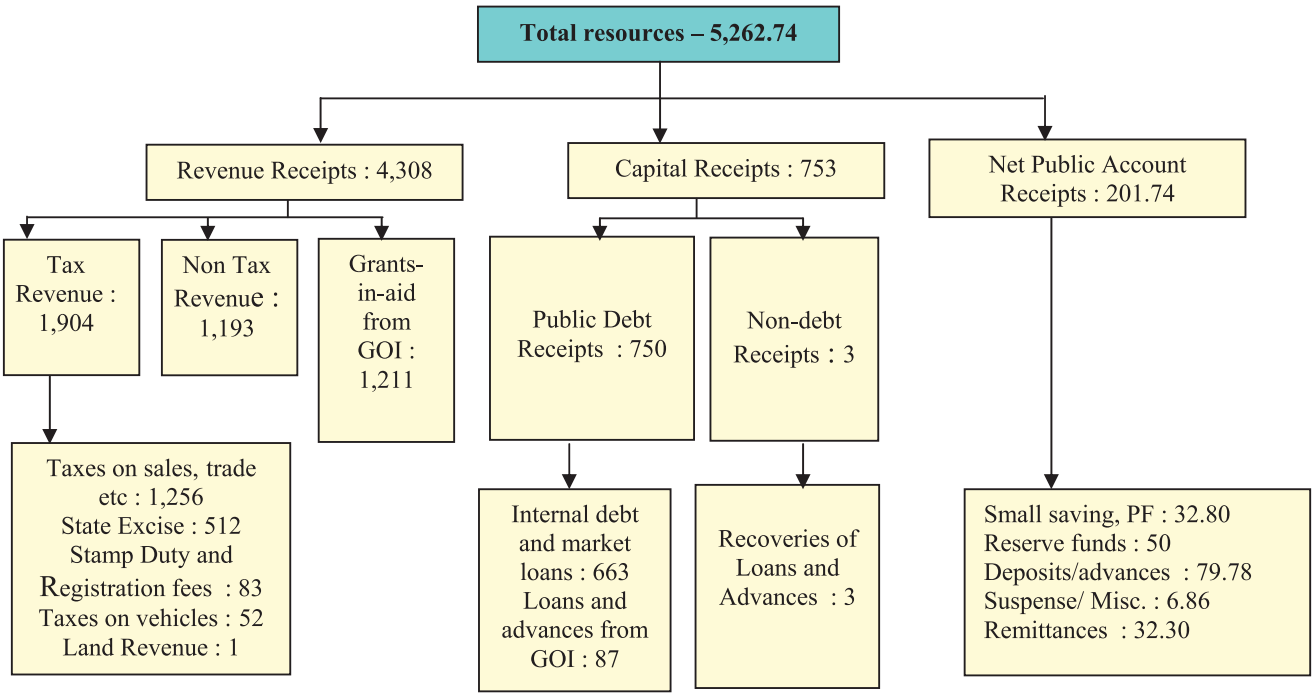
The wide gap between the estimates and actuals of some of the parameters indicated that either the estimates were not realistic or there was under performance.

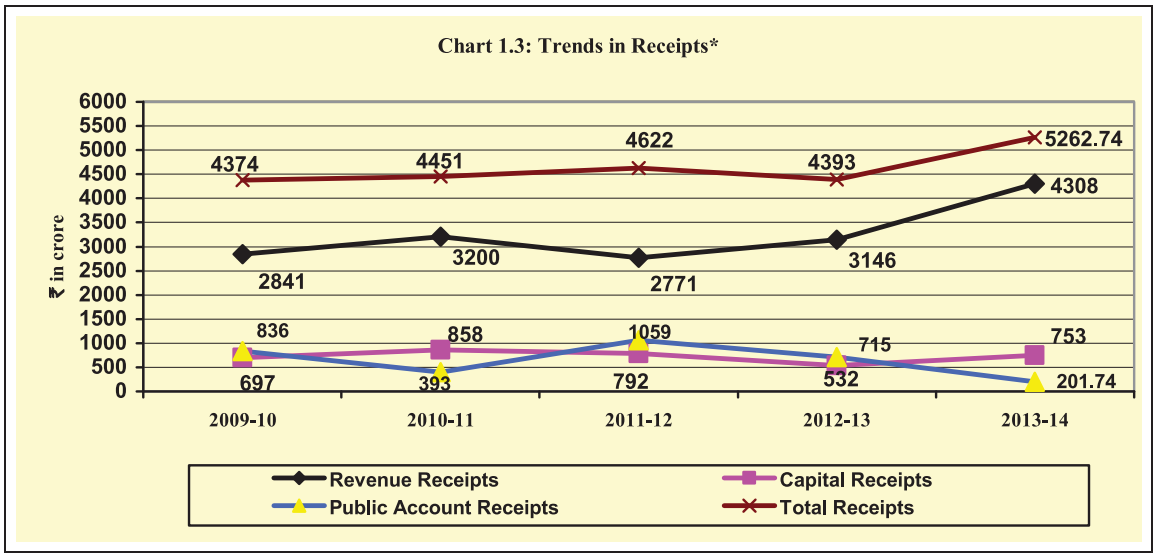
1.2 Resources of the Union Territory

1.2.1 Resources of the Union Territory as per Annual Finance Accounts

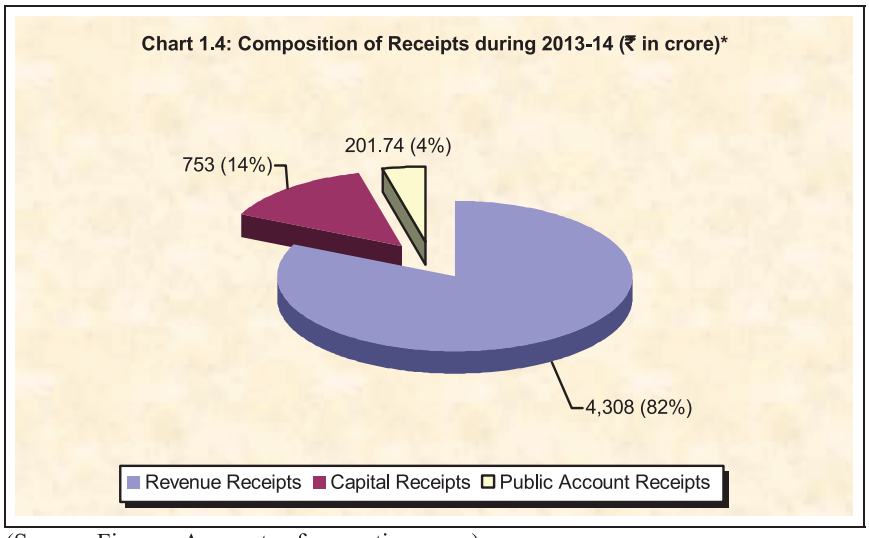
Revenue and capital are the two streams of receipts that constitute resources of the Government. Revenue receipts consist of tax revenues, non-tax revenues and grants-in-aid from GOI. Capital receipts comprise miscellaneous capital receipts such as recoveries of loans and advances, debt receipts from internal sources (market loans), loans and advances from GOI as well as accruals from the Public Account. **Chart 1.2** presents the receipts and disbursements of the UT during the current year as recorded in its Annual Finance Accounts, while **Chart 1.3** depicts the trends in various components of the receipts during 2009-14. **Chart 1.4** depicts the composition of resources during the current year.

The following flow **Chart 1.2** shows the components and sub-components of resources. **(All figures are ₹ in crore).**





(Source: Finance Accounts of respective years)**;**
* Total receipts includes net receipts under Public Account



(Source: Finance Accounts of respective years)
* Total receipts includes net receipts under Public Account

Greater part of the UT's receipts consist of revenue receipts (82 *per cent*) followed by capital receipts (14 *per cent*).

Total receipts increased by ₹ 869.74 crore over the previous year mainly due to increase in revenue receipts.

1.2.2 Funds transferred to UT Implementing Agencies outside the UT Budget

Government of India has been transferring a sizeable quantum of funds directly to UT implementing agencies[2] for the implementation of various schemes/programmes in social and economic sectors, which are recognised as critical. Under the present system, these funds are not routed through the UT Budget/Treasury system and hence flow of these funds is not captured in the Finance Accounts. As such, the Annual Finance Accounts of the UT does not provide a complete picture of the resources under the control of the UT Government. There is no single agency monitoring the use of these funds and no data is readily available on such programmes on the amounts spent on major flagship programmes. The funds directly transferred during 2013-14 to UT implementing agencies under the control of five departments *viz*., Education, Health, Rural Development, Agriculture and Information Technology in respect of 12 major programmes assisted by GOI are presented in **Table 1.4.**

Table-1.4: Funds transferred directly to UT Implementing Agencies

(₹ in crore)

Programme/ Scheme	Implementing Agency in the UT	Funds transferred directly by GOI during 2013-14
Mahatma Gandhi National Rural Employment Guarantee Act Scheme	District Rural Development Agency	8.80
Member of Parliament – Local Area Development Scheme		6.00
Sarva Shiksha Abhiyan	State Project Office	4.43
Rastriya Madhyamik Shiksha Abhiyan		7.16
National Rural Health Mission	Pondicherry State Health Society	14.23
HIV/AIDS awareness programme		3.31
State Service Delivery Gateway and State Portal	Puducherry e-Governance Society	2.43
Capacity Building Scheme		0.57
e-District		1.90
Common Service Centre		0.05
National Horticultural Mission	Puducherry Horticulture Society	0.75
Agricultural Technology Management Agency	Agricultural Technology Management Agency	0.38
Total		**50.01**

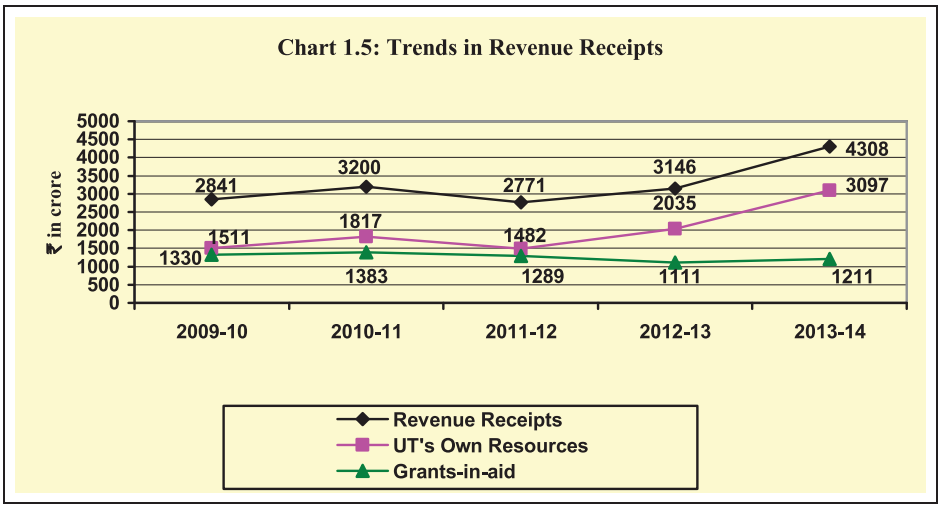
(Source : Appendix VII of Finance Accounts)

[2] UT implementing agencies include any organisation/institution including non-Governmental organisations which are authorised by the UT Government to receive funds from the Government of India for implementing specific programmes in UT

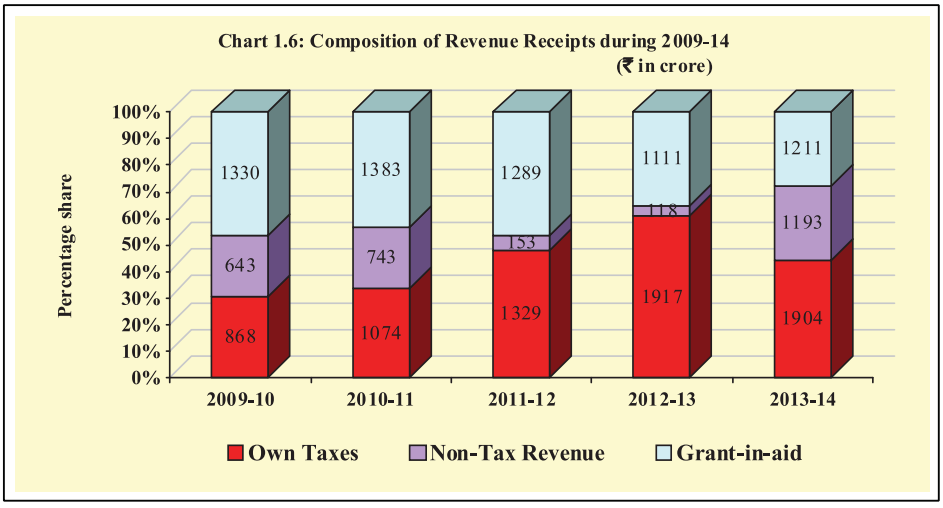
Out of ₹ 50.01 crore transferred to UT implementing agencies, a major portion of ₹ 17.54 crore (35 *per cent*) was transferred to Health Department.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of the UT's own tax and non-tax revenues and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2009-14 are presented in **Appendix 1.3** and depicted in **Charts 1.5** and **1.6** respectively.



(Source: Finance Accounts of respective years)



(Source: Finance Accounts of respective years)

Revenue receipts of UT increased by ₹ 1,162 crore over the previous year which was around 37 *per cent.* While tax revenue decreased marginally by ₹ 13 crore, non-tax revenue and GIA from GOI increased by ₹ 1,075 crore and ₹ 100 crore respectively. The non-tax revenue increased mainly due to withdrawal of permission given to the Electricity Department to utilise the receipts on sale of power towards purchase of power. The share of GIA from GOI constitutes about 28 *per cent* of revenue receipts.

The trends of revenue receipts relative to GSDP are presented in **Table 1.5** below:

Table 1.5: Trends in Revenue Receipts relative to GSDP

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Receipts (RR) (₹ in crore)	**2,841**	**3,200**	**2,771**	**3,146**	**4,308**
Rate of growth of RR (*per cent*)	15.53	12.64	(-)13.41	13.53	36.94
UT's own taxes (₹ in crore)	868	1,074	1,329	1,917	1,904
Rate of growth of own taxes (*per cent*)	19.72	23.73	23.74	44.24	(-) 0.68
GSDP[3] growth (*per cent*)	22.43	6.40	11.98	14.37	25.60
Buoyancy Ratios					
RR/GSDP[3] (*per cent*)	23.09	24.44	18.90	18.76	20.45
Revenue buoyancy with reference to GSDP[3] (ratio)	0.69	1.98	(-)1.12	0.94	1.44
UT's own tax buoyancy with reference to GSDP[3] (ratio)	0.88	3.71	1.98	3.08	(-) 0.03

(Source: Finance Accounts of respective years)

The GSDP, at the current prices, was estimated to increase from ₹ 16,768 crore in 2012-13 to ₹ 21,061 crore in 2013-14, representing growth of 25.60 *per cent*. Though rate of growth of revenue receipts was around 37 in 2013-14, growth of own taxes turned negative during the year.

The buoyancy ratio indicates elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. As against growth rate of GSDP of 25.60 *per cent*, the growth rate of own taxes was (-) 0.68 indicating that growth of own taxes was not proportionate to the growth rate of GSDP. Though the revenue buoyancy with reference to GSDP increased from 0.94 in 2012-13 to 1.44 in 2013-14, UT's own tax buoyancy with reference to GSDP turned negative during the year.

1.3.1 Union Territory's Own Resources

The UT's performance in mobilisation of resources was assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The UT's actual tax and non-tax revenue for the year 2013-14 *vis-à-vis* target proposed in the fiscal road map and budget estimates are given in **Table 1.6**.

[3] Revised, Provisional and Quick estimates of GSDP ₹ 14,661 crore, ₹ 16,768 crore and ₹ 21,061 crore have been adopted for the years 2011-12, 2012-13 and 2013-14 respectively

Table 1.6: Tax and Non-tax revenue *vis-à-vis* budget estimates and target proposed in the fiscal road map

(₹ in crore)

	Target proposed in the fiscal road map	Budget estimate	Actuals
Tax revenue	2,518	2,290	1,904
Non-tax revenue	123	1,310	1,193

(Source: Budget documents, Finance Accounts and details furnished by the Department)

The actual tax revenue was less by ₹ 614 crore (24.38 *per cent*) and ₹ 386 crore (16.85 *per cent*) than target proposed in the fiscal road map and budget estimate respectively. While non-tax revenue was less by ₹ 117 crore (8.93 *per cent)* than budget estimates, it was more by ₹ 1,070 crore than fiscal road map target.

1.3.1.1 Tax revenue

The gross collection in respect of major taxes and duties are given in **Table 1.7**.

Table 1.7: Components of UT's Tax resources

(₹ in crore)

Revenue Head	2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+)/ decrease (-) over previous year
Taxes on sales, trade, etc.	453	595	750	1,287	1,256	(-) 2.41
State excise	329	379	447	504	512	1.59
Taxes on vehicles	35	48	54	52	52	--
Stamp duty and Registration fees	50	51	77	73	83	13.70
Land revenue	1	1	1	1	1	--
Total	**868**	**1,074**	**1,329**	**1,917**	**1,904**	**(-) 0.68**

(Source: Finance Accounts of respective years)

The UT's tax revenue decreased marginally by ₹ 13 crore (0.68 *per cent*) in 2013-14 over the previous year mainly due to decrease in collection under Central Sales Tax Act (₹ 31 crore).

1.3.1.2 Non-tax revenue

The components of non-tax receipts are given in **Table 1.8**:

Table 1.8: Components of UT's Non-tax receipts

(₹ in crore)

Revenue Head	2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+)/ decrease (-) over previous year
Interest receipts	51	37	35	35	62	(+) 77.14
Dividends and Profits	6	5	4	1	6	(+) 500.00
Other non-tax receipts	586	701	114	82	1,125	(+) 1,271.95
Total	**643**	**743**	**153**	**118**	**1,193**	**(+) 911.02**

(Source: Finance Accounts of respective years)

The Non-tax revenue receipts increased from ₹ 118 crore in 2012-13 to ₹ 1,193 crore in 2013-14 mainly due to withdrawal of permission given to the Electricity Department to utilise the receipts on sale of power towards purchase of power. Interest receipts and dividends and profits increased by ₹ 27 crore and ₹ five crore respectively over the previous year. Two companies *viz.*, Pondicherry Industrial Promotion Development and Investment Corporation Limited and Power Corporation Limited declared dividends during 2013-14.

The UT's own resources of ₹ 3,097 crore (₹ 1,904 crore – tax revenue and ₹ 1,193 crore – non-tax revenue) as well as recovery of loans and advances of ₹ three crore was not sufficient to meet the Non-Plan revenue expenditure of ₹ 3,132 crore.

1.3.1.3 Grants-in-aid from GOI

The Grants-in-aid received from GOI for the years 2009-10 to 2013-14 are given in **Table 1.9**.

Table 1.9: Grants-in-aid from GOI

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan grants	1,072.26	1,123.11	926.07	525.38	513.50
Grants for UT's Plan scheme	218.73	207.44	266.61	546.59	663.69
Grants for CSS	39.67	52.24	96.01	38.80	33.32
Total	**1,330.66**	**1,382.79**	**1,288.69**	**1,110.77**	**1,210.51**
Percentage of increase over previous year	20.48	3.92	(-) 6.81	(-)13.81	8.98
Total grant as a percentage of revenue receipts	46.83	43.21	46.50	35.31	28.10

(Source: Finance Accounts of respective years)

It could be seen that GIA received from GOI as a percentage over previous year increased by 8.98. However, the total grant as a percentage of revenue receipts decreased from 35.31 in 2012-13 to 28.10 in 2013-14.

During the year, more grants (₹ 117.10 crore) were received for UT's Plan scheme as compared to previous year.

1.4 Capital Receipts

Public debt receipts, recoveries of loans and advances and miscellaneous capital receipts are the capital receipts of the UT Government. The trends in growth of capital receipts for the period from 2009-10 to 2013-14 are given in **Table 1.10**.

Table: 1.10: Growth of capital receipts

(₹ in crore)

Source of receipts	2009-10	2010-11	2011-12	2012-13	2013-14
Capital receipts	**697**	**858**	**792**	**532**	**753**
Miscellaneous capital receipts	33	Nil	Nil	Nil	Nil
Recovery of loans and advances	5	4	4	3	3
Public Debt receipts	659	854	788	529	750
Rate of growth of Public debt receipts (*per cent*)	48.42	29.59	(-) 7.73	(-) 32.87	41.78
Rate of growth of non-debt capital receipts (*per cent*)	660	-89.47	Nil	-25	Nil
Rate of growth of GSDP (*per cent*)	22.43	6.40	11.98	14.37	25.60
Rate of growth of capital receipts (*per cent*)	55.23	23.10	(-) 7.69	(-) 32.83	41.54

(Source: Finance Accounts of respective years)

The capital receipts increased by ₹ 221 crore due to increase in Public Debt receipts.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account and are not subject to vote by the UT legislature. Here the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. Public Account receipts for the period from 2009-10 to 2013-14 are given in **Table 1.11**.

Table 1.11 – Trends in growth and composition of Public Account receipts

(₹ in crore)

Resources under various heads	2009-10	2010-11	2011-12	2012-13	2013-14
Public Account Receipts	**835.54**	**392.85**	**1,058.58**	**715.17**	**910.80**
a) Small savings, Provident Fund, etc.	215.33	233.27	246.41	257.16	266.34
b) Reserve Fund	12.96	8.28	11.87	28.53	50.00
c) Deposits and advances	118.45	89.93	323.49	259.70	269.59
d) Suspense and miscellaneous	145.39	(-) 365.13	28.92	(-) 143.10	5.43
e) Remittance	343.41	426.50	447.89	312.88	319.44

(Source: Finance Accounts of respective years)

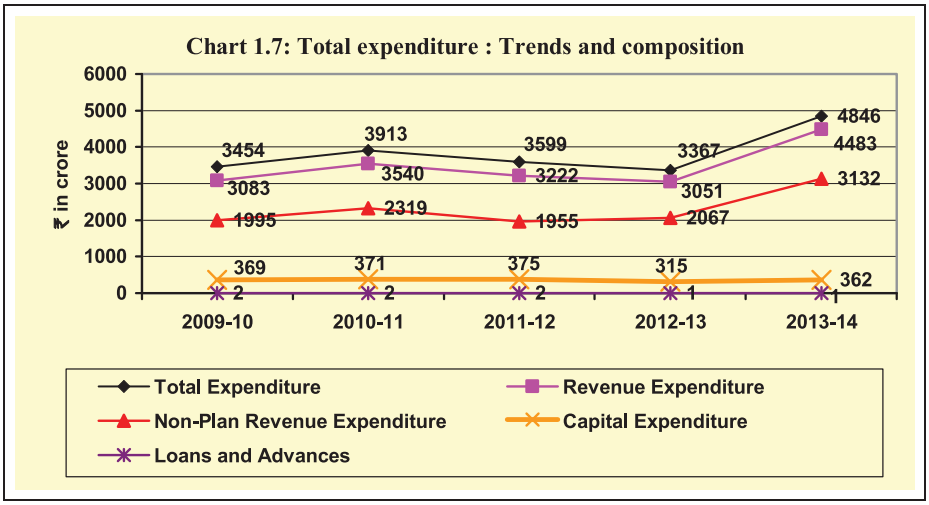
The Public Account Receipts increased from ₹ 715.17 crore in 2012-13 to ₹ 910.80 crore in 2013-14. It was noticed that an amount of ₹ 15 crore was released (December 2013) by GOI to Agriculture Department for implementation of Rashtriya Krishi Vikas Yojana. The UT Government issued expenditure sanction only in 29 March 2014 and an amount of ₹ 11.12 crore was drawn and shown as expenditure under the respective head of account. However, it was noticed that the amount was kept as civil deposit under Public Account due to election process which resulted in boosting revenue expenditure and Public Account receipts to that extent though there was no actual expenditure during 2013-14.

1.6 Application of Resources

Analysis of the allocation of expenditure at the UT Government level assumes significance since major expenditure responsibilities are entrusted with them. In view of budgetary constraints in raising public expenditure that too financed by deficit or borrowings, it is important to ensure that the ongoing fiscal correction and consolidation process is not at the cost of development expenditure.

1.6.1 Growth and Composition of Expenditure

Chart 1.7 presents the trends of total expenditure over a period of five years (2009-14). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.8 and 1.9.**

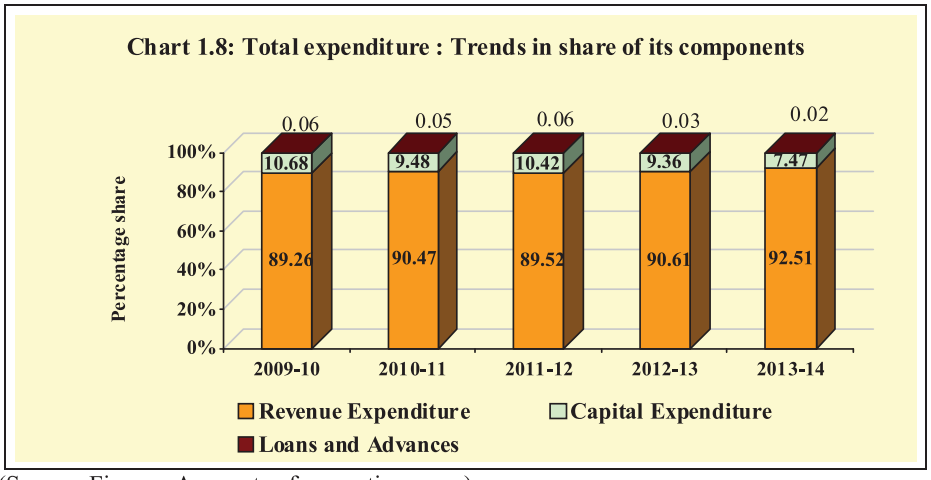


(Source: Finance Accounts of respective years)

Total expenditure[4] of the UT increased by 40.30 *per cent* from ₹ 3,454 crore in 2009-10 to ₹ 4,846 crore in 2013-14. The revenue expenditure increased by ₹ 1,432 crore (46.94 *per cent*) and the capital expenditure increased by ₹ 47 crore (14.92 *per cent*) during 2013-14 when compared to last year.

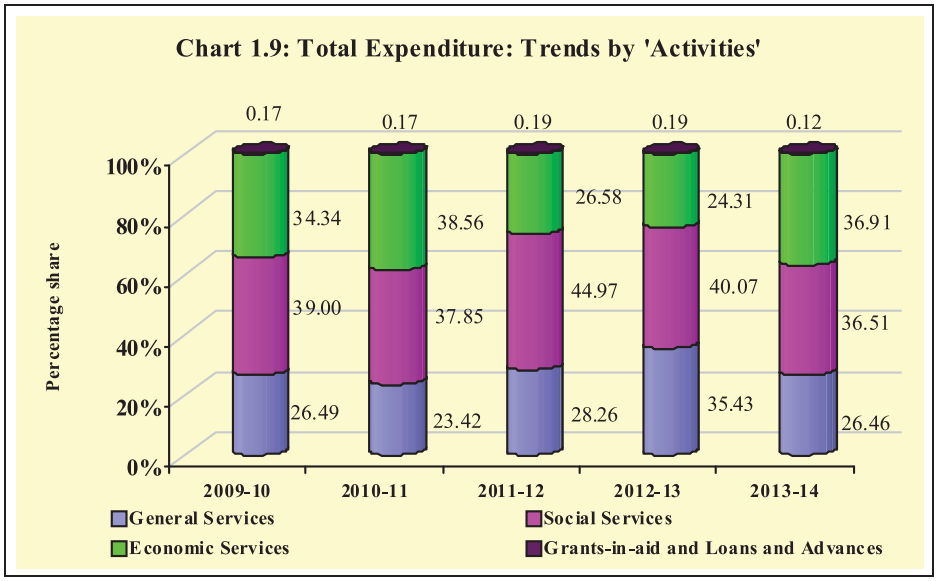
It was noticed that Plan expenditure included ₹ six crore released to Puducherry Agro Service and Industries Corporation Limited (PASIC) to meet the salaries of employees of PASIC by diverting funds from other plan schemes and as such plan expenditure was overstated to that extent.

Revenue expenditure was 92.51 *per cent* of the total expenditure, of which 69.86 *per cent* was the Non-Plan component. The capital expenditure accounted for 7.47 *per cent* of the total expenditure in 2013-14.



(Source: Finance Accounts of respective years)

[4] Total expenditure includes revenue expenditure, capital expenditure and disbursement of loans and advances



(Source: Finance Accounts of respective years)

During 2013-14, expenditure on General Services, Social Services and Economic Services was 26.46, 36.51 and 36.91 *per cent* of the total expenditure respectively. The expenditure on General Services, Social Services and Economic Services increased by 7.48, 31.11 and 118.49 *per cent* respectively over the previous year.

1.6.2 Revenue expenditure

Revenue expenditure increased by ₹ 1,432 crore as compared to previous year, it constitutes 92.51 *per cent* of total expenditure of ₹ 4,846 crore during the year. Revenue deficit stood at 0.83 *per cent* of GSDP.

1.6.3 Committed Expenditure

The committed expenditure of the UT Government on the revenue account mainly consists of interest payments, expenditure on salaries and pensions and subsidies. **Table 1.12** presents the trends of expenditure on these components during 2009-14 and **Chart 1.10** presents the share of committed expenditure in Non-Plan revenue expenditure on salaries, interest payments and pension during 2011-14.

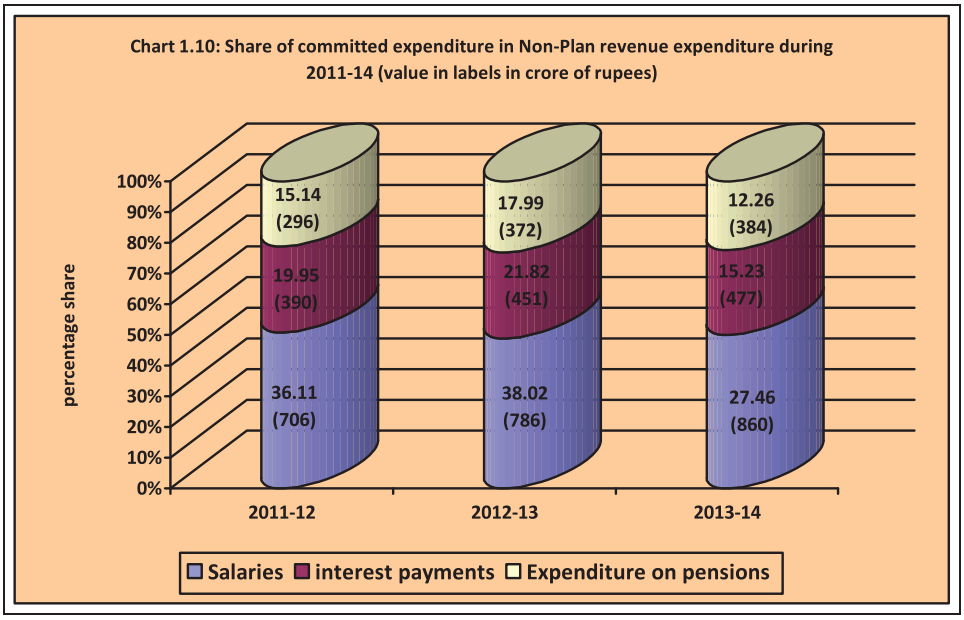
Table-1.12: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2009-10	2010-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)
Salaries, *of which*	868 (31)	987 (31)	956 (34)	1,063 (34)	1,172 (27)
Non-Plan Head	649	731	706	786	860
Plan Head**	219	256	250	277	312

(1)	(2)	(3)	(4)	(5)	(6)
Interest Payments	287 (10)	331 (10)	390 (14)	451 (14)	477 (11)
Expenditure on Pension	289 (10)	254 (8)	296 (11)	372 (12)	384 (9)
Subsidies	46 (1)	82 (3)	88 (3)	53 (2)	129 (3)
Total	**1,490 (52)**	**1,654 (52)**	**1,730 (62)**	**1,939 (62)**	**2,162 (50)**

(Source: Finance Accounts of respective years)
Figures in bracket indicate percentage to revenue receipts
** Plan head also includes the salaries paid under Centrally Sponsored Schemes



(Source: Finance Accounts of respective years)

The Committed expenditure (₹ 2,162 crore) increased continuously from 2009-10 to 2013-14 and constituted around 50 and 48 *per cent* of revenue receipts and revenue expenditure respectively during 2013-14.

Expenditure on salaries under Non-Plan and Plan during the current year was ₹ 860 crore and ₹ 312 crore respectively. During 2013-14, though expenditure on salary increased by ₹ 109 crore, as a percentage of revenue receipts, it was around 27 *per cent*.

Pension payments increased by around three *per cent* from ₹ 372 crore in 2012-13 to ₹ 384 crore in 2013-14 and it stood around nine *per cent* of revenue receipts.

Interest payments increased by ₹ 26 crore (six *per cent)* in 2013-14 over the previous year. The interest payments in 2013-14 were about 11 *per cent* of the total revenue receipts.

Subsidies (around three *per cent* of revenue receipts in 2013-14) represent the expenditure booked under the object head 'Subsidies' under rural housing, welfare of Scheduled Castes, crop husbandry, animal husbandry, fisheries, food storage and warehousing, rural development, minor irrigation, village and small industries, civil supplies and other General Economic Services.

1.6.4 Financial Assistance by UT Government to Local Bodies and other Institutions

The Panchayati Raj system in Puducherry is governed by the provisions of the Pondicherry Village and Commune Panchayat Act, 1973 which has devolved several powers to village and commune panchayats. The legislation was further amended in 1994, so as to conform to the 73rd amendment to the Constitution. In Puducherry, there are five municipalities, 10 commune panchayats and 98 village panchayats. The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.13.**

Table 1.13: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2009-10	2010-11	2011-12	2012-13	2013-14
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	29.92	32.55	25.15	28.09	37.08
Municipalities	27.78	58.95	48.37	23.43	44.89
Panchayati Raj Institutions	18.66	14.54	30.91	3.75	18.36
Development agencies and autonomous bodies	346.41	421.94	302.86	263.03	348.59
Co-operatives	24.38	25.86	30.42	35.32	32.63
Other Institutions*	6.09	5.28	6.75	6.43	5.75
Total	**453.24**	**559.12**	**444.46**	**360.05**	**487.30**
Assistance as percentage of revenue expenditure	15	16	14	12	11

(Source: Information furnished by Director of Accounts and Treasuries, Puducherry)

* Welfare societies and religious institutions

Financial assistance extended to local bodies and other institutions increased from ₹ 360.05 crore in 2012-13 to ₹ 487.30 crore in 2013-14. The increase was mainly due to more financial assistance given to development agencies and autonomous bodies.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the UT generally reflects the quality of its expenditure. Improvement in the quality of expenditure basically involves three aspects, *viz.,* adequacy of the expenditure (*i.e.*, adequate provisions for providing public services); efficiency of expenditure use and effectiveness (assessment of outlay-outcome relationships for select services).

1.7.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure are largely assigned to State/UT Governments. Enhancing human development levels requires the States/UTs to step up their expenditure on key Social Services like education, health, etc. **Table 1.14** analyses the fiscal priority (ratio of expenditure category to aggregate expenditure) of the UT Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year and compares the fiscal priority given to different categories of expenditure of the UT of Puducherry in 2010-11 and 2013-14.

Table-1.14: Fiscal Priority of the UT in 2010-11 and 2013-14

Fiscal Priority of the UT		AE/ GSDP	DE/AE	SSE/AE	CE/AE	ESE/AE	Expenditure on Education, Sports, Art and Culture/AE	Expenditure on Health and Family Welfare/AE	Per capita expenditure on Education, Sports, Art and Culture (in ₹)	Per capita expenditure on Health and Family Welfare (in ₹)
Puducherry Ratio	2010-11	0.30	0.76	0.38	0.09	0.39	0.14	0.07	4,686	2,331
	2013-14	0.23	0.73	0.37	0.07	0.37	0.12	0.07	4,807	2,892

AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; CE: Capital Expenditure; ESE: Economic Sector Expenditure

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed

(Source: (1) Directorate of Economics and Statistics, Puducherry and (2) Finance Accounts for expenditure figures)

The ratio of aggregate expenditure to GSDP decreased from 0.30 in 2010-11 to 0.23 in 2013-14. This reflects stagnancy in adequacy of expenditure.

While the ratio of expenditure on Health and Family Welfare to Aggregate expenditure remained at 0.07 during 2013-14, the ratio of expenditure on Development, Social Sector, Capital and Economic Sectors decreased.

Per capita expenditure on education, sports, art and culture; and per capita expenditure on health and family welfare increased from ₹ 4,686 and ₹ 2,331 in 2010-11 to ₹ 4,807 and ₹ 2,892 in 2013-14 respectively.

1.7.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the UT Government to take appropriate expenditure rationalisation

measures and lay emphasis on provision of core public and merit goods (refer **Glossary**). Apart from improving the allocation towards development expenditure (refer **Glossary**), the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being incurred on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.15** depicts the trends in development expenditure relative to the aggregate expenditure of the UT during 2009-10 to 2013-14, **Table 1.16** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services during 2012-13 and 2013-14.

Table-1.15: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2009-10	2010-11	2011-12	2012-13	2013-14
Development Expenditure (a to c)	2,532.68 (73)	2,990.21 (76)	2,575.35 (72)	2,168.24 (64)	3,558.19 (73)
a. Development Revenue Expenditure	2,207.78 (64)	2,670.63 (68)	2,249.43 (63)	1,907.25 (57)	3,243.06 (67)
b. Development Capital Expenditure	324.89 (9)	319.58 (8)	325.92 (9)	260.99 (8)	315.13 (6)
c. Development Loans and Advances	0.01 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Source: Finance Accounts of respective years); Figures in bracket indicate percentage of aggregate expenditure

Table 1.16 –Efficiency of Use in Selected Social and Economic Services

(Percentage)

Social/Economic Infrastructure	2012-13		2013-14	
	Share of CE to TE	In RE, the share of S&W	Share of CE to TE	In RE, the share of S&W
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Social Services (SS)				
General Education	3.13	81.57	2.35	74.90
Health and Family Welfare	1.55	67.69	2.77	63.06
Water Supply, Sanitation and Housing and Urban Development	39.50	41.20	25.16	21.91
Total (SS)	**7.23**	**52.02**	**6.12**	**42.62**

(1)	(2)	(3)	(4)	(5)
Economic Services (ES)				
Agriculture and Allied Activities	1.15	27.82	7.64	21.90
Irrigation and Flood Control	55.78	67.35	45.06	58.49
Power and Energy	15.65	27.24	6.97	7.40
Transport	63.55	36.62	63.50	49.48
Total (ES)	**19.95**	**28.04**	**11.56**	**12.67**
Total (SS+ES)	**12.03**	**43.78**	**8.86**	**28.01**

TE: Total Expenditure on the sector/services concerned; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages

(Source: Finance Accounts and figures furnished by the Director of Accounts and Treasuries for wages)

Development expenditure increased by ₹ 1,389.95 crore from the previous year and as a percentage of aggregate expenditure, it increased from 64 in 2012-13 to 73 in 2013-14. The development capital expenditure, as a percentage of aggregate expenditure decreased from eight *per cent* in 2012-13 to six *per cent* in 2013-14.

Expenditure on Social Services

The capital expenditure on Social Services as a percentage of total expenditure decreased from 7.23 *per cent* in 2012-13 to 6.12 *per cent* in 2013-14. The share of capital expenditure in the total expenditure under Water Supply, Sanitation, Housing and Urban Development decreased sharply from 39.50 *per cent* in 2012-13 to 25.16 *per cent* in 2013-14. The share of salaries and wages in the revenue expenditure on Social Services decreased from 52.02 *per cent* in 2012-13 to 42.62 *per cent* in 2013-14.

Expenditure on Economic Services

The capital expenditure on Economic Services, as a percentage of total expenditure on Economic Services, decreased sharply from 19.95 *per cent* in 2012-13 to 11.56 *per cent* in 2013-14. The share of salaries and wages in the revenue expenditure on economic services decreased from 28.04 *per cent* in 2012-13 to 12.67 *per cent* in 2013-14.

1.8 Financial Analysis of Government Expenditure and Investments

The UT is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to dependence on market based resources, the UT Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds, rather than bearing the same on its budget in the form of implicit subsidies.

This section presents information on incomplete projects and a broad financial analysis of investments by the Government during the current year *vis-à-vis* the previous years.

1.8.1 Incomplete projects

The information pertaining to incomplete projects in the Public Works Department as on 31 March 2014 is given in **Table 1.17.**

Table 1.17: Profile of incomplete projects

(₹ in crore)

Department	No. of Incomplete Projects*	Expenditure during the year	Cumulative expenditure as on 31.3.2014
Public Works Department	23	18.20	82.88

(Source: Finance Accounts)

* Only those projects which were scheduled to be completed before 31 March 2014 are included

Failure to complete the projects on time leads to escalation of project costs and delayed accrual of the projects' benefits to the society at large. Further, delays also result in postponement of revenue realisation from the projects.

1.8.2 Investment and returns

As of March 2014, Government invested ₹ 708.05 crore in 14 Government companies and one Statutory Corporation and ₹ 273.80 crore in 351 co-operative institutions **(Table 1.18)**.

Table-1.18: Return on Investment

Investment/Return/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Investment at the end of the year (₹ in crore)	867.50	910.91	948.87	960.09	981.85
Return (₹ in crore)	6.39	4.84	3.51	1.01	6.30
Return *(per cent)*	0.7	0.5	0.4	0.1	0.6
Average rate of interest on Government borrowings *(per cent)*	8.0	7.8	7.8	8.0	7.7
Difference between interest rate and return *(per cent)*	7.3	7.3	7.4	7.9	7.1

(Source: Finance Accounts of respective years)

Though the average rate of interest on UT Government's borrowings was 7.7 *per cent*, the average rate of return on investment was only around 0.5 *per cent* during 2009-14.

1.8.3 Loans and advances by UT Government

During 2013-14, Government did not provide any loans and advances to any institution/organisation. **Table 1.19** presents the outstanding loans and

advances as on 31 March 2014 and interest receipts *vis-à-vis* interest payments during the last three years.

Table-1.19: Outstanding loans and interest received on loans and advances by the UT Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2011-12	2012-13	2013-14
Opening Balance	**17.83**	**16.09**	**14.12**
Amount advanced during the year	2.07	1.45	1.30
Amount repaid during the year	3.81	3.42	3.01
Closing Balance	**16.09**	**14.12**	**12.41**
Net increase (+)/ decrease (-)	(-) 1.74	(-) 1.97	(-) 1.71
Interest Receipts	2.30	2.64	2.46
Interest receipts as percentage of outstanding Loans and advances	13.56	17.47	18.55
Interest payments as percentage of outstanding fiscal liabilities of the UT Government	7.16	7.67	7.28
Difference between interest payments and interest receipts (*per cent*)	6.40	9.80	11.27

(Source: Finance Accounts of respective years)

The quantum of loan advanced decreased from ₹ 1.45 crore in 2012-13 to ₹ 1.30 crore in 2013-14 and repayments of loan by the loanees decreased from ₹ 3.42 crore in 2012-13 to ₹ 3.01 crore in 2013-14. The total amount of ₹ 1.30 crore advanced during the year was only loans and advances given to Government servants.

1.8.4 Cash balance and investment of cash balances

Table 1.20 shows the cash balance and investment of cash balances for 2012-13 and 2013-14.

Table-1.20: Cash balance and investment of cash balance

(₹ in crore)

	Opening balance on 1 April 2013	Closing balance on 31 March 2014
(a) General cash balance :		
(i) Cash in treasuries	Nil	Nil
(ii) Deposit with RBI	0.15	0.15
(iii) Deposits with other banks	Nil	Nil
(iv) Local remittances	Nil	Nil
Total	**0.15**	**0.15**
(v) Investment held in cash balance investment account	966.45	1,143.14
General Cash balance – Total (a)	**966.60**	**1,143.29**
(b) other cash balances and investments :		
(vi) Departmental cash balances	0.19	0.20
(vii) Permanent Imprest	0.41	1.65
(viii) Investment out of earmarked funds	52.45	86.92
Total (b)	**53.05**	**88.77**
Grand Total (a) + (b)	**1,019.65**	**1,232.06**

(Source: Finance Accounts of respective years)

The cash balance increased from ₹ 1,019.65 crore in 2012-13 to ₹ 1,232.06 crore in 2013-14. During the year, the cash balance investment was ₹ 1,143.14 crore.

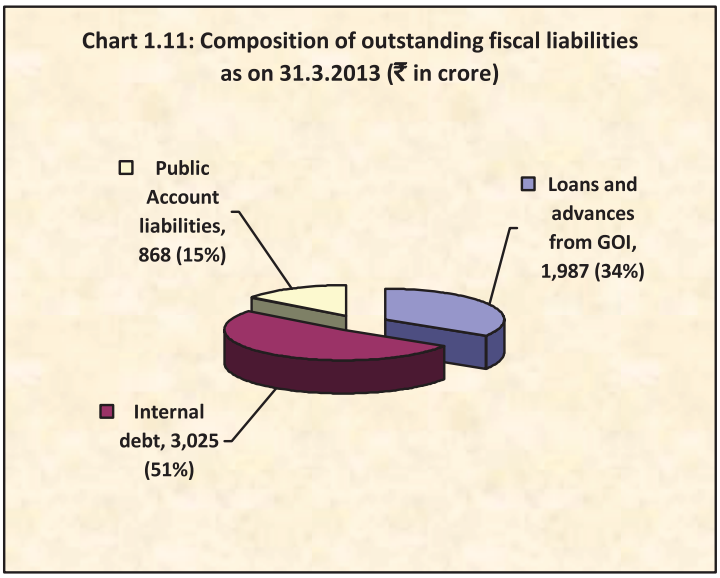
1.9 Assets and Liabilities

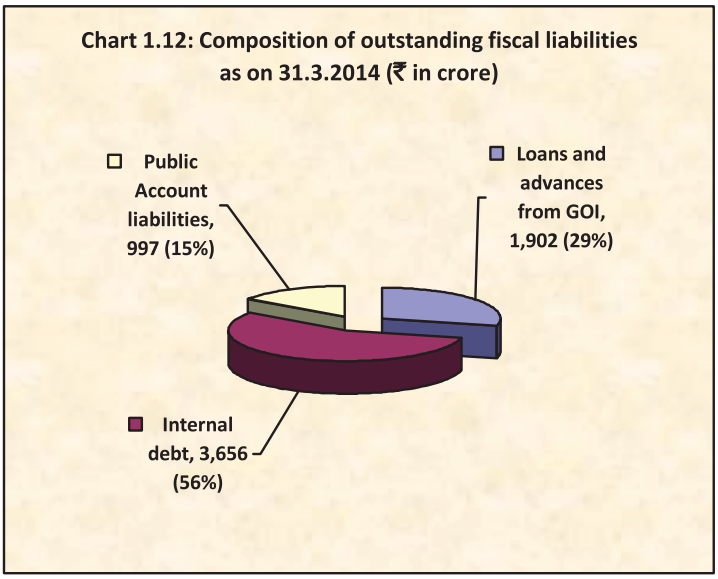
1.9.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4 – Part B** gives an abstract of such liabilities and assets as on 31 March 2014, compared with the corresponding position on 31 March 2013. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the UT Government and cash balances. The ratio of cumulative assets to liabilities as on 31 March 2014 was 0.86 indicating that assets were not sufficient to meet the liabilities.

1.9.2 Fiscal Liabilities

Fiscal liabilities are internal debt, loans and advances from GOI and the Public Account liabilities comprising small savings and provident fund, reserve funds and deposits. The trends in outstanding fiscal liabilities of the UT are presented in **Appendix 1.3.** The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.11** and **1.12.**





(Source: Finance Accounts of respective years)

The outstanding fiscal liabilities have shown a steady increase from ₹ 3,887 crore in 2009-10 to ₹ 6,555 crore in 2013-14. The fiscal liabilities at

the end of 2013-14 represented 152 *per cent* of revenue receipts (₹ 4,308 crore) during the year.

While internal debts which constituted 51 *per cent* in 2012-13 increased to 56 *per cent* in 2013-14, loans and advances from GOI decreased from 34 *per cent* to 29 *per cent* of the fiscal liabilities during the same period. The Public Account liabilities increased from ₹ 868 crore in 2012-13 to ₹ 997 crore in 2013-14. The fiscal liabilities represented about 31 *per cent* of GSDP during 2013-14.

1.9.3 Contingent liabilities

Status of guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the UT Government in cases of defaults by borrowers for whom the guarantees have been extended.

Guarantees for the purpose of administration of Union Territories, prior to the amendment of the Union Territories Act on 6 September 2001, were given by GOI under Article 292 of the Constitution of India. In the event of the guarantees being invoked, the payment would initially be charged to the Consolidated Fund of India and the amount subsequently recovered from the Government of the UT. Consequent to amendment of the UT Act on 6 September 2001 and issue of its notification by the Government of India on 10 May 2006, the Government of UT of Puducherry was empowered to give guarantees. No guarantee was given during the year by the UT Government. As per Statement No.9 of the Finance Accounts, the maximum amount for which guarantees were given by GOI on behalf of the UT and outstanding guarantees for the last three years are given in **Table 1.21.**

Table-1.21: Guarantees given by the Government of India on behalf of the UT of Puducherry

(₹ in crore)

Guarantees	2011-12	2012-13	2013-14
Maximum amount guaranteed (₹ in crore)	20.98	20.98	20.98
Outstanding amount of guarantees (₹ in crore)	5.83	5.25	4.95
Percentage of maximum amount guaranteed to total Revenue receipts	0.76	0.67	0.49

(Source: Finance Accounts of respective years)

As a percentage of revenue receipts, the maximum amount guaranteed decreased from 0.67 in 2012-13 to 0.49 in 2013-14. No guarantee was invoked during any of the three years.

1.10 Debt management

Apart from the magnitude of debt of the UT Government, it is important to analyse various indicators that determine the debt sustainability of the UT. This section assesses the sustainability of debt of the UT Government in terms of debt stabilisation, sufficiency of non-debt receipts, net availability of borrowed funds[5], burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of the UT Government's debts.

Table 1.22 indicates the debt sustainability of the UT for a period of three years beginning from 2011-12.

Table 1.22: Debt Sustainability: Indicators and Trends

(₹ in crore)

Indicators of Debt Sustainability	2011-12	2012-13	2013-14
Debt Stabilisation (Quantum Spread + Primary Deficit)	(-) 241	581	996
Sufficiency of Non-debt receipts (Resource Gap)	(-) 111	606	(-) 317
Net availability of borrowed funds	474	(-) 12	198
Burden of Interest Payments (IP/RR Ratio)	0.14	0.14	0.11
Maturity profile of internal debt and GOI loans (in years)			
0 – 1	189 (4.04)	203(4.05)	212.74 (3.83)
1 – 3	625 (13.38)	424(8.46)	448.60 (8.07)
3 – 5	707 (15.14)	756(15.08)	1,114.87(20.06)
5 – 7	1,115 (23.87)	1,168(23.30)	1,426.65(25.67)
7 and above	2,035 (43.57)	2,461(49.11)	2,345.40(42.20)
			9.96*(0.17)
Outstanding Public debt as on 31 March 2014			**5,558.22**

(Source: Finance Accounts of respective years)
Figures in bracket represents percentage to total outstanding Public debt.
*Maturity profile not available due to non-receipt of terms and conditions from Ministry of Finance, New Delhi

Debt stabilization means that, if the primary deficit together with the quantum spread turns to negative, the debt – GSDP ratio would be rising which would affect the UT's ability to service the debt. Debt stabilization during the year stood at ₹ 996 crore. The resource gap (the difference between incremental total expenditure and incremental non-debt receipts) turned negative and stood at ₹ (-) 317 crore in 2013-14.

The burden of interest payment, which was 14 *per cent* of the Revenue receipts in 2011-12, has decreased to 11 *per cent* in 2013-14. The maturity profile of the UT Government's Public debt indicates that nearly

5 Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds

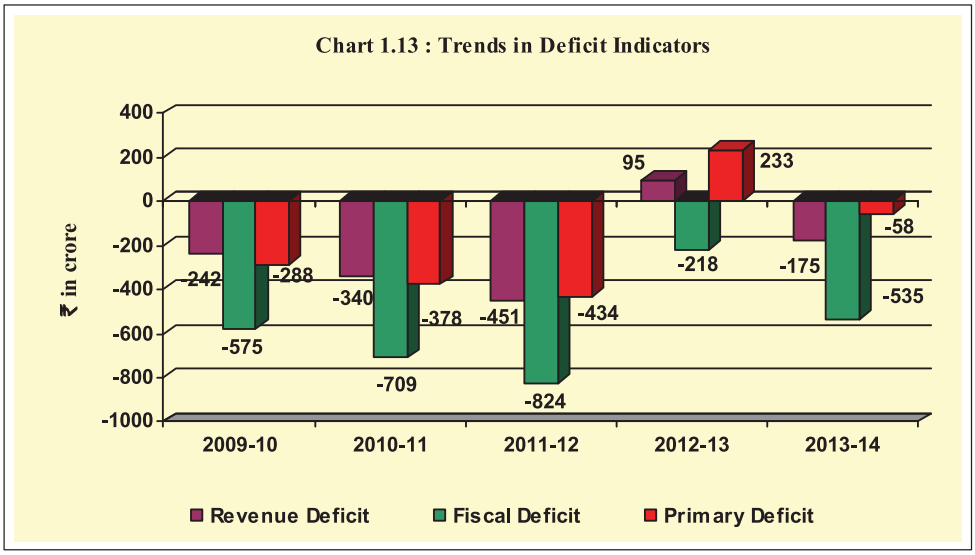
57.62 *per cent* of the total Public debt is repayable within next seven years, while 42.38 *per cent* of loans are required to be repaid after seven years. Ideally, further borrowings in future may be made in such a way that there is no bunching of repayments in any particular year as it would cause undue stress on the budget of that year.

1.11 Fiscal Imbalances

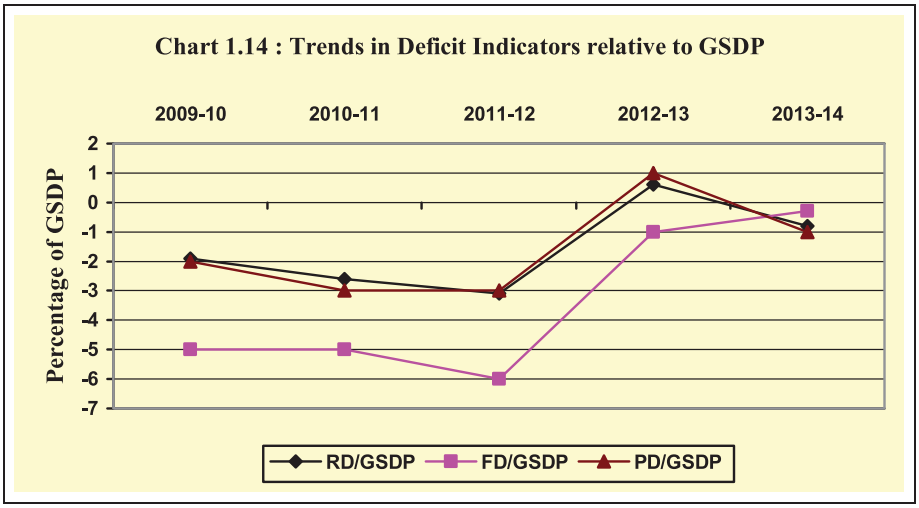
Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal soundness or imbalances in the finances of the UT Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources are applied, are important pointers to its fiscal health. This section presents the trends, nature, magnitude and manner of financing these deficits.

1.11.1 Trends in Deficits

Charts 1.13 and **1.14** present the trends in deficit indicators over the period 2009-14.



(Source: Finance Accounts of respective years)



(Source: Finance Accounts of respective years)

Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The revenue surplus of ₹ 95 crore during 2012-13 turned into revenue deficit during 2013-14 and stood at ₹ 175 crore. The fiscal deficit increased from ₹ 218 crore in 2012-13 to ₹ 535 crore in 2013-14. The primary surplus of ₹ 233 crore during 2012-13 turned deficit during 2013-14 and stood at ₹ 58 crore.

1.11.2 Composition of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.23.**

Table 1.23: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Decomposition of Fiscal Deficit		**(-) 575**	**(-) 709**	**(-)824**	**(-) 218**	**(-) 535**
1	Revenue Deficit(-)/Surplus(+)	(-) 242	(-) 340	(-)451	(+) 95	(-) 175
2	Net Capital Expenditure	(-) 336	(-) 371	(-)375	(-) 315	(-) 362
3	Net Loans and Advances	(+) 3	(+) 2	(+)2	(+) 2	(+) 2
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	549	677	703	409	630
2	Loans from GOI	(-) 21	30	(-) 72	(-) 69	(-) 84
3	Small Savings, PF etc	48	42	19	14	33
4	Deposits and Advances	(-) 15	(-) 41	203	71	80
5	Suspense and miscellaneous	147	(-) 365	25	(-)132	6
6	Remittances	41	(-) 24	5	17	32
7	Reserve Funds	1	8	12	29	50
	Total	**750**	**327**	**895**	**339**	**747**
8	Overall Surplus/Deficit (cash balance)**	175	(-) 382	71	121	212

* All these figures are net of disbursements/outflows during the year
** Increase in cash balance shown as (+) and decrease in cash balance is shown as (-)

(Source: Finance Accounts of respective years)

The fiscal deficit increased by ₹ 317 crore during 2013-14 which was due to revenue deficit and more capital expenditure. The increase in fiscal deficit, along with increase in interest payments by ₹ 26 crore, led to primary deficit of ₹ 58 crore during the year. The UT has been increasingly relying on market borrowings for financing its fiscal deficit.

1.11.3 Quality of Deficit/Surplus

The bifurcation of the primary deficit **(Table 1.24)** would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may have been desirable to improve the productive capacity of the UT's economy.

Table 1.24: Primary Deficit/Surplus – Bifurcation of Factors

(₹ in crore)

Year	Revenue Receipts	Recovery of Loans and Advances	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances disbursed	Primary Expenditure	Primary Revenue Deficit (-) / Surplus (+)	Primary Deficit (-) / Surplus (+)
1	**2**	**3**	**4 (2+3)**	**5**	**6**	**7**	**8 (5+6+7)**	**9 (2-5)**	**10 (4-8)**
2009-10	2,841	38*	2,879	2,796	369	2	3,167	45	(-) 288
2010-11	3,200	4	3,204	3,209	371	2	3,582	(-) 9	(-) 378
2011-12	2,771	4	2,775	2,832	375	2	3,209	(-) 61	(-) 434
2012-13	3,146	3	3,149	2,600	315	1	2,916	546	233
2013-14	4,308	3	4,311	4,006	362	1	4,369	302	(-)58

(Source: Finance Accounts of respective years)

* Includes miscellaneous capital receipt of ₹ 33 crore

As non-debt receipts were not enough to meet the primary expenditure, primary surplus turned into primary deficit during the year. Though Primary revenue surplus decreased during the year by ₹ 244 crore over previous year, revenue receipts were enough to meet the primary revenue expenditure.

1.12 Conclusion

High share of revenue expenditure in total expenditure: The revenue expenditure of ₹ 4,483 crore during 2013-14 constituted 92.51 *per cent* of total expenditure. The committed expenditure such as salaries, pension and interest payments constituted around 50 and 48 *per cent* of revenue receipts and revenue expenditure respectively.

Inadequate priority to Development expenditure: Capital expenditure increased by ₹ 47 crore from ₹ 315 crore in 2012-13 to ₹ 362 crore in

2013-14 and it was 7.47 *per cent* of the aggregate expenditure. However, the development capital expenditure, as a percentage of aggregate expenditure decreased from eight *per cent* in 2012-13 to six *per cent* in 2013-14.

Low return on investments: As of 31 March 2014, Government invested ₹ 981.85 crore in Government companies and co-operative institutions. Though the average rate of interest on UT Government's borrowings was 7.7 *per cent*, the average rate of return on investment was around 0.5 *per cent* during 2009-14.

High ratio of fiscal liabilities to GSDP: The outstanding fiscal liabilities increased from ₹ 3,887 crore in 2009-10 to ₹ 6,555 crore in 2013-14. The fiscal liabilities constituted about 31 *per cent* of GSDP in 2013-14.