FINANCE DEPARTMENT

POLICY NOTE
2026 – 2027

DEMAND No. 16

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©
Government of Tamil Nadu
2026

INDEX

Sl. No.	Subject	Page
1.	**Introduction**	1
2.	**Vision and Mission**	3
3.	**Role and Organisational Structure of Finance Department**	6
	i. Budget Wing	7
	ii. Finance Commission Wing	14
	iii. Pay and Pension Wing	15
	iv. Establishment and Administrative Wing	15
	v. Bureau of Public Enterprises	16
	vi. Procurement Management	16
	vii. Legal Cell	18
	viii. Chief Minister's Public Relief Fund	20
	ix. Treasuries and Accounts, Audit and Financial Control	21
4.	**Structure of Finance Department**	21
5.	**Administrative Departments**	
	i. Treasuries and Accounts Department, including Small Savings Department headed by the Director of Treasuries and Accounts ex-officio	24

- The Bureau of Public Enterprises monitors the financial and administrative performance of State Public Sector Undertakings.

6.	**Audit Departments**	
	i. Local Fund Audit Department	57
	ii. Co-operative Audit Department	72
	iii. State Government Audit Department	82
	iv. Department of Audit for Milk Co-operatives	90
	v. Hindu Religious Institutions Audit Department	104
7.	**Other Agencies**	
	i. Tamil Nadu Infrastructure Development Board (TNIDB)	120
	ii. Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC)	132
	ANNEXURES	

POLICY NOTE

DEMAND NO.16

FINANCE DEPARTMENT

POLICY NOTE FOR THE YEAR 2026-2027

Finance is Demand No.16. The note opens on Thirukkural 385 - the ruler who can generate, gather, safeguard and fairly distribute wealth.

Introduction:

"இயற்றலும் ஈட்டலும் காத்தலும் காத்த வகுத்தலும் வல்ல தரசு."

(திருக்குறள் 385)

A true ruler is one who has the capacity to generate wealth, gather resources, safeguard them prudently, and distribute them fairly for the welfare of the people.

2. The Finance Department, vested with the vital responsibility of managing the public finances of the Government of Tamil Nadu effectively and efficiently, carries out

its activities to uphold fiscal discipline while championing public welfare. The primary functions of the department include:

i. Preparation of the Annual Budget under Article 202 of the Constitution of India.

ii. Managing the public finances of the Government of Tamil Nadu as the custodian of the State exchequer.

iii. Formulating policies for overall financial management across the State.

iv. Balancing receipts and payments of the Government.

v. Critical scrutiny and evaluation of expenditure proposals submitted by various departments.

vi. Identifying alternate sources of financing for infrastructure development.

- The Annual Budget is prepared under Article 202 of the Constitution - the article to quote for the Annual Financial Statement.
- The department's constitutional role: custodian of the State exchequer, balancing receipts and payments and scrutinising every expenditure proposal.

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Vision and Mission

3. To maintain the fiscal health and stability of the State through prudent financial management, prioritizing public welfare initiatives and critical infrastructure projects while proactively adapting to emerging economic challenges. The core functions of the Department include:

- **Budgetary Management:** Preparing the Annual Budget in compliance with Article 202 of the Constitution of India and adopting modern budgetary practices.

- **Exchequer Stewardship:** Managing public finances, balancing Government receipts and payments, and serving as the custodian of the State exchequer.

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- **Financial Governance:** Formulating State-wide financial management policies and critically evaluating expenditure proposals from various departments.

- **Resource Mobilization:** Identifying alternative financing sources to accelerate infrastructure development.

4. Within this broad framework, the department has taken various strategic initiatives including:

- **Technological Advancement:** Upgrading and fully utilizing the Integrated Finance and Human Resources Management System (IFHRMS) and strengthening the Treasury System.

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- **Fund Tracking & Transparency:** Monitoring fund flows across departments and agencies using innovative tools such as the Tamil Nadu Public Fund Tracking System (TN-PFTS).

- **Autonomy & Accountability:** Delegating greater financial autonomy to line departments while enhancing productivity, accountability, and the efficiency of public procurement processes.

- **Robust Audit Framework:** Reforming and strengthening the audit system to ensure the optimal, transparent, and effective utilization of public funds.

- The Tamil Nadu Public Fund Tracking System follows money to the end beneficiary; direct treasury release pays vendors straight from the Treasury, so the State borrows only at the pace of implementation.

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Role and Organisational Structure of Finance Department

5. The Finance Department is the nodal department responsible for the management of the State's public finances. As the custodian of the State Exchequer, it plays a crucial role in preparing and presenting the State Budget, scrutinizing financial proposals of administrative departments, regulating expenditure, managing government borrowing and debt obligations, and maintaining fiscal discipline. Financial proposals are examined regarding their necessity, cost-effectiveness, availability of budgetary provision and conformity with established financial procedures.

The Department operates through several specialized wings, cells and units. The principal components include:

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❖ **Budget Wing**: It is responsible for the preparation and coordination of the Tamil Nadu State Budget by examining the budgetary requirements of various departments, prepares budget estimates, monitors expenditure and assists in ensuring that public expenditure remains consistent with the State's fiscal objectives. The Department publishes detailed budget documents, including the Annual Financial Statement, detailed demand for grants and other budget-related statements with the assistance of the following units.

- **Programme-cum-Budget Unit (PCB):** Coordinates the budget proposals of various

The Programme-cum-Budget Unit coordinates departmental budget proposals; the Budget Wing publishes the Annual Financial Statement and detailed demands for grants.

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Government departments and examines their financial requirements. It helps align programmes and expenditure with the State's budgetary priorities.

- **Economic Survey:** Studies the economic performance of Tamil Nadu and analyses important economic trends and developments. Its findings support budget preparation and economic policy decisions.
- **Financial Data Analytical Unit:** Analyses financial and budgetary data to support informed decision-making. It helps the Finance Department monitor revenue, expenditure and overall fiscal performance.

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- **Debt, Fiscal Risk and Resource Management:** The Finance Department also contains specialised functions dealing with Ways and Means, Resource/Debt Management, Macro-Fiscal analysis and Fiscal Risk Management. These functions assist the State Government in managing its cash position, borrowing requirements, debt obligations and emerging fiscal risks while maintaining sustainable public finances.

Specialised functions inside the department: Ways and Means, Resource and Debt Management, Macro-Fiscal analysis and Fiscal Risk Management.

- **Cash and Debt Management:** Optimal cash and debt management are the hallmark of good public financial

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management. The Department has leveraged technology to ensure a just-in-time release of funds to the implementing agencies such that cash does not lie idle in bank accounts. The Public Fund Tracking System, whereby the Government will be able to track the flow of funds till the end beneficiary, has been introduced. Further, the direct treasury fund release mechanism has also been implemented for identified schemes, such that the payment is made directly from the Treasury to the vendors. These efforts will ensure that the funds are released as per the pace of

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implementation of projects and the Government does not borrow more than what is required, thus saving substantially on the interest burden.

- **SNA-SPARSH:** SNA-SPARSH is an updated version of payment mode under the Centrally Sponsored Schemes (CSS) which ensures Just In Time (JIT) Release of funds from the Central and State exchequers directly to the end beneficiary accounts. Under this procedure, upon passing of the expenditure bills for payment by the State treasuries, the proportionate Central and State share of funds will be credited to the State

- **SNA-SPARSH** gives Just-In-Time release under Centrally Sponsored Schemes: on passing a bill, Union and State shares are credited to a State Drawing Account at the **RBI** and paid onward to beneficiaries.

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Drawing Account opened with the Reserve Bank of India for the scheme and from there, the consolidated payment will be made to the end beneficiaries. Under this, 117 State Linked Schemes (SLSs) under 52 Centrally Sponsored Schemes (CSS) were successfully onboarded onto the SNA-SPARSH platform. Appropriate measures are being undertaken to onboard and implement the remaining schemes through the SNA-SPARSH mode of payment during the current financial year 2026-27.

- 117 State Linked Schemes under 52 Centrally Sponsored Schemes are onboarded onto **SNA-SPARSH**.

- **Just In Time Release of Funds:** As part of efficient public financial management

practices, and to prevent the accumulation of idle Government funds in bank accounts, the Government has implemented 'Just-in-time (JIT) Payments' for grants-in-aid allocated to State-owned entities. Under this system, funds are released directly from the treasury to beneficiaries and claimants exactly when obligations become due. This mechanism enhances liquidity management, eliminates unnecessary fund parking, and reduces interest liabilities. The JIT Payment system was initiated on a pilot basis in August 2026 and will be

- Just-in-Time payments for grants-in-aid to State-owned entities began as a pilot in August **2026** - funds leave the treasury exactly when obligations fall due, cutting idle balances and interest.

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expanded to all other eligible schemes in a phased manner

❖ **Finance Commission Wing:** The Finance Commission-related wing deals with matters concerning both Central Finance Commission and State Finance Commission grants. The State Finance Commission reviews the financial position of Panchayats and Urban Local Bodies and makes recommendations concerning the distribution of State revenues, grants-in-aid and measures to strengthen the financial position of local governments. The Seventh Tamil Nadu State Finance Commission was constituted in 2025 for this purpose.

- The Seventh Tamil Nadu State Finance Commission was constituted in **2025** to review the finances of panchayats and urban local bodies.

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❖ **Pay and Pension Wing:** The Finance Department handles important matters and policies relating to pay, allowances, pensions and retirement benefits of State Government employees. These units assess the financial implications of pay commissions recommendations, and pension policies while considering the long-term fiscal sustainability of the State.

❖**Establishment and Administrative Wing:** These units deal with the establishment, administrative and service-related matters of the Finance Department. They support the internal functioning of the Department and coordinate administrative issues associated with

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its various branches and subordinate offices.

❖**Bureau of Public Enterprises (BPE)**: The Bureau of Public Enterprises deals with matters relating to Tamil Nadu's public-sector enterprises. It monitors their financial and administrative performance and assists the Government in improving the efficiency, accountability and financial sustainability of State Public Sector Undertakings.

❖**Procurement Management**: This Wing formulates and monitors policies relating to the procurement of goods, services and works by Government departments. This wing is also administering the following application:

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- **TN-WAMIS Application:** In G.O.Ms.No.275, Fin(Proc.Cell) Dept. dated:02.09.2024, orders have been issued for upgradation of e-procurement facility by Integrating Works and Accounts Management Information System (WAMIS), e-Mbook, Estimate Preparation and other related services into one comprehensive online platform. The Billing and Works Management modules have been integrated with Karuvoolam (IFHRMS) for seamless processing of Work Bill, facilitating easier monitoring and faster completion of Capital Works.

  - Under Phase-I, State wide training for the first three implementing departments viz.,

- **TN-WAMIS**, ordered by G.O.Ms.No.275 of **02.09.2024**, merges works and accounts management, e-Mbook and estimate preparation into one platform, integrated with Karuvoolam (**IFHRMS**).

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WRD, PWD & Highways dept. has been conducted. The "***tnworks***" application is ready for State Wide rollout.

- Under Phase-II, the e-estimates, Mobile application and Management Information System (MIS) modules are currently being developed by the C-DAC team.

- Subsequently, it will also be integrated with the Contractor Registration System (CRS)

❖**Legal Cell**: The Legal Cell aids on the legal aspects of financial proposals, rules, agreements and other matters handled by the Finance Department. The Government have

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constituted the Litigation Advisory and Oversight Committee to offer strategic guidance regarding High-Risk Litigation. Accordingly, an Integrated Legal Cell of Human Resources Management Department and Finance Department has been constituted within the Integrated Court Case Monitoring System (ICCMS) to monitor all high-risk litigations with the following objectives:-

- Guiding the departments to file effective Counter Affidavit.
- Monitoring the Court cases where Finance / Human Resources Management Departments are not impleaded also.

- A Litigation Advisory and Oversight Committee guides high-risk litigation, with an Integrated Legal Cell of Finance and **HRM** inside the Integrated Court Case Monitoring System.

- Creating a Corpus of Knowledge on the subjects and imparting training to the Head of Departments/District Units, to deal with establishment matters and other high value cases effectively.

❖**Chief Minister's Public Relief Fund (CMPRF)**: It is administered within the Finance Department's organisational framework. It provides financial assistance in eligible cases of exceptional hardship and emergencies, including situations arising from natural calamities and other circumstances requiring public relief.

- The Chief Minister's Public Relief Fund is administered within the Finance Department, for exceptional hardship and natural calamities.

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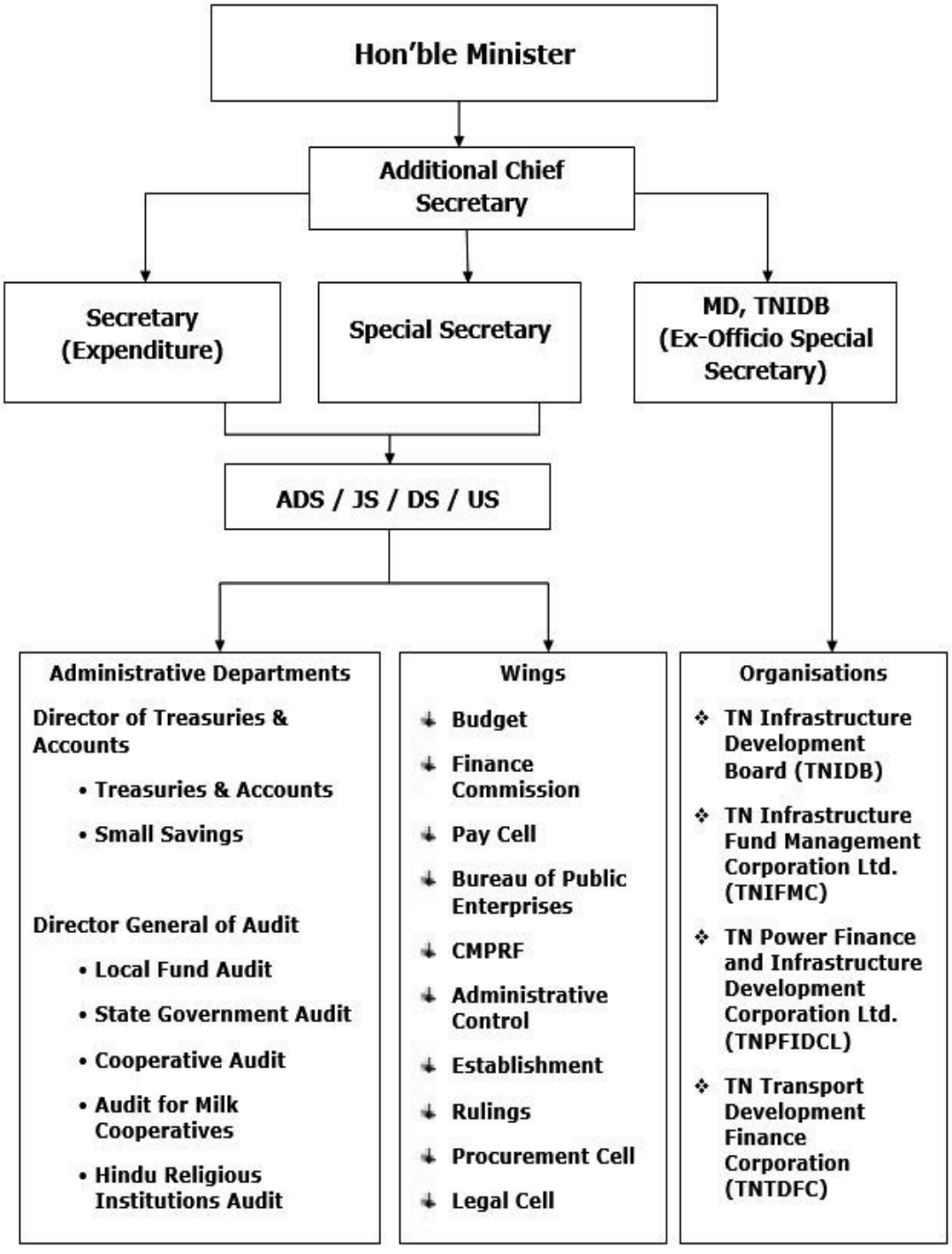
❖**Treasuries and Accounts, Audit and Financial Control**: An important part of Tamil Nadu's financial administration is the system of Treasuries and Accounts and audit institutions. These mechanisms support the authorisation, accounting, monitoring and audit of government transactions. The organisational structure also includes Local Fund Audit, State Government Audit, Co-operative Audit and related audit functions, strengthening financial accountability across the State.

STRUCTURE OF FINANCE DEPARTMENT

6. The organisational structure of Finance Department is as below:

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ORGANOGRAM OF FINANCE DEPARTMENT



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The Tamil Nadu Finance Department functions as the main institution for fiscal governance in the State. Its responsibilities extend beyond annual budget preparation to include resource mobilisation, expenditure control, debt management, employee compensation and pensions, financial devolution to local bodies, public-sector enterprise oversight, procurement, audit and relief administration. Through these functions, the Department seeks to maintain fiscal stability while ensuring that public resources are allocated efficiently towards welfare, infrastructure and developmental priorities of Tamil Nadu.

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TREASURIES AND ACCOUNTS DEPARTMENT

Introduction

7. Treasuries are among the oldest operational units of Government. Originally functioning as part of the Collectorates, they were reorganised as a separate Department on 01.04.1962 and brought under the administrative control of the Finance Department. The Treasuries and Accounts Department, headed by the Director of Treasuries and Accounts, performs the State's core treasury and accounting functions and also provides skilled financial manpower to Departments, Boards and Corporations.

- Treasuries were part of the Collectorates until they became a separate department on **01.04.1962** under the Finance Department.

8. The present field structure comprises 6 Regional Joint Director Offices, 6 Pay and Accounts Offices, 3 Sub Pay and Accounts Offices, 38 District Treasuries, 1

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Pension Pay Office, 1 Assistant Superintendent of Stamps Office and 243 Sub Treasuries. The Directorate of Pension and Government Data Centre have also been brought within the Department, for strengthening integrated pension and Contributory Pension Scheme administration.

- The treasury field structure: 6 Regional Joint Director offices, 6 Pay and Accounts offices, 3 sub offices, 38 district treasuries, 1 Pension Pay Office and 243 sub treasuries.

Main Functions:

9. The Department handles Government receipts and payments, salary and pension disbursements, payments relating to schemes and capital works, compilation of monthly accounts, sale of judicial and non-judicial stamps, maintenance of Local Fund and Personal Deposit Accounts, advances and implementation of employee and pensioner health insurance schemes. It also supports Departments, Boards and Corporations

through financial controllers, financial advisers and Chief Accounts Officers.

Kalanjiyam [Integrated Financial And Human Resources Management System 2.0 (IFHRMS-2.0)]

- IFHRMS/Kalanjiyam is the principal platform for processing salary, non-salary, pension and work bills, with direct electronic payment through the RBI e-Kuber system.

- The e-Challan facility enables 24x7 online remittance of Government's receipts. State Bank of India, Bank of Baroda, Indian Overseas Bank and Indian Bank are functioning as aggregator banks, while integration of Canara Bank is under process.

- **IFHRMS**/Kalanjiyam pays salaries, pensions and work bills electronically through the **RBI**'s e-Kuber system.

- The e-Challan facility allows 24x7 online remittance of Government receipts, with **SBI**, Bank of Baroda, Indian Overseas Bank and Indian Bank as aggregator banks.

- Major revenue-earning Departments, including Commercial Taxes, Prohibition and Excise, Registration and Transport, have been integrated with this system.

- The Kalanjiyam technology refresh has migrated the system to a modern Linux/Oracle environment and increased server capacity to 75,000 concurrent users, five times the earlier capacity. A separate training environment can accommodate 7,500 trainees simultaneously and e-Challan server capacity has also been increased five-fold.

- The system is being strengthened through Auto Arrear Calculation, centralised House Building Advance processing, the Global Beneficiary Master, Ways and Means processing and Online Contributory Pension Scheme authorisation as below:

- The Kalanjiyam technology refresh moved to Linux/Oracle and raised capacity to 75,000 concurrent users - five times the earlier level.

- Kalanjiyam upgrades: Auto Arrear Calculation and centralised House Building Advance from **01.04.2025**, a Global Beneficiary Master with Aadhaar and bank validation, a Ways and Means module and online Contributory Pension Scheme authorisation.

- **Auto Arrear Calculation (Employees):** A new provision has been developed by the System Integrator to calculate all types of pay arrears of the employees and it has been deployed with effect from 01.04.2025.
- **House Building Advance Collectorate Process:** Centralized House Building Advance Budget distribution process is implemented with effect from 01.04.2025. The processes from the initiation of request by employees for the sanction of House Building Advance, assigning of seniority number, Sanction and disbursement of advance to the employee on the basis of centralized budget approach are covered in the

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updated House Building Advance Module.

- **Global Beneficiary Master (GBM):** a) Creation of GBM ID for Employees, Pensioners and third party beneficiaries are being done duly cleansing the data. (b) Validation of Bank account, Aadhar, etc.
- **Ways and Means Module:** Obtaining the clearance of Finance (W&M) Department for making payment of high value bill payments is facilitated with effect from 01.04.2025.
- **Contributory Pension Scheme (CPS):** Automation of all processes viz., CPS ID creation, setting right of missing credit, issue of annual account slip and final settlement of CPS through Online Contributory Pension Scheme authorization system (OCPS)

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is facilitated with effect from 20.01.2025.

Digital Financial Management and Fund Tracking

10. The Tamil Nadu Public Fund Tracking System (TNPFTS) provides an end-to-end framework for processing, tracking, monitoring, accounting, reconciliation and reporting of Government payments. During 2026-27, schemes of 19 Departments covering 65 schemes have been onboarded and integration with major nationalised banks has been completed. Monitoring of Boards and Corporations through the portal strengthens the link between financial sanction, release, payment and utilisation.

11. IFHRMS also supports direct payment of welfare benefits, including old-

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age pension for about 34 lakh beneficiaries and assistance under the Dr. Muthulakshmi Reddy Maternity Benefit Scheme for about 8 lakh beneficiaries. Integration with TANGEDCO for electricity payments has been rolled out, while BSNL and Income Tax integrations are being developed. These measures reduce manual handling and strengthen the financial audit trail.

- The treasury system pays old age pension to about **34 lakh** beneficiaries and Dr. Muthulakshmi Reddy maternity assistance to about **8 lakh**.

Digital Audit and Accounting System (DAAS):

12. Digital Audit and Accounting System helps the Accountant General to carry out their Auditing and Accounting using the e-voucher data. This will enable to dispense with the submission of physical voucher to the Accountant General.

Online Pension and Provident Fund Authorisation System (OPPAS):

13. Online Pension and Provident Fund Authorisation System enables electronic processing of pension and provident fund proposals and creation of DCRG, GPF final withdrawal and pension bills based on e-authorisation data. Through regular review with Heads of Departments, online submission of pension proposals increased from 13 per cent in April 2024 to 98 per cent in July 2026. Dispensing with Annexure-IV to the G.O.(Ms.) No.197, Finance (Pension) Department, dated:04.09.2025 and permitting forwarding of GPF final closure proposals without employee concurrence prescribed in the G.O.Ms.No.35, Finance

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Department, dated:04.02.2026 have further reduced avoidable delays.

Pension Administration

14. The Directorate of Pension established on 01.09.1994 has been merged with Treasuries and Accounts Department and functioning as Pension Wing of Directorate of Treasuries and Accounts.

15. The Pension Wing administers pensioner grievances, Pensioners' Adhalats, pension-related welfare funds and specified provident fund and social security schemes for unorganised labourers, etc.

Pensioner mustering

16. Year-round pensioner mustering prescribed in the G.O.(Ms.) No.165, Finance (Pension) Department, dated:31.05.2023

reduces hardship by aligning mustering in the month of their retirement / commencement of Family Pension.

17. Conversion of service pension into family pension has also been simplified through advance collection and uploading of spouse details in IFHRMS.

18 Under the Tamil Nadu Government Pensioners' Family Security Fund Scheme, 3,11,354 claims amounting to Rs.1,245.62/- crore had been settled up to 31.07.2026.

Grievances Redressal

19. From 01.04.2025 to 31.07.2026, 2,045 pensioner grievance petitions were received, of which 1,359 were settled and 686 remained under follow-up.

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Contributory Pension Scheme (CPS) and Government Data Centre (GDC) Functions

20. The Government Data Centre (GDC) was established in 1975. Now, the Government have merged the Government Data Centre (GDC) with the Commissionerate of Treasuries and Accounts as Contributory Pension Scheme Wing.

21. The CPS Wing now administers CPS for Government and Local Body employees, NPS and Unified Pension Scheme for All India Service officers, and General Provident Fund accounts for employees of the Puratchi Thalaivar MGR Nutritious Meal Programme and Integrated Child Development Services.

22. As on 31.07.2026, 6,26,146 employees were covered under CPS. Account

slips up to 2025-26 had been issued to 5,91,819 subscribers and final account slips to 59,782 employees.

23. Upto 31.07.2026, CPS final authorisations for 59,782 persons amounted to Rs.7,278.04/- crores have been issued. CPS accumulated balances stood at Rs.1,02,186.29 crores (upto 30.06.2026), comprising employee and Government contributions and interest. For AIS officers, Rs.91.39 crores relating to 336 officers under NPS and UPS had been transferred to NSDL. The number of NMP and ICDS employees enrolled in the GPF scheme is 1,66,488 and final settlement authorisations issued for 44,204 employees involving Rs.294.13 crore.

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New Health Insurance Scheme, 2026

24. The New Health Insurance Scheme, 2021 for Government Employees and the New Health Insurance Scheme, 2022 for Pensioners concluded on 30.06.2026. During 01.07.2021 to 31.07.2026, 2,15,061 employees and family members availed medical assistance of Rs.1,985.17 crore, while 1,89,298 pensioners and family pensioners availed assistance of Rs.1,736.48 crore, during the period from 01.07.2022 to 31.07.2026.

25. With effect from 01.07.2026, the New Health Insurance Scheme, 2026 has been launched for the period of five years up to 30.06.2031 through United India Insurance Company Limited.

- The New Health Insurance Scheme, **2026** runs from **01.07.2026** to **30.06.2031** through United India Insurance. Under the previous schemes, employees drew **Rs.1,985.17 crore** and pensioners **Rs.1,736.48 crore**.

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26. The basic family cover has increased from Rs.5 lakh to Rs.7.50 lakh; specified-illness coverage from Rs.10 lakh to Rs.12 lakh; and corpus assistance for rare and specified illnesses from Rs.10 lakh to Rs.15 lakh.

27. The scheme covers 2,992 medical procedures, including 46 specified-illness procedures, through 1,535 empanelled hospitals and Government medical institutions. The annual premium is Rs.4,500/- per employee family and Rs.7,728/- per pensioner family, covering about 9 lakh employees and about 7 lakh pensioners and family pensioners.

28. For employees under Special Time Scale drawing Gross Pay/Consolidated Pay below Rs.10,000/- per month, the Government bears the subscription. Special

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Time Scale pensioners and specified ex-gratia pensioners are addressed separately through the Chief Minister's Comprehensive Health Insurance Scheme.

Rewriting of Financial Codes and Other Codal Procedures

29. The Tamil Nadu Treasury Code, Account Code, Treasury Manual and Pay and Accounts Manual are being revised with technical support from the Accounting Research Foundation of the Institute of Chartered Accountants of India. Business processes relating to receipts, retirement benefits, loans and advances, deposits, strong rooms, capital expenditure, disbursement, Accountant General-related matters and budget have been examined. Administrative and financial sanction of Rs.52,82,345/- has also been accorded for revision and rewriting of Tamil Nadu

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Financial Code Volumes I and II. These reforms will align codal requirements with digital systems and contemporary public finance practices.

Capacity Building

30. About 700 officers of the Treasuries and Accounts Department are deputed to Departments, Government Corporations and Boards as financial controllers, financial advisers and Chief Accounts Officers. Refresher, need-based, skill-development and induction training is being provided through institutions including Institute for Chartered Accountants of India (ICAI) and Indian Institute of Technology (IIT), Madras. An amount of Rs.13.50 lakh has been provided in the Budget Estimate for 2026-27 for skill development training of

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senior officials of the Finance Department and Treasuries and Accounts Department.

SMALL SAVINGS DEPARTMENT

31. The main objective of the Small Savings Schemes is to encourage thrift and the habit of regular saving among citizens. Small Savings provide secure investment avenues for individual and household savings and enable small investors to earn a reasonable return. The Small Savings Department promotes awareness of these benefits and facilitates mobilisation through Post Office Small Savings Schemes.

Small Savings Schemes

32. Small Savings Schemes are designed to meet the requirements of different sections of society. The Government of India notifies the applicable

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interest rates periodically on 1st January, 1st April, 1st July and 1st October. The rates are published and updated on the Department's website. The rates applicable from 01.07.2026 are given below.

Small Savings interest rates are notified by the Union Government quarterly - on 1 January, 1 April, 1 July and 1 October.

Sl. No.	Scheme	Rate (%)	Interest
1	Post Office Savings Account	4.0	Annually
2(a)	1 Year Time Deposit	6.9	Quarterly
2(b)	2 Year Time Deposit	7.0	Quarterly
2(c)	3 Year Time Deposit	7.1	Quarterly
2(d)	5 Year Time Deposit	7.5	Quarterly
3	Post Office Recurring Deposit – 5 years	6.7	Quarterly
4	Senior Citizen Savings Scheme – 5 years	8.2	Quarterly
5	Post Office Monthly Income Scheme – 5 years	7.4	Monthly
6	National Savings Certificate – VIII Issue – 5 years	7.7	Annually
7	Public Provident Fund / Ponmagan Podhuvaippu Nidhi – 15 years	7.1	Annually

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Sl. No.	Scheme	Rate (%)	Interest
8	Kisan Vikas Patra	7.5	Annually; maturity in 115 months
9	Sukanya Samriddhi Account / Selvamagal Savings Scheme	8.2	Annually

Selvamagal Savings Scheme

33. The Government of India introduced the Selvamagal Savings Scheme (Sukanya Samriddhi Account) on 03.12.2014 for girl children. The account is intended for girls below 10 years of age and parents or guardians may deposit up to Rs.1.50 lakh in a year. The interest rate applicable from 01.07.2026 is 8.2 per cent.

Ponmagan Podhuvaippu Nidhi

34. Following the response to the Selvamagal Savings Scheme, the Public

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Provident Fund has been promoted through the name Ponmagan Podhuvaippu Nidhi for the benefit of male children. An account may be opened by a parent or guardian for a child below 10 years, while a child above 10 years may open an account independently. Deposits up to Rs.1.50 lakh may be made in a year and the interest rate from 01.07.2026 is 7.1 per cent.

Senior Citizen Savings Scheme

35. The Senior Citizen Savings Scheme provides an interest rate of 8.2 per cent from 01.07.2026, with interest paid quarterly. The account may be extended for a further three years. Premature closure is permitted subject to the applicable deduction of 1.5 per cent after one year and 1 per cent after two years.

Small Savings Collection

36. Small Savings collections in Tamil Nadu have shown substantial growth over the years. The updated position includes 2025-26, for which the gross collection was Rs.2,97,485.16 crore, withdrawal was Rs.1,51,162.46 crore and resulting in net collection of Rs.1,46,322.70 crore.

(Rs. in Crores)

Sl. No.	Year	Target	Gross	Withdrawal	Net
(i)	2015-16	- -	17259.82	15314.41	1945.41
(ii)	2016-17	- -	20737.29	17227.19	3510.10
(iii)	2017-18	- -	25257.16	17301.21	7955.95
(iv)	2018-19	--	31923.58	19511.08	12412.50
(v)	2019-20	--	41195.23	23572.59	17622.64
(vi)	2020-21	--	41478.48	27421.02	14057.46
(vii)	2021-22	--	41970.55	25600.37	16370.18
(viii)	2022-23	--	45781.21	31285.18	14496.03
(ix)	2023-24	--	61736.24	46671.53	15064.71
(x)	2024-25	--	63,348.08	50,789.52	12,558.56
(xi)	2025-26	--	2,97,485.16	1,51,162.46	1,46,322.70

- Small Savings **2025-26**: gross collection **Rs.2,97,485.16 crore**, withdrawals **Rs.1,51,162.46 crore**, net **Rs.1,46,322.70 crore**.

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Agency System and Incentives

37. Small Savings agents are appointed throughout Tamil Nadu to mobilise savings and promote the schemes. Under the Mahila Pradhan Kshetriya Bachat Yojana (MPKBY), women are appointed as agents with priority for canvassing Post Office Recurring Deposits. As on 31.07.2026, 11,487 agents were registered and functioning, comprising 2,814 Standardised Agency System (SAS) agents and 8,673 MPKBY agents.

- Small savings agents work under the Mahila Pradhan Kshetriya Bachat Yojana and the Standardised Agency System.

38. The Government of India pays commission to agents for eligible deposits. The Government of Tamil Nadu provides awards to motivate agents and improve mobilisation. From 2017-18 to 2024-25, Rs.9.68 lakh was allotted annually and 709 agents benefited each year; during 2025-26,

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Rs.9.70 lakh was allotted and 711 agents benefited.

Awards

39. The Government of Tamil Nadu, in order to motivate Small Savings Agents and to increase Small Savings collection for every year, the award for Best Agents at Block level, District level and State Level are implemented for Mahila Pradhan Ksetriya Bachat Yojana (MPKBY) agents and award at District level and State level for Standardized Agency System (SAS) agents every year.

World Thrift Day

40. The Small Savings Department observes "World Thrift Day" every year to promote thrift and regular saving and to address grievances of investors and agents through its online platform. District Collectors and the Commissioner of Greater

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Chennai Corporation play an important role in taking the schemes to the public. Student competitions such as essay, poetry, slogan and elocution competitions are conducted and prizes are awarded. From 2017-18 to 2025-26, Rs.3.30 lakh was allotted each year and 933 students benefited each year.

Publicity and Awareness

41. The Department participates in Government trade fairs and exhibitions by establishing Small Savings pavilions, distributing pamphlets and explaining the salient features of the schemes. During 2025-26, Rs.10.00 lakh was sanctioned for conducting 250 awareness dramas in villages. These activities will continue during 2026-27 to improve public awareness and widen the reach of secure savings instruments.

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AUDIT DEPARTMENTS

42. The Director General of Audit is functioning as the Supervising Head of Department for the following Audit Departments under the control of Finance Department

Sl.No.	Name of the Audit Department
1.	Local Fund Audit Department
2.	Co-operative Audit Department
3.	State Government Audit Department
4.	Department of Audit for Milk Co-operatives
5.	Hindu Religious Institutions Audit Department

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DIRECTOR GENERAL OF AUDIT

43. With a vision to undertake fundamental reforms of the audit system and to integrate all the audit departments seamlessly to ensure the internal and statutory audit functions are effectively carried out across all Government Departments and Agencies, Government has established the Office of the Director General of Audit. The Director General of Audit is designated as the sole Administrative/Supervisory Head of Department for audit functions in respect of the Departments of Local Fund Audit, Cooperative Audit, Audit for Milk Co-operatives, State Government Audit, Hindu Religious Institutions Audit and any other Audit Departments which are to be brought under the administrative control of Finance Department in future. The Director General

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of Audit is also notified as the Director of Local Fund Audit under section 3 of the Tamil Nadu Local Fund Audit Act, 2014.

Mandate

44. The objective of audit is to provide policy makers with reliable and accurate information about the performance of Government Departments and Government Schemes. Audit insights can help them to allocate resources efficiently and effectively, improve public service delivery and maximize the value for public taxpayers. The mandate of the Director General of Audit is to ensure the Internal and Statutory audit functions of the Government Audit Departments are carried out effectively and for early identification of wrong doings and to initiate necessary corrective actions without delay and also, to enhance the capacity of the

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Audit Departments and to infuse professionalism. Based on the mandate the DGA office is majorly divided into the followings functional wings.

1. **Audit Quality**
2. **Audit Reforms**
3. **Performance Audit**
4. **Capacity Building and IT**

Key Reforms and Initiatives

45. As part of the endeavour to make the audit process more transparent and professional, several initiatives have been taken. Some of them are listed below:

Comprehensive Audit Management System (CAMS):

46. Comprehensive Audit Management System (CAMS), a web-based platform aimed at the digitization and supervision of

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all audit related task and procedures has been launched in all the Audit Departments. To enhance transparency and efficiency in the settlement of audit objections, the Audit Para Management System (APMS) module has been introduced within CAMS, facilitating a Faceless Settlement mechanism. Building upon these digital initiatives, necessary steps are being undertaken to introduce Faceless Audit in a phased manner across the Audit Departments. In order to ensure the effective implementation of CAMS and to promptly address queries from auditors and auditee institutions, a dedicated Help Desk has been established.

Audit Reforms

47. With a view to enhancing accountability and ensuring objective evaluation of scheme implementation,

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Performance Audit has been introduced. Considering the need to improve the efficiency and effectiveness of public service delivery, Performance Audit is being accorded utmost importance. In order to ease the burden of audit compliance for smaller institutions, a checklist-based Template Audit has been introduced as part of CAMS across the Audit Departments. Further, delegations of Audit Teams have been deputed to other States to study and adopt the best practices being followed in those States.

Audit Quality Management framework

48. Best practices and audit standards relating to the formation of audit teams, audit planning, reporting, etc., have been devised and their implementation is being monitored. Further, in order to enhance the

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efficiency, quality, and audit standards across all the Audit Departments, a new Departmental Test Paper titled 'Advanced Audit' has been introduced. Audit Report Format and presentation for major Auditee institutions have been revised with technical inputs from ICAI.

Capacity Building

49. As the quality of audit depends significantly on the capacity of the auditors, greater emphasis has been placed on conducting multiple training programmes, including integrated foundation training for all new recruits across the Audit Departments, refresher training, and training on Performance Audit. Further, Services Rules for the Tamil Nadu Audit Service and Tamil Nadu Audit Subordinate Service have

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been framed enabling direct recruitment of officers to the cadre of Assistant Director.

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LOCAL FUND AUDIT DEPARTMENT

50. The Local Fund Audit Department traces its origin to the Madras Local Funds Act, 1871, which provided for audit of the accounts of Local Boards. The post of Examiner of Local Fund Accounts was created in 1885 and an independent Local Fund Accounts Department was formed in 1921. In 1995, the department was renamed the Department of Local Fund Audit and the Examiner was redesignated as the Director of Local Fund Audit. Based on the recommendations of the Second State Finance Commission, the Government enacted the Tamil Nadu Local Fund Audit Act, 2014 and the Local Fund Audit Rules, 2016, providing the statutory framework for audit of Local Bodies. The Director General of Audit is the ex-officio Director of Local Fund Audit.

- The Local Fund Audit Department traces to the Madras Local Funds Act, 1871; the post of Examiner of Local Fund Accounts was created in 1885 and an independent department formed in **1921**.
- Renamed the Department of Local Fund Audit in **1995**, it now works under the Tamil Nadu Local Fund Audit Act, **2014** and Rules **2016**, enacted on the Second State Finance Commission's recommendation.

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Audit Mandate and Scope

51. The Department undertakes statutory audit of Urban and Rural Local Bodies, Universities, Agricultural Market Committees, Local Library Authorities and other grant-receiving institutions under their respective laws. Sections 4 and 5 of the Tamil Nadu Local Fund Audit Act, 2014 designate the Director of Local Fund Audit as the statutory auditor for local authorities and local funds.

- Sections 4 and 5 of the Local Fund Audit **Act, 2014** make the Director of Local Fund Audit the statutory auditor for local authorities and local funds.

52. Under Sections 4 and 6(1) of the Act, audits may be conducted annually, at prescribed intervals, or concurrently where required. Audit involves a systematic and independent examination of accounts, finance and administrative operations to verify compliance with Government rules and

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applicable regulations and to report deviations with supporting evidence.

Auditee Institutions

53. State Government vide various Government Orders as well as through notifications under the Local Fund Audit Act and Rules has mandated the Local Fund Audit Department to audit diversified nature of institutions.

Sl. No	INSTITUTIONS		Numbers
1	URBAN LOCAL BODIES	Municipal Corporations	25
		Municipalities	145
		Town Panchayats	479
2	RURAL LOCAL BODIES	District Panchayats	36
		Panchayat Unions	388
		Village Panchayats (every year on rotation basis 20%+5% (2506+524) out of 12525 village panchayats)	3030
3	UNIVERSITIES	Universities	23

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4	OTHER INSTITUTIONS	Local Library Authorities	33
		District Agricultural Market Committees	32
		Local Planning Authorities	27
		Miscellaneous	11
Total			**4,229**

Audit Performance

54. The Department conducts systematic and independent examinations of accounts, finances and administrative operations with the objective of delivering timely, high-quality and evidence-based audit reports. The Audit Report is the principal deliverable of the audit process and communicates an unbiased opinion on financial statements and regulatory compliance. Depending on the audit outcome under Rule 10(7) of the Local Fund Audit Rules, 2016, annual accounts may receive an

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Unqualified Certificate, Qualified Certificate, Disclaimer of Certificate or Adverse Certificate.

Audit Progress

55. Audit of the 2023-24 period covering Panchayat Unions, District Panchayats, the 20% + 5% rotation of Village Panchayats, Corporations, Municipalities, Universities and other institutions was completed by March 2025. Audit for 2024-25 commenced from 15.04.2025 through the Comprehensive Audit Management System (CAMS), thereby shifting the audit process from offline to online mode from preparation of the audit plan through issue of the Audit Report.

56. The status of audit performance as on 31.03.2026 is detailed below.

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Category of institutions	Number of institutions	Audit completed	Audit progress	Audit pending
Municipal Corporations	25	25	-	-
Municipalities	137	137	-	-
Town Panchayats	487	484	-	03
District Panchayats	36	36	-	-
Panchayat Unions	388	388	-	-
Village Panchayats (20 %)	2506	2505	-	01
Village Panchayats (5 %)	524	523	-	01
Universities	23	23	-	-
Others	103	96	-	07

Resolution of Audit Objections

57. Follow-up of audit findings is an integral part of the audit cycle. Irregularities are brought to the notice of Executive Authorities, while serious losses and

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structural deficiencies are reported to Government and the concerned Administrative Departments for corrective action through periodicals and special reports.

58. CAMS enables satisfactory replies to audit slips to be verified and settled online. The Audit Para Management System (APMS), integrated with CAMS, facilitates transparent and faceless processing of pending objections. Replies are examined by Para Settlement Auditors and satisfactory cases are settled through the faceless process. District High Level Committees (DHLC) and State High Level Committees (SHLC) provide an additional mechanism for expediting long-pending objections. Entry-level and exit-level discussions with Executive Authorities are also used to secure early rectification of audit defects.

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Non-Audit Functions

59. In addition to statutory audit, the Department performs important financial management and certification functions, including:

(i) Certification of annual accounts of Local Bodies and Universities for release of grants and loans.

(ii) Issue of Utilisation Certificates for grants received from the Union Government, State Government and external funding agencies.

(iii) Authorisation and disbursement of pensionary benefits to Local Body employees and redressal of pensioner grievances.

(iv) Administration of the Pensioners' Health Fund and Family Security Fund

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Schemes for Local Body and municipal employees.

(v) Sanction of interest on Provident Fund balances and deposits of Local Body employees.

(vi) Administration of charitable endowments and corpus funds as Treasurer.

(vii) Verification and certification of Contributory Pension Scheme balances of Local Body employees.

Audit Fees

60. Audit fees are collected from auditee institutions at the rates prescribed under Section 17 of the Tamil Nadu Local Fund Audit Act. During the financial year covered by the 2025-26 departmental position, Rs.1,546.04 lakh was remitted as audit fees.

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Settlement through High Level Committees

61. District High Level Committees and State High Level Committees have been formed to settle audit objections in respect of RLBs and ULBs. The details of High Level Committee meetings conducted during the period from 01.04.2025 to 31.03.2026 are exhibited in the table.

Sl. No	Name of Institution	No. of Meetings held	No. of Objections Settled	Total Value (Rs.in Lakhs)
1	Municipal Corporations	28	1479	28545.90
2	Municipalities	21	1726	8294.26
3	District Panchayats	03	30	63.82
4	Town Panchayats	33	514	546
5	Panchayat Unions	261	7812	28408.84
6	Village Panchayat	101	17863	4269.28

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Consolidated Audit Report to Legislative Assembly

62. Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, requires Director of Local Fund Audit to submit annually a consolidated report of the accounts of local bodies audited by him to the Government, to be laid before the Legislative Assembly. The report relating to the 2024-25 accounts is scheduled for submission to Government before the statutory cut-off date of 30.09.2026.

Sl. No	Year	Status
1)	2015-2016	Placed in assembly on 09.07.2018
2)	2016-2017	Placed in assembly on 05.02.2021
3)	2017-2018	Placed in assembly on 13.09.2021

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Sl. No	Year	Status
4)	2018-2019	Placed in assembly on 13.09.2021
5)	2019-2020	Placed in assembly on 24.03.2022
6)	2020-2021	Placed in assembly on 19.04.2023
7)	2021-2022	Placed in assembly on 22.02.2024
8)	2022-2023	Placed in assembly on 10.12.2024
9)	2023-2024	Placed in assembly on 17.10.2025

Capacity Building and Training

63. Refresher courses are conducted annually for Local Fund Auditors to update professional knowledge and improve audit quality. Short-term specialised programmes through the Anna Administrative Staff College cover financial audit, compliance

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audit, performance audit and Information Technology audit.

64. During 2025-26, 283 Assistant Inspectors were recruited through direct recruitment. New recruits of the five Audit Departments under the Director General of Audit receive three months of domain-specific training followed by three months of practical audit training.

Special Initiatives and Digital Transformation

(i) e-Office

e-Office has been implemented to streamline file movement, improve processing speed and strengthen transparency in departmental administration.

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(ii) Online facilities for Local Body Pensioners

Local Body pensioners and family pensioners can digitally submit Life Certificates through Jeevan Pramaan and access pension-related services, with extension through e-Sevai centres envisaged.

(iii) Comprehensive Audit Management System (CAMS)

a. CAMS was introduced from the first quarter of 2025-26 to digitise the complete audit lifecycle from planning to issue of the Audit Report.

b. Legacy audit paragraphs from 1977-78 to 2023-24 have been uploaded into the NIC-

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maintained CAMS database for online tracking, compliance and settlement.

c. Audit Para Management System (APMS) within CAMS provides a digital and faceless mechanism for processing pending audit objections and improving transparency and efficiency.

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CO-OPERATIVE AUDIT DEPARTMENT

65. The Co-operative Audit Department was formed to conduct annual statutory audit of Co-operative Institutions registered under the Tamil Nadu Co-operative Societies Act, 1983 and functioning under the administrative control of 15 Functional Registrars. The Government has delegated the relevant powers under Sections 72, 80 and 148 of the Act to the Director of Co-operative Audit. The Department is statutorily responsible for audit of registered Co-operative Institutions in Tamil Nadu, except Milk Co-operative Societies.

- The Co-operative Audit Department audits societies under 15 Functional Registrars, using powers delegated under Sections 72, 80 and 148 of the Tamil Nadu Co-operative Societies Act, 1983 - milk co-operatives excepted.

Audit Mandate

66. Under Section 80 of the Tamil Nadu Co-operative Societies Act, 1983, read with the relevant Rules, the Director of Co-

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operative Audit exercises statutory audit powers.

67. In accordance with G.O.(Ms.) No.10, Cooperation, Food and Consumer Protection Department, dated:31.01.2013, statutory audit of the Tamil Nadu State Apex Co-operative Bank, District Central Co-operative Banks and such other categories as notified by Government is carried out by auditing firms. Concurrent audit of these banks and Urban Co-operative Banks is undertaken by departmental auditors, while statutory audit is conducted by Chartered Accountants.

Auditee Institutions

Sl. No.	List of Functional Registrars	Total No. of Societies for the year 2025 - 2026
1.	Registrar of Cooperative Societies	8,472

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Sl. No.	List of Functional Registrars	Total No. of Societies for the year 2025 - 2026
2.	Director of Fisheries	1,445
3.	Director of Handlooms	1,371
4.	Registrar of Cooperative Societies (Housing)	696
5.	Commissioner of Animal Husbandry and Veterinary Services	368
6.	Chief Executive Officer, Palm Products Development Board	363
7.	Commissioner of Industries and Commerce	262
8.	Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board	174
9.	Commissioner of Social Welfare	102
10.	Director of Rural Development and Panchayat Raj	30
11.	Director of Sericulture	25
12.	Director of Integrated Child Development Schemes	22
13.	Director of Agro Engineering and Service Cooperative Societies	18

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Sl. No.	List of Functional Registrars	Total No. of Societies for the year 2025 - 2026
14.	Commissioner of Sugar	17
15.	Director of Textiles	7
	TOTAL	**13,372**

Audit Performance and Digital Transformation

68. Audit is taken up after completion of the financial year and finalisation of accounts. The Comprehensive Audit Management System (CAMS) was implemented with effect from 15.04.2025 to provide an end-to-end online audit process. The preceding three years recorded 13,571, 13,532 and 13,130 Societies respectively, with audit completion of 11,589, 11,037 and 10,276 Societies. Certain audits may remain pending due to statutory enquiries under

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Section 81, investigations by the Economic Offences Wing, court cases, non-production of books or incomplete accounts; coordination with the concerned authorities is undertaken to complete the audit in such cases.

69. During 2024-25, 2,90,296 audit slips were generated through CAMS, of which 30,168 were dropped and 2,60,128 were converted into formal audit paras. Template Audit was completed in 711 low-risk societies.

Resolution of Audit Objections

70. Section 80(7) of the Tamil Nadu Co-operative Societies Act, 1983 requires a registered society to remedy defects disclosed by audit within three months and report the action taken to the Registrar. State Level and District Level Settlement

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Committees were constituted under G.O.Ms.No.288, Finance (CA) Department, dated:16.09.2024. Monetary objections up to Rs.1 crore are placed before District Level Committees and those above Rs.1 crore and up to Rs.5 crore before the State Level Committee.

71. Out of 10,43,690 non-monetary paras and 31,369 monetary paras identified during the preceding five years, 42,916 non-monetary paras and 2,247 monetary paras involving Rs.2,411.26 lakhs have been settled.

Audit Para Management System (APMS)

72. APMS was launched within CAMS on 17.11.2025 for structured settlement of legacy audit paras. Out of 13,30,911 legacy paras, 1,40,540 have been settled through APMS. Faceless settlement is undertaken by

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Cooperative Audit Officers at Level 1 and then scrutiny by concerned Assistant Directors at level 2.

Audit Fees

73. Audit fee is calculated based on the man days and category of the audit staff engaged for the audit. Similarly FR Cost is calculated based on the Monthly Average Cost plus Pension Contribution of the category of audit staff engaged in the audit.

Details of Audit Fees and Fundamental Rule-127 Cost Collected

(Rs. in Crores)

Year	Audit Fees Collected	F.R. Cost Collected
2023-2024	5.62	14.46
2024-2025	6.10	18.07
2025-2026	7.17	21.72

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Capacity Building

74. Refresher courses are conducted annually to update professional knowledge and improve audit quality. Short-term programmes are conducted through the Anna Administrative Staff College, the Natesan Institute of Co-operative Management, Chennai and the Institute of Co-operative Management, Madurai in financial audit, performance audit and IT audit.

75. Advanced programmes are also conducted at Bankers' Institute of Rural Development (BIRD), Mangaluru, the National Forensic Science University and Indian Bank Management Academy for Growth and Excellence (IMAGE), covering specialised audit and professional requirements.

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76. Specialised training in data analytics, digital systems, e-procurement, GST, TDS and legal procedures will continue.

SPECIAL INITIATIVES

1. CAMS–e-PACCS integration will facilitate Faceless Audit in Primary Agricultural Co-operative Credit Societies (PACCS), improve use of digital records and reduce manual processes.

2. e-Office is operational in all subordinate offices to speed up file processing and strengthen transparency.

3. Performance Audit will receive greater emphasis to assess economy, efficiency and effectiveness of co-operative operations and use of resources.

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4. Risk-based and Template Audit will be expanded for low-risk, low-volume societies while retaining essential financial safeguards.

5. Audit quality will be strengthened through standardised planning, team formation, reporting and professional development.

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STATE GOVERNMENT AUDIT DEPARTMENT

77. The State Government Audit Department traces its roots to 1945, when the Examiner of Local Fund Accounts was appointed as the Chief Auditor for State Trading Schemes. Following subsequent structural realignments, the Internal Audit and Statutory Boards Audit Department was renamed the State Government Audit Department under G.O.Ms.No.264, Finance (L.F.) Department, dated:16.08.2019, and the head of department was designated as the Director, State Government Audit.

- The State Government Audit Department traces to **1945**, when the Examiner of Local Fund Accounts became Chief Auditor for State Trading Schemes; it took its present name by G.O. of **16.08.2019**.

Audit mandate and Scope

78. The Department undertakes statutory audit of Public Sector Institutions, Statutory Boards and other Bodies entrusted to it under the relevant Acts and Government

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Orders. Major auditable institutions include the Tamil Nadu Housing Board, Tamil Nadu Urban Habitat Development Board, Chennai Metropolitan Development Authority, Tamil Nadu Khadi and Village Industries Board, Tamil Nadu Wakf Board, Labour Welfare Board, Tamil Nadu Water Supply and Drainage Board, Chennai Metropolitan Water Supply and Sewerage Board, Government-aided Arts & Science, Polytechnic and Engineering Colleges.

79. The Department also undertakes Internal Audit of key Government Departments. Audit covers receipts and expenditure, financial propriety, pensionary and provident fund matters, grant entitlement and serious audit observations requiring follow-up.

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Auditee Institutions

80. State Government vide various Government Orders as well as through notifications under relevant Acts have mandated the State Government Audit Department to audit diversified nature of institutions. The list of Boards, Schemes and Institutions under the purview of the State Government Audit Department can be seen in the Annexure-1. Internal Audit of the following Departments are carried out by this Department.

1. Medical Education & Research Department.
2. Medical & Rural Health Services Department.
3. Public Health & Preventive Medicine Department.
4. Revenue Administration and Disaster Management Department.

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5. Technical Education Department.

6. Social Welfare & Women Empowerment Department.

7. Forest Department.

8. Home Department (DGP- Office Audit).

9. Agricultural Engineering Department.

10. Agriculture – Farmers welfare Department.

11. Transport Department.

12. Collegiate Education Department.

13. Geology and Mining Department.

14. Department of Prisons and Correctional Services.

15. Social Welfare Department.

16. Stationery and Printing Department

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Audit Performance

81. The status of Audit of the Auditable Institutions as on 31.07.2026 is at Annexure -II

Recovery of Audit Fee

82. Through intensive audit scrutiny and compliance settlements, revenue loss amounting to Rs.2,392.79 lakh covered in 26,366 audit paras was recovered and remitted to the respective Board/Government's accounts. Audit fee collections during 2025-26 totalled Rs.474.05 lakh.

State Government Audit recovered **Rs.2,392.79 lakh** of revenue loss across 26,366 audit paras.

Resolution of Audit Objections

83. A multi-tier High Level Committee mechanism operates under G.O.(Ms.) No.27, Finance(LF) Department, dated:04.02.2025. The State Level Committee is headed by the

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Finance Secretary, the Department/Board Level Committee by the Director General of Audit and the District Level Committee by the District Collector. The mechanism is intended to expedite settlement of audit objections and secure corrective action.

Comprehensive Audit Management System

84. The Comprehensive Audit Management System (CAMS) provides a transparent, digital end-to-end audit workflow, real-time tracking and prompt follow-up of audit observations. In accordance with the annual work plan for 2026-27, first-quarter audit have been completed successfully and audit of 2nd Quarter in progress through CAMS.

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Capacity Building

85. During 2025-26, specialised refresher courses covering Performance Audit, Compliance Audit, TDS & GST and IT Audit were conducted, training 78 auditors with Government financial assistance. Refresher and specialised training will continue in 2026-27 to strengthen professional and technology-enabled audit capability.

Special Initiatives

i. Risk-based and timely audit, with greater attention to material financial risks, systemic weaknesses and significant public expenditure.

ii. Recovery-oriented audit, ensuring that findings are followed through to recovery, regularisation and corrective action wherever financial loss is established.

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iii. Digital audit through CAMS, strengthening audit trails, workflow monitoring and timely follow-up.

iv. High Level Committee mechanism at State, Department/Board and District levels for time-bound settlement of important audit objections.

v. Greater use of Performance and IT Audit to assess economy, efficiency, effectiveness and reliability of digital financial systems.

vi. Strengthening Internal Audit so that audit findings are used as management information to prevent recurrence of deficiencies.

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DEPARTMENT OF AUDIT FOR MILK CO-OPERATIVES

86. The Department of Audit for Milk Co-operatives was created as a separate department in 1987 to conduct statutory audit exclusively for Milk Co-operatives in Tamil Nadu. The Department was brought under the administrative control of the Finance Department in 2019 vide G.O.(Ms) No.370, Finance (Co-operative Audit) Department, dated: 22.11.2019.

- The Department of Audit for Milk Co-operatives was created in **1987** and moved to Finance Department control in **2019**.

Audit Mandate and Process

87. Under Section 80(1)(a) of the Tamil Nadu Co-operative Societies Act, 1983, read with Rules 101 and 102 of the Tamil Nadu Co-operative Societies Rules, 1988, the accounts of Co-operative Societies are required to be audited at least once in every financial year by Government-appointed

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auditors. The Director of Audit for Milk Co-operatives functions as the Registrar (Audit).

88. The audit process comprises determination of audit objectives and scope, audit planning and programme, placement of auditors, execution of audit and conclusion with issue of the Audit Certificate and Audit Report. Statutory and compliance audit covers the financial statements, overdue debts, cash and securities, valuation of assets and liabilities, expenditure and realisation of dues, compliance with the Act, Rules and by-laws and transactions involving financial irregularities or impropriety.

Organisational structure

89. The milk co-operative sector has a three-tier structure comprising the Tamil Nadu Co-operative Milk Producers Federation

- The milk co-operative sector is three-tier: **TCMPF** at the apex, 27 District Co-operative Milk Producers Unions, and primary producer and consumer societies.

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Ltd. (TCMPF) at the apex level, 27 District Co-operative Milk Producers Unions (DCMPUs) at the district level, and Milk Producers Co-operative Societies (MPCSs) and Milk Consumer Co-operative Societies (MCCSs) at the primary level. The Department is organised with the required audit officers and staff to undertake statutory and compliance audit of these institutions.

Scope of Audit

90. The audit examination provides an opinion on whether the Balance Sheet gives a true and fair picture of the affairs of the Society and whether the Profit and Loss Account shows the true profit or loss for the financial year. It also includes verification of overdue debts, cash balances and securities and valuation of assets and liabilities.

Auditors examine transactions contrary to the Act, Rules or by-laws, sums due but not brought into account, and material impropriety or irregularity in expenditure or in the realisation of money due to the Society.

91. The Milk Cooperative Auditor has wider responsibility of examination of the functions of Milk Cooperative Societies with respect to the economic welfare of its members as well as the principles of Cooperation.

92. On examination of the profit and loss accounts and balance sheet of the Cooperative Societies and on the basis of documents / accounts, evidences and information best known, the auditor has to give an opinion as to whether.

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- The Balance sheet gives a true and fair picture of the society's affairs as at the end of the financial year and the Profit and Loss account, shows the true picture of the profit or loss for the financial year.

- Audit also covers

  i) Examination of overdue debts

  ii) Verification of cash balance and securities

  iii) Valuation of assets and liabilities of the society

- Auditor is also entitled to examine the following areas and furnish his findings in the audit memorandum as per Rule 102 of Tamil Nadu Cooperative Societies Rules 1988.

  i. all transactions which appear to be contrary to the provisions of the Act and Rules or the by-laws of the society

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ii. all sums which ought to have been but have not been brought into account by the society

iii. any material impropriety or irregularity in the expenditure or in the realisation of moneys due to the society

iv. any money or property belonging to the society which appears to the auditor or auditing firm who or which does the audit to be bad or doubtful debts and

v. any other information as may be required by the Registrar (Audit) in this behalf.

Audit Performance

Tamil Nadu Cooperative Milk Producers Federation (as on 31.08.2026)

93. Final audit up to the financial year 2024-25 has been completed in all 11 units of TCMPF and Audit Certificates have been issued. Audit for 2025-26 is completed in 5

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Units and audit is under progress in remaining 6 units. The consolidated audit certificate is targeted to be issued by the end of September.

District Cooperative Milk Producers Unions (As on 31-08-2026)

94. In respect of the 27 DCMPUs, audit for 2024-25 has been completed in 24 Unions, audit is under progress in 2 Unions and in 18 Unions for 2025-26 out of which audit completed in 1 union.

Sl.No.	Audit Year	Total No. of Unions	Audit Completed	Audit Pending			Audit Certificate Issued	Audit Certificate Pending
				Audit Progress	Books not written	Total		
1	2023-2024	27	26	-	1	1	26	-
2	2024-2025	27	24	2	1	3	24	-
3	2025-2026	27	1	17	9	26	-	1

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Milk Producers Co-operative Societies (As on 31-08-2026)

Sl. No.	Audit year	Total No. of societies	Audit Completed	Audit Certificate issued	Audit Certificates pending	Audit Pending
1	2019-2020	10081	10032	10032	-	49 (14 Societies Books not written)
2	2020-2021	10382	10077	10077	-	305 (205 Societies Books not written)
3	2021-2022	10565	9368	9368	-	1197 (980 Societies Books not written)
4	2022-2023	10656	7957	7957	-	2699 (1965 Societies Books not written)
5	2023-2024	10704	7107	7105	2	3597 (2432 Societies Books not written)
6	2024-2025	10446	4192	4190	2	6254 (3427 Societies Books not written)
7	2025-2026	10610	909	852	57	9701 (6666 Societies Books not written)

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Audit paras and Settlement

95. In order to expedite speedy settlement of audit paras, Audit Para Settlement Committees have been constituted at the state and district levels as per G.O.(Ms) No.288, Finance (Cooperative Audit) Department, dated:16.09.2024, in place of the existing Audit Review (Accounts) Committee.

Audit Para Settlement through State Level Committee & District Level Committee as on 31.08.2026 (01.04.2025 to 31.08.2026)

(Rs. in Lakhs)

Sl. No.	Name of the Institutions	No. of meetings conducted	Audit paras placed		Audit paras settled	
			Nos.	Amount	Nos.	Amount
1	Tamil Nadu Cooperative Milk Producers Federation Ltd.,	**4**	**148**	**14025.86**	**116**	**11702.82**

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Sl. No.	Name of the Institutions	No. of meetings conducted	Audit paras placed		Audit paras settled	
			Nos.	Amount	Nos.	Amount
2	District Cooperative Milk Producers Union	**20**	**167**	**1768.31**	**142**	**1692.66**
3	Milk Producers Cooperative Societies	**25**	**324**	**317.24**	**305**	**275.58**
	Total	**49**	**639**	**16111.41**	**563**	**13671.06**

Audit Fee & Fundamental Rule Cost

96. During the Financial Year 2026-27 upto July, a sum of Rs.64.02 lakh towards Concurrent Audit Fee and Rs.45.96 lakh towards Fundamental Rule Cost, totalling Rs.109.98 lakhs, was collected from Milk Co-operative Societies and remitted into Government account. This collection supports financial accountability and ensures recovery of the cost of audit services in accordance with the applicable provisions.

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Special Reports:

97. Where serious irregularities or financial mismanagement are noticed during audit, the findings are forwarded in the form of Special Reports to the Commissioner for Milk Production and Dairy Development and the Deputy Registrars (Dairying) for appropriate corrective action. Special Reports therefore serve as an important mechanism for bringing material financial and operational weaknesses to the notice of the administrative authorities.

The progress of special reports for the past 5 years is given below

i. Tamil Nadu Cooperative Milk Producers Federation

(Rs. in Lakhs)

Audit year	No. of Special Reports	Amount
2019-2020	9	12076.06

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Audit year	No. of Special Reports	Amount
2020-2021	9	16268.75
2021-2022	8	9433.15
2022-2023	7	28154.36
2023-2024	3	5777.45
Total	**36**	**71709.77**

ii. District Cooperative Milk Producers Unions

(Rs. in Lakhs)

Audit year	No. of Special Reports	Amount
2019-2020	24	10740.64
2020-2021	23	4023.51
2021-2022	21	6702.11
2022-2023	12	1633.05
2023-2024	3	62.68
Total	**83**	**23161.99**

iii. Milk Producers Cooperative Societies

(Rs. in Lakhs)

Audit year	No. of Special Reports	Amount
2019-2020	894	603.06

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2020-2021	666	92.99
2021-2022	111	105.58
2022-2023	86	254.56
2023-2024	16	14.07
Total	**1773**	**1070.26**

Special initiatives

1. Performance Audit

Performance Audit was conducted on 7 topics and audit completed. Consolidated audit reports are under progress.

1. Performance Audit of Audit Defect Rectification & Compliance Tracking in TCMPF & DCMPUs for last three years.

2. Performance Audit of Inventory Management of engineering spares in TCMPF & DCMPUs for last three years.

3. Performance Audit of Various Scheme implemented in TCMPF & DCMPUs for last three years.

4. Performance of the Cloud Based Milk Analyser in MPCS.

5. Performance Audit of Marketing strategy of By-Products in TCMPF & DCMPUs for last three years.

6. Performance Audit of Debt Recovery Mechanism and Management of Bad and Doubtful Debts in TCMPF & DCMPUs for last three years.

7. Performance audit of Technology Based Milk Analyser (FTIR) for the last 3 years.

2. Template Audit:

In order to simplify the audit process, Template Audit has been introduced in Milk Producers Cooperative Societies whose daily milk procurement is 500 litres and below. Template Audit completed in 3,129 Societies & Audit Certificate issued in CAMS.

HINDU RELIGIOUS INSTITUTIONS AUDIT DEPARTMENT

98. The Hindu Religious Institutions Audit Department was constituted as a separate Department by bifurcation from the Hindu Religious and Charitable Endowments Department vide G.O.Ms.No.181, Tourism, Culture and Religious Endowments Department, dated 25.11.2021. It has been functioning from 01.06.2022 under the Director, with overall supervision by the Director General of Audit and administrative control of the Finance Department.

- The Hindu Religious Institutions Audit Department was bifurcated from **HR&CE** by G.O. of **25.11.2021** and has functioned since **01.06.2022** under the Finance Department.

Audit Mandate

99. In accordance with Section 87 and Rule 116(2)(xiv) of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959, the primary responsibility of this department is to audit the accounts

- Its mandate comes from Section 87 and Rule 116(2)(xiv) of the Tamil Nadu **HR&CE Act, 1959**.

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maintained by Hindu religious institutions in a proper manner and in compliance with legal provisions. Furthermore, it aims to ensure financial discipline, transparency, accountability, and the credibility of administration.

100. The audit of the accounts of Religious Institutions shall be conducted based upon the following Acts, Rules and Government Orders:

- The Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959 and the Rules framed thereunder.
- The rules and other enactments relating to agriculture lands, particularly those relating to the determination and collection of lease amounts, land revenue assessment and accounting of related receipts.

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- Other applicable Acts, Rules and statutory provisions, relevant to financial management, accounting procedures, taxation and related Government Orders, instructions and guidelines.

- Relevant Government Orders, circulars and departmental guidelines issued by the Government of Tamil Nadu and competent authorities from time to time.

Scope of Audit

101. In accordance with the provisions of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959 and the Audit Rules framed thereunder, audit functions shall include the following:

i. Verification of accounts, registers and supporting records.

ii. Reviewing the lease management and maintenance of movable and immovable properties.

iii. Verification of revenue collection, accounting and realization of institutional revenues.

iv. Reconciling the expenditure with reference to budget allocations, sanctions and supporting receipts.

v. Verification of establishment expenditure and compliance with applicable statutory deductions.

vi. Reviewing cash balances, bank accounts, investments and surplus fund management.

vii. Reviewing the execution and accounting of renovation, construction and other works.

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viii. Verifying whether offerings, donations and endowments have been duly accounted for.

ix. Examining the inventory records, accounting of jewels and other valuables.

x. Preparing the reports on irregularities, illegal activities, avoidable losses, and violation of rules

Auditee Institution

102. The Department conducts Financial and Compliance Audit for the following types of religious institutions.

- General Accounts of Religious Institutions
- General Accounts of Mutts and Specific Endowments

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- Accounts of Oru Kaala Poojai and Annadhanam Schemes.
- Thiruppani Accounts
- Village Thirukovil Thiruppani Accounts
- Adi Dravidar Village Temples Tiruppani Accounts
- Accounts of Educational Institutions run by the Religious Institutions
- Funds maintained by the Commissioner, Hindu Religious and Charitable Endowments Department
- Other Miscellaneous accounts such as Trade Fair, Anbu Illam and Karunai Illam Accounts etc.,

103. Further the audit of the Religious Institutions is undertaken by categorising them based on their annual income and Audit priority is arrived as follows:

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Regular Audit

SL. No	Category	Annual Assessable income Range	Total Number of Institutions
1.	Category - 1	Rs.1 Crore above	179
2.	Category - 2	Rs. 50 Lakhs to Rs. 1 Crore	110
3.	Category – 3	Rs. 10 Lakhs to Rs. 50 Lakhs	664
4.	Category – 4	Rs. 3 Lakh to Rs. 10 Lakhs	3224
5.	Education Institutions	-	27
6.	Miscellaneous Accounts	-	1
Total			4,205

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Template Audit

SL. No	Category	Annual Assessable income Range	Total Number of Institutions
1.	Category – 4	Rs. 1 Lakh to Rs. 3 Lakhs	241
2.	Category - 5	Rs.10,000 to Rs.1 lakh	2040
3.	Category – 6	Rs.1,000 to Rs.10,000	1541
4.	Oru Kaala Poojai Scheme	-	17853
Total			21675

Organisational Structure

104. The department is currently divided into 19 Audit Regions corresponding to the Hindu Religious and Charitable Endowments Department. Out of the 19 regions, 4 regions are being headed by Deputy Chief Audit Officers, and 15 regions are being headed by Regional Audit Officers. 26 unit offices headed by Assistant Audit

Officers function under the abovesaid 19 regional offices.

Audit Performance

105. Audit Performance of the Department for the year 2025-2026 is as follows:

No. of Audits Completed in Faslis (Categorywise)									Total No. of Audits Completed in Faslis
Category 1	Category 2	Category 3	Category 4	Category 5	Category 6	Oru Kala Poojai	Annadanam	Educational Institution	
192	137	856	2372	1938	78	6268	715	20	12576

Settlement of Audit Objections

106. Under Section 90 of Hindu Religious and Charitable Endowments Act

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1959, rectifying the defects disclosed in Audit and order of surcharge against trustee vest with the concerned appropriate authorities such as Commissioner, Joint Commissioner and Assistant Commissioner of Hindu Religious and Charitable Endowments Department.

107. Two levels of Audit Committee have been constituted vide G.O. (D) No. 114, Tourism, Culture and Religious Endowments Department, dated:31.05.2023 to settle the pending audit objections of Senior Grade Religious Institutions. Details of the two-level settlement committee are given below.

I. First Level Audit Committee (Joint Commissioner / Executive Officer Grade Temples)

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Commissioner, Hindu Religious and Charitable Endowments Department	Chairman
A member Nominated by Director General of Audit from concerned Department	Member / Secretary
Joint Secretary to Government, Finance Department	Member

II. Second Level Audit Committee (Deputy Commissioner / Executive Officer Grade Temples and Assistant Commissioner/Executive Officer Grade Temples)

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Additional Commissioner (Administration), Hindu Religious and Charitable Endowments Department	Chairman
A member Nominated by Director General of Audit from concerned Department	Member / Secretary
Concerned Deputy Chief Audit Officer/ Regional Audit Officer, Hindu Religious Institutions Audit Department	Member

108. During the year 2025-2026, 1,25,762 audit objections involving a sum of Rs.521,52,80,000/- were raised.

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Furthermore 87,361 audit objections amounting to Rs.42,49,27,000/- were settled by the appropriate authorities.

Audit Fees Collection

109. The audit fees for the Religious Institutions are levied under Section 92(2) and is collected by the Commissioner in the percentage given below.

Sl. No.	Net Assessable income (In Rs.)	Audit Fee (In %)
1	Up to Rs.5000/-	NIL
2	Rs.5001-5,00,000/-	1.5
3	Over Rs.5,00,000/-	4

- The expenditure on the Audit Wing is initially met out of the Consolidated Fund of the State which is reimbursed through the audit fees collected by the

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Hindu Religious and Charitable Endowments Department.

- The particulars of audit fees collected for the year 2025-2026 are furnished below.

Financial Year	Audit Fees Collected (in Rs)
2025-2026	56,38,99,605/-

Capacity Building

110. During 2025-26, structured training was provided in the following and these competencies will continue to support technology-enabled and risk-based audit during 2026-27.

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S. No.	Training Details
1.	Performance Audit and Drafting of Ideal Audit Objections Training
2.	Works Audit and e-procurement Training
3.	Compliance Audit / Information and Communication Technology Training
4.	TDS, GST and Legal Procedures Training
5.	Tally Software Application Training
6.	Foundation Training on Financial Data Analytics
7.	Land Administration Training

Special Initiatives

111. In addition to the routine audit of the accounts of Religious Institutions, Performance Audit were introduced in the year 2024-2025, these audit evaluate the functioning of the units to determine whether they are operating in a manner that achieves specific objectives.

i) In accordance with the approved audit work plan for the year 2025-2026, Performance Audit are being conducted under the following heads.

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a) Basic amenities provided to devotees
b) Education Institutions run by the Religious Institutions
c) Social Welfare Scheme

ii) To simplify the audit process for charitable institutions that conducts Orukala Poojai and those with the annual income of less than Rs. 3 lakhs a Template Audit method is being implemented.

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TAMIL NADU INFRASTRUCTURE DEVELOPMENT BOARD (TNIDB)

Introduction

112. The Tamil Nadu Infrastructure Development Board established under the Tamil Nadu Infrastructure Development Act, 2012 acts as the nodal agency for infrastructure development in the State. The Board primarily coordinates infrastructure development activities in the State and facilitates projects undertaken by Government institutions through the public sector mode as well as through Public-Private Partnerships (PPP) mode.

- **TNIDB** was established under the Tamil Nadu Infrastructure Development **Act, 2012** as the nodal agency for infrastructure, including **PPP** projects.

Structure

113. The Chairperson of the Board is the Hon'ble Chief Minister (Ex-officio) and Vice Chairperson of the Board is the Hon'ble Minister for Finance (Ex-officio). The Board

- **TNIDB** is chaired ex-officio by the Chief Minister with the Finance Minister as Vice Chairperson and an Executive Committee under the Chief Secretary.

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comprising an Executive Committee chaired by the Chief Secretary.

Mandate

114. Under the TNID Act, 2012, Tamil Nadu Infrastructure Development Fund (TNIDF) is set up for providing financial support to facilitate the design, development, functioning, administration, management of projects. The Project Preparation Fund is created to provide financial support for conducting studies, hiring the services of experts and consultants, preparing feasibility studies, detailed project studies, capacity building, research and related purposes.

- The Act creates the Tamil Nadu Infrastructure Development Fund for project support and a Project Preparation Fund for feasibility studies and consultants.

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Status of Projects approved by the Board

115. The TNIDB has reviewed 114 projects and approved 98 projects at a capital cost value of Rs.84,042 Crore of which the following are at different stages as detailed below:-

- DFR under preparation for value of Rs.27674 crore
- Bids under preparation for value of Rs.9845 crore
- Tender in process for value of Rs.28514 crore
- LOA issued for value of Rs.18009 crore

116. The following are some of the important infrastructure projects at various stages:-

- **TNIDB** has reviewed 114 projects and approved 98 worth **Rs.84,042 crore** - Chennai **ORR** monetisation, battery storage, e-buses, 24x7 water supply and bio-**CNG** plants among them.

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i. Letter of Award Issued :-

- Monetisation of Chennai ORR on Toll-Operate-Transfer Format
- Development of Battery Energy Storage System – 1000 MWh and 1500 MWh
- Development of 15 MWh Solar + Battery Energy Storage Systems – Karur and Thiruvarur
- Procurement, Supply, Operation & Maintenance of E-Buses under Gross Cost Contract basis – 1375 Nos.
- Rehabilitation and Enhancement Water Treatment Plant to 310 MLD capacity at Puzhal
- 24x7 Water Supply for 2 Zones of Chennai Metropolitan Area

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- Installation, Commissioning and Operations of 1.0 Lakh Smart Water Meters in CMA
- Refurbishment of TTRO Plant at Kodungaiyur
- 24x7 Water Supply for Salem Municipal Corporation
- Installation and O&M of 220 Pumpsets of TWAD under ESCO Format
- O & M of Brownfield Port at Cuddalore
- GCC - Municipal Solid Waste Collection & Transportation at Zones 5 & 6
- Bio-CNG Plant in Coimbatore, Madurai, Salem, Tirupur, Tambaram and Trichy
- Establishment of Plug and Play Factory Buildings at Vallam

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Vadagal, Oragadam Panapakkam and Varapatti

- Operation and Maintenance of EMI/EMC Testing Laboratory for 10 years under PPP mode in SIPCOT Medical Devices Park, Oragadam, Kancheepuram District
- 60 MLD Desalination Plant at Tuticorin
- Development of Flying Training Organisation at Kovilpatti
- Operations & Maintenance of Kuthambakkam Bus Stand and new bus terminal at Panjappur, Tiruchirappalli
- Development of Multi-Level Car Parking at Kodambakkam

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- 3D Projection Mapping at Ooty, Yercaud and Madurai Naicker Mahal
- Development of Maragatha poonga at Mahabalipuram
- Operation of Floating Restaurant Project at Muttukadu

ii. Project at bid evaluation stage :-

- Development of Wayside Amenities on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP Mode
- Setting up of 20 MW of Grid Connected Rooftop Solar PV Projects on Government Buildings under RESCO Model
- Development of Commercial Complex Facility at EVR Periyar

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Salai in Chennai on 'DBFOT' basis

iii. Tender Published :-

- Establishment of Waste-to-Energy Project for Coimbatore - Tirupur and Madurai Clusters under on DBFOT Basis
- 1X660 MW ETPS Expansion Project in Ennore
- Development of Automated Testing Stations for Transport Department at 5 locations in Tamil Nadu on PPP Mode
- Development of 1100 MW/6600 MWh Pump Storage Project at Velimalai in Kanyakumari district
- Redevelopment of Old Bus stands at Hosur, Tiruvannamalai,

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Namakkal, Tiruchirappalli, Erode under PPP mode

- Upgradation, Operation, Management and Maintenance of TTDC Hotel at Kumbakonam in Thanjavur and Trichy Districts
- Development, Financing, Operation, Management and Maintenance of TTDC Camping Sites at Vathalmalai in Dharmapuri, Jawwadhu Hills in Tiruvannamalai, Kolli Hills in Namakkal and Yelagiri in Tirupattur Districts.
- Development of 765/400 KV SS at Kavathampalyam under Tariff Based Competitive Bidding.

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Chennai City Partnership I: Programme for Result (P for R) Sustainable Urban Services Programme (SUSP)

117. Sustainable Urban Services Program is a unique model of development co-operation to ensure the continued sustainable growth of metropolitan Chennai, as a multi-sector & multi-agency Program for Results operation (P for R). The Programme is supported by World Bank(WB) & Asian Infrastructure Investment Bank(AIIB) with an assistance of USD 300 Million. TNIDB act as the Nodal Agency, coordinating and monitoring the implementation of the program. The CEO TNIDB is the Program Director.

- A World Bank and Asian Infrastructure Investment Bank Program-for-Results operation of **USD** 300 million for metropolitan Chennai, with **TNIDB** as nodal agency and its **CEO** as Program Director.

118. The responsibility of implementation of activities and achievement of Disbursement Linked

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Indicators (DLIs) is vested with the following Agencies:

i. Greater Chennai Corporation

ii. Chennai Metropolitan Water Supply and Sewerage Board

iii. Metropolitan Transport Corporation

iv. Water Resources Department

v. Chennai Unified Metropolitan Transport Authority

Performance

119. Some of the key achievements of the above Agencies are:

i. **GCC**- Strengthening health systems & services at GCC's UPHCs & UCHCs by adopting NQAS certifications,

ii. **CMWSSB**- Metering policy adopted & Performance Based HAM models adopted for rehabilitation of Water Supply network & Smart meter Projects.

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iii. **MTC** - MTC's Fleet Augmentation with Low Floor 1375 E- Buses on Gross Cost Contract,

iv. **WRD**- Draft Bill on Tamil Nadu Water Resources (Regulation, Management Augmentation) Act passed by Assembly,

v. **CUMTA**- Operationalisation of CUMTA and Comprehensive Mobility Plan (CMP) prepared and adopted,

Disbursement Linked Results

120. Till date, Twenty six Disbursement Linked Results (DLRs) have been achieved by MTC, GCC, CMWSSB, CUMTA & WRD. World Bank & Asian Infrastructure Investment Bank have disbursed total sum of USD 207.76 Million (Rs.1811.48 Crore) towards the same to Government of Tamil Nadu.

Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC)

121. Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC) is an Asset Management Company established under the Securities and Exchange Board of India (SEBI) Alternative Investment Fund (AIF) Regulations, 2012. TNIFMC has been structured as a professionally managed, board-governed company aligned with the State's Vision of strengthening Tamil Nadu's leadership in business, industry, and commerce by attracting investments that drive sustainable economic growth and create employment opportunities. TNIFMC is owned 49% by the Tamil Nadu Infrastructure Development Board (TNIDB) and 51% by various financial institutions. The company currently manages three

- **TNIFMC** is an Asset Management Company under **SEBI**'s Alternative Investment Fund Regulations, **2012** - owned 49% by **TNIDB** and 51% by financial institutions.

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thematic funds: the Tamil Nadu Shelter Fund (TNSF), the Tamil Nadu Emerging Sector Seed Fund (TNESSF), and the Tamil Nadu Green Climate Fund (TNGCF). TNIFMC can launch additional AIFs in its position as an Asset Management Company registered with SEBI.

- **TNIFMC** manages three thematic funds: the Tamil Nadu Shelter Fund, the Emerging Sector Seed Fund and the Green Climate Fund.

Tamil Nadu Shelter Fund (TNSF)

122. Tamil Nadu Shelter Fund focuses on financing affordable housing projects, including both rental and ownership models, across public and private sector developments. The fund has received support from the Government, World Bank and the Asian Development Bank and has secured capital commitments of Rs.658 crore. Impact of TNSF investments to date:

- The Shelter Fund, backed by the Government, World Bank and **ADB**, has capital commitments of **Rs.658** crore and approved investments of up to **Rs.887 crore** in affordable housing.

- Approved investments of up to Rs.887 crore in affordable housing projects,

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including working women's hostels and industrial housing developments.

- More than 30,000 women have been benefited through these projects.
- Developed 42,000+ affordable rental beds projects, with an additional 11,000 rental beds in pipeline projects.
- Development of more than 3,400 affordable housing units.
- Delivered 2.2 million square feet of certified green buildings.

Shelter Fund impact: over 42,000 affordable rental beds, more than 3,400 housing units, 2.2 million sq ft of certified green buildings and over 30,000 women benefited.

123. The fund is currently evaluating additional proposals worth Rs.387 crore and is considering the launch of a successor fund.

Tamil Nadu Emerging Sector Seed Fund (TNESSF)

124. TNESSF provides risk capital through venture capital investments in

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emerging sectors such as deep technology, semiconductors, agri-robotics, SaaS, biotechnology, logistics, aerospace, and defence. The fund also seeks to support entrepreneurs operating in Tier II and Tier III towns, underserved by mainstream venture capital funds. The fund has received capital commitments of Rs.105 crore from the Government, TIDCO, TIDEL Park, and Indian Overseas Bank. In addition, it has received a Letter of Intent from NABARD for Rs.15 crore. Impact of TNESSF investments to date:

- Approved 13 investments amounting to Rs. 75.6 crore.
- Approximately 30% of portfolio companies are founded by women entrepreneurs.
- Creation of more than 200,000 employment opportunities.

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- Reduction of approximately 6,000 tonnes of food wastage.
- Reduction of approximately 800 MT of CO_2 emissions.

125. The fund is currently evaluating investment proposals valued at over Rs.45 crore.

Tamil Nadu Green Climate Fund (TNGCF)

126. Tamil Nadu Green Climate Fund has been established to develop projects in four key areas viz., energy transition, electric mobility, circular economy and food/water security. To accelerate these investments in the State, the Environment, Climate Change and Forests Department has committed Rs.100 crore towards the establishment of the Tamil Nadu Green Climate Fund (TNGCF), which has a target corpus of Rs. 2,000 crore. The fund aims to

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offset 25 million MT of carbon emissions and enable the recycling of 2.5 million MT of waste, contributing to the Government of Tamil Nadu’s goal of achieving net-zero emissions before 2070.

127. As on date, TNGCF has granted in-principle approval for investments in four companies, with a total proposed investment value of Rs.115 crore.

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Tamil Nadu Power Finance and Infrastructure Development Corporation Ltd. (TNPFIDCL)

128. The Tamil Nadu Power Finance and Infrastructure Development Corporation Ltd. (TNPFIDCL), is a wholly owned State Public Sector undertaking incorporated on 27.06.1991 as a Non-Banking Finance Company (Deposit taking). The company's Paid-up Share Capital is Rs.4017 Crore. The company mobilizes funds primarily through deposits including public deposits and has been funding Infrastructure projects undertaken by TNPGCL and TNGECL (erstwhile TANGEDCO).

Financial Performance

129. The sound financial and professional management of the Company has led to a profit-making Company since its inception. The total revenue of this

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Company during the financial year 2025-26 is Rs.4691.13 Crore. The Net Profit after tax of the Company for the financial year 2025-26 is Rs.486.56 Crores. Dividend for the financial year 2025-26 has not been proposed in order to improve the Reserves and Surplus and also to comply with RBI guidelines on distribution of dividend by NBFCs.

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Tamil Nadu Transport Development Finance Corporation (TDFC)

130. The Tamil Nadu Transport Development Finance Corporation (TDFC) Ltd., began its operations on 25.03.1975 with the objective to attract funds for the State Transport Undertakings capital and working capital needs through deposit mobilisation from public. The Reserve Bank of India has approved TDFC as a non-banking finance company.

Financial Performance

- Since its establishment in 1975, Tamil Nadu Transport Development Finance Corporation has consistently been making profit.
- The profit earned over the last ten years is shown below.

(Rs in lakhs)

Year	Profit before waiver of interest	Waiver of interest to State Transport Undertakings	Profit after waiver of interest but before tax	Income tax	Profit after tax
2016-2017	7322.42	6469.00	853.42	282.17	571.25
2017-2018	7996.71	6964.50	1032.21	357.23	674.98
2018-2019	9885.93	8684.16	1201.77	419.95	781.82
2019-2020	1874.64	-	1874.64	656.24	1220.74
2020-2021	4737.37	-	4737.37	2330.70	2406.67
2021-2022	5508.48	-	5508.48	2190.64	3317.84
2022-2023	5205.28	-	5205.28	1582.10	3623.18
2023-2024	4331.55	-	4331.55	1348.65	2982.90
2024-2025	6053.92	-	6053.92	1397.71	4656.21

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Year	Profit before waiver of interest	Waiver of interest to State Transport Undertakings	Profit after waiver of interest but before tax	Income tax	Profit after tax
2025-2026	8428.40	-	8428.40	2453.01	5975.39

131. In order to cater to the capital and working capital needs of the State Transport Undertakings, the Tamil Nadu Transport Development Finance Corporation (TDFC) Ltd. is lending loans at lower interest rate of 6.65% p.a. In 2024-25 the lending rate was 7.60% p.a. which has come down to 6.65% p.a. from 01.04.2025, resulting in a cost benefit of Rs.152 crores to all 8 State Transport Undertakings.

132. The financial assistance extended by TDFC to the State Transport Undertakings in the last ten years are given below:

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(Rs. In crore)

Year	Financial Assistance
2016-2017	3574.32
2017-2018	3757.58
2018-2019	3445.75
2019-2020	6190.11
2020-2021	7725.25
2021-2022	10786.33
2022-2023	12573.33
2023-2024	14237.14
2024-2025	14452.02
2025-2026	16681.83

Dr.N. MARIE WILSON

Minister for Finance, Planning and Development

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ANNEXURES

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ANNEXURE – I

State Government Audit Department

List of Institutions/schemes audited by State Government Audit Department

1. Tamil Nadu Housing Board
2. Tamil Nadu Urban Habitat Development Board
3. Chennai Metropolitan Development Authority
4. Tamil Nadu Text Book and Educational Services Corporation
5. Tamil Nadu Khadi and Village Industries Board
6. Tamil Nadu Water Supply and Drainage Board (TWAD Board)
7. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB)

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8. Chief Minister's Uzhavar Pathukappu Thittam (Social Security Scheme)
9. Folk Artist Welfare Board.
10. Tamil Nadu Sports Development Authority
11. Tamil Nadu Manual Labourers Welfare Board
12. 15 Non-Formal Labourers Welfare Boards
13. Agricultural Extension Centres
14. Puratchi Thalaivar Dr.MGR. Nutrition Noon Meal scheme
15. Integrated Child Development scheme
16. SC/ST Post Matric Scholarship Scheme
17. Anna Administrative Staff College
18. District Child Protection Units

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19. Tamil Nadu Public Service Commission
20. Teachers Recruitment Board
21. National Service Scheme in Deemed Universities
22. Tamil Nadu Government Health Fund Schemes
23. Family Security Fund
24. Hon'ble Chief Minister's Public Relief Fund
25. Government Aided Polytechnics and Engineering Colleges
26. Audit of the expenditure of Parliament and Legislative Assembly elections.
27. Tamil Nadu Information commission.
28. Government aided Arts & Science Colleges

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ANNEXURE - II

Status of Audit (As on 31.07.2026)

Sl. No	Category	Audit completed year	Audit in progress year	Paras raised (nos.)	Amount (in Lakhs)
1.	Tamil Nadu Housing Board	2024-25	2025-26	577	440338.64
2.	Tamil Nadu Urban Habitat Development Board	2024-25	2025-26	643	170385.75
3.	Chennai Metropolitan and Development Authority	2024-25	2025-26	1723	102045.74
4.	Tamil Nadu Text Book & Educational Service Corporation	2023-24	-	1456	45305.23
5.	Tamil Nadu Khadi and Village Industries Board	2023-24	2024-25	2039	43191.38
6.	Tamil Nadu Wakf Board	2024-25	-	1775	10837.13
7.	Tamil Nadu Water Supply and Drainage Board	2023-24	2024-25 2025-26	75	2504.15
8.	Chennai Metro Water Supply and Sewerage Board	2023-24	2024-25	35	14566.00
9.	Administrative General (AG)	2024-25	-	1064	545.00

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Sl. No	Category	Audit completed year	Audit in progress year	Paras raised (nos.)	Amount (in Lakhs)
10.	Official Trustee (OT)	2024-25	-	1934	17495.46
11.	Official Assignee (OA)	2024-25	-	1436	4244.65
12.	Official Liquidator (OL)	2022-23	-	2499	138437.57
13.	Agriculture Extension Centre	2024-25	2025-26	37112	23239.81
14.	Government Institutions	2024-25	2025-26	73585	372728
15.	Government aided Institutions	2024-25	2025-26	11872	6222.73
16.	Government aided Polytechnic colleges and Engineering colleges	2024-25	2025-26	6168	14006.32

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