

CHAPTER-I: GENERAL

1.1 Trend of revenue

1.1.1 The tax and non-tax revenue raised by the Government of Orissa during the year 2009-10, State's share of net proceeds of divisible Union taxes and duties assigned to the States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

		(Rupees in crore)				
		2005-06	2006-07	2007-08	2008-09	2009-10
1.	Revenue raised by the State Government					
	• Tax revenue	5,002.28	6,065.07	6,856.09	7,995.20	8,982.34
	• Non-tax revenue	1,531.90	2,588.12	2,653.58	3,176.15	3,212.20
	Total	6,534.18	8,653.19	9,509.67	11,171.35	12,194.54
2.	Receipts from the Government of India					
	• State's share of net proceeds of divisible Union taxes and duties	4,876.75	6,220.42	7,846.50	8,279.96	8,518.65 ¹
	• Grants-in-aid	2,673.78	3,159.02	4,611.02	5,158.70	5,717.02
	Total	7,550.53	9,379.44	12,457.52	13,438.66	14,235.67
3.	Total revenue receipts of the State Government (1+2)	14,084.71	18,032.63	21,967.19	24,610.01	26,430.21
4.	Percentage of 1 to 3	46.39	47.99	43.29	45.39	46.14

The above table indicates that during the year 2009-10, the revenue raised by the State Government (₹ 12,194.54 crore) was 46.14 *per cent* of the total revenue receipts against 45.39 *per cent* in the preceding year. The balance 53.86 *per cent* of receipts during 2009-10 was from the Government of India.

¹ For details, please see Statement No. 11- Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Orissa for the year 2009-10. Figures under the minor head 901-Share of net proceeds assigned to the States under the major heads 0020 – Corporation tax; 0021 - Taxes on income other than corporation tax; 0028 - Other taxes on income and expenditure; 0032 - Taxes on wealth; 0037 - Customs; 0038 - Union excise duties; 0044 - Service tax and 0045 - Other taxes and duties on commodities and services booked in the Finance Accounts under A-Tax revenue have been excluded from the revenue raised by the State and exhibited as State's share of divisible Union taxes.

1.1.2 The following table presents the details of tax revenue raised during the period from 2005-06 to 2009-10:

(Rupees in crore)							
Sl. No.	Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+)/ decrease (-) in 2009-10 over 2008-09
1.	Sales tax/VAT	2,524.18	3,042.34	3,567.16	4,268.72	4,914.99	(+) 15.14
	Central sales tax	487.55	722.48	551.27	534.61	493.77	(-) 7.64
2.	Taxes and duties on electricity	353.13	282.58	327.46	365.03	459.96	(+) 26.01
3.	Land revenue	69.62	226.38	276.16	348.79	292.18 ²	(-) 16.23
4.	Taxes on vehicles	405.86	426.54	459.42	524.43	611.23	(+) 16.55
5.	Taxes on goods and passengers	463.34	574.00	626.90	638.32	815.25	(+) 27.72
6.	State excise	389.33	430.07	524.93	660.07	849.05	(+) 28.63
7.	Stamp duty and registration fee	236.06	260.49	404.76	495.66	359.96 ²	(-) 27.38
8.	Other taxes and duties on commodities and services	6.75	26.59	31.59	47.39	50.40	(+) 6.35
9.	Other taxes on income and expenditure-tax on professions, trades, callings and employments	66.46	73.60	86.44	112.18	135.55	(+) 20.83
Total		5,002.28	6,065.07	6,856.09	7,995.20	8,982.34	

The following reasons for variations were reported by the concerned departments:

Sales tax/VAT: The increase (15.14 *per cent*) was stated to be due to increase in the number of dealers and also increase in business activities of industry sector.

Taxes and duties on electricity: The increase (26.01 *per cent*) was due to increase in power consumption by the distributing companies and captive power plant units, increase in collection of inspection fees from new industrial units and further collection from arrear dues locked up in court cases.

Taxes on vehicles: The increase (16.55 *per cent*) was mainly due to increase in registration of vehicles, collection of arrear dues and enforcement activities.

State excise: The increase (28.63 *per cent*) was stated to be due to opening of new outlets and effective enforcement activities.

The other departments did not inform (December 2010) the reasons for variation despite being requested (April 2010).

² The figure as furnished by the department is at variance with the Finance Accounts.

1.1.3 The following table presents the details of the non-tax revenue raised during the period 2005-06 to 2009-10:

(Rupees in crore)							
Sl. No.	Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+)/ decrease (-) in 2009-10 over 2008-09
1	Non-ferrous mining and metallurgical industries	805.03	936.60	1,126.06	1,380.60	2,020.76	(+) 46.37
2	Interest receipts	298.02	398.42	570.39	654.67	379.23	(-) 42.07
3	Forestry and wild life	59.13	130.63	82.66	139.29	109.03 ³	(-) 21.72
4	Irrigation & inland water transport	44.05	54.41	48.90	52.95	70.13	(+) 32.45
5	Other administrative services	6.97	14.44	17.31	9.38	56.48	(+) 502.13
6	Public works	18.23	24.96	31.61	38.31	41.99	(+) 9.61
7	Police receipts	23.05	23.39	29.17	22.25	36.69	(+) 64.90
8	Education	42.99	41.94	41.95	10.65	14.88	(+) 39.72
9	Medical and public health	9.26	13.07	14.28	32.18	12.96	(-) 59.73
10	Miscellaneous general services	7.62	777.36	396.95	388.85	11.60	(-) 97.02
11	Power	2.91	1.23	1.05	0.63	2.66	(+) 322.22
12	Co-operation	2.13	2.39	2.29	2.01	1.99	(-) 1.00
13	Other non-tax receipts	212.51	169.28	290.96	444.38	453.80	(+) 2.12
Total		1,531.90	2,588.12	2,653.58	3,176.15	3,212.20	

The following reasons for variation were reported by the concerned departments:

Non-ferrous mining and metallurgical industries: The increase (46.37 per cent) was due to revision of the rate of non-coal minerals.

Irrigation and Inland water transport: The increase (32.45 per cent) was mainly due to collection of arrear dues from NALCO, IMFA, Vedanta Aluminium, Aditya Aluminium, Essar Steel and dues from new industrial units.

³ The figure as furnished by the department is at variance with the Finance Accounts.

The other departments did not inform (December 2010) the reasons for variation, despite being requested in April 2010.

1.2 Response of the departments/Government towards audit

Audit observations on incorrect assessments, non/short levy of taxes, duties, fees etc. not settled on the spot are communicated to the heads of the offices/departments through inspection reports (IRs). The departments are required to take corrective measures and furnish compliance within one month. On the basis of the compliance, paragraphs are settled by the Accountant General (AG). The pending paragraphs are discussed in the departmental audit committee meetings (triangular committee meetings) to expedite settlement of the same. Important paragraphs of the IRs and performance review reports are included in the C&AG's Audit Report which is presented in the State Legislature and discussed in the Public Accounts Committee (PAC). Before such inclusion, the paragraphs are forwarded to the Government seeking their views which is required to be furnished within six weeks. After the Audit Report is placed in the legislature, the departments are required to furnish compliance notes within three months. The PAC on receipt of compliance notes discusses the paragraphs and makes recommendations on certain issues. Action taken notes on the recommendations of the PAC are required to be furnished by the departments within six months. The issues raised in the Audit Report are finally to be settled after the PAC discusses the action taken notes submitted by the departments.

The response of the departments/Government to audit on different stages of action are discussed in the succeeding paragraphs 1.2.1 to 1.2.6.

1.2.1 Failure of senior officials to enforce accountability and protect the interest of the State Government

The AG conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the IRs incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

A review of inspection reports issued upto December 2009 disclosed that 9,285 paragraphs involving ₹ 4,685.50 crore relating to 3,251 IRs remained outstanding at the end of June 2010 as mentioned below along with the corresponding figures for the preceding two years.

	June 2008	June 2009	June 2010
Number of outstanding IRs	3,316	3,168	3,251
Number of outstanding audit observations	9,429	8,917	9,285
Amount involved (Rupees in crore)	3,144.73	3,901.84	4,685.50

The department-wise details of the IRs and audit observations outstanding as on June 2010 and the amounts involved are mentioned in the following table:

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (Rupees in crore)	First reply not received (Number of IRs)
1.	Finance	Orissa Sales Tax/VAT/CST	549 ⁴	1,573	634.13	62
		Entry tax	156	316 ⁵	105.66	
		Profession Tax	--	10 ⁶	16.87	
2.	Excise	State excise	226	473	135.96	23
3.	Forest and Environment	Forest receipts	507	1,115	270.57	76
4.	Revenue & Disaster Management	Land revenue	715	1,529	980.87	133
		Stamp duty and registration fee	503	809	705.42	116
5.	Steel and Mines	Mining receipts	104	218	464.38	07
6.	Transport	Taxes on vehicles	277	2,718	471.42	18
		Taxes on goods and passengers	70	237	1.09	--
7.	Energy	Electricity duty	90	199	877.74	3
8.	Co-operation	Departmental receipts	30	54	11.29	11
9.	Food Supplies & Consumer Welfare	-do-	20	30	3.20	2
10.	Works	-do-	4	4	6.90	3
Total :			3,251	9,285	4,685.50	454

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 454 IRs issued upto December 2009. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices/departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

It is recommended that the Government may take suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as take action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to prevent loss and to recover outstanding demand in a time bound manner.

⁴ Includes 32 composite IRs issued during 2009-10 covering OST/CST/VAT/Entry Tax/Profession Tax

⁵ 240 paragraphs involving ₹ 17.60 crore included in the composite IRs

⁶ Included in the composite IRs issued during 2009-10.

1.2.2 Departmental audit committee meetings

The Government set up audit committees (during various periods) to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2009-10 and the paragraphs settled are mentioned in the following table:

Name of the department	Head of revenue	Number of meetings held	Number of IRs settled	Number of paragraphs settled	Amount (Rupees in crore)
Finance	Sales tax, VAT, Entry Tax and Profession tax	15	57	288	24.12
Transport	Taxes on vehicles	26	--	20	0.17
Revenue and Disaster Management	Land revenue	30	74	259	11.06
Excise	State Excise	1	8	50	5.52
Forest and Environment	Forest receipts	3	--	20	0.67
Steel and Mines	Mining receipts	1	11	25	10.14
Food Supply and Consumer Welfare	Departmental receipts	1	14	17	0.83
Total		77	164	679	52.51

No audit committee meeting was held during 2009-10 by the Revenue and Disaster Management department in respect of stamp duty and registration fees, Energy and Co-operation departments. **As the pendency of IRs/paragraphs is accumulating, the Government may instruct the departments to conduct more audit committee meetings to expedite clearance.**

1.2.3 Non-production of records to Audit for scrutiny

The programme of local audit of major tax/non-tax receipts offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During 2009-10, 4,784 tax assessment records under Sales Tax/VAT/Entry Tax/Entertainment tax relating to 43 commercial tax offices⁷ were not made

⁷ Angul, Balasore, Bhubaneswar, Bolangir, Cuttack-I, Cuttack-II, Ganjam, Jajpur, Sambalpur, Sundargarh Ranges and Angul, Balasore, Bargarh, Bolangir, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Bhubaneswar-IV, Cuttack-I (Central), Cuttack-I(City), Cuttack-I(East), Cuttack-I(West), Cuttack-II, Dhenkanal, Ganjam-I, Jagatsinghpur, Jajpur, Jatni, Jharsuguda, Kalahandi, Kantabanji, Kendrapara, Keonjhar, Malkangiri, Mayurbhanj, Nabarangpur, Nuapara, Phulbani, Puri, Rourkela-I, Rourkela-II, Sambalpur-I and Sonapur circles.

available to audit. Of these, 796 cases relate to 2009-10 and the remaining 3,988 cases relate to earlier years. Of the cases not produced to audit for check 2,658 assessments pertained to 10 special circles/ranges⁸ where assessments of major dealers are dealt with.

1.2.4 Response of the departments to the draft audit paragraphs

The Government of Orissa, Finance Department, in their circular memorandum instructed (May 1967) various departments of the Government to submit compliance to draft audit paragraphs (DPs) proposed by the AG for inclusion in the Audit Report of the Comptroller and Auditor General of India (CAG), within six weeks from the date of receipt of such DPs. The above instructions were reiterated (December 1993) while accepting the recommendation of the High Power Committee on response of the State Governments to the Audit Reports of the CAG. The DPs are forwarded by the AG to the Principal Secretary/Secretary of the Administrative Department concerned through demi-official letters seeking confirmation of the factual position and comments thereon within the stipulated period of six weeks.

Sixty three DPs including two reviews (clubbed in 42 paragraphs) being considered for inclusion in this Report were demi-officially forwarded to the Secretaries/Principal Secretaries of the concerned departments between January and September 2010 with a request for verification of the factual position and also for comments thereon. Demi-official reminders were also issued after the expiry of six weeks time in each case. The position of response to the draft paragraphs is mentioned in the following table.

Sl. No.	Name of the department/Nature of receipts	No. of draft paragraphs forwarded including review	No. of draft paragraphs in respect of which replies were received	No. of draft paragraphs in which replies were not received
1.	Finance (Orissa Sales tax, VAT/CST, Entry tax & PT)	13	12	1
2.	Transport (Motor vehicles tax)	10	--	10
3.	Revenue (Land revenue, stamp duty and registration fees)	17	4	13
4.	Excise (Excise duty and fees)	6	1	5
5.	Forest and Environment (Forest receipts)	4	-	4
6.	Steel & Mines (Mining receipts)	5	5	-

⁸ Balasore, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Cuttack-II, Ganjam, Jajpur, Mayurbhanj and Rourkela-I circles and Jajpur Range.

Sl. No.	Name of the department/Nature of receipts	No. of draft paragraphs forwarded including review	No. of draft paragraphs in respect of which replies were received	No. of draft paragraphs in which replies were not received
7.	Fisheries & Animal Resources Development (Fishery receipts)	1	1	-
8.	Energy (Electricity Duty)	6	6	-
9.	Home (Police Receipts)	1	1	-
Total		63	30	33

1.2.5 Follow up on Audit Reports - summarised position

According to the instructions issued by the Finance Department in December 1993, the departments are required to furnish explanatory memoranda to the Orissa Legislative Assembly in respect of the paragraphs included in the Audit Reports within three months of the Report being laid on the table of the House.

A review of outstanding explanatory memoranda on paragraphs included in the reports of the CAG (Revenue Receipts) as of December 2010 disclosed that the departments had not submitted explanatory memoranda on 40 paragraphs for the years from 1999-2000 to 2008-09 as mentioned in the following table:

Year	No. of paragraphs in the audit report	No. of paragraphs discussed in PAC	No. of paragraphs pending for discussion	No. of paragraphs for which compliance notes have not been received
1991-92	63	62	1	--
1992-93	54	53	1	--
1993-94	44	43	1	--
1994-95	47	44	3	--
1997-98	38	3	35	--
1998-99	40	1	39	--
1999-00	34	--	34	3
2000-01	45	5	40	--
2001-02	45	7	38	--
2002-03	57	10	47	--
2003-04	63	9	54	--
2004-05	62	12	50	--
2005-06	53	33	20	1
2006-07	48	9	39	2
2007-08	44	--	44	10
2008-09	47	--	47	24
Total	784	291	493	40

Thus, non-compliance to the audit paragraphs stood at 17.70 *per cent* of the total paragraphs (226) presented to the Assembly during the related years.

With a view to ensuring accountability of the executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC), as early as in May 1966, issued instructions to the departments of the State Government to submit action taken notes (ATN) on the recommendations made by the PAC for further consideration within six months of the presentation of the PAC Report to the Legislature. It was noticed from the

PAC reports submitted during the 10th, 11th, 12th and 13th Assembly that 56 Reports containing 501 paragraphs/recommendations were presented by the PAC before the Legislature between February 1991 and December 2008 after examination of the Audit Report (Revenue Receipts) of 14 departments for the years 1985-86 to 2005-06. However, ATNs have not been received in respect of 36 recommendations of the PAC from seven departments⁹ as of December 2010.

This indicates that the executive failed to take prompt action on the important issues highlighted in the Audit Reports that involve unrealised revenue.

1.2.6 Compliance with the earlier Audit Reports

In the Audit Reports 2004-05 to 2008-09, audit observations relating to under assessments, non/short levy of taxes, loss of revenue, failure to raise demands, etc., involving ₹ 2,277.46 crore were included. Of these, as of September 2010, the departments concerned had accepted under assessments and other deficiencies involving ₹ 900.44 crore and had recovered ₹ 354.55 crore. Audit Report wise details of amount accepted and revenue recovered are as under:

(Rupees in crore)				
Sl. No.	Year	Money value of audit report	Amount accepted by the department	Amount recovered
1.	2004-05	560.81	221.43	45.56
2.	2005-06	136.70	47.37	21.61
3.	2006-07	516.32	431.34	276.43
4.	2007-08	484.80	133.90	6.54
5.	2008-09	578.83	66.40	4.41
Total		2,277.46	900.44	354.55

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

The succeeding paragraphs 1.3.1 to 1.3.2.2 discuss the performance of the **Steel & Mines department** in dealing with the cases detected in the course of local audit conducted during the last five years and also the cases included in the Audit Reports for the years 1999-2000 to 2008-09.

1.3.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last five years, paragraphs included in these reports and their status as on March 2010 are tabulated below:

(Rupees in crore)												
Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
1	2	3	4	5	6	7	8	9	10	11	12	13
2005-06	113	238	24.12	16	43	59.71	22	101	3.58	107	180	80.25
2006-07	107	180	80.25	14	37	148.16	--	12	103.62	121	205	124.79

⁹ Agriculture, Excise, Forest and Environment, Law, Revenue and Disaster Management, Steel and Mines and Water Resources Departments.

Year	(Rupees in crore)											
	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
2007-08	121	205	124.79	12	44	35.43	32	89	9.05	101	160	151.17
2008-09	101	160	151.17	14	45	15.26	15	42	13.51	100	163	152.92
2009-10	100	163	152.92	19	79	216.25	16	41	30.19	103	201	338.98

In order to expedite settlement of the pending IRs/paragraphs, 26 departmental audit committee meetings were held during the above period wherein 49 IRs and 149 paragraphs were settled. As a result, the pendency as on March 2010 has decreased in comparison to that of March 2005. No audit committee meeting was, however, held during 2007-08.

Besides the above, during regular inspection of the offices pending IRs/paragraphs are reviewed on the spot after obtaining compliance. Settlement of the IRs/paragraphs are also made on receipt of compliance from the department and on *suo motu* review of the pending cases.

1.3.2 Assurances given by the department/Government on the issues highlighted in the Audit Reports

1.3.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports (AR) of the last 10 years, those accepted by the department and the amount recovered are mentioned in the following table:

Year of AR	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	(Rupees in crore)	
					Amount recovered during the year	Cumulative position of recovery of accepted cases
1999-00	3	2.00	3	2.00	0.16	1.54
2000-01	5	13.64	3	10.57	0.04	0.49
2001-02	5	2.74	3	2.23	--	0.23
2002-03	3	2.15	2	1.26	-	1.16
2003-04	1(R) ¹⁰ consisting of 9 sub-paragraphs	313.42	3 sub-paragraphs	4.25	-	0.89
2004-05	6	29.49	4	26.05	0.03	25.68
2005-06	2	3.13	1	1.99	0.16	1.95
2006-07	4	9.26	3	9.18	-	1.97
2007-08	1(R) consisting of 12 sub-paragraphs)	206.20	5 sub paragraphs	8.38	0.08	2.41
2008-09	4	6.39	2	0.23	--	0.23
Total	53	588.42	29	66.14	0.47	36.55

During the above period the recoveries out of the accepted cases as reported to audit comes to 55.26 per cent. As arrear demands of mining dues are recoverable as arrears of land revenue under the Orissa Public Demand

¹⁰ System/performance review.

Recovery (OPDR) Act, 1962 the Government may initiate cases for realisation of the balance amount of the accepted cases.

1.3.2.2 Action taken on the recommendations accepted by the departments/Government

The draft performance reviews conducted by the AG are forwarded to the concerned departments/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the department's/Government's views are included while finalising the reviews for the Audit Reports.

The following paragraphs discuss the issues highlighted in the reviews on the Steel & Mines Department featured in the last 10 Audit Reports including the recommendations and action taken by the department on the recommendations accepted by it as well as the Government.

Year of Audit Report	Name of the review	No. of recommendations	Status
2003-04	Assessment, collection and recovery of mining dues from major minerals	3	Recommendations were brought to the notice of the Government in para 7.2.18 of the Audit Report. However, Government's compliance note is silent on these recommendations.
2007-08	Receipts from major minerals	6	The Government reported in June 2010 that the recommendations were noted for future guidance.

1.4 Audit planning

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in government revenues and tax administration i.e. budget speech, White Paper on State finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2009-10, the audit universe comprised of 800 auditable units, of which 321 units were planned and audited during the year 2009-10 which was 40.13 *per cent* of the total auditable units. The details are shown in the table below.

Besides the compliance audit mentioned above, two performance reviews were also conducted to examine the efficacy of the tax administration of these receipts.

Units for Annual Audit Plan – 2009-10

Sl. No.	Principal Heads	Total No. of units	Units planned/audited
1	Sales Tax/Value Added Tax etc.	60	56
2	Motor vehicles tax	34	27
3	Land Revenue	315	62

Sl. No.	Principal Heads	Total No. of units	Units planned/audited
4	Stamp Duty & Registration Fees	174	34
5	State Excise Duty	34	27
6	Forest Receipts	74	51
7	Mining Receipts	24	20
8	Departmental Receipts	85	44
Total		800	321

1.5 Results of audit

1.5.1 Position of local audit conducted during the year

Test check of the records of 321 units of commercial tax, motor vehicles tax, land revenue, stamp duty and registration fee, state excise, forest receipts, mining receipts and other departmental receipt offices conducted during the year 2009-10 revealed underassessment/short levy/loss of revenue aggregating ₹ 1,164.78 crore in 2,47,648 cases. During the course of the year, the departments concerned accepted under assessments and other deficiencies of ₹ 306.08 crore involved in 84,399 cases of which 21,728 cases involving ₹ 207.93 crore were pointed out in audit during 2009-10 and the rest in the earlier years. The departments collected ₹ 23.04 crore in 32,136 cases during 2009-10.

1.5.2 This Report

This Report contains 42 paragraphs including a review on “Alienation, lease and encroachment of Government land” relating to short/non-levy of tax, duty and interest, penalty etc., involving financial effect of ₹ 304.94 crore¹¹. The Departments/Government have accepted audit observations involving ₹ 181.72 crore out of which ₹ 25.40 lakh has been recovered. The replies in the remaining cases have not been received (December 2010). These observations are discussed in the succeeding chapters II to VIII.

¹¹ It does not include the paragraphs on blocking and loss of revenue.