

CHAPTER-I : GENERAL

1.1 Trend of revenue

1.1.1 The tax and non tax revenue raised by Government of Orissa during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

(Rupees in crore)

		2001-02	2002-03	2003-04	2004-05	2005-06
I	Revenue raised by State Government					
	• Tax Revenue	2,466.88	2,871.84	3,301.73	4,176.60	5,002.28
	• Non Tax Revenue	691.75	961.18	1,094.55	1,345.52	1,531.90
	Total	3,158.63	3,833.02	4,396.28	5,522.12	6,534.18
II	Receipts from Government of India					
	• State's share of divisible Union taxes	2,648.72	2,805.58	3,327.68	3,977.66	4,876.75 ¹
	• Grants in aid	1,240.64	1,800.17	1,716.28	2,350.41	2,673.78
	Total	3,889.36	4,605.75	5,043.96	6,328.07	7,550.53
III	Total Receipts of the State Government (I+II)	7,047.99	8,438.77	9,440.24	11,850.19	14,084.71
IV	Percentage of I to III	44.82	45.42	46.57	46.60	46.39

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 2005-06. Figures under the minor head 901-Share of net proceeds assigned to 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 details of tax revenue raised during the year 2005-06 along with figures for the preceding four years are given below:

(R u p e e s i n c r o r e)

Sl. No.	Heads of Revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Per centage of increase (+) or decrease (-) in 2005-06 over 2004-05
1.	Sales tax	1,350.51	1,532.69	1,546.47	2,061.23	2,524.18	(+) 22
	Central sales tax	51.82	72.53	317.50	410.16	487.55	(+) 19
2.	Taxes and duties on electricity	136.96	172.17	200.43	261.89	353.13	(+) 35
3.	Land revenue	84.48	82.16	103.27	131.59	69.62	(-) 47
4.	Taxes on vehicles	216.37	257.35	280.03	338.11	405.86	(+) 20
5.	Taxes on goods and passengers	252.04	313.07	377.19	384.93	463.34	(+) 20
6.	State excise	197.46	246.06	256.37	306.61	389.33	(+) 27
7.	Stamp duty and registration fees	109.76	135.86	153.07	197.87	236.06	(+) 19
8.	Other taxes and duties on commodities and services	27.62	13.34	14.77	25.14	6.75	(+) 73
9.	Other taxes on income and expenditure-tax on professions, trades, callings and employments	39.86	46.61	52.63	59.07	66.46	(+) 13
Total		2,466.88	2,871.84	3,301.73	4,176.60	5,002.28	

The reasons for variations in respect of the following items as furnished by the concerned departments were as under:

Taxes on Vehicles: The increase (20 *per cent*) was stated to be due to increase of vehicles population, better enforcement activities and effective supervision etc.

State Excise: The increase (27 *per cent*) was stated to be due to strict implementation of enforcement activities, proactive policies, monitoring the settlement/renewal of excise shops etc.

Stamp duty and registration fees: The increase (19 *per cent*) was stated to be due to strict vigilance on leakage of revenue by way of undervaluation and disposal of cases under Section 47A of Indian Stamp Act.

Reasons for variation in respect of sales tax, taxes and duties on electricity, taxes on goods and passengers and other taxes and duties on commodities and services, though called for, have not been received from the concerned departments (November 2006).

1.1.3 Details of major non tax revenue realised during the year 2005-06 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Heads of Revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
1	Non ferrous mining and metallurgical industries	378.56	443.58	552.06	670.52	805.03	(+) 20
2	Forestry and wild life	87.95	97.04	48.64	84.72	59.13	(-) 30
3	Interest receipts	25.27	76.09	164.38	249.04	298.02	(+) 20
4	Education	24.98	24.31	12.00	15.76	42.99	(+) 173
5	Irrigation & inland water transport	18.40	24.70	36.25	40.45	44.05	(+) 9
6	Public works	13.99	13.69	15.06	17.05	18.23	(+) 7
7	Police	19.23	13.37	15.55	21.24	23.05	(+) 9
8	Medical and public health	10.15	11.24	7.51	12.98	9.26	(-) 29
9	Power	3.18	2.94	2.90	4.19	2.91	(-) 31
10	Miscellaneous general services	13.92	10.41	5.38	31.70	7.62	(-) 76
11	Other non tax receipts	82.653	227.96	226.35	160.97	212.51	(+) 32
12	Cooperation	1.94	2.09	2.39	2.72	2.13	(-) 22
13	Other administrative services	11.52	13.71	6.08	34.18	6.97	(-) 80
14	Dairy development	0.007	0.05	Nil	Nil	Nil	
Total		691.75	961.18	1,094.55	1,345.52	1,531.90	

The reasons for variations for the following items as furnished by the concerned departments were as under:

Non ferrous mining and metallurgical industries: The increase (20 per cent) was stated to be due to increase in despatch of major revenue earning ores/minerals and upward revision of the rate of royalty on non coal minerals/ores during 2005-06.

Forestry and Wildlife: The decrease (30 per cent) was stated to be due to non inclusion of the receipts under compensatory afforestation during 2005-06.

Reasons for variations relating to interest, education, medical and public health, power, miscellaneous general services, cooperation and other administrative services, though called for, have not been received (November 2006).

1.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2005-06 in respect of principal heads of tax and non tax revenue are given below:

(Rupees in crore)

Sl. No.	Heads of revenue	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	Percentage of variation
Tax revenue					
1	Sales tax	2,140.00	3011.73	(+) 871.73	(+) 40.73
2	Taxes on goods and passengers	280.00	463.34	(+) 183.34	(+) 65.48
3	Taxes and duties on electricity	280.00	353.13	(+) 73.13	(+) 26.12
4	Land revenue	132.00	69.62	(-) 62.38	(-) 47.26
5	Taxes on vehicles	380.00	405.86	(+) 25.86	(+) 6.80
6	State excise	500.00	389.33	(-) 110.67	(-) 22.13
7	Stamp duty and registration fees	230.00	236.06	(+) 6.06	(+) 2.63
Non tax revenue					
8	Mines and minerals	736.00	805.03	(+) 69.03	(+) 9.38
9	Forest	95.00	59.13	(-) 35.87	(-) 37.76
10	Education	12.00	42.99	(+) 30.99	(+) 258.25
11	Interest	10.00	298.02	(-) 288.02	(-) 2880.20
12	Police	12.03	23.05	(+) 11.02	(+) 91.60

Sales Tax: The increase (40.73 per cent) was stated to be due to tax on value addition on account of introduction of value added tax (VAT).

State Excise: The short fall (22.13 per cent) was stated to be due to ban on opening of new shops and liquor tragedy in Ganjam district.

Forest: The shortfall (37.76 per cent) was stated to be due to failure on part of Orissa Forest Development Corporation (OFDC) Ltd. to deposit royalty amount into Government treasury by end of the financial year.

Police: The increase (91.60 per cent) was stated to be due to payment of claims by Aviation Research Centre, Charbatia and other parties.

Reasons for variation for taxes on goods and passengers, taxes and duties on electricity, education and interest etc. though called for have not been received from the concerned departments (November 2006).

1.3 Analysis of collection

Breakup of total collection at pre assessment stage and after regular assessment of sales tax, profession tax, entry tax, luxury tax and entertainment tax for the year 2005-06 and the corresponding figures for the preceding two years as furnished by the department is as follows:

(Rupees in crore)

Head of revenue	Year	Amount collected at pre assessment stage	Amount collected after regular assessment (additional demand)	Amount of arrear demand collected	Amount refunded	Net collection	Per - centage of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Sales tax	2003-04	1,820.65	37.80	36.61	17.01	1,877.75	97
	2004-05	2,420.87	35.34	34.68	23.54	2,467.35	98.1
	2005-06*	2,909.94	72.90	46.48	22.14	3,007.18	96.8
2. Profession tax	2003-04	50.62	--	--	--	50.62	100
	2004-05	56.16	--	--	--	56.16	100
	2005-06*	64.18	--	--	--	64.18	100
3. Entry tax	2003-04	350.67	17.44	3.45	0.04	371.52	94.4
	2004-05	361.65	19.87	4.81	0.74	385.59	93.8
	2005-06*	432.71	29.01	8.33	0.82	469.23	92.2
4. Luxury tax	2003-04	11.26	--	--	--	11.26	100
	2004-05	10.15	0.01	--	--	10.16	99.9
	2005-06*	0.08	--	--	--	0.08	100
5. Entertainment tax	2003-04	3.33	0.01	0.06	--	3.40	98
	2004-05	3.06	0.06	0.21	--	3.33	92
	2005-06*	2.98	--	0.09	--	3.07	97

The above table shows that percentage of collection of revenue at the pre assessment stage ranged between 92 to 98.1 per cent under sales tax, entertainment tax and entry tax during the years 2003-04 to 2005-06.

1.4 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2003-04, 2004-05 and 2005-06 along with the relevant all India average percentage of expenditure on collection to gross collection for 2004-05 are given below:

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expenditure on collection ²	Percentage of expenditure to gross collection	All India average percentage for the year 2004-05
Sales tax	2003-04	2,331.60	21.30	0.91	0.95
	2004-05	2,946.87	23.47	0.80	
	2005-06	3,566.71	24.41	0.68 ³	
Taxes on vehicles	2003-04	280.14	7.81	2.79	2.74
	2004-05	338.11	8.82	2.61	
	2005-06	405.86	9.39	2.31	
State excise	2003-04	256.68	13.05	5.08	3.34
	2004-05	306.70	13.19	4.30	
	2005-06	389.33	13.38	3.44	
Stamp duty and registration fees	2003-04	154.36	12.82	8.30	3.44
	2004-05	197.95	11.70	5.91	
	2005-06	236.06	11.56	4.89	

It would be seen from above that cost of collection under State excise and stamp duty and registration fees was higher than all India average.

* Figures as furnished by the department are at variance with the Finance Accounts.

² Figures as furnished by the department are at variance with the Finance Accounts.

³ Percentage of expenditure to gross collection for 2005-06 includes entry tax, entertainment tax and professional tax in addition to sales tax.

1.5 Collection of sales tax per assessee

According to information furnished by the department, the sales tax collection per assessee during the years from 2001-02 to 2005-06 was as under:

(Rupees in crore)			
Year	No. of assessee	Sales tax revenue*	Revenue/assessee
2001-02	62,142	1,434.72	0.023
2002-03	69,743	1,646.66	0.024
2003-04	74,494	1,894.76	0.025
2004-05	78,991	2,490.89	0.032
2005-06	90,762	3,029.32	0.033

The above table reveals that revenue collection per assessee increased from Rs.0.023 crore in the year 2001-02 to Rs.0.033 crore in 2005-06.

1.6 Analysis of arrears of revenue

As on 31 March 2006, the arrears of revenue under principal heads of revenue as reported by the departments aggregating Rs.2,433.94 crore were as detailed below:-

(Rupees in crore)				
Sl. No	Heads of Revenue	Amount of arrears as on 31 March 2006	Arrears more than five years old	Remarks
1.	Sales tax	1,745.78	473.34	<p>The stages of arrears were as under:</p> <ul style="list-style-type: none"> • Amount covered by show cause and penalty 10.20 • Recoveries stayed 13.46 ➤ Departmental authorities 212.94 ➤ Supreme Court/High Court 657.20 • Demands covered by certificate proceedings/tax recovery proceedings 290.10 • Amounts likely to be written off 3.40 • other recoveries 558.48
2.	Entry tax	88.52	--	<p>The stages of arrears were as under:</p> <ul style="list-style-type: none"> • Amount covered by show cause and penalty 20.12 • Recoveries stayed by departmental authorities 15.72 • Demand stayed by High Court 42.84 • Demand covered by certificate/tax recovery proceedings 9.84
3.	Entertainment tax	5.84	--	<p>The stages of arrears were as under</p> <ul style="list-style-type: none"> • Demand covered by certificate/tax recovery proceedings 3.61 • Amount covered by show cause and penalty 1.64 • Recoveries stayed by <ul style="list-style-type: none"> ➤ Departmental authorities 0.19 ➤ High Court/Supreme Court 0.40

* Figures as furnished by department are at variance with the finance accounts.

(Rupees in crore)				
Sl. No	Heads of Revenue	Amount of arrears as on 31 March 2006	Arrears more than five years old	Remarks
4.	Land revenue	22.23	--	Item wise break up was as follows <ul style="list-style-type: none"> • Rent 2.93 • Cess 4.92 • Nistar cess 0.13 • Sairat 3.70 • Misc. revenue 10.55
5.	Other departmental receipts (Rent) GA departmental	9.12	--	The arrears were due from <ul style="list-style-type: none"> Non residential buildings 0.72 Residential buildings <ul style="list-style-type: none"> • Retired government servants 3.71 • MLAs and ex MLAs 0.61 • Boards and corporations 0.35 • Private parties 0.66 • Transferred Government servants 1.21 • Certificate cases 0.02 • Central Government employees occupying State Government quarters and water tax 0.42 • Usual house rent 1.17 • Recovery stayed by High Court and other Judicial authorities 0.25
6.	Mines and minerals	82.17	3.19	The stages of recovery were as under: <ul style="list-style-type: none"> • Demand covered by certificate proceedings 2.63 • Demand locked up in litigation in High Court and other Judicial authorities 1.11 • Amount under dispute 3.33 • Amount covered under write off/waiver proposal 1.78 • Recoverable amount 73.32
7.	Forest	85.40	--	The arrears were due from: <ul style="list-style-type: none"> • Forest lease 6.61 • OFDC 74.32 • TDCC⁴ 4.47
8.	Police	42.09	13.45	Details not furnished.
9.	Irrigation (WR)	97.42	52.52	Industrial Water Rate 97.42
10.	Taxes on vehicles	88.85	--	The stages of arrears were as under: <ul style="list-style-type: none"> • Demands covered by certificate proceedings 46.60 • Recoveries stayed by <ul style="list-style-type: none"> ➤ High court/Supreme Court/other judicial authorities 0.47 ➤ Departmental authorities of Government 7.53 • Other stages 34.25

(Rupees in crore)

Sl. No	Heads of Revenue	Amount of arrears as on 31 March 2006	Arrears more than five years old	Remarks
11.	State Excise	29.00	9.73	The stages of recovery were as under: <ul style="list-style-type: none"> • Demand covered by certificate proceedings 8.42 • Recoveries stayed by High Court/ other Judicial authorities 14.50 • Recoveries stayed by Departmental authorities 0.16 • Amounts under dispute 0.04 • Proposed to be written off 0.05 • Other stages of recovery 5.83
12.	Interest	136.82	59.94	<ul style="list-style-type: none"> • Cooperation department 76.88 • Industries department 59.94 The arrears were due from: <ul style="list-style-type: none"> • Orissa state financial corporation <ul style="list-style-type: none"> ➤ Loan in lieu of state capital 8.71 ➤ Interest bearing loan 21.23 ➤ State aid rural industries programme loan 1.20 ➤ Sales tax loan 5.81 ➤ Electricity duty loan 2.94 ➤ Panchayat samiti industries loan 0.34 • Industrial development corporation 7.13 • IPICOL 8.99 • Orissa small industries corporation 2.39 • Orissa state leather corporation 0.67 • Orissa instrument company 0.48 • Orissa film development corporation 0.05
13.	Stationery & Printing	0.58	0.07	--
14.	Fisheries	0.12	0.08	--
Total		2,433.94	612.32	

1.7 Arrears in assessments

The details of cases pending assessment at the beginning of the year 2005-06, cases becoming due for assessment during the year, cases disposed of during the year and the number of cases pending finalisation at the end of the year 2005-06 as furnished by the department in respect of sales tax and entry tax are as follows:

Heads of revenue	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 5 to 4
1	2	3	4	5	6	7
Sales tax	3,45,934	2,49,728	5,95,662	2,21,492	2,74,170	37.18
Entry tax	1,11,884	1,19,836	2,31,720	83,078	1,48,642	35.85

It can be seen from the above table that the percentage of disposal under sales tax and entry tax were 37.18 per cent and 35.85 per cent respectively.

1.8 Evasion of tax

The number of cases of evasion of tax detected and assessments finalised during 2005-06 as reported by the department are given below:

Sl No.	Name of tax/duty	Cases pending as on 31 March 2005	Cases detected during 2005-06	Total	No. of cases in which assessment/ investigations completed and additional demand including penalty etc. raised		No. of cases pending finalisation as on 31 March 2006
					No. of cases	Amount of demand (Rs.in crore)	
1	Sales tax	8,479	1,825	10,304	3,757	115.63	6,547

The revenue involved in the pending cases was not furnished by the department. It would be seen from the above that disposal of detected cases was only 36.46 per cent in respect of sales tax cases.

1.9 Results of audit

Test check of records of sales tax, motor vehicles tax, land revenue, State excise, forest, mines and minerals and other departmental offices conducted during the year 2005-06 revealed underassessment/short levy/loss of revenue etc. amounting to Rs.628.23 crore in 2,56,619 cases. During the year 2005-06, the concerned departments accepted underassessment etc. of Rs.241.86 crore involved in 78,621 cases which were pointed out in 2005-06 and in earlier years. Of these, the departments recovered Rs.40.12 crore in 21,546 cases.

This report contains 53 paragraphs including two reviews relating to under assessment/short levy/non levy etc. involving Rs.136.70 crore of which Rs.46.98 crore has been accepted by Government/department. Recovery made in these cases amounted to Rs.8.37 crore up to August 2006. Audit observations with a total revenue effect of Rs.3.96 crore have not been accepted by the department/Government but their contentions have been appropriately commented upon in the relevant paragraphs. Replies in the remaining cases have not been received (November 2006).

1.10 Failure of senior officials to enforce accountability and protect interest of Government

Audit observations on incorrect assessments, short levy of taxes, duties, fees etc. as also defects in the maintenance of initial records noticed during audit and not settled on the spot are communicated to the heads of departments/offices and other departmental authorities through inspection reports (IRs). The heads of departments/offices are required to take corrective action in the interest of Government revenue and furnish compliance within a period of one month.

The number of IRs and audit observations relating to revenue receipts issued up to 31 December 2005 which were pending settlement by the departments as on 30 June 2006 along with corresponding figures for the preceding two years are given below:

	2004	2005	2006
Number of IRs pending settlement	3,768	3,653	3,115
Number of outstanding audit observations	11,023	11,067	9,190
Amount of revenue involved (in crore of Rupees)	1,472.32	1,788.59	2,112.96

Department wise break up of IRs and audit observations outstanding as on 30 June 2006 is given below:

Department	Nature of receipts	Number of outstanding		Amount of receipts involved (Rs. in crore)	Year to which observations relate	Number of IRs to which even first replies have not been received
		IRs	Audit observations			
Finance	Sales tax	606	2,105	272.88	1976-77 to 2005-06	39
	Entertainment tax	76	112	1.53	1976-77 to 2003-04	--
	Luxury tax	10	11	0.57	1977-78 to 2002-03	--
	Entry tax	93	135	13.07	2001-02 to 2005-06	09
Commerce and transport (Transport)	Taxes on vehicles	262	2,700	257.21	1970-71 to 2005-06	27
	Taxes on goods and passenger	70	237	1.09	1973-74 to 1987-88	--
Revenue	Land revenue	809	1,459	433.19	1975-76 to 2005-06	114
	Stamp duty and registration fees	325	554	82.68	1980-81 to 2005-06	27
Excise	State excise	260	560	137.85	1991-92 to 2005-06	20
Forest and environment	Forest receipts	388	916	254.22	1980-81 to 2005-06	47
Steel and mines	Mining receipts	106	189	93.28	1979-80 to 2005-06	07
Cooperation	Departmental receipts	22	48	119.89	1995-96 to 2004-05	--
Food supplies and consumer welfare	-do-	32	42	3.62	1992-93 to 2004-05	02
Energy	-do-	51	116	439.03	1992-93 to 2005-06	07
General administration (Rent)	-do-	02	02	0.13	1992-93 to 2004-05	--
Works	-do-	03	04	2.72	1992-93 to 2004-05	--
Total		3,115	9,190	2,112.96		299

It indicates that the heads of departments/offices, whose records were inspected by Accountant General, failed to discharge due responsibility as they did not send any reply to a large number of IRs/paragraphs and also did not take any remedial measures for the defects, omissions and irregularities pointed out by the Accountant General.

1.11 Departmental audit committee meetings

In order to expedite settlement of outstanding audit observations contained in the IRs, departmental audit committees have been constituted by Government. The representatives of Finance Department, Administrative Department and office of the Accountant General (AG) (CW&RA) attend the meetings of the committee. The committees meet regularly to expedite clearance of outstanding audit observations and ensure that final action is taken on all audit observations outstanding for more than a year. Department wise position of audit committee meetings held during the year 2005-06 was as under:

Sl. No	Name of the department	Subject	No. of meeting held	No. of IRs settled	No. of audit observations settled
1.	Finance	Sales tax	09	12	425
2.	Forest & environment	Forest receipts	07	13	68
3.	Steel & mines	Mining receipts	14	20	68
4.	Transport	Motor vehicle tax	15	24	412
5.	Excise	Excise duty	04	05	29
6.	Food supplies & consumer welfare	Departmental receipts	01	17	22
7.	Revenue	Land revenue	20	249	334
Total			70	340	1,358

1.12 Response of the Departments to Draft Audit Paragraphs

Government of Orissa, Finance Department, in their circular memorandum instructed (May 1967) various departments of Government to submit compliance to draft audit paragraphs (DPs) floated by the AG for inclusion in the Audit Report of the Comptroller and Auditor General (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 normally 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.

Eighty two DPs (clubbed in 53 paragraphs) being considered for inclusion in this Report were demi officially forwarded to the Secretaries/Principal Secretaries of the concerned departments between January 2006 and May 2006 with a request to verify the factual position and offer 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 paras is detailed below:

Sl. No.	Name of the department/Nature of receipts	No. of draft paras forwarded including review	No. of draft paras in respect of which replies were received	No. of draft paras in which replies were not received
1	Finance (Sales tax & entry tax)	28	27	01
2	Transport (Motor vehicle tax)	14	10	04
3	Excise (Excise duty and fees)	08	07	01
4	Forest and environment (Forest receipts)	05	04	01
5	Steel & mines (Mining receipts)	06	05	01

Sl. No.	Name of the department/Nature of receipts	No. of draft paras forwarded including review	No. of draft paras in respect of which replies were received	No. of draft paras in which replies were not received
6	Revenue (Land revenue, stamp duty and registration fees)	14	10	04
7	Energy and revenue (Departmental receipts)	07	05	02
Total		82	68	14

The Excise Department and Steels Mines Department recovered Rs.2.72 crore at the instance of audit in four audit observations in the year 2005-06.

1.13 Follow up on audit reports summarised position

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

Review of outstanding explanatory memoranda on paragraphs included in the reports of CAG of India (Revenue Receipts) as on 31 March 2006 disclosed that the departments had not submitted remedial explanatory memoranda on 213 paragraphs for the years from 1994-95 to 2004-05 as detailed below.

Year	No. of paras in the audit report	No. of paras discussed in PAC	No. of paras pending for discussion	No. of paras for which compliance notes awaited from the departments
1991-92	63	51	12	--
1992-93	54	40	14	--
1993-94	44	32	12	--
1994-95	47	21	26	2
1995-96	40	13	27	--
1996-97	36	5	31	1
1997-98	38	3	35	1
1998-99	40	1	39	4
1999-00	34	--	34	7
2000-01	45	5	40	7
2001-02	45	3	42	11
2002-03	57	--	57	55
2003-04	63	--	63	63
2004-05	62	--	62	62
Total	668	174	494	213

From the above, it would be seen that the non compliance to audit paragraphs stood at 31.89 *per cent* of total paras presented to the Assembly during the above period.

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 May 1966 issued instructions to all the departments of State Government to submit action taken notes (ATN) on the recommendations made by PAC for further consideration **within six months** of the presentation

of PAC Report to the Legislature. It was noticed from the PAC reports submitted during 10th, 11th 12th and 13th Assembly that 45 Reports containing 341 paras/recommendations were presented by the PAC before the Legislature between February 1991 and March 2006 after examination of the Audit Report (Revenue Receipts) of 14 departments for the years 1985-86 to 2000-01. However, ATNs had not been received in respect of 117 recommendations of the PAC from the concerned departments as of March 2006.

1.14 Compliance to audit reports

In the Audit Reports 2000-01 to 2004-05, audit observations relating to underassessments, non/short levy of taxes, loss of revenue, failure to raise demands, etc., involving Rs.1,933.79 crore were included. Of these, as of September 2006, departments concerned accepted underassessments etc., involving Rs.454.02 crore and recovered 6.60 crore. Audit Report wise details of cases accepted and recovered are as under:

(Rupees in crore)

Sl. No.	Year	Money value of audit report	Amount accepted by the department	Amount recovered
1	2000-01	272.86	178.11	0.36
2	2001-02	260.18	6.88	0.06
3	2002-03	281.31	9.66	0.74
4	2003-04	558.63	37.94	2.77
5	2004-05	560.81	221.43	2.67
Total		1,933.79	454.02	6.60