

CHAPTER I GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Andhra Pradesh during the year 2008-09, the State's share of divisible Union taxes 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)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
I	Revenue raised by the State Government					
	• Tax revenue	16,254.50	19,207.40	23,926.20	28,794.05	33,358.29 ¹
	• Non-tax revenue	3,755.57	4,691.37	6,487.83	7,064.13	9,683.40
	Total	20,010.07	23,898.77	30,414.03	35,858.18	43,041.69
II	Receipts from the Government of India					
	• State's share of divisible Union taxes	6,058.51	6,950.86	8,866.00	11,183.64	11,801.50
	• Grants-in-aid	2,680.92	4,001.56	4,965.44	7,100.73	8,015.26
	Total	8,739.43	10,952.42	13,831.44	18,284.37	19,816.76
III	Total receipts of the State (I + II)	28,749.50	34,851.19	44,245.47	54,142.55	62,858.45
IV	Percentage of I to III	70	69	69	66	68

The above table indicates that during the year 2008-09, the revenue raised by the State Government was 68 *per cent* of the total revenue receipts (Rs. 62,858.45 crore). The balance 32 *per cent* of the receipts during 2008-09 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 Andhra Pradesh for the year 2008-09. Figures 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 - share of net proceeds assigned to states booked in the Finance Accounts under A-Tax revenue have been excluded from revenue raised by the State and included in the State's share of divisible Union taxes in this table.

1.1.2 The following table presents the details of tax revenue raised during the period from 2004-05 to 2008-09:

(Rupees in crore)

Sl. No.	Head of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage of increase (+)/ decrease (-) in 2008-09 over 2007-08
1.	Sales tax	9,988.64	11,524.24	14,222.67	17,593.41	20,596.47	(+) 17.07
	Central sales tax	1,051.96	1,017.37	1,244.41	1,433.08	1,255.19	(-) 12.41
2.	State excise	2,092.67	2,684.57	3,436.63	4,040.69	5,752.61	(+) 42.37
3.	Stamp duty and registration fee	1,387.91	2,013.45	2,865.38	3,086.06	2,930.99	(-) 5.02
4.	Taxes and duties on electricity	137.58	151.96	151.05	195.36	218.54	(+) 11.86
5.	Taxes on vehicles	1,168.64	1,355.74	1,364.74	1,603.80	1,800.62	(+) 12.27
6.	Taxes on goods and passengers	65.59	50.35	41.25	80.29	15.88	(-) 80.22
7.	Other taxes on income and expenditure, tax on professions, trades, callings and employments	180.21	227.07	312.21	355.72	374.46	(+) 5.27
8.	Other taxes and duties on commodities and services	144.81	110.62	148.84	171.00	203.13	(+) 18.79
9.	Land revenue	33.59	68.75	113.50	144.39	130.35	(-) 9.72
10.	Taxes on immovable property other than agricultural land	2.90	3.29	25.52	90.25	80.05	(-) 11.30
	Total	16,254.50	19,207.41	23,926.20	28,794.05	33,358.29	(+) 15.85

The reasons for variation in receipts for 2008-09 from those of 2007-08 in respect of principal heads of revenue as reported by the concerned departments are as under:

- **Taxes on sales, trade etc.:** The increase in revenue was stated to be due to increase in receipt of taxes under Andhra Pradesh Value Added Tax Act.
- **State excise:** The increase in revenue was stated to be due to increase in receipts of taxes on Foreign Liquors and Spirits.
- **Taxes and duties on electricity:** The increase in revenue was stated to be due to increase in consumption resulting in collection of duties on electricity.

- **Taxes on vehicles:** The increase in revenue was stated to be due to increase in number of transactions of registration and enforcement.
- **Taxes on goods and passengers:** The decrease was due to collection of less receipts under “Tax on entry of goods into local areas”.
- **Other taxes and duties on commodities and services:** The increase is due to increase in collection of Luxury Tax and receipts under the Sugar Cane (Regulation, Supply and Purchase Control) Act.

The other departments did not inform (January 2010) the reasons for variations, despite being requested (April 2009) and reminded (June 2009).

1.1.3 The following table presents the details of major non-tax revenue realised during the period from 2004-05 to 2008-09:

(Rupees in crore)

Sl. No.	Head of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage of increase (+)/decrease (-) in 2008-09 over 2007-08
1.	Interest receipts	1,710.44	2,039.52	2,231.17	3,525.34	3,487.40	(-) 1.08
2.	Other non-tax receipts	496.65	505.05	682.73	711.03	1,187.74	(+) 67.04
3.	Forestry and wild life	121.68	137.93	87.11	90.92	93.22	(+) 2.53
4.	Non-ferrous mining and metallurgical industries (mines and minerals)	873.53	1,062.57	1,321.25	1,597.56	1,684.98	(+) 5.47
5.	Miscellaneous general services	243.34	703.47	1,865.90	778.64	2,944.06	(+) 278.10
6.	Power	25.15	22.26	22.11	25.13	15.77	(-) 37.25
7.	Major and medium irrigation	56.27	47.82	68.81	42.03	38.33	(-) 8.80
8.	Medical and public health	28.88	40.59	34.19	67.31	48.43	(-) 28.05
9.	Co-operation	21.16	12.45	23.61	39.14	20.09	(-) 48.67
10.	Public works	6.14	7.20	7.09	7.56	7.65	(+) 1.19
11.	Police	50.15	62.94	79.12	99.83	105.36	(+) 5.54
12.	Other administrative services	122.18	49.57	64.73	79.64	50.37	(-) 36.75
Total		3,755.57	4,691.37	6,487.83	7,064.13	9,683.40	(+) 37.08

The reasons for variations in receipts for 2008-09 from those of 2007-08 as reported by the respective departments were as under:

- **Miscellaneous general services:** The increase in receipt was due to more receipts from sale of land and property as a result of Government's decision in exhibiting the same under Revenue Head instead of Capital Head.
- **Medical and public health:** The decrease in revenue was due to decrease of revenue from the Employees State Insurance Scheme, Service fees and fines etc.
- **Other administrative services:** The decrease was mainly due to decrease in collection of passport fees.

The other departments did not inform (January 2010) the reasons for variations, despite being requested (April 2009) and reminded (June 2009).

1.2 Variation between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2008-09 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) shortfall (-)	Percentage of variation
Tax revenue					
1.	Sales tax	24,887.28	21,851.66	(-) 3,035.62	(-) 12.20
2.	State excise	4,991.25	5,752.61	(+) 761.36	(+) 15.25
3.	Stamp duty and registration fees	4,537.50	2,930.99	(-) 1,606.51	(-) 35.40
4.	Taxes and duties on electricity	192.84	218.54	(+) 25.70	(+) 13.33
5.	Land revenue	130.48	130.35	(-) 0.13	(-) 0.10
6.	Taxes on vehicles	2,289.80	1,800.62	(-) 489.18	(-) 21.36
7.	Other taxes and duties on commodities and services	277.19	203.13	(-) 74.06	(-) 26.72
8.	Taxes on goods and passengers	83.52	15.88	(-) 67.64	(-) 80.99
9.	Taxes on immovable property other than agricultural land	55.00	80.05	(+) 25.05	(+) 45.54
Non-tax revenue					
10.	Interest receipts	4,360.50	3,487.40	(-) 873.10	(-) 20.02
11.	Non-ferrous mining and metallurgical industries (mines and minerals)	2,187.50	1,684.98	(-) 502.52	(-) 22.97
12.	Forestry and wild life	152.81	93.22	(-) 59.59	(-) 39.00

The reasons for variations between the budget estimates and the actuals as reported by the concerned departments were as under:

- **Taxes and duties on electricity:** The increase in revenue was stated to be due to increase in consumption resulting in collection of duties on electricity.
- **Taxes on vehicles:** The decrease in revenue was stated to be due to shortfall in the anticipated registration of non-transport vehicles.
- **Non-ferrous mining and metallurgical industries (mines and minerals):** The decrease in revenue was mainly due to delay in revision of “Royalty rates and Seigniorage fee” pending with the Government of India and the State Government and non-collection of cess on Iron ore due to a stay ordered by the Hon’ble Supreme Court.

The other departments did not inform (January 2010) the reasons for variations, despite being requested (April 2009) and reminded (June 2009).

1.3 Cost of collection

The figures of gross collection in respect of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2006-07, 2007-08 and 2008-09 along with the relevant all India average percentage of expenditure on collection to gross collection for 2007-08 are mentioned below:

(Rupees in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection of revenue	Percentage of cost of collection to gross collection	All India average percentage for the year 2007-08
1.	Sales tax	2006-07	15,467.08	166.07	1.07	0.83
		2007-08	19,026.49	175.73	0.92	
		2008-09	21,851.66	190.79	0.87	
2.	State excise	2006-07	3,436.63	165.78	4.82	3.27
		2007-08	4,040.69	162.24	4.02	
		2008-09	5,752.61	183.78	3.19	
3.	Taxes on vehicles	2006-07	1,364.74	55.43	4.06	2.58
		2007-08	1,603.80	62.46	3.89	
		2008-09	1,800.62	57.89	3.22	
4.	Stamp duty and registration fees	2006-07	2,865.38	60.05	2.10	2.09
		2007-08	3,086.06	62.54	2.03	
		2008-09	2,930.99	73.58	2.51	

The expenditure on collection in taxes on vehicles and stamp duty and registration fee was higher than the all India average and the Government need to look into this aspect.

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue for which information was furnished by the department amounted

to Rs. 6,507.70 crore, of which Rs. 3,157.11 crore were outstanding for more than five years as mentioned in the following table:

(Rupees in crore)

Sl. No.	Head of revenue	Amount of arrears	Arrears outstanding for more than five years	Remarks
1.	Sales tax	3,552.34	2,056.01	The stage at which arrears were pending collection were not furnished (December 2009) despite being requested (April 2009).
2.	Taxes on vehicles	1,982.86	675.88	Out of total arrears of Rs. 1,982.86 crore, Rs. 1,974.93 crore was due from APSRTC ² and the balance Rs. 7.93 crore was pending from others for various reasons.
3.	Land revenue (water tax)	328.95	18.72	The department stated (September 2009) that due to severe drought/ cyclone conditions in the State, the arrears could not be recovered by the department.
4.	Receipt under sugar cane (Regulation of Supply and Purchase Tax) Act	276.19	276.19	Out of purchase tax of Rs. 276.19 crore, Rs. 144.78 crore was payable by the co-operative sugar factories whose financial position was stated to be weak, Rs. 66.17 crore was recoverable from private sugar factories, Rs. 63.76 crore was recoverable from Nizam Sugar Limited, the building of which was taken over by the department for its recovery and in one case Rs. 1.48 crore were pending decision in the High Court of Andhra Pradesh.
5.	Taxes and duties on electricity	154.09	70.13	Out of Rs. 154.09 crore, Rs. 138.31 crore due from Andhra Pradesh Gas Power Corporation was covered by the stay orders of the High Court of Andhra Pradesh. The balance Rs. 15.78 crore was due from the other licensees.
6.	Forestry & Wild Life	94.25	4.15	Out of total arrears of Rs. 94.25 crore, Rs. 63.79 crore payable by wood based industries was covered by stay orders granted by various courts, Rs. 17.41 crore payable by a limited company was stayed by the Government and Rs. 12.91 crore was being recovered under RR Act. The stage of recovery of Rs. 14 lakh was not furnished (December 2009).
7.	Taxes on immovable properties other than agricultural land (NALA)	61.40	NA	It was stated (September 2009) that the arrears could not be recovered due to severe drought/cyclone conditions in the State.

² APSRTC: Andhra Pradesh State Road Transport Corporation.

(Rupees in crore)

Sl. No.	Head of revenue	Amount of arrears	Arrears outstanding for more than five years	Remarks
8.	State Excise	57.62	56.03	Out of total arrears of Rs. 57.62 crore, Rs. 38.57 crore were covered by revenue recovery certificates issued under RR Act, Rs. 7.33 crore was covered by stay orders granted by various courts and appellate authorities and the Government. Rs. 11.72 crore was stated (September 2009) likely to be written off by the department.
Total		6,507.70	3,157.11	

The position of the arrears of revenue at the end of 2008-09 in respect of the Registration and other departments was not furnished (January 2010) by the Government despite being requested (April 2009) and reminded (June 2009).

1.5 Arrears in assessments

The details of assessments relating to sales tax, motor spirit tax, professions tax, entry tax, lease tax, luxury tax, tax on works contracts pending at the beginning of the year, additional cases became due for assessment during the year, cases disposed during the year and cases pending at the end of each year during 2004-05 to 2008-09 as furnished by the Commercial Taxes Department were as under:

Year	Opening balance	Cases which became due for assessment	Total	Cases disposed during the year	Cases pending at the end of the year	Percentage of disposed to total assessment
2004-05	76,907	3,50,493	4,27,400	3,00,893	1,26,507	70.40
2005-06	1,26,507	3,41,983	4,68,490	3,69,326	99,164	78.83
2006-07	99,164	27,077	1,26,241	97,768	28,473	77.45
2007-08	28,473	14,469	42,942	40,192	2,750	93.60
2008-09	2,750	17,052	19,802	17,042	2,760	86.06

The above table indicates that the percentage of assessments completed to the total assessment ranged between 70.40 per cent and 93.60 per cent.

1.6 Evasion of tax

The number of cases of evasion of tax detected and assessments finalised during 2008-09 as reported by the Commercial Taxes Department are mentioned below:

(Rupees in lakh)

Particulars	Number of cases	Amount involved
A. (i) Cases pending as on 1 April 2008	2,610	26,382.86
(ii) Cases detected during the year 2008-09	17,052	Not furnished
B. Cases in which investigations/assessments were completed during the year 2008-09	17,042	92,256.73
C. Cases pending as on 31 March 2009	2,620	Not furnished

Thus, disposal of detected cases was 86.87 *per cent*. The department did not furnish the revenue involved in the cases detected during the year and pending cases.

1.7 Failure to enforce accountability and protect interest of the Government

Accountant General (Commercial and Receipt Audit) (AG) arranges to conduct periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed up with the inspection reports (IRs). When important irregularities detected during the inspections are not settled on the spot, these IRs are issued to the heads of offices inspected with a copy to the next higher authorities. The hand book of instructions for speedy settlement of audit observations (Finance Department) provides for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses etc., noticed during the inspections. The heads of offices and the next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the heads of departments by the AG. A half yearly report of the pending IRs is sent to the concerned Principal Secretary to the Government and the controlling officers of the departments to facilitate monitoring of the pending audit observations.

The number of IRs and audit observations relating to revenue receipts issued upto 31 December 2008 and pending settlement by the concerned departments as on 30 June 2009 alongwith corresponding figures for the preceding two years are mentioned below:

	June 2007	June 2008	June 2009
Number of IRs pending settlement	9,651	10,556	10,292
Number of outstanding audit observations	25,363	27,008	27,382
Amount of revenue involved (Rupees in crore)	7,966.99	8,884.17	10,221.24

Out of 10,292 IRs pending settlement, even first replies have not been received (February 2010) for 286 IRs. The department-wise details of IRs and audit observations outstanding as on 30 June 2009 and the amounts involved are mentioned in the following table:

(Rupees in crore)

Sl. No.	Department	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1.	Commercial taxes	3,618	11,664	2,874.03
2.	Land revenue	3,572	7,794	1,595.60
3.	Stamp duty and registration fees	1,759	4,533	340.45
4.	State excise	347	850	103.42

(Rupees in crore)

Sl. No.	Department	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
5.	Taxes on vehicles	316	1,587	2,226.51
6.	Forest receipts	136	187	98.96
7.	Co-operation	43	67	75.58
8.	Mines and minerals	197	293	1,596.21
9.	Civil supplies	54	75	34.94
10.	Agriculture	183	252	00
11.	Purchase tax on sugarcane	47	58	210.08
12.	Electricity duty	10	12	177.41
13.	Municipal Administration and Urban Development	2	2	83.19
14.	Finance and planning	4	4	474.81
15.	Irrigation and command area development	4	4	330.05
Total		10,292	27,382	10,221.24

It indicates that the heads of department/offices whose records were inspected by the AG, failed to discharge due responsibility as they did not send 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 AG.

Since the outstanding amount represents unrealised revenue, the Government needs to take speedy and effective action on the issues raised in the IRs.

1.8 Departmental audit committee meetings

The Government while accepting the recommendations of Shakti Committee (High Powered Committee) instructed (November 1993) all the departments to nominate a designated officer within the department for monitoring the follow-up action on audit observations. For regular review at higher levels, the departments were instructed to ensure that there should be a monitoring committee consisting of the Secretary of the Department and the Finance Secretary. The Government also reformulated (June 2004) comprehensively the orders issued in July 1986 for constitution of the Audit Committees at three levels i.e., apex level, departmental level and district level for speedy settlement of the audit observations. The three committees were required to meet twice in a year (i.e. January and July), once in three months and once in two months respectively.

The number of district level audit committee meetings held and paragraphs settled during the year 2008-09 are mentioned in the following table:

(Rupees in lakh)

Sl. No.	Departments	No. of meetings	No. of paras settled	Money value
1.	Commercial taxes	2	199	129.74
2.	Registration	1	169	69.25
Total		3	368	198.99

Thus, out of six principal departments four departments viz. state excise, land revenue, transport and mineral receipts failed to take advantage of the audit committee meeting set up (September 2009).

As the pendency of IRs and paragraphs are accumulating, the Government may instruct all the departments to conduct more audit committee meetings to expedite clearance.

1.9 Response of the departments to draft audit paragraphs

The draft paragraphs/reviews proposed for inclusion in the Audit Report are forwarded by the AG to the Principal Secretaries of the concerned departments through demi-official letters. According to the instructions issued (September 1995) by the Government, all the departments are required to furnish their remarks on the draft paragraphs/reviews within six weeks of their receipt. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

202 draft paragraphs clubbed into 58 paragraphs (including two reviews) proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2009 were forwarded to the concerned Principal Secretaries to the Government and copies endorsed to the concerned heads of the departments between February and October 2009. Of these, replies to 133 draft paragraphs have been received. The draft reviews were discussed with the Government in the exit conferences held in November 2009. The replies to the audit observations given in the exit conferences, held in November 2009 and at other points of time have been appropriately reflected in the report.

1.10 Follow up on Audit Reports

As per the instructions issued by the Finance and Planning Department in November 1993, the departments of the Government are required to prepare and send to the Andhra Pradesh Legislative Assembly Secretariat, detailed explanations (departmental notes) on the audit paragraphs within three months of an Audit Report being laid on the table of the Legislature.

A review of the position in this regard revealed that as of November 2009, 14 departments had not furnished the departmental notes in respect of 263 paragraphs included in the Audit Reports for the years 2000-01 to 2007-08 due between June 2002 and November 2009. The delays ranged from sixteen

months to over seven years as mentioned in the following table:

Sl. No.	Department	Year of the Audit Report	Dates of presentation to the legislature	Last date by which departmental notes were due	No. of paragraphs for which the departmental notes were due	Delay in months ³
1.	Commercial taxes	2002-03 to 2007-08	July 2004 to September 2009	October 2004 to November 2009	113	16 to 60
2.	State excise	2001-02 to 2005-06 & 2007-08	March 2003 to September 2009	June 2003 to November 2009	17	28 to 76
3.	Transport	2006-07 & 2007-08	March 2008 & September 2009	June 2008 & November 2009	10	16
4.	Registration	2001-02 to 2007-08	March 2003 to September 2009	June 2003 to November 2009	46	16 to 76
5.	Co-operation	2000-01	March 2002	June 2002	1	88
6.	Irrigation	2000-01 & 2006-07	March 2002 & March 2008	June 2002 & June 2008	4	16 to 88
7.	Land revenue	2001-02 to 2007-08	March 2003 to September 2009	June 2003 to November 2009	44	16 to 76
8.	Industries & Commerce	2002-03 to 2007-08	July 2004 to September 2009	October 2004 to November 2009	18	16 to 60
9.	Home	2006-07	March 2008	June 2008	1	16
10.	Energy	2001-02	March 2003	June 2003	1	76
11.	Municipal Administration and Urban Development	2002-03 & 2003-04	July 2004 & October 2005	October 2004 & January 2006	3	45 to 60
12.	Finance	2001-02	March 2003	June 2003	1	76
13.	Forest	2003-04, 2005-06 & 2007-08	October 2005, March 2007 & September 2009	January 2006, June 2007 & November 2009	3	28 to 45
14.	General Administration	2005-06	March 2007	June 2007	1	28
Total		2000-01 to 2007-08	March 2002 to September 2009	June 2002 to November 2009	263	16 to 88

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

1.11 Action not taken on recommendations of the Public Accounts Committee

The Finance and Planning Department issued (May 1995) instructions to all the administrative departments and the heads of the departments to submit the action taken notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) within six months from the date(s) of receipt of the

³ The due date of furnishing departmental notes in respect of paragraphs included in the Audit Report for 2007-08 is November 2009. Hence, the delay was commented upon for the Audit Reports upto the years 2006-07 only.

recommendations. As of November 2009, 159 recommendations of the PAC made between 1972-73 and 2004-05 in regard to nine departments remained outstanding. The concerned administrative departments are yet to submit ATNs for these recommendations. The details are mentioned in the annexure.

1.12 Compliance with the earlier Audit Reports

During the years 2003-04 to 2007-08, the departments/Government accepted audit observations involving Rs. 584.07 crore out of which an amount of Rs. 19.04 crore was recovered till 31 October 2009 as mentioned below:

(Rupees in crore)			
Year of Audit Report	Total money value	Accepted money value	Recovery made
2003-04	267.37	71.57	5.84
2004-05	264.68	40.20	0.91
2005-06	189.69	49.60	4.45
2006-07	401.59	245.39	3.42
2007-08	443.46	177.31	4.42
Total	1,566.79	584.07	19.04

The recovery in respect of accepted cases was very low (3.26 per cent) compared to the accepted money value. The Government may advise the concerned departments to take necessary steps for speedy recovery.

1.13 Results of audit

Test check of the records of the sales tax, state excise, land revenue, motor vehicles tax, stamp duty and registration fees, electricity duty, other tax receipts, forest receipts and other departmental offices conducted during the year 2008-09 revealed underassessment/non/short levy of taxes/loss of revenue, failure to raise demands etc., involving Rs. 876.90 crore in 2,273 cases. During the course of the year 2008-09, the departments concerned accepted underassessments, short demands etc., aggregating Rs. 358.85 crore in 1,099 cases including 766 cases involving Rs. 26.75 crore which were pointed out in audit in earlier years. A sum of Rs. 3.88 crore relating to 99 audit observations was recovered at the instance of audit.

This Report contains 58 paragraphs including two reviews involving Rs. 628.76 crore. The department/Government accepted audit observations involving Rs. 342.25 crore of which Rs. 3.48 crore had been recovered upto November 2009. These have been discussed in succeeding chapters II to VI.