

CHAPTER I: GENERAL

1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Maharashtra during the year 2006-07, 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 given below:

(Rupees in crore)

Sl. no.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
I.	Revenue raised by the State Government					
	• Tax revenue	22,799.45	25,162.16	30,605.75	33,540.24	40,099.24
	• Non-tax revenue ¹	4,249.48 (4,517.47)	2,964.76 (3,548.94)	3,505.22 (4,118.83)	5,167.92 (5,935.05)	6,706.50 (7,518.25)
	Total	27,048.93 (27,316.92)	28,126.92 (28,711.10)	34,110.97 (34,724.58)	38,708.16 (39,475.29)	46,805.74 (47,617.49)
II.	Receipts from the Government of India					
	• State's share of divisible Union taxes	2,279.97	3,389.49	3,595.03	4,982.00	6,022.76
	• Grants-in-aid	1,506.15	2,269.93	2,693.72	3,981.00	8,555.13
	Total	3,786.12	5,659.42	6,288.75	8,963.00	14,577.89
III.	Total receipts of the State	30,835.05 (31,103.04)	33,786.34 (34,370.52)	40,399.72 (41,013.33)	47,671.16 (48,438.29)	61,383.63 (62,195.38)
IV.	Percentage of I to III	88	83	84	81	76

The above table indicates that during the year 2006-07, the revenue raised by the State Government was 76 per cent of the total revenue receipts (Rs. 46,805.74 crore) against 81 per cent in the preceding year. The balance 24 per cent of receipts during 2006-07 was from the Government of India.

1.1.1 The following table presents the details of tax revenue raised during the period 2002-03 to 2006-07 :

¹Lottery receipts included in non-tax revenue are net of expenditure on prize-winning tickets. Figures in brackets indicate gross receipts.

Note: For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Maharashtra for the year 2006-07. Figures under the heads '0020 - corporation tax, 0021 - taxes on income other than corporation tax, 0028 - other taxes on income and expenditure, 0032 - wealth tax, 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 the State booked in the Finance Accounts under tax revenue have been excluded from the revenue raised by the State and included in the State's share of divisible Union taxes in this statement.

(Rupees in crore)

Sl. no.	Head of revenue	2002-03	2003-04	2004-05	2005-06	2006-07	Percentage of increase (+)/decrease (-) in 2006-07 over 2005-06
1.	Sales tax						
	• State sales tax etc.	11,746.21	12,795.01	16,399.62	17,358.56	21,583.06	(+) 24.34
	• Central sales tax	1,742.14	2,530.95	2,417.10	2,318.18	2,547.66	(+) 9.90
2.	State excise	1,938.68	2,324.42	2,218.87	2,823.85	3,300.70	(+) 16.89
3.	Stamp duty and registration fees	2,823.11	3,354.06	4,116.49	5,265.86	6,415.72	(+) 21.84
4.	Taxes and duties on electricity	1,149.18	629.72	1,673.76	1,660.87	1,577.19	(-) 5.04
5.	Taxes on vehicles	941.23	1,205.97	1,177.14	1,309.11	1,841.06	(+) 40.63
6.	Taxes on goods and passengers	245.03	231.91	427.75	504.63	224.48	(-) 55.52
7.	Other taxes on income and expenditure- taxes on professions, trades, callings and employments	1,028.56	1,018.77	1,076.57	1,157.70	1,246.72	(+) 7.69
8.	Other taxes and duties on commodities and services	798.90	710.86	737.73	712.40	878.31	(+) 23.29
9.	Land revenue	386.41	360.49	360.72	428.97	484.17	(+) 12.87
10.	Service tax	--	--	--	0.11	0.17	(+) 54.55
	Total	22,799.45	25,162.16	30,605.75	33,540.24	40,099.24	

The reasons for the significant variations in the receipts during 2006-07 over those of the previous year were as follows:

Sales tax: The increase was due to book adjustments carried out for the previous years in respect of deferred sales tax converted into loans under the Package Scheme of Incentives (PSI).

Stamp duty and registration fees: The increase was due to more receipts under 'sale of non-judicial stamps', which increased by 82.20 *per cent* over the previous year.

Taxes on vehicles: The increase was mainly due to revision of the 'one time tax' on four wheelers from four to seven *per cent*.

Taxes on goods and passengers: The decrease was due to non-adjustment of subsidy sanctioned on account of concessional passenger fares.

Other taxes and duties on commodities and services: The increase was mainly due to increase in rates by 50 *per cent* as compared to previous year under 'entertainment tax' and more receipts under 'tax on hotels and lodging houses', which increased by 41.59 *per cent* over the previous year.

Land revenue: The increase was mainly due to recovery of arrears.

The other departments did not inform (October 2007) the reasons for variation despite being requested (June 2007).

1.1.2 The following table presents the details of the non-tax revenue raised during the period 2002-03 to 2006-07 :

(Rupees in crore)

Sl. no.	Head of revenue	2002-03	2003-04	2004-05	2005-06	2006-07	Percentage of increase (+)/ decrease (-) in 2006-07 over 2005-06
1.	Interest receipts	1,777.27	356.91	737.46	1,737.24	2,503.92	(+) 44.13
2.	Dairy development	800.51	774.73	676.10	612.25	611.87	(-) 0.06
3.	Other non-tax receipts	245.07	547.93	584.56	614.21	696.03	(+) 13.32
4.	Forestry and wild life	104.58	86.33	88.62	92.02	121.37	(+) 31.90
5.	Non-ferrous mining and metallurgical industries	400.61	475.50	574.80	698.00	819.44	(+) 17.40
6.	Miscellaneous general ² services (including lottery receipts)	290.14	113.65	117.17	390.69	801.64	(+) 105.19
7.	Power	85.79	1.32	5.16	174.61	133.83	(-) 23.35
8.	Major and medium irrigation	113.05	230.69	335.68	372.39	444.93	(+) 19.48
9.	Medical and public health	95.89	91.53	107.98	126.92	159.20	(+) 25.43
10.	Co-operation	63.01	60.06	48.86	55.76	64.46	(+) 15.60
11.	Public works	54.31	65.26	64.29	88.82	154.09	(+) 73.49
12.	Police	152.77	102.75	96.63	106.60	101.84	(-) 4.47
13.	Other administrative services	66.48	58.10	67.91	98.41	93.88	(-) 4.60
Total		4,249.48	2,964.76	3,505.22	5,167.92	6,706.50	

The significant increases in receipts during 2006-07 over those of the previous year were mainly due to the following:

² Net of expenditure on prize winning lottery tickets.

Interest receipts: More receipts from the public sector and other undertakings, which increased by 72.31 *per cent* over the previous year.

Forestry and wild life: More receipts from the sale of timber and other forest produce, which increased by 35.73 *per cent* over the previous year.

Medical and public health: The increase was mainly due to raising the salary limit for entitlement upto Rs. 10,000 p.m. from Rs. 7,500 p.m. besides recovery of Rs. 20.95 crore which pertained to the previous year.

Public works: More receipts under 'Other Receipts' such as lapsed deposits, fines and penalties to contractors etc., which increased by 140.71 *per cent* over the previous year.

The other departments did not inform (October 2007) the reasons for variations despite being requested (June 2007).

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and the actuals of revenue receipts for the year 2006-07 in respect of the principal heads of tax and non-tax revenue are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
1.	Sales tax and other taxes ³	26,314.51	24,130.72	(-) 2,183.79	(-) 8.30
2.	State excise	3,100.00	3,300.70	(+) 200.70	(+) 6.47
3.	Stamp duty and registration fees	5,600.00	6,415.72	(+) 815.72	(+) 14.57
4.	Taxes and duties on electricity	1,502.22	1,577.19	(+) 74.97	(+) 4.99
5.	Taxes on vehicles	1,410.10	1,841.06	(+) 430.96	(+) 30.56
6.	Taxes on goods and passengers	525.00	224.48	(-) 300.52	(-) 57.24
7.	Other taxes on income and expenditure – taxes on professions, trades, callings and employments	1,100.00	1,246.72	(+) 146.72	(+) 13.34
8.	Other taxes and duties on commodities and services	962.43	878.30	(-) 84.13	(-) 8.74
9.	Land revenue	940.00	484.17	(-) 455.83	(-) 48.49
10.	Interest receipts	1,048.34	2,503.92	(+) 1,455.58	(+) 138.85
11.	Dairy development	549.80	611.87	(+) 62.07	(+) 11.29
12.	Other non-tax receipts	633.45	696.04	(+) 62.59	(+) 9.88
13.	Forestry and wild life	146.73	121.37	(-) 25.36	(-) 17.28
14.	Non-ferrous mining and metallurgical industries	722.10	819.44	(+) 97.34	(+) 13.48

³ Other taxes totalling Rs. 168.34 crore, included tax on sale of motor spirits and lubricants, surcharge on sales tax and tax on purchase of sugarcane.

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
15.	Miscellaneous general services				
	• Lottery receipts ⁴	135.60	41.28	(-) 94.32	(-) 69.56
	• Other receipts	124.62	760.36	(+) 635.74	(+) 510.14
16.	Power	96.23	133.83	(+) 37.60	(+) 39.07
17.	Major and medium irrigation	609.80	444.93	(-) 164.87	(-) 27.04
18.	Medical and public health	139.00	159.20	(+) 20.20	(+) 14.53
19.	Co-operation	57.33	64.46	(+) 7.13	(+) 12.44
20.	Public works	81.71	154.09	(+) 72.38	(+) 88.58
21.	Police	126.71	101.84	(-) 24.87	(-) 19.63
22.	Other administrative services	97.00	93.88	(-) 3.12	(-) 3.22
23.	Service tax	--	0.17	(+) 0.17	--
	Total	46,022.68	46,805.74		

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

Taxes on vehicles: The increase was mainly due to revision of the 'one time tax' on four wheelers from four to seven *per cent*.

Taxes on goods and passengers: The decrease was due to non-adjustment of subsidy sanctioned on account of concessional passenger fares.

Land revenue: The decrease was mainly due to less receipts under the heads 'Land Revenue Tax', 'Rates and Cesses on Land' and 'Other Receipts'.

Interest receipts: The increase was mainly due to more receipts on loans given to the Maharashtra State Electricity Board.

Lottery receipts: The decrease was due to non-implementation of the anticipated revision in the lottery structure.

Power: The increase was due to more receipts of lease money recoverable from the Maharashtra State Electricity Board in respect of hydro-power projects.

1.3 Analysis of collection

The break-up of the total collection at the pre-assessment stage and after regular assessments of sales tax, motor spirit tax, profession tax, entry tax and luxury tax for the year 2006-07 and the corresponding figures for the preceding two years as furnished by the department, was as under:

⁴ Net of expenditure on prize winning tickets.

(Rupees in crore)

Head of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance Department							
Sales tax	2004-05	13,213.18	826.32	34.58	368.14	13,705.93	96
	2005-06	20,771.12	342.81	23.89	1,661.76	19,476.06	107
	*2006-07	25,259.71	389.34	25.67	1,799.49	23,875.23	106
Motor spirit tax	2004-05	4,978.04	Nil	Nil	Nil	4,978.04	100
	2005-06	**					
	2006-07	**					
Profession tax	2004-05	1,061.34	8.99	Nil	0.06	1,070.27	99
	2005-06	1,123.26	27.66	Nil	0.20	1,150.72	98
	*2006-07	1,203.04	38.66	2.4	0.35	1,243.75	97
Entry tax	2004-05	6.80	4.86	0.02	Nil	11.68	58
	2005-06	8.81	2.87	0.03	0.01	11.70	75
	*2006-07	3.66	2.25	Nil	Nil	5.91	62
Luxury tax	2004-05	142.33	4.64	0.37	0.02	147.33	97
	2005-06	113.47	0.47	0.05	0.02	113.97	100
	*2006-07	192.96	0.88	0.26	Nil	194.10	99

The above table shows that collection of revenue at the pre-assessment stage ranged between 58 and 107 per cent during 2004-05 to 2006-07.

1.4 Cost of collection

The gross collection in respect of major revenue receipts, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years 2004-05, 2005-06 and 2006-07 were as follows:

* Figures as furnished by the department are at variance with the Finance Accounts.
 ** Motor spirit tax was merged into the Maharashtra Value Added Tax with effect from 1 April 2005.

(Rupees in crore)

Sl. No.	Head of revenue	Year	Gross collection ⁵	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2005-06
1.	Sales tax	2004-05	18,816.72	122.01	0.65	0.91
		2005-06	19,676.74	135.92	0.69	
		2006-07	24,130.72	139.19	0.58	
2.	State excise	2004-05	2,218.87	30.12	1.35	3.40
		2005-06	2,823.85	31.98	1.14	
		2006-07	3,300.70	42.22	1.28	
3.	Motor vehicles taxes	2004-05	1,177.14	41.06	3.49	2.67
		2005-06	1,309.11	38.91	2.97	
		2006-07	1,841.06	41.06	2.23	
4.	Stamp duty and registration fees	2004-05	4,116.49	41.69	1.01	2.87
		2005-06	5,265.86	96.25	1.83	
		2006-07	6,415.72	60.73	0.95	

1.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2007 in respect of some principal heads of revenue amounted to Rs. 30,836.47 crore, of which Rs. 4,897.81 crore were outstanding for more than five years, as mentioned in the following table:

(Rupees in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2007	Amount outstanding for more than five years as on 31 March 2007	Remarks
1.	Sales tax etc.	30,824.22	4,893.98	Stay orders were granted by the appellate authorities for Rs. 8,428.18 crore; recovery proceedings for Rs. 18,530.98 crore were not initiated as the time limits were not over and the remaining amount was under different stages of recovery.
2.	State excise	5.63	1.84	Recoveries amounting to Rs. 3.08 crore were pending in the courts. Out of balance of Rs. 2.55 crore, Rs. 2.03 crore was in the process of recovery under the Land Revenue Act. The remaining Rs. 52 lakh was recoverable at the departmental level.
3.	Sale of jail articles	6.62	1.99	Suitable instructions were issued to the subordinate offices for speedy recovery of arrears.
	Total	30,836.47	4,897.81	

⁵ Figures as per the Finance Accounts.

1.6 Arrears in assessment

The details of cases pending assessment for the years 2004-05, 2005-06 and 2006-07, cases due for assessment during the years, cases disposed of during the years and the number of cases pending finalisation at the end of these years as furnished by the Sales Tax Department in respect of sales tax, motor spirit tax, profession tax, purchase tax on sugarcane, entry tax, lease tax, luxury tax and tax on works contracts were as under:

Name of tax	Year	Opening balance	New cases due for assessment	Total assessments due	Disposal			Balance at the end of the year	Percentage of column 9 to 5
					Cases not to be assessed ⁶	Cases disposed	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Finance Department									
Sales tax	2004-05	20,06,005	8,51,216	28,57,221	--	5,75,307	5,75,307	22,81,914	80
	2005-06	22,81,914	14,81,169	37,63,083	--	2,47,176	2,47,176	35,15,907	93
	2006-07	35,15,907	Nil ⁷	35,15,907	16,74,602	9,21,801	25,96,403	9,19,504	26
Motor spirit tax	2004-05	8,137	229	8,366	--	915	915	7,451	89
	2005-06	7,451	1,357	8,808	--	475	475	8,333	95
	2006-07	8,333	Nil ⁸	8,333	223	500	723	7,610	91
Profession tax	2004-05	7,76,082	2,50,287	10,26,369	--	3,67,633	3,67,633	6,58,736	64
	2005-06	6,58,736	2,20,750	8,79,486	--	1,72,393	1,72,393	7,07,093	80
	2006-07	7,07,093	2,28,437	9,35,530	--	3,08,041	3,08,041	6,27,489	67
Purchase tax on sugarcane	2004-05	1,419	--	1,419	--	419	419	1,000	70
	2005-06	1,000	162	1,162	--	58	58	1,104	95
	2006-07	1,104	93	1,197	--	488	488	709	59
Entry tax	2004-05	15	42	57	--	35	35	22	39
	2005-06	22	68	90	--	51	51	39	43
	2006-07	39	528	567	--	201	201	366	65
Lease tax	2004-05	5,709	1,164	6,873	--	1,205	1,205	5,668	82
	2005-06	5,668	1,398	7,066	--	606	606	6,460	91
	2006-07	6,460	Nil ⁹	6,460	189	720	909	5,551	86
Luxury tax	2004-05	6,624	1,874	8,498	--	1,447	1,447	7,051	83
	2005-06	7,051	1,888	8,939	--	1,456	1,456	7,483	84
	2006-07	7,483	1,019	8,502	--	1,212	1,212	7,290	86
Tax on works contracts	2004-05	1,20,693	38,317	1,59,010	--	15,836	15,836	1,43,174	90
	2005-06	1,43,174	38,236	1,81,410	--	8,483	8,483	1,72,972	95
	2006-07	1,72,972	Nil ¹⁰	1,72,972	3,570	13,540	17,110	1,55,862	90
Total	2004-05	29,24,684	11,43,129	40,67,813	--	9,62,797	9,62,797	31,05,016	
	2005-06	31,05,016	17,45,028	48,50,044	--	4,30,653	4,30,653	44,19,391	
	2006-07	44,19,391	2,30,077	46,49,468	16,78,584	12,46,503	29,25,087	17,24,381	

⁶ These cases were not to be assessed according to the Government Resolution dated 5 January 2007.

^{7, 8, 9, 10} No cases were identified for assessment by the department after the implementation of Value Added Tax.

The department informed (October 2007) that the huge pendency in assessments was due to diversion of manpower for implementation of the Maharashtra Value Added Tax (VAT) Act.

1.7 Evasion of tax

The details of cases of evasion of tax detected by the Sales Tax and the State Excise departments, cases finalised and the demands for additional tax raised as reported by the departments are mentioned below :

(Rupees in crore)

Sl. No.	Name of tax/duty	Cases pending as on 31 March 2006	Cases detected during 2006-07	Total	No. of cases in which assessments/investigations completed and additional demand including penalty etc., raised		No. of cases pending finalization as on 31 March 2007
					No. of cases	Amount of demand	
1.	Sales tax	3,812	1,001	4,813	2,379	404.51	2,434
2.	State excise	--	1	1	1	0.01	--

1.8 Write-off and waiver of revenue

During the year 2006-07, demands for Rs. 2.43 crore in 12,868 cases and Rs. 7.08 lakh in 26 cases, relating to Sales Tax and State Excise were written off by the departments as irrecoverable due to the following reasons :

(Rupees in lakh)

Sl. No.	Reasons	Sales tax		State excise	
		No. of cases	Amount	No. of cases	Amount
1.	Whereabouts of defaulters not known	12,270	234.85	7	4.83
2.	Defaulters no longer alive	--	--	9	0.74
3.	Defaulters not having any property	596	5.79	4	0.63
4.	Defaulters adjudged insolvent	--	--	2	0.30
5.	Other reasons	--	--	--	--
6.	Remission of penalty	2	2.83	4	0.58
	Total	12,868	243.47	26	7.08

1.9 Refunds

The number of refund cases pending at the beginning of the year 2006-07, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2006-07, as reported by the departments were as under:

(Rupees in crore)

Sl. no.	Particulars	Sales tax and works contracts		Taxes and duties on electricity		State excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	2,902*	96.23	31	4.13	121	0.56
2.	Claims received during the year	42,573	1,855.92	178	10.16	31	0.77
3.	Refunds made during the year	39,694	1,799.84	183	10.29	65	0.26
4.	Balance outstanding at the end of the year	5,781	152.31	26	4.00	87	1.07

1.10 Results of audit

Test check of the records relating to sales tax, land revenue, state excise, motor vehicles tax, stamp duty and registration fees, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during 2006-07 revealed under assessments/short levy/loss of revenue amounting to Rs. 545.16 crore in 16,020 cases. During the course of the year, the departments accepted under assessments of Rs. 54.37 crore in 12,626 cases pointed out in 2006-07 and earlier years and recovered Rs. 41.78 crore. No replies had been received in respect of the remaining cases (October 2007).

This report contains 32 paragraphs including three reviews relating to non/short levy of taxes, duties, interest and penalty etc., involving Rs. 854.63 crore. The departments/Government accepted audit observations involving Rs. 461.86 crore, of which Rs. 2.77 crore had been recovered upto October 2007. No replies have been received in the other cases (October 2007).

1.11 Response of the Government to audit observations

The Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur arrange to conduct periodical inspections of the various offices of the Government departments to test check transactions of the tax and non-tax receipts and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These

* Reconciled position furnished by the department.

inspections are followed by inspection reports (IRs) issued to the heads of offices, with copies to the next higher authorities. The Government of Maharashtra, Finance Department's circular dated 10 July 1967 provides for response by the executive to the IRs issued by the Accountants General (AsG), within one month, after ensuring action in compliance of the observations made during audit inspections. Serious irregularities are also brought to the notice of the heads of departments by the offices of the AsG. Half yearly reports are sent to the Secretaries of the concerned departments in respect of the pending IRs to facilitate the monitoring of audit observations.

Inspection reports issued upto 31 December 2006, pertaining to offices under the Finance; Home; Revenue and Forests; Industries, Energy and Labour; Housing; Urban Development; Co-operation and Textiles; Irrigation; Agriculture, Animal Husbandry, Dairy Development and Fisheries; Public Health; Public Works and Education and Employment departments disclosed that 10,481 observations relating to 4,664 IRs involving Rs. 916.41 crore, remained outstanding at the end of June 2007. Of these, 1,763 IRs containing 3,293 observations involving Rs. 365.83 crore had not been settled for more than four years. The year-wise position of the outstanding IRs and paragraphs is detailed in the Annexure-I.

In respect of 1,213 paragraphs relating to 455 IRs involving Rs. 118.34 crore, issued upto December 2006, even the first replies, which were required to be received from the heads of offices within one month, had not been received.

A review of the IRs which were pending due to non-receipt of replies from various departments, revealed that the heads of the offices and the heads of the departments (Secretaries) had failed to send replies to a large number of IRs/paragraphs, indicating that proper action was not being taken to rectify the defects, omissions and irregularities pointed out in the IRs issued by the AsG. The Secretaries of the departments, who were informed of the position through half yearly reports, did not ensure prompt and timely action. Such inaction could result in the perpetuation of serious financial irregularities and loss of revenue to the Government, despite these having been pointed out in audit.

The details of outstanding IRs were reported to the Government in August 2007; their reply had not been received (October 2007).

1.12 Departmental audit committee meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental audit committees are constituted by the Government. These committees are chaired by the Joint Secretary/Deputy Secretary of the administrative department concerned and attended, among others, by the concerned officers of the State Government and offices of the AsG.

In order to expedite clearance of the outstanding audit observations, it is necessary that the audit committees meet regularly and ensure that final action is taken in respect of all the audit observations outstanding for more than a year, leading to their settlement. During the year 2006-07, four meetings each were convened by the Finance Department and the Revenue and Forests Department. Meetings were not held by the Home; Urban Development;

Industries, Energy and Labour; Housing; Relief and Rehabilitation and Irrigation departments. This indicated that the Government departments did not make effective use of the machinery created for settling outstanding audit observations.

1.13 Response of the departments to draft audit paragraphs

The Finance Department issued directions to all the departments in July 1967 to send their responses to the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The draft paragraphs were forwarded by the respective Audit offices to the Secretaries of the concerned departments through demi-official letters, drawing their attention to the audit findings and requesting them to send their response within the prescribed time. The fact of non-receipt of replies from the Government was invariably indicated at the end of each paragraph included in the Audit Report.

Draft paragraphs included in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2007 were forwarded to the Secretaries of the respective departments between April and August 2007 through demi-official letters. Replies to most of the paragraphs have not been received. Such paragraphs (clubbed into 32 paragraphs) have been included in this report.

1.14 Follow-up on Audit Reports - summarised position

According to the instructions issued by the Finance Department, all the departments were required to furnish explanatory memoranda, vetted by Audit, to the Maharashtra Legislative Secretariat, in respect of paragraphs included in the Audit Reports, within one month of their being laid on the table of the House.

A review of the outstanding explanatory memoranda on paragraphs included in the Reports of the Comptroller and Auditor General of India (Revenue Receipts) which were still to be discussed by the PAC, disclosed that as on 30 September 2007, the departments had not submitted remedial explanatory memoranda on 58 paragraphs for the years from 1997-98 to 2004-05 (excluding 1999-2000)[♦] as detailed below:

[♦] 1999-2000 – Explanatory memoranda were received and the Audit Report discussed.

Sl. no.	Name of the department	1997-98	1998-99	2000-01	2001-02	2002-03	2003-04	2004-05	Total
1.	Revenue and forests	4	2	--	5	1	6	5	23
2.	Finance	--	--	--	--	--	1	--	1
3.	Home	1	--	--	1	1	1	1	5
4.	Urban development	--	--	1	2	2	2	2	9
5.	Industries, energy & labour	--	--	--	1	2	1	1	5
6.	Housing	--	--	--	2	2	2	1	7
7.	Relief and rehabilitation	--	3	--	1	1	--	--	5
8.	Public Works	--	1	--	--	--	--	--	1
9.	Medical and public health	--	--	--	--	--	1	--	1
10.	Co-operation	--	--	--	--	--	1	--	1
	Total	5	6	1	12	9	15	10	58

With a view to ensure accountability of the executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) lays down in each case, the period within which action taken notes (ATNs) on its recommendations should be sent.

The PAC discussed 162 selected paragraphs pertaining to the Audit Reports for the years from 1986-87 to 1999-2000 and their recommendations on 82 paragraphs were incorporated in their 27th Report (1994-95), 9th Report (1995-96), 12th, 13th, 14th and 18th Reports (1996-97), 21st Report (1997-98), 5th Report (2000-01), 12th Report (2002-03), 5th Report (2006-07) and 6th Report (2007-08). However, ATNs had not been received in respect of 50 recommendations of the PAC from the departments concerned as mentioned in the following table:

Year	Name of the department					Total
	Home	Finance	Revenue and Forest	Industries, Energy and Labour	Relief and Rehabilitation	
1986-87	--	--	1	--	--	1
1987-88	--	1	--	--	--	1
1988-89	--	1	--	--	--	1
1989-90	1	2	4	--	--	7
1990-91	7	4	2	--	--	13
1991-92	1	--	--	1	1	3
1992-93	1	--	1	1	--	3
1993-94	3	1	2	--	--	6
1995-96	--	--	1	--	--	1
1996-97	--	--	1	--	2	3
1997-98	--	1	3	--	--	4
1998-99	--	1	5	--	--	6
1999-2000	--	--	--	--	1	1
Total	13	11	20	2	4	50

1.15 Recovery of revenue of accepted cases

During the period from 2001-02 to 2005-06, the departments/Government accepted audit observations involving Rs. 1,910.95 crore, out of which an amount of Rs. 770.85 crore had been recovered till 31 March 2007 as mentioned below:

(Rupees in crore)

Year of Audit Report	Total money value	Accepted money value	Recovery made
2001-02	493.85	206.13	97.77
2002-03	1,999.22	553.98	52.61
2003-04	1,246.50	693.77	590.02
2004-05	555.47	333.92	27.97
2005-06	1,332.03	123.15	2.48
Total	5,627.07	1,910.95	770.85

Despite the matter being taken up with the concerned Secretaries as well as the Chief Secretary a number of times, the position relating to recovery of dues as pointed out by Audit, remains highly unsatisfactory.