

CHAPTER IV

AUDIT OF TRANSACTIONS

AUDIT OF TRANSACTIONS

This Chapter presents the results of the audit of transactions of the Departments of the Government, their field formations as well as that of autonomous bodies. The instances of lapses in the management of resources and failures in the observance of the norms of regularity, propriety and economy have been presented in the succeeding paragraphs under broad headings.

4.1 Wasteful/excess expenditure

TOURISM AND INFORMATION AND PUBLICITY DEPARTMENTS

4.1.1 Wasteful expenditure on advertisements

Non-adoption of rates of the Directorate of Advertising and Visual Publicity for advertisements in newspapers resulted in wasteful expenditure of Rs 2.66 crore.

Directorate of Advertising and Visual Publicity (DAVP) is the nodal agency of the Government of India (GOI) for production and release of display and classified advertisements. As the DAVP rates are almost 40 *per cent* of card rates (commercial rates) of newspapers, releasing advertisements through the DAVP is very economical. The departments of the GOI are free to utilise private agencies for preparing the advertisements but their release has to be through the DAVP. In its Advertisement Policy (1998), the Government of Orissa issued instructions that the DAVP rates would be adopted in settling advertisement bills of newspapers and periodicals.

The Government of Pondicherry, however, did not have any policy regarding rates to be adopted for releasing advertisements to newspapers and magazines. Though the advertisements of all departments are to be routed through Information and Publicity (I&P) Department, the advertisements are paid at commercial rates and the bills settled by the departments concerned.

Scrutiny of the records relating to advertisement expenses of the Tourism and I&P Departments revealed (January and July 2005) that while advertisements of both were released by the I&P Department at commercial rates to newspapers and periodicals, the Tourism Department also released advertisements through the agencies appointed for tourism promotional activities. Such agencies charged the Tourism Department at commercial rates of newspapers. The two departments spent Rs 4.43 crore on such advertisements during 2003-05 leading to an estimated wasteful expenditure of Rs 2.66 crore with reference to the DAVP rates.

The agencies appointed by the Tourism Department also claimed service taxes on the agency commission of 15 *per cent* received by them from newspapers on such advertisements. The Department paid Rs 2.74 lakh towards service tax on the agency commission of Rs 33.79 lakh that the advertising agencies earned from newspapers.

On being pointed out in audit, the Secretary, General Administration (I&P) stated (November 2005) that steps have been initiated to fix the rates based on DAVP, Audit Bureau of Circulation and other certifying agencies. The Director of Tourism stated (August 2005) that the tourism promotional activities would be implemented through the DAVP in future to ensure economy. The reply of the Secretary (Tourism) had not been received (January 2006).

RURAL DEVELOPMENT DEPARTMENT

DISTRICT RURAL DEVELOPMENT AGENCY

4.1.2 Wasteful expenditure on retention of site maistries in District Rural Development Agency

Unnecessary retention of site maistries¹ in District Rural Development Agency and their regularisation in Group 'C' cadre in contravention of the Government of India orders resulted in wasteful expenditure estimating Rs 1.50 crore towards their salary during 2000-05.

In September 1993, the Government of India (GOI) in the Ministry of Personnel, Public Grievances and Pensions introduced a Scheme for conferring temporary status to casual labourers who had rendered continuous service of one year without reference to creation/availability of regular Group 'D' post. Such personnel had to be brought to permanent establishment only through regular selection process for Group 'D' posts. This Scheme was adopted by the Government of Pondicherry in April 1995. A scrutiny of the records of the District Rural Development Agency (DRDA), Pondicherry and the Directorate of Rural Development during February and August 2005 revealed the following:

Applying the above Scheme, the DRDA, Pondicherry, which oversees the implementation of various poverty alleviation programmes of the GOI, granted temporary status (October 1995) to 67 site maistries working under it and assigned them Group 'D' scale of pay. In April 1999, the GOI in the Ministry of Rural Development ordered that the DRDA should not have any permanent staff and recommended transfer of all existing staff to line

¹ Site maistry is a skilled construction worker who oversees the work of unskilled labourers and performs skilled tasks such as brick laying, etc.

departments. GOI also prescribed the staffing pattern for the DRDA and stipulated that the staff required had to be taken on deputation basis. The expenditure on such staff was to be met by the GOI. As the prescribed staff pattern did not include site maistries and the DRDA had no power to create fresh posts, the services of 67 site maistries could only be regularised as and when Group 'D' posts fell vacant. Even otherwise they could not be regularised in the DRDA establishment and had to be transferred to the Directorate of Rural Development Department for utilisation of their services and regularisation. The DRDA, however, retained the site maistries and assigned work of supervisory nature for which appropriate staff was already in place. Their salaries were met from grants released by the Union Territory Government.

During 1995-2003, nine site maistries were regularised in the existing posts of Group 'D' while two left the service and four expired. In April 2003, the services of remaining 52 site maistries were regularised in the grade of Work Inspectors (Group 'C') with effect from December 2002, though such posts did not exist in the DRDA and it was not empowered to create posts. Only in March 2005, the DRDA requested the Secretary, Rural Development to create 52 posts of Work Inspectors in the Directorate of Rural Development for their absorption. The Secretary obtained (July 2005) the approval of Planning and Research Department for creation of 52 posts of Work Inspectors under 'Community Development' sector and the matter was pending with the Department of Administrative and Reforms wing, Chief Secretariat (August 2005). Consequently, the 52 site maistries continued to work in DRDA in the grade of Work Inspectors.

Thus, the DRDA retained the site maistries in addition to the prescribed staff strength and regularised them in Group 'C' cadre from December 2002 even without sanctioned posts resulting in estimated wasteful expenditure of Rs 1.50 crore during 2000-05.

On being pointed out in audit, the Government stated (September 2005) that the site maistries were accommodated in the DRDA temporarily till sufficient posts of Work Inspectors are created in the Directorate of Rural Development. This contention is not tenable as the prescribed staff pattern of the DRDA did not include Work Inspectors and their services should have been utilised profitably by the Department.

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

4.1.3 Payment of additional honorarium for work not performed

Anganwadi workers and helpers were paid additional honorarium of Rs 27.93 lakh specified for higher coverage of severely malnourished children, though there were no such children in the Union Territory.

Integrated Child Development Services (ICDS), a Centrally sponsored scheme being implemented since October 1975, among other things, provides supplementary nutrition to the children below six years through Anganwadi workers and helpers who are paid honorarium for this purpose. The cost of diet is borne by the Union Territory (UT) Government. Children of six months to three years, who are severely malnourished, are to be provided additional nutrition so that they get double the quantity of calories and protein which normal children get.

Under the Pradhan Mantri's Gramodaya Yojana (PMGY), introduced in April 2000, the Government of India (GOI) releases additional Central assistance to States/UTs for five selected Basic Minimum Services including nutrition. The allocation under the nutrition component is to be utilised for providing increased nutritional coverage to the severely malnourished children below three years. As per the PMGY guidelines, Anganwadi workers and helpers were to be paid an additional honorarium of Rs 50 per month by the UT Government for the extra work involved for additional coverage.

Scrutiny of the records of the Department of Women and Child Development (W&CD) revealed (May 2005) that there were no severely malnourished children in the UT and consequently there was no additional nutritional coverage of any children under the PMGY. The funds allocated by the GOI under the PMGY were utilised by the W&CD Department to meet the increase in the cost of diet provided under the ICDS. The Department, however, paid additional honorarium to the Anganwadi workers and helpers² at Rs 50 per month from April 2001 onwards.

On being pointed out in audit, the Government justified (October 2005) the payment on the ground that the Anganwadi workers and helpers weighed the children and maintained the growth chart on a monthly basis as envisaged in the PMGY guidelines. This justification is untenable as this activity was to be performed by them even under the ICDS and the guidelines of the PMGY stipulated payment of additional honorarium only to those working in the centres covered under Special Nutrition Programme under the PMGY.

² 677 Anganwadi workers and 677 helpers during April 2001 to December 2002 and 508 each thereafter

Thus, the payment of additional honorarium of Rs 27.93 lakh to the Anganwadi workers and helpers for 48 months during 2001-05 was irregular and wasteful.

EDUCATION DEPARTMENT

PONDICHERY ENGINEERING COLLEGE

4.1.4 Excess expenditure on scholarship

Payment of scholarship by the Pondicherry Engineering College to ineligible students resulted in excess expenditure of Rs 24.30 lakh during 2001-05.

The All India Council for Technical Education (AICTE) sanctions scholarship to students who join approved postgraduate courses in engineering or technology after qualifying in the Graduate Aptitude Test for Engineering (GATE). The number of students who are paid this scholarship is limited to the availability of resources with AICTE and when the number of GATE qualified students admitted is in excess, the distribution of scholarship is by merit. The scholarship rate was enhanced from Rs 2,500 per month prevalent during 2001-02 to Rs 5,000 per month from 2002-03 onwards.

A scrutiny of the records of the Pondicherry Engineering College (PEC) during December 2004 - January 2005 revealed that the Principal, PEC released scholarships in advance to all GATE qualified students without obtaining sanction from the AICTE and then sought reimbursement from the AICTE. During 2001-05, out of claims aggregating Rs 1.20 crore made in respect of 211 students, the AICTE sanctioned only Rs 0.96 crore in respect of 166 students. Consequently, scholarships aggregating Rs 24.30 lakh paid to 45 students by the PEC were not reimbursed by the AICTE.

The Principal stated (July 2005) that the scholarships were paid in anticipation of sanction by the AICTE and assured that henceforth scholarships will be paid only after receipt of funds from the AICTE. As the PEC is run on Government grants, the excess expenditure of Rs 24.30 lakh on payment of scholarship to 45 ineligible students had to be borne by the Government.

The matter was referred to the Government in August 2005; reply had not been received (January 2006).

4.2 Avoidable expenditure

AGRICULTURE AND REVENUE DEPARTMENTS

4.2.1 Avoidable expenditure on flood/drought relief

Flood relief and cash compensation on account of drought were released to ineligible beneficiaries to the extent of Rs 4.54 crore.

According to the Government of India guidelines issued in April 2003, flood relief was to be extended to the farmers only if crop loss was 50 *per cent* and above. The Agriculture Department paid Rs 5.46 crore as relief to the farmers whose crops were affected by floods during May 2004 (Rs 1.73 crore) and October-November 2004 (Rs 3.73 crore). Besides, Rs 3.81 crore were paid by the Revenue Department as cash compensation to the farmers who were affected by drought during 2002-04.

Scrutiny of the records relating to release of flood relief and cash compensation revealed that Rs 4.54 crore were paid to ineligible beneficiaries as tabulated below:

Name of crop	Relief paid and reasons adduced	Audit observations	Avoidable expenditure (In crore)
(1)	(2)	(3)	(4)
Flood relief			
May 2004 flood			
Paddy	Rs 1.07 crore paid at the rate of Rs 3,750 per ha for 2,857 ha harvested during May 2004 to July 2004 on the ground that the damage was more than 50 <i>per cent</i> .	Weekly crop reports sent by the field officers to the statistical cell of the Agriculture Department revealed normal yield of paddy for the entire crop harvested during May 2004 to July 2004.	1.07
Cotton	Rs 40.13 lakh paid at the rate of Rs 7,500 per ha for 535 ha on the ground that yield loss was more than 50 <i>per cent</i> .	Weekly crop reports indicated yield loss of less than 50 <i>per cent</i> .	0.40
October – November 2004 flood			
Paddy	(i) Rs 1.80 crore paid at the rate of Rs 2,500 per ha for 7,200 ha of paddy cultivated in Pondicherry region on the ground that the yield loss was more than 50 <i>per cent</i> .	Weekly crop reports revealed that there was normal yield of paddy for the entire crop harvested in 7,200 ha.	1.80
	(ii) Rs 1.50 crore paid at the rate of Rs 2,500 per ha for 6,003 ha of paddy harvested in Karaikal region after November 2004 as the yield loss was more than 50 <i>per cent</i> .	Paddy was cultivated only over 5,411 ha as of November 2004. Hence, the relief extended to remaining 592 ha was inadmissible.	0.15

(1)	(2)	(3)	(4)
Tapioca	Rs 28.20 lakh paid at the rate of Rs 10,000 per ha for 282 ha on the ground that the yield loss was more than 50 per cent.	Out of 443 ha of tapioca plantation, 327 ha were harvested before the floods. Hence, only 116 ha were eligible for relief and relief extended for 166 ha was irregular.	0.17
Cash compensation for drought			
Paddy	Rs 77.40 lakh paid at the rate of Rs 3,000 per ha for 2,580 ha of paddy cultivated during August 2002 to January 2003 on the ground that there was partial yield.	As per weekly crop reports there was partial yield only in 609 ha. Hence, payment made for 1,971 ha was not justified.	0.59
Paddy	Rs 1.42 crore paid at the rate of Rs 2,500 per ha for 5,696 ha of paddy cultivated during July to October 2003 and harvested after February 2004 on the ground that there was partial yield.	As per weekly crop reports 1,438 ha out of 5,696 ha were harvested in January 2004 itself with a yield of 2.32 metric tonne which was more than the normal yield. Hence, cash compensation paid for 1,438 ha was unwarranted.	0.36
	Total		4.54

ha: hectare

Thus, failure of the UT Government to adhere to the GOI guidelines in extending the flood relief resulted in avoidable expenditure of Rs 3.59 crore by way of payment to ineligible beneficiaries. Similarly, payment of inadmissible cash compensation led to avoidable expenditure of Rs 95 lakh.

The matter was referred to the Government in November 2005; reply had not been received (January 2006).

EDUCATION DEPARTMENT

PONDICHERY INSTITUTE OF POST MATRIC TECHNICAL EDUCATION

4.2.2 Avoidable payment due to delay in appointment of Arbitrator

Delay by the Pondicherry Institute of Post Matric Technical Education in appointment of an Arbitrator led to avoidable payment of interest of Rs 17.90 lakh.

The Pondicherry Institute of Post Matric Technical Education (Institute) awarded the work of construction of buildings for Women's Polytechnic and Motilal Nehru Government Polytechnic to the National Buildings Construction Corporation Limited in February 1996 at an estimated cost of

Rs 5.42 crore. As per the contract, all disputes were to be settled through one or more Arbitrators appointed under Arbitration Act, 1940 (Act). The Act provides either for appointment of a sole Arbitrator or appointment of one Arbitrator by each party, who in turn shall appoint an umpire/principal Arbitrator within a period of ninety days.

Scrutiny of the records of the Institute (January and February 2005) revealed the following:

The work, scheduled for completion by June 1997, was delayed mainly due to belated furnishing of revised drawings for external sewerage works and electrical sub-station. As the escalation bills, due to the delay, were not settled by the Institute, the contractor sought (October 1997) for arbitration and appointed his Arbitrator. Contrary to the Act, the Institute appointed (January 1999) the other two Arbitrators including the Principal Arbitrator to which the contractor objected. Thereafter, two sole Arbitrators were chosen in succession (February 2000 and June 2001) by the Institute but both declined to take up the work. The Institute finally chose another sole Arbitrator in June 2001 and after a delay of six months issued (December 2001) the appointment order. Meanwhile, the work was completed in October 1999.

The Arbitrator, in his order (May 2002) allowed Rs 37.53 lakh towards escalation charges up to June 1998 besides extra items, refund of liquidated damages, etc. and also levied pre-suit interest at the rate of 18 *per cent* amounting to Rs 17.90 lakh (calculated on Rs 37.53 lakh due to delay in settlement of dues from November 1999 to the date of passing of the award). Thus, the avoidable delay in the appointment of Arbitrator resulted in payment of pre-suit interest of Rs 17.90 lakh.

The matter was referred to the Government in July 2005; reply had not been received (January 2006).

4.3 Other points

LOCAL ADMINISTRATION DEPARTMENT

4.3.1 Waste processing plant

Delay in acquiring land for setting up of a solid waste processing plant continues to cause health hazard.

Proper disposal of solid waste is essential for avoiding the health hazards posed by the flies and rodents feeding on the exposed garbage which could result in spread of diseases and contamination of surface and ground water.

In order to combat this menace, the Supreme Court of India issued (January 1998) directions regarding proper collection and disposal of solid waste in all cities having a population of over one lakh and constituted a committee for this purpose. Accordingly, a site selection committee headed by the Secretary, Local Administration Department decided (November 1998) to acquire land in Thattanchavadi village for constructing a solid waste processing plant as well as a truck terminal to ease traffic problem in Pondicherry town. The Union Territory Government also assured the Supreme Court in June 1999 that land had been identified for a solid waste processing plant and the acquisition proceeding had been initiated. The Municipal Solid Waste (Management and Handling) Rules, 2000 notified (September 2000) by the Government of India, set a target date of 31 December 2003 for setting up waste processing and disposal facilities.

Scrutiny of the records of the Local Administration Department, the two municipalities and Pondicherry Agro Services and Industries Corporation Limited in January and May 2005 revealed the following:

Land at Thattanchavadi admeasuring 37 acres was acquired (December 2002) at a cost of Rs 8.11 crore and handed over to Oulgaret Municipality in May 2003 for the proposed truck terminal as well as processing of solid wastes generated within Pondicherry and Oulgaret municipalities. However, in August 2003, the Government decided to look for an alternative site for the solid waste plant on the ground that dumping of garbage close to a truck terminal would not be appropriate. Besides, the Transport Department required the entire land for establishing truck terminal. Finally, 9.66 hectares of land in Kurumbapet village was acquired in March 2005 at a cost of Rs 4.67 crore and handed over to the Pondicherry Municipality in April 2005. The solid waste processing unit on this land had not been set up as of June 2005 and the entire garbage collected in Pondicherry and Oulgaret municipalities was dumped in the land belonging to the Public Works Department.

Thus, the failure of the Government to recognise the adverse consequence of locating both solid waste processing unit as well as truck terminal in close proximity while selecting the site in November 1998 resulted in missing the target date of December 2003 for setting up of the waste processing plant. Consequently, the garbage was dumped without processing causing pollution.

The matter was referred to the Government in July 2005; reply had not been received (January 2006).

TOURISM DEPARTMENT

4.3.2 Delay in allotment of land

Failure to allot land from 'land bank' for the Institute of Hotel Management and Catering Technology resulted in delay in taking up construction of building and consequent escalation in the cost.

Test check of the records (January 2005) of the Directorate of Tourism and Pondicherry Institute of Hotel Management and Catering Technology (Institute) run by the Tourism Department revealed that the Principal of the Institute identified (December 2000) three pieces of land close to each other for starting a three year diploma course in Hotel Management and Catering Technology. Government also released Rs 1.36 crore in two instalments (Rs 36.08 lakh in March 2001 and Rs one crore in March 2002) to the Institute for purchase of these lands. As these lands were not contiguous, the Principal identified another land in March 2002. Pending purchase of this land, the Institute commenced the diploma course from 2002-03 by obtaining approval of the All India Council for Technical Education (AICTE). While the proposal for purchase of land and construction of building (at Rs 500 per square feet (sq.ft)) was under correspondence between the Principal and the Director of Tourism (Director) during 2002-03, the Minister for Education suggested (February 2003) land at another site.

Meanwhile, land measuring 67,486 square metre (sq.m) purchased by the District Industries Centre, Pondicherry was transferred (August 2002) to the Tourism Department for setting up of an Arts and Crafts Village. As 18,000 sq.m of land was considered adequate for this purpose, the Director retained (September 2002) the remaining land as 'land bank' for other future tourism projects. Without considering the allotment of 6,070 sq.m (1.5 acre) to the Institute out of 'land bank', the merits of the lands for acquisition were considered by the Director and the Principal and it was decided (August 2003) to acquire the land suggested by the Minister. When its acquisition proposal was initiated (January 2004), the Revenue Department advised that approval of the Chief Secretary be obtained as it is a 'wet land'³. At this stage, the Secretary, Tourism, observed (August 2004) that 1.5 acres of land could be spared for the Institute from the 'land bank'. Accordingly, the land was allotted to the Institute in November 2004 and the construction work was entrusted to the India Tourism Development Corporation (ITDC) in January 2005. Based on the proposal of the Institute to construct a building with a plinth area of 85,320 sq.ft at a cost of Rs 5.12 crore (at Rs 600 per sq.ft), the Government released (March 2005) Rs 76.37 lakh to the Institute. The construction work had not commenced till August 2005.

³ land under irrigated cultivation

The delay in acquiring land was avoidable as one of the three pieces of land identified by the Principal in December 2000 and inspected by the 'Site Selection Committee' in January 2001 had an area of 1.5 acres. Though the Director, as early as 2001 was aware that the Institute was in search of land for the diploma course, he did not allot land from the 'land bank' in September 2002. This resulted in an additional estimated liability of Rs 85.32 lakh due to escalation in the estimated cost of construction of building from Rs 500 per sq.ft in 2002-03 to Rs 600 per sq.ft in 2004-05. Moreover, Rs 1.53 crore⁴ remained outside the Government account.

On this being pointed out in audit, the Government accepted (September 2005) that the land acquisition was unduly delayed for one reason or other. The contention is not tenable as the Director should have got 1.5 acre of land released from 'land bank' in September 2002 itself.

SOCIAL WELFARE DEPARTMENT

4.3.3 Supply of motorised tricycles to ineligible persons

Motorised tricycles costing Rs 28.42 lakh were supplied to handicapped persons without verifying their eligibility and possession of licence.

With a view to provide conveyance to physically disabled persons who are gainfully employed or pursuing higher education, the Social Welfare Department supplies motorised tricycles free of cost from 2003-04 onwards. In terms of the Rules framed, the Director of Social Welfare (Director) after ensuring the genuineness of the applicant was to obtain the physical fitness certificate from the General Hospital and forward it to the Transport Commissioner for issue of learner's/permanent driving licence. On receipt of either licence, the motorised tricycle was to be handed over to the physically disabled person.

Scrutiny of the records of the Directorate of Social Welfare in December 2004 revealed that the Director, Social Welfare since inception of the scheme distributed tricycles at Pondicherry without ensuring whether the beneficiary was gainfully employed or pursuing higher education. On being pointed out in audit, the Assistant Director assured (August 2005) that employment/higher study certificate and learner's licence would be collected from the beneficiaries. He also directed (August 2005) the beneficiaries to produce licence failing which the tricycles would be taken back. However, details of licence in respect of 39 out of 159 beneficiaries only had been received (September 2005). Besides, the Department had not

⁴ Rs 1.36 crore plus Rs 17 lakh released by the Government in January 2004

verified the eligibility criteria regarding employment and higher education in respect of all the 159 cases as of September 2005.

Thus, the distribution of 120 tricycles costing Rs 28.42 lakh without verifying the eligibility defeated the objective of helping the target group of physically disabled persons.

Government stated (January 2006) that the gainful employment certificates from 155 beneficiaries and driving licence from 25 more beneficiaries had since been received.

EDUCATION DEPARTMENT

4.3.4 Unauthorised expenditure on issue of gold coins

Formulation of a scheme in contravention to the Rules framed by the General Committee of the National Foundation for Teachers' Welfare resulted in unauthorised expenditure of Rs 21.04 lakh on issue of gold coins to ineligible beneficiaries.

The National Foundation for Teachers' Welfare (Foundation) was set up by the Government of India in 1962 with the objective of providing relief to teachers and their dependents in indigent circumstances. The General Committee at the National level and the Working Committee at the State/ Union Territory (UT) level are responsible for the management and administration of the funds of the Foundation. In terms of the Administration of the National Foundation for Teachers' Welfare Rules framed in 1975 by the General Committee, the State/UT Working Committees are empowered to formulate schemes within the framework of these Rules. Though the Rules limit the sanctioning of ex-gratia grants to only selected teachers who retired on superannuation and who had rendered exceptionally meritorious service for at least 30 years, the Working Committee in the UT of Pondicherry approved a scheme under which gold coins were issued to all retired teachers.

Scrutiny of the records of the Directorate of School Education in September 2004 revealed that the Department issued during the period 2002-05 gold coins of eight grams to 454 teachers on their retirement which were costing Rs 21.04 lakh. As the Department did not select meritorious retired teachers as beneficiaries, the payment in kind of Rs 21.04 lakh was in contravention of the Rules and hence unauthorised.

Government stated (November 2005) that the long service rendered by all retired teachers were considered meritorious and gold coins issued to all of them. This reply is not tenable as under the Rules, ex-gratia grant should

have been restricted to teachers who had rendered exceptionally meritorious service.

4.4 General

4.4.1 Follow up action on earlier Audit Reports/ Inspection Reports

(A) The Committee on Public Accounts (PAC) accepted the recommendations of the Shakhder Committee which recommended (i) that Departments were to furnish replies to the audit observations included in the Audit Reports indicating the corrective/remedial action taken or proposed to be taken by them, within a period of three months of the presentation of the Reports to the Union Territory Legislature and (ii) a time limit of three months for submission of Action Taken Notes on the recommendations of the PAC by the Departments. The pendency position of paragraphs/recommendations for which replies/ action taken notes were not received were as follows:

(a) Out of 17 paragraphs/reviews included in the Audit Report relating to 2002-03, Departmental replies were not received for 15 paragraphs/reviews as of September 2005.

(b) Government Departments had not taken any action as of September 2005 on 481 recommendations made by the PAC in respect of Audit Reports of 1977-78 to 1999-2000 (Details *vide* **Appendix X**).

(B) Outstanding Inspection Reports

A total of 579 Inspection Reports containing 2,096 paragraphs relating to the period 1991-92 to 2004-05 were outstanding as of June 2005. Of this, 155 Inspection Reports containing 307 paragraphs were pending for more than five years.