

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2008

(REVENUE RECEIPTS)

Government of Rajasthan

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PREFACE

This Report for the year ended 31 March 2008 has been prepared for submission to the Governor under Article 151(2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This report presents the results of audit of receipts comprising sales tax, taxes on motor vehicles, land revenue, stamp duty and registration fees, state excise and other tax and non-tax receipts of the State.

The cases mentioned in this report are among those, which came to notice in the course of test audit of records during the year 2007-08 as well as those noticed in earlier years but could not be included in the previous reports.

OVERVIEW

This Report contains 39 paragraphs including two reviews, relating to non/short levy of tax, interest, penalty etc. involving Rs. 666.55 crore. Some of the significant audit findings are mentioned below:

I. General

The total revenue receipts of the Government of Rajasthan during 2007-08 were Rs. 30,780.62 crore as against Rs. 25,592.18 crore for the year 2006-07. The revenue raised by the Government amounted to Rs. 17,328.66 crore comprising tax revenue of Rs. 13,274.73 crore and non-tax revenue of Rs. 4,053.93 crore. The receipts from the Government of India were Rs. 13,451.96 crore, (state's share of divisible Union taxes: Rs. 8,527.60 crore and grants-in-aid: Rs. 4,924.36 crore). Thus, the State Government could raise 56 per cent of the total revenue. Taxes on sales, trade etc. (Rs. 7,345.84 crore), state excise (Rs. 1,805.12 crore), stamp duty and registration fee (Rs. 1,544.35 crore), taxes on vehicles (Rs. 1,164.40 crore) and non-ferrous mining and metallurgical industries (Rs. 1,226.61 crore) were the major sources of tax and non-tax revenue during 2007-08.

(Paragraph 1.1)

The arrears of revenue aggregating Rs. 4,026.12 crore remained unrealised under some principal heads of revenue at the end of 2007-08. The arrears were mainly in respect of taxes on sales, trade etc., state excise, taxes on vehicles, stamp duty and registration fee, land revenue, non-ferrous mining and metallurgical industries, miscellaneous general services - sale of land, major and medium irrigation, taxes on immovable property other than agricultural land and police.

(Paragraph 1.4)

Test check of the records of sales tax, motor vehicles tax, land revenue, electricity duty, stamps duty and registration fee, state excise and other non-tax receipts conducted during the year 2007-08 revealed underassessment, short levy and loss of revenue amounting to Rs. 1,118.41 crore in 18,543 cases. The concerned departments accepted underassessment and other deficiencies of Rs. 130.17 crore involved in 10,771 cases of which 4,177 cases involving Rs. 35.67 crore had been pointed out in audit during the year 2007-08 and the rest in earlier years. The departments recovered Rs. 18.57 crore in 2,983 cases at the instance of audit during the year 2007-08.

(Paragraph 1.9)

The departments/Government accepted audit observations involving Rs. 692.72 crore pertaining to the Audit Reports for the years from 2002-03 to 2006-07, out of which Rs. 108.70 crore had been recovered till September 2008.

(Paragraph 1.14)

II. Sales tax

Non-withdrawal of benefits of tax exemption on breach of condition by four industrial units resulted in non-recovery of tax and interest of Rs. 16.83 crore.

(Paragraph 2.3)

Delay in finalisation of tax collection contract resulted in loss of revenue of Rs. 56.53 lakh.

(Paragraph 2.4)

Application of incorrect rate of tax resulted in short levy of tax of Rs. 33.19 lakh from four units.

(Paragraph 2.5)

Entry tax and interest aggregating to Rs. 7.13 lakh was not levied on purchase of paper from outside the State.

(Paragraph 2.6)

III. Taxes on Motor Vehicles

One time tax of Rs. 4.11 crore was not recovered from the owners of 584 construction equipment vehicles.

(Paragraph 3.2)

Special road tax and penalty amounting to Rs. 3.65 crore was not levied on 100 stage carriages of Rajasthan State Road Transport Corporation, found plying during the period of surrender of their registration certificates.

(Paragraph 3.3)

Motor vehicles tax and special road tax of Rs. 1.97 crore was not realised from the owners of 1,279 goods vehicles.

(Paragraph 3.4)

Motor vehicles tax of Rs. 1.81 crore was not realised from the owners of 241 passenger vehicles, which remained without permits.

(Paragraph 3.5)

IV. Land Revenue and Electricity Duty

Review of 'Allotment and sale of land by Colonisation Department' revealed the following:

- Absence of a time frame for disposal of the applications received by the department for allotment of the Government land resulted in non-disposal of 64,847 applications.

(Paragraph 4.2.9.1)

- Non-allotment of the Government land valued at Rs. 35.81 crore to temporary cultivation lease holders on permanent basis resulted in non-realisation of revenue.

(Paragraph 4.2.10)

- The departments neither recovered the instalments fixed for recovery of the cost of land from 45,524 allottees nor cancelled the allotment orders of the land. This resulted in non-realisation of revenue aggregating Rs. 139.56 crore.

(Paragraph 4.2.12)

- No action was taken to dispose of the Government land admeasuring 38,625.56 *bigha* valued at Rs. 24.57 crore though it was unauthorisedly used by 12,069 trespassers.

(Paragraph 4.2.16.1)

Allotment of Government land measuring 1.61 hectare to Tele Communication Department in Jalore at agricultural land rate instead of commercial rate resulted in short levy of Rs. 15.38 crore.

(Paragraph 4.3)

Electricity Duty recovered at pre revised tariff instead of revised tariff resulting in short realisation of Rs. 21.49 crore from three power distribution companies.

(Paragraph 4.6)

V. Stamp Duty and Registration Fee

Short levy of stamp duty of Rs. 54.22 crore was noticed in 1,684 cases due to increase in authorised share capital of companies.

(Paragraph 5.2.1)

Non-registration of documents relating to amalgamation of companies resulted in non-receipt of stamp duty and registration fee of Rs. 1.56 crore.

(Paragraph 5.2.2)

Stamp duty of Rs. 1.36 crore on 150 customs bonds was short levied.

(Paragraph 5.2.3)

VI. State Excise

Excise duty of Rs. 26.71 crore was short levied on sale of Indian made foreign liquor supplied in pints and nips.

(Paragraph 6.2)

Licence fee of Rs. 1.45 crore for composite shops was short levied from licensees of 66 composite shops.

(Paragraph 6.3)

VII. Non-Tax Receipts

General Administration Department

Review of 'Management and Disposal of *Nazul* Properties received from ex-rulers of Rajasthan' revealed the following:

- No system/procedure was prescribed for conducting survey to ascertain status and exact number of *nazul* properties. Rent of Rs. 33.28 crore in respect of 1,263 *nazul* properties situated out of the State valued at Rs. 66.57 crore was not recovered.

(Paragraph 7.2.6)

- No returns had been prescribed by the Director of Estate to monitor management and disposal of properties maintained by District Collectors.

(Paragraph 7.2.7)

- The existence and whereabouts of 172 properties was not found in the records of Director of Estate and District Collectors, of which 53 properties were valued at Rs. 21.25 crore.

(Paragraph 7.2.7.1)

- The department did not raise the demands of rent and interest amounting to Rs. 37.72 crore due against 1,109 tenants in absence of demand and collection register.

(Paragraph 7.2.8.1)

- No efforts were made to dispose of 253 vacant *nazul* properties, of which 218 properties were valued at Rs. 14.84 crore.

(Paragraph 7.2.9)

- No action was initiated to get the possession of 41 properties despite eviction orders passed by courts, including 32 properties valued at Rs. 24.29 crore.

(Paragraph 7.2.11)

- Neither rent and interest of Rs. 9.41 crore from 99 properties valued at Rs. 14.84 crore under possession of Central Government offices/ autonomous bodies was recovered nor were these properties disposed of.

(Paragraph 7.2.12)

Mines and Geology Department

Non-realisation of cost of minerals despatched without *rawannas* resulted in loss of revenue of Rs. 13.71 crore.

(Paragraph 7.3)

Non-raising of demand of royalty resulted in short realisation of revenue of Rs. 7.77 crore.

(Paragraph 7.4)

Cost of minerals amounting to Rs. 3.42 crore was not charged on excess/unauthorised excavation.

(Paragraph 7.5)

Due to lacunae in the rules, Government was deprived of revenue of Rs. 25.86 lakh on excavation of mineral between 10 and 25 *per cent* over and above the permitted quantity.

(Paragraph 7.9)

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Rajasthan during the year 2007-08, 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	2003-04	2004-05	2005-06	2006-07	2007-08
I.	Revenue raised by the State Government					
	• Tax revenue	7,246.18	8,414.82	9,880.23	11,608.24	13,274.73
	• Non-tax revenue	2,071.64	2,146.15	2,737.67	3,430.61	4,053.93
	Total	9,317.82	10,560.97	12,617.90	15,038.85	17,328.66
II.	Receipts from the Government of India					
	• State's share of divisible Union taxes	3,602.22	4,305.61	5,300.08	6,760.37	8,527.60
	• Grants-in-aid	2,503.80	2,897.01	2,921.21	3,792.96	4,924.36
	Total	6,106.02	7,202.62	8,221.29	10,553.33	13,451.96
III.	Total receipts of the State (I and II)	15,423.84	17,763.59	20,839.19	25,592.18	30,780.62¹
IV.	Percentage of I to III	60	59	61	59	56

The above table indicates that during the year 2007-08, the revenue raised by the State Government was 56 *per cent* of the total revenue receipts (Rs. 30,780.62 crore) against 59 *per cent* in the preceding year. The balance 44 *per cent* of the receipts during 2007-08 was from the Government of India.

¹ For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Rajasthan for the year 2007-08. Figures under the head 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 State 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 statement.

1.1.2 The following table presents the details of tax revenue raised during the period from 2003-04 to 2007-08:

(Rupees in crore)							
Sl. No.	Revenue head	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+)/ decrease (-) in 2007-08 over 2006-07
1.	<ul style="list-style-type: none"> Taxes on sales, trade etc. Central sales tax 	3,751.80	4,500.78	5,245.41	6,272.15	7,345.84	(+) 17
		233.63	296.75	348.23	448.56	404.90	(-) 10
2.	State excise	1,163.15	1,276.07	1,521.80	1,591.09	1,805.12	(+) 13
3.	Stamp duty and registration fee	611.77	817.83	1,031.79	1,293.68	1,544.35	(+) 19
4.	Taxes and duties on electricity	280.29	442.76	471.35	515.88	584.23	(+) 13
5.	Taxes on vehicles	904.31	817.21	908.18	1,023.61	1,164.40	(+) 14
6.	Taxes on goods and passengers	150.50	144.01	236.71	247.60	160.61	(-) 35
7.	Other taxes on income and expenditure, tax on professions, trades, callings and employments	20.11	1.85	0.25	0.06	0.04	(-) 33
8.	Other taxes and duties on commodities and services	46.85	47.56	31.70	46.04	58.91	(+) 28
9.	Land revenue	71.44	68.86	84.30	116.71	155.29	(+) 33
10.	Other taxes	12.33	1.14	0.51	52.86	51.04	(-) 3
Total		7,246.18	8,414.82	9,880.23	11,608.24	13,274.73	(+) 14

The concerned departments mentioned the following reasons for increase/ decrease in receipts during 2007-08 over those of 2006-07:

Taxes on sales, trade etc.: The increase (17 per cent) was due to growth in business and industries in the State, check on tax evasion and recovery efforts of the department.

Central Sales Tax: The decrease (10 per cent) was due to reduction in rate of central sales tax by one per cent.

State excise: The increase (13 per cent) was due to implementation of new excise policy and increase in sale of liquor.

Stamp duty and registration fee: The increase (19 *per cent*) was due to increase in registration of documents and recovery of old dues.

Taxes and duties on electricity: The increase (13 *per cent*) was due to more sale of electricity.

Taxes on vehicles: The increase (14 *per cent*) was due to increase in one time tax on some categories of vehicles, more recovery of compounding fees and special efforts of the department in realisation of dues.

Taxes on goods and passengers: The decrease (35 *per cent*) was due to non-deposit of entry tax owing to stay by the High Court.

Other taxes on income and expenditure, tax on professions, trades, callings and employments: The decrease (33 *per cent*) was due to abolition of tax on professions.

Other taxes and duties on commodities and services: The increase (28 *per cent*) was due to the growth in entertainment/cinema business, increase in registration in hotel industry and growing influx of tourists and recovery efforts of the department.

Land revenue: The increase (33 *per cent*) was due to more receipts from sale of land.

1.1.3 The following table presents the details of major non-tax revenue raised by the State during the period from 2003-04 to 2007-08:

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+)/ decrease (-) in 2007-08 over 2006-07
1	2	3	4	5	6	7	8
1.	Interest receipts	685.12	754.94	990.21	1,072.72	1,112.43	(+) 4
2.	Forestry and wild life	39.53	39.41	40.07	45.24	58.30	(+) 29
3.	Non-ferrous mining and metallurgical industries	513.70	645.35	814.08	1,196.52	1,226.61	(+) 3
4.	Miscellaneous general services	340.50	90.47	305.87	528.28	919.72	(+) 74
5.	Major and medium irrigation	43.23	56.50	46.79	60.56	57.92	(-) 4
6.	Medical and public health	16.28	29.84	16.70	30.62	39.11	(+) 28
7.	Co-operation	6.93	8.71	14.79	22.23	27.01	(+) 22
8.	Public works	16.45	17.85	27.86	47.47	53.41	(+) 13

1	2	3	4	5	6	7	8
9.	Police	46.16	54.04	75.86	42.61	94.81	(+) 123
10.	Other administrative services	50.65	91.79	54.02	54.84	54.71	-
11.	Other non-tax receipts	313.09	357.25	351.42	329.52	409.90	(+) 24
Total		2,071.64	2,146.15	2,737.67	3,430.61	4,053.93	(+) 18

The concerned departments mentioned the following reasons for increase/decrease in receipts during 2007-08 over those of 2006-07:

Forestry and wild life: The increase (29 per cent) was due to more receipts of revenue from felling of trees along Indira Gandhi Nahar Pariyojana canal and sale of *tendu* leaves.

Miscellaneous general services: The increase (74 per cent) was mainly due to transfer on winding up of sinking fund and relief of debt given by the Government of India.

Co-operation: The increase (22 per cent) was mainly due to receipt of reimbursement of audit fees under the recommendations of Vaidhnathan Committee.

Police: The increase (123 per cent) was due to more receipt on account of police force provided to other Governments.

The other departments did not intimate (October 2008) the reasons for variations in receipts from that of the previous year despite being requested (between May and July 2008).

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2007-08 in respect of the main heads of tax and non-tax revenue are mentioned below:

(Rupees in crore)					
Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation excess (+) or shortfall (-)	Percentage of variation
1	2	3	4	5	6
Tax revenue					
1.	Taxes on sales, trade etc.	7,676.00	7,750.74	(+) 74.74	(+) 1
2.	State excise	1,720.00	1,805.12	(+) 85.12	(+) 5
3.	Stamp duty and registration fee	1,475.00	1,544.35	(+) 69.35	(+) 5
4.	Taxes and duties on electricity	552.20	584.23	(+) 32.03	(+) 6
5.	Taxes on vehicles	1,050.00	1,164.40	(+) 114.40	(+) 11
6.	Land revenue	100.06	155.29	(+) 55.23	(+) 55
7.	Taxes on immovable property other than agricultural land	50.00	51.03	(+) 1.03	(+) 2
Total		12,623.26	13,055.16	(+) 431.90	(+) 3

1	2	3	4	5	6
Non-tax revenue					
1.	Non-ferrous mining and metallurgical industries	1,280.00	1,226.61	(-) 53.39	(-) 4
2.	Interest receipts	949.24	1,112.43	(+) 163.19	(+) 17
3.	Miscellaneous general services	442.06	919.72	(+) 477.66	(+) 108
4.	Forestry and wild life	48.65	58.30	(+) 9.65	(+) 20
5.	Police	79.34	94.81	(+) 15.47	(+) 19
Total		2,799.29	3,411.87	(+) 612.58	(+) 22

The concerned departments mentioned the following reasons for variations between the budget estimates and actuals of revenue receipts for the year 2007-08:

Taxes on vehicles: The increase (11 *per cent*) was due to increase in one time tax on certain categories of vehicles, more recovery of compounding fees and special efforts of the department in realisation of the dues.

Land revenue: The increase (55 *per cent*) was due to more sale of land.

Interest receipts: The increase (17 *per cent*) was mainly due to the absence of pre-determination of the receipts under the sub-head "interest realised on investment of cash balances" and receipts from the additional loan to electricity companies granted under the externally aided projects (World Bank).

Miscellaneous general services: The increase (108 *per cent*) was mainly due to amount transferred on winding up of sinking fund by the Government of India; receipts and recoveries from new allotment of land coupled with more recoveries in the Colonisation Department.

Forestry and wild life: The increase (20 *per cent*) was due to increased receipts of revenue from felling of trees along Indira Gandhi Nahar Pariyojana canal and sale of *tendu* leaves.

Police: The increase (19 *per cent*) was due to more receipt on account of police force provided to other Governments.

1.3 Cost of collection

The gross collection of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2005-06, 2006-07 and 2007-08 alongwith the relevant all India average percentage of expenditure on collection to gross collection for

2006-07 are as follows:

(Rupees in crore)						
Sl. No.	Heads of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2006-07
1.	Taxes on sales, trade etc.	2005-06	5,593.64	52.42	0.94	0.82
		2006-07	6,720.71	60.05	0.90	
		2007-08	7750.74	53.76	0.70	
2.	State excise	2005-06	1,521.80	34.18	2.2	3.30
		2006-07	1,591.09	42.52	2.7	
		2007-08	1,805.12	48.51	2.7	
3.	Taxes on vehicles	2005-06	908.18	13.67	1.5	2.47
		2006-07	1,023.61	15.56	1.5	
		2007-08	1,164.40	17.44	1.5	
4.	Stamp duty and registration fee	2005-06	1,031.79	15.79	1.5	2.33
		2006-07	1,293.68	19.21	1.5	
		2007-08	1,544.35	22.80	1.5	

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2008 in respect of some principal heads of revenue amounted to Rs. 4,026.12 crore of which Rs. 959.89 crore was outstanding for more than five years as mentioned below:

(Rupees in crore)				
Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2008	Amount outstanding for more than 5 years	Remarks
1	2	3	4	5
1.	Taxes on sales, trade etc.	2,995.45	670.00	Out of Rs. 2,995.45 crore, demands for Rs. 226.26 crore were stayed by judicial authorities, demands for Rs. 79.52 crore were covered under the Land Revenue Act (LR Act) and Revenue Recovery Act, demands of Rs. 36.39 crore were likely to be written off and demands of Rs. 257.64 crore were pending against the dealers who were not traceable. Recovery of Rs. 16.08 crore was pending against Government departments. Arrears of Rs. 2,379.56 crore were at various stages of recovery.

1	2	3	4	5
2.	State excise	222.71	181.99	Out of Rs. 222.71 crore, demands for Rs. 66.97 crore were stayed by the High Court/judicial authorities, recovery of Rs. 31.32 crore was likely to be written off and demands for Rs. 124.42 crore were covered by recovery certificates under the LR Act.
3.	Taxes on vehicles	31.82	14.21	Out of Rs. 31.82 crore, demands for Rs. 2.56 crore were stayed by the Courts/Government. Demands for Rs. 28.32 crore were covered under recovery certificates. Demands of Rs. 75 lakh were covered under the LR Act and the Public Debt Recovery Act (PDR Act). Arrears of Rs. 19 lakh were at various stages of recovery.
4.	Taxes on passenger and goods	1.90	1.90	Stages at which the recovery was pending has not intimated by the Transport Department.
5.	Stamp duty and registration fee	86.70	8.99	Out of Rs. 86.70 crore, demands for Rs. 37.32 crore were covered by the recovery certificates. Demands for Rs. 49.38 crore were stayed by the High Court and other judicial authorities.
6.	Land revenue	76.20	12.42	Out of Rs. 76.20 crore, demands for Rs. 3.28 crore were stayed by the Government and Rs. 20.08 crore stayed by the High Court and other judicial authorities. Arrears of Rs. 52.84 crore were at various stages of recovery.
7.	Non-ferrous mining and metallurgical industries	101.42	33.49	Out of Rs. 101.42 crore, demands of Rs. 64.75 crore were stayed by the High Court/other judicial authorities and recovery of Rs. 1.42 crore was stayed by the Government. Demands for Rs. 23.72 crore were covered under the recovery certificates under LR Act and PDR Act. Arrears of Rs. 2.23 crore were likely to be written off. Demands of Rs. 9.30 crore were at various stages of recovery.
8.	Miscellaneous general services – sale of land	126.84	21.84	Stages at which the recovery was pending was not intimated by the Colonisation Department.

1	2	3	4	5
9.	Major and medium irrigation ²	128.63	15.05	Out of Rs. 128.63 crore, demands of Rs. 10.20 crore pertaining to the Board of Revenue were pending against cultivators. Stages of recovery of Rs. 118.43 crore were not intimated by the Chief Engineer, IGNP Bikaner; Commissioner CAD, Chambal, Kota; Chief Engineer, Irrigation Department, Jaipur and Chief Engineer, Mahi Bajaj Sagar, Banswara.
10.	Police	27.66	Nil	Out of Rs. 27.66 crore, Rs. 12.63 crore, Rs. 12.08 crore and Rs. 2.95 crore were pending for collection from the Railways, other States and the Central Government respectively.
11.	Taxes on immovable property other than agricultural land	226.79	Nil	Out of Rs. 226.79 crore, Rs. 87.77 crore were stayed by the High Court and other judicial authorities. Stages of recovery of remaining Rs. 139.02 crore were not intimated by the department.
Total		4026.12	959.89	

1.5 Arrears in assessments

The number of cases pending assessment at the beginning of the year 2007-08, becoming due during the year, disposed of during the year and pending at the end of the year 2007-08 alongwith the figures for the preceding four years as furnished by the department are mentioned below:

Year	Opening balance	New cases due for assessment	Total	Cases disposed of	Cases pending at the end of year
Sales tax					
2003-04	78	3,08,558	3,08,636	2,27,290	81,346
2004-05	81,346	2,12,397	2,93,743	2,28,913	64,830
2005-06	64,830	1,90,787	2,55,617	2,54,740	877
2006-07	877	2,43,771	2,44,648	2,43,618	1,030
2007-08	1,030	2,57,923	2,58,953	2,57,609	1,344
Entertainment tax					
2003-04	2,573	2,527	5,100	3,040	2,060
2004-05	2,060	2,514	4,574	2,606	1,968
2005-06	1,968	2,996	4,964	3,619	1,345
2006-07	1,345	2,193	3,538	2,546	992
2007-08	992	1,772	2,764	1,642	1,122

² This information pertains to Board of Revenue, Rajasthan, Ajmer (Rs. 10.20 crore); Chief Engineer, IGNP Bikaner (Rs. 6.14 crore); Commissioner CAD, Chambal, Kota (Rs. 12.82 crore); Chief Engineer, Irrigation Department, Jaipur (Rs. 94.39 crore) and Chief Engineer, Mahi Bajaj Sagar, Banswara (Rs. 5.08 crore).

1.6 Evasion of tax

The details of cases of evasion of tax detected by the departments, cases finalised and the demand for additional tax raised during 2007-08 as reported by the departments are mentioned below:

Sl. No.	Heads of revenue	Opening balance as on 1 April 2007	No. of cases detected	Total	No. of cases in which assessments/investigations completed and additional demands including penalty etc. raised		No. of cases pending as on 31 March 2008
					No. of cases	Amount of demand (Rs. in crore)	
1.	Taxes on sales, trade etc.	116	12,096	12,212	12,102	90.15	110
2.	Non-ferrous mining and metallurgical industries	7,912	1,306	9,218	1,662	Not available	7,556
3.	Stamp duty and registration fee	5,479	9,258	14,737	10,073	51.89	4,664

Thus, 82 *per cent* of the evasion cases were pending as on 31 March 2008 under the revenue head "Non-ferrous mining and metallurgical industries". Steps need to be taken to dispose of these cases expeditiously.

1.7 Write off and waiver of revenue

During the year 2007-08, demands for Rs. 20 crore in 3,603 cases were written off/waived/remitted as reported by the departments. The details are mentioned below:

(Rupees in crore)				
Sl. No.	Name of the department	Number of cases	Amount	Reasons
1.	Commercial taxes	2,704	4.44	Waived either due to death of dealers; having no movable/immovable property; or dealers left the business premises.
2.	Registration and stamps	899	15.56	Reasons not intimated by the department.
Total		3,603	20.00	

1.8 Refunds

The number of refund cases pending at the beginning of the year 2007-08, claims received during the year, refunds allowed during the year and cases

pending at the close of the year 2007-08 as reported by the departments are mentioned below:

(Rupees in crore)

Name of the department	Number of cases Amount			
	Opening balance	Claims received	Refunds allowed	Closing balance
Commercial taxes	<u>628</u> 14.55	<u>9,172</u> 172.36	<u>9,191</u> 171.61	<u>609</u> 15.30
Registration and stamps	<u>670</u> 1.03	<u>1,808</u> 3.63	<u>1,952</u> 3.80	<u>526</u> 0.86
Land revenue	<u>6</u> 0.07	<u>29</u> 0.13	<u>28</u> 0.10	<u>7</u> 0.10
Colonisation	<u>49</u> 0.11	<u>19</u> 0.09	<u>47</u> 0.15	<u>21</u> 0.05
Non-ferrous mining and metallurgical industries	<u>3</u> 2.93	<u>69</u> 0.17	<u>59</u> 3.00	<u>13</u> 0.10
Total	<u>1,356</u> 18.69	<u>11,097</u> 176.38	<u>11,277</u> 178.66	<u>1,176</u> 16.41

1.9 Results of audit

Test check of the records of sales tax, motor vehicles tax, land revenue, electricity duty, stamps duty and registration fee, state excise and other non-tax receipts conducted during the year 2007-08 revealed underassessment, short levy and loss of revenue amounting to Rs. 1,118.41 crore in 18,543 cases. The concerned departments accepted underassessment and other deficiencies of Rs. 130.17 crore involved in 10,771 cases of which 4,177 cases involving Rs. 35.67 crore had been pointed out in audit during the year 2007-08 and the rest in earlier years. The departments recovered Rs. 18.57 crore in 2,983 cases at the instance of audit during the year 2007-08.

This report contains 39 paragraphs including two reviews, pointing out non/short levy of taxes, duties, interest and penalties *etc.*, involving Rs. 666.55 crore. The Government/departments accepted audit observations involving Rs. 408.65 crore of which Rs. 31.80 crore had been recovered upto October 2008.

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

Audit observations on underassessments, short determination/realisation of taxes, duties, fees *etc.* and defects in the maintenance of initial records, which are not settled on the spot, are communicated to the heads of the departments through inspection reports (IRs). Important irregularities are also reported to the Government/departments by the office of the Accountant General (Commercial and Receipt Audit) to which replies are required to be furnished by them within one month.

The number of IRs and audit observations relating to revenue receipts issued upto 31 December 2007 which were pending with the departments as on 30 June 2008 alongwith figures for the preceding two years, are mentioned below:

Sl. No.	Particulars	As on 30 June		
		2006	2007	2008
1.	Number of IRs pending settlement	2,370	2,313	2,335
2.	Number of outstanding audit observations	6,716	6,428	6,435
3.	Amount of revenue involved (Rs. in crore)	1,804.08	1,527.75	1,554.58

Department wise break up of the IRs and audit observations outstanding as on 30 June 2008 is mentioned below:

Sl. No.	Department	Number of outstanding IRs	Number of outstanding audit observations	Amount (Rs. in crore)	Earliest year to which the reports relate	Number of IRs where even first compliance has not been received
1.	Commercial taxes	381	1,359	657.27	2000-01	80
2.	Land revenue	339	547	167.31	1994-95	6
3.	Registration and stamps	695	1,840	74.87	2000-01	144
4.	Transport	408	1,288	86.90	1998-99	12
5.	Forest	150	320	2.39	1999-00	2
6.	Mines and geology	168	607	465.34	2000-01	10
7.	State excise	135	378	98.11	1998-99	Nil
8.	Lands and buildings tax	13	17	0.70	1997-98	Nil
9.	Electrical inspectorate	46	79	1.69	1999-00	5
Total		2,335	6,435	1,554.58		259

Since the outstanding amount represents unrealised revenue and the period of pendency of audit comments ranged between 7 to 13 years, the Government needs to take speedy and effective action on the issues raised in the IRs.

1.11 Departmental audit committee meetings

Audit committees have been setup in different departments to discuss contentious issues with top management and to expedite settlement of audit observations. The Government, the concerned department and the office of the Accountant General (Commercial and Receipt Audit) Rajasthan are represented on this committee. Audit committee meetings were to be arranged by each department on quarterly basis. Department wise position of audit

committee meetings held during the year 2007 was as under:

Sl. No.	Name of the department	Number of meetings held during 2007				
		1 st quarter ending March 2007	2 nd quarter ending June 2007	3 rd quarter ending September 2007	4 th quarter ending December 2007	Total
1.	Commercial taxes	Nil	1	1	Nil	2
2.	State excise	Nil	1	1	Nil	2
3.	Transport	1	1	1	1	4
4.	Registration and stamps	Nil	1	1	Nil	2
5.	Land revenue	Nil	Nil	1	Nil	1
6.	Mines and geology	Nil	1	Nil	1	2
Total		1	5	5	2	13

The Government needs to take immediate measures to revive the audit committees which appear to have become ineffective and non-functional except in the Transport Department.

1.12 Response of the departments to draft audit paragraphs

The Finance Department issued directions to all the departments in August 1969 to send their response to the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within three weeks of their receipt. The draft paragraphs are forwarded to the Secretaries of the concerned department through demi-official letters drawing their attention to the audit findings and requesting them to send their response within three weeks. 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.

Draft paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2008 were forwarded to the Secretaries of the respective departments between July 2008 and September 2008. Out of 106 cases (clubbed into 39 paragraphs of this report) issued, the departments have accepted the audit observations in 57 cases.

1.13 Follow-up on Audit Reports - summarised position

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

The position of paragraphs which have appeared in the Audit Reports and those pending discussion as on 30 September 2008 is given in **Annexure 'A'**. A total of 106 paragraphs pertaining to the period 2002-03 to 2006-07 were pending for discussion by the Public Accounts Committee (PAC).

As per the Rules and Procedures of the PAC of the Rajasthan State Assembly framed in 1997, the concerned department shall take necessary steps to send its action taken notes (ATNs) on the recommendation of the PAC on the Audit Reports within six months from the date of its presentation to the House. The position of outstanding ATNs is given in **Annexure 'B'**. It would be seen that the pendency of ATNs ranged from 6 to 98 months.

1.14 Compliance with the earlier Audit Reports

In respect of Audit Reports pertaining to the years from 2002-03 to 2006-07, the Government/departments accepted audit observations involving Rs. 692.72 crore of which Rs. 108.70 crore had been recovered till September 2008 as mentioned below:

(Rupees in crore)			
Year of Audit Report	Total money value	Accepted money value	Recovery made
2002-03	382.52	220.03	35.51
2003-04	381.48	234.78	49.43
2004-05	276.63	15.85	5.74
2005-06	352.81	112.34	15.73
2006-07	315.25	109.72	2.29
Total	1,708.69	692.72	108.70

Thus recovery was 16 per cent of the amount accepted during the last five years.

1.15 Amendment in Acts/Rules

During the years 2003-04 to 2007-08, the Government had amended Acts/Rules addressing the concerns raised by audit through audit reports. These changes are briefly mentioned in the following table:

Reference to Audit Report Paragraphs	Issue raised in audit	Amendment in Acts/Rules etc.
1	2	3
Paragraph 8.7 of Audit Report 2000-01 (Revenue Receipt).	Stamp duty on transfer and renewal of quarry licenses leviable under article 35 of schedule-I to the Rajasthan Stamp Law (Adaption) Act, 1952, had not been levied.	The word 'quarry license' had been deleted vide notification dated 28 June 2003.
Paragraph 4.2.15 of Audit Report 2002-03 (Revenue Receipt).	Stamp duty on registration of motor vehicle (movable property) to be levied under article 23 of schedule-I to the Rajasthan Stamp Law (Adaption) Act, 1952, had not been levied.	State Government vide notification dated 12 July 2004 remitted levy of stamp duty on sale of motor vehicles.

1	2	3
Paragraph 3.2.4 of Audit Report 2003-04 (Revenue Receipt).	Vehicles of motor driving schools used in commercial activities were not paying special road tax though these vehicles were not covered by exemption under section 4B of the Rajasthan Motor Vehicle Taxation Act, 1951 available to educational institutions of registered societies.	Special road tax leviable under section 4B of the Rajasthan Motor Vehicles Taxation Act, 1951, on such vehicles, was exempted vide notification dated 18 March 2005.
Paragraph 4.3 of Audit Report 2000-01 (Revenue Receipt)	Non-recovery of development charges in accordance with the provisions of the Rajasthan Land Revenue (Industrial Areas Allotment) Rules, 1959.	First and second proviso to rule 3 of the Rajasthan Land Revenue (Industrial Area Allotment) Rules, 1959 were deleted vide notification dated 19 March 2005.
Paragraph 3.2.3.2 of Audit Report 2005-06 (Revenue Receipt)	Motor vehicle tax leviable under section 4 of the Rajasthan Motor Vehicle Taxation Act, 1951 in respect of dumpers/tippers was either not paid or paid short by the owners of the vehicles.	Rates of motor vehicle tax in respect of dumpers/tippers prescribed earlier was reduced vide notification dated 9 March 2007.
Paragraph 5.4 of Audit Report 2006-07 (Revenue Receipt)	Under rule 69-B of the Rajasthan Excise Rules 1956, permit fee at prescribed rate was leviable from the distillery utilising rectified spirit/extra neutral alcohol produced by it for the manufacture of country liquor, but the fee was neither paid nor demanded by the department.	Permit fee payable under rule 69-B of the Rajasthan Excise Rules 1956, for captive consumption of rectified spirit/extra neutral alcohol was exempted vide notification dated 13 August 2007.

CHAPTER-II: SALES TAX

2.1 Results of audit

Test check of the records of the offices of the Commercial Taxes Department conducted during the year 2007-08 revealed underassessment of tax amounting to Rs. 352.50 crore in 1,918 cases, which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Short levy of tax due to application of incorrect rate of tax	473	193.31
2.	Irregular grant of exemption	131	36.84
3.	Underassessment due to irregular or incorrect allowances of deduction	348	36.66
4.	Non-assessment of taxable turnover	306	28.16
5.	Non-levy of penalty/interest	39	2.98
6.	Non-levy of purchase tax	23	0.36
7.	Other irregularities	598	54.19
Total		1,918	352.50

During the year 2007-08, the department accepted underassessment and other deficiencies of Rs. 6.69 crore involved in 549 cases, of which 86 cases involving Rs. 89.54 lakh had been pointed out in audit during 2007-08 and the rest in the earlier years. The department recovered Rs. 1.66 crore in 81 cases during the year 2007-08 of which five cases involving Rs. 21.30 lakh related to the year 2007-08 and the rest to the earlier years.

After issue of a draft paragraph, the department recovered Rs. 6.61 lakh pertaining to that observation pointed out during 2007-08.

A few illustrative cases involving Rs. 17.81 crore highlighting important audit findings are mentioned in the succeeding paragraphs.

2.2 Short levy of tax on interstate sales

2.2.1 In exercise of powers conferred under section 8(5) of the Central Sales Tax Act, 1956 (CST Act), the State Government by issue of notifications prescribed concessional rates of tax on interstate sale of various goods without furnishing of declaration in 'C' forms. The Central Government amended section 8(5) with effect from 11 May 2002 which stipulated that submission of 'C' form was mandatory for claiming concessional rate of tax on interstate sales. As such, interstate sales in the case of other than declared goods not supported by declaration forms attracted tax at 10 *per cent* or state rate whichever was higher and in the case of declared goods at twice the rate applicable in the State. In contravention of the above amendment, the Commissioner, Commercial Taxes (CCT) issued a circular in December 2005 dispensing with the requirement of furnishing such forms during the period 11 May 2002 to 26 September 2005. It was also stated that after this date all interstate sales should be supported with 'C' form for availing concessional rate of tax.

Scrutiny of the assessment records of 41 Commercial Taxes Offices (CTOs)¹ revealed that 642 assessments pertaining to the years from 2002-03 to 2006-07 were not supported by prescribed declarations. These interstate sales were, therefore, not entitled to concessional rate of tax. However, the assessing authorities (AA) while finalising the assessments between February 2005 and March 2007 levied concessional rate of tax. This resulted in short levy of tax of Rs. 206.71 crore apart from interest of Rs. 66.95 crore which was also chargeable thereon.

After the cases were pointed out, the AA stated between August 2007 and February 2008 that the State Government by issue of a circular on 13 December 2005 in respect of various goods and notification on 1 December 2006 in respect of cement restored the condition of submission of 'C' forms, but till then submission of 'C' form was not mandatory. The reply is not tenable, as after the amendment dated 11 May 2002 made by the Central Government, the notification/circular issued by the State Government under delegated powers for relaxing the condition of submission of 'C' form was impliedly repealed or rendered ineffective and thus interstate sale in the cases other than declared goods without 'C' form was liable to tax at 10 *per cent* or prescribed rates, whichever was higher and in the cases of declared goods at twice the rate applicable in State.

¹ Special Ajmer (1), Ajmer (4), Alwar (11), 'A' Alwar (6), Baran (30), Banswara (5), 'B' Bharatpur (44), 'B' Bhilwara (6), Special Bhilwara (17), Anti Evasion Bhilwara (3), Beawar (8), Bhiwadi (8), Special Bikaner (28), Bundi (11), Dausa (41), Dholpur (4), Hanumangarh (33), Special-I Jaipur (8), Special-II Jaipur (7), Special-III Jaipur (18), Special-IV Jaipur (15), Special-V Jaipur (14), 'C' Jaipur (14), 'E' Jaipur (15), 'G' Jaipur (22), Special Rajasthan (1), Jhalawar (33), Jhunjhunu (5), Special-II Jodhpur (16), 'C' Jodhpur (13), 'B' Kota (64), Anti Evasion-II Kota (3), Special Kota (15), Nimbahera (12), Special Pali (8), Raisinghnagar (14), 'A' Sriganganagar (38), Special Sriganganagar (8), Suratgarh (28), Tonk (8), Special Udaipur (3).

2.2.2 Scrutiny of demand and collection registers of 18 CTOs² revealed that interstate sales, in 146 cases finalised between 2004-05 and 2006-07, were not supported by 'C' forms. The AA levied tax at the prescribed rates and raised demand accordingly. However, in pursuance of the circular issued in December 2005, the demands were reduced by Rs. 14.23 crore. The reduction of demand was irregular and resulted in loss of revenue of Rs. 17.65 crore including interest (demand of Rs. 14.23 crore plus interest of Rs. 3.42 crore).

After this was pointed out, the Government stated (October 2008) that by issue of two Government orders, both dated 13 May 2008, it had written off the demand pertaining to the period 11 May 2002 to 25 September 2005 over and above the rate prescribed under sub section 8(5) of CST Act and for the period 26 September 2005 to 31 March 2007 over and above the state rate in respect of the interstate sale of various goods not supported by 'C' forms. It is amply clear that the above orders were issued just to regularise the cases decided in pursuance of an impugned circular issued by the CCT whereby requirement of 'C' forms was irregularly dispensed with. Further, the above orders were also in contravention of the provision of section 55 of the RST Act which prescribed that only such demands under RST Act and CST Act could be written off, which were outstanding for more than 10 years and found irrecoverable.

2.3 Non-withdrawal of benefit on breach of condition

Under the 'Sales Tax Exemption Scheme for Industries 1998', industrial units were exempted from payment of tax on sale of goods manufactured by them subject to the maximum quantum and period of benefit prescribed in the scheme. The scheme further provided that the beneficiary industrial units shall, after having availed of the benefit of the scheme, continue their production for the next five years failing which the units were liable to be taxed on the sale of finished goods as if there was no exemption. Moreover, interest at the prescribed rates was also leviable under the Rajasthan Sales Tax (RST) Act, 1994 on the benefit so availed.

In three CTOs³, it was noticed between July 2007 and March 2008, that four industrial units were granted eligibility certificates between January 1999 and November 2001. These units availed the benefit of tax exemption of Rs. 7.73 crore during 1999-2000 to 2004-05 and were required to continue their production for a further period of five years after the expiry of the period during which exemption from paying tax under the scheme was availed. These units stopped production within five years from the date of availing exemption between 2002-03 and 2005-06 but no action was taken by the AA to withdraw the

² 'A' Alwar (11), 'B' Alwar (16), Special Alwar (5), Baran (2), Special Bikaner (4), 'B' Bharatpur (3), Bhiwadi (2), Dausa (14), Dholpur (2), Special-II Jaipur (2) Special-III Jaipur (4), Jhalawar (29), 'C' Jodhpur (9), 'B' Kota (2), Nimbahera (18), Special Udaipur (8), Suratgarh (3) and Tonk (12).

³ Bhiwadi (2), Kishangarh (1) and Special Udaipur (1).

exemption availed by these units. This resulted in non-recovery of tax of Rs. 16.83 crore including interest of Rs. 9.10 crore.

After this was pointed out, the Government stated (August 2008) that in one case the matter had been referred to the State Level Screening Committee for decision and in another case production was going to be started. The reply is not tenable as the production had neither started nor exemption benefits were withdrawn even after lapse of six years. Replies in remaining cases have not been received (October 2008).

2.4 Loss of revenue due to delay in finalisation of collection contract

Under section 78 (1) of the RST Act, the Commissioner may, with a view to prevent or check avoidance or evasion of tax, direct the setting up of a check-post at such place and for such period as may be specified. Further, section 79 (1) of the Act provides that where the Commissioner is of the view that without establishing a departmental check-post, it is in the interest of the State to collect a fixed sum of tax on contract basis, he may, through a contract, permit a contractor to collect such tax at such point or for such area on such terms and conditions as may be specified by him on fixed contract amount for a period not exceeding two years at a time.

Scrutiny of the records of CTO, Baran for the year 2005-07, revealed (February 2008) that a contract for tax collection check-post was awarded for a period of two years from 4 February 2002 to 3 February 2004, which was extended for a period of three month upto 3 May 2004. Thereafter, notice inviting tenders for the check post was issued on 5 February 2005 by the department and the contract was finalised on 15 December 2005 for Rs. 35.03 lakh. For the intervening period between 4 May 2004 and 15 December 2005 no collection of tax was made by the department. The delay in finalisation of contract resulted in loss of revenue amounting to Rs. 56.53 lakh⁴.

The matter was pointed out to the department and reported to Government in March 2008; their replies have not been received (October 2008).

2.5 Short levy of tax due to application of incorrect rate of tax

Through notifications issued under the RST Act, the State Government prescribed different rates of tax for different commodities. Gwar gum and elastic tape were to be taxed at the general residuary rate of tax of 10 *per cent* upto 11 July 2004 and 12 *per cent* thereafter as prescribed in these notifications. Surcharge at the rate of 15 *per cent* was also leviable upto 11 July 2004.

2.5.1 Scrutiny of the records of the CTO, Special Circle V, Jaipur for the year 2006-07 in December 2007 revealed that a manufacturer sold gwar gum valued as

⁴ The value of the contract as per notice inviting tender issued by the department on 5 February 2005 for Rs. 35.03 lakh. The amount of Rs. 56.53 lakh worked out as Rs. 35.03 lakh/12 = Rs. 2.92 lakh per month x 19 months 11 days.

Rs. 2 crore during the years 2003-04 and 2004-05. The AA incorrectly levied tax at the rate of two *per cent* instead of 10 *per cent*, while finalising the assessments for the years 2003-04 and 2004-05 between July 2005 and June 2006. This resulted in short levy of tax of Rs. 18.99 lakh. Besides, interest was also leviable.

After the case was pointed out, the Government intimated (September 2008) that after re-assessment a demand of Rs. 20.46 lakh (tax: Rs. 18.99 lakh and interest: Rs. 1.47 lakh) had been raised, of which Rs. 15.93 lakh were recovered by adjustment.

2.5.2 Scrutiny (May 2004) of the records of the CTO, Sirohi revealed that three industrial units sold elastic tape valued at Rs. 1.95 crore during the year 2001-02. The AA while finalising (January and February 2004) the assessments misclassified the goods as textile fabrics impregnated, rubberised coated, covered or laminated and levied tax at two *per cent* instead of 10 *per cent*. This resulted in short levy of tax of Rs. 14.20 lakh.

The matter was pointed out to the department in January 2005 and reported to the Government in June 2006; their replies have not been received (October 2008).

2.6 Non-levy of entry tax

The State Government by issue of a notification dated 12 July 2004 specified a rate of tax of four *per cent* on entry of all kinds of paper and paper products into local area for consumption or use or sale. By issue of notifications dated 12 July 2004 and 20 October 2004, the State Government exempted tax on these items in excess of one *per cent* for the period from 13 August 2002 to 12 July 2004 and in excess of three *per cent* with effect from 20 October 2004.

Scrutiny of the records of CTO, Circle 'C' Jaipur for the year 2006-07 in September 2007 revealed that a dealer purchased paper from outside the state valued at Rs. 1.50 crore and Rs. 1.33 crore during 2003-04 and 2004-05 respectively and used it in the manufacture of corrugated boxes without payment of entry tax at the prescribed rates. The AA while finalising the assessments for the relevant years between December 2005 and September 2006 failed to levy entry tax. This resulted in non-levy of entry tax and interest of Rs. 7.13 lakh.

The matter was pointed out to the department in September 2007 and reported to Government in May 2008; their replies have not been received (October 2008).

CHAPTER-III: TAXES ON MOTOR VEHICLES

3.1 Results of audit

Test check of the records in the offices of the Transport Department conducted during the year 2007-08 revealed short realisation of taxes, fees, penalty etc. amounting to Rs. 23.29 crore in 8,279 cases, which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short payment of tax, penalty, interest and compounding fees	7,637	20.63
2.	Non/short computation of motor vehicles tax/ special road tax	92	1.79
3.	Other irregularities	550	0.87
Total		8,279	23.29

During the year 2007-08, the department accepted non/short computation of road tax, special road tax etc. of Rs. 26.11 crore involving in 7,255 cases out of which 2,821 cases involving Rs. 7.19 crore had been pointed out in audit during the year 2007-08 and the rest in the earlier years. The department recovered Rs. 81.42 lakh in 602 cases, of which 216 cases involving Rs. 51.14 lakh were pointed out in audit during the year 2007-08 and the rest in the earlier years.

After the issue of a draft paragraph, the department intimated (June 2008) recovery of Rs. 9.78 crore pertaining to a single observation.

A few illustrative cases involving revenue of Rs. 15.37 crore highlighting important audit findings are mentioned in the succeeding paragraphs.

3.2 Non-recovery of one time tax

Under the Rajasthan Motor Vehicles Taxation Act, 1951 (RMVT Act) and the Rajasthan Motor Vehicles Taxation Rules, 1951 (RMVT Rules) made thereunder, one time tax shall be levied and collected on all non-transport¹ vehicles at the rates prescribed by the Government from time to time.

Scrutiny of the records of 19² regional transport offices (RTOs)/district transport offices (DTOs) between May 2007 and February 2008 revealed that one time tax of 584 construction equipment vehicles was not paid by the owners of these vehicles. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non-recovery of one time tax amounting to Rs. 4.11 crore.

After the cases were pointed out between June 2007 and March 2008, the department stated in June 2008 that an amount of Rs. 80.97 lakh in respect of 138 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

3.3 Non-recovery of special road tax and penalty

Under the RMVT Act and the RMVT Rules made thereunder, vehicles are not liable to pay tax for the period during which their registration certificates (RC) are surrendered to the department. However, where a vehicle is found plying after the surrender of RC, the tax on such vehicle shall be payable for the entire period of surrender alongwith a penalty equal to five times the amount of the tax due.

Cross verification of the records relating to surrender of RC in the RTOs, Jaipur and Kota with the information obtained from the Rajasthan State Road Transport Corporation for the period 2005-06 and 2006-07 revealed that 100 stage carriages plied³ during the period of surrender of RC but special road tax (SRT) amounting to Rs. 60.83 lakh and penalty of Rs. 3.04 crore was not levied. This resulted in non-realisation of revenue of Rs. 3.65 crore.

After the cases were pointed out, the department stated in September 2008 that action was being taken for recovery.

The matter was reported to the Government in April 2008; their reply has not been received (October 2008).

¹ Non-transport vehicle means a motor vehicle which is not a transport vehicle and includes construction equipment vehicles.

² RTO Ajmer, Dausa, Jodhpur, Kota, Pali, Sikar and Udaipur; DTO Baran, Beawar, Bhilwara, Bundi, Deedwana, Dungarpur, Jaipur (Non-transport), Jhalawar, Kotputli, Nagaur, Sirohi and Tonk.

³ Information based on monthly information statement maintained by the depot managers in Rajasthan State Road Transport Corporation.

3.4 Non/short realisation of motor vehicles tax and special road tax in respect of goods vehicles

Under the RMVT Act and the RMVT Rules made thereunder, motor vehicles tax shall be levied and collected on all motor vehicles used or kept for use in the state at the rates prescribed by the Government from time to time. In addition to motor vehicles tax, SRT on all transport vehicles at the prescribed rates shall also be payable.

Scrutiny of the records of 20⁴ RTOs/DTOs between May 2007 and February 2008 revealed that motor vehicle tax and SRT for the period between April 2004 and March 2007 in respect of 1,279 goods vehicles was either not paid or paid short by the owners of these vehicles. There was nothing on record to show that the vehicles were off the road or were transferred to any other district/state. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of tax amounting to Rs. 1.97 crore.

After the cases were pointed out between June 2007 and March 2008, the department stated that an amount of Rs. 62.58 lakh in respect of 394 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008; their reply has not been received (October 2008).

3.5 Non-imposition of motor vehicles tax in respect of passenger vehicles

Under the RMVT Act, motor vehicles tax in respect of a passenger vehicle which has been kept for use in Rajasthan and not covered by a permit shall be payable at the rates prescribed by the Government from time to time.

Scrutiny of the records of 11⁵ RTOs/DTOs between June 2006 and January 2008 revealed that motor vehicles tax was not paid by the owners in respect of 241 passenger vehicles for various periods between April 2005 and March 2007 during which their vehicles remained without permits. The taxation officers also did not initiate any action to levy and realise the tax due. This resulted in non-realisation of motor vehicles tax amounting to Rs. 1.81 crore.

After the cases were pointed out between June 2006 and February 2008, the department stated that an amount of Rs. 1.97 lakh in respect of five vehicles had been recovered. However, the report on action taken in the remaining cases has not been received (October 2008).

⁴ RTO Ajmer, Alwar, Dausa, Jodhpur, Pali and Udaipur; DTO Baran, Beawar, Bhilwara, Bundi, Churu, Dungarpur, Hanumangarh, Jaipur (goods vehicles), Jhalawar, Kotputli, Nagaur, Sirohi, Sriganganagar and Tonk.

⁵ RTO Ajmer, Alwar, Jodhpur and Sikar; DTO Bharatpur, Bhilwara, Deedwana, Jaipur (contract carriage), Jaipur (stage carriage), Kotputli and Nagaur.

The matter was reported to the Government between March 2007 and April 2008; their reply has not been received (October 2008).

3.6 Non/short realisation of motor vehicles tax and special road tax from contract carriages

Under the RMVT Act and the RMVT Rules made thereunder, motor vehicles tax and SRT in respect of contract carriage vehicles having seating capacity upto 13 persons is payable at the rates prescribed by the Government from time to time, quarterly and in advance on or before 10th day of the first month of the quarter to which the tax relates. In respect of contract carriages having seating capacity of more than 13 persons, it is payable monthly in advance, at the rate prescribed by the Government from time to time on or before the seventh day of the month for which the tax relates.

3.6.1 Non/short realisation of motor vehicles tax and special road tax in respect of contract carriages having seating capacity upto 13 persons

Scrutiny of the records of 18⁶ RTOs/DTOs between May 2007 and February 2008 revealed that motor vehicle tax and SRT for the period between April 2004 and March 2007 in respect of 824 vehicles plying on contract carriage permits were either not paid or paid short by the owners of these vehicles. The taxation officers did not initiate any action to realise the tax due. This resulted in non/short realisation of motor vehicles tax and SRT amounting to Rs. 1.50 crore.

3.6.2 Non/short realisation of special road tax in respect of contract carriages having seating capacity more than 13 persons

Scrutiny of the records of four⁷ RTOs/DTOs between June 2007 and January 2008 revealed that SRT for the period between April 2006 and March 2007 was either not paid or paid short by the owners of 95 contract carriages. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of SRT amounting to Rs. 1.29 crore.

After the cases were pointed out between July 2007 and March 2008, the department stated in June 2008 that an amount of Rs. 38.76 lakh in respect of 231 vehicles having seating capacity upto 13 persons and Rs. 5.75 lakh in respect of 11 vehicles having seating capacity of more than 13 persons had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008; their reply has not been received (October 2008).

⁶ RTO Ajmer, Bikaner, Dausa, Jodhpur, Pali, Sikar and Udaipur; DTO Beawar, Bhilwara, Bundi, Churu, Dungarpur, Hanumangarh, Jaipur (contract carriage), Kotputli, Sirohi, Sriganganagar and Tonk.

⁷ RTO Jodhpur and Udaipur; DTO Beawar and Jaipur (contract carriage).

3.7 Non/short realisation of special road tax in respect of stage carriages

Under the RMVT Act and the RMVT Rules made thereunder, SRT at the prescribed rates is payable in respect of stage carriages monthly in advance on or before seventh day of the month. The owner of the vehicle is also required to submit a declaration to this effect on or before 14th day of each month. If the tax has not been correctly paid or the owner has not furnished the return/declaration or has given inaccurate particulars in the return/declaration, the taxation officer is required to compute and recover the amount of tax due.

Scrutiny of the records of seven⁸ RTOs/DTOs revealed that SRT in respect of 243 stage carriages for the period between April 2005 and March 2007 was either not paid or paid short by the owners of these vehicles. Further, declarations as required were also not submitted by the owners in cases where tax was not found deposited. The taxation officers did not initiate any action to realise the tax due. This resulted in non/short realisation of SRT amounting to Rs. 69.56 lakh.

After the cases were pointed out between July 2007 and January 2008, the department stated in June 2008 that an amount of Rs. 12.15 lakh in respect of 79 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008, their reply has not been received (October 2008).

3.8 Non/short realisation of motor vehicle tax in respect of dumpers/tippers

Under the RMVT Act and the RMVT Rules made thereunder, motor vehicle tax shall be levied and collected on all motor vehicles used or kept for use in the state at the rates prescribed by the Government from time to time.

Scrutiny of the records of RTO, Udaipur and DTO, Jaipur (Goods) between May 2007 and December 2007 revealed that motor vehicles tax in respect of 70 dumpers/tippers for the period between April 2004 and March 2007 was either not paid or paid short by the owners of these vehicles. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of motor vehicles tax amounting to Rs. 15.08 lakh.

After the cases were pointed out between June 2007 and January 2008, the department stated in June 2008 that an amount of Rs. 5.02 lakh in respect of 23 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

⁸ RTO Alwar, Jodhpur and Sikar; DTO Bhilwara, Churu, Deedwana and Jaipur (stage carriage).

3.9 Short levy of lump sum tax

Under the RMVT Act and the RMVT Rules made thereunder, lump sum tax on all transport vehicles shall be levied at the rates prescribed by the Government. As per the notification dated 16 February 2006 issued under the Act, lump sum tax payable may be paid, at the option of vehicle owner, in full or in three equal instalments within a period of one year. In case of default, the recovery was to be made as arrears of land revenue.

Scrutiny of the records of RTO, Udaipur for the year 2006-07 in December 2007 revealed that owners of 46 transport vehicles opted for lump sum payment of tax in three instalments. The owners of these vehicles paid the first instalment but failed to pay the second or third instalment or both. The taxation officer did not initiate any action to realise the amount of tax due as arrears of land revenue. This resulted in short levy of lump sum tax of Rs. 11.78 lakh.

After the cases were pointed out in January 2008, the department stated in June 2008 that an amount of Rs. 7.05 lakh in respect of 25 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

3.10 Non-realisation of tax from private service vehicles

Under the Motor Vehicles Act, 1988, private service vehicle means a motor vehicle constructed or adapted to carry more than six persons excluding driver and used by or on behalf of vehicle owner in connection with, his trade or business. The owners of these vehicles are required to pay motor vehicle tax and SRT yearly in advance by 30th April every year at the rates prescribed by the Government from time to time.

Scrutiny of the records of DTO (contract carriage), Jaipur for the year 2006-07 in January 2008 revealed that owners of 29 private service vehicles did not pay the tax during 2006-07. The taxation officer did not initiate any action to levy and recover the tax due. This resulted in non-realisation of motor vehicle tax and SRT amounting to Rs. 7.59 lakh.

After the matter was pointed out in February 2008, the department stated in June 2008 that an amount of Rs. 1.01 lakh in respect of four vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

CHAPTER-IV: LAND REVENUE AND ELECTRICITY DUTY

4.1 Results of audit

Test check of the records of the Departments of Land Revenue and Electricity Duty conducted during the year 2007-08 revealed non-recovery and loss of revenue etc. amounting to Rs. 291.40 crore in 2,911 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
A. Land Revenue			
1.	Allotment and sale of land by Colonisation Department (A review)	1	210.96
2.	Non-recovery of conversion charges from <i>khatedars</i>	173	0.59
3.	Non-recovery of premium and rent from Central/State Government departments/undertakings	94	3.45
4.	Non-recovery of price of command/uncommand/ custodian, ceiling land etc.	1,198	21.74
5.	Other irregularities	244	32.36
6.	Non-regularisation of cases of trespassers on Government land	1,200	0.81
B. Electricity Duty			
7.	Short levy of electricity duty	1	21.49
Total		2,911	291.40

During the year 2007-08, the department accepted underassessment and other deficiencies of Rs. 1.30 crore involved in 119 cases, of which 26 cases involving Rs. 9.08 lakh were pointed out in audit during the year 2007-08 and the rest in the earlier years. The department recovered Rs. 7.15 crore in 593 cases during the year 2007-08, of which 33 cases involving Rs. 35.34 lakh related to the year 2007-08 and the rest to the earlier years.

A few illustrative cases including a review of “**Allotment and sale of land by Colonisation Department**” involving Rs. 260.68 crore are mentioned in the succeeding paragraphs.

A. LAND REVENUE

4.2 Allotment and sale of land by Colonisation Department

Highlights

Absence of a time frame for disposal of the applications received by the department for allotment of the Government land resulted in non-disposal of 64,847 applications.

(Paragraph 4.2.9.1)

Non-allotment of the Government land valued at Rs. 35.81 crore to temporary cultivation lease holders on permanent basis resulted in non-realisation of revenue.

(Paragraph 4.2.10)

The departments neither recovered the installments fixed for recovery of the cost of land from 45,524 allottees nor cancelled the allotment orders of the land. This resulted in non-realisation of revenue aggregating Rs. 139.56 crore.

(Paragraph 4.2.12)

No action was taken to dispose of the Government land admeasuring 38,625.56 *bigha* valued at Rs. 24.57 crore though it was unauthorisedly used by 12,069 trespassers.

(Paragraph 4.2.16.1)

4.2.1 Introduction

The Colonisation Department was created in May 1955 to ensure sale, allotment and proper administration of land in colonisation areas¹. Receipts of Colonisation Department (CD) in command and uncommand² areas are regulated under the Rajasthan Colonisation Act, 1954 (the Act) and notifications and orders issued thereunder from time to time by the State Government. The revenue receipts of the department are derived mainly from the allotment, sale, auction and regularisation of land falling in the various irrigation projects.

There are six major irrigation projects³ in Rajasthan; of these, the work of colonisation in five major irrigation projects was completed and the areas falling under these projects were transferred to the Revenue Department alongwith the related records. One project viz. Indira Gandhi Nahar Pariyojana (IGNP) stage II, is under the control of the Colonisation Department. In addition, there are 35 medium and 74 minor irrigation projects

¹ Colonisation area refers to the notified land appurtenant to the main irrigation project where irrigation facility has been provided.

² Command and un-command land mean land shown as such by the Irrigation Department in its statement of command and uncommand area i.e. Command land means irrigated land and uncommand land means unirrigated land.

³ Bhakra Project, Chambal Project, Gang Canal Project, Indira Gandhi Nahar Pariyojana (IGNP), Jawai Project and Mahi Project.

spread over in 21 districts of Rajasthan. These areas are under the control of Board of Revenue (BOR).

A review on the functioning of the Colonisation Department regarding allotment and sale of land was conducted. A number of system and compliance deficiencies were noticed which are mentioned in the succeeding paragraphs.

4.2.2 Organisational set up

The Commissioner, Colonisation (CC) is the administrative head of the department. He is assisted by three Additional Colonisation Commissioners, three Deputy Colonisation Commissioners (DCCs) and five Assistant Colonisation Commissioners (ACCs).

Under the five major projects⁴ (except Jawai project, where no land was available for allotment), there are 10 colonisation tehsils⁵ under the control of CD and 31 revenue tehsils⁶ under the control of BOR. The BOR is headed by a Chairman. He is assisted by the Collectors of the respective districts. The sub divisional officers, under the control of their respective Collectors, are the allotting authority (AA). The Principal Secretary, Revenue, is the administrative authority at the level of the Government.

4.2.3 Scope and methodology of audit

The review was conducted in the CC office, 10 colonisation tehsils of the department besides 10⁷ out of 31 revenue tehsils alongwith offices of concerned allotting authorities covering the period from 2003-04 to 2006-07, during August 2007 to April 2008. The selection of revenue tehsils was made on the basis of probability proportional to size with replacement method of sampling.

4.2.4 Audit objectives

The review was conducted with a view to ascertain whether:

- proper planning was in place for allotment of land;
- allotment of land to temporary cultivation lease holders (TCs) on permanent basis was made and revenue realised therefrom;
- a system for effective recovery of cost of land and other dues was in place;

⁴ Bhakra Project, Chambal Project, Gang Canal Project, Indira Gandhi Nahar Pariyojana (IGNP) and Mahi Project.

⁵ Jaisalmer, Kolayat I, II, III, Mohangarh I, II, Nachana I, II, Ramgarh I and II.

⁶ Anupgarh, Bagidora, Banswara, Bhadra, Bikaner, Bundi, Chattargarh, Digod, Garhi, Gharsana, Ghatol, Hanumangarh, Karanpur, Keshoraipatan, Khajuwala, Ladpura, Loonkaransar, Nohar, Padampur, Pilibanga, Piplda, Pugal, Raisinghnagar, Rawatsar, Sangaria, Sadul Shahar, Sangod, Sriganganagar, Srivijaynagar, Suratgarh and Tibbi.

⁷ Bagidora, Chattargarh, Ghatol, Hanumangarh, Keshoraipatan, Ladpura, Nohar, Rawatsar, Srivijaynagar and Suratgarh.

- appropriate and timely action was initiated against the defaulting allottees, and
- effective action was taken against unauthorised occupants of Government land.

4.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Colonisation Department and the Revenue Department, Government of Rajasthan, in providing necessary information and records for audit. An entry conference was held on 29 November 2007 in the office of the Commissioner Colonisation, Bikaner, where objectives of the review were explained. The draft review report was forwarded to the department and the Government in May 2008 which was discussed in the Audit Review Committee meeting held in July 2008. The Government was represented by the Deputy Secretary, Revenue and the department was represented by the Additional Commissioner Colonisation. The view points of the department/Government have been incorporated in the review.

4.2.6 Trend of revenue

An estimate of revenue receipts should show the amounts expected to be received during the coming year. As per the Budget Manual, actual demand which can be forecast, arrears likely to remain outstanding at the close of the current year for collection and proportion of current demand and arrears which are likely to be realised during the coming year are to be considered for preparation of budget estimates (BEs). Audit observed that necessary details were not collected from the AA for preparation of estimates.

A comparison of the demand with the BEs for the period from 2003-04 to 2006-07 is mentioned below:

(Rupees in crore)						
Year	Opening balance of outstanding amount	Current demand	Total	Budget estimates	Percentage of BEs to total demand	Actual receipts
2003-04	66.91	54.23	121.14	65.00	54	32.74
2004-05	88.40	42.38	130.78	75.00	57	9.16
2005-06	126.95 ⁸	17.51	144.46	50.00	35	23.42
2006-07	121.04	27.17	148.21	55.00	37	22.89

As would be seen from the above, the BEs were prepared without any basis, as neither the BEs had any correlations with the overall demand, nor with the previous year's receipts.

The Government may evolve a system and take suitable measures for preparation of realistic budget estimates.

⁸ The outstanding demand increased due to reconciliation of tehsil records with Colonisation Commissioner in the year 2005-06.

4.2.7 Uncollected revenue

As per information supplied by the department, an amount of Rs. 125.32 crore was pending recovery as on 31 March 2007. Year wise breakup of pending amount was as mentioned below:

(Rupees in crore)

Year	Opening balance	Addition	Total	Recovery effected	Uncollected revenue
2003-04	66.91	54.23	121.14	32.74	88.40
2004-05	88.40	42.38	130.78	9.16	121.62
2005-06	126.95 ⁹	17.51	144.46	23.42	121.04
2006-07	121.04	27.17	148.21	22.89	125.32

An analysis of the above data revealed that arrear at the close of 2006-07 increased by 87 per cent in comparison to the year 2003-04. It was further noticed from demand statements of 10 colonisation tehsils that as on 31 March 2007, an amount of Rs. 139.56 crore was pending for collection against the allottees, while as per the departmental figure, the outstanding amount was Rs. 125.32 crore only. Thus there was short accountal of uncollected revenue by Rs. 14.24 crore.

Audit findings

System deficiencies

4.2.8 Non-preparation of *chak* plan and delay in issue of notification

The Colonisation Department (CD) is responsible for allotment of land to cultivators. Once an irrigation project is completed, a detailed survey of the area is conducted by the Command Area Development Department (CAD) for preparation of a plan known as '*chak* plan'. These *chak* plans demarcate areas separately for cultivation, irrigation and for any other purposes. These are submitted to the CD for allotment and sale of Government land. Audit observed that there was no co-ordination between CD and CAD for preparation and submission of *chak* plan. The CD was not aware of the total *chak* plans required to be submitted to them. No time limit was prescribed either for submission of *chak* plans or for allotment of the land after receipt of *chak* plans.

4.2.8.1 Scrutiny of the records of CD revealed that *chak* plans in respect of 50.28 lakh hectare land were required to be prepared by CAD in IGNP phase I & II, out of which *chak* plans of 33.37 lakh hectare land only were prepared. *Chak* plans for 16.91 lakh hectare land were not prepared due to lack of survey by CAD.

4.2.8.2 Scrutiny of the records of the CC revealed that 199 *chak* plans envisaging developed irrigation facilities were received from the CAD. Out of these, 64 *chak* plans were notified for allotment of land after a delay of one

⁹ The outstanding demand increased due to reconciliation of tehsil records with Colonisation Commissioner in the year 2005-06.

year to 10 year, while notifications were not issued in the remaining 135 cases even after a lapse of one year to 10 years.

After this was pointed out, the department accepted the facts (July 2008) and stated that necessary directions had been issued for finalisation of the proposals and notification of every *chak* plan within six months.

The Government may prescribe time schedules for finalisation of *chak* plans by CAD and for issuing notifications for allotment of land by CD, after receipts of *chak* plans from the CAD.

4.2.9 Absence of time frame for disposal of applications/shortfall in allotment of land

Rule 10 of the Rajasthan Colonisation (Allotment and Sale of Government land in the Indira Gandhi Nahar Pariyojana Area) Rules, 1975 (IGNP Rules) envisages that any person eligible for allotment of Government land may submit an application in the prescribed form to the AA of the concerned area. The Act and Rules do not specify any time limit for disposal of such applications and allotment of land.

4.2.9.1 Test check of the records of the CC revealed that 64,847 applications were pending for allotment of agricultural land in IGNP as on 31.3.2007 as mentioned below:

Year	Opening balance of applications	Received during the year	Total	Disposed during the year	Closing balance	Percentage of disposal to total application
2003-04	3,862	62,607	66,469	4,871	61,598	7
2004-05	61,598	5,354	66,952	2,438	64,514	4
2005-06	64,514	1,741	66,255	815	65,440	1
2006-07	65,440	2,563	68,003	3,156	64,847	5

The above facts revealed that the disposal of the applications received for allotment of the land was dismal and ranged between one and seven *per cent* only.

4.2.9.2 The Government had fixed targets in respect of allotment of land for IGNP stage II. Comparative position of the targets fixed for allotment of land and achievement is mentioned below:

Year	Targets		Achievement		Shortfall		Percentage of shortfall	
	Agricultural land (hectare)	Residential plots (Nos.)	Agricultural land (hectare)	Residential plots in (Nos.)	Agricultural land (hectare)	Residential plots (Nos.)	Agricultural land	Residential plots
2003-04	28,000	10,700	19,029	1,078	8,971	9,622	32	90
2004-05	50,000	10,900	33,094	2,278	16,906	8,622	34	79
2005-06	50,000	10,900	8,890	200	41,110	10,700	82	98
2006-07	35,000	9,500	11,531	75	23,469	9,425	67	99

Thus the percentage of shortfall ranged between 32 to 82 *per cent* in respect of agricultural land and 79 to 99 *per cent* in respect of residential plots. The department failed to achieve the targets fixed by the department itself, inspite of availability of land for allotment and pendency of applications.

After the case was pointed out, the Government (July 2008) accepted the facts, but did not specify the steps to be taken for speedy allotment of land.

The Government may specify a time frame for disposal of applications for allotment of land to cultivators and formulate a policy to expedite allotment of land.

4.2.10 Non-allotment of land to temporary cultivation lease holders (TCs) on permanent basis

The Government vide notifications dated 26 November 2004, 23 January 2003 and 8 January 2003 amended the Rules of IGNP, Gang Canal and Bhakra Canal project respectively and provided that TCs, who were given land for temporary cultivation, were eligible for allotment of land on permanent basis on the terms and conditions laid down in the rules. Audit observed that no return was prescribed by the CC to watch the progress of allotment of land to the TCs.

Analysis of the information collected from five colonisation tehsils¹⁰ and seven revenue tehsils¹¹ revealed that as on 31 March 2007, 4,250.90 *bigha* command, 950.11 *bigha* un-command and 1,59,742.30 *bigha* barani land was under continuous possession of 5,590 cultivators on temporary cultivation lease basis till date (July 2008), who occupied the land during the years between 1976 and 1986. No monitoring was done at the level of AA or by CD for allotment of land on permanent basis to the TCs. None of these TCs were allotted land (April 2008) on permanent basis. As a result, benefit of the Government land was availed of by the cultivators without paying for the cost of land of Rs. 35.81 crore.

After this was pointed out, the Government accepted (July 2008) the facts and stated that steps would be taken to do the needful. However, the reply was silent about the time frame within which such exercise would be completed.

The Government may strengthen the internal control system of the department by prescribing periodical returns and other checks for monitoring the disposal of land held by TCs.

4.2.11 Introduction of amnesty scheme without amendment in the rules

Section 29 of the Act provides that every rule made or modified shall be laid before the State legislature and shall be notified in the official gazette in order to come into force. The Government issued an order for introduction of an Amnesty scheme in March 2001, which provided waiver of interest and reschedulement of due instalments for all categories of allotments of IGNP stage II. Audit noticed that the Government introduced the amnesty scheme without amending the IGNP Rules, 1975. The rules did not provide for waiver

¹⁰ Kolayat I, II, III, Mohangarh I and Nachana I.

¹¹ Anupgarh, Nohar, Pilibanga, Rawatsar, Raisinghnagar, Sriganganagar and Suratgarh.

of interest or for reschedulement of instalments. Therefore, waiver of interest amounting to Rs. 38.77 crore, without notification in the official gazette was irregular.

Compliance deficiencies

4.2.12 Failure in recovery of instalments

Under the provision of the IGNU Rules, if an allottee fails to deposit any two consecutive instalments fixed by the AA, the allotment of land is liable to be cancelled at the discretion of the allotting authority.

Information obtained from the CC revealed that in 10 colonisation tehsils of IGNU stage II, upto 31 March 2007, 4,30,026 hectare land was allotted to 76,989 allottees, out of which 45,524 allottees defaulted in payment of two or more instalments as per the schedule fixed by the department. The department did not make any effort to cancel the allotments and re-allot it to other eligible persons. This resulted in non-realisation of dues amounting to Rs. 139.56 crore as mentioned below:-

(Rupees in crore)						
Sl. No.	Name of the tehsils	No. of allottees	Land allotted (hectares)	No. of defaulters	Amount unpaid	Amount due from (years)
1.	Kolayat-1	6,827	42,699	962	4.25	1992-93
2.	Kolayat-2	5,694	34,688	1,458	4.03	1993-94
3.	Kolayat-3	5,449	31,965	1,703	2.32	1992-93
4.	Nachna-1	8,750	48,002	5,545	12.07	1994-95
5.	Nachna-2	5,947	32,266	4,738	7.21	1995-96
6.	Mohangarh-1	14,866	81,605	10,005	46.43	1997-98
7.	Mohangarh-2	14,396	77,176	9,979	30.52	1993-94
8.	Ramgarh-1	7,673	42,108	5,767	20.23	1993-94
9.	Ramgarh-2	6,213	33,264	4,779	11.71	1993-94
10.	Jaisalmer	1,174	6,253	588	0.79	2001-02
Total		76,989	4,30,026	45,524	139.56	

After the case was pointed out, the department stated in July 2008 that an amount of Rs. 18.01 crore had been recovered. A report on action taken in the remaining cases has not been received (October 2008).

4.2.13 Non-allotment of land after cancellation of allotment

As per Rule 17 (8) of the IGNU Rules, the AA is empowered to re-allot land to other eligible person after cancellation of the original allotment, under given circumstances.

Scrutiny of the records in four revenue tehsils and two colonisation tehsils revealed that the AA cancelled 698 allotments of 5,892.60 *bigha* command and 6,688.35 *bigha* uncommand land during 1976 to 2006. The land was, however, not re-allotted till March 2008. This resulted in non-realisation of

revenue of Rs. 9.16 crore as mentioned below:

Sl. No.	Name of Tehsils	No. of allottee	Area (bigha)		Cost of land (Rs. in lakh)
			Command	Uncommand	
1.	Suratgarh	34	144.65	488.50	37.80
2.	Anupgarh	22	334.85	287.40	62.20
3.	Gharsana	533	3,462.15	5,555.95	720.62
4.	Loonkaransar	23	91.60	141.00	18.88
5.	Nachana	46	1,186.10	215.50	49.17
6.	Mohangarh-II	40	673.25	-	26.93
Total		698	5,892.60	6,688.35	915.60

4.2.14 Non-maintenance of record

Under Rule 226 of the Rajasthan Land Revenue (Land Records) Rules, 1957, a register in "Form O-14" was required to be maintained in each tehsil to record the allottable land available for allotment to eligible persons.

Scrutiny revealed that in three colonisation tehsils¹² and two revenue tehsils¹³, the register of Government land was not found maintained. In absence of this basic record, the comprehensive position of Government land available in these tehsils could not be ascertained.

After this was pointed out, the Government stated that directions were being issued for maintenance of the relevant register.

4.2.15 Short recovery of cost of land in allotment of small patches

Under provisions of rule 11 of Rajasthan Colonisation (Mahi Project Government land allotment and sale) Rules 1984, allotment of small patch of land is to be made at double the reserve price of the land of similar soil class in the neighbourhood.

Scrutiny of the records of Bagidora and Ghatol tehsils revealed that 50.58 hectare command land in small patches was allotted to 165 allottees at reserve price instead of double the reserve price between December 2004 and February 2006. This resulted in short realisation of Rs. 8.76 lakh towards cost of land.

4.2.16 Unauthorised occupation of colonisation land

4.2.16.1 Encroachment on Government land

As per Section 22 of the Act, any person who occupies or continues to occupy any land in a colony area to which he has no right or title or without lawful authority shall be treated as a trespasser and may be summarily evicted therefrom by the District Collector.

¹² Kolayat II, Kolayat III and Mohangarh I.

¹³ Ghatol and Sangod.

Scrutiny of the records of 10 colonisation tehsils and 10 revenue tehsils¹⁴ revealed that as on 31 March 2007, 38,625.56 *bigha* land valued at Rs. 24.57 crore was under unauthorised occupation of 12,069 trespassers since 1986. The land after eviction of trespassers was being got vacated by the department every year, but it was again encroached upon in the next year, either by the same person or by some other. The department had not taken any action to dispose of the land.

4.2.16.2 Unauthorised use of land for abadi

As per the Government order (July 1974), the Collector is empowered to allot the Government land for *abadi vistar* to local bodies e.g. Urban Improvement Trust, Municipal Board and Gram Panchayat in project area on payment of cost of land prescribed as reserve price.

Scrutiny of the records of the Hanumangarh tehsil revealed that 62 hectare Government land valued at Rs. 1.77 crore was used unauthorisedly for residential purpose. The number or other details of occupants were not available with the tehsils concerned. There was nothing on record to indicate that any effort was ever made by the department for eviction of irregular occupants of the land.

4.2.17 Conclusion

No time frame was prescribed for notification of allotable land or for disposal of applications for allotment of land. As a result, notifications were issued after substantial delays and applications remained pending for years altogether. The department failed to achieve the targets of allotment of agricultural land as well as residential plots. The pace of regularisation of temporary cultivation lease holders was very slow which led to non-realisation of revenue. The recovery mechanism was deficient and the amnesty scheme introduced to encourage recovery was irregular in as much as it was not notified in the official gazette, as required under the Act. No steps were taken for cancellation of allotment even after continuous defaults in payments. The department also failed to re-allot land after cancellation which resulted not only in locking of revenue but also encouraged unauthorised occupation. The department also failed to evict and control trespassers in colony areas.

4.2.18 Summary of recommendations

The Government may consider to:

- prescribe a time schedule for notifying allotable land after receipt of *chak* plans from CAD;
- specify a time frame for disposal of applications for allotment of land to cultivators and formulate a policy for speedy and expeditious action on such allotment;
- ensure that basic records as prescribed by the Act or Rules are maintained by each tehsil;

¹⁴ Bagidora, Chattargarh, Ghatol, Hanumangarh, Keshoraipatan, Ladpura, Nohar, Rawatsar, Srivijaynagar and Suratgarh.

- eliminate unauthorised occupation on government land by taking suitable measures; and
- strengthen the internal control of the department by prescribing periodical returns and other checks, for ensuring prompt recoveries from the allottees in accordance with rules and monitoring other statutory provisions including disposal of land held by TCs.

4.3 Short levy of cost of land allotted to Tele Communication Department

As per a circular dated 2 March 1987 issued by the Department of Revenue, the cost of the Government land allotted to the Central Government departments and its agencies for the purpose of commercial use in urban area or its periphery was chargeable at commercial rate as approved by the concerned district level committee (DLC).

Scrutiny of the records of Tehsil Jalore revealed that a piece of land admeasuring 1.61 hectare was allotted to the Tele Communication Department for commercial purpose vide District Collector, Jalore, order dated 2 August 2000. The title of land was transferred to the Tele Communication Department on 20 February 2007. The department recovered the price of the land at agricultural rate instead of commercial rate. This resulted in short levy of cost of land amounting to Rs. 15.38 crore.

After the case was pointed out in September 2006, the department stated in July 2008 that land was allotted for store, office and residential purpose and valuation was not correct as DLC rates for the nearby area were lower than the rate applied by audit. The reply is not tenable as area for each purpose has not specifically been mentioned in the allotment order and department applied agricultural rates instead of residential/commercial rates for which no reasons have been furnished.

The matter was reported to the Government in April 2008; their reply was awaited (October 2008).

4.4 Non-levy of fine

According to the Rajasthan Land Revenue (RLR) (Conversion of Agricultural into Non-Agricultural Land) Rules, 1961 read with RLR (Industrial Areas Allotment) Rules 1959, the collector may regularise the use of agricultural land for construction of a factory or mill or for setting up of a small scale industry or a tourism unit without permission of the Government. Rule 7 of 1961 Rules provides that regularisation in such cases can be allowed on payment of fine at the rate of not less than five times the prevalent highest market price of the abadi land in the neighbourhood.

Scrutiny of the records of Tehsil Jalore, for the period of April 2004 to March 2006, in August 2006 revealed that RAJFED¹⁵ Sarson Oil Mill (Mill) started construction of oil mill in February 1987 on its *khatedari* land¹⁶ admeasuring 28 bighas 5 biswa (*i.e.* 4,92,228 square feet) in Jalore city without getting

¹⁵ Rajasthan State Co-operative Oil Seed Growers Federation Limited.

¹⁶ Khatedari land is the land held by an individual with tenancy right from the Government.

prior permission from the Collector. RAJFED applied for regularisation of land in May 1987. Thereafter, it was regularised by the Collector in February 2006. However, the fine equivalent to five times of abadi land price was not recovered. This resulted in non-levy/realisation of fine amounting to Rs. 11.81 crore¹⁷.

After the case was pointed out in September 2006, the Government stated in August 2008 that no fine was leviable as the application for regularisation was pending for issuing order. The reply is not tenable because the mill owner applied for regularisation of land three months after the start of construction. As such, fine as prescribed was leviable.

4.5 Short levy of cost of land

4.5.1 In pursuance of a State Government order dated 30 August 2006, District Collector, Alwar allotted (6 September 2006) 29.93 hectare land (10 hectare i.e. 39.54 bigha in village Jainpurbas and 19.93 hectare i.e. 78.81 bigha in village Majrakath of Tehsil Behror) to Gomber Education Foundation, New Delhi on payment of cost of land as per the DLC rates. The DLC rates of Jainpurbas village, was one and half times of the prevailing agricultural land rate in the case of agricultural land purchased by any firm, factory or institution.

Scrutiny of the records of Tehsil, Behror (Alwar) in September 2007 revealed that the department charged Rs. 5.47 crore as cost of land for the land allotted in both the villages instead of Rs. 6.04 crore. This resulted in short levy of cost of land of Rs. 57.02 lakh.

After the case was pointed out, the Government stated in July 2008 that demand for entire amount had been raised. A report on the recovery of the amount has not been received.

4.5.2 The State Government vide its order dated 15 October 2005 accorded sanction for allotment of land to Rajasthan Tourism Development Corporation (RTDC), on payment of cost of land as per the DLC rates.

Scrutiny of the records of Tehsil, Ajmer for the period 2005-07 revealed that in compliance of Government order, District Collector, Ajmer allotted 50 bigha un-irrigated agricultural land in village Ganaheda on 15 March 2007 to RTDC for developing a tourism village. The DLC rate for unirrigated agricultural land in village Ganaheda was Rs. 1 lakh per bigha. Accordingly, Rs. 50 lakh was payable for the cost of 50 bigha land, whereas the RTDC paid Rs. 25 lakh only. The demand for the remaining amount was neither raised nor recovered by the department. This resulted in short levy of Rs. 25 lakh.

After the case was pointed out in June 2007, the department accepted the objection in August 2008 and stated that efforts were being made to recover the amount.

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

¹⁷ 4,92,228 square feet x Rs. 48 per square feet x 5.

4.5.3 Under the RLR Act, the State Government issued a notification dated 6 January 2006, with empowering the collector to allot any *sawai chak*¹⁸ or other government land to Urban Improvement Trusts (UIT) after charging 40 per cent DLC land rate and depositing the amount in the Government account.

Scrutiny of the records of Tehsildar, Girwa (Udaipur), for the period April 2005 to March 2007 revealed that Government land admeasuring 5.4950 hectare (25.428 bigha) of village Badagaon was transferred to UIT, Udaipur by the Collector, Udaipur on 8 September 2005. The department recovered Rs. 816 at 40 times of the rent of land (*lagan*), instead of Rs. 15.26 lakh being 40 per cent of the DLC rate. This resulted in short levy of Rs. 15.25¹⁹ lakh.

After this was pointed out in August 2007, the Government stated in August 2008 that a demand of Rs. 15.25 lakh had been raised.

4.5.4 According to rule 3 (ii) (a) of RLR (Allotment of unoccupied Government agricultural land for construction of schools, colleges, dispensaries, dharamshalas and other buildings of public utility) Rules, 1963, allotment of land situated within a municipal boundary of a town or a city to non-Government institutions shall be made at a premium equivalent to 75 per cent of the market price of agricultural land to be determined according to the index price as fixed for registration purposes.

Scrutiny of the records of Tehsil Ajmer, in May 2007 revealed that a piece of land admeasuring 10 bigha (near Pushkar abadi region) was allotted to an educational institution by the District Collector, Ajmer in June 2006. The institution deposited Rs. 10.87 lakh only as cost of land instead of Rs. 18 lakh²⁰. The demand for the remaining amount was neither raised nor recovered by the department. This resulted in short levy of cost of land by Rs. 7.13 lakh.

The case was pointed out to the department in June 2007 and reported to the Government in March 2008; their replies have not been received (October 2008).

B. ELECTRICITY DUTY

4.6 Short levy of electricity duty

Under section 3 of the Rajasthan Electricity (Duty) Act, 1962, electricity duty (ED) shall be levied and paid to the Government on energy consumed by a consumer at such rate as may be fixed by the Government from time to time. The ED payable by flat rate agricultural consumers (FRACs) was five per cent of flat rates with effect from July 2004. The Rajasthan Electricity Regulatory Commission revised (December 2004) the monthly rate of energy charges from Rs. 85 per horse power (HP) to Rs. 140 per HP in respect of FRACs. The Government, however, decided (December 2004) to recover the energy

¹⁸ Unoccupied Government agricultural land.

¹⁹ 25.428 bigha @ Rs. 1.50 lakh per bigha (DLC rate) = Rs. 38.14 lakh

40 per cent of Rs. 38.14 lakh = Rs. 15.26 lakh – Rs. 0.01 lakh = Rs. 15.25 lakh.

²⁰ Being 75 per cent cost of 10 bigha land at the rate of Rs. 2.40 lakh per bigha.

charges from FRACs as per the pre-revised tariff and reimburse differential amount of energy charges. The Government order did not mention any concession in respect of ED payable by FRACs.

Scrutiny of the records conducted between April 2007 and February 2008 revealed that ED was recovered at the pre revised flat rates of Rs. 85 per HP instead of revised tariff of Rs. 140 per HP by the companies. This resulted in short realisation of ED of Rs. 21.49 crore²¹ during the period between January 2005 and December 2007 by the three power distribution companies.

After the case was pointed out between December 2007 and April 2008, the managements of companies accepted the facts and stated (June 2008) that the matter had been referred to the Government requesting them for providing subsidy against ED payable by FRACs or permit them to recover the ED from consumers.

After this was pointed out, the Government stated (September 2008) that in case ED had been charged on revised tariff, it would have resulted in unrest among FRACs. The reply is not tenable as Government order dated 18 November 2006 provided for subsidy on the differential amount under section 65 of the Electricity Act, 2003 i.e. for tariff only and there was no Government directive for non-recovery of ED on revised tariff.

²¹ Jaipur Vidyut Vitran Nigam Limited; Rs. 6.02 crore, Jodhpur Vidyut Vitran Nigam Limited; Rs. 7.62 crore and Ajmer Vidyut Vitran Nigam Limited; Rs. 7.85 crore.

CHAPTER-V: STAMP DUTY AND REGISTRATION FEE

5.1 Results of audit

Test check of the records of the Department of Registration and Stamps conducted during the year 2007-08 revealed short realisation of stamp duty and registration fee amounting to Rs. 9.69 crore in 2,615 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Undervaluation of properties	2,065	7.68
2.	Misclassification of documents	05	0.01
3.	Other irregularities	545	2.00
Total		2,615	9.69

During the year 2007-08, the department accepted underassessments of Rs. 4.02 crore pertaining to 1,332 cases, out of which 386 cases involving Rs. 1.20 crore were pointed out during 2007-08 and the rest in the earlier years. The department recovered Rs. 1.47 crore in 936 cases, out of which 134 cases involving Rs. 10.45 lakh were pointed out during 2007-08 and the rest in the earlier years.

A few illustrative cases involving Rs. 58.36 crore highlighting important audit findings are mentioned in the succeeding paragraphs.

5.2 Non/short levy of stamp duty and registration fee by public offices

Stamp duty is leviable on different types of instruments under the provisions of the Rajasthan Stamp Act, 1998 (RS Act), which came into force with effect from 27 May 2004. Prior to this, stamp duty was levied in accordance with the provisions of the Indian Stamps Act, 1899 as adapted by the Rajasthan Stamp Law (Adaptation) Act, 1952. With a view to ensure that proper stamp duty has been levied correctly on instruments produced before all the Government offices, public companies and corporations besides local bodies and autonomous bodies etc., the State Government declared (December 1997) all such offices, as public offices. These offices were required to bring cases of unstamped or under stamped documents to the notice of the concerned Collector (Stamps). The Inspector General (Registration and Stamps), vide his letter dated 9 January 1998 authorised the Deputy Inspectors General/ Additional Collector (AC) (Stamps) to inspect the records of public offices to see whether stamp duty was being charged correctly.

5.2.1 Short levy of stamp duty on increase in authorised share capital of companies

Under Article 11 (i) of the schedule to the RS Act, stamp duty on increase in authorised share capital is chargeable at 0.5 *per cent*. Prior to this, stamp duty on this item was chargeable at the rate of 0.2 *per cent* subject to a maximum of Rs. 2 lakh vide notification dated 14 January 2004 issued under the Rajasthan Stamp Law (Adaptation) Act, 1952.

Information obtained from the Registrar of Companies (ROC) Rajasthan, Jaipur revealed that share capital was increased by Rs. 11,406.12 crore in 1,684 cases. The ROC incorrectly accepted the instruments stamped at Rs. 2.81 crore at the lower rates¹ instead of Rs. 57.03 crore at the rate of 0.5 *per cent* leviable under the RS Act. This resulted in short realisation of Rs. 54.22 crore.

The inspection of the ROC office was also not found conducted by the AC Jaipur during this period as required. Failure of ROC in discharge of his duty as a public office coupled with lack of required inspections resulted in these irregularities not being detected.

After the case was pointed out in March and April 2008 the Government stated in July 2008 that the duty was levied in accordance with the notification dated 14 January 2004 which was still in force in the light of section 91(2) of the RS Act. The reply of the department is not tenable as section 91(2) stipulates that only such notifications which are not inconsistent with the provisions of this Act would be treated as saved. In this case the rate of duty has been prescribed at 0.5 *per cent*, as such the notification of January 2004, being inconsistent with the provisions, was not applicable.

¹ 0.2 *per cent* subject to maximum of Rs. 2 lakh

5.2.2 Non-receipt of stamp duty and registration fee due to non-registration of documents relating to amalgamation of companies

As per section 17(b) of the Registration Act, 1908, immovable property valued at Rs. 100 and above is required to be got registered under the Act. Stamp duty on the conveyance deed relating to amalgamation of companies by the order of the High Court under Section 394 of the Companies Act chargeable under clause (iii) of article 21 of the schedule to RS Act was reduced from 10 *per cent* to 4 *per cent* on the market value vide notification dated 24 March 2005.

Information obtained from the ROC Rajasthan, Jaipur between January and March 2008, revealed that 10 companies (transferor companies) were amalgamated under the orders of the High Court with other five companies (transferee companies) between 20 May 2005 and 13 November 2007. The transferee companies did not submit the deeds for registration which resulted in evasion of stamp duty and registration fee. The cost of transferor companies as per the records made available to audit worked out to Rs. 38.87 crore on which stamp duty of Rs. 1.55 crore and registration fee of Rs. 1.25 lakh was leviable.

The ROC thus failed in discharge of duty as a public office in ensuring that the instruments presented were adequately stamped and to bring the default to the notice of the Collector (Stamps). The inspection of the ROC office was also not found conducted by the Additional Collector (Stamps), Jaipur. Failure of the ROC in discharge of his duty as a public office coupled with lack of required inspections resulted in these irregularities not being detected.

After the matter was pointed out, the Government accepted the facts in June 2008 and issued instructions to the concerned circle officers for recovery of the amount. A report on recovery has not been received (October 2008).

5.2.3 Short levy of stamp duty on customs bonds

Under Article 25 of the schedule to the RS Act, stamp duty on customs bond is chargeable at the rate of one *per cent* of the amount as stated in the bond, subject to a minimum of Rs. 100.

Information obtained from the Inland Container Depots Bhiwadi and Kanakpura (Jaipur) revealed that 150 bonds involving Rs. 136.43 crore were accepted by the concerned customs divisions during July 2004 to March 2008. As against stamp duty of Rs. 1.36 crore chargeable thereon, stamp duty of Rs. 71,700 only was charged on these bonds. This resulted in short levy of stamp duty of Rs. 1.36 crore.

The customs divisions thus failed to discharge their duty as a public office in ensuring whether the bonds presented were adequately stamped and to bring the default to the notice of the Collector (Stamps). Inspection of these divisions was also not conducted by DIG (Registration and Stamps). Failure of these divisions to discharge their duty as public offices coupled with lack of inspections resulted in such irregularities not being detected.

After the cases were pointed out, the Government stated in July 2008 that instructions had been issued to the concerned circle officers to recover the amount.

5.3 Short levy of stamp duty and registration fee due to undervaluation of property

As per the provisions of the RS Act, stamp duty on an instrument of conveyance of immovable property shall be chargeable on the market value of the property. Further, as per rule 58 of the Rajasthan Stamp Rules, 2004 (RS Rules), the market value of immovable property shall be determined on the basis of the rates recommended by the district level committee (DLC) or the rates approved by the Inspector General of Stamps, whichever is higher. Registration fee is also to be charged at the rate of one *per cent* of the value or consideration subject to a maximum of Rs. 25,000 under the Registration Act, 1908.

Scrutiny of the records of four sub-registrar offices (SROs) between June 2007 and March 2008 revealed that the properties were undervalued by Rs. 7.92 crore in 38 cases. The value of the properties were determined at rates lower than those approved by the DLC. This resulted in short levy of stamp duty and registration fee aggregating Rs. 54.70 lakh as mentioned below:

(Rupees in lakh)

Name of SROs	No. of cases	Nature of property	Market value of property as per the DLC rates	Value adopted	SD and RF ²	Short levy of SD and RF
					leviable levied	
Pushkar (Ajmer)	1	Commercial	210.09	5.95	<u>17.06</u> 0.54	16.52
Luni (Jodhpur)	32	Commercial/ Residential	344.71	148.48	<u>25.85</u> 11.14	14.71
Jaipur-III	1	Commercial	386.10	97.40	<u>19.55</u> 5.12	14.43
Suratgarh (Sriganganagar)	4	Commercial	110.46	7.56	<u>9.72</u> 0.68	9.04
Total	38		1,051.36	259.39	<u>72.18</u> 17.48	54.70

After these irregularities were pointed out between July 2007 and April 2008, the Government stated in June and July 2008 that cases pertaining to SROs Luni, Jaipur-III and Suratgarh had been registered for adjudication while notice for recovery had been issued in the case of SRO Pushkar (Ajmer).

5.4 Short levy of stamp duty and registration fee on registration of lease deeds

The RS Act further provides that where the lease purports to be for a term in excess of 20 years, stamp duty is chargeable as on a conveyance on the market value of the property.

² Stamp duty and registration fee.

Scrutiny of the records of six SROs³ between March 2007 and January 2008 revealed that 12 lease deeds were executed between March 2004 and November 2006 for a period of more than 20 years. The stamp duty and registration fee of Rs. 53.76 lakh was leviable against which Rs. 17,000 was levied on average rent of one/two years. This resulted in short levy of stamp duty and registration fee aggregating Rs. 53.59 lakh.

After the cases were pointed out, the Government stated in June 2008 that all cases had been registered in the court of Collector (Stamps) for adjudication, of which two cases of Rs. 5.35 lakh in respect of sub-registrar, Sumerpur (Pali) had been decided in favour of the Government and warrants for attachment had been issued by the department for recovery of the amount.

5.5 Non-registration of developer agreements

Under the provisions of Article 5 (bbbb) of the schedule to the RS Act, agreements or memorandum of agreements, if relating to giving authority or power to a promoter or a developer, by whatever name called, for construction on or development of any immovable property are chargeable to stamp duty at the rate of one *per cent* of the market value of the property and registration fee at the prescribed rates.

Scrutiny of the records of three SROs (Jaipur-IV, Jaipur-VII and Jaipur-VIII) between January and March 2008 for the years 2005 and 2006 revealed that nine instruments were executed between vendors and vendees for the purchase of built flats between September 2005 and August 2006. The recital of the deeds revealed that multistoried flats were constructed by developers and sale proceeds of these were to be shared by the developers and owners of the land. However, neither was any separate agreement registered in this regard nor was duty levied by the sub-registrars on this distinct item. This resulted in non-realisation of revenue of Rs. 13.49 lakh.

After the cases were pointed out, the Government stated in July 2008 that all cases had been registered in the court of Collector (Stamps) for adjudication.

³ Badnor (Bhilwara), Bansur (Alwar), Bhadra (Hanumangarh), Gangrar (Chittorgarh), Shahpura (Jaipur) and Sumerpur (Pali).

CHAPTER-VI: STATE EXCISE

6.1 Results of audit

Test check of the records of State excise offices, conducted during the year 2007-08 revealed non/short recovery of excise revenue amounting to Rs. 68.58 crore in 194 cases, which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of excise duty and licence fee	73	45.95
2.	Loss of excise duty on account of excess wastage of liquor	50	0.57
3.	Other irregularities	71	22.06
Total		194	68.58

During the year 2007-08, the department accepted short realisation and other deficiencies in 71 cases involving Rs. 18.73 crore out of which 44 cases involving Rs. 17.84 crore had been pointed out in audit during 2007-08 and the rest in the earlier years. The department recovered Rs. 67.61 lakh in 49 cases of which 12 cases involving Rs. 14.85 lakh had been pointed out in audit during the year 2007-08 and the rest in the earlier years.

After issue of a draft paragraph, the department intimated (June 2008) recovery of Rs. 12.82 lakh pertaining to a single observation pointed out during 2007-08.

Some important cases involving Rs. 29.05 crore noticed during audit are mentioned in the succeeding paragraphs.

6.2 Short levy of excise duty on IMFL

As per the Excise Policy 2005-06, the rate of excise duty on Indian made foreign liquor (IMFL) was to be charged on the selling price per carton declared by the manufacturers. The Government notified the rates of excise duty with effect from 1 April 2005 on the selling price of quart¹ bottles as declared by the manufacturers and retained the rates for the year 2006-07 also. The Government did not notify the excise duty leviable on the selling price of pints and nips².

Scrutiny of the records of 27 district excise offices (DEOs)³ viz. verification of details of duty paid on liquor vis-a-vis invoices issued by the manufacturers between May 2007 and March 2008 revealed that 10,20,302 cartons of pints and nips were sold at higher rates than the declared price of quart bottles. Due to non-declaration of rates of excise duty on pints and nips in the notification, the department charged excise duty on pints and nips on the basis of declared price of quart bottles, which resulted in short levy of excise duty of Rs. 26.71 crore as mentioned below:

Range of declared price of IMFL cartons of pints and nips	No. of cartons of pints (P) and nips(N)	Total LPL ⁴ involved	Excise duty leviable per LPL (Rs.)	Excise duty charged per LPL (Rs.)	Difference of excise duty per LPL (Rs.)	Short levy of excise duty (Rs. in crore)
Above Rs. 400 but upto Rs. 600	P- 1,88,118 N- 6,90,400	57,43,588.50	210	170	40	22.97
Above Rs. 600 but upto Rs. 900	P- 19,713 N- 1,17,984	8,97,599.07	250	210	40	3.59
Above Rs. 900 but upto Rs. 1500	P- NIL N- 1,543	9,998.64	280	250	30	0.03
Above Rs. 1500 but upto Rs. 3000	P- 80 N- 2464	16,506.72	350	280	70	0.12
Total	10,20,302 (P- 2,07,911 N- 8,12,391)	66,67,692.93	-	-	-	26.71

After the case was pointed out, the Government stated in July 2008 that quart bottle has been mentioned in the notification and different rate of duty can not be levied on the same brand. The reply is not tenable as the excise policy provided for charging of excise duty on the selling price of liquor.

¹ A unit of liquor equal to a quarter of a gallon or two pints.

² Pouches/bottles in which liquor is sold. Pint: 375 ml, nips: 180 ml.

³ DEO Ajmer, Alwar, Baran, Banswara, Barmer, Bharatpur, Bhilwara, Bikaner, Bundi, Chittorgarh, Churu, Dausa, Hanumangarh, Jaipur, Jalore, Jhalawar, Jhunjhunu, Jodhpur, Kota, Nagaur, Pali, Sawaimadhopur, Sikar, Sirohi, Sriganganagar, Tonk and Udaipur.

⁴ London Proof Litre.

6.3 Short levy of licence fee for composite shop⁵

As per the terms and conditions of licence for retail sale of country liquor issued under the Rajasthan Excise Act, 1950 (RE Act), the annual licence fee payable for composite shops located within 5 kilometres of municipal limit or its urban agglomeration limit was more than the composite shops located beyond such limit.

Scrutiny of the records of three DEOs⁶ between December 2007 and March 2008 revealed that 66 composite shops were located either in urban area or within 5 kilometres of the municipal limit. The licensees of these shops were liable to pay licence fee of Rs. 1.71 crore but the department levied licence fee of Rs. 26.50 lakh at the rate applicable for shops located beyond 5 kilometres of municipal limit. This resulted in short levy of Rs. 1.45 crore.

After the case was pointed out, the Government stated in September 2008 that determination of urban agglomeration limit was done under Urban Land (Ceiling and Regulation) Act, 1976, which was repealed on 11 January 1999. As such "urban agglomeration" words had no relevance in this case. The reply is not tenable as the notification dated 22.4.1999 was issued for inclusion of these villages in urban area under the Rajasthan Urban Improvement Act, 1959, which was a different enactment.

6.4 Short recovery of differential excise duty and additional excise duty

Under section 28 of the RE Act, excise duty (ED) or countervailing duty may be imposed on any excisable article at such rate or rates as the State Government directs. As per the Excise policy 2005-06 (applicable for 2006-07 also), the State Government decided to charge excise duty on IMFL/beer on the basis of selling price declared by the liquor manufacturers. The Government vide notification dated 1 April 2006, further prescribed the levy of additional excise duty (AED) at the rate of five *per cent* on IMFL/beer.

Scrutiny of the records of the DEO Jaipur revealed that the department had no information about the quantity of IMFL and beer pending disposal in various depots of Rajasthan State Beverages Corporation Limited (RSBCL) as on 1 April 2006. As per the information collected by audit from RSBCL, ED and AED of Rs. 4.37 crore was recoverable from the manufacturers, out of which, Rs. 3.64 crore was paid by the manufacturers as per challans produced to audit, leaving the balance of Rs. 73 lakh unrecovered. This resulted in short recovery of Rs. 73 lakh.

After the matter was pointed out, the Government stated in August 2008 that Rs. 30.92 lakh had been recovered and balance amount shall be recovered shortly. The department, however, had earlier stated (July 2008) that Rs. 67.72 lakh had been recovered.

⁵ Country liquor shops having licence for retail sale of IMFL and beer also.

⁶ DEO Jaipur, Udaipur and Jhunjhunu.

6.5 Short levy of licence transfer fee

Rule 72B of the RE Rules, 1956 provides that every licence shall be deemed to have been granted or renewed personally to the licensee and no licence shall be sold or transferred without obtaining prior permission in writing from the licensing authority and such permission shall not be accorded unless an amount equal to 50 *per cent* of the licence fee has been paid. The licence fee for wholesale vend by the manufacturers of liquor to wholesale vendor under Rule 68 of the RE Rules was Rs. 6 lakh for divisional headquarters and Rs. 5 lakh for other places.

Scrutiny of the records of Excise Commissioner (EC) and DEO Udaipur in May 2007 and January 2008 revealed that the EC Udaipur and DEO Udaipur granted permission for transfer of six wholesale licences during 2006-07. Transfer fee of Rs. 16 lakh though recoverable was not recovered.

After the cases were pointed out, the department stated in June 2008 that Rs. 13 lakh had been recovered from five licensees while recovery in the remaining one case was under progress.

The cases were reported to the Government in March 2008; their reply has not been received (October 2008).

CHAPTER-VII: NON-TAX RECEIPTS

7.1 Results of audit

Test check of the records of the Departments of General Administration, Mines and Geology, Petroleum, Public Works, and Water Resources conducted during the year 2007-08, revealed non/short recovery of revenue amounting to Rs. 372.95 crore in 2,626 cases, which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
A. General Administration Department			
1.	Management and Disposal of <i>Nazul</i> properties received from ex-rulers of Rajasthan (A review)	1	246.45
B. Mines and Geology, and Petroleum Departments			
1.	Non/short recovery of dead rent and royalty	477	40.30
2.	Unauthorised excavation	287	21.20
3.	Non-levy of penalty/interest	425	3.93
4.	Non-forfeiture of security	72	0.16
5.	Other irregularities	1,332	54.89
C. Public Works Department and Water Resources Department			
1.	Non-crediting of revenue in Government account	12	4.46
2.	Unclaimed deposits over three years not credited to Government revenue	20	1.56
Total		2,626	372.95

During the year 2007-08, the Departments of Mines and Geology, and Petroleum accepted short realisation and other deficiencies of Rs. 73.32 crore in 1,445 cases, of which 814 cases involving Rs. 8.45 crore were pointed out in audit during the year 2007-08 and the rest in the earlier years. The departments recovered Rs. 6.79 crore in 722 cases, of which 126 cases involving Rs. 1.06 crore were pointed out during the year 2007-08 and the rest in the earlier years.

A few illustrative cases including one review of **Management and Disposal of *Nazul* Properties received from ex-rulers of Rajasthan** involving revenue of Rs. 275.30 crore, highlighting important audit findings, are mentioned in the succeeding paragraphs.

A. GENERAL ADMINISTRATION DEPARTMENT

7.2 Management and disposal of *nazul* properties received from ex-rulers of Rajasthan

Highlights

No system/procedure was prescribed for conducting survey to ascertain status and exact number of *nazul* properties. Rent of Rs. 33.28 crore in respect of 1,263 *nazul* properties situated out of the State valued at Rs. 66.57 crore was not recovered.

(Paragraph 7.2.6)

No returns had been prescribed by the Director of Estate to monitor management and disposal of properties maintained by District Collectors.

(Paragraph 7.2.7)

The existence and whereabouts of 172 properties was not found in the records of Director of Estate and District Collectors, of which 53 properties were valued at Rs. 21.25 crore.

(Paragraph 7.2.7.1)

The department did not raise demands of rent and interest amounting to Rs. 37.72 crore due against 1,109 tenants in absence of demand and collection register.

(Paragraph 7.2.8.1)

No efforts were made to dispose of 253 vacant *nazul* properties, of which 218 properties were valued at Rs. 14.84 crore.

(Paragraph 7.2.9)

No action was initiated to get the possession of 41 properties despite eviction orders passed by courts, including 32 properties valuing Rs. 24.29 crore.

(Paragraph 7.2.11)

Neither rent and interest of Rs. 9.41 crore from 99 properties valued at Rs. 14.84 crore under possession of Central Government offices/autonomous bodies was recovered nor these properties were disposed of.

(Paragraph 7.2.12)

7.2.1 Introduction

As per the Rajasthan Land Revenue Act, *nazul* land means abadi land within the limits of a municipality or panchayat or village or city, vesting in the Government. The properties received from ex-rulers of the princely States are termed as *nazul* properties. The management and disposal of *nazul* property is governed by the Rajasthan *Nazul* Buildings (Disposal by Public Auction) Rules, 1971 (Rules) and policy framed thereunder. The receipts from these properties comprise of rent from tenants, surcharge/fines from unauthorised

occupants and interest, if any thereon, sale proceeds and forfeiture of security deposits made by defaulting bidders of the *nazul* properties.

The properties which were received from the ex-rulers of the princely States (other than those owned by these rulers in their private capacity) were declared as State properties. These were taken over by the Public Works Department (PWD) in the year 1949. The Government decided to transfer these properties from PWD to the Director of Estate (DoE/Department) in the year 1991 for better management as well as smooth disposal of these properties. The work relating to valuation of properties and removal of encroachment, however, remained with the PWD.

A review of the system of assessment, levy and collection of *nazul* receipts including disposal of the *nazul* properties was conducted by audit. It revealed system and compliance deficiencies, as mentioned in the succeeding paragraphs.

7.2.2 Organisational set up

The determination of policy, monitoring and control of *nazul* properties at the Government level is done by the Principal Secretary, General Administration Department (GAD). The DoE is the head of the department. He is assisted by an Assistant Director at headquarters. At the district level, Assistant Collector cum Executive Magistrate, who has been declared as ex-officio Assistant Director, *Nazul* properties, also assists him. The *nazul* properties are located in 32 districts of State and six other places¹ out of the State.

The decision for disposal or retention of property is to be taken by a committee out of the existing three types of committees, on the basis of value of property.

- For properties having market value upto Rs. 10 lakh, a district level committee (DLC), consisting of District Collector as Chairman, Executive Engineer (XEN), PWD as member Secretary, Superintendent of Police and Treasury Officer as members, is empowered to take decision.
- The disposal of properties having market value of more than Rs. 10 lakh is decided by an Apex Committee headed by the Principal Secretary, Finance. The Principal Secretary, GAD, the DoE and Additional Chief Engineer, PWD are members of the committee.

In addition to the above, the Government formed (May 2002) a Cabinet Committee for speedy disposal of *nazul* properties, which comprises of Cabinet Ministers, numbers of which have not been specified. Besides taking various decisions for disposal of properties, the committee is also empowered to dispose of the properties at a price below the market rate.

7.2.3 Scope and methodology of audit

A review on efficacy of the system of management and disposal of *nazul* properties was conducted between August 2007 to April 2008 covering the

¹ Allahabad, Varanasi, Agra, New Delhi, Achalpur City and Mathura.

period from 2002-03 to 2006-07. The records of 11² units located in 10 districts out of total 32 districts of the State besides office of DoE were test checked. The records of District Collectors, Tehsildars, XENs and sub divisional offices of PWD were test checked. The selection of the districts was done on the basis of PPSWR (Probability Proportional to Size with Replacement) method of sampling.

7.2.4 Audit objectives

The review was conducted to assess the efficiency and effectiveness of the department in management and disposal of the *nazul* properties with a view to ascertain whether:

- a proper system existed for conducting surveys, raising demand of rent and its realisation;
- effective and timely action was initiated against unauthorised occupants of *nazul* properties ; and
- an internal control system existed in the department to ensure prompt disposal of *nazul* properties and realization of the Government dues.

7.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the General Administration Department, Director of Estate, Rajasthan, Jaipur and other offices responsible for maintaining the records of *nazul* properties, in providing necessary information and records for audit. An entry conference was held on 15 October 2007 in the office of the Principal Secretary, GAD, where objectives of the review were explained. The draft review report was forwarded to the department and the Government in May 2008. Audit Review Committee meeting was held on 3 July 2008. The Government was represented by the Deputy Secretary cum Director of Estate. The view points of the Government/department have been incorporated in the relevant paragraphs.

Audit findings

System deficiencies

7.2.6 Absence of procedure and system of surveys

As per the order of 1991 issued by the GAD, a survey of *nazul* properties belonging to the State was required to be conducted by the DoE. Audit noticed that no system or procedure for conducting survey was prescribed by the department so as to ascertain the status and exact number of the *nazul* properties.

As per the information supplied by the DoE, the number and occupancy

² Ajmer, Alwar, Bharatpur, Bundi, Chittorgarh, Dausa, Dholpur, Jaipur City, Jaipur Rural, Jaisalmer and Kota.

position of the *nazul* properties within the State was as under:

(In numbers)			
Sl. No.	Occupants of properties	Total	In test checked districts
1.	State/Central Government offices/Municipalities/UIT's/ Panchayat samities/Panchayats	1,821	942
2.	Tenants/trespassers	1,669	1,505
3.	Vacant (disposable)	503	205
4.	Miscellaneous	463	306
Total		4,456	2,958

No survey of *nazul* properties was ever conducted within the State by DoE or any other authority. In the absence of a survey, the correctness of the number and existence of the properties, could not be examined by audit.

A survey of *nazul* properties located outside the State was, conducted once in January 2007 since the formation of the DoE in 1991. As per the survey report there were 1,346 properties situated at six places³. The survey was, however, incomplete as the report did not indicate details like area, location, period since occupied, the current market value and the rent realisable.

After this was pointed out in audit, the department stated in July 2008 that due to shortage of technical staff, surveys could not be conducted.

Scrutiny of survey report of *nazul* properties outside the State revealed that in Allahabad, 1,263 *nazul* properties were situated on land admeasuring 1,03,195 square metres valued at Rs. 66.57 crore, as worked out by audit. These properties were under possession of various tenants. The rent of Rs. 33.28 crore from these properties for the period 2002-07 as worked out by audit remained unrealised, as the occupants/tenants were not paying rent. The DoE did not make any effort for disposal of properties or for recovery of the rent.

After this was pointed out, the DoE stated in July 2008 that due to shortage of staff, recovery of dues could not be effected.

Since survey is an essential step in determination of the status and number of properties, the Government may evolve a system/procedure for conducting the proper surveys to cover all the *nazul* properties.

7.2.7 Lack of control over *nazul* properties

DoE is responsible for the monitoring, management and disposal of *nazul* properties. Valuation of *nazul* properties and determination of rent were, however, required to be done by the XEN, PWD. Audit observed that no return had been prescribed by the DoE to control and supervise the management and disposal of *nazul* properties maintained by the District Collectors who were the ex officio chairmen of the DLCs.

³ Allahabad (1263), Varanasi (77), Agra (2), New Delhi (2), Achalpur City (1) and Mathura (1).

7.2.7.1 Cross verification of the information collected from tehsils and PWD divisions of six districts with the records of the District Collectors and DoE revealed that 172 properties were not listed in the records of District Collectors and DoE. Of these, value of 53 properties was Rs. 21.25 crore. In the remaining cases, full details such as area, location *etc.* were not available with the department, and as such, the total value of all the properties could not be ascertained in audit.

7.2.7.2 Scrutiny of the records of PWD divisions revealed that 574 *nazul* properties were untraceable as on 31 March 2007. However, there were only 269 untraceable *nazul* properties in the records of the DoE.

7.2.7.3 Scrutiny of the records of test checked districts revealed that 396 *nazul* properties were occupied by tenants. In absence of valuation of these properties, the amount of rent and interest recoverable from the tenants could not be ascertained in audit.

Further, in absence of a return showing the location, area *etc.* and rent recoverable from *nazul* properties, the DoE was not in a position to monitor the management of the properties.

This indicated a lack of overall control in management/disposal of *nazul* properties at the Government level.

The Government may prescribe suitable returns for proper management and disposal of *nazul* properties.

7.2.8 Non-maintenance of the demand and collection register

The XEN, PWD who works as member Secretary and District Collector who acts as ex-officio Chairman of DLC for management and disposal of *nazul* properties are responsible for the collection of receipts from the *nazul* properties situated in the district. The DoE is responsible for monitoring the overall collection of receipts from the *nazul* properties. However, rules do not prescribe maintenance of a demand and collection register (DCR) by the authorities. Audit noticed that DoE was unaware of the amount outstanding in respect of *nazul* properties either disposed of or on account of rent and interest.

7.2.8.1 Scrutiny of the records of selected districts revealed that dues on account of rent and interest in respect of 1,505 *nazul* properties were neither assessed and demanded by the department nor paid by the tenants. In the absence of the DCR, the department could not watch raising of demands and timely collection of the receipts. Audit worked out the recoverable amount on account of the rent, interest and surcharge from 1,109 tenants as Rs. 37.72 crore upto 31 March 2007. Thus, absence of DCR resulted in non-realisation of revenue from these tenants. Details of the remaining properties were not made available to audit.

7.2.8.2 Scrutiny of the records of the DoE revealed that a piece of land occupied by the Government motor garage in Jaipur city admeasuring 6,987 square metres was transferred to Jaipur Development Authority (JDA) in lieu of alternative land. The JDA was also required to pay Rs. 1.50 crore in addition to that land. The JDA, however, paid only Rs. 1 crore. The

remaining amount of Rs. 50 lakh was neither demanded nor paid by the JDA. The JDA auctioned 9,335 square metres of *nazul* land instead of 6,987 square metres transferred to it. There was nothing on record to indicate that the department had taken any action for recovery of Rs. 3.38 crore for the extra land auctioned by the JDA. This resulted in non-realisation of Rs. 3.88 crore.

The department could not watch the recovery of the outstanding amount, due to non-maintenance of the DCR. The Government may ensure maintenance of a DCR and develop a system for raising demand.

7.2.9 Non-disposal of vacant properties

The Government issued instructions on 31 August 1991 to all the district collectors and the DoE for prompt disposal of the *nazul* properties which were lying vacant. Neither any time limit was fixed nor any returns prescribed to watch the disposal of the properties.

Scrutiny of the records in selected districts revealed that as on 31 March 2007, 253 *nazul* properties were lying vacant and free from encumbrances. These properties were to be disposed of after valuation in compliance of instructions of the Government, but none of the properties were disposed of. Audit worked out the value of 218 properties at Rs. 14.84 crore on the basis of prevailing PWD rates. Valuation of the remaining 35 properties could not be done in the absence of measurements. No return for watching the progress in disposal of the properties was prescribed by DoE nor was any time limit fixed for their disposal. This indicated that the monitoring system for disposal of vacant properties was deficient.

The Government may consider introducing a periodical return for watching progress made in disposal of the vacant properties and fix a time frame for their disposal so as to avoid further encroachment and deterioration.

7.2.10 Performance of committees

No time limit has been fixed for disposal of properties after the approval of the Apex Committee. The DLC was required to hold at least one meeting in a quarter. No such norms were prescribed for the meetings of the Apex Committee and the Cabinet Committee. Audit noticed that the frequency of meetings was neither watched by the DoE nor by the Government. The total number of meetings held by various DLCs and their minutes were not available with the DoE.

It was noticed that properties were not sold or put to auction even though the Apex Committee had accorded approval to dispose of the properties. This resulted in non-realisation of revenue of Rs. 19.84 crore as mentioned below:

- In Ajmer, a property (No. 129, Ramganj) was approved for sale by the Apex Committee in December 2004. The reserve price of the property was fixed at Rs. 13.08 lakh. The property has not been auctioned till March 2008. This resulted in non-disposal of property and non-realisation of Rs. 13.08 lakh.
- The Apex Committee decided in November 1991 to sell 131 shops valued at Rs. 19.35 crore situated at Bandikui (Dausa) to the occupants.

Audit observed that the shops were not sold till April 2008, even though the occupants had continuously applied for their purchase.

- At Rajgarh, (Alwar), 47 shops were approved for sale by the Apex Committee in April 2003. The committee also directed to recover rent alongwith interest from the Municipal Board, Rajgarh, as the same was deposited with the board by the occupants of the properties. Audit observed that the property was, however, neither disposed of nor was the amount recovered from the Municipal Board (April 2008). This resulted in non-realisation of at least Rs. 36.25 lakh being the cost of land only.

After this was pointed out, the department accepted the facts. Further progress on action taken to dispose of the properties was not intimated to audit.

The Government may consider fixing norms for conduct of meetings by the committees and prescribe a return to monitor the implementation of the decisions taken by the committees.

Compliance deficiencies

7.2.11 Non-monitoring of cases pending in estate/other courts

The DoE was to monitor the cases pending in various courts and also take follow up action on decided cases relating to *nazul* properties effectively.

The details of total number of cases pending in various courts relating to *nazul* properties were not available with the DoE. No register in this regard was maintained by the DoE. However, in Jaipur, it was noticed that 168 cases were pending as on 31 March 2007 as mentioned below:

Sl. No.	Name of the court	No. of cases
1.	High Court, Jaipur Bench	44
2.	District and Session Court, Jaipur	59
3.	Estate Court, Jaipur	65
Total		168

Further in 41 cases, various courts had ordered between August 1960 and February 2004 for eviction of trespassers from the properties and recovery of dues, but no follow up action was taken. The value of 32 properties worked out to Rs. 24.29 crore and in nine cases details were not furnished by the department. As such, the total value of all the 41 properties could not be ascertained in audit.

7.2.12 Non-regularisation of the properties occupied by the Government departments

Rule 19 (1) of the Rules envisages that *nazul* properties under the occupation of the State Government departments were to be transferred free of cost or auctioned by providing alternative accommodation to them. Properties occupied by the autonomous bodies/Central Government departments were to be transferred to them at current market value to be worked out at PWD rates. Fair rent in respect of *nazul* properties was required to be fixed by PWD. In

case of non-payment of rent, interest at the rate of 12 *per cent per annum* was also required to be charged.

Scrutiny of records in the selected districts revealed that 824 *nazul* properties in possession of the State Government departments were neither transferred in their favour nor were disposed of, leaving the fate of these properties in uncertainty. Further, in respect of 117 *nazul* properties in possession of the Central Government offices/autonomous bodies *etc.*, neither any rent was recovered from these properties nor were they disposed of in accordance with the provisions. This resulted in non-realisation of rent and interest of Rs. 9.41 crore (2002-03 to 2006-07) from 99 properties valued at Rs. 14.84 crore, besides their non-disposal.

After this was pointed out, the DoE stated in July 2008 that all district collectors had been instructed to take action in this regard.

7.2.13 Non-disposal of properties by Director of Estate

The DoE was responsible for disposal of the *nazul* properties situated in Jaipur district. Rule 19 of the Rules, envisaged that properties occupied by tenants, who were not paying rent, should be disposed of through negotiations at the current market value. In case of failure of negotiation, properties were to be got vacated and disposed of through public auction.

Scrutiny of the records of the DoE revealed, that in Jaipur, there were 299 *nazul* properties under the occupation of tenants as on 31 March 2007. A few instances, indicating lack of action on the part of the department in their disposal, are mentioned below:

7.2.13.1 Property (P-48, Chokri Hawali Shahar, Jaipur) valued at Rs. 22.22 lakh was under the possession of a defaulter tenant, who sub let it to another party in 1998. The trespasser requested to purchase the property in August 2005, but the DoE did not initiate any action either to dispose of the property or to recover the rent from the trespasser for use and occupation of property. This resulted in non-recovery of rent, interest and surcharge amounting to Rs. 18.80 lakh in addition to failure in its disposal.

7.2.13.2 The Government decided to sell a piece of land measuring 22,788.58 square metre (P-32, Phoos ka bungla, station road, Jaipur) through JDA. The JDA, while removing encroachments from 3,282.64 square metres of land, was required to develop the land, fix reserve price and dispose it of promptly. It was noticed that the JDA had not got the land evacuated from encroachments even after a lapse of nine years. There was nothing on record in the DoE to indicate that the JDA had initiated any action regarding sale/auction of this property. This resulted in non-realisation of revenue of Rs. 115.30 crore, being value of the property.

After this was pointed out in August 2007, the DoE stated in July 2008 that a meeting would be held on 7 July 2008 with JDA authorities, outcome of which was, however, not intimated.

7.2.13.3 Residential property (P-5, Park House, Jaipur) measuring 3,370.51 square metres was handed over to JDA in March 2001 for development and disposal of the land through public auction. JDA, however, after converting

use of land as commercial put up only 2,328.7 square metres area for auction leaving 353.76 square metres for an existing temple and 688.05 square metres for widening of the road. JDA auctioned only two plots of land measuring 696 and 735 square metres in March 2005 i.e. after a delay of three years from the date of development. The remaining 897.70 square metres land had not been auctioned till date (April 2008). This resulted in non-realisation of Rs. 8.89 crore.

It was further noticed that while handing over the land to JDA, 73.50 square metres land was under the encroachment of a temple. During development, JDA had left 353.76 square metres of land for the temple without any consent or approval of the DoE. Thus, Government was deprived of Rs. 2.77 crore being the cost of extra land measuring 280.26 square metres.

After this was pointed out, the DoE while accepting the facts in July 2008 stated that the reasons for leaving extra land for temple had been called for from the JDA.

7.2.13.4 Two shops (P-23 and 24, Chokri Hawali Shahar, Station Road, Jaipur) were let on rent since 1955. The occupant requested in 1997 for purchasing the property. The DoE issued notices for disposal of properties in 1998 and 1999 after a lapse of one and half year but these were returned undelivered as the shops were stated to have been closed. The department, thereafter, repeatedly requested between 1998 and 2000 to the PWD division for taking over the possession of the shops. But possession of the property was not taken by the PWD, even though the rules stipulated that PWD would be responsible for evacuation of the properties. The DoE again approached the trespasser in June 2005 to purchase these shops. The trespasser in turn applied for purchase but the DoE did not intimate valuation of the property and it remained undisposed till March 2008. Thus, properties valued at Rs. 76.38 lakh had neither been disposed of nor outstanding dues amounting to Rs. 33.83 lakh of rent and interest upto March 2007, been recovered.

7.2.13.5 A property (P-41, Chokri Hawali Shahar, Jaipur) measuring 836 square meters was allotted in February 1967 to a private institute (lessee) at a nominal rent of Re. 1 per month, for imparting training in the field of tailoring, knitting, embroidery *etc.*, to poor and middle class women, charging fee at concessional rates. The lease deed, executed on 14 April 1977, stipulated that the lessee would pay the rent in advance, maintain the garden attached to the property, would not erect/build or add on leased property without prior approval of the DoE and would not use the property for any other purposes. The DoE, however, noticed in June 2004 that the lessee was functioning on a commercial basis by running various certificate and diploma courses and had also unauthorisedly erected a building without approval of the department. The department issued a show cause notice for cancellation of the lease in June 2004. Thereafter, neither the property was got vacated nor revised rent was fixed. This resulted in non-realisation of Rs. 9.20 crore (value of the property) and loss of rent and interest of Rs. 2.65 crore for the period from April 2002 to March 2007.

After this was pointed out, the DoE stated in July 2008 that notice for eviction had been served upon the lessee.

7.2.13.6 A portion of property (P-43, station road, Jaipur) measuring 2,869.19 square metres was given to the erstwhile Rajasthan State Electricity Board (RSEB) on rent during 1966-67. Audit observed that the RSEB did not pay the enhanced rent and the interest thereon after 1972. This resulted in accumulation of dues of Rs. 12.28 crore against the Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPNL), the successor company of RSEB. The DoE, however, failed to evict RRVPNL from the property, valued at Rs. 23.51 crore, and recover rent and interest dues amounting to Rs. 12.28 crore.

After this was pointed out, the DoE stated in July 2008 that sanction had been accorded in June 2008 for sale of the property.

7.2.14 Non-disposal of properties by district collectors

Rule 19 of the Rules envisages that vacant *nazul* properties are to be disposed of promptly. Audit noticed that:

7.2.14.1 Property (New Tej Talkies, Alwar) valued at Rs. 14.77 crore was transferred in May 2006 by District Collector to Urban Improvement Trust (UIT), Alwar for disposal through public auction.

It was noticed that no action was initiated by the UIT, Alwar for disposal (April 2008).

After this was pointed out, the DoE stated that matter had been referred to District Collector, Alwar for his comments.

7.2.14.2 Two plots of *nazul* land admeasuring 10,284.36 square metres were situated near Nizamuddin Railway Station, New Delhi. The site was inspected in March 2000 by the DoE and it was found that the Municipal Corporation of Delhi had occupied 1,521.16 square metres of land valued at Rs. 7.28 crore. No action had, however, been taken either for getting the land vacated or for recovery of the cost of the land.

After this was pointed out, the DoE accepted in January 2008 that no decision had been taken in this regard as yet.

7.2.15 Undervaluation of property

Rule 12 (1) of Rules stipulates that if any purchaser of the *nazul* property did not pay the amount within 15 days, the property should be disposed of through public auction.

The Apex Committee decided on 30 January 2004 to sell a portion of the property (P-1, Coffee House, Jaipur) to a limited company (tenant) at a price of Rs. 47.70 lakh payable in 10 equal quarterly instalments. The tenant paid the first instalment after a delay of 2 year and 3 months. Meanwhile, rates for valuation of property were enhanced by the Government with effect from 24 April 2006. As per the revised rates, the valuation of the property worked out to Rs. 1.06 crore. The department, however, did not revise the valuation of the property. The laxity of the DoE, thus, resulted in a loss of Rs. 58.81 lakh to Government. Further, the tenant had paid the first instalment in May 2006 but the DoE did not cancel the sale.

After this was pointed out, DoE stated in July 2008 that demand for differential amount had been raised.

7.2.16 Conclusion

Nazul properties are highly valuable assets of the Government, which are most vulnerable to misuse and encroachment. It was, however, seen that this work was accorded a low priority by various authorities which also lacked coordination amongst them for effective results. The database available with the DoE regarding the number and status of properties was not accurate and large inconsistencies were found with records in the districts. The DoE had no methodology for carrying out periodic surveys. Properties were transferred, sub-let and encroached upon without the knowledge of the authorities. Since no time frame was prescribed for the disposal of *nazul* properties, value of these properties remained locked. Inadequate monitoring by the authorities concerned led to a loss of control over unauthorised occupancy. In the absence of any effective procedure for regular updating of value of the *nazul* properties and timely realisation/revision of rent, there was rampant default in recovery of dues. It was seen that no accountability mechanism was in place leading to a system failure.

7.2.17 Summary of recommendations

The Government may:

- consider formulating a system/procedure for conducting surveys to cover all the *nazul* properties;
- prescribe suitable returns for proper management and disposal of *nazul* properties;
- consider maintenance of a DCR and develop a system for raising demand of outstanding amounts;
- fix a time frame to dispose of *nazul* properties so as to save these from further encroachment and deterioration; and
- prescribe norms for conduct of meetings by the committees and a return to monitor the implementation of the decisions taken by them.

B. MINES AND GEOLOGY DEPARTMENT

7.3 Non-realisation of cost of mineral despatched without *rawanna*⁴

As per rule 18(9)(c) of the Rajasthan Minor Mineral Concession (RMMC) Rules, 1986, the lessee or any other person shall not remove or utilise the mineral from the mines and quarry without a *rawanna* which is duly sealed by the Mining Department. According to the agreement of excess royalty collection contract (ERCC)⁵ executed under rule 37 (2) of RMMC Rules, the contractor shall collect the amount only from such vehicles having valid *rawannas* issued by the lessee. In cases of vehicles carrying mineral without *rawanna*, the contractor shall hand over these vehicles to the Mining Engineer

⁴ Delivery challan for removal or despatch of mineral from mines.

⁵ A contract for specified mineral (s) and area given to collect royalty in excess of annual dead rent.

(ME)/Assistant Mining Engineer (AME), who has the right to recover 10 times the royalty payable at the prevalent rates, treating it as unauthorised removal.

Scrutiny of the records of ME Bhilwara in February 2007 revealed that an ERCC of mineral masonry stone for mining leases of Tehsil Bhilwara was awarded in March 2004 to a contractor for the period from April 2004 to March 2006 at an annual contract amount of Rs. 64.78 lakh. The contract amount was revised to Rs. 1.04 crore with effect from 25 May 2004. The contract was terminated on 23 September 2005 as the contractor had violated the terms and conditions of the agreement. During the contract period, the contractor collected excess royalty from 2,85,601 vehicles carrying mineral without *rawannas*. Instead of handing over these vehicles to the department, the contractor collected Rs. 50 from each vehicle. This resulted in loss of revenue amounting to Rs. 13.71⁶ crore.

After the cases were pointed out in March 2007, the department accepted the audit observation and raised a demand of Rs. 13.71 crore. A report on recovery has not been received (October 2008).

The matter was reported to the Government (May 2008); their reply has not been received (October 2008).

7.4 Non-raising of demand of royalty

As per the Government's instructions issued in April 2000, competent authorities were required to calculate royalty in respect of despatched mineral on monthly basis, raise demand and initiate action for its recovery.

Scrutiny of the records in Ajmer in May 2007 revealed that a mining lease for mineral lime stone (cement grade) was effective in favour of a company (lessee) for the period from August 1998 to August 2018 over an area of 10 square kilometers. Assessment of royalty from 28 August 2002 onwards was not made even though the lessee had despatched 69,07,122.98 MT of lime stone during the period from 28 August 2002 to 31 March 2007 on which royalty of Rs. 29.30 crore was payable. As per the demand and collection register, the lessee deposited Rs. 21.53 crore upto 31 March 2007 but demand for remaining royalty of Rs. 7.77 crore was neither raised nor recovered.

After the case was pointed out, the Government stated (September 2008) that demands of about Rs. 8 crore adjusted earlier were not recoverable due to stays etc., and further stated that if the amount may be considered, no demand remained to be recovered. The reply was not tenable as the stays on earlier demands were granted after adjustment of demands in DCR. Further, assessment of royalty for the period covered under objection was not made by the department.

⁶ Ten times of the royalty at the rate of Rs. 8 per MT for 2,85,601 vehicles containing 6 MT masonry stone.

7.5 Unauthorised excavation by contractors

Rule 63 of the RMMC Rules, provides that work contractors shall have to obtain short term permit (STP) in advance from the concerned ME/AME in support of minerals to be used in their works. If a permit holder has excavated and carried a quantity more than 25 *per cent* of the quantity sanctioned in the STP, the entire quantity excavated and removed over and above the quantity sanctioned in the permit shall be treated as unauthorised excavation and the permit holder shall be liable to pay the cost of such excess mineral excavated and removed, which will be 10 times of the royalty at the prevalent rates prescribed under Rule 48 of the RMMC Rules.

Scrutiny of the records of AME Jhalawar, Dungarpur, ME Rajsamand-I and Bhilwara between June 2007 and February 2008 revealed that the contractors excavated/consumed mineral either without STP or in excess of the quantity permitted in the STPs. The cost of mineral amounting to Rs. 3.42 crore though recoverable was not recovered as mentioned below:

Sl. No.	Name of the office (No. of works)	Mineral	Quantity used (MT) permitted (MT)	Quantity used in excess (MT)	Cost of mineral (Rs. per MT)	Amount recovered on excess quantity @ Rs. 1.50 per MT	Net cost recoverable (Rs. in lakh)
1	2	3	4	5	6	7	8
1.	AME Jhalawar (3)	Sand/earth	<u>7,82,720.56</u> Nil	7,82,720.56	15	-	117.41
		Sand/earth	<u>6,28,874.89</u> Nil	6,28,874.89	15	-	94.33
		Sand/earth	<u>5,28,392.20</u> 42,000	4,86,392.20	15	-	72.96
							284.70
Remark: The minerals were unauthorisedly removed either without obtaining STP or in excess of the permitted quantity. After the case was pointed out, the Government stated in August 2008 that efforts were being made to recover the cost.							
2.	AME Dungar-pur (1)	Sand	<u>5,16,177</u> 3,00,000	2,16,177	15	3.24	29.18
Remark: After the case was pointed out, the Government stated in September 2008 that the recovery of Rs. 29.18 lakh would be intimated to audit.							
3.	ME Rajsam-and-I (1)	Ordinary earth	<u>1,15,730</u> 18,620	97,110	15	1.46	13.11
		Sand/ Bajari	<u>3,882</u> 3,765	117	80	0.01	0.08
						1.47	13.19
Remark: After the case was pointed out, Government accepted the facts and stated (September 2008) that notice had been issued to concerned contractor.							

1	2	3	4	5	6	7	8
4.	ME Bhilwara (2)	Ordinary soil	<u>49,386.70</u> Nil	49,386.70	15	-	7.41
		Ordinary soil	<u>49,758.49</u> Nil	49,758.49	15	-	7.46
							14.87
Remarks: After the case was pointed out, the department accepted the audit observation and raised a demand of Rs. 14.87 lakh. A report on recovery has not been received (October 2008). The matter was reported to the Government in April 2008; their reply has not been received (October 2008).							
Total							341.94

7.6 Non-recovery of premium charges

The Government in April 2005 appointed Rajasthan State Mines and Mineral Limited (RSMML) as an agent for excavation/ despatch of gypsum for 13 areas in Sriganganagar district. The agent was required to produce and despatch a minimum quantity of 2,000 tonne gypsum per month from each area, failing which minimum premium charges of Rs. 40,000 per month for each area were payable by the agent to the concerned ME/AME.

Scrutiny of the records of the AME Sriganganagar in August 2007 revealed that the agent company failed to produce and despatch the required minimum quantity of 2,000 tonne of gypsum per month in the allotted areas for different periods between May 2005 and March 2007. Thus, a demand of Rs. 80.80 lakh being minimum premium charges became due but was neither raised nor recovered by the department.

After the case was pointed out, the department stated (July 2008) that recovery of Rs. 2.38 lakh had been made and further progress of recovery would be intimated to audit.

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

7.7 Irregular refund

As per provisions of para No. XV of Chapter XI of the Manual of Department of Mines and Geology, Government of Rajasthan, the ME concerned shall, after necessary scrutiny of his records, forward cases of refunds of revenue to the Director Mines and Geology, clearly bringing out the amount due from the applicant.

Scrutiny of the records of ME Bikaner for the year 2006-07 revealed that Rs. 11.05 crore were refunded to RSMML on 30 March 2007 in pursuance of a Government order dated 30 March 2007, on account of development charges. However, an amount of Rs. 80.10 lakh and interest thereon, outstanding in the books of the ME Bikaner against RSMML in respect of six leases, pertaining to the previous years, was not recovered from it. This resulted in non-realisation of Rs. 80.10 lakh.

After the case was pointed out, the department while accepting the audit contention stated in July 2008, that demand of Rs. 80.10 lakh had been raised

and RSMML had been directed to deposit the dues. A report on recovery has not been received (October 2008).

The matter was reported to the Government (March 2008); their reply has not been received (October 2008).

7.8 Non-raising of demand of development charges

The Manual of Mines and Geology Department prescribes that all demands relating to royalty, dead rent, penalty etc. should be posted in a demand and collection register (DCR) for pursuance and keeping a watch on recovery.

Scrutiny of the records of AME Barmer in February 2008 revealed that the assessments of a lessee for the years 2003-04 and 2004-05 were made on 3 March 2005 and 26 February 2007. The demand of Rs. 95.64 lakh on account of development charges against the lessee was not raised. The lessee had paid an amount Rs. 28.76 lakh of development charges in advance. Due to non-raising of demand, an amount of Rs. 66.88 lakh remained unrecovered and unaccounted for.

After the case was pointed out, the department stated in August 2008 that demand of Rs. 66.88 lakh had been raised in February 2008. A report on recovery has not been received (October 2008).

The matter was reported to the Government in April 2008; their reply has not been received (October 2008).

7.9 Loss of revenue due to lacunae in rules

Rule 63 of the RMMC Rules read with the Government order dated 3 October 2001, provides that work contractors shall have to obtain STP in advance from the concerned ME/AME in support of minerals to be used in their works. If a permit holder has excavated and carried mineral to the extent of 10 *per cent* over and above the quantity specified in the permit within the stipulated time of the permit, only a single charge of royalty will be made from the permit holder for the excess excavated mineral. In case, a permit holder has excavated and carried a quantity more than 25 *per cent* of the quantity sanctioned in the STP, the entire quantity excavated and removed over and above the quantity sanctioned in the permit shall be treated as unauthorised excavation and the permit holder shall be liable to pay the cost of such excess mineral excavated and removed, which will be 10 times of the royalty at the prevalent rates prescribed by Rule 48 of the RMMC Rules. However, the rule is silent about the recovery of cost of mineral excavated and removed to the extent between 10 to 25 *per cent*, over and above the quantity sanctioned in the permit.

Scrutiny of the records of ME Chittorgarh in December 2007, it was noticed that STPs of ordinary soil for total quantity of 14,17,559 MT were granted to a contractor (4,97,363 MT by ME Chittorgarh and 9,20,196 MT by AME Nimbahera). Scrutiny of the royalty assessment finalised in August 2006 by ME Chittorgarh revealed that the contractor excavated and used ordinary soil 3,33,317 MT in excess of the permitted quantity by 23.51 *per cent*. The assessing officer assessed royalty at ordinary rates even on the unauthorised quantity in excess of 10 *per cent* permissible. Thus, due to the lacunae in the

rules, the Government was deprived of the revenue of Rs. 25.86 lakh as mentioned below:

Total quantity used (MT)	Permitted quantity (MT)	Quantity used in excess (MT) per cent over permitted quantity	Quantity in excess of 10 per cent (MT)	Cost of mineral at Rs. 15 per MT (1.5X10) (Rs. in lakh)
17,50,876	14,17,559	3,33,317 23.51	1,91,561	28.73

As against the recoverable cost of mineral of Rs. 28.73 lakh, the assessing officer levied Rs. 2.87 lakh, which resulted in loss of revenue of Rs. 25.86 lakh.

The case was pointed to the department in January 2008 and reported to the Government in April 2008; their replies have not been received (October 2008).

7.10 Loss of revenue due to irregular termination of contract

As per condition 9 of the contract agreement for excess royalty collection executed under Rule 37 (2) of the RMMC Rules, the contract may be terminated by the competent authority by giving 15 days notice in case of default in due observance of the terms and conditions of the contract.

Scrutiny of the records of ME Kota in August 2007 revealed that an ERCC for the mineral masonry/sand stone was awarded to a contractor for a period of two years with effect from April 2006 to March 2008 with yearly contract amount of Rs. 65 lakh. The contract was terminated by the ME on 14 December 2006 due to non-compliance of deficiencies pointed out in a notice issued by him on 9 September 2006. However, the order of termination of contract was set aside by the court of Additional Director (Mines) on 19 February 2007 on the ground of non-service of the notice to the contractor and the contract was revived on 23 February 2007. The department, however, could collect excess royalty amounting to Rs. 6.87 lakh only during the intervening period as against Rs. 12.47 lakh worked out on the basis of contract amount. Thus termination of contract without observing the prescribed procedure resulted in a loss of revenue of Rs. 5.60 lakh.

After the case was pointed out, the Government stated (September 2008) that responsibility for the negligence would be fixed after inquiry.

7.11 Short recovery of permit fee

Rule 63 (1) of the RMMC Rules, provides that the ME/AME may grant STP to a person on payment of the fee as prescribed in sub rule (4) of Rule 63. The State Government, by issue of a notification on 18 December 2004 prescribed that a permit fee for STP exceeding 500 tonnes of mineral would be levied at the rate of Rs. 200 plus Rs. 50 for every additional 100 tonnes or part thereof.

Scrutiny of the records of AME Barmer in February 2008 revealed that 10 STPs were issued between May and August 2005 for different quantities ranging between 17,220 MT and 2,51,200 MT after levying permit fee of

Rs. 24,000 instead of leviable fee of Rs. 5.35 lakh. This resulted in short levy of permit fee of Rs. 5.11 lakh.

After the case was pointed out in March 2008, the department stated (August 2008) that after raising demand of Rs. 5.11 lakh, recovery of Rs. 2.16 lakh in four cases had been made. A report on recovery for the remaining amount has not been received (October 2008).

The matter was reported to the Government in April 2008; their reply has not been received (October 2008).

C. PUBLIC WORKS DEPARTMENT AND WATER RESOURCES DEPARTMENT

7.12 Non-crediting of revenue in Government account

According to rule 40 of Public Works Financial and Accounts (PWF&A) Rules, revenue is realised and credited to the consolidated fund of the State as it falls due under the statutory or other rules governing it, but expenditure can be incurred only against a grant voted by the Legislative Assembly or the sum provided in the budget estimates of the State to meet the expenditure charged on the consolidated fund of the State under the provisions of article 202 of the Constitution of India.

Scrutiny of the records of 12 divisions of Public Works Department (PWD) for the period from 2002-03 to 2006-07 revealed that Rs. 4.46 crore received on account of road cutting charges were irregularly kept out of the consolidated fund of the State by crediting to "8443-Civil Deposits-III" under suspense head-"Roads and Bridges" instead of depositing into the Government account under the relevant head of account. It was further noticed that an expenditure of Rs. 2.34 crore was unauthorisedly incurred from such receipts on account of repairs of road cuts, without it being covered under any grant voted by legislature or any budget provision.

After the case was pointed out, the Government stated (August 2008) that in absence of provision of funds for repairing of roads, damaged due to road cuts, the roads were repaired from the amount received on account of road cut charges. As such road cut charges were not credited to revenue head of account. The reply is not tenable, as it is contrary to the provisions of rule 40 of the PWF&A Rules and basic constitutional principles relating to expenditure by the State.

7.13 Deposits unclaimed for over three years not credited to Government revenue

Rule 601 of the PWF&A Rules provides that all balances under the head 'deposits' which remain unclaimed for more than three years are to be credited to the revenue head of account as lapsed deposits. Note 2 below Rule 601 prohibits only such deposits/balances to be deemed as unclaimed deposits for the purpose of crediting to Government account which are under litigation or arbitration.

Scrutiny of the records of Public Works Department and Water Resources Department revealed that security deposits of Rs. 1.56 crore received from contractors/suppliers during the period from March 1979 to March 2004 remained unclaimed for more than three years and were not credited to revenue as mentioned below:

Sl. No.	Name of the department	No. of divisions	Amount of deposit (Rs. in crore)
1.	Public Works Department	16	0.97
2.	Water Resources Department	4	0.59
Total		20	1.56

After this was pointed out, the Government stated (August 2008) that Rs. 23.60 lakh and Rs. 40 lakh pertaining to Public Works Department and Water Resources Department respectively had been transferred to revenue (October 2008).



(MEENAKSHI MISHRA)

Accountant General

(Commercial & Receipt Audit), Rajasthan

JAIPUR

The **21 Jan. 2009**

जनवरी

Countersigned



(VINOD RAI)

Comptroller and Auditor General of India

NEW DELHI

The

23 Jan. 2009

जनवरी

2008
2008

Annexure-A
(Refer paragraph 1.13)

Position of paragraphs which appeared in the Audit Reports and those pending discussion as on 30 September 2008

Name of tax		2002-03	2003-04	2004-05	2005-06	2006-07	Total
Taxes on Sales, Trade etc.	Paras appeared in the Audit Report	15	7	6	14	11	53
	Paras pending for discussion	-	-	-	14	11	25
Taxes on Motor Vehicles	Paras appeared in the Audit Report	7	3	8	6	6	30
	Paras pending for discussion	-	-	8	6	6	20
Land Revenue	Paras appeared in the Audit Report	2	2	4	2	1	11
	Paras pending for discussion	-	-	4	2	1	7
Stamp duty and Registration fee	Paras appeared in the Audit Report	1	4	3	3	3	14
	Paras pending for discussion	-	-	-	3	3	6
State Excise	Paras appeared in the Audit Report	5	3	4	2	5	19
	Paras pending for discussion	-	-	-	2	5	7
Lands and Buildings Tax	Paras appeared in the Audit Report	3	5	-	-	-	8
	Paras pending for discussion	-	5	-	-	-	5
Mining	Paras appeared in the Audit Report	8	5	1	9	9	32
	Paras pending for discussion	-	5	1	9	9	24
Others	Paras appeared in the Audit Report	4	2	1	3	6	16
	Paras pending for discussion	1	2	-	3	6	12
Total	Paras appeared in the Audit Report	45	31	27	39	41	183
	Paras pending for discussion	1	12	13	39	41	106

Annexure-B
(Refer paragraph 1.13)

The position of outstanding ATNs due from the departments as on 30 September 2008

Sl. No.	No. of PAC Report	Date of presentation in Assembly	Name of department	Year of Audit Report	No. of ATNs due
1	119 th Report 1997-1998	27.7.2000	MVT	1994-95 & 1995-96	45
2	210 th Report of 2003-04	25.8.2003	Devasthan	1997-98	14
3	216 th Report of 2003-04	25.8.2003	LR	1998-99	14
4	217 th Report of 2003-04	25.8.2003	Sales Tax	1998-99	15
5	219 th Report of 2003-04	8.8.2003	Irrigation	1998-99 to 2000-01	8
6	75 th Report of 2004-05	16.7.2004	Sales Tax	2000-01	4
7	88 th Report of 2004-05	2.12.2004	Sales Tax	2001-02	3
8	89 th Report of 2004-05	2.12.2004	Land Revenue	2000-01	3
9	98 th Report of 2004-05	31.3.2005	State Excise	2001-02	5
10	116 th Report of 2005-06	4.3.2006	LBT	2000-01 2001-02	8
11	119 th Report of 2005-06	4.3.2006	MVT	2000-01	6
12	138 th Report of 2005-06	27.3.2006	SR	2000-01	4
13	139 th Report of 2005-06	27.3.2006	SR	2001-02	5
14	168 th Report of 2006-07	4.10.2006	State Excise	2002-03	15
15	167 th Report of 2006-07	4.10.2006	Medical & Health	2003-04 2004-05	1
16	187 th Report of 2006-07	29.3.2007	State Excise	2003-04 & 2004-05	7
17	189 th Report of 2006-07	29.3.2007	LBT	1999-2000	6
18	190 th Report of 2006-07	29.3.2007	LR	1999-2000	12
19	191 st Report of 2006-07	29.3.2007	SR	2002-03	17
20	193 rd Report of 2006-07	29.3.2007	Interest Receipt and Guarantee Commission	2002-03	12
21	222 nd Report of 2007-08	20.9.2007	Sales Tax	2002-03	10
22	251 st Report of 2007-08	17.3.2008	Mines	2001-02	8
23	252 nd Report of 2007-08	17.3.2008	Mines	2002-03	10
24	255 th Report of 2007-08	17.3.2008	LR	2003-04	2
25	260 th Report of 2007-08	17.3.2008	Sales Tax	2003-04	9
Total					243