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on 11 March 2003.

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

**FOR THE YEAR ENDED 31 MARCH 2002**

**(REVENUE RECEIPTS)**

**Government of Rajasthan**



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## Prefatory Remarks

This Report for the year ended 31 March 2002 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 2001-2002 as well as those noticed in earlier years but could not be included in previous Reports.



## Overview

This Report contains 45 paragraphs including 3 reviews, relating to non/short levy of tax, interest, penalty *etc.* involving Rs. 448.86 crore. Some of the major findings are mentioned below:

### 1. General

The State Government's receipts for the year 2001-2002 amounted to Rs.12153.29 crore as against Rs. 12401.78 crore for the year 2000-2001. While the revenue raised by the Government amounted to Rs.7179.63 crore (tax revenue: Rs. 5671.17 crore and non-tax revenue: Rs.1508.46 crore), the balance (Rs. 4973.66 crore) was received from the Government of India as the State's share of divisible Union taxes (Rs. 2882.36 crore) and grants-in-aid (Rs. 2091.30 crore) during the year 2001-2002.

*(Paragraph 1.1)*

Arrears aggregating Rs. 1531.65 crore remained unrealised under the principal heads of revenue at the end of 2001-2002. The arrears were mainly in respect of Taxes on Sales, Trade *etc.*, State Excise, Taxes on Immovable Property other than Agricultural Land, Land Revenue, Sale of Land and Property and Non-ferrous Mining and Metallurgical Industries.

*(Paragraph 1.4)*

Test check of records of the Commercial Taxes, Transport, Land Revenue, Stamps and Registration, State Excise department and other departmental offices conducted during 2001-2002, revealed under-assessment/short levy of revenue amounting to Rs. 758.23 crore in 14585 cases. The concerned departments accepted under assessments *etc.* of Rs. 96.42 crore in 5909 cases of which Rs. 72.05 crore pertained to the year 2001-2002 and the rest to earlier years. Further the department recovered Rs. 15.08 crore in 1218 cases during the year 2001-2002.

*(Paragraph 1.9)*

As on 30 June 2002, 2818 inspection reports, issued upto December 2001 containing 7178 audit observations involving Rs. 814.77 crore, were outstanding for want of comments/ final action by the concerned departments.

*(Paragraph 1.10)*



## **2. Sales Tax**

Review on 'Sales Tax Exemption Scheme 1998' revealed the following points:-

- In 6 cases units not covered by the scheme were sanctioned irregular benefit of Rs. 3.43 crore.

*(Paragraph 2.2.5.2)*

- Wrong determination of EFCI, resulted in excess exemption of tax of Rs. 16.96 crore.

*(Paragraph 2.2.5.4)*

- While computing EFCI building cost was taken in excess of appraised project cost resulting in excess sanction of benefit of Rs. 4.30 crore.

*(Paragraph 2.2.5.5)*

- 18 units going in for expansion were incorrectly granted benefit of Rs. 53.05 crore without fulfilling the condition of utilization of at least 80 per cent of installed capacity during the respective immediately preceding years.

*(Paragraph 2.2.5.7)*

Non-withdrawal of benefits on breach of condition by 38 industrial units in 12 offices resulted in non-recovery of tax and interest of Rs. 28.67 crore

*(Paragraph 2.3)*

Non-finalisation of auction of check posts in 2 offices resulted in loss of revenue of Rs. 1.31 crore.

*(Paragraph 2.4)*

## **3. Taxes on Motor Vehicles**

Under valuation of cost of passenger vehicles, resulted in short realisation of special road tax amounting to Rs. 3 crore.

*(Paragraph 3.2)*

Incorrect calculation of tax and irregular exemption of penalty resulted in loss of revenue of Rs. 1.30 crore.

*(Paragraph 3.3)*



#### 4. Stamp Duty and Registration fee

Under valuation in transfer of mining lease by way of assignment resulted in short levy of stamp duty and registration fee amounting to Rs. 2.74 crore.

*(Paragraph 4.2)*

Under valuation of properties transferred through gift deeds resulted in short levy of stamp duty and registration fee amounting to Rs. 1.19 crore.

*(Paragraph 4.3)*

#### 5. State Excise

Delay in settlement of licences for liquor, LPH/Bhang resulted in loss of exclusive privilege amount/licence fee amounting to Rs. 88.24 crore.

*{Paragraph 5.2(i)(a) & (b)}*

Interest amounting to Rs. 67.52 lakh was not recovered on belated payment of excise dues in two districts.

*(Paragraph 5.3)*

#### 6. Non-tax receipts

##### A: Finance department

Review on 'Interest Receipts' revealed the following points:-

- Out of loan of Rs. 23.01 crore, loan of Rs. 21.45 crore and interest of Rs. 28.14 crore was not recovered from Command Area Development (CAD) department.

*{Paragraph 7.2.7(a)}*

- Failure in re-payment of loans by Rajasthan State Agro Industries Corporation and Rajasthan Tribal Area Development Corporation resulted in accumulation of loan Rs. 18.30 crore and interest amounting to Rs. 17.62 crore.

*{Paragraph 7.2.7(b)}*

- Loans of Rs. 10.33 crore and interest of Rs. 6.91 crore were not recovered from Rajasthan Handloom Development Corporation.

*{Paragraph 7.2.7(c)(ii)}*



- Loans of Rs. 42.87 crore and interest of Rs. 9.66 crore were not recovered from Tilam Sangh.

{Paragraph 7.2.8(a)}

Guarantee commission and interest/penal interest chargeable thereon for delayed payment amounting to Rs. 8.66 crore was not recovered in 4 cases.

(Paragraph 7.3)

#### **B: Public Works department and General Administration department**

Review on 'Disposal and Management of Nazul Properties' revealed the following points:-

- In Bundi district non-disposal of 328 properties resulted in non-realisation of Rs. 7.67 crore in respect of 159 properties whereas no valuation of the remaining 169 properties had been done so far.

{Paragraph 7.4.7(i)}

- Sale of properties by Directorate of Estate at a price below the reserve price resulted in minimum loss of Rs. 21.67 crore.

(Paragraph 7.4.8)

Incorrect determination/non-recovery of rent of a Government building leased out to a club resulted in non-realisation of Rs. 55.78 lakh.

{Paragraph 7.5(a)(iii)}

Non-adoption of proper procedure to sell an old Dak Bungalow and its incorrect valuation resulted in non-realisation of Rs. 7.58 crore.

{Paragraph 7.5(c)}

#### **C: Mining department**

Unauthorised rebate in royalty resulted in loss of revenue of Rs. 4.91 crore.

(Paragraph 7.7)

In Nagaur and Sriganganagar the demand of development charges of Rs. 2.20 crore remained unrecovered.

(Paragraph 7.8)



## CHAPTER-1: General

### 1.1 Trend of revenue receipts

(i) The tax and non-tax revenue raised by the State Government during the year 2001-2002, 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 two years are given below:

		(Rupees in crore)		
		1999-2000	2000-2001	2001-2002
I.	Revenue raised by the State Government			
	(a) Tax revenue	4530.90	5299.96	5671.17
	(b) Non-tax revenue	1573.77	1687.98	1508.46
	Total	6104.67	6987.94	7179.63
II.	Receipts from Government of India			
	(a) State's share of divisible Union taxes	2184.84	2836.61	2882.36
	(b) Grants-in-aid	1500.10	2577.23	2091.30
	Total	3684.94	5413.84	4973.66
III.	Total receipts of the State Government (I and II)	9789.61	12401.78	12153.29*
IV.	Percentage of I to III	62	56	59

\* 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 2001-2002. 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 State's share of divisible Union Taxes' in this statement.

**(ii) Tax revenue raised by the State**

The details of the tax revenue raised during the year 2001-2002 alongwith figures for the preceding two years are given below:-

(Rupees in crore)

Sl. No.	Revenue heads	1999-2000	2000-2001	2001-2002	Percentage of increase (+)/ decrease (-) in 2001-2002 over 2000-2001
1.	Taxes on Sales, Trade etc.	2424.52	2821.21	3069.03	(+) 9
2.	State Excise	960.81	1118.48	1110.27	(-) 1
3.	Taxes on Vehicles	455.48	511.30	566.33	(+) 11
4.	Stamp Duty and Registration Fees	376.77	436.73	478.89	(+) 10
5.	Taxes and Duties on Electricity	193.67	251.90	250.88	(-) 0.4
6.	Land Revenue	35.09	44.81	79.17	(+) 77
7.	Other taxes	84.56	115.53	116.60	(+) 1
	<b>Total</b>	<b>4530.90</b>	<b>5299.96</b>	<b>5671.17</b>	

Reasons for variations in receipts during 2001-2002 as compared to those of 2000-2001, as intimated by the respective departments, are given below:-

**Taxes on vehicles:** The increase (11 per cent) was due to better enforcement of revenue machinery.

**Stamp Duty and Registration Fees:** The increase (10 per cent) was due to increase in number of documents, rate of stamp duty, market rate of properties and launching of incentive schemes.

**Land Revenue:** The increase (77 per cent) was due to special campaign for regularisation of land by local bodies/Urban Improvement Trusts (UIT).

**(iii) Non-tax revenue of the State**

The details of non-tax revenue raised by the State during the year 2001-2002 alongwith the figures for the preceding two years under the principal heads of revenue are given below:-

(Rupees in crore)					
Sl. No.	Revenue heads	1999-2000	2000-2001	2001-2002	Percentage of increase (+)/ decrease (-) in 2001-2002 over 2000-2001
1.	Interest Receipts	670.42	589.55	583.77	(-) 1
2.	Non-ferrous Mining and Metallurgical Industries	349.53	370.13	412.98	(+) 12
3.	Miscellaneous General Services	138.78	241.92	46.23	(-) 81
4.	Water Supply and Sanitation	125.72	138.89	139.83	(+) 1
5.	Others	289.32	347.49	325.65	(-) 6
<b>Total</b>		<b>1573.77</b>	<b>1687.98</b>	<b>1508.46</b>	

Analysis of individual items of Miscellaneous General Services showed that decrease (81 per cent) in revenue for 2001-2002 as compared to 2000-2001 was due to decrease in unclaimed deposits, sale of land and property and other receipts.

**Non-ferrous Mining and Metallurgical Industries:** The increase (12 per cent) was due to better departmental efforts for recoveries.

## 1.2 Variations between Budget estimates and actuals

The variations between the Budget estimates of revenue for the year 2001-2002 and actual receipts under the principal heads of revenue are given below:-

(Rupees in crore)

Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation Increase (+) Shortfall (-)	Percentage of variation with reference to Budget estimates
<b>Tax revenue</b>					
1.	Taxes on Sales, Trade etc.	3150.00	3069.03	(-) 80.97	(-) 3
2.	State Excise	1075.00	1110.27	(+) 35.27	(+) 3
3.	Taxes on Vehicles	550.00	566.33	(+) 16.33	(+) 3
4.	Stamp Duty and Registration Fee	500.00	478.89	(-) 21.11	(-) 4
5.	Land Revenue	94.00	79.17	(-) 14.83	(-) 16
6.	Taxes on Immovable Property other than Agricultural Land	20.00	23.90	(+) 3.90	(+) 20
<b>Total</b>		<b>5389.00</b>	<b>5327.59</b>	<b>(-) 61.41</b>	
<b>Non-tax revenue</b>					
1.	Non-ferrous Mining and Metallurgical Industries	430.00	412.98	(-) 17.02	(-) 4
2.	Interest Receipts	594.61	583.77	(-) 10.84	(-) 2
3.	Miscellaneous General Services	48.12	46.23	(-) 1.89	(-) 4
4.	Forestry and Wild Life	41.34	44.82	(+) 3.48	(+) 8
<b>Total</b>		<b>1114.07</b>	<b>1087.80</b>	<b>(-) 26.27</b>	

**Land Revenue:-**Decrease (16 per cent) was due to less conversion charges deposited by Local Bodies/Urban Improvement Trusts than estimated.

**Taxes on Immovable Property other than Agricultural Land:-**Increase (20 per cent) was due to departmental efforts for recoveries and implementation of Self Assessment Schemes and recovery of tax at Slab System.

### 1.3 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 1999-2000, 2000-2001 and 2001-2002 along with the relevant all India average percentage for 2000-2001, are given below:-

(Rupees in crore)

Sl. No.	Revenue heads	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2000-2001
1.	Taxes on Sales, Trade etc.	1999-2000	2424.52	28.61	1.2	1.31
		2000-2001	2821.21	30.28	1.0	
		2001-2002	3069.03	32.60	1.1	
2.	State Excise	1999-2000	832.51	17.57	2.1	3.10
		2000-2001	1008.92	17.90	1.8	
		2001-2002	1024.68	19.13	1.9	
3.	Taxes on Vehicles	1999-2000	455.48	7.55	1.7	3.48
		2000-2001	511.30	8.98	1.8	
		2001-2002	566.33	10.07	1.8	
4.	Stamp Duty and Registration Fee	1999-2000	376.77	7.90	2.1	4.39
		2000-2001	436.73	9.30	2.1	
		2001-2002	478.89	10.11	2.1	

### 1.4 Arrears of revenue

As on 31 March 2002 arrears of revenue under principal heads of revenue, as reported by the departments, were as under:-

Sl. No.	Revenue heads	Total arrears	Arrears outstanding for more than 5 years	Remarks
1.	2.	3.	4.	5.
(Rupees in crore)				
01.	Taxes on Sales, Trade etc.	990.55	Information not furnished	Out of Rs.990.55 crore, demands for Rs.270.97 crore had been stayed by the Government and Judicial authorities. Demands for Rs. 2.61 crore were likely to be written off. Demands for Rs.716.97 crore were at various stages of recovery.

1.	2.	3.	4.	5.
		(Rupees in crore)		
02.	Water Supply and Sanitation-Receipts from Rural/Urban Water Supply Schemes	37.92	10.88	Out of Rs. 37.92 crore, demands for Rs. 0.28 crore had been stayed by the Judicial authorities and Rs. 0.37 crore were stayed by the Government. Demands for Rs. 2.09 crore were likely to be written off. Rs. 0.18 crore were held up due to rectification/review of application. Rs. 0.23 crore were covered under recovery certificates and Rs. 34.77 crore were at other stages of recovery.
03.	Taxes on Immovable Property other than Agricultural Land	73.04	9.14	Out of Rs.73.04 crore, demands of Rs. 8.80 crore were covered under recovery certificates. Demands for Rs. 27.21 crore were stayed by the High Court and other Judicial authorities. Demands for Rs. 37.03 crore were at other stages of recovery.
04.	State Excise	218.61	40.04	All demands are covered under Land Revenue Act.
05.	Non-ferrous Mining and Metallurgical Industries	40.76	10.14	Out of Rs. 40.76 crore, demands for Rs. 20.59 crore were stayed by the High Court and other Judicial authorities. Rs.0.23 crore were stayed by the Government, Rs.0.02 crore were likely to be written off and Rs. 19.92 crore were at other stages of recovery.
06.	Land Revenue	48.00	13.17	Out of Rs.48 crore, demands for Rs. 5.41 crore had been stayed by the Government and Rs. 4.02 crore were stayed by the High Court and other Judicial authorities. Demands for Rs.38.57 crore were at various stages of recovery.
07.	Sale of Land and Property	45.21	1.48	Out of Rs. 45.21 crore, demands of Rs. 0.04 crore were stayed by High Court and other Judicial Authorities. Stages of action of the remaining amount of Rs. 45.17 crore were not furnished.

1.	2.	3.	4.	5.
		(Rupees in crore)		
08.	Stamp Duty and Registration Fee	35.83	2.55	Out of Rs. 35.83 crore, demands of Rs. 9.56 crore were covered by recovery certificates. Demands of Rs. 3.79 crore were stayed by High Court and other Judicial authorities and Rs. 0.87 crore were stayed by Government. Demands of Rs. 0.23 crore were held up due to rectification/ review applications and Rs. 0.28 crore were due to dealers becoming insolvent. Demands of Rs. 0.35 crore were likely to be written off and demands of Rs. 20.75 crore were at other stages of recovery.
09.	Taxes on Vehicles	17.83	8.00	Out of Rs. 17.83 crore, demands for Rs. 1.48 crore were stayed by the Court/Government and Rs. 16.35 crore were at other stages of recovery.
10.	Major and Medium Irrigation	23.90	6.75	Out of Rs. 23.90 crore demands of Rs. 2.64 crore were at other stages of recovery in respect of Chief Engineer Mahi Project Banswara. Stages of action for the remaining amount of Rs.21.26 crore were not furnished though called for.
	Total	1531.65	192.15	

### 1.5 Arrears in assessments

The details of assessment cases pending finalisation at the beginning of the years, cases becoming due for assessments during the year, cases disposed of and number of cases pending finalisation in respect of various taxes at the end of 1999-2000, 2000-2001 and 2001-2002 as furnished by the concerned

\*This information pertains to the Chief Engineer, Irrigation Jaipur; Chief Engineer, Indira Gandhi Nahar Pariyojna, Bikaner; Chief Engineer, Indira Gandhi Nahar Pariyojna, C.A.D Bikaner and Chief Engineer, Mahi Project, Banswara.



departments, are given below:-

Sl. No.	Heads of revenue	Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 8 to 6
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Taxes on Sales, Trade etc.	1999-2000	1,91,858	1,69,695	3,61,553	1,24,884	2,36,669	65
		2000-2001	2,36,669	1,66,588	4,03,257	2,13,598	1,89,659	47
		2001-2002	1,89,659	2,28,534	4,18,193	2,74,181	1,44,012	34
2.	Entertainment Tax	1999-2000	1,123	1,276	2,399	1,275	1,124	47
		2000-2001	1,124	794	1,918	1,303	615	32
		2001-2002	615	4,594	5,209	3,027	2,182	42
3.	Taxes on Passengers and Goods	1999-2000	90	Nil	90	Nil	90	100
		2000-2001	90	Nil	90	Nil	90	100
		2001-2002	90	Nil	90	Nil	90	100
4.	Taxes on Immovable Property other than Agricultural Land	1999-2000	41,053	7,193	48,246	7,533	40,713	84
		2000-2001	40,713	10,736	51,449	16,724	34,725	67
		2001-2002	34,725	11,147	45,872	9,391	36,481	80
5.	Non-ferrous Mining and Metallurgical Industries	1999-2000	6,811	1,237	8,048	1,955	6,093	76
		2000-2001	6,093	4,637	10,730	4,368	6,362	59
		2001-2002	6,362	11,998	18,360	12,921	5,439	30
6.	Stamp duty and Registration Fee	1999-2000	18,897	12,315	31,212	13,694	17,518	56
		2000-2001	17,518	11,331	28,849	12,238	16,611	58
		2001-2002	16,611	13,403	30,014	11,738	18,276	61

The table indicates that there has been no addition or clearance in the number of cases relating to taxes on passengers and goods in the past 3 years. Department stated (January 2003) that most of them were sub-judice or had been granted stay. However, this also indicated lack of pursuance by the department.

## 1.6 Fraud and evasion of tax and non-tax receipts

The details of cases of frauds and evasion of taxes and duties pending at the beginning of the year, number of cases detected during the year, number of cases in which assessments/investigations were completed, additional demands (including penalties etc.) raised during the year and the number of



cases pending finalisation at the end of March 2002, as furnished by the departments concerned, are given below:-

Sl. No.	Heads of Revenue	Cases pending as on 1 April 2001	Cases detected during 2001-2002	Cases in which assessment/ investigation completed and additional demand including penalty etc. raised		Number of cases pending as on 31 March 2002
				Number of cases	Amount of demand (Rs in lakh)	
1.	Taxes on Sales, Trade etc.	2126	7660	7152	2626.22	2634
2.	Stamp duty and Registration fee	7	2	1	-	8
3.	Taxes on Vehicles	11	22	1	0.03	32

### 1.7 Refunds

The number of refund claims (alongwith the amount involved) in respect of Stamp Duty and Registration fee, Land Revenue, Lands and Buildings tax and Sale of Land and Property received and disposed of during the year 2001-2002 and pending finalisation at the end of March 2002 and the corresponding figures for the preceding two years are given below:-

(Rupees in lakh)

Sl. No.	Revenue heads	Year	Claims for refund outstanding at the beginning of the year		Claims received during the year		Claims settled during the year		Claims outstanding at the end of the year	
			Number	Amount	Number	Amount	Number	Amount	Number	Amount
1.	Stamp Duty & Registration Fee	1999-2000	593	21.48	1524	155.98	851	92.19	1266	85.27
		2000-2001	1266	85.27	1253	137.34	1072	127.95	1447	94.66
		2001-2002	1447	94.66	1244	149.13	1126	139.50	1565	104.29
2.	Land Revenue	1999-2000	58	3.66	71	14.81	70	8.30	59	10.17
		2000-2001	59	10.17	65	1.50	95	0.13	29	11.54
		2001-2002	29	11.54	38	15.35	47	18.94	20	7.95
3.	Lands & Buildings Tax	1999-2000	6	0.41	7	0.66	8	0.95	5	0.12
		2000-2001	5	0.12	9	8.89	9	0.60	5	8.41
		2001-2002	5	8.41	27	9.34	24	8.48	8	9.27
4.	Sale of Land & Property	1999-2000	-	-	8	4.77	7	4.13	1	0.64
		2000-2001	1	0.64	368	78.61	338	72.24	31	7.01
		2001-2002	31	7.01	324	66.65	262	51.39	93	22.27

## 1.8 Internal Audit Wing

There are separate Internal Audit wings in the Commercial Taxes, Transport, Land Revenue, Electrical Inspector, Indira Gandhi Nahar Pariyojna, Excise, Mines and Geology, Public Health Engineering, Lands and Buildings Tax, Forest and Colonisation departments.

The table below indicates the number of units due for audit by the Internal Audit wing in various departments, units actually audited and the number of units left unaudited during the years 1999-2000 to 2001-2002:-

Year	Number of units due for audit	Number of units audited	Number of units not audited	Percentage of shortfall
1999-2000	2780	1161	1619	58
2000-2001	3562	1203	2359	66
2001-2002	4150	1751	2399	58

The departments stated that the shortfall in units audited was mainly due to shortage of staff and postponement of inspections due to administrative grounds.

The number of inspection reports/audit objections issued by the Internal Audit wings, objections settled and demands raised in pursuance of the findings of internal audit during the years 1999-2000 to 2001-2002 are as follows:-

(Rupees in lakh)							
Year	Number of inspection reports issued	Objections raised		Objections settled		Demands raised/recoveries effected	
		Number	Amount	Number	Amount	Number	Amount
1	2	3	4	5	6	7	8
1999-2000	999	11138	6245.47	2001	375.14	2579	451.25
2000-2001	1010	16676	6610.89	4123	154.03	2919	517.43
2001-2002	1414	16798	8023.72	4960	693.60	2776	469.38

The number of objections settled during the years 1999-2000, 2000-2001 and 2001-2002 constituted 18, 25 and 30 *per cent* respectively of the total number of objections raised in these years.

## 1.9 Results of audit

Test check of the records of Sales Tax, State Excise, Motor Vehicles Tax, Land Revenue and other departmental offices conducted during the year 2001-2002 revealed under-assessments/short levy/loss of revenue amounting to

Rs.758.23 crore in 14585 cases. The concerned departments accepted under-assessments etc. of Rs. 96.42 crore involved in 5909 cases, of which 3345 cases involving Rs. 72.05 crore had been pointed out in audit during the year 2001-2002 and the rest in earlier years. The departments recovered an amount of Rs. 15.08 crore in 1218 cases at the instance of audit during the year 2001-2002.

This Report contains 45 Paragraphs including 3 Reviews involving Rs.448.86 crore representing some of the major findings of audit. The Government/departments have so far accepted the audit observations involving Rs. 69.50 crore of which Rs. 5.25 crore have been recovered. No reply has been received in respect of remaining cases.

#### 1.10 Outstanding inspection reports and audit observations

(i) Audit observations on under-assessments, 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. Important irregularities are also reported to Government/departments through inspection reports by the office of Accountant General (Audit) II to which reply is required to be furnished by them within one month of their issue.

(ii) The number of inspection reports and audit observations relating to revenue receipts issued upto 31 December 2001, which were pending settlement with the departments as on 30 June 2002, alongwith figures for the preceding two years, are given below:-

		As on 30 June		
		2000	2001	2002
1.	Number of inspection reports pending settlement	3140	2975	2818
2.	Number of outstanding audit observations	8468	7895	7178
3.	Amount of revenue involved (Rupees in crore)	427.54	647.92	814.77

(iii) Department-wise break up of the inspection reports and audit observations outstanding as on 30 June 2002 is given below:-

Sl. No.	Department	Number of outstanding inspection reports	Number of outstanding audit observations	Amount (Rupees in crore)	Number of inspection reports where even first reply has not been received	Earliest year to which reports relate
1.	Commercial Taxes	646	2038	97.75	10	1986-87
2.	Land Revenue	615	1115	99.27	8	1987-88
3.	Stamps and Registration	732	1294	22.58	-	1990-91
4.	Transport	326	1059	25.28	-	1987-88
5.	Forest	166	425	1.51	16	1984-85
6.	Mines and Geology	122	387	99.15	-	1989-90
7.	State Excise	106	363	449.44	-	1995-96
8.	Other departments (Lands and Buildings Tax and Electrical Inspectorate)	105	497	19.79	4	1991-92
	<b>Total</b>	<b>2818</b>	<b>7178</b>	<b>814.77</b>	<b>38</b>	

The above position was brought to the notice of the Government (October 2002).

### **1.11 Position of discussion of Audit Report (Revenue Receipts) by the Public Accounts Committee**

The position of paragraphs which appeared in the Audit Reports and those pending discussion as on 31 August 2002 is given in the Annexure-'A'. It would be seen that during the year 44 audit paragraphs were discussed by the Public Accounts Committee. As a result thereof, no audit paragraphs pertaining to reports upto the year 1997-98 is pending discussion in the Public Accounts Committee. 74 paragraphs of 1998-99 to 2000-01 were pending.

### **1.12 Follow up on Audit Reports**

As per the Rules and Procedures of the Committee on Public Accounts 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 Public Accounts Committee (PAC) on the Audit Reports within six months from the date of presentation to the House. The position of outstanding ATNs due from the department is given in the Annexure-B. It would be seen that the pendency of ATNs ranges from two months to ten years.



## CHAPTER-2: Sales Tax

### 2.1 Results of audit

Test check of records of the offices of the Commercial Taxes department, conducted in audit during the year 2001-2002 revealed under assessments etc., of tax amounting to Rs. 131.99 crore in 1020 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non-assessment of taxable turnover	175	1.95
2.	Under-assessment due to irregular or incorrect allowances of deductions	104	2.63
3.	Short levy of tax due to application of incorrect rate of tax	187	2.04
4.	Irregular grant of exemption	147	4.81
5.	Non-levy of purchase tax	61	0.57
6.	Non-levy of penalty/interest	93	0.51
7.	Sales Tax Exemption Scheme 1998	1	84.51
8.	Other irregularities	252	34.97
Total		1020	131.99

During the year 2001-2002, the department accepted under assessments etc. of Rs. 7.04 crore involved in 364 cases, of which 141 cases involving 1.34 crore had been pointed out in audit during 2001-2002 and the rest in the earlier years. Further the department recovered Rs. 84.52 lakh in 87 cases during the year 2001-2002 of which 53 cases involving Rs. 45.03 lakh related to year 2001-2002 and the rest to the earlier years. A few illustrative cases and findings of the review on 'Sales Tax Exemption Scheme 1998' involving Rs.117.36 crore are given in the following paragraphs:

## **2.2 Review on Sales Tax Exemption Scheme 1998**

### **2.2.1 Highlights**

In 6 cases units not covered by the scheme were sanctioned irregular benefit of Rs. 3.43 crore.

(Paragraph 2.2.5.2)

Exemption in tax of Units having Eligible Fixed Capital Investment (EFCI) exceeding Rs.150 lakh was sanctioned at the rate of 125 per cent of such EFCI, instead of 100 per cent thereto, as admissible for such units resulting in excess sanctions of Rs. 2.55 crore in 5 cases.

(Paragraph 2.2.5.3)

Wrong determination of EFCI, resulted in excess exemption of tax of Rs. 16.96 crore.

(Paragraph 2.2.5.4)

While computing EFCI building cost was taken in excess of appraised project cost resulting in excess sanction of benefit of Rs. 4.30 crore.

(Paragraph 2.2.5.5)

Amount refunded in the form of state capital investment subsidy was not deducted for determination from EFCI, which in turn led to grant of excess exemption of tax of Rs. 3.73 crore in 69 cases.

(Paragraph 2.2.5.6)

18 units going in for expansion were incorrectly granted benefit of Rs. 53.05 crore without fulfilling the condition of utilization of at least 80 per cent of installed capacity during the respective immediately preceding years.

(Paragraph 2.2.5.7)

### **2.2.2 Introduction**

With a view to attract entrepreneurs for new industrial investment and to promote growth of industries in the State, the Government notified Sales Tax Exemption and Deferment Scheme from time to time. For the first time schemes were notified in 1987, followed by another scheme during 1989, which were in operation upto 31 March 1997 and 31 March 1999 respectively. Another scheme was notified on 7 April 1998, which was originally effective upto 31 March 2003, but was restricted upto 30 April 2000 by notification dated 19 January 2000. Benefit under these schemes were admissible to new

industries, sick industries and the running industries going in for expansion and diversification.

Review is based on audit scrutiny of cases covered by 1998 scheme.

### Salient features of scheme

(a) Position of categorywise quantum of admissible benefit, years during which benefit can be availed and yearwise admissibility is given below:

S. No.	Category	Quantum of sales tax concession	Maximum period (Years)	Year-wise admissibility of benefit
1.	2.	3.	4.	5.
1.	New and sick units except 2 below	100 per cent of eligible fixed capital investment (EFCI) in cases where such investment exceeds Rs. 150 lakh and 125 per cent of EFCI in cases where such investment does not exceed Rs. 150 lakh.	11	1 <sup>st</sup> year 100 per cent 2 <sup>nd</sup> year 90 per cent 3 <sup>rd</sup> year 80 per cent 4 <sup>th</sup> year 70 per cent 5 <sup>th</sup> year 60 per cent 6 <sup>th</sup> and 7 <sup>th</sup> year 50 per cent 8 <sup>th</sup> and 9 <sup>th</sup> year 40 per cent 10 <sup>th</sup> and 11 <sup>th</sup> year 30 per cent
2(i)	New units of knitwears, gems and jewellery, textile, electronics and telecommunication, computer software, footwear and leather goods, glass and ceramic.	125 per cent of EFCI	13	1 <sup>st</sup> and 2 <sup>nd</sup> year 100 per cent 3 <sup>rd</sup> and 4 <sup>th</sup> year 90 per cent 5 <sup>th</sup> and 6 <sup>th</sup> year 80 per cent 7 <sup>th</sup> and 8 <sup>th</sup> year 70 per cent 9 <sup>th</sup> and 10 <sup>th</sup> year 60 per cent 11 <sup>th</sup> year 50 per cent 12 <sup>th</sup> and 13 <sup>th</sup> year 40 per cent
2(ii)	Very prestigious units.			
3.	Pioneering/prestigious units and exporting units (exporting at least 50 per cent of their production).	100 per cent of EFCI	13	1 <sup>st</sup> and 2 <sup>nd</sup> year 100 per cent 3 <sup>rd</sup> and 4 <sup>th</sup> year 90 per cent 5 <sup>th</sup> and 6 <sup>th</sup> year 80 per cent 7 <sup>th</sup> and 8 <sup>th</sup> year 70 per cent 9 <sup>th</sup> and 10 <sup>th</sup> year 60 per cent 11 <sup>th</sup> year 50 per cent 12 <sup>th</sup> and 13 <sup>th</sup> year 40 per cent

(b) Tax benefit was admissible on investment made by an industrial unit on following eligible fixed capital assets:

1.	Land	Cost of land acquired by the industrial unit which is located in approved industrial area, or converted to industrial use.
2.	Building	Cost of new buildings required for the project i.e. as appeared in approved project report. But in case of units purchased from Rajasthan Financial Corporation (RFC) or Rajasthan State Industrial Development and Investment Corporation (RIICO) cost of old building is also admissible.

3.	Plant and machinery	Cost of new plant and machinery, actually paid for by industrial unit, except in case of units purchased from RFC or RIICO. Units making investment of Rs. 100 lakh or more on fixed assets can purchase old machinery of other unit, but benefit equal to 25 per cent of such old machinery having residual life of atleast 10 years is admissible.
4.	Miscellaneous fixed assets	<p>These include:</p> <ul style="list-style-type: none"> <li>(i) Capitalised interest upto 5 per cent of total fixed capital assets.</li> <li>(ii) Technical knowhow fee paid.</li> <li>(iii) Rail siding, rail lines, engines etc. exclusively owned by units.</li> <li>(iv) Pollution control equipment and plant.</li> <li>(v) Quality control equipments, research and development equipments upto 2 per cent of fixed assets.</li> <li>(vi) Investment for creating in-house training facilities upto 1 per cent of investment in plant and machinery.</li> <li>(vii) Transformers, cables, starters, control panel, A.C. plant, weighing section.</li> </ul>

### **2.2.3 Organisational set up**

The Commissioner of Commercial Taxes is the head of the Commercial Taxes Department, Rajasthan who is assisted by 5 Additional Commissioners of Commercial Taxes (Addl. CCTs), 24 Deputy Commissioners of Commercial Taxes (DCCTs), 44 Assistant Commissioners of Commercial Taxes (ACCTs) and 91 Commercial Taxes Officers (CTOs). The ACCTs and CTOs are entrusted with the work of assessment and taking follow up action for disposal of appeal cases.

Commissioner Commercial Taxes (CCT) was responsible for implementation of the scheme in terms of benefit sanctioned by State Level Screening Committee (SLSC), in case of large industrial units and by District Level Screening Committee (DLSC) in other cases. Principal Secretary Industries and Commissioner Industries acts as Chairman and Member Secretary respectively of the SLSC. In case of the DLSC District Collector and General Manager District Industries Centre (DIC) of concerned district acts as Chairman and Member Secretary respectively. Commissioner Commercial Taxes (CCT) and Commercial Taxes officers of respective districts nominated by CCT act as a member, alongwith two other officials nominated from the 5 members of SLSC and DLSC respectively. Entrepreneur seeking benefit had to apply to Member Secretary, who processed the application for sanction.



There are 34 DLSC's and one SLSC in Rajasthan. On the basis of sanctions issued by committee, the Commercial Taxes officer having jurisdiction over beneficiary unit issues exemption certificate and allows benefits.

#### 2.2.4 Scope of audit

This review in audit was conducted to make a general evaluation of the 1998 scheme and in particular of the degree of compliance of law and procedural requirements and the manner of implementation of the schemes by the Industries department, SLSC/DLSC and Commercial Taxes department. For this purpose, a review of records of 1102 units available in SLSC and 20 (out of 34) DLSC alongwith assessment records in concerned Commercial Taxes offices was carried out from August 2001 to April 2002. The audit findings are given in subsequent paras:

#### 2.2.5 Industries department

A test check of the industries department, responsible for issue of sanctions revealed as under:

##### 2.2.5.1 Quantum of benefits sanctioned under the schemes

As per the information received from SLSC and DLSCs 1210 units have been sanctioned exemption of Rs. 902.26 crore as detailed below:

(Rupees in crore)										
Year	1998-99		1999-2000		2000-01		2001-02		Total	
Category of units	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
<b>Exemption</b>										
(i) New units	203	88.32	260	118.02	317	151.89	185	243.85	965	602.08
(ii) Sick units	3	1.10	6	105.86	9	14.02	1	0.34	19	121.32
(iii) Expansion	20	3.07	53	27.79	61	75.80	40	31.68	174	138.34
(iv) Diversification	7	1.43	10	22.36	16	4.51	19	12.22	52	40.52
<b>Total</b>	<b>233</b>	<b>93.92</b>	<b>329</b>	<b>274.03</b>	<b>403</b>	<b>246.22</b>	<b>245</b>	<b>288.09</b>	<b>1210</b>	<b>902.26</b>

##### 2.2.5.2 Exemption to ineligible units

Benefits under the scheme were admissible to those units which were involved in the manufacturing of goods for sale. Department clarified (May 1999) that mineral grinding was not a manufacturing activity. Exemption was further subject to certain conditions specified in the Act. A test check of records of 6

units in 3 DLSCs revealed that benefit of Rs. 3.43 crore was erroneously sanctioned as detailed below:

(Rupees in lakh)			
S. No.	District level screening committee	Nature of observation	Excess benefit
1.	Jaipur (Urban)	Ice-cream manufacturing being in negative list of the scheme is not eligible for benefit under the Act; however, exemption of Rs. 35.09 lakh incorrectly granted to a unit on 20 September 2000.	35.09
2.	Jaipur (Rural)	Twisting of yarn is not a manufacturing activity; however, a unit engaged in twisting of yarn was erroneously sanctioned benefit of Rs. 5.62 lakh on 24 July 1999.	5.62
3.	Sirohi	3 units manufacturing mineral powder from lumps were sanctioned benefit of Rs. 131.73 lakh during 1998-99 to 2000-01 though mineral grindings is not a manufacturing activity under the Act.	131.73
4.	Sirohi	Units declared sick during operative period of schemes i.e. 1 April 1998 to 30 April 2000 alone are eligible for benefit; however, a unit though declared sick and sold on 16 March 1998 was sanctioned the benefit of Rs. 40 lakh on 25 January 1999.	40.00
5.	Jaipur (Rural)	A unit was sanctioned benefit of Rs. 79.96 lakh on 26 February 2002, though unit was declared sick on 27 October 2001, after expiry of operational period of the scheme.	79.96
6	Jaipur (Rural)	Unit, which acquired land in July 2000 was sanctioned benefit of Rs. 51.03 lakh on 2 March 2002 though the units which had acquired land upto 30 April 2000 alone are eligible for benefit under the Act.	51.03
<b>Total</b>			<b>343.43</b>

On this being pointed out department replied (September 2002) in case of twisting of yarn, (S. No. 2) that the unit was involved in production of yarn. Reply is not tenable as the unit has been registered as tiny unit for twisting of yarn. In case of mineral grinding units, department did not furnish reply in two cases, and stated in other case that the unit was sanctioned benefit during February 1999 before coming into force of the departmental circular of May 1999. The contention of department is not acceptable, as the departmental

Circular was of clarificatory nature and the exemption should have not been granted at all.

In other cases department accepted audit contention and cancelled the benefit sanctioned (September 2002).

### 2.2.5.3 Excess grant of exemptions

Under the scheme industrial units were eligible to benefit of 125 per cent of eligible fixed capital investment (EFCI), in cases, where such investment was up to Rs. 1.50 crore and 100 per cent, in cases, where it exceeded Rs.1.50 crore.

A test check of the record of 5 units in 2 DLSCs revealed that benefit of Rs.2.55 crore was sanctioned in excess as detailed below:

(Rupees in crore)

S. No.	District level screening committee	Eligible fixed capital investment	Benefit sanctioned	Benefit admissible	Excess benefit
1.	Jaipur (Urban)	2.06	2.58	2.06	0.52
2.	Jaipur (Urban)	2.27	2.84	2.27	0.57
3.	Bhiwadi	5.87	7.33	5.87	1.46
Total		10.20	12.75	10.20	2.55

On this being pointed out (August and September 2001), DLSC Jaipur (Urban) accepted audit contention in two cases and reduced benefit by Rs. 1.09 crore (February and August 2002). The replies from Bhiwadi were awaited.

### 2.2.5.4 Improper determination of eligible fixed capital investment

Benefit of tax exemption equal to 100 per cent of eligible fixed capital investment (EFCI) was admissible in cases where EFCI exceeds Rs. 150 lakh and 125 per cent of EFCI was admissible for EFCI upto Rs.150 lakh.

EFCI included cost of land, new building, new plant and machinery, except under certain circumstances and miscellaneous fixed assets (MFA).

#### (A) Land

Land meant industrial land and included consideration paid for its purchase and registration charges. However, it did not include the expenditure incurred on non-capital assets. A test check of records of 36 units in 8 DLSCs revealed

that excess benefit of Rs. 0.63 crore was sanctioned by inclusion of non-capital items etc. as detailed below:

(Rupees in lakh)

S. No.	No. of units	No. and name of DLSCs	Period/ date of sanction	Nature of observation	Excess benefits
(i)	30	Ajmer (2), Bhiwadi (6), Bikaner (11), Jaipur Urban (3), Jaipur-Rural (2), Kota (4) and Udaipur (1), SLSC (1)	1998-99 to 2000-01	Economic rent, security deposit and interest of Rs.26.59 lakh paid on economic rent were incorrectly included in EFCL, though these were not capital items.	26.59
(ii)	1	Bikaner	28 March 2000	As per registration deed value of land was Rs. 1.56 lakh against which Rs. 5.06 lakh was allowed, resulting in excess benefit of Rs. 4.40 lakh.	4.40
(iii)	1	Ajmer	15 March 1999	The unit bought land measuring 4001 square metres valued Rs. 1.25 lakh against which benefit of Rs. 1.67 lakh for 5665 square metres was included in EFCL.	0.53
(iv)	2	Kota (1), SLSC (1)	28 April 2000 and 20 March 2002	Expenditure of Rs. 18.93 lakh incurred on leveling of soil filling was erroneously included in EFCL.	18.93
(v)	1	Jodhpur	13 August 2001	Unit was allowed benefit on cost of land Rs. 39.53 lakh against actual cost of Rs. 37.65 lakh adopted by registration authorities.	1.88
(vi)	1	Jaipur (Urban)	7 November 1998	Cost of land amounting to Rs. 10.30 lakh, on which benefit was already allowed, under 1985 dispensation scheme was again adopted for calculation of EFCL of Rs. 24.89 lakh. Thus benefit was sanctioned twice on same investment.	10.30
<b>Total</b>	<b>36</b>				<b>62.63</b>

Department accepted audit contention in all the cases.

**(B) Building**

Under the scheme, cost of new buildings (other than units purchased from RFC and RHICO) required for the project was to be included in EFCI. Benefit was also admissible (w.e.f. 22 June 1999) to units established in rented buildings taken on rent for at least 15 years, through a registered deed. Test check of record of 3 units in 2 DLSCs and SLSC revealed that benefit of Rs. 2.75 crore was sanctioned erroneously as detailed below:

(Rupees in lakh)

S. No.	No. of units	No. and name of DLSCs	Period/ date of sanction	Nature of observation	Excess benefits
(i)	1	Churu	17 June 1999	Cost of old building purchased was taken for calculation of EFCI, contrary to the provisions of the scheme where the benefit was admissible to new buildings.	1.75
(ii)	1	Sirohi	2 November 1998	A unit established in a building taken on rent for 5 years against norm of 15 years was erroneously sanctioned benefit of Rs. 7.80 lakh.	7.80
(iii)	1	SLSC Jaipur	19 April 1999	The capitalised value was Rs.97.59 lakh in audited accounts, against which Rs. 363.17 lakh was accounted for in EFCI.	265.58
<b>Total</b>	<b>3</b>				<b>275.13</b>

Department accepted audit contention in all cases except in case at S. No. (ii), wherein it was stated that Commissioner's circular dated 22 June 1999 for obtaining registered lease deed for 15 years was much after the benefit had been sanctioned to industry established in rented building. Reply is not tenable as prior to Commissioner's circular, decision of SLSC dated 20 September 1998 was in force, according to which no benefit was admissible to units established in rented buildings.

**(C) Plant and machinery**

Investment made on purchases of new plant and machinery was admissible in computation of EFCI. Benefit of investment made on purchase of old imported or dismantled plant and machinery of a unit which had not availed benefit under any other scheme was also admissible. In case of old dismantled plant and machinery, the beneficiary unit should have made investment of Rs. one crore or more in total fixed assets, and benefit was admissible upto 25 per cent of cost of such dismantled machinery. A test check of 14 DLSCs and SLSC



revealed that benefit of Rs. 11.70 crore was sanctioned in excess as detailed below:

(Rupees in lakh)

S. No.	No. of units	No. and name of DLSCs	Period/ date of sanction	Nature of observation	Excess benefits
1.	2.	3.	4.	5.	6.
(i)	1	Jaipur (Urban)	22 June 1999	The unit purchased old dismantled machinery and invested Rs. 99.16 lakh in the fixed assets. However, due to incorrect arithmetic calculation (i.e. by adding an item twice) his capital assets exceeded Rs. 1 crore and benefit of Rs.21 lakh was incorrectly allowed.	21.00
(ii)	1	DLSC Jaipur (Rural)	20 August 1999	Cost of machinery valued Rs. 20 lakh was included twice i.e. in the cost of machinery and under miscellaneous fixed assets, resulting in excess benefit in computation to that extent.	20.12
(iii)	84	SLSC Jaipur (9 cases) and 12 DLSC*	1998-99 to 2001-02	84 units, availed MODVAT/CENVAT credit of Rs. 1043.89 lakh of specified duty paid on purchase of plant and machinery, but this was incorrectly allowed in the capitalised value of assets, while computing EFCI.	1043.89
(iv)	71	10 DLSC**	July 1998 to December 2001	Subsidy to small scale industries (SSI) on purchase of Diesel Generating Sets (DG sets) was allowed under "The Rajasthan Grant of Subsidy for Purchase of Diesel Generating Sets Regulations 1990". This refunded subsidy amount was incorrectly included in the capital cost while calculating EFCI.	85.39
<b>Total</b>	<b>157</b>				<b>1170.40</b>

Department accepted audit contention in cases at serial number (i) to (iii). In case of (iv), department stated (September 2002), that in absence of specified provisions of disallowance of subsidy from EFCI, no deductions were made. Subsidy to the unit was allowed after it came into production. Reply is not tenable as benefits under these schemes and subsidy were sanctioned by the same office i.e. DIC and refunded amount in any form cannot be part of the capital investment.

\* Alwar-5, Bhiwadi-13, Bikaner-3, Dholpur-2, Jaipur (urban)-20, Jaipur (rural)-3, Jodhpur-7, Kota-4, Sirohi-5, Sriganganagar-2, Tonk-1 and Udaipur-10.

\*\* Ajmer (2), Alwar (7), Bikaner (18), Bhiwadi (8), Chittorgarh (10), Dausa (1), Dholpur (6), Jodhpur (8), Rajsamand (9) and Sriganganagar (2).

**(D) Miscellaneous fixed assets**

Miscellaneous fixed assets included capitalised interest (upto 5 per cent of total fixed assets), technical knowhow fee (upto 5 per cent of total value of plant and machinery), investment on purchase of quality control equipments (equal to 2 per cent of investment in plant and machinery), but did not include cost of material, furniture and fixture, air conditioner (for office), gear oil and unclassified expenses.

A test check of 20 units revealed that excess benefit of Rs. 1.88 crore was sanctioned by 6 DLSCs and SLSC as detailed below:

(Rupees in lakh)

S. No.	No. of units	No. and name of DLSCs	Period/ date of sanction	Nature of observation	Excess benefits
1.	2.	3.	4.	5.	6.
(i)	1	SLSC	19 April 1999	One unit did not capitalise the interest of Rs. 62.02 lakh paid, in audited accounts (Balance sheet), but capitalised interest was incorrectly allowed while computing EFCI.	62.02
(ii)	4	SLSC-2, Jaipur Rural-1 Udaipur-1	8 December 1998 to 5 December 2000	Interest of Rs. 21.84 lakh was paid even after commencement of production, in contravention of the provisions that it should be paid for the construction period only.	21.84
(iii)	1	SLSC Jaipur	10 June 1999	A unit was allowed benefit of Rs. 44.92 lakh against admissible amount of Rs. 12.58 lakh (5 per cent of Rs. 251.67 lakh cost of plant and machinery) on account of technical knowhow fee.	32.34
(iv)	6	Bhiwadi, Jaipur, Jodhpur and Kota	5 July 1998 to 14 March 2001	Benefit of Rs. 40.98 lakh was allowed against admissible amount of Rs. 13.90 lakh (2 per cent of cost of plant and machinery) on account of quality control equipments.	27.08
(v)	8	DLSC Bikaner, Jaipur (Urban), Jodhpur and SLSC Jaipur	21 July 1998 to 21 May 2001	Benefit was allowed on purchase of raw material and ineligible items such as furniture and fixtures, air conditioner, Gear oil.	45.21
<b>Total</b>	<b>20</b>				<b>188.49</b>

Department accepted audit contention in all cases.

#### **2.2.5.5 Allowing of benefit in excess of appraised project cost**

As per the scheme, the cost incurred on the building required for the project including administrative building was to be included in EFCI for the purpose of exemption. While approving the project, the cost of building required for project was to be appraised by financial institutions in cases where finance was sought by the unit. In other cases, project cost was to be appraised by General Manager, DIC.

A test check of records of 24 units in 7 DLSC\* and SLSC revealed that benefit of Rs. 4.30 crore was sanctioned in excess by taking higher cost of building than given in appraised project report.

On this being pointed out the department stated that a clarification was issued by Director Industries during August 1999 that cost of building was not restricted to project report. The departmental circular is not in conformity with the provisions of the scheme.

#### **2.2.5.6 Irregular determination of investment**

State Government notified (September 1990) State Capital Investment subsidy scheme for new Industries 1990, for providing subsidy on investment made by industrial units till 31 March 1998 and coming in production by 31 March 2000.

Audit scrutiny of records of 11\*\* DLSCs, however, revealed that 69 industrial units which were availing benefit under tax exemption scheme 1998, were also sanctioned subsidy on the same investment and eligible investment in fixed assets was not reduced by amount refunded in form of subsidy. This resulted in grant of excess benefit of Rs.3.73 crore.

Department stated (August 2002) that there were no specific provisions in the schemes for deduction of subsidy from EFCI and that sanctions under these schemes were issued, prior to sanction of subsidy. The reply is not acceptable as sanctions under these schemes as well as for subsidy were issued by same office. Also amount refunded in any form cannot be treated as capital investment, under general commercial principles.

#### **2.2.5.7 Grant of incorrect benefit to units for expansion**

As per clause 2(g) of the scheme, an industrial unit desirous of availing benefit in investment for expansion should satisfy the condition of having achieved and actually utilised at least 80 per cent of installed capacity during immediately preceding one completed year before making investment on expansion.

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\* Alwar, Bharatpur, Bikaner, Jaipur (Rural), Jaipur (Urban), Jhalawar and Udaipur.

\*\* Ajmer, Alwar, Bhiwadi, Chittorgarh, Churu, Dausa, Dholpur, Jaipur (R), Rajsamand, Sriganganagar and Sirohi.



A review of the records of 6 DLSCs (Bikaner, Churu, Dausa, Jodhpur, Kota and Sirohi) and SLSC revealed that in case of 18 units the benefits of irregular exemption of Rs. 53.05 crore were extended to units which could utilise only 27.65 to 77.31 per cent of the installed capacity during immediate preceding one completed year before making investment in expansion. Few illustrative cases are given in table below:

(Rupees in lakh)

S. No.	DLSC and unit	Period preceding one year of making investment for expansion and actual production	Original installed capacity/ Actual production/ percentage utilisation	Benefit sanctioned
1.	2.	3.	4.	5.
1.	SLSC Jaipur M/s Hindustan Fibres Ltd. Tapukera	1995-96	3000 M.T. 1904.6 M.T. 63.49	1302.51
2.	SLSC Jaipur M/s EDD Perry, Alwar	November 1995 to October 1996	6600 M.T. 4293.87 M.T. 65.06	3168.76
3.	DLSC, Jodhpur M/s Chetan Metals Jodhpur	June 1998 to May 1999	3600 M.T. 2645.12 M.T. 73.47	152.36
4.	DLSC, Churu M/s Goyal Plaster Udyog, Churu	April 1996 to March 1997	3840 M.T. 2250.837 M.T. 58.62	10.88
5.	DLSC, Bikaner M/s Arora Textile Pvt. Ltd.	November 1997 to October 1998	360 M.T. 263.92 M.T. 73.31	40.99

#### 2.2.5.8 Exemption to sick industrial unit

Benefit to industries declared sick by DIC or Board for Industrial and Financial Reconstruction during operational period of the scheme is admissible on depreciated value of eligible fixed assets on date of declaration as sick and on investments made thereafter. No depreciation rates had been laid down in the scheme.

An industrial unit was declared sick on 10 April 1997 by General Manager, DIC, Sirohi. Depreciated value of Rs. 48.82 lakh as on 31 March 1996, instead of Rs. 42.62 lakh as on 31 March 1997 was considered for computation of EFCI. This resulted in excess computation of EFCI by Rs. 6.20 lakh and sanction (22 January 1999) of excess benefit of Rs. 7.75 lakh (6.20 X 125 per cent). Department accepted the point (August 2002) and rectified the sanctions.

## **2.2.6 Commercial taxes department**

### **2.2.6.1 Shortcoming in execution of the scheme**

Benefits sanctioned by DLSC/SLSC are conveyed to Commercial Taxes officer (CTO) of unit concerned who issues eligibility certificate (EC) indicating therein the date of commencement, amount, quantum of benefit in a year and period upto which benefit could be availed. The assessee avails benefit as per EC.

A review of assessment files, in Commercial Taxes offices revealed following shortcomings:

#### **(A) Irregular benefit on expanded capacity**

As per explanation 2 to clause 2(g) of the scheme, benefit of tax exemption in cases of expansion is admissible only on sales of production in excess of 80 per cent of the original installed capacity.

However, in five cases dealt with in 5 circles CTO Churu, Jaipur 'C', Jodhpur Special-II, Sirohi and Udaipur 'A', benefit of tax exemption was allowed on total sales instead of on sales of production beyond 80 per cent of original capacity. This resulted in short adjustment of tax and interest amounting to Rs. 13.86 lakh.

CTO 'C' Jaipur, 'A' Udaipur and Jodhpur Special-II accepted audit contention and rectified the mistake by orders dated 3 August 2002, 8 January 2002 and 30 April 2002 respectively.

#### **(B) Short adjustment of tax**

(i) Surcharge on sales tax was made applicable at the rate of 12 per cent with effect from 1 August 1998 and at the rate of 15 per cent with effect from 15 October 1999. In the case of 9 units availing benefit under the scheme, surcharge of Rs. 12.84 lakh on the tax leviable on sales was not levied and adjusted against EC, by CTOs. CTO Jaipur 'C' accepted audit contention and rectified mistake (19 July 2002).

(ii) Application of incorrect rate of tax in 6 cases dealt with in 6 Circles\* resulted in short levy/adjustment of Rs. 7.16 lakh.

In one case, CTO 'C' Circle Jaipur stated that acid slurry is a chemical and is liable to be taxed at the rate of 4 per cent instead of 10 per cent as pointed out by audit. Reply is not tenable as acid slurry is used as foaming agent by soap industries. It is also classified under Chapter 34 (soaps and detergents) of the schedule to the Central Excise Tariff Act, 1985, as surface active agent which are taxable at 10 per cent.

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\*Alwar Special, Bhiwadi, Bikaner 'B', Kishangarh, 'C' Circle, Jaipur and Special-IV, Jaipur.

(iii) In case of five units dealt with in 5 Circles (Udaipur 'B' and Special, Bhiwadi, Nimbhaheda and 'A' Jaipur) covered by this scheme, tax of Rs. 6.50 lakh was not levied.

The result of review was communicated to the Industries and Commercial Taxes departments and Government in May 2002. Replies of the Commercial Taxes department and Government wherever, received have been incorporated.

### 2.2.7 Conclusion

There is laxity in application of provisions of the scheme. The lapses point to insufficient internal control in the department. The functioning of the department thus needs strengthening. The Government should introduce a system for collecting regular feedback on the implementation of the scheme and also the correctness of fixation of the exemption limits granted to various units.

## 2.3 Non-withdrawal of benefits on breach of condition

Under the Rajasthan Sales Tax Act, 1954 and the Central Sales Tax Act, 1956, the Government notified (23 May 1987) the 'Sales Tax Incentive Scheme, 1987' whereunder industrial units were entitled to the exemption of 100 per cent of their tax liability subject to the maximum quantum and period of benefit prescribed in the scheme. Accordingly the beneficiary industrial unit after having availed benefit of the Incentive Scheme was continue its production atleast for the next five years not below the level of the average production generated during the preceding 5 years. In case of breach of any condition the dealer was liable to tax on the finished goods not taxed under the Incentive Scheme as if there was no exemption and treating it as an escapement of tax. Further the dealer was also liable to pay interest on the amount of tax so evaded at the rate of 2 per cent per month.

In 12 Commercial Taxes offices\*, it was noticed (between June 2001 and January 2002) that 38 industrial units which were granted Exemption Certificates between 1988-89 and 1996-97, after having availed the benefit of tax exemption of Rs. 11.01 crore during the year between 1988-89 and 1997-98 under the Incentive Scheme, stopped their production between 1994-95 and 1999-2000. Although these units were required to continue their production even after fully availing benefit upto the level of average production generated during the preceding 5 years for the next five years, no action was taken to withdraw the exemption availed by these units. This resulted in non-recovery of tax Rs. 28.67 crore including interest of Rs. 17.66 crore.

\* Special Alwar (6), Banswara (7), Beawar (3), Chittorgarh (1), 'B' Jaipur (1), 'G' Jaipur (1), Special-II Jodhpur (1), Kishangarh (1), 'B' Makarana (2), Nagaur (3), Rajsamand (2) and Sirohi (10).

On this being pointed out (between June 2001 and January 2002) in audit, the two assessing authorities at Chittorgarh and Rajsamand intimated (April/July 2002) that in respect of 3 units the cases had been referred to Commissioner Commercial Taxes for approval for levying tax. Reply in remaining cases had not been received (August 2002).

The omission was pointed out to the department (between March 2001 and February 2002) and reported to Government (March 2002); their replies have not been received (August 2002).

#### **2.4 Revenue foregone due to non-finalisation of auction of check post**

Under the Rajasthan Sales Tax Act, 1994, the Commissioner may direct the setting up of a check post at such place and for such period as may be specified. Further the Act provides that if it is in the interest of the State to collect a fixed sum of tax on contract basis, in respect of all kinds of building stone, marble and granite in all their forms, *gitti*, *hajri* at a particular point or for a specified area, he may, through a contract, permit a contractor to collect such tax at such point or for such area, on fixed contract amount for a period not exceeding two years at a time.

In two Commercial Taxes offices\*, it was noticed (June/July 2001) that offers for setting up of tax collection check posts were invited by Deputy Commissioner (Admn.) Kota, in April 1999. The highest bids offered by a contractor for these check posts were Rs. 33.11 lakh, Rs. 15 lakh and Rs. 12.51 lakh per annum respectively. After obtaining requisite deposit in cash and in the form of FDR as advance, the matter was referred to the Additional Commissioner for his approval but it was rejected by him on the ground that the contract money offered was inadequate. Thereafter, neither were departmental check posts established nor were contracts given. This resulted in loss of revenue aggregating to Rs. 1.31 crore for the period from May/June 1999 to June/July 2001 calculated on the basis of annual contract money offered by the contractors.

On this being pointed out (July/August 2001) in audit, the department stated (May 2002) that contracts were given in February/March 2002. However, the fact remains that amount due to be collected from May/June 1999 to January/February 2002 amounting to Rs. 1.67 crore could not be collected.

The matter was reported to Government in March 2002; their reply has not been received (August 2002).

\* Kota 'A' and Kota 'B'.



## 2.5 Excess grant of exemption from tax to cement plants

Government notified (23 May 1987) 'Sales Tax Incentive Scheme for Industries, 1987' under the Rajasthan Sales Tax Act 1954 and Central Sales Tax Act, 1956, whereunder tax exemption benefit was linked with fixed capital investment (FCI), in the manner and to the extent and for the period as prescribed in the Scheme. Maximum exemption for small scale units was 125 per cent and for medium and large scale units 100 per cent of FCI subject to the maximum limit of Rs. 1 crore and Rs. 4 crore for small scale industries and medium and large scale industries respectively. Further the State Government amended (10 December 1996) the extent of exemption from tax in respect of cement units to 75 per cent, 50 per cent and 25 per cent of their total tax liability for small, medium and large scale units respectively.

(a) In Bikaner, it was noticed (February 2002) that 3 mini cement plants having capital investment of small scale industry were granted eligibility certificates between 1993-94 and 1995-96 and were granted exemption of Rs.1.21 crore, Rs. 1.17 crore and Rs. 1.24 crore against the available maximum exemption limit of Rs. 1 crore each. This resulted in excess grant of tax exemption amounting to Rs. 62 lakh.

The omission was pointed out to the department and reported to Government (March 2002); their replies have not been received (August 2002).

(b) In two Commercial Taxes offices\*, it was noticed (August 2000 and February 2002) that 7 industrial units (six small scale and one medium scale) sold cement valued at Rs. 652.22 lakh in the course of inter-State trade and commerce and within the State during 1997-98 and 1998-99. The assessing authorities while finalising the assessments (between August 1999 and March 2001) of the dealers for the relevant years incorrectly allowed exemption from tax to the extent of 100 per cent of their tax liability instead of admissible tax exemption of 75 per cent of Rs. 55.75 lakh to SSIs and 50 per cent of Rs. 5.99 lakh to medium scale industrial unit. This resulted in excess grant of tax exemption of Rs. 16.93 lakh besides interest chargeable thereon.

On this being pointed out (September 2000 and March 2002) in audit, the department intimated (October 2000 and August 2002) that in case of one medium scale unit of Jaipur and 4 SSI units of Bikaner a demand of Rs. 28.47 lakh (including interest) had been raised in October 2000 and May 2002 respectively. Reply in respect of remaining 2 SSI units of Jaipur and report on recovery has not been received (August 2002).

The matter was reported to Government (April/May 2002); their replies have not been received (August 2002).

\* Special Bikaner and Special-V, Jaipur.

## **2.6 Excess grant of exemption to medium scale units**

By issue of two notifications 23 May 1987 under the Rajasthan Sales Tax Act, 1954 and the Central Sales Tax Act, 1956, the State Government notified a 'Sales Tax Incentive Scheme, 1987' whereunder certain specified industrial units were exempted from payment of tax on the sale of goods manufactured by them within the State or in the course of inter-State Trade or commerce subject to certain condition specified therein. Further, new medium scale industrial units were eligible for maximum quantum of sales tax exemption to the extent of 90 per cent of their fixed capital investment (FCI) and for expansion/diversification the limit was 75 per cent of their FCI as determined by the DLSC.

In 4 Commercial Taxes offices\*, it was noticed (between July 2000 and November 2001) that 4 medium scale industrial units (2 new and 2 for their expansion/diversification) were found eligible by DLSC for exemption under incentive scheme. However, test check of the assessments of the above units for the years 1996-97 to 1998-99 finalised between October 1998 and January 2001 revealed that the assessing authorities incorrectly issued eligibility certificates for 100 per cent of FCI instead of admissible exemption of 90 per cent of FCI for new and 75 per cent of FCI for expansion/ diversification. This resulted in excess grant of exemption of Rs. 72.67 lakh.

On this being pointed out (between August 2000 and December 2001) in audit, the department intimated (March/May 2002) that eligibility certificates of these three units had been revised and the amount of exemption has been restricted to the prescribed limit. Reply in respect of the remaining unit had not been received (August 2002).

Government to whom the matter was reported in March 2002, confirmed (August/September 2002) the reply of the department in respect of 2 units.

## **2.7 Incorrect grant of exemption from tax**

By issue of a notification of 23 March 1989 under the Rajasthan Sales Tax Act, 1954 the State Government exempted the sale or purchase of Handmade woollen Pile Carpets from tax. However, handloom carpets were not exempted and were liable to tax at the general residuary rate of 10 per cent during 1995-96 and 1996-97 and 12 per cent during 1997-98.

In Bikaner, it was noticed (September 2000) that a dealer sold Handloom Carpets valued at Rs. 187.45 lakh during 1995-96 to 1997-98 and claimed exemption thereon by treating these as hand made woollen pile carpets. While finalising the assessments (March 1998 to March 2000) of the dealer for the relevant years, the assessing authority also incorrectly allowed exemption on

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\* Special Bhilwara, Special-I Jaipur, 'F' Jaipur and 'G' Jaipur.



sale of handloom carpets as claimed. This resulted in non-levy of tax/interest amounting to Rs. 46.55 lakh.

On this being pointed out (October 2000) in audit the department intimated (August 2002) that a demand of Rs. 48.74 lakh (including interest) had been raised in August 2002. Report on recovery has not been received.

The matter was reported to Government (March 2002); their reply has not been received (August 2002).

## **2.8 Non-levy of interest**

Under the Rajasthan Sales Tax Act, 1994 if any dealer has not paid the tax due as per returns within the prescribed period, he is liable to pay interest on such tax at the rate of 2 per cent per month from the date he was required to pay the tax until the date of payment.

In Nagaur, it was noticed (September 2000) that while finalising (between August 1999 to March 2000) the assessments of 9 dealers for the year 1997-98, the assessing authority levied differential tax of Rs. 38.99 lakh on sales not supported by requisite declarations but did not levy interest chargeable thereon. This resulted in non-levy of interest amounting to Rs. 14.79 lakh.

On this being pointed out (September 2000) in audit the department intimated (March 2002) that a demand of Rs. 14.79 lakh had been raised between October 2000 and March 2001. Report on recovery has not been received (August 2002)

The matter was reported to Government (January 2002); their reply has not been received (August 2002).

## **2.9 Non-levy of Central Sales Tax**

Under the Central Sales Tax Act, 1956 if any dealer claims that he is not liable to pay tax under the Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be and not by reason of sale, the burden of proving that the movement of those goods was so occasioned shall be on the dealer and for this purpose he may furnish to the assessing authority a declaration in form 'F' duly filled and signed.

In Jodhpur, it was noticed (August 2001) that one dealer claimed exemption of tax on transfer of cement valued at Rs. 4.63 crore to other States but produced 'F' forms for the amount of Rs. 1.14 crore in support thereof. The assessing

authority while finalising the assessment (November 1998) failed to levy tax on balance sale of Rs. 3.49 crore by treating it as inter-State sales which resulted in short levy of tax of Rs. 55.78 lakh.

On this being pointed out (October 2001) in audit, the department intimated (December 2001) that a demand of Rs. 82.06 lakh including interest of Rs.26.78 lakh had been raised in October 2001. Report on recovery has not been received (August 2002).

The matter was reported to Government in April 2002; their reply has not been received (August 2002).

#### **2.10 Excess grant of exemption due to computation error**

Under the provisions of 'Sales Tax New Incentive Scheme for Industries, 1989' small scale industrial units were eligible for maximum quantum of sales tax exemption to the extent of 125 per cent of their eligible fixed capital investment (EFCI).

In Kishangarh, it was noticed (August 2001) that a small scale industrial unit having EFCI of Rs. 71.99 lakh was eligible for tax exemption to the extent of 125 per cent of FCI which worked out to Rs. 89.98 lakh. However, the assessing authority incorrectly issued eligibility certificate by computing the amount as Rs. 99.98 lakh. This resulted in grant of excess exemption of Rs. 10 lakh.

On this being pointed out (September 2001) in audit, the department intimated (May 2002) that the eligibility certificate of the unit had been revised.

Government to whom the matter was reported in March 2002, confirmed (August 2002) the reply of the department.

#### **2.11 Non-recovery of deferred tax on default**

Under the provisions of 'Sales Tax Deferment Scheme for Industries 1987' if an assessee defaults in payment of any instalment of the deferred tax the total outstanding deferred amount otherwise payable in instalments was recoverable in lumpsum alongwith interest chargeable thereon.

In Jhunjhunu, it was noticed (March 2001) that after having availed benefit of Rs. 10.45 lakh under tax deferment scheme the dealer was required to re-pay the tax in 10 half-yearly instalment of Rs. 1.04 lakh each with effect from 19 February 1999. As against Rs. 3.12 lakh payable by February 2000, the dealer paid Rs. 1.94 lakh upto March 2000. Thus, on non-payment of instalments in time the total outstanding deferred amount of Rs. 8.33 lakh was recoverable

immediately which the assessing authority failed to demand alongwith interest chargeable thereon.

On this being pointed out (April 2001) in audit, the department intimated (August 2002) that a demand of Rs. 12.37 lakh (including interest) raised in September 2001, for recovery under Land Revenue Act had been stayed (June 2002) by the Additional Commissioner till further order.

The matter was reported to Government in April 2002; their reply has not been received (August 2002).

## CHAPTER-3: Taxes on Motor Vehicles

### 3.1 Results of audit

Test check of the records in the offices of the Transport Department conducted in audit during the year 2001-2002 revealed short realisation of taxes, fees and penalty amounting to Rs. 17.29 crore in 3575 cases which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short payment of tax, surcharge, penalty, interest and compounding fee	2743	10.64
2.	Non/short determination/computation of special road tax	521	3.20
3.	Other irregularities	311	3.45
<b>Total</b>		<b>3575</b>	<b>17.29</b>

During the year 2001-2002, the department accepted short determination of road tax, special road tax etc. amounting to Rs. 12.01 crore in 3210 cases, of which 2455 cases involving Rs.5.67 crore were pointed out in audit during 2001-2002 and the rest in earlier years. The department recovered during 2001-2002 Rs. 0.92 crore involved in 144 cases which were pointed out in earlier years. A few illustrative cases involving Rs. 6.15 crore and highlighting important audit observations are given in the following paragraphs:

### 3.2 Short realisation of special road tax in respect of passenger vehicles of Rajasthan State Road Transport Corporation (RSRTC)

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder special road tax in respect of stage carriages, contract carriages and city transport services shall be payable at the rates prescribed by the State Government based on the cost of chassis. As per Rule 42, Transport Commissioner has to determine the cost of the vehicle in the beginning of the financial year.



In Jaipur, it was noticed (February 2002) that special road tax in respect of passenger vehicles owned by RSRTC (a fleet owner) was paid short due to under valuation of cost of stage carriages, city transport services and contract carriages under All Rajasthan permits for the purpose of computation of tax. The under valuation of the cost of vehicles resulted in short realisation of tax amounting to Rs. 3 crore for the period from April 2000 to March 2001.

The omission was pointed out to the department in March 2002 and reported to Government in April 2002; their replies have not been received (August 2002).

### **3.3 Loss of revenue due to incorrect calculations of tax and irregular exemption of penalty**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and Rules made thereunder, motor vehicles tax/special road tax shall be levied and collected on all transport vehicles at the rates prescribed by the State Government from time to time. For collection of the arrears of motor vehicles tax, Government exempted (August 2000) the penalty chargeable on the motor vehicles tax and special road tax and surcharge payable, thereon under the said Act, which became due for payment upto 31 March 2000 on the condition that the due tax and surcharge on such tax shall be paid to the State Government by 31 March 2001.

During the course of audit of the records of DTO Sirohi, it was noticed (November 2001) that a firm paid a tax in respect of 22 vehicles owned by it for the period from 1997 to 2001 and was allowed exemption from the payment of penalty of Rs. 99.41 lakh. However, scrutiny of the records revealed that the firm was liable to pay tax of Rs. 28.74 lakh from 1981 to 1997 which was not deposited by the firm. Thus the exemption from payment of penalty of Rs. 99.41 lakh was incorrect and also resulted in short realisation of Rs. 30.37 lakh including penalty of Rs. 1.63 lakh for the year 2000-01.

The omission was pointed out to the department in January 2002 and reported to Government in February 2002; their replies have not been received (August 2002).

### **3.4 Non/short-realisation of motor vehicles tax and special road tax**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder, motor vehicles tax and special road tax is payable in respect of all transport vehicles at the rates prescribed by the State Government from time to time. On the vehicles having seating capacity upto 13, tax is payable quarterly

and for those having total seating capacity of more than 13, tax is payable monthly in advance on or before 7<sup>th</sup> day of the month to which tax relates.

**(i) Contract carriages**

In seven transport offices\*, it was noticed (between March 2001 and December 2001) that motor vehicles tax and special road tax for the period between April 1998 and March 2001 in respect of 42 vehicles plying on contract carriage permits were either not paid or paid short. The taxation officers also did not initiate any action to recover the tax due. This resulted in non/short realisation of motor vehicles tax and special road tax amounting to Rs. 63.30 lakh.

On this being pointed out (between April 2001 and February 2002) in audit, the Government/department stated (between December 2001 and August 2002) that Rs. 5.42 lakh had been recovered in respect of 9 vehicles and efforts were being made to effect recovery in remaining vehicles. Reply in respect of vehicles of Jaisalmer and Ajmer has not been received (August 2002).

**(ii) Stage carriages**

In six transport offices\*\*, it was noticed (between May 2001 and February 2002) that special road tax in respect of 70 stage carriages for the periods between April 1998 and March 2001 was either not paid or paid short. The taxation officer also did not initiate any action to recover the tax resulting in non/short realisation of special road tax amounting to Rs. 39.75 lakh.

On this being pointed out (between August 2001 and February 2002), the Government/department stated (between December 2001 and August 2002) that Rs. 0.76 lakh had been recovered in respect of 4 vehicles and efforts were being made to effect recovery in the remaining cases of Ajmer, Sawaimadhopur and Bharatpur. Replies in respect of vehicles of Chittorgarh, Shahjahanpur (Alwar) and Sriganganagar have not been received (August 2002).

**3.5 Non-realisation of special road tax in respect of private service vehicles**

Under the Motor Vehicles Act, 1988, "Private Service Vehicles" means a motor vehicle constructed or adapted to carry more than six persons excluding driver and ordinarily used by or on behalf of the owner for the purpose of carrying persons for, or in connection with his trade or business otherwise than for hire or reward, but does not include a motor vehicle used for public purposes. Special road tax is payable in respect of such private service vehicles at the rates prescribed by the State Government from time to time.

\* Ajmer, Bharatpur, Jalore, Jaisalmer, Jhalawar, Sriganganagar and Udaipur.

\*\* Ajmer, Bharatpur, Chittorgarh, Sawaimadhopur Shahjahanpur and Sriganganagar.

In Kota, Jodhpur, Ajmer, Sikar, Bhilwara and Jaipur (non-transport), it was noticed (between July 2001 and November 2001) that special road tax amounting to Rs. 42.32 lakh leviable during the period between April 1998 and March 2001 in respect of 255 private service vehicles was not paid. The taxation officers too did not initiate any action to recover the tax due. Thus inaction of the department resulted in non-realisation of special road tax amounting to Rs. 42.32 lakh.

On this being pointed out (between August 2001 and February 2002) in audit, the Government/department stated (between December 2001 and August 2002) that an amount of Rs 6.24 lakh had been recovered in 41 cases, final reply in respect of remaining cases had not been received (August 2002)

### **3.6 Non-realisation of motor vehicles tax in respect of excavators/loaders**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder, motor vehicles tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rates as may be prescribed by the State Government. Annual rate of motor vehicles tax prescribed for excavators is 1.5 per cent of the cost of chassis/vehicle.

In six transport offices\*, it was noticed (July and October 2001) that motor vehicles tax amounting to Rs. 28.09 lakh chargeable for the period between April 1998 and March 2001 in respect of 62 excavators was not paid. The taxation officers also did not initiate any action to realise the amount of tax due, which led to non-realisation of motor vehicles tax amounting to Rs. 28.09 lakh.

On this being pointed out (between August 2001 and December 2001) in audit, the Government/department stated (between December 2001 and August 2002) that Rs. 8.76 lakh had been recovered in respect of 18 vehicles and final reply in respect of remaining cases had not been received (August 2002).

### **3.7 Non-realisation of motor vehicles tax of passenger vehicles kept without non-temporary permits**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 motor vehicles tax in respect of a passenger vehicle not covered by a non-temporary permit shall be payable at full rate prescribed for passenger vehicles from time to time by notifications issued under the Act.

\* Dausa, Dholpur, Jhalawar, Jodhpur, Kota and Udaipur



In four transport offices\*, it was noticed (between March 2001 and January 2002) that motor vehicles tax at the prescribed rate was not paid by the owners of 20 passenger vehicles from time to time between April 1998 and March 2001 for the periods during which their vehicles remained without any non-temporary permit. The taxation officer did not initiate any action to recover the tax which resulted in non-realisation of motor vehicles tax amounting to Rs. 6.74 lakh.

On this being pointed out (between April 2001 and February 2002), the Government/department stated (February 2002 and July 2002) that Rs. 1.35 lakh had been recovered in respect of four vehicles. Audit observation in respect of 2 vehicles of Bhilwara was refuted on grounds of vehicles being Commander Jeeps and not buses. The reply was not tenable since any spare vehicle registered under "P" series and not covered by non-temporary permit was liable to tax. Government/department has been apprised (August 2002). Reply in respect of vehicles of Alwar has not been received (August 2002).

### **3.8 Non-realisation of motor vehicles tax and special road tax in respect of goods vehicles**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and 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 State Government from time to time. In addition to motor vehicles tax, special road tax on all transport vehicles at the rates prescribed by the State Government shall also be payable.

In Udaipur, Bharatpur and Sriganganagar, it was noticed (between May 2001 and October 2001) that motor vehicles tax and special road tax for the period between April 1998 and March 2001 in respect of 35 goods vehicles were not paid. The taxation officer did not initiate any action to realise the tax due resulting in non-realisation of tax amounting to Rs. 5.31 lakh.

On this being pointed out (between July 2001 and December 2001) in audit, the department stated in December 2001 and February 2002 that an amount of Rs. 6,240 in respect of one vehicle of Bharatpur had been recovered and efforts were being made to recover the tax in respect of other cases.

The matter was reported to Government in February and April 2002; their reply has not been received (August 2002).

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\* Alwar, Bhilwara, Hanumangarh and Jaisalmer.



## CHAPTER-4: Stamp Duty and Registration Fee

### 4.1 Results of audit

Test-check of the records of the Department of Stamps and Registration conducted by audit during the year 2001-2002 revealed short recovery of stamp duty and registration fee amounting to Rs. 7.52 crore in 1663 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Misclassification of documents	176	1.07
2.	Undervaluation of properties	1332	6.19
3.	Other irregularities	155	0.26
	<b>Total</b>	<b>1663</b>	<b>7.52</b>

During the year 2001-02, the department accepted under assessments amounting to Rs. 7.37 lakh pertaining to 159 cases of which 10 cases amounting to Rs.0.75 lakh were pointed out by audit during 2001-02 and the rest in earlier years. Further the department recovered Rs. 5.96 lakh in 125 cases during the year 2001-02, of which 10 cases amounting to Rs. 0.75 lakh related to the year 2001-02 and the rest to earlier years. A few illustrative cases involving Rs. 4.50 crore are given in the following paragraphs:

### 4.2 Loss of stamp duty and registration fee on the document of renewal and transfer of mining lease

(i) As per Government notification dated 24 November 1993 on document of renewal of mining lease deed and quarry licence, stamp duty shall be chargeable on double the annual dead rent or royalty, whichever is higher in addition to security amount. Further, the Inspector General, Registration and Stamps, Ajmer issued instructions (December 1999) that in cases of renewal of lease deeds where the period of lease including the original period of lease exceeds twenty years stamp duty shall be chargeable on the market value of the property, calculated either at the rate fixed for mining area by District Level Committee (DLC) or at the highest rate of agricultural land in nearby area.

In Sub-Registrar, Hurda (Bhilwara district), it was noticed (September 2001) that a mining lease deed was renewed for 20 years and registered on 30 September 2000 and was levied stamp duty Rs. 73,100 and registration fee of Rs. 7,310 based on two years dead rent. As the period of lease including the

original period exceeded 20 years the stamp duty and registration fee was chargeable on the market value. Accordingly stamp duty of Rs. 2.61 crore and registration fee of Rs. 25,000 was chargeable. This resulted in short levy of stamp duty of Rs. 2.60 crore and registration fee of Rs. 0.18 lakh.

On this being pointed out (October 2001) in audit, the department stated (May 2002) that the case had been registered at S. No. 74/2002 for adjudication. The department/ Government further stated (August 2002) that as per notification dated 10 May 2001 (effective from 1 April 2000), on renewal of mining lease stamp duty is leviable on the two years dead rent, security amount and other miscellaneous expenses instead of market value. The reply of the department is not acceptable as the deed was registered on 30 September 2000, and therefore, stamp duty should have been recovered according to rules prevailing on the date of registration of deed. The department failed to recover the appropriate duty which resulted in loss of revenue of Rs. 2.60 crore. The department has been apprised (August 2002) of the facts accordingly.

(ii) Under the Rajasthan Stamp Law (Adaptation) Act, 1952, on transfer of lease by way of assignment of lease the stamp duty as on conveyance (Article 23) for a consideration equal to the market value of the property transferred shall be chargeable. Further, the Inspector General, Registration and Stamps, Rajasthan Ajmer issued instructions (October 1999) that on transfer of mining lease, the market value was to be determined on the price fixed for mining area by the DLC. If price for mining areas is not fixed by the DLC then market value was to be determined at the highest rate of agricultural land of nearby area of the mines.

In Sub-Registrar, Sikrai (Dausa district), it was noticed (April 2001) that 65.25 hectare (257.95 bigha) land of mining area was transferred through a deed registered in June 2000 on charge of Rs. 100 and Rs. 130 as stamp duty and registration fee respectively, based on the value of the agricultural land in nearby area instead of the rates fixed by DLC in respect of that area. The stamp duty of Rs. 13.16 lakh and registration fee of Rs. 25,000 was accordingly chargeable thereon. Thus non-adoption of prescribed rates resulted in short levy of stamp duty and registration fee by Rs. 13.40 lakh.

On this being pointed out (May 2001) in audit, the department stated (August 2002) that as per notification dated 10 May 2001 made applicable retrospectively with effect from 1 April 2000 on transfer of mining lease stamp duty and registration fee is leviable on double the dead rent, security amount, transfer fee, cost of development works and other miscellaneous expenses instead of market value. The reply of the department is not acceptable as the deed was registered in June 2000. Had the department charged Registration fee/Stamp duty on the higher rates as applicable on the date of registration in June 2000 it would have yielded more revenue of Rs.13.40 lakh. Department was apprised (August 2002) of the audit view in the matter.

Government to whom the matter was reported (March 2002), confirmed (August 2002) the reply of the department.

### 4.3 Short levy of stamp duty and registration fee on gift deed

Non-Government educational institution come under the category of Commercial Organisation for education purposes and are liable to pay stamp duty accordingly.

(a) In Sub-Registrar, Laxmangarh (Sikar district), it was noticed (June 2001) that land measuring 52 bigha 13 biswa (159266 square yards) was donated (October 2000) by 7 persons to an educational society through a deed of Gift registered on 28 October 2000 without any consideration. At the time of registration of the document stamp duty of Rs. 1.89 lakh and registration fee of Rs. 0.19 lakh was levied. The value of land worked out to Rs. 11.47 crore on the basis of commercial rates fixed by the Government on which stamp duty of Rs. 1.15 crore and registration fee of Rs. 0.25 lakh was chargeable. This resulted in short levy of stamp duty of Rs. 1.13 crore and registration fee of Rs. 0.06 lakh.

This was pointed out to the department and to the Government in July 2001. Final reply has not been received (August 2002).

(b) In Sub-Registrar, Dantaramgarh, (Sikar district), it was noticed (July 2001) that through a deed of Gift land measuring 0.305 hectare (3654 square yards) was donated to Rajasthan Rajya Path Parivahan Nigam, Sikar without any consideration. At the time of registration of this document stamp duty Rs. 21,050 and registration fee Rs. 2,106 was charged on the value of land worked out on the basis of the residential rate fixed by DLC instead of commercial rates. Based on DLC commercial rates of Rs. 1500 per square yards the value of land worked out to Rs. 54.81 lakh on which stamp duty of Rs. 5.48 lakh and registration fee of Rs. 25,000 was chargeable. Incorrect computation of market value of land resulted in short levy of stamp duty of Rs. 5.27 lakh and registration fee of Rs. 0.23 lakh amounting to Rs. 5.50 lakh.

On this being pointed out (August 2001) the department stated (June 2002) that the case had been referred (March 2002) to the Collector (Stamps) for adjudication. Further progress has not been received (August 2002).

Government to whom the matter was reported (March 2002), confirmed (July 2002) the reply of the department.

### 4.4 Short levy of stamp duty and registration fee due to undervaluation of commercial land

As per Article 23 of the Second Schedule of Rajasthan Stamp Law (Adaptation) Act, 1952, stamp duty shall be chargeable on conveyance deed at the rate of 10 per cent of market value of the property. Rule 59 B of the Rajasthan Stamp Rules, 1955, provides that market value of the property shall be determined on the basis of the rate recommended by DLC or the rates



approved by the Registration and Stamps department, whichever is higher. Further the Finance department, Government of Rajasthan, Jaipur issued notification (30 March 2000) that the remission in stamp duty shall be to the extent of 50 per cent on transfer deeds relating to land purchased in municipal areas and to the extent of 100 per cent on transfer deeds relating to land purchased in Panchayat areas in case of new institutions like Medical Colleges, Engineering College, Dental College and franchise units or reputed national/international educational institution.

In 4 Sub-Registrar offices it was noticed (between July 2001 and January 2002) that in 14 cases of conveyance of immovable property (commercial land) the value of property was determined at agricultural/ residential rates as Rs. 57.90 lakh instead of commercial as approved by DLC as Rs. 7.20 crore. This resulted in short recovery of stamp duty of Rs. 47.48 lakh and registration fees of Rs. 2.47 lakh as per details given below:

(Rupees in lakh)

S. No.	Name of Sub-Registrar office	Area of land and purpose and date of registration	Market value of property as per DLC rates	Consideration at which stamp duty paid	Amount chargeable		Amount charged		Short levied	
					Stamp duty	Registration fees	Stamp duty	Registration fees	Stamp duty	Registration fees
1.	Sangaria (Hanumangarh)	1,11,729 square feet commercial (Dental college) 15 February 2002	223.46 at the rate of Rs. 200 per square feet	6.16	22.35	0.25	0.62	0.06	21.73	0.19
2.	Sanganer (Jaipur)	37,200.02 square metres commercial (Engineering college) 29 April 2002 (4 documents) 12 May 2002 (7 documents) + 23672.74 square metre at the rate of Rs. 1500 per square metre (7 documents) + cost of well Rs. 1,00,000)	410.20 (13,527.28 square metres at the rate of Rs. 400 per square metre (4 documents) + 23672.74 square metre at the rate of Rs. 1500 per square metre (7 documents) + cost of well Rs. 1,00,000)	35.89	20.51	2.29	1.79	0.36	18.72	1.93
3.	Bassi (Jaipur)	2609.06 square yards (Commercial) 17 June 2000	41.22 at the rate of Rs. 1580 per square yards	4.41	4.12	0.25	0.44	0.04	3.68	0.21
4.	Ramgarh (Alwar)	40,837.50 square feet (Commercial area) 15 April 2000	44.92 at the rate of Rs. 110 per square feet	11.44	4.49	0.25	1.14	0.11	3.35	0.14
Total			719.80	57.90	51.47	3.04	3.99	0.57	47.48	2.47

On this being pointed out (between August 2001 and March 2002) in audit, the department stated that the cases (Bassi and Ramgarh) had been referred/ were being referred to the Collector (Stamps) for adjudication. In case of Sanganer, the department/ Government stated that stamp duty is leviable on the



prevailing market value of the property on date of execution of deed. The reply is not acceptable as the determination of market value was to take into account purpose for which land was to be used. In this case the purpose was not agriculture and as such commercial rate should have been applied. The department/ Government has been apprised accordingly.

Government to whom the matter was reported (between March 2002 to May 2002) confirmed (between July and August 2002) the reply of the department.

#### **4.5 Short levy of stamp duty and registration fee due to undervaluation of residential land**

The Inspector General, Registration and Stamp issued instructions (October 1999) that in rural areas where the area of agricultural land purchased is less than 1000 square yards or where the buyers are more than one and the area of land shared by each buyer is less than 1000 square yards and land is situated near the abadi then such land be treated as meant for residential purpose and valued at the rate applicable for sale of residential land. If residential land rates are not determined for that area then three times of agricultural land rate be applied for determining the valuation of the land.

In Sub-Registrar, Dholpur, it was noticed (May 2001) that land measuring 92.34 biswa (4.617 bigha) was sold through 2 sale deeds which were registered on 11 January 2000, at a consideration of Rs. 10.53 lakh on which stamp duty of Rs. 1.05 lakh and registration fee of Rs. 0.11 lakh were charged. As land purchased was for residential purposes, based on residential rate of Rs. 18,19,125 per bigha (3 times of DLC agricultural rates) the value of land worked out to Rs. 83.98 lakh on which stamp duty of Rs. 8.40 lakh and registration fees of Rs. 0.50 lakh was chargeable. Wrong computation of market value of land resulted in short levy of stamp duty of Rs. 7.34 lakh and registration fees of Rs. 0.39 lakh, amounting to Rs. 7.73 lakh.

On this being pointed out (May 2001) in audit, the department stated (December 2001) that these cases had been referred to the Collector (Stamps) for adjudication.

Government to whom the matter was reported (March 2002), confirmed (July 2002) the reply of the department.

## CHAPTER-5: State Excise

### 5.1 Results of audit

Test check of the records of the State Excise offices, conducted in audit during the year 2001-2002, revealed non/short recovery of excise revenue amounting to Rs. 359.54 crore in 247 cases, which broadly falls under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of excise duty and licence fee	79	8.77
2.	Loss of excise duty on account of excess wastage of liquor	53	0.56
3.	Other irregularities	115	350.21
<b>Total</b>		<b>247</b>	<b>359.54</b>

During the year 2001-2002, the department accepted short realisation etc. in 104 cases involving Rs.68.38 crore of which 77 cases involving Rs.63.29 crore had been pointed out in audit during 2001-2002 and rest in earlier years. The department recovered Rs.9.22 crore in 68 cases of which 31 cases involving Rs.4.48 crore had been pointed out in audit during the year 2001-2002 and rest in earlier years. A few illustrative cases involving Rs. 171.65 crore are given in the following paragraphs:

### 5.2 Impact of the Excise Policy 1999-2001 on revenue collection for the year 1999-2000

State Government declared its excise policy for the year 1999-2001 on 3 February 1999 and issued directions for completion of the settlement process by 31 March 1999. For settlement purpose, 67 groups of liquor and 47 groups of Lanced Poppy Heads (LPH)/Bhang Patti were formed in the State. The total reserve price of all liquor and LPH/Bhang groups for the year 1999-2000 was fixed at Rs. 811.31 crore and Rs. 56.77 crore respectively. The policy was implemented by the Excise Commissioner Rajasthan, Udaipur who is the administrative head of the department.

The settlement of licences for all groups of liquor as well as LPH/Bhang, made under excise policy, was reviewed in audit to ascertain the compliance of various provisions of the Act, Rules and executive instructions issued from

time to time. The records of office of the Excise Commissioner, Udaipur for the period 1999-2001 were test checked during October and November 2001.

Result of audit findings are mentioned in subsequent paragraphs:

**(i) Loss due to delay in settlement of licences**

**(a) Liquor groups**

The license for vend by whole-salers and retailers of excisable articles should be finalised well in advance so that licensee may start their business activities from 1<sup>st</sup> April of the ensuing financial year. An analysis of data received for the year 1999-2000 revealed that out of 67 groups only 38 groups could be finalised upto 31 March 1999. The remaining groups were divided into sub-groups and were auctioned at different dates upto 18 December 1999. This delay in finalisation of the groups resulted in loss of Rs. 83.98 crore as detailed below:

**(Rupees in crore)**

Date	Total No. of groups	No. of groups finalised	No. of groups in balance	Reserve Price due	Tender Price	Actual Receipt	Delay in days	Shortfall in receipt (EPA <sup>1</sup> ) in 1999-2000
1.4.1999	67	38	29	427.81	432.29	432.29	-	-
Thereafter upto 24.5.1999	29	13	16 <sup>2</sup>	155.02	155.30	144.22	2 to 53	11.08
Thereafter upto 5.7.1999	46	22	24 <sup>3</sup>	96.62	98.06	81.94	55 to 95	16.12
Thereafter upto 28.9.1999	47	11	36 <sup>4</sup>	20.67	22.20	11.84	169 to 180	10.36
Thereafter upto 18.12.1999	8	8	-	111.19	67.80	21.38	246 to 261	46.42
<b>Total</b>		<b>92</b>	<b>-</b>	<b>811.31</b>	<b>775.65</b>	<b>691.67</b>	<b>2 to 261</b>	<b>83.98</b>

Because of the inordinate delays ranging from 2 to 261 days, there was a shortfall in receipts to the tune of Rs. 83.98 crore.

**(b) LPH/Bhang group**

Tenders for 47 LPH/ Bhang patti groups having reserve price of Rs. 56.77 crore were invited for settlement initially on 27 February 1999 and thereafter 6 times upto 31 March 1999. The details of groups settled at different stages,

<sup>1</sup> Exclusive Privilege Amount (EPA).

<sup>2</sup> 16 groups re-grouped into 46 tehsil wise groups.

<sup>3</sup> 24 groups reformed into 47 Municipal area wise/rural wise groups.

<sup>4</sup> Tenders for 36 groups were finally granted to 8 licensees without reserve price.



their total reserve price, obtained price etc. in the year 1999-2000 were as under:

(Rupees in crore)

Date	Total No. of groups	No. of groups finalised	No. of groups in balance	Reserve Price due	Tender Price	Actual Receipt	Delay in days	Shortfall in receipt (Licence Fee) in 1999-2000
Upto 9.4.1999 (effective from 1.4.1999)	47	32	15 <sup>1</sup>	32.87	34.62	34.62	-	-
Thereafter upto 2.6.1999	16	11	5	17.79	17.79	16.11	30 to 61	1.68
Thereafter upto 17.1.2000	5	3	2 <sup>2</sup>	5.24	3.26	0.68	291	2.58
<b>Total</b>		<b>46</b>		<b>55.90</b>	<b>55.67</b>	<b>51.41</b>	<b>30 to 291</b>	<b>4.26</b>

Because of the inordinate delays ranging from 30 to 291 days, there was a shortfall in receipts to the tune of Rs. 4.26 crore.

It would be seen from the above that any delay in grant of license after 1<sup>st</sup> April affects the Government revenue and steps to curtail the delays in settlement of groups are needed to avoid loss to the Government revenue.

On this being pointed out (May 2002) in audit, the department stated (May 2002) that the reserve price cannot be termed as assured income as constitution of groups and its reserve price were determined keeping in view previous experience as well as possibilities of setting of groups.

The Government to whom the matter was reported (May 2002), confirmed (June 2002) the reply of the department.

**(ii) Grant of licences without requisite security, solvency and surety-loss of Exclusive Privilege Amount/licence fee**

Under the Rajasthan State Excise Rules, no person/licensee shall be allowed to run his business without obtaining the requisite security, solvency and surety. In case the licensee defaults in payment, the security payable by him is liable to be forfeited. The outstanding dues shall be recovered as arrears of land Revenue.

It was noticed that in case of 27 licences, department obtained a security deposit of Rs. 26.91 crore instead of Rs. 35 crore and solvency and surety of Rs. 34.34 crore instead of Rs. 65.48 crore and allowed them to run their business for the year 1999-2000 and 2000-2001. The licensees defaulted in

<sup>1</sup> 15 groups were re-grouped (one group divided into two groups) into 16 groups.

<sup>2</sup> 2 groups having Reserve Price of Rs. 0.87 crore could not be settled even by the end of March 2000.

payment and consequently 5 licences were cancelled in 1999-2000 and 22 licences in 2000-01; till then an amount of Rs. 143.61 crore had become payable by them. The security deposit was liable to be forfeited and the arrears were required to be recovered as arrears of land revenue. However, no recovery proceedings were reported to audit.

On this being pointed out (April 2002) in audit, the department stated (May 2002) that groups were allowed to run their business without deposit of requisite security, solvency and surety in the larger interest of revenue. This is not tenable as it is contrary to the provision of the Rules.

Government to whom the matter was reported (April 2002), confirmed (June 2002) the reply of the department.

### 5.3 Non-recovery of interest

The Rajasthan Excise Act, 1950 provides that if the amount of any duty, fee or other demand due against any person under the Act or the rules made thereunder is not paid till the due date as prescribed, he shall be liable to pay on the amount due simple interest at the rate of two per cent per month from the day next following the day on which payment became due.

In Udaipur, it was noticed (September 2001) that excise dues towards bottling fee amounting to Rs. 680.76 lakh payable by licensee was deposited with delays ranging from 1 day to 691 days. Interest amounting to Rs. 67.52 lakh on belated payments was neither paid by licensee nor recovered by the department.

On this being pointed out (November 2001) the department accepted the audit observation and raised the demand; and stated (May 2002) that amount could not be recovered as the licensee has gone in appeal in Honourable High Court, after his appeal for this recovery was dismissed by the Excise Commissioner.

Government to whom the matter was reported (March 2002), confirmed (July 2002) the reply of the department.

### 5.4 Short recovery of bottling fee

Under the Rajasthan Excise Rules, 1956, as amended on 9 July 1998 bottling fee from a licensee to bottle Indian Made Foreign Liquor (IMFL)/Beer for 'self brand' is Re.0.75 per bottle whereas it is chargeable at double the rates for bottling IMFL/Beer under franchisee arrangements.



In Alwar, it was noticed (October and December 2001) that two\* firms having distillery/brewery licence for bottling of IMFL/Beer manufactured bottled 21 brands of other companies under franchise arrangements. During the year 2000-01 total 33,19,518 bottles (quarts, pints and nips) of other companies were filled by the company on which bottling fee of Rs. 49.80 lakh at the rate of Rs. 1.50 per bottle was recoverable as against Rs. 24.90 lakh recovered at the rate of Re. 0.75 per bottle prescribed for 'self brand'. This resulted in short recovery of bottling fee amounting to Rs. 24.90 lakh.

On this being pointed out (February 2002) in audit, the department accepted the audit observation and recovered Rs. 6.02 lakh. Action taken to recover the balance amount has not been received.

Government to whom the matter was reported (February and March 2002), confirmed (June and August 2002) the reply of the department.

#### **5.5 Non-recovery of excise duty on excess transit wastage of spirit**

Under the Rajasthan Stock Taking and Wastage of Liquor (At Distilleries and Warehouses) Rules, 1959, the actual loss in transit of spirit, imported or transported under bond, by leakage, evaporation or other unavoidable causes is allowed at the prescribed rates of 0.2 per cent for journey period upto 4 days; 0.3 per cent for 5 to 8 days and 0.4 per cent for journey period exceeding 8 days.

In 6 District Excise offices\*\*, country liquor manufacturing centres imported 974239.000 London Proof Litres (LPL) of rectified spirit from time to time during the period between July 1999 and February 2001 and claimed transit wastage of 10244.452 LPL as against the maximum allowable wastage of 2652.638 LPL spirit based on the prescribed percentage on the days of transportation for each consignment. The excess transit wastage of 7591.814 LPL spirit allowed by the department resulted in loss of Rs. 7.60 lakh.

On this being pointed out (between March 2001 and March 2002) in audit, the department stated (between January and June 2002) that Rs. 6.71 lakh had been recovered in all cases except Hanumangarh.

Government to whom the matter was reported (March and April 2002), confirmed (June and July 2002) the reply of the department.

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\* One firm was having distillery licence and another was having brewery licence.

\*\* Hanumangarh, Jaipur (Rural), Jhunjhunu, Jodhpur (Prosecution), Pali and Udaipur.

**5.6 Non-recovery of excise duty on beer becoming non-potable in bond**

Condition of the 'wholesale licence with bond facility' granted to a licensee under the Rajasthan Excise Rules, 1956 provides that the licensee shall have to pay excise duty on the wastage of liquor in Bonded Warehouse as per rules. No provision for allowing wastage on bottled liquor/Beer has been made in the Rajasthan Stock Taking and Wastage of Liquor Rules, 1959.

In Alwar, it was noticed (September 2001) that 43901.70 B.L. Beer stored in Bonded Warehouse of a firm in Shahjahanpur (Alwar) during the period between December 1999 and June 2000 was declared non-potable by the Chemical and Chief Public Analyst Rajasthan, Jaipur in their examination report dated 5 May 2001. The excise duty of Rs. 5.45 lakh payable on the quantity of loss of the beer was, however, not recovered from the licensee.

On this being pointed out (April 2002) in audit, the department stated (May 2002) that Rule 50(i) of the Rajasthan Brewery Rules, 1972 provides for refund of duty on the beer which becomes unfit for human consumption. The reply is not tenable, condition No. 10 of "conditions and restrictions in respect of establishment of a bonded warehouse" provide that Government shall not be responsible for any loss of liquor in bond. The Excise Commissioner may, after an enquiry for such loss, order to pay duty for the loss of liquor by the licensee, if it is found that the loss could have been prevented by reasonable precautions on the part of licensee and the decision of the commissioner shall be final and binding on the licensee. But, neither were the orders of the commissioner obtained nor was recovery of excise duty made in the matter.

Government to whom the matter was reported (March 2002 and April 2002), confirmed (June 2002) the reply of the department.

## CHAPTER-6: Other Tax Receipts

### A. Land Revenue

#### 6.1 Results of audit

Test check of land revenue records conducted in audit during the year 2001-02, revealed under-assessments and loss of revenue etc. amounting to Rs.55.25 crore in 5932 cases which broadly fall under the following categories:

(Rupees in crore)

S. No.	Category	Number of cases	Amount
1.	Non-recovery of premium and rent	3775	5.00
2.	Non-recovery of capitalised value of land	81	8.62
3.	Non-raising of demand of penalty in cases of trespass	602	3.19
4.	Other irregularities	1474	38.44
<b>Total</b>		<b>5932</b>	<b>55.25</b>

During the year 2001-02, the department accepted under-assessments etc. of Rs.4.10 crore involved in 900 cases of which 41 cases involving Rs. 1.13 crore had been pointed out in audit during 2001-02 and rest in earlier years. Further, the department recovered Rs. 1.40 crore in 530 cases during the year 2001-02 of which 98 cases involving Rs. 22.36 lakh related to the year 2001-02 and rest to the earlier years.

One case involving Rs. 10 lakh is given below:

#### 6.2 Short recovery of premium

Under the order of Government vide circular dated 2 March 1987 the cost of agricultural land allotted to Central Government organisations and departments for the purpose of commercial use is to be charged at the market value. The market value for sale of land is approved by District Level Committee (DLC) of that area.

In Pokaran tehsil (Jaisalmer district), it was noticed (September 2001) that Government agricultural land measuring 5 bigha of village Pokaran was allotted on 19 May 2000 to a corporation for establishment of Petrol Pump on payment of cost of land of Rs. 5 lakh in place of prevalent commercial value

of land of Rs. 15 lakh (Rs. 3 lakh per bigha as per rates prescribed by the DLC). The under valuation of land resulted in short recovery of Rs. 10 lakh.

On this being pointed out (November 2001) in audit, the department stated (July 2002) that the matter had been referred (June 2002) by the Collector, Jaisalmer to the Government for guidance. Further action would be taken as per decisions taken by the Government.

Government to whom the mater was reported (November 2001) stated (August 2002) that the matter was under examination.

### B. Lands And Buildings Tax

#### 6.3 Results of audit

Test check of records in the Lands and Buildings Tax offices, conducted in audit during the year 2001-2002, revealed under-assessments of tax amounting to Rs.8.52 crore in 82 cases, which broadly fell under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Short levy due to under-valuation of properties	24	0.85
2.	Short levy due to mistakes in assessments	47	1.66
3.	Other irregularities	11	6.01
Total		82	8.52

During the year 2001-2002, the department accepted under-assessments *etc.*, of Rs.63.45 lakh in 46 cases of which one case involving Rs. 0.78 lakh had been pointed out in audit during 2001-2002 and rest in earlier years, of this Rs.7.03 lakh in 8 cases had been recovered. A few illustrative cases involving Rs. 0.82 crore highlighting important audit observations are given in the following paragraphs:

#### 6.4 Short levy of tax due to assessment made in separate units

(i) Under the Rajasthan Lands and Buildings Tax Act, 1964, there shall be levied and collected with effect from 1 April 1973 an annual tax on land or building or both separately as units. The Director, Land and Building Tax



issued instructions vide circular dated 13 February 2001, that land and building purchased in more than one registered sale deed should not be accepted as separate units until they are separated by meets and bounds.

In Sriganganagar, it was noticed (September 2001) that a commercial property consisting of land (Rs. 6.87 crore) and building (Rs. 62.23 lakh) valued at Rs.7.49 crore as per DLC rates for land and Basic Schedule rates for building was, however, valued incorrectly at Rs. 60.71 lakh by applying the rates mentioned in the sale deeds (March 1998) on which property was purchased. Accordingly the tax was to be assessed at Rs. 34.21 lakh instead of Rs. 1.73 lakh, which resulted in short levy of tax of Rs. 32.48 lakh from 1998-99 to 2000-01. Moreover, it was assessed by treating property as 4 units instead of a singly unit.

On this being pointed out (October 2001), the department stated (August 2002) that matter had been opened for re-assessment.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).

(ii) Under the Rajasthan Lands and Buildings Tax Act, 1964, tax at the prescribed rates, on the market value of land and building or both is levied separately as single units. It has been held\* by the Board of Revenue that where land, building or both are owned by co-owners, the co-owners are held as owners of such property and tax shall be assessed and levied by treating such land, building or both as owned by all the co-owners and not by taking notional share of each owner separately.

In Jodhpur, it was noticed (October 2001) that a property comprising land and building was purchased in joint co-ownership through three sale deeds in 1978. Subsequently the building was demolished in 1986-87 and a commercial complex was constructed in its place. The rebuilt complex consisted of three blocks which were interlinked and connected with three bridges from basement to third floor. However, the assessing authority for charging of tax, assessed (November 1999) the said complex as two units right from 1986-87 to 2000-2001 instead of treating it as a single unit. Irregular action of the assessing authority resulted in short levy of tax aggregating to Rs. 11.20 lakh for the period 1997-98 to 2000-01.

On this being pointed out (October 2001) in audit, the department stated (August 2002) that matter had been opened for re-assessment.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).

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\* 1985 RRD 558-Ramesh Chandra Heda V/s Assistant Director Land and Building Tax Ajmer (RRDB).

### **6.5 Short levy of tax due to undervaluation of property**

Under Section 4 of the Rajasthan Lands and Buildings Tax Act, 1964 tax shall be levied on market value of Land and Building either separately or on both units. The Director, Land and Building Tax Department Rajasthan, Jaipur ordered (February 1991) that the rates of land as prescribed by DLC would be applicable for valuation of land with effect from 1 April 1991.

In Jaipur, it was noticed (November/December 2001) that a piece of land measuring 1310 square metre value of Rs. 16.48 lakh was auctioned on 25 February 1994 at the rate of Rs. 1258 per square metre and possession thereof taken on 29 April 1995. Thereafter, the Assessing Authority while assessing market value of land and building, levied tax on the basis of these rates instead of DLC rates, which resulted in short levy of tax of Rs. 8.30 lakh.

On this being pointed out (March 2002) in audit, the department stated (August 2002) that matter was under consideration, further progress in this regard would be intimated shortly.

The matter was reported to Government (May 2002); their reply has not been received (August 2002)

### **6.6 Short levy of tax due to incorrect valuation of land**

Under the Rajasthan Lands and Buildings Tax Act, 1964, and Rules made thereunder, the assessing authority may at any time amend the order of assessment of market value and determination of tax in respect of any land or building where it appears that land/building has escaped assessment or has wrongly or incorrectly been assessed or the use of such land or building has been changed or converted from residential to commercial.

In Jaipur while finalising the assessments of commercial complex the value of the land and building was incorrectly assessed as Rs. 5.21 crore instead of Rs. 5.88 crore. Consequently a tax of Rs. 17.42 lakh was leviable for the period 1997-98 to 1999-2000 instead of Rs. 2.87 lakh levied by the assessing officer. Further, for the year 2000-01, the dealer was liable to pay a tax of Rs. 4.47 lakh instead of Rs. 0.94 lakh paid by him. This resulted in short recovery of tax of Rs. 18.08 lakh.

The omission was pointed out to the department and reported to Government (March 2002); their replies have not been received (August 2002).

## **6.7 Non-levy of tax of land on lease**

The proviso of Section 2(10) of the Rajasthan Lands and Buildings Tax Act, 1964 as amended with effect from 31 July 1998 provided that in case of land or building held on lease for a term of not less than twenty years, the lessee shall be deemed to be the owner of land or building under the Act.

In Jaipur, it was noticed (November/December 2001) that the land and building of a residential house of 4 units was leased out to a hotel for twenty five years in February 1991. This property valued at Rs. 5.34 crore for 1999-2000 and Rs. 5.66 crore for 2000-2001 was liable to be taxed at Rs. 15.24 lakh treating the entire hotel as a single unit as per the lease agreement. However, the property was incorrectly assessed as 4 individual units and a tax of Rs. 3.69 lakh was levied. This resulted in short realisation of Rs. 11.55 lakh.

On this being pointed out (March 2002) in audit, the department stated (July 2002) that compliance in this matter had been called for from assessing authority and that further progress would be intimated shortly.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).



## CHAPTER-7: Non-Tax Receipts

### 7.1 Results of audit

Test check of the records of the Finance, Public Works, General Administration, Medical & Health department and Mining departments conducted in audit during the year 2001-2002, revealed under-assessments and losses of revenue amounting to Rs.178.12 crore in 2066 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
<b>A. Finance department</b>			
1.	Review on Interest Receipts.	1	71.29
2.	Non-recovery of Guarantee Commission	1	8.66
<b>B. Public Works department and General Administration department</b>			
3.	Review on disposal and management of nazul properties	1	39.11
4.	Receipts of Public Works department	1	16.45
<b>C. Medical and Health department</b>			
5.	Loss due to fees charged for issue of permanent disability certificates not being deposited in Government account	1	0.46
<b>D. Mining department</b>			
6.	Non/short recovery of dead-rent and royalty	427	14.07
7.	Unauthorised excavation	79	5.60
8.	Non-forfeiture of security	715	0.66
9.	Non-levy of penalty/interest	177	4.67
10.	Other irregularities	663	17.15
<b>Total</b>		<b>2066</b>	<b>178.12</b>

During the year 2001-2002, the department accepted under-assessments *etc.*, of Rs.4.19 crore involved in 1126 cases, of which 620 cases involving Rs.0.60 crore had been pointed out in audit during the year 2001-2002 and rest in earlier years. The department recovered Rs.2.56 crore in 256 cases of which 91 cases involving Rs. 0.05 crore were pointed out during the year 2001-2002 and rest in earlier years. A few illustrative cases involving Rs. 148.28 crore are given in the following paragraphs:



## **A: Finance department**

### **7.2 Review on 'Interest Receipts'**

#### **7.2.1 Highlights**

Out of 231 annual statements of arrears of loans and interest to be received in the year 2000-2001 from 30 controlling officers of the State, 113 statements were received which showed the recovery of loans of Rs. 38.95 crore and interest of Rs. 58.87 crore in arrears as on 31 March 2001.

{Paragraph 7.2.6(b)}

Out of loan of Rs. 23.01 crore, loan of Rs. 21.45 crore and interest of Rs. 28.14 crore was not recovered from Command Area Development (CAD) department.

{Paragraph 7.2.7(a)}

Failure in re-payment of loans by Rajasthan State Agro Industries Corporation and Rajasthan Tribal Area Development Corporation resulted in accumulation of loan Rs. 18.30 crore and interest amounting to Rs. 17.62 crore.

{Paragraph 7.2.7(b)}

Loans of Rs. 10.33 crore and interest of Rs. 6.91 crore were not recovered from Rajasthan Handloom Development Corporation.

{Paragraph 7.2.7(c)(ii)}

Loans of Rs. 42.87 crore and interest of Rs. 9.66 crore were not recovered from Tilam Sangh.

{Paragraph 7.2.8(a)}

#### **7.2.2 Introduction**

'Interest Receipts' constitute a major source of non-tax revenue of the Government of Rajasthan which grants interest bearing loans to commercial and public undertakings, co-operative societies, local bodies, Government servants etc. for various purposes at the same or higher rates of interest than the rates at which Government borrows the funds.

The loans are recoverable within a stipulated period, in equal periodical instalments alongwith interest at prescribed rates. The terms and conditions as specified in the sanction orders granting loans to loanees, indicate the mode and manner of repayment of the principal and recovery of interest. In case of

default in repayment of loan or any instalment or interest due, the authority which sanctions loans may levy higher rate of interest.

### 7.2.3 Organisational set-up

The proposals for grant of loans and advances are processed by heads of departments and then recommended to the administrative departments, which issue sanction with the concurrence of the Finance department. Recoveries of loans alongwith interest are watched by the administrative Heads of the department under overall control of Finance department.

### 7.2.4 Scope of audit

A test check of accounts and records for the years 1995-96 to 2000-2001 alongwith details of outstanding loans as on 1 April 1995, in respect of the loans granted by 10 Departments\* was conducted between November 2001 and April 2002 vis-a-vis the position of loans and advances as exhibited in the Finance Accounts of the State Government for the relevant periods. The audit findings in respect of 6 departments\*\* are discussed in succeeding paragraph:

### 7.2.5 Trend of revenue

The revenue under the head 'Interest receipts' realised by the State during the period from 1995-96 to 2000-01 is as under:

(Rupees in crore)				
Year	Budget estimates	Actuals	Variation (+) excess (-) shortfall	Percentage of variation
1995-96	500.62	501.56	(+) 0.94	Negligible
1996-97	622.68	624.90	(+) 2.22	Negligible
1997-98	639.18	598.13	(-) 41.05	(-) 6
1998-99	682.12	628.79	(-) 53.33	(-) 8
1999-2000	717.83	670.42	(-) 47.41	(-) 7
2000-2001	641.75	589.55	(-) 52.20	(-) 8

### 7.2.6 Arrears of loans and interest

The detailed accounts regarding loans and interest are maintained by the Accountant General (A&E) in respect of Municipalities and other bodies (other than Rajasthan State Electricity Board), while the State Government maintained the detailed accounts in respect of loans and interest sanctioned by the controlling officers of the State from whom statements are received every year by June by Accountant General (A&E).

- (a) The arrears as on 31 March 2001 in respect of recovery of principal and interest in respect of loans granted to Municipalities and other bodies

\*Agriculture, Command Area Development, Co-operative, Energy, Finance, Industries, Local Self Department, Mining, Tourism and Urban Development and Housing.

\*\*Agriculture, Command Area Development, Co-operative, Industries, Tourism and Urban Development and Housing.



(other than Rajasthan State Electricity Board), the detailed accounts of which are kept in the office of the Accountant General (A&E), amounted to Rs.25.78 crore and Rs. 0.83 crore respectively as reflected in the Finance Accounts of the State for the year 2000-2001.

(b) In respect of loans the detailed accounts of which are maintained by controlling officers (30) of the State Government, out of 231 statements due for 2000-2001 by the end of June 2001 only 113 statements were received. These statements showed that recovery of loans amounting to Rs. 38.95 crore and interest Rs. 58.87 crore was outstanding as on 31 March 2001. The position of total arrears of loans and interest chargeable thereon could not be ascertained due to non-receipts of remaining 118 statements.

#### **7.2.7 Position of recovery of interest**

##### **(a) Command Area Development (CAD) department**

34 loans amounting to Rs. 21.45 crore, out of Rs. 23.01 crore granted to Rajasthan Land Development Corporation (RLDC) from time to time, were found outstanding in CAD department. The interest outstanding against these loans is discussed below:

(i) 3 loans amounting to Rs. 3 crore were sanctioned during 1976-77 to 1978-79 by CAD department to RLDC at 8.5 per cent per annum for onward disbursement to farmers for construction of field water channels. The repayment period of loans was 15 years. Repayment of Rs. 1.45 crore only was made by the RLDC upto 1985-86. No recovery was made thereafter. Loan amounting to Rs. 1.55 crore and interest amounting to Rs. 1.97 crore was outstanding as on 31 March 2001.

(ii) 9 loans amounting to Rs. 7.37 crore were sanctioned during 1980-81 to 1984-85 to RLDC at annual rate of interest ranging between 8.5 to 9.5 per cent for onward disbursement to farmers for construction of field water channels. The repayment period of loans was 7 years. Repayment of Rs. 10.38 lakh only was made by the RLDC upto 1985-86 leaving balance of loan amounting to Rs. 7.27 crore and interest Rs. 10.74 crore chargeable thereon as on 31 March 2001.

(iii) 22 loans amounting to Rs. 12.63 crore were sanctioned by the CAD department to the RLDC during 1981-82 to 1992-93 at varying rates of annual interest which ranged between 5.5 to 10.75 per cent. Payment of interest (Rs. 1.22 crore) was made by the RLDC upto 1986-87 and no interest was paid thereafter which resulted in non-recovery of interest amounting to Rs. 15.43 crore due as on 31 March 2001.

As per provisions laid down in General Financial and Accounts Rules (GF&AR), the ledgers/registers of loans are required to be kept and maintained in the office of each controlling officer in the prescribed form. The CAD department did not maintain the records to watch recoveries of loans and interest chargeable thereon. Demand notices were not issued to the RLDC since 1986-87 for recovery of outstanding dues.

On this being pointed out, the department intimated (December 2001) that the records regarding recovery of loans and interest was being maintained by the loanee (i.e. RLDC). The reply is not tenable as it cannot escape its responsibility of maintenance of records; non-maintenance of records resulted in loans and interest amounting to Rs. 49.59 crore not being realised.

**(b) Agriculture department**

Director of Agriculture is responsible for maintaining the records and watching the recoveries of loans and interest and is also to furnish the progress of recoveries of loans and interest from time to time to the Government.

9 loans amounting to Rs. 18.30 crore, granted to Rajasthan State Agro Industries Corporation (RSAIC), Rajasthan Tribal Area Development Cooperative Federation (RTADCF) and Rajasthan Rajya Sahkari Kraya Vikraya Sangh Ltd., were found outstanding in Agriculture department. The interest outstanding against these loans is discussed below:

Government of Rajasthan sanctioned 5 short term loans aggregating Rs. 13.80 crore to the RSAIC, Jaipur during 1987-88 to 1992-93 at an annual rate of 9 per cent and 4 loans of Rs. 14.40 crore to RTADCF, Udaipur at annual rate of interest ranging between 9 to 10.25 per cent during 1990-91 to 1993-94.

As envisaged in the conditions of the sanctions, the loans were repayable within six months from the date of payment in lump sum alongwith interest. Both the corporations failed to repay the loans amounting to Rs. 18.30 crore which resulted in non-realisation of interest to the extent of Rs. 17.62 crore (Rs. 12.76 crore from RSAIC and Rs. 4.86 crore from RTADCF) as of 31 March 2001. The details of loans are given below:

(Rupees in lakh)					
Year	Amount sanctioned during the period	Recovery of previous loan (by adjustment)	Amount of actual payment	Amount of repayment loan	Loan outstanding at the end of the year
<b>Rajasthan State Agro Industries Corporation</b>					
upto 1990-91	1080.00	50.00	1030.00	-	1030.00
1991-92	100.00	-	100.00	-	1130.00
1992-93	200.00	100.00	100.00	-	1230.00
<b>Total</b>	<b>1380.00</b>	<b>150.00</b>	<b>1230.00</b>		<b>1230.00</b>
<b>Rajasthan Tribal Area Development Cooperative Federation</b>					
1990-91	95.00	-	95.00	-	95.00
1991-92	325.00	95.00	257.93	-	352.93
1992-93	600.00	352.93	247.07	-	600.00
1993-94	420.00	420.00	-	-	600.00
<b>Total</b>	<b>1440.00</b>	<b>867.93*</b>	<b>572.07</b>	-	<b>600.00</b>

\* Rs. 867.93 lakh includes Rs. 840 lakh as principal and Rs. 27.93 lakh as interest.



The RSAIC expressed its difficulty in repaying loans and interest to the Government (1990 and 1992) due to its impaired financial position. The State Government also took a decision (November 1997) to wind up the Corporation and recover the dues from the disposal of the assets of the Corporation. However, no recovery has yet been made (September 2002).

In respect of recoveries of loans and interest from RTADCF, the department intimated (August 2002) that the request of the RTADCF for write-off of interest is under consideration in the State Government. The Government decision is awaited (September 2002).

(c) Industries department

44 interest bearing loans amounting to Rs. 14.83 crore, granted to an industrial firm (Jaipur Metal and Electrical Limited, Jaipur) and Rajasthan Handloom Development Corporation (RHDC), were found outstanding in Industries department. The interest outstanding against these loans is discussed below:

(i) Two loans of Rs. 2 crore and Rs. 2.50 crore, carrying annual rate of interest of 15 per cent, were granted by the Industries department to an industrial unit (Jaipur Metal and Electrical Limited, Jaipur) for its re-establishment (October 1998 and November 1998). The repayment of loan and interest chargeable thereon was to be made in 20 quarterly instalments after a period of initial one-year moratorium.

The loanee did not pay interest of Rs. 1.63 crore chargeable on loans as on 31 March 2001. Demand notices were also not issued to the loanee.

(ii) Director of Industries was responsible for maintenance of records for watching the recoveries of loans and interest. It was noticed that no records were maintained by the Director, Industries department and therefore, no demand notices were issued to the Corporation. However, from the records available in the Industries department and the records available in the RHDC it was found that 42 loans amounting to Rs. 11.27 crore were granted by the Industries department to RHDC Jaipur during 1985-86 to 1999-2000 for various purposes at varying annual rates of interest which ranged between 5 per cent to 18 per cent. Of these, loans aggregating to Rs.10.33 crore and interest of Rs.6.91 crore chargeable thereon were outstanding as on 31 March 2001, as per details given below:

(Rupees in lakh)

S. No.	Purpose of loan	Period in which loan sanctioned	Amount of loan	Annual rate of interest	Terms and condition of repayment	Balance of loan outstanding as on 31 March 2001	Amount of interest due as on 31 March 2001
1.	2.	3.	4.	5.	6.	7.	8.
1.	Woollen project	November 1988 to March 1996	205.81	12.25 and 15 on default	Payable in 10 yearly instalment	127.98	95.99
2.	Special Package programme	December 1990	16.00	12.75	Payable in 7 yearly instalment	6.80	4.34

1.	2.	3.	4.	5.	6.	7.	8.
3.	Modernisation programme	January 1993 to June 1995	26.20	12.75	Payable in 4 yearly instalment	18.93	12.06
4.	Loan for process house	June 1985 to October 1987	165.00	10.25 and 11.75	Payable in 10 yearly instalment	165.00	262.72
5.	Working capital	January 1995	5.00	5 to 12 and 8 to 15 on default	Payable in 10 yearly instalment Moratorium period 3 years	5.00	2.88
6.	Project package programme	March 1996 to March 1999	141.33	15 and 18 on default	Payable in 10 yearly instalment	141.33	91.74
7.	Soft loan	June 1996 to November 1999	542.50	5 to 15 and 18 on default	Payable in 15 and 10 yearly instalment	542.50	207.24
8.	Revolving fund	June 1996	25.00	12	Payable in 5 yearly instalment	25.00	14.25
	Total		1126.84			1032.54	691.22

Principal and interest chargeable thereon in respect of loan granted for running for process house was not made since it was released and in the remaining cases it was not paid since April 1996.

On this being pointed out in audit (July 2002), it was stated by the Government that the records of the loans were being maintained by the loanees. This shows that the system for watching of the recoveries of loans and interest has totally failed in the department.

(iii) As per the information received from the District Industries Centres (DICs) and compiled by the Director, Industries department, the loans aggregating Rs. 1.98 crore and interest thereon of Rs. 3.70 crore was outstanding as on 31 March 2001, as per details given below:

(Rupees in lakh)

S. No.	Name of loan	Period of sanction	Rate of interest (Per cent)	Amount outstanding as on 31 March 2001	
				Principal	Interest
1.	D.I.C	1978-79 to 1994-95	6 to 12	47.57	70.39
2.	S.S.I	1955-56 to 1977-78	6 to 12	14.57	41.07
3.	Hand Loom	1983-84 to 1994-95	8 to 12	67.31	104.12
4.	Margin money	1976-77 to 1984-85	4 to 12	38.30	100.21
5.	Interest free	1977-78 to 1984-85	Penal in case of default 10 to 21	11.43	14.23
6.	Cooperative loan	N.A.	N.A.	2.45	2.72
7.	R.I.P.	N.A.	N.A.	16.57	36.80
	Total			198.20	369.54

It would be seen from the above that some of the loans were pending for more than 4 decades. No concrete action had been taken to recover or write off the same.

#### **7.2.8 Non-recovery of interest on loan**

##### **(a) Co-operative department**

21 loans amounting to Rs. 50.64 crore were released by National Cooperative Development Corporation (NCDC) to a federation (Tilam Sangh) during 1987 to 1992 through Rajasthan State Co-operative Bank (Apex Bank). The loans were guaranteed by the State Government. The federation stopped the repayment to the Bank after payment of Rs. 2.67 crore, but Apex Bank repaid a sum of Rs. 5.54 crore to the NCDC upto 1994 by paying balance of Rs.2.87 crore from its own funds. The NCDC wrote to the Government that they would invoke the guarantee given by them. Thereafter the State Government took over the liability of repayment of outstanding loans and interest amounting to Rs. 69.68 crore (to be paid upto May 2007) on behalf of the federation and made one-time settlement with NCDC in May 1998. The Government had repaid a sum of Rs. 42.87 crore during June 1998 to March 2001 by granting 4 loans at the annual rate of 10 per cent to the federation without specifying the terms and conditions of loans, which though to be decided by Cooperative department within one month of sanction of loans, were yet to be decided (August 2002).

Interest on loans (Rs. 42.87 crore) granted to the federation for onward payment to NCDC accumulated to Rs. 9.66 crore as on 31 March 2001.

##### **(b) Urban Development and Housing (UDH) department**

(i) A loan of Rs. 1.50 crore carrying annual rate of interest at 13.75 per cent was sanctioned by UDH department to Rajasthan Housing Board (RHB) Jaipur for payment of outstanding pay and allowance of the staff of Avas Vikas Sansthan in May 1999. The period of repayment of loan was 10 years in equal six monthly instalments after an initial period of moratorium of one year.

The loanee (RHB), however, at the instance of audit deposited the entire amount of loan Rs. 1.50 crore in lump sum (August 2002) but the interest of Rs. 38.38 lakh was outstanding as on 31 March 2001. The recovery of interest was awaited (September 2002).

(ii) As per information supplied by the department loans amounting to Rs.4.30 crore and interest of Rs. 1.16 crore chargeable thereon was outstanding as on 31 March 2001 against Municipalities/Municipal Councils

as per details given below:

(Rupees in lakh)

Year	Loan amount	Rate of interest (per annum)	Interest payable	Interest paid	Outstanding interest
upto 1996-97	93.00	14 per cent simple	77.89	28.38	49.51
1997-98	122.50	16.75 per cent penal	57.02	22.02	35.00
1998-99	73.49		21.24	3.37	17.87
1999-2000	102.81		16.39	2.80	13.59
2000-01	37.87		Not due	Not due	Not due
<b>Total</b>	<b>429.67</b>		<b>172.54</b>	<b>56.57</b>	<b>115.97</b>

These loans were sanctioned under the scheme 'Integrated Development of Small and Medium Towns' to various Municipalities/Municipal Councils of the State by the UDH department. The repayment of loans was to be made in 20 installments from the sixth year from the date of drawal of the loan. 5 years moratorium period applicable to loan was not applicable in payment of interest and it was payable from the first year from the drawal of loan. However, the department failed to recover the interest of Rs. 1.16 crore due as on 31 March 2001.

The department stated (April 2002), that loanees were not in a position to pay the interest due to abolition of octroi, which was their main source of revenue. The contention of the department is not tenable as the loanees are bound to pay the amount of interest as per terms and conditions of the sanctions.

#### 7.2.9 Loss of interest due to non-disbursement of loan

In the following cases it was noticed that the Government ordered transfer of loans to Personal Deposit (PD) accounts of the loanees with the explicit condition for withdrawal therefrom only after prior approval of Finance department. Since the said approval for withdrawal was not accorded, the amount continued to remain in the respective PD accounts. Retention of the amounts thus, resulted in loss of interest aggregating to Rs. 2.09 crore which



Government would charge from the concerned loanees in the event of its withdrawal from the PD accounts:

(Rupees in lakh)

S. No.	Name of the loanee	Month of sanction	Amount sanctioned	Month in which loan was placed in P.D. account	Amount approved for withdrawal	Amount lying in P.D. Account	Loss of interest as of March 2001
1.	Rajasthan Small Scale Industries Corporation (RSIC)	March 1997	220.00	March 1997	-	220.00	132.00
2.	Rajasthan State Hotel Corporation (RSHC)	March 1996	46.00	March 1996	10.00 (March 1997)	36.00	39.10
3.	Rajasthan Tourism Development Corporation (RTDC)	February 1996	45.00	March 1996	-	45.00	38.25
	<b>Total</b>		<b>311.00</b>		<b>10.00</b>	<b>301.00</b>	<b>209.35</b>

#### 7.2.10 Non/improper maintenance of records

Ledgers/registers of loans are required to be kept and maintained in the office of each controlling officer in the prescribed form as per General Financial and Accounts Rules but it was noticed during test check that no such records were maintained in the CAD department in respect of loans granted to RLDC. In Industries department the records/registers were not properly maintained in as much as detail of sanction, repayment of principal and interest were not generally found recorded. Consequently, these departments were not able to keep a close watch and control on recovery of loans and interest chargeable thereon.

#### 7.2.11 Conclusion

During test check of records of Agriculture Department, Command Area Development (CAD) Department, Industries Department, Urban Development and Housing (UHD) Department and Co-operative Department, it was observed that the departments failed to ensure timely repayment of loan and advances thereby affecting the ways and means position of the state exchequer. There has been system failure with regard to monitoring of recovery of loans and advances. As interest receipts constitute a major part of the non-tax revenue of the state, it is necessary that Government has an appropriate system and procedure in position to ensure prompt assessment and recovery of interest. The Government should also introduce a stringent reporting system to monitor the position of overdue principal and interest, thereby rendering the internal control mechanism more effective and strong.

The matter was reported to Government (May 2002); their reply had not been received.

### 7.3 Non-recovery of guarantee commission

Under the Rajasthan State Grant of Guarantee Regulations, 1970 as amended from time to time, in all cases where the repayment of loan and payment of interest thereon are guaranteed by Government, guarantee commission was recoverable at the annual rates of 3/4 per cent upto 31 March 1985 and 1 per cent thereafter on the balance loan amount outstanding on last day of every quarter of the year. The guarantee commission became due on first day of next quarter and was payable not later than 15 days thereafter failing which penal interest of 15 per cent per annum was to be charged on the belated payments. However, Government could waive guarantee commission partially or fully on merit of each case.

A scrutiny (February-December 2001) of the records of guarantee commission maintained by the Finance Department revealed following omissions:

#### (a) *Rajasthan Cooperative Dairy Federation Ltd. Jaipur*

The Government guaranteed a loan of Rs.25 crore to the Rajasthan Cooperative Dairy Development Federation Ltd (Corporation), Jaipur on 15 December 1983. Subsequently another guarantee was given for working capital loan of Rs.9 crore on 24 June 1989. It was observed that guarantee commission and interest chargeable thereon for delay in payment of guarantee commission aggregating to Rs. 8.09 crore in respect of both guarantees was outstanding as on 31 March 2001 as under:

Details of guarantee		Outstandings (Rupees in crore)		
Amount (Rupees in crore)	Period of delay	Commission	Interest	Total
25 crore	18 years	4.24	2.64	6.88
9 crore	12 years	0.93	0.28	1.21
Total		5.17	2.92	8.09

On this being pointed out (February 2001) in audit, the Government stated (April 2002) that the Federation was being requested to pay the commission.

#### (b) *Rajasthan State Handloom Development Corporation, Jaipur*

In March 1995, Government guaranteed a loan of Rs.1.80 crore and interest thereon in favour of Rajasthan State Handloom Development Corporation (RSHDC), Jaipur. Though guarantee commission was recoverable no recovery was made. This was pointed out to department in April 2001, and the Finance Department requested (May 2001) the Managing Director (MD), RSHDC, Jaipur to pay guarantee commission and penal interest thereon aggregating to Rs. 0.14 crore due for the quarter ending June 1995 to March 2001.

**(c) Textile Mill Bhilwara**

The Government guaranteed (May 1986 to April 1994) loans aggregating to Rs.3.85 crore in favour of a textile Mill at Bhilwara. The guarantee commission on said guarantees given by State Government was recovered upto quarter ending December 1993 only, as thereafter the Mill faced financial crisis due to heavy cash loss and could not pay. Non-recovery of guarantee commission and penal interest thereon resulted in loss of Rs.0.43 crore to the Government.

Government stated (April 2002) that the Mill had been closed (April 1997) and Industries department was being requested to recover principal amount outstanding as well as guarantee commission from the assets of the Mill. Further development in this regard is awaited (September 2002).

**B: Public Works department and General Administration department**

**7.4 Review on Disposal and Management of Nazul Properties**

**7.4.1 Highlights**

Revenue realised during 1999-2000 and 2000-2001 was meagre being 9 and 5 per cent of the targets of collection fixed for these years.

(Paragraph 7.4.5)

Out of 1799 Nazul properties in the selected districts 189 comprising 11 per cent thereof were disposed. In Bundi district non-disposal of 328 properties resulted in non-realisation of Rs. 7.67 crore in respect of 159 properties whereas no valuation of the remaining 169 properties had been done so far.

{Paragraph 7.4.6 and 7.4.7(i)}

Sale of properties by Directorate of Estate at a price below the reserve price resulted in minimum loss of Rs. 21.67 crore.

(Paragraph 7.4.8)

**7.4.2 Introduction**

Nazul properties are State owned properties, the procedure for their disposal and management being regulated under the Rajasthan Nazul Buildings (Disposal by Public Auction) Rules, 1971 (Rules). The revenue from Nazul properties arises through rent from tenants, surcharge/fines in the cases of



unauthorised occupation/construction, interest on delayed payment of rent/purchase money forfeitures of security deposits in the cases of default and sale proceeds of Nazul properties.

Assessment and re-assessment of Nazul properties are made in accordance with the provisions contained in PWD manuals read with orders and instructions issued by Government from time to time.

#### 7.4.3 Organisational Set-up

The Secretary, General Administration (Estate) Department (GAD) is the administrative authority and Director Estate, Rajasthan Jaipur is the Head of the Department as well as the coordinating authority for all matters relating to Nazul properties in Rajasthan. The Director Estate is mainly responsible for planning, coordinating, monitoring, survey of Nazul properties, their smooth and speedy disposal and effective realisation of rents from them and general government accommodations.

The State Government constituted (February 1977) 'Apex Committee' at the State level comprising Finance Secretary as Chairman, Secretary GAD, Additional Chief Engineer (ACE) Public Works Department (PWD) Jaipur Zone, Dy. Secretary Finance (Exp.II) Department as members and Director Estate, Rajasthan as member Secretary to take decisions for disposal of such Nazul buildings which were not auctioned, issue directions for maintenance/management. The committee have powers to revise the rate of rent after every fifth year of such Nazul buildings.

At the district level, the Collector is in overall charge of the management and administration of Nazul properties and Chairman of District level Nazul property Disposal Committee, Superintendent Police, Treasury Officer are members and Executive Engineer (EE), PWD is member Secretary. At the sub-division level Sub-Divisional Officer concerned is the Chairman of the committee. EE PWD is responsible for maintenance of Nazul records, assessment and realisation of premium and rent, execution of lease deeds and disposal of Nazul properties.

#### 7.4.4 Scope of Audit

A review of pertinent records in Directorate of Estate and 19\* out of 32 districts covering the period from 1996-97 to 2000-01 was conducted between November 2001 to May 2002 for ascertaining whether codal rules and procedure were followed, besides ensuring implementation of decisions of Apex Committee in assessment, re-assessment, raising of demand, collection of revenue and disposal of Nazul properties. Audit findings are given in succeeding paragraphs.

\* Alwar, Ajmer, Barmer, Bikaner, Bhilwara, Bundi, Chittorgarh, Dungarpur, Ganganagar, Hanumangarh, Jaipur, Jodhpur, Jhunjhunu, Kota, Sawaimadhopur, Sikar, Sirohi, Tonk and Udaipur.



#### 7.4.5 Targets and Achievements

Information regarding targets of revenue if any, fixed by the department was not made available by the Directorate Estate, Jaipur. However, Secretary GAD fixed (January 2001) targets of revenue collection from disposal of Nazul properties for the years 1999-2000 and 2000-01 respectively as Rs.4.40 crore and Rs.17.25 crore. Reasons for increasing revenue targets were neither on record nor intimated to audit.

As intimated by the Directorate, revenue from disposal of Nazul properties and rent therefrom during the period 1996-97 to 2000-01 was as under:

(Rupees in lakh)

Year	Targets *		Actuals		Total
	Sale proceeds	Rent	Sale proceeds	Rent	
1996-97	N.A.	N.A.	N.A.	N.A.	Not Available
1997-98	N.A.	N.A.	26.20	10.62	36.82
1998-99	N.A.	N.A.	56.30	14.72	71.02
1999-2000	439.50	N.A.	41.19	20.12	61.31
2000-2001	1724.60	N.A.	83.34	30.02	113.36
<b>Total</b>	<b>2164.10</b>	<b>N.A.</b>	<b>207.03</b>	<b>75.48</b>	<b>282.51</b>

The details would reveal that realisation of sale proceeds against targets fixed during 1999-2000 and 2000-2001 were meagre 9 and 5 per cent respectively.

On this being pointed out (May 2002) the department stated (September 2002) that actual number of Nazul properties on the basis of which targets were fixed was not available and the same was being collected from all District Collectors. It was further stated that in most of the cases properties are under possession of trespassers/subjudice.

#### 7.4.6 Position of Nazul properties

For smooth disposal and management of Nazul properties and effective realisation of rent, Directorate of Estate was created in January 1991 with the responsibility of survey and valuation of these properties in addition to preparation of district-wise working plan etc. Directorate did not furnish the details of Nazul properties both in and outside the State to audit. However, information available with GAD (January 1998) revealed that there were 4949 properties in the entire State of which 2976 were disposable. As per information collected by audit, position of Nazul properties and their disposal

\* Budget Estimates are not being prepared by the department.

in test-checked 20\* PWD Divisions during the year 1996-97 to 2000-01 was as under:

(Numbers)				
S. No.	Details	No. of properties	Number disposed of	Balance
1.	With State Government Offices	408	112	296
2.	With Central Government Offices	27	1	26
3.	Possession of autonomous bodies	72	-	72
4.	Possession of tenants	705	1	704
5.	Surplus and uneconomic	406	35	371
6.	Possession of trespassers	181	40	141
	<b>Total</b>	<b>1799</b>	<b>189</b>	<b>1610</b>

On this being pointed out (May 2002) in audit the Director Estate stated (July 2002) that information regarding properties located in the State was being collected from District Collectors and as regards properties situated outside the State (Mathura, Vrindavan, Agra etc.) a team headed by an Assistant Engineer was deputed (March 2002) to survey and measure the properties at these places. However, the exact number of properties situated outside was not made available to audit. The report of the team is reportedly under consideration of Government.

It was further stated (September 2002) that properties could not be disposed of due to incomplete records and shortage of staff.

#### **7.4.7 Non-disposal of Nazul properties and non-revision/recovery of rent**

##### **(i) Non-disposal of Nazul properties**

GAD issued instructions from time to time regarding disposal of Nazul properties in accordance with rules in pursuance of the decisions taken by Apex Committee. The Chief Secretary to Government of Rajasthan directed (September 1999) Collector, Bundi that Nazul buildings under possession of autonomous bodies/tenants/trespassers be transferred to them at current market value and proposals be sent to GAD for approval by December 1999. In case these allottees/trespassers were unable to pay the determined value, the properties be disposed of by public auction.

In Bundi district out of 328 properties in occupation of tenants valuation of 159 properties at Rs. 7.67 crore had been done during the year 2000-01; of these proposal for disposal of 133 properties were sent (April 2001) to GAD for approval and for 26 properties proposals were not sent. Valuation in the remaining 169 properties had not been done (December 2001). The Divisional

\*PWD Division I and II Alwar, City Division Ajmer, District Division Ajmer, Barmer, Division I Bhilwara, District Division I Bikaner, Bundi, Chittorgarh, Dungarpur, Ganganagar, Hanumangarh, Jhunjhunu, City Division Jodhpur, City Division Kota, Sawaimadhopur, Sikar, Sirohi, Tonk and City Division Udaipur.



Officer, PWD stated (January 2002) that properties could not be disposed of due to non-receipt of Government approval thereto.

On this being pointed out (May 2002) the department stated (September 2002) that the exact position and reasons for non-disposal/non-assessment of valuation were being enquired from Collector Bundi.

**(ii) Non-revision/recovery of rent and non-execution/renewal of lease deeds**

Apex Committee shall have powers to revise the rate of rent after every fifth year of such Nazul buildings which were in occupation of tenants, regarding which it has been decided that they were not to be sold. The revision of rent shall be equal to the present market rent as assessed by PWD. Similarly after expiry of initial lease period, the lease should be deemed to be due for revision and in such cases lease deeds be renewed and condition of payment of interest chargeable thereon incorporated. In cases where no lease deeds were executed, fresh lease were to be entered into.

In Bundi District out of 328 Nazul buildings under possession of tenants, revision of rent in 159 cases had been done during the year 2000-01 and outstanding rent of Rs.6.29 crore for the period January 1973 to March 2001, including interest of Rs.2.82 crore chargeable thereon had not been recovered from the concerned occupants as of January 2002. Determination of rent in the remaining 169 properties had not been done as of May 2002.

**(iii) Non-realisation of rent in cases of properties disposed of**

As per decision taken by Apex Committee in its 41 meeting held on 29 May 2000, Nazul properties situated at Ramganj, Jaipur were to be sold to Khadi Board (tenant) and all outstanding damages alongwith interest thereon up to the date of notice were to be recovered from the Board. It was revealed that recovery of rent along with interest amounting to Rs. 0.44 crore outstanding as on 1<sup>st</sup> April 2001 had not been made. Waiver for arrears of rent and interest thereon was turned down by Apex Committee (July 2001) but no action was taken to recover the same.

**(iv) Loss of revenue due to non-revision of rent**

An individual occupying a Nazul property since June 1959 filed (May 1995) an affidavit to the effect that he was ready to pay enhanced rent as chargeable under rules and also expressed (May 1995) willingness to purchase the property at current market rate. Apex Committee in its meeting (November 1991) decided that the property be sold to him as per rules on the current valuation. No action was found taken to dispose of the property to the occupant. Due to non-revision of rent after every fifth year he had been paying pre-revised rent at the rate of Rs.300 per annum since 1964. As per assessment of valuation of the property (March 1998), arrears of rent of the building from April 1997 to March 2001 worked to Rs. 0.65 crore. No action was taken to recover the arrears and revise the rent.

#### 7.4.8 Loss of revenue owing to non-adhering to reserve price of Nazul properties

Rules envisaged that assessment of value of a Nazul building shall be made keeping in view the prevailing market rates including the market value of the land by PWD authorities having jurisdiction over the area in which such building is situated. The said valuation will be reserve price of the building, which shall not be sold by public auction at a lesser price.

It was noticed that in Jaipur three Nazul properties were sold (between December 1994 and October 1996 and sale deeds were executed between January 1997 and May 1997) by public auction without calculating of the reserve price by Director Estate, Jaipur. As per prescribed formula for valuation of property the reserve price of three properties worked out to Rs. 59.88 crore as against Rs. 38.21 crore realised on auction.

Thus due to non-calculating/adhering to reserve price the reasons for which were neither on record nor intimated to audit, Government suffered revenue loss of Rs.21.67 crore exclusive of stamp duty and registration fees chargeable thereon.

#### 7.4.9 Loss of revenue owing to erroneous computation of sale price of Nazul properties disposed of

PWD manual provides that in case of sale of Nazul properties the sale price shall be 200 times the monthly standard rent which is worked out in accordance with the prescribed norms. In the case of unauthorised occupant additional 10 per cent of sale price thus worked out shall be chargeable as per decision of the Apex Committee (October 1994).

During test check it was revealed that the reserve price of 21 buildings as per rules amounted to Rs. 5.22 crore as against Rs. 2.83 crore realised on disposal. Thus due to incorrect computation of sale/reserve price Government suffered a loss of Rs. 2.39 crore in 21 cases. A few instances are given below:

(Rupees in lakh)

S. No.	Name of office	Details of properties	Valuation as per PWD manual	Revenue realised on disposal	Difference
1.	Director Estate, Jaipur	Khadi Board Khanda Ramganj, Jaipur 5 cases (P 7, 8, 9, 10 and 13)	132.55	49.21	83.34
2.	PWD Division, Sikar	Old Collectorate Building, Sikar	176.34	74.75	101.59

#### 7.4.10 Monitoring

Rules provide that every Nazul Committee shall maintain a register of Nazul buildings to be disposed of. Chief Engineer PWD, Rajasthan, Jaipur had also issued (September 1992) instructions that information in the prescribed form may be furnished to the Collectors every month for onward transmission to the Directorate Estate/Government for review of progress of disposal and maintenance of Nazul properties at the Chief Secretary level. But it was



revealed that there was no proper monitoring system in the Department to watch the progress of disposal of Nazul properties as would be evident from the following:

- (i) Register of Nazul properties and rent realisation records were not maintained.
- (ii) Monthly progress reports of disposal of properties were not being sent to the Directorate Estate/Chief Secretary by EEs/Collectors which were also not demanded by Directorate. In absence of prescribed monthly progress report, disposal of the properties at different levels could not be watched effectively.
- (iii) As per departmental orders meetings of District Nazul Committee were to be held at least once in a quarter. On the contrary these meetings were called for only if some properties required approval for disposal. In Alwar, Chittorgarh and Jhunjhunu not a single meeting was held during last 5 years and in Bhilwara and Dungarpur districts only 2-3 meetings were held during the same period.

On this being pointed out (May 2002) the department stated (September 2002) that action was being taken for effective monitoring in accordance with audit observations.

#### **7.4.11 Conclusion**

No proper monitoring system exists to watch the process of disposal of nazul properties. A proper record is required to be maintained, which is not being done till now. The progress of disposal of nazul properties, required to be watched through monthly statement, has not been followed by the department. District Nazul Committee meetings need to be held at regular intervals as per the provision so that decision regarding the disposal of properties are taken without any wastage of time.

The matter was reported to Government in May 2002; their reply was awaited.

### **7.5 Receipts of Public Works Department**

#### **Introduction**

Public Works Department (PWD) receipts mainly comprise rent of Government properties, hire charges of machinery and equipment, toll on roads and bridges and recovery of percentage charges.

The records in the offices of the Chief Engineer PWD Rajasthan, Jaipur, Director Estate, Jaipur and 36 PWD divisions, including 3 Public Garden offices covering the period from 1996-97 to 2000-01 were test-checked in audit during November 2001 to May 2002 which revealed the following:

**(a) Non-recovery of rent**

(i) Public Works Financial and Accounts Rules provide that when recoveries of licence fee are to be effected through Drawing and Disbursing Officers (DDOs), monthly demand should be sent to DDOs, recovery schedule should be obtained regularly, posting of the figure made in ledger and reconciliation of recovery of rent made.

Test check of Directorate of Estate, Jaipur and 13 PWD Divisions revealed that a sum of Rs. 94.23 lakh (1227 cases) was outstanding against Government Officials on account of standard rent of Government residential accommodation as on 31 March 2001. As per records of Director Estate, Jaipur Rs. 79.93 lakh (441 cases) comprising 85 per cent therefrom related to the Government accommodation at Jaipur.

Year-wise break-up and details of recoveries made were neither available in the Directorate nor in the records of concerned divisions.

(ii) Rajasthan Civil Services (Allotment of Residential Accommodation) Rules, 1958 envisaged that Government accommodation allotted to Government employee was required to be vacated within one month in case of transfer and two months in case of retirement/death. The accommodation may, however, be allowed to be retained for a further period of one month at double the standard rent. In case, the house was not vacated even after the end of third month, the allottee was to be treated as an unauthorised occupant and be liable to pay thrice the standard rent.

During test check it was revealed that non-realisation of rent in 327 cases for the period beyond the specified period during May 1981 to March 2001 resulted in loss of Rs. 10.62 lakh as detailed below for which no steps for recovery were initiated by the department, except routine correspondence:

(Figures in brackets indicates number of cases)

S. No.	Name of division	1981-82 to 1989-90	1990-91 to 1994-95	1995-96 to 1996-97	1997-98 to 1998-99	1999-2000 to 2000-01	Total (Rupees)
1.	2.	3.	4.	5.	6.	7.	8.
1.	PWD District Division Ajmer	-	322 (2)	5,138 (7)	222 (2)	-	5,682 (11)
2.	PWD City Division Ajmer	86,066 (21)	18,538 (13)	19,379 (7)	4,659 (2)	1,22,815 (101)	2,51,457 (144)
3.	PWD Division-I, Alwar	-	-	-	-	8,790 (1)	8,790 (1)
4.	PWD City Division, Bikaner	-	-	-	11,664 (1)	68,714 (5)	80,378 (6)
5.	PWD Division, Bundi	-	-	-	-	15,100 (2)	15,100 (2)
6.	PWD Division, Chittorgarh	-	-	37,638 (1)	-	10,850 (1)	48,488 (2)
7.	PWD Division, Ganganagar	-	-	-	-	63,865 (8)	63,865 (8)
8.	PWD Division, Hanumangarh	-	-	-	-	54,106 (3)	54,106 (3)
9.	PWD Division, Jhunjhunu	NA	NA	NA	NA	NA	12,254 (18)
10.	Director Estate, Jaipur	-	-	-	-	64,409 (3)	64,409 (3)



1.	2.	3.	4.	5.	6.	7.	8.
11.	PWD City Division, Kota	-	21,135 (1)	42,628 (2)	1,09,865 (3)	1,64,275 (6)	3,37,903 (12)
12.	PWD Division, Sikar	-	22,407 (16)	3,481 (20)	20,793 (44)	16,679 (23)	63,360 (103)
13.	PWD Division, Tonk	-	-	5,156 (2)	-	51,187 (12)	56,343 (14)
	<b>Total</b>						<b>10,62,135 (327)</b>

Thus non-observance of rules and non-maintenance of proper and complete records resulted in accumulation of arrears and the correctness of which could not be ascertained in audit.

(iii) When a Government property is let out to a private person for residential or commercial purposes, rent should be recovered monthly in advance at the market rate prevailing in the locality for similar accommodation used for similar purposes. If a regular lease is to be entered into, the lease should be sanctioned by the Head of the department stating that rent had been fixed in accordance with market rate. Rent at the rate of 10 per cent of the cost of the building is considered reasonable as per PWD manual. Rent is required to be revised every fifth year.

A Government building at Jaipur was leased out to a Club in February 1992 for which lease deed was not available with the department. The cost of building upto December 1997 was Rs. 60.12 lakh and Rs. 62.18 lakh thereafter. Rent of the building was erroneously determined at Rs. 44.87 lakh for the period 1992-93 to March 2001 instead of Rs. 55.78 lakh at the rate of 7.5 per cent to 9 per cent for the first time in April 2002 as against applicable 10 per cent which resulted in short determination of Rs. 10.91 lakh. Even the short determined rent was not realised and thus the omission resulted in aggregate loss of Rs. 55.78 lakh. No demand had been raised till now.

(iv) In 7 Government properties let out by 5 PWD divisions\*, lease rent had not been re-assessed even after the expiry of more than 15 years as against prescribed period of five years and neither were initial lease deeds executed/renewed nor full particulars of the properties leased out available with the divisions. Thus these properties remained under possession of the tenants at pre-revised rent.

In one case the market value of the land worth Rs. 1.13 crore leased out in the erstwhile State of Ajmer (before November 1956) for Petrol Filling Station on that land at the rate of Rs. 75 per month and rental loss at the rate of 10 per cent per annum worked out to Rs. 56.40 lakh for the period 1996-97 to 2000-01.

#### (b) *Erroneous computation of rent*

Para 23.1.3 of PWD manual lays down that when a Government property is let out to a private person for residential or commercial purposes, rent at the market rate should be recovered monthly in advance.

\* City Division Ajmer, District Division Ajmer, Division-I, Alwar, City Division Bikaner and Chittorgarh.

Test check of records of PWD Division Tonk revealed that rent of six shops let out to 6 private parties in 1947 was revised (January 1998) at the rate of Rs.1200 (2 cases) and Rs. 2000 (4 cases) per square yard instead of rate of Rs.11,000 approved by DLC which resulted in loss of Rs.15.73 lakh during January 1998 to March 2001.

**(c) *Loss of revenue due to sale of an old Dak Bungalow***

Rule 325(1) of General Financial and Accounts Rules provides that transfer to or from a commercial department will be effected on the basis of present day cost minus depreciation as assessed by PWD.

It was noticed that an old Dak Bungalow near Railway Station Jodhpur measuring 44501.62 square feet and constructed area 17990 square feet was sold out (August 1998) to Co-operative Department at Rs.1 crore as against departmental valuation (June 1998) of Rs. 8.58 crore. This resulted in loss of Rs. 7.58 crore. No reasons for selling the property on low rates were found on record.

**(d) *Non-realisation of revised rent***

When Government property is let out, a regular lease is to be entered into and lease deeds for a period exceeding one year are compulsorily registrable document.

A piece of land near an overbridge at Jodhpur, measuring 1308 square metre was under encroachment since October 1981. A lease deed was, however, executed (January 1986) between Executive Engineer PWD City Division Jodhpur and the trespasser regularising occupation from October 1981 at a monthly rent of Rs. 613.25 per month without mentioning the period of lease and without getting it registered. However, arrears of revised rent from time to time at the expiry of five years (in October 1986 to March 2001) including interest aggregating to Rs. 22.49 lakh on the basis of market value from time to time remained unrealised as of March 2002.

**(e) *Storage charges not credited to revenue***

Storage charges at the prescribed rates to cover expenditure incurred on handling of the stores articles are to be initially accounted for under "Stock Suspense-storage". Surplus balance under the head at the end of year is to be credited to Government account. In 52 divisions an accumulated balance of Rs.220.28 lakh at the end of March 2001 was not credited to revenue as it was still in suspense head. Thus these balances remained outside the revenue account.

**(f) *Unclaimed deposits over 3 years not credited to Government revenue***

As per Rules all balances under the head 'deposits' remaining unclaimed for more than three years are to be credited to revenue as lapsed deposits (0059 Public Works-Other receipts). Security deposits of Rs.148.83 lakh received



from the contractors/suppliers, which remained unclaimed for more than 3 years since June 1959 to February 1998 in 19 PWD divisions had not been credited to revenue as of March 2002.

**(g) Non/short levy and recovery of percentage charges on deposit works**

According to the rules percentage charges on deposit works are leviable at the rates prescribed by Government from time to time on the cost of construction of works undertaken by PWD on behalf of other departments, local bodies and other Governments. As per permanent arrangement, the Central Government have agreed to a rate of 16 per cent for centage charges in respect of Central works executed through the agency of State PWD.

Test check of records of PWD Division-I, Bhilwara revealed that 2 deposit works of construction of 50 bedded ESI hospital and 46 staff quarters were undertaken by PWD Division-I Bhilwara at the expenditure of Rs. 300.40 lakh on behalf of Employees State Insurance Corporation (which follows procedures as laid down by Government of India) on which percentage charges at the rate of 16 per cent of Rs.48.06 lakh were leviable. As against the said charges an amount of Rs. 11.99 lakh in respect of staff quarters was recovered which resulted in short levy of Rs. 36.07 lakh.

**(h) Misutilisation of Government revenue**

Road cutting charges as assessed by PWD are creditable to revenue under the Head '1054 Road and Bridges-Other receipts'. In 8 PWD Divisions it was noticed that Rs.226.63 lakh received from Government Departments/undertakings/private companies on account of various city road cutting charges for laying of water pipe lines/sewerage lines/telephone cables was irregularly credited to "8443 Civil Deposits-Deposit-III under Suspense Head/Roads and Bridges" instead of Receipt Head of the Department, out of which an expenditure of Rs.168.03 lakh was incurred therefrom and balance of Rs.58.60 lakh kept in deposit. This misclassification of the revenue receipts and their resultant utilisation is contrary to financial rules.

The above matter was pointed out to the department and reported to Government (June 2002). However, no reply was received (August 2002).

**C. Medical and Health department**

**7.6 Loss due to not depositing the fees in Government account charged for issue of permanent disability certificates**

Rules 5 and 27 of General Financial and Accounts Rules envisaged that all money received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise shall be brought into Government account without delay and it is the duty of the Controlling officer to see that all sums due to Government are regularly and promptly assessed,

realised and accounted for and duly credited in the Consolidated Fund and/or the Public Account of the State. The medical Boards of Government Hospitals issue permanent disability certificates to injured claimants on account of accidents.

In Sawai Man Singh (SMS) Hospital, Jaipur and Maharao Bhim Singh (MBS) Hospital, Kota, it was noticed (March 2002) in audit that fees of Rs. 32.32 lakh charged at Rs. 235 per patient from 13,754 patients (Jaipur: 13073 and Kota: 681) for issuing permanent disability certificates during 1992 to 2000-2001 were not deposited by the members of Medical Board in Government treasury/accounts. This resulted in loss of revenue of Rs. 32.32 lakh in addition to loss of minimum interest at the rate of 12 per cent per annum amounting to Rs. 13.44 lakh, which the Government could have earned on these deposits from time to time as of 30 September 2002.

The omission was pointed out (March 2002) to the department and referred (May 2002) to Government who stated (September 2002) that the matter was under examination.

#### **D. Mining department**

##### **7.7 Loss of revenue due to allowing unauthorised rebate in royalty on marble**

The Government allowed (July 1994) rebate of 50 per cent on royalty for the period of three months from 15 July 1994 on the quantity of marble blocks brought to Makrana from outside for processing and its dispatch.

It was noticed (December 2001) that unauthorised rebate in royalty was allowed in Makarana from 1 April 2000 to 31 March 2002 which resulted in loss of revenue of Rs. 490.76 lakh for the period.

On this being pointed out (February 2002) in audit, the department stated (May 2002) that Government had allowed (January 2002) continuance of the procedure adopted. The reply of the department was not tenable because as per original order the matter was required to be reviewed in October 1994 itself to decide whether the rebate in royalty was to be continued and a gazette notification to that effect issued. The department has been apprised (July 2002) accordingly.

Government to whom the matter was reported (April 2002), confirmed (June 2002) the reply of the department.

## 7.8 Non-raising of demand of development charge

Handbook of Mines and Geology department, prescribes that all demands of royalty, dead rent, penalty etc. should be posted in a Demand and Collection Register (DCR) for pursuance and watching recovery thereto. The Government revised (June 2000) the rate of development charge from Rs. 30 to Rs. 50 per MT on gypsum dispatched or sold with effect from 1 June 2000.

In Nagaur and Sriganganagar it was noticed (January 2002 and August 2001) that in 13 cases demand of development charge of Rs. 3.04 crore was not raised in DCR. However, the lessees had deposited Rs. 0.84 crore on their own, consequently an amount of Rs. 2.20 crore remained unrecovered as detailed below: -

(Rupees in lakh)

S. No	Name of office	No. of cases	Period	Month of assessment	Amount recoverable	Amount recovered	Differential amount recoverable	Reasons
1.	Nagaur	3	1997-98 to 1999-2000	January 2001	153.13	-	153.13	Non-raising of demand
2.	Nagaur	1	June 2000	January 2001	11.29	6.77	4.52	Demand of development charge not worked out at revised rates of Rs. 50 per M.T. from 1 <sup>st</sup> June 2000.
3.	Nagaur	1	June 2000	January 2001	3.05	1.83	1.22	
4.	Sriganganagar	7	June and July 2000	N.A.	125.64	75.38	50.26	
5.	Sriganganagar	1	September 1998 to March 1999	N.A.	11.24	-	11.24	Non-raising of demand
<b>Total</b>		<b>13</b>			<b>304.35</b>	<b>83.98</b>	<b>220.37</b>	

On this being pointed out (between August 2001 and January 2002) in audit, the department accepted the audit observation in all the cases and stated (January 2002) that the demand would be raised.

Government to whom the matter was reported (April 2002), confirmed (August 2002) the reply of the department.

## 7.9 Non levy /recovery of penalty

(i) The Government had prescribed (May 1999) that in case a cement plant was not set up within the stipulated time limit as per sanction, the further extension to set up the cement plant would be allowed on deposit of Rs. 1 crore per year in the Government account, allowable on yearly basis. In case of non-deposit of government dues the lease was liable to be cancelled and the dues recoverable as arrears of Land Revenue.

A mining lease of lime stone was sanctioned in favour of a lessee by the Government on 3 March 1993 and subsequently transferred to another lessee in Chittorgarh, by the Government on 29 March 1996 with the condition that the lessee shall establish within two years from the date of execution of mining lease a cement plant of one million tonne cement production capacity every year. The lease was executed on 26 June 1996.

During the course of audit, it was noticed (January 2002) that a penalty of Rs. two crore was imposed on the lessee for non-establishment of Cement Plant. The lessee was liable to pay the amount within 60 days of issue of the demand notice (November 2001) failing which the lease would be cancelled. The lessee did not pay the penalty amount. However, no action was taken to recover the same as arrears of Land Revenue.

The omission was pointed out to department (February 2002) and reported to Government (April 2002) their replies have not been received.

(ii) Under the Rajasthan Minor Mineral Concession Rules, 1986 for delayed execution/registration of mining lease the department is required to impose a penalty at the rate of 9 per cent of the dead rent per month.

In Jhalawar, it was noticed (May 2001) that two mining leases (dead rent Rs. 75,000 each) were sanctioned on 5 August 1996 and lease deeds were executed and registered on 5 February 1997 and 15 December 1999 respectively. Thus execution/ registration of mining lease was delayed by 36 months but penalty of Rs. 4.86 lakh was not imposed.

On this being pointed out (July 2001) in audit, the department accepted the audit observation and raised the demand (March 2002).

The matter was reported (March 2002) to Government; their reply has not been received (August 2002).

#### **7.10 Non-raising of demand of dead rent and excess royalty**

As per terms and conditions of agreement, demand of dead rent is to be raised and recovered in advance six monthly in case of major minerals and quarterly in case of minor minerals. According to Handbook of Mines and Geology department, all demands of dead rent, royalty, penalty and other dues are required to be posted in a Demand and Collection Register (DCR) for pursuing and watch of recovery.

(a) In Kota, it was noticed (July 2001) that in case of Mining Lease (M.L.), royalty for the period from 15 February 1995 to 14 February 2001 was incorrectly assessed (March 2001) at Rs. 143.21 lakh instead of Rs. 143.28 lakh. The Mining Engineer (ME) did not raise the demand. However, the lessee paid Rs. 136.24 lakh as advance royalty and Rs. 7.04 lakh remained unrealised.



On this being pointed out (July 2001) the department accepted the audit observation (July 2002) and raised the demand.

The Government to whom the matter was reported (April 2002), confirmed (July 2002) the reply of the department.

(b) Audit of records of ME, Bikaner revealed (September 2001) that in case of two mining leases royalty for the period from 1992 to 1996 was assessed in February 2001 for Rs. 12.17 lakh. However, the amount was neither posted in the Demand and Collection Register nor was any demand raised against the lessee. This resulted in non-realisation of Rs. 12.17 lakh.

On these omissions being pointed out (September 2001) the ME, Bikaner accepted (September 2002) the audit objection and raised (September 2002) the demand.

The matter was reported (March 2002) to Government, their reply has not been received (August 2002).

(c) In Sriganganagar, it was noticed (August 2001) that in two cases demand of dead rent amounting to Rs. 5.64 lakh for the period between 22 March 1986 and August 2001 was not raised and consequently action for recovery was not initiated.

On this being pointed out (August 2001) in audit, the department stated (August 2001) that the relevant demand had been raised (August 2001). It was further stated (August 2002) that in one case of Rs. 1.37 lakh demand notice was issued on 16 May 2002 and in second case the party had gone in revision to Government. Further progress was awaited (August 2002).

The matter was reported (March 2002) to Government; their reply has not been received (August 2002).

#### **7.11 Loss of revenue due to non-forfeiture of security and instalment and irregular adjustment of security**

Under Rajasthan Minor Mineral Concession Rules, 1986, Royalty Collection Contract is granted by auction. The selected bidder of contract shall deposit the security money at the prescribed rates and bid amount in advance. The security money shall be adjusted in the last instalment if the contract is completed without any lapse on the part of the contractor. As per condition No. 11 of agreement if the contractor fails to comply with any of the conditions of the agreement the competent authority is required to cancel the contract after issuing of fifteen days notice and forfeit the security amount.

During the course of audit of ME Office, Karauli, it was noticed (July 2001) that in a Royalty Collection Contract sanctioned for the period from 1 July

1998 to 30 June 2000 security of Rs.5.01 lakh was payable by the contractor for allocation of a Royalty Collection Contract valued at Rs. 40.01 lakh against which security of Rs. 4.11 lakh was obtained. The contractor defaulted in payments and as such the security was liable to be forfeited on cancellation of the contract (29 June 2000). However, the department irregularly adjusted (March 2000) the security amount of Rs. 4.11 lakh against the outstanding dues of the Government. Thus this resulted in loss of Rs. 5.01 lakh on account of irregular adjustment and short deposit of security amount.

The omission was pointed out (July 2001) to the department and reported (March 2002) to Government; their replies have not been received (August 2002).

#### **7.12 Non-levy of penalty**

Under the Rajasthan Minor Mineral Concession Rules, 1986 in case of any breach on the part of the lessee of any covenant or conditions contained in the lease, the competent authority may determine the lease and take possession of the said premises and forfeit the security amount of the lessee or in the alternative impose penalty not exceeding twice the amount of annual dead rent of the lease.

In Rishabhdeo, it was noticed (January 2002) that department on the basis of vigilance report (December 1998) raised demand of Rs. 191.55 lakh for concealment of mineral actually extracted and despatched during the period from 1991-92 to 1998-99. Against the said demand Rs. 126.93 lakh had been recovered. However, the department did not impose penalty of Rs. 46.28 lakh for the unauthorised despatch of mineral. This resulted in short realisation of Rs. 1.11 crore.

On this being pointed out (January 2002) in audit, the department stated (June 2002) that the matter was under consideration of Director Mines and Geology.

Government to whom the matter was reported (March 2002), confirmed (August 2002) the reply of department.

#### **7.13 Non-raising of demand of interest**

Under Rule 32 of the Rajasthan Minor Mineral Concession Rules, 1986, Royalty Collection Contract may be granted either by auction or tender. Further Rule 34(g)(iii) *ibid* provides that if the yearly bid amount exceeds Rs. 10 lakh, it shall be recovered in 12 monthly instalments but the first instalment shall not be less than Rs. 2.50 lakh and shall be deposited immediately. The remaining bid amount shall be deposited in eleven equal monthly instalments by 10<sup>th</sup> of each month in advance failing which interest at the rate of 20 per

cent per year shall be charged on all dues for the period of delay beyond 15 days from the due date of deposit.

In Sikar, it was noticed (August 2001) that in two cases instalments of Royalty Collection Contract were not deposited by the contractors on due dates. The period of delay ranged between 1 to 430 days which resulted in non-recovery of interest of Rs. 11.64 lakh.

On this being pointed out (March 2002) in audit, the Government stated (May 2002) that a demand of Rs. 11.64 lakh has been raised of which Rs. 74,000 were recovered and efforts for recovery of balance amount under Land Revenue Act were on. Further progress has not been intimated (August 2002).

#### **7.14 Non-recovery of dead rent and interest**

Subject to the other conditions of Rule 28 of Mineral Concession Rules, 1960 where mining operations **have not commenced** within a period of two years from the date of execution of the lease, or is discontinued for a continuous period of two years, **after commencement** of such operations, the State Government by an order shall **declare** the mining lease as lapsed and communicate the declaration to the lessee. Dead rent was to be recovered six monthly in advance.

In Bikaner, it was noticed (September 2001) that a mining lease was sanctioned in favour of Rajasthan State Electricity Board (RSEB) by State Government on 29 June 1982 and lease deed was executed after delay of about 13 years on 4 May 1995. Excavation work on lease area is yet to be started. No reasons for non-cancellation of the lease were furnished by the Mining Engineer, Bikaner. Though demand of dead rent of Rs. 5.84 lakh for the period from 4 May 1995 to 3 November 2001 was noted in Demand and Collection Register (DCR), no further action for recovery was initiated by the department. Demand of interest on outstanding dead rent worked out to Rs. 2.91 lakh. This resulted in non-recovery of dead rent and interest thereon aggregating Rs. 8.75 lakh.

On this being pointed out (September 2001) in audit, the department accepted (February 2002) the audit observation and sent (June 2002) proposals for cancellation of the lease. As regards recovery of dues recovery certificate had been issued (April 2002) and sent to Mining Engineer, Jaipur for effecting recovery under the Land Revenue Act.

The matter was reported to Government (April 2002); their reply has not been received (August 2002).

### 7.15 Non-realisation of stamp duty and registration fee due to non-registration of quarry licences

Under the Indian Registration Act, 1908, leases of immovable property for any term exceeding one year shall be registered compulsorily. Further Government of Rajasthan clarified in their circular dated 24 November 1993 that stamp duty and registration fee are leviable on execution of leases, quarry licences and their renewals at the prescribed rates.

In Nimbahera (Chittorgarh district) and Sojat City (Pali district), it was noticed (September 2001 and February 2002) that 1590 quarry licences renewed during the year 1999-2000 and 2000-2001 were not registered as required under the Indian Registration Act, 1908. This resulted in non-realisation of revenue of Rs. 5.63 lakh on account of stamp duty (Rs. 5.16 lakh) and Registration fee (Rs. 0.47 lakh).

On this being pointed out (October 2001 and March 2002) the department stated (August 2002) that Assistant Mining Engineer Nimbahera and Sojat City had taken steps to register the mining leases and amount of Rs. 2.31 lakh had been recovered on account of registration (October 2002).

Government to whom the matter was reported (March and April 2002), confirmed (August and September 2002) the reply of the department.

*Minakshi Ghose*

JAIPUR,  
The

17 FEB 2003

(MINAKSHI GHOSE)  
Accountant General (Audit)-II, Rajasthan

Countersigned

*(Signature)*

NEW DELHI,  
The

25 FEB 2003

(VIJAYENDRA N. KAUL)  
Comptroller and Auditor General of India





**Annexure-A**  
(Refer paragraph 1.11)

Position of paragraphs which appeared in the Audit Reports and those pending discussion as on 31 August 2002:

Name of Tax		1998-99	1999-00	2000-01	Total
Taxes on Sales, Trade etc.	Paras appeared in the Audit Report.	9	14	12	35
	Paras pending for discussion	-	14	12	26
Taxes on Motor Vehicles	Paras appeared in the Audit Report.	7	8	8	23
	Paras pending for discussion	-	-	8	8
Land Revenue	Paras appeared in the Audit Report.	2	4	4	10
	Paras pending for discussion	2	4	4	10
Stamp duty and Registration fee	Paras appeared in the Audit Report.	3	3	5	11
	Paras pending for discussion	-	-	5	5
State Excise	Paras appeared in the Audit Report.	8	3	7	18
	Paras pending for discussion	-	-	7	7
Lands and Buildings Tax	Paras appeared in the Audit Report.	3	3	1	7
	Paras pending for discussion	3	3	1	7
Mining	Paras appeared in the Audit Report.	11	1	6	18
	Paras pending for discussion	-	1	6	7
Others	Paras appeared in the Audit Report.	3	1	2	6
	Paras pending for discussion	1	1	2	4
Total	Paras appeared in the Audit Report.	46	37	45	128
	Paras pending for discussion	6	23	45	74

**Annexure-B**  
(Refer paragraph 1.12)

The position of outstanding ATNs due from the department.

Sl. No.	No. of PAC Report	Date of presentation in Assembly	Name of department	Year of Audit Report	No. of ATNs due
1.	23 <sup>rd</sup> Report of 1990-91	25.3.91	State Excise	1984-85 to 1987-88	3
2.	41 <sup>st</sup> Report of 1991-92	18.9.91	Lotteries	1983-84	1
3.	63 <sup>rd</sup> Report of 1991-92	30.3.92	State Excise	1976-77 to 1983-84	15
4.	15 <sup>th</sup> Report of 1994-95	27.9.94	Land Revenue	1976-77	1
5.	75 <sup>th</sup> Report of 1996-97	12.7.96	Mines	1984-85 to 1989-90	3
6.	102 <sup>nd</sup> Report of 1997-98	16.3.98	Cooperative	1984-85	2
7.	119 <sup>th</sup> Report of 1998-99	27.7.98	Transport	1994-95 to 1995-96	45
8.	31 <sup>st</sup> Report of 1999-2000	31.3.2000	Mines	1991-92	4
9.	35 <sup>th</sup> Report of 1999-2000	31.3.2000	Mines	1995-96	1
10.	42 <sup>nd</sup> Report of 1999-2000	31.3.2000	State Excise	1991-92	1
11.	44 <sup>th</sup> Report of 1999-2000	31.3.2000	State Excise	1993-94	4
12.	93 <sup>rd</sup> Report of 2001-2002	20.11.2001	Transport	1996-97	2
13.	94 <sup>th</sup> Report of 2001-2002	20.11.2001	Lotteries	1997-98	1
14.	96 <sup>th</sup> Report of 2001-2002	20.11.2001	Registration and stamps	1992-93	2
15.	97 <sup>th</sup> Report of 2001-2002	20.11.2001	Registration and stamps	1993-94	1
16.	101 <sup>st</sup> Report of 2001-2002	20.11.2001	Registration and stamps	1995-96	1
17.	106 <sup>th</sup> Report of 2001-2002	20.11.2001	Registration and stamps	1996-97	5
18.	107 <sup>th</sup> Report of 2001-2002	20.11.2001	Registration and stamps	1997-98	4
	<b>Total</b>				<b>96</b>