

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

FOR THE YEAR ENDED 31 MARCH 2000

(REVENUE RECEIPTS)

Government of Rajasthan



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PREFATORY REMARKS

This report for the year ended 31 March 2000 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 1999-2000 as well as those noticed in earlier years but could not be included in previous Reports.

Overview

This Report contains 37 paragraphs including 3 reviews, relating to non/short levy of tax, interest, penalty *etc.* involving Rs. 293.24 crore which is 4.80 per cent of the revenue receipts of 1999-2000. The Government has accepted audit observations involving Rs. 24.44 crore of which Rs. 5.51 crore had been recovered during 1999-2000. Some of the major findings are mentioned below:

1. General

The State Government's receipts for the year 1999-2000 amounted to Rs.9789.61crore as against Rs. 8579.28 crore for the year 1998-99. While the revenue raised by the Government amounted to Rs.6104.67 crore (tax revenue: Rs.4530.90 crore and non-tax revenue: Rs.1573.77 crore), the balance (Rs.3684.94 crore) was received from the Government of India as the State's share of divisible Union taxes (Rs.2184.84 crore) and grants-in-aid (Rs.1500.10 crore) during the year 1999-2000. While the major portion of the tax revenue was realised from Sales Tax (Rs.2424.52 crore) and State Excise (Rs.960.81 crore), Non-ferrous Mining and Metallurgical Industries (Rs.349.53 crore) and Interest Receipts (Rs.670.42 crore) mainly contributed to the non-tax revenue.

(Paragraph 1.1)

Arrears aggregating Rs. 1391.24 crore remained unrealised under the principal heads of revenue at the end of 1999-2000. The arrears were mainly in respect of Sales Tax, Land Revenue, State Excise, Non-ferrous Mining and Metallurgical Industries and Taxes on Immovable Property other than Agricultural Land and Water Supply and Sanitation-Receipts from Rural/Urban Water Supply Schemes.

(Paragraph 1.4)

At the end of March 2000, out of 3,02,207 assessments pending finalisation, 2,36,669 related to Sales Tax alone.

(Paragraph 1.5)

Test check of records of the Commercial Taxes, Transport, Land Revenue, Stamps and Registration, State Excise department and other departmental offices conducted during 1999-2000, revealed under-assessment/short levy of revenue amounting to Rs. 640.36 crore in 20967 cases. The concerned departments accepted under-assessments *etc.* of Rs.24.44 crore in 3703 cases of which Rs. 5.94 crore pertained to the year 1999-2000 and the rest to earlier

years. Further the department recovered Rs. 5.51 crore in 1673 cases during the year 1999-2000.

(Paragraph 1.9)

As on 30 June 2000, 3140 inspection reports, issued upto December 1999 containing 8468 audit observations involving Rs. 427.54 crore, were outstanding for want of comments/ final action by the concerned departments.

(Paragraph 1.10)

2. Sales Tax

A review on 'Recovery of dues treated as arrears of land revenue in Sales Tax Department' revealed the following points:-

- Sales Tax Recovery-I (STR-I)/Revenue Recovery Certificate (RRC) for Rs. 182.63 lakh were not issued in 18 cases even after a lapse of period from 5 to 108 months.

{Paragraph 2.2.6(i)}

- In 30 cases involving revenue Rs. 233.62 lakh, demand notices and attachment warrants were not issued and in 4 cases involving Rs.146.82 lakh, demand notices/attachment warrants were not served.

{Paragraph 2.2.7(c)}

- In 24 cases attached property worth Rs. 796.30 lakh was not disposed of by public auction.

(Paragraph 2.2.8)

- In 6 cases action for recovery of Rs. 687.87 lakh was not taken under L.R. Act against directors of private companies.

(Paragraph 2.2.10)

- In 3 cases action for recovery of Rs. 55.32 lakh was not taken against sureties even after a lapse of 21 to 27 months.

(Paragraph 2.2.11)

Excess exemption from tax of Rs. 744.41 lakh was allowed to 31 small/medium scale industries.

(Paragraph 2.3)

Excess exemption from tax of Rs. 128.66 lakh was allowed on the sale of cement, marble tiles and lubricating oil in 16 cases.

(Paragraph 2.4)

Incorrect grant of exemption in 15 cases on the sale of footwears resulted in non-levy of tax aggregating to Rs. 243.28 lakh.

(Paragraph 2.5)

Non-withdrawal of benefit on breach of condition resulted in non-recovery of tax of Rs. 238.50 lakh.

(Paragraph 2.6)

Purchase tax and interest aggregating to Rs. 147.90 lakh in 6 cases was not levied on vegetable oil.

(Paragraph 2.7)

3. Taxes on Motor Vehicles

Tax amounting to Rs. 83.44 lakh was not recovered in respect of 46 dumpers/goods vehicles owned by four company/corporations.

{Paragraph 3.3 (i) (a)}

In 46 stage carriages special road tax amounting to Rs. 27.89 lakh was not/short recovered.

(Paragraph 3.5)

In 38 contract carriages special road tax amounting to Rs. 25.24 lakh was not/short recovered.

(Paragraph 3.6)

4 Land Revenue

A review on 'Allotment, Conversion and Regularisation of Agricultural Land for Non-Agricultural Purposes' revealed the following points:-

- There was a loss of revenue due to non-realisation of conversion charges amounting to Rs. 6823.49 lakh on acquisition/purchase of *khatedari* land measuring 4,25,98,389 square yards by 8 local bodies.

(Paragraph 4.2.8)

- 4846 cases of 19 offices of unauthorised constructions on agricultural land involving revenue of Rs. 2654.42 lakh by way of cost of land, conversion charges, penalty and stamp duty were not finalised.

{Paragraph 4.2.9 (I)(a)(i)}

- Unauthorised constructions on agricultural land in 2556 cases involving revenue of Rs. 385.94 lakh by way of cost of land, were not demolished.

{Paragraph 4.2.9(I)(b)}

- Government could not realise revenue of Rs. 530.27 lakh by way of development charges, cost of land and lease rent on unauthorised occupation of Government agricultural land measuring 2,05,891.91 square metres in 7 tehsils for industrial purposes.

{Paragraph 4.2.9 (iii)(b)}

- Development charges of Rs. 823.84 lakh in respect of *Khatedari* land measuring 3,73,504.69 square metres in 8 tehsils for industrial purposes were short/not recovered.

(Paragraph 4.2.12)

- Government could not realise revenue of Rs. 613.64 lakh by way of development charges due to incorrect allotment of agricultural land measuring 2,05,693.50 square metres in 2 tehsils for hotel purposes.

(Paragraph 4.2.13)

- In 8 tehsils, demands of premium and lease rent amounting to Rs.311.53 lakh were neither assessed nor raised.

(Paragraph 4.2.14)

6 State Excise

Excise surcharge amounting to Rs. 2.34 crore from the Rajasthan Tourism Development Corporation was incorrectly deferred.

(Paragraph 6.2)

Licence fee and bottling fee amounting to Rs. 131.68 lakh was not/short recovered.

(Paragraph 6.3)

7. Other tax receipts

Lands and Buildings Tax

Non-registration of lease agreement resulted in non-levy of stamp duty and registration fee aggregating to Rs. 240.66 lakh.

(Paragraph 7.2)

Under valuation of property in 6 cases resulted in short levy of tax amounting to Rs. 35.51 lakh.

(Paragraph 7.3)

8. Non-tax receipts

A: Receipt from Non-ferrous Mining and Metallurgical Industries

A review on 'Receipts from Mines and Minerals' revealed the following points:-

- Royalty of Rs. 280.36 lakh and interest of Rs. 220.29 lakh thereon was not recovered from M/s J.K. Udaipur Udhdyog Ltd., due to non-raising of demand.

{Paragraph 8.2.6 (a)(i)}

- Revenue of Rs. 64.47 lakh was not recovered from lessees due to non-raising of demand after finalisation of assessments.

{Paragraph 8.2.6 (a)(ii)}

- Allowing unauthorised rebate (beyond the period allowed by Government) in royalty on marble resulted in loss of revenue of Rs.385.37 lakh.

(Paragraph 8.2.8)

- Land tax amounting to Rs. 3105.70 lakh and interest thereon Rs.3998.58 lakh was not recovered from lessees.

(Paragraph 8.2.9)

- Royalty of Rs. 120.95 lakh was not recovered from contractors by works department.

(Paragraph 8.2.10)

- Improper maintenance of Demand and Collection Register resulted in loss of revenue of Rs. 13.19 lakh.

{Paragraph 8.2.14(a)}

B: Irrigation department

Water charges amounting to Rs. 455.80 lakh and interest thereon of Rs. 17.34 lakh was short recovered in two cases.

(Paragraph 8.3)

Under section 107 of the Act, the Secretary of the Interior is authorized to issue such orders as may be necessary to carry out the purposes of this Act.

Section 108

Section 109

As herein from the various mining and industrial interests, the Secretary of the Interior is authorized to issue such orders as may be necessary to carry out the purposes of this Act.

Section 110

Section 111

Section 112

Section 113

Section 114

Section 115

Section 116

Section 117

CHAPTER-1:-GENERAL

1.1 Trend of revenue receipts

(i) The tax and non-tax revenue raised by the State Government during the year 1999-2000, 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:-

		1997-98	1998-99	1999-2000
		(Rupees in crore)		
I.	Revenue raised by the State Government			
	(a) Tax revenue	3610.58	3939.34	4530.90
	(b) Non-tax revenue	1362.42	1353.39	1573.77
	Total	4973.00	5292.73	6104.67
II.	Receipts from Government of India			
	(a) State's share of divisible Union taxes	1808.73	1964.28	2184.84
	(b) Grants-in-aid	1622.49	1322.27	1500.10
	Total	3431.22	3286.55	3684.94
III.	Total receipts of the State Government (I and II)	8404.22	8579.28	9789.61*
IV.	Percentage of I to III	59	62	62

* 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 1999-2000. Figures under the head '0021-Taxes on Income other than Corporation Tax-share of net proceeds assigned to States' booked in the Finance Accounts under A-Tax Revenue have been excluded from revenue raised by the State and included in 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 1999-2000 alongwith corresponding figures for the preceding two years are given below

Sl. No.	Revenue heads	1997-98	1998-99	1999-2000	Percentage of increase (+)/ decrease (-) in 1999-2000 over 1998-99
		(Rupees in crore)			
1.	Sales Tax	1826.54	2058.67	2424.52	(+) 18
2.	State Excise	922.79	990.03	960.81	(-) 3
3.	Taxes on vehicles	347.20	364.36	455.48	(+) 25
4.	Stamp and Registration Fees	312.27	344.36	376.77	(+) 9
5.	Taxes and Duties on Electricity	88.96	91.87	193.67	(+) 111
6.	Land Revenue	44.76	33.27	35.09	(+) 5
7.	Other taxes	68.06	56.78	84.56	(+) 49
	Total	3610.58	3939.34	4530.90	(+) 15

Reasons for variations in receipts during 1999-2000 as compared to those of 1998-99, as intimated by the respective departments, are given below:-

Sales Tax: The increase (18 per cent) was due to implementation of surcharge at the rate of 15 per cent and general increase in the price of goods and business turnover.

Taxes on Vehicles: The increase (25 per cent) was due to (i) introduction of (a) Special token scheme (b) Amnesty scheme for old SRT/Challan (ii) Rationalisation of tax structure and (iii) effective and better monitoring of enforcement activities

Taxes and Duties on Electricity: Increase (111 per cent) was due to 100 per cent increase in the electricity duty.

(iii) Non-tax revenue of the State

The details of non-tax revenue raised by the State during the year 1999-2000 alongwith the figures for the preceding two years under the principal heads of revenue are given below.

Sl. No.	Revenue heads	1997-98	1998-99	1999-2000	Percentage of increase (+)/ decrease (-) in 1999-2000 over 1998-99
		(Rupees in crore)			
1.	Interest Receipts	598.13	628.79	670.42	(+) 7
2.	Non-ferrous Mining and Metallurgical Industries	292.90	304.25	349.53	(+) 15
3.	Miscellaneous General Services	116.10	64.50	138.78	(+) 115
4.	Water Supply and Sanitation	96.79	121.61	125.72	(+) 3
5.	Others	258.50	234.24	289.32	(+) 24
Total		1362.42	1353.39	1573.77	(+) 16

Analysis of individual items of Miscellaneous General Services showed that increase (115 per cent) in revenue for 1999-2000 as compared to 1998-99 was due to increase in unclaimed deposits and sale of land and property as per details given below:-

	Actuals for	
	1998-99	1999-2000
(a) Unclaimed Deposit	Rs. 6,60,44,491	Rs. 8,36,62,505
(b) Sale of Land and Property	Rs. 41,02,37,566	Rs. 1,29,33,25,680

Reasons for variations in receipts during 1999-2000 as compared to those for 1998-99, though called for (June 2000) have not been received (September 2000).

1.2 Variations between Budget estimates and actuals

The variations between the Budget estimates of revenue for the year 1999-2000 and actual receipts under the principal heads of revenue are given below:-

Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation Increase (+) Shortfall (-)	Percentage of variation with reference to Budget estimates
(Rupees in crore)					
Tax revenue					
1.	Sales Tax	2550.00	2424.52	(-) 125.48	(-) 5
2.	State Excise	1025.00	960.81	(-) 64.19	(-) 6
3.	Taxes on Vehicles	455.00	455.48	(+) 0.48	Negligible
4.	Stamp and Registration Fee	425.00	376.77	(-) 48.23	(-) 11
5.	Land Revenue	37.55	35.09	(-) 2.46	(-) 7
6.	Taxes on Immovable Property other than Agricultural Land	23.23	26.70	(+) 3.47	(+) 15
Total		4515.78	4279.37	(-) 236.41	(-) 5
Non-tax revenue					
1.	Non-ferrous Mining and Metallurgical Industries	354.50	349.53	(-) 4.97	(-) 1
2.	Interest Receipts	717.83	670.42	(-) 47.41	(-) 7
3.	Miscellaneous General Services	159.67	138.78	(-) 20.89	(-) 13
Total		1232.00	1158.73	(-) 73.27	(-) 6

Sales Tax:-Decrease (5 per cent) was due to (i) strike of State Government employees (ii) 26 districts were drought effected and (iii) fixations of higher targets.

State Excise:-Decrease (6 per cent) was because adjustment from security deposit toward deficit of Exclusive Privilege Amount and Licence Fee was not allowed by Govt. Moreover, some groups were not settled till November 1999.

Taxes on Immovable Property other than Agricultural Land:-Increase (15 per cent) was due to recovery of arrears.

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 1997-98, 1998-99 and 1999-2000, alongwith the relevant all India average percentage for 1998-99, are given below:-

Sl. No.	Revenue heads	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 1998-99
			(Rupees in crore)			
1.	Sales Tax	1997-98	1826.54	22.30	1.2	1.40
		1998-99	2058.67	31.27	1.5	
		1999-2000	2424.52	28.61	1.2	
2.	State Excise*	1997-98	837.42	13.29	1.6	3.25
		1998-99	904.74	17.91	1.9	
		1999-2000	832.51	17.57	2.1	
3.	Taxes on vehicles	1997-98	347.20	5.81	1.7	3.22
		1998-99	364.36	7.49	2.0	
		1999-2000	455.48	7.55	1.7	
4.	Stamp and Registration Fee	1997-98	312.27	5.70	1.8	5.45
		1998-99	344.36	10.03	2.9	
		1999-2000	376.77	7.90	2.1	

1.4 Arrears of revenue

As on 31 March 2000 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.	Sales Tax	1097.37	Information not furnished	Out of Rs.1097.37 crore, demand for Rs.246.04 crore had been stayed by the Government and Judicial authorities. Demand for Rs. 851.33 crore was at various stages of recovery.

* The expenditure on purchase of excisable products has been deducted both from the total revenue receipts and from the gross expenditure of the department in order to arrive at net collection and expenditure.

1.	2.	3.	4.	5.
02.	Water Supply and Sanitation-Receipts from Rural/Urban Water Supply Schemes	64.49	3.84	Out of Rs. 64.49 crore, demand for Rs. 0.45 crore had been stayed by the Judicial authorities and Rs. 0.43 crore was stayed by the Government. Demand for Rs. 1.56 crore was likely to be written off and Rs.62.05 crore were at other stages of recovery
03.	Taxes on Immovable Property other than Agricultural Land	55.17	4.46	Out of Rs.55.17 crore, a demand of Rs. 18.16 crore was covered under recovery certificates. Demands for Rs. 13.72 crore were stayed by the High Court and other Judicial Authorities and Rs. 0.76 crore was stayed by the Government. Recoveries of Rs.1.60 crore was held up due to rectification/ review of applications and Rs. 20.93 crore was at other stages of recovery.
4	State Excise	53.28	33.57	Out of Rs.53.28 crore, demand for Rs.4.27 crore was stayed by the High Court and other Judicial authorities. Rs.7.40 crore was likely to be written off and Rs.41.61crore was at various stages of recovery.
05.	Non-ferrous Mining and Metallurgical Industries	37.70	1.36	Out of Rs. 37.70 crore, demands for Rs. 13.58 crore were covered under recovery certificates, demands for Rs. 14.55 crore were stayed by the High Court and other Judicial authorities, Rs.0.16 crore was stayed by the Government, Rs.0.11 crore was likely to be written off and Rs. 9.30 crore was at other stages of recovery.
06.	Land Revenue	28.78	11.83	Out of Rs.28.78 crore, demand for Rs. 15.77 crore had been stayed by the Government and Rs. 2.88 crore stayed by the High Court and other Judicial authorities. Demand for Rs. 0.04 crore was likely to be written off and Rs10.09 crore was at various stages of recovery.

1.	2.	3.	4.	5.
7.	Sale of land and property	18.42	1.12	Out of Rs. 18.42 crore demands for Rs. 0.41 crore were stayed by the High Court and other Judicial authorities. Position regarding remaining amount have not been furnished by the department.
08.	Stamp and Registration Fee	14.92	1.06	Out of Rs.14.92 crore demand for Rs. 2.03 crore was covered under recovery certificates, demand for Rs.3 crore was stayed by the High Court and other Judicial authorities and Rs.0.10 crore was stayed by the Government. Demand for Rs.0.50 crore was held up due to dealers becoming insolvent and Rs.9.29 crore was at other stages of recovery.
09.	Taxes on Vehicles	13.15	4.40	Out of Rs. 13.15 crore, demands for Rs. 1.55 crore were stayed by the Court/ Government and Rs. 11.60 crore were at other stages of recovery.
10.	Major and Medium Irrigation*	7.96	1.01	Out of Rs.7.96 crore, demands of Rs. 0.75 crore were stayed by the High Court and other Judicial authorities and Government. Demand for Rs.0.50 crore was likely to be written off and Rs.6.71 crore was at other stages of recovery.
	Total	1391.24	62.65	

*This information pertains to the Chief Engineer, Irrigation Jaipur, Indira Gandhi Nahar Pariyojna, Bikaner, Command Area Development, Chambal Project, Kota and Command Area Development Indira Gandhi Nahar Pariyojna, Bikaner.

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 1997-98, 1998-99 and 1999-2000, as furnished by the concerned 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 7 to 5
1.	Sales Tax [@]	1997-98	2,01,962	1,76,443	3,78,405	1,92,523	1,85,882	49
		1998-99	1,85,882	1,96,255	3,82,137	1,90,279	1,91,858	50
		1999-2000	1,91,858	1,69,695	3,61,553	1,24,884	2,36,669	65
2.	Entertainment Tax	1997-98	2,700	562	3,262	1,903	1,359	42
		1998-99	1,359	1,359	2,718	1,595	1,123	41
		1999-2000	1,123	1,276	2,399	1,275	1,124	47
3.	Taxes on Vehicles & Special Road Tax	1997-98	16,351	22,137	38,488	38,217	271	0.7
		1998-99	271	1,075	1,346	1,346	Nil	Nil
		1999-2000	Nil	1,509	1,509	1,509	Nil	Nil
4.	Taxes on Passengers and Goods	1997-98	90	Nil	90	Nil	90	100
		1998-99	90	Nil	90	Nil	90	100
		1999-2000	90	Nil	90	Nil	90	100
5.	Taxes on Immovable Property other than Agricultural Land	1997-98	38,472	8,141	46,613	5,932	40,681	87
		1998-99	40,681	6,410	47,091	6,038	41,053	87
		1999-2000	41,053	7,193	48,246	7,533	40,713	84
6.	Non-ferrous Mining and Metallurgical Industries	1997-98	6,742	4,326	11,068	4,648	6,420	58
		1998-99	6,420	2,738	9,158	2,347	6,811	74
		1999-2000	6,811	1,237	8,048	1,955	6,093	76
7.	Stamp and Registration Fee	1997-98	17,631	11,497	29,128	11,638	17,490	60
		1998-99	17,490	15,525	33,015	14,118	18,897	57
		1999-2000	18,897	12,315	31,212	13,694	17,518	56
Total		1997-98	2,83,948	2,23,106	5,07,054	2,54,861	2,52,193	50
		1998-99	2,52,193	2,23,362	4,75,555	2,15,723	2,59,832	55
		1999-2000	2,59,832	1,93,225	4,53,057	1,50,850	3,02,207	67

Out of 3,02,207 assessments pending finalisation, 2,36,669 relate to Sales Tax alone. The maximum percentage of pending assessments was in respect of Taxes on Passengers and Goods” and “Taxes on Immovable Property other than Agricultural Land” which remained at 100 and 84 per cent respectively. The accumulation in finalisation of assessments resulted in delay in realisation of revenue. For the pending assessment cases of “Taxes on passengers and goods”, no action was taken by the department so far even though relevant Act was repealed in 1982.

[@] Figures in respect of Sales Tax are provisional .

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 by the departmental authorities during the year, number of cases in which assessments/ investigations were completed and additional demands (including penalties etc.) raised during the year and the number of cases pending finalisation at the end of March 2000, as furnished by the departments concerned, are given below:-

Sl. No.	Heads of Revenue	Cases pending as on 1 April 1999	Cases detected during 1999-2000	Cases in which assessment/ investigation completed and additional demand including penalty etc. raised		Number of cases pending as on 31 March 2000
				Number of cases	Amount of demand (Rs in lakh)	
1a. 1b.	Sales Tax Entertainment Tax	1477	7755	7657	2401.43	1575
2.	Stamp and Registration Fee	5	1	4	5.81	2
3.	Forest receipts	3	-	-	-	3
4.	Water Supply and Sanitation Receipts from Rural/Urban Water Supply Schemes.	8	-	-	-	8
5.	Non-ferrous Mining and Metallurgical Industries.	1	1	-	-	2

1.7 Refunds

The number of refund claims (alongwith the amount involved) in respect of Sales-tax, Stamp and Registration fee, Land Revenue, and Lands and Buildings tax received and disposed of during the year 1999-2000 and pending finalisation at the end of March 2000 and the corresponding figures for the preceding two years are given below:-

Sl. No.	Revenue heads	Year	(Rs. in lakh)							
			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.	Sales Tax	1997-98	76	53.54	2389	1868.76	2381	1809.68	84	112.62
		1998-99	84	112.62	3014	843.54	2839	795.13	259	161.03
		1999-2000	Information not received							

(Rs. 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
2.	Stamp & Registration Fee	1997-98	614	21.65	747	67.36	778	67.35	583	21.66
		1998-99	583	21.66	1224	108.33	1216	108.51	593	21.48
		1999-2000	593	21.48	1524	155.98	851	92.19	1266	85.27
3.	Land Revenue	1997-98	59	3.40	123	15.66	110	15.36	72	3.70
		1998-99	72	3.70	95	9.82	109	9.86	58	3.66
		1999-2000	58	3.66	71	14.81	70	8.30	59	10.17
4.	Lands & Buildings Tax	1997-98	1	0.37	29	1.04	22	1.03	8	0.38
		1998-99	8	0.38	15	0.58	17	0.55	6	0.41
		1999-2000	6	0.41	7	0.66	8	0.95	5	0.12
5.	Sale of land & property	1997-98	-	-	6	1.20	6	1.20	-	-
		1998-99	-	-	2	0.73	2	0.73	-	-
		1999-2000	-	-	8	4.77	7	4.13	1	0.64

1.8 Internal Audit Wing

There are separate Internal Audit wings in the Commercial Taxes, Transport, Land Revenue, Stamps and Registration, 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 1997-98 to 1999-2000:

Year	Number of units due for audit	Number of units audited	Number of units not audited	Percentage of shortfall
1997-98	3091	1467	1624	53
1998-99	2969	1310	1659	56
1999-2000	2780	1161	1619	58

The departments stated that the shortfall in units audited was mainly due to shortage of staff, Panchayat election and long drawn strike of the Government employees during the year 1999-2000.

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 1997-98 to 1999-2000 are as follows:

(Rs. 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
1997-98	1011	10553	3422.91	3103	1.12	4106	978.89
1998-99	628	10377	2128.96	4716	20.81	4049	653.39
1999-2000	999	11138	6245.47	2001	375.14	2579	451.25

The number of objections settled during the years 1997-98, 1998-99 and 1999-2000 constituted 29.45 and 18 per cent respectively of the total number of objections raised in these years.

Besides internal audit, the work relating to settlement of audit observations raised by the Accountant General (Audit)-II has also been entrusted to the Internal Audit wing of the State. 8468 observations (involving money value of Rs.427.54 crore) issued by the Accountant General (Audit)-II upto December 1999 were outstanding at the end of June 2000. Out of these, 1732 observations (involving money value of Rs.34.98 crore) were outstanding for more than five years, inspite of instructions issued from time to time by the Government to all the departments to expedite clearance of audit observations.

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 1999-2000 revealed under-assessments/short levy/loss of revenue amounting to Rs.640.36 crore in 20967 cases. The concerned departments accepted under-assessments etc. of Rs. 24.44 crore involved in 3703 cases, of which 255 cases involving Rs. 5.94 crore had been pointed out in audit during the year 1999-2000 and the rest in earlier years. The departments recovered an amount of Rs.5.51 crore in 1673 cases at the instance of audit during the year 1999-2000.

This Report contains 37 Audit Paragraphs including 3 Reviews involving Rs.293.24 crore representing some of the major findings of audit. The Government/departments have so far accepted the audit observations involving Rs 19.47 crore. Audit observations with a total revenue effect of Rs.0.44 crore have not been accepted by the Government/departments but their contentions have been found to be at variance with facts or legal provisions. These have been appropriately commented upon in the relevant paragraphs. 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 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 1999, which were pending settlement with the departments as on 30 June 2000, alongwith figures for the preceding two years, are given below:-

		As on 30 June		
		1998	1999	2000
1.	Number of inspection reports pending settlement	2592	2934	3140
2.	Number of outstanding audit observations	7324	8309	8468
3.	Amount of revenue involved (Rs. in crore)	448.07	741.16	427.54

(iii) Department-wise break up of the inspection reports and audit observations outstanding as on 30 June 2000 is given below:-

Sl. No.	Department	Number of outstanding inspection reports	Number of outstanding audit observations	Amount (Rs. in crore)	Number of inspection reports where even first reply has not been received	Earliest year to which reports relate
1.	Commercial Taxes	732	2557	85.77	18	1986-87
2.	Land Revenue	723	1694	41.69	29	1984-85
3.	Stamps and Registration	737	1330	24.45	137	1990-91
4.	Transport	395	1091	45.39	11	1985-86
5.	Forest	187	492	1.20	-	1982-83
6.	Mines and Geology	169	558	205.74	12	1982-83
7.	Other departments (Excise, Lands and Buildings Tax and Electrical Inspectorate)	197	746	23.30	6	1986-87
	Total	3140	8468	427.54	213	

The above position was brought to the notice of the Government (September 2000).

1.11 Position of discussion of Audit Report (Revenue Receipts) by the Public Account Committee

Table below indicates the position of paras appeared in the Audit Report and pending discussion as on 15 October 2000:

Name of Tax		1997-98	1998-99	Total
Sales Tax	Paras appeared in the Audit Report.	6	9	15
	Paras pending for discussion	-	9	9
Taxes on Motor Vehicles	Paras appeared in the Audit Report.	4	7	11
	Paras pending for discussion	-	7	7
Land Revenue	Paras appeared in the Audit Report.	3	2	5
	Paras pending for discussion	-	2	2
Stamp duty and Registration fee	Paras appeared in the Audit Report.	4	3	7
	Paras pending for discussion	-	3	3
State Excise	Paras appeared in the Audit Report.	8	8	16
	Paras pending for discussion	-	8	8
Lands and Buildings Tax	Paras appeared in the Audit Report.	3	3	6
	Paras pending for discussion	-	3	3
Mining	Paras appeared in the Audit Report.	7	11	18
	Paras pending for discussion	-	-	-
Others	Paras appeared in the Audit Report.	2	3	5
	Paras pending for discussion	1	3	4
Total	Paras appeared in the Audit Report.	37	46	83
	Paras pending for discussion	1	35	36

No audit paras pertaining to reports upto the year 1996-97 is pending discussion in the Public Accounts Committee.

1.12 Follow up on Audit Reports

As per the Rules and Procedure 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 (ATN) on the

Audit Report (Revenue Receipts) for the year ended 31 March 2000

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 ATN's due from the department is shown below:

Sl. No.	No. of PAC Report	Date of presentation in Assembly	Name of department	Year of Audit Report	No. of ATN's due
1.	20 th Report of 1990-91	24.3.91	Registration and Stamps	1978-79	4
2.	23 rd Report of 1990-91	25.3.91	State Excise	1984-85 to 1987-88	5
3.	40 th Report of 1991-92	18.9.91	Industries	1977-78	1
4.	41 st Report of 1991-92	18.9.91	Lotteries	1983-84	1
5.	45 th Report of 1991-92	18.9.91	Mines	1977-78 to 1983-84	4
6.	57 th Report of 1991-92	23.3.92	Motor garage	1977-78	1
7.	56 th Report of 1991-92	23.3.92	Land Revenue	1977-78 to 1980-81	19
8.	60 th Report of 1991-92	23.3.92	Registration and Stamp	1979-80 to 1983-84	2
9.	61 st Report of 1991-92	23.3.92	Land Revenue	1983-84	1
10.	62 nd Report of 1991-92	30.3.92	Registration and Stamp	1977-78 to 1978-79	3
11.	63 rd Report of 1991-92	30.3.92	State Excise	1976-77 to 1983-84	15
12.	10 th Report of 1994-95	27.9.94	Registration and Stamp	1984-85 to 1987-88	9
13.	15 th Report of 1994-95	27.9.94	Land Revenue	1976-77	8
14.	34 th Report of 1995-96	20.4.95	Registration and Stamp	1988-89 to 1989-90	3
15.	35 th Report of 1995-96	20.4.95	Land Revenue	1982-83	1
16.	36 th Report of 1995-96	20.4.95	Mines	1990-91	2
17.	75 th Report of 1996-97	12.7.96	Mines	1984-85 to 1989-90	8
18.	102 nd Report of 1997-98	16.3.98	Cooperative	1984-85	2
19.	103 rd Report of 1997-98	16.3.98	Land Revenue	1984-85 to 1988-89	5
20.	104 th Report of 1997-98	16.3.98	Transport	1988-89 to 1989-90	20
21.	119 th Report of 1998-99	27.7.98	Transport	1994-95 to 1995-96	62
22.	120 th Report of 1998-99	27.7.98	Land Revenue	1989-90	10
23.	7 th Report of 1999-2000	8.4.99	Land Revenue	1990-91	20
24.	31 st Report of 1999-2000	31.3.2000	Mines	1991-92	5
25.	32 nd Report of 1999-2000	31.3.2000	Mines	1992-93	1
26.	34 th Report of 1999-2000	31.3.2000	Mines	1994-95	1
27.	35 th Report of 1999-2000	31.3.2000	Mines	1995-96	2
28.	36 th Report of 1999-2000	31.3.2000	Mines	1996-97	1
29.	37 th Report of 1999-2000	31.3.2000	Land Revenue	1991-92	72
30.	38 th Report of 1999-2000	31.3.2000	Land Revenue	1992-93	8
31.	39 th Report of 1999-2000	31.3.2000	State Excise	1988-89	1
32.	41 st Report of 1999-2000	31.3.2000	State Excise	1990-91	1
33.	42 nd Report of 1999-2000	31.3.2000	State Excise	1991-92	1
34.	44 th Report of 1999-2000	31.3.2000	State Excise	1993-94	4
	Total				303

The pendency of ATN's ranges from one year to nine years.

CHAPTER-2: Sales Tax

2.1 Results of audit

Test check of records in the offices of the Commercial Taxes-department, conducted in audit during the year 1999-2000 revealed under assessments etc., of tax amounting to Rs. 12274.01 lakh in 1518 cases which broadly fall under the following categories.

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Short levy due to application of incorrect rate of tax	440	7231.46
2.	Incorrect grant of exemption	291	1972.09
3.	Under-assessment due to incorrect allowance of deduction	127	390.61
4.	Non-assessment of taxable turnover	90	108.97
5.	Non-levy of penalty and interest	328	68.67
6.	Non-levy of purchase tax	55	24.88
7.	Other irregularities	186	331.88
8.	Recovery of dues treated as arrears of Land Revenue in Sales Tax Department	1	2145.45
Total		1518	12274.01

During the year 1999-2000, the department accepted under assessments etc. of Rs. 617.19 lakh involved in 405 cases, of which 24 cases involving 9.96 lakh had been pointed in audit during 1999-2000 and the rest in the earlier years of which Rs. 1.23 lakh in 17 cases had been recovered. A few illustrative cases and findings of the review on 'Recovery of dues treated as arrears of Land Revenue in Sales Tax department' involving Rs. 3716.96 lakh are given in the following paragraphs.

2.2 Recovery of dues treated as arrears of land revenue in Sales Tax Department

2.2.1 Introduction

Under the Rajasthan Sales Tax Act 1994, every registered dealer is required to furnish periodical returns of his turnover within the prescribed time accompanied by a treasury receipt or the receipt of an authorised bank as proof of payment of tax. Thereafter, the case is assessed by the assessing authority and a demand notice is issued for additional demand of tax within a period of 30 days of the receipt of demand notice or such period as may be specified by the assessing authority, failing which the assessing authority or any other officer having jurisdiction over such dealer or person shall be empowered to recover such tax or other sum as arrears of Land Revenue by issuing Sale Tax Recovery (STR-I) in respect of cases within State or Revenue Recovery Certificate (RRC) as the case may be.

The Revenue Recovery Act, 1890, provides for issue of RRC which enables Government to recover the dues as arrears of land revenue. The procedure through which the assessing authority is required to effect recovery has been given in the Rajasthan Land Revenue Code, 1956.

The system of initial control to recover the arrears of land revenue, certain registers and returns are also prescribed by the Commissioner of Commercial Taxes to monitor the progress in RRC/STR-I cases.

2.2.2 Scope of Audit

With a view to ascertain the effectiveness of the system and procedures in the Commercial Taxes Department for recovery of dues as arrears of land revenue, a test check of records of 19* out of 108 circles for the years 1994-95 to 1998-99 was conducted between April and June 2000.

2.2.3 Organisational Set-up

The Commissioner, Commercial Taxes is the administrative head of the department and is assisted by Additional Commissioners, Deputy Commissioners, Assistant Commissioners (AC), Commercial Taxes Officers (CTOs) and Assistant Commercial Taxes officers (ACTOs). ACs, CTOs and ACTOs are the assessing officers to scrutinise the accounts of the dealers, complete the assessments, raise demand of tax and ensure their realisation.

The AC/CTO/and ACTO have been vested with the powers of Collector (Revenue Recovery Authority) to recover dues as arrears of land revenue.

* CTO 'A' Alwar, 'B' Alwar, Special Alwar, 'B' Bharatpur, Bhiwadi, Special Bikaner, Dholpur, 'C' Jaipur, Special-I Jaipur, Special-III, Jaipur, Works Tax-II Jaipur, Anti-evasion-I, Jaipur, Special-II, Jodhpur, Jhunjhunu, 'A' Kota, 'B' Kota, Anti-evasion-I Kota, Special Pali and Sirohi

2.2.4 Highlights

STR-I/RRC for Rs. 182.63 lakh were not issued in 18 cases even after a lapse of period from 5 to 108 months.

{Paragraph 2.2.6(i)}

In 30 cases involving revenue Rs. 233.62 lakh, demand notices and attachment warrants were not issued and in 4 cases involving Rs. 146.82 lakh, demand notices/attachment warrants were not served.

{Paragraph 2.2.7(c)}

In 24 cases attached property worth Rs. 796.30 lakh was not disposed of by public auction.

(Paragraph 2.2.8)

In 6 cases action for recovery of Rs. 687.87 lakh was not taken against directors of private companies under L.R. Act.

(Paragraph 2.2.10)

In 3 cases action for recovery of Rs. 55.32 lakh was not taken against sureties even after a lapse of 21 to 27 months.

(Paragraph 2.2.11)

2.2.5 Trend of Revenue Recovery

The comparative position of outstanding dues and recovery of Sales Tax in 19 circles (as on 1 April) regarding cases in which action for recovery under LR/RR Act was initiated is as under.

(Rupees in lakh)

Year	1994-95	1995-96	1996-97	1997-98	1998-99
Arrears for recovery through STR-I / RRC as on 1 st April	479.41	532.58	604.19	1601.61	1975.45
No. of cases	(93)	(99)	(119)	(161)	(236)
Amount for which RRC/STR-I issued during the year	53.22	73.01	1002.92	383.71	989.67
No. of cases	(6)	(22)	(44)	(77)	(93)
Recoveries made during the year	0.05	1.40	5.50	9.87	23.29
No. of cases	-	(2)	(2)	(2)	(2)
Percentage of recovery	0.00	0.23	0.34	0.49	0.78
Arrears of RRC/STR-I as on 31 st March	532.58	604.19	1601.61	1975.45	2941.83
No. of cases	(99)	(119)	(161)	(236)	(327)

Age-wise analysis of these arrears was not available either with the Commissioner of Commercial Taxes or in the Circles. The above data shows

that the percentage of recovery during these years is below one per cent and there is substantial increase in arrears.

2.2.6 Non-issue/delay in issue of STR-I/RRC

According to the provisions of Rajasthan Sales Tax Act 1994, if a dealer fails to deposit the tax or any amount payable by him within 30 days from the receipt of notice of demand, the STR-I / RRC is issued by the assessing authority within 30 days after the expiry of period specified in notice of demand.

(i) Scrutiny of Demand and Collection Register (DCR) and assessment files of 3 circles (A-Kota, Special-II Jodhpur and Special Bikaner) revealed that in 18 cases involving an amount of Rs. 182.63 lakh, demand notices for recovery were served (between December 1990 and March 1999), but STR-I / RRC were not issued even after a lapse of period ranging from 5 to 108 months.

On this being pointed out (May 2000) CTO Special Circle Bikaner issued RRC for Rs. 11.27 lakh (May 2000). In remaining cases, progress is awaited (June 2000).

(ii) In 2 cases of CTO Circle Sirohi RRC, amounting to Rs. 1.66 lakh were issued after 6 years (December 1999) though the demands were issued in August 1993 and December 1993.

2.2.7 Non-issue/service of demand notices (STR-II)/attachment warrants (STR-III)

After issue of STR-I, a notice of demand is issued in (STR-II) and in case, the amount is not deposited by defaulter within time mentioned therein, a warrant of attachment of property (STR-III) and proclamation of sale of attached property (STR-IV) is issued by the CTO/ACTO.

(a) In one case where STR-I for Rs. 8.34 lakh was issued (December 1998) the demand notice in STR-II was not issued upto March 2000. In another case though the STR-II for recovery of Rs. 5.52 lakh was prepared in December 1998, it was lying unserved upto March 2000.

(b) In three cases involving Rs. 138.48 lakh the warrants for attachment of property (STR-III) were not issued so far though STR-II were issued in December 1998 and January 1999.

(c) Warrants for attachment of properties for recovery of Rs. 233.62 lakh in 30 cases issued between February 1997 and July 1999 were lying unserved despite extending the time limits shown in the warrants repeatedly without

recording any reasons/justification for non-serving of the warrants. Details of 5 major cases are as under:

Name of CTO	Name of defaulter	Amount (Rs. in lakh)	Date of issue of warrant	No. of extensions
AC 'B', Circle, Alwar	M/s Adarsh Fabricators, Alwar	17.14	28.02.98	2
CTO 'G', Circle, Jaipur	M/s Sumbhi Rubber, Jaipur	14.54	10.11.98	4
CTO 'G', Circle, Jaipur	M/s Vishnu Trading Co., Jaipur	7.13	21.07.99	2
CTO 'G', Circle, Jaipur	M/s Shri Nath Wines, Jaipur	6.97	10.11.98	3
AC 'B', Circle, Alwar	M/s Godha Oil Mills, Alwar	6.28	28.01.99	2

Thus dues amounting to Rs. 385.96 lakh could not be realised even after a lapse of period ranging from 6 to 41 months due to not taking proper action for recoveries by the department.

2.2.8 Non-disposal of attached property

As per provisions of Rajasthan Land Revenue Act 1956, action for sale of attached property through public auction should be taken at the time/date mentioned in the proclamation of sale (STR-IV). For sale of property wide publicity should be given to attract the bidders.

A test check of recovery records revealed that in 8* circles, the properties of 24 defaulters who had failed to pay Government dues amounting to Rs. 796.30 lakh, attached during the period between September 1987 and February 1999 were not disposed of by public auction even after a lapse of 1 to 12 years. Consequently the Government dues to the tune of Rs. 796.30 lakh remained unrealised.

Some of the illustrative cases are given below:

(a) In 'C' circle, Jaipur a demand of Rs. 254.24 lakh was outstanding against M/s Swadeshi Cement Ltd., Kotputali pertaining to the period 1986-87 to 1994-95 assessed between August 1990 and February 1997. The department attached the immovable property on 17 December 1992 and on 27 February 1996. After proclamation for sale the auction was fixed for 24 May 1996 and thereafter on 10 July 1996 to dispose off the property, but the department failed to sell the property as there were no bidders. This happened as wide publicity for sale of property, such as drum beating and publication of advertisement in National level (English/Hindi) newspapers etc., were not

* (1) CTO 'A' Alwar, (2) Bhiwadi, (3) 'B' Bharatpur, (4) Special-III, Jaipur, (5) 'C' Jaipur, (6) Jhunjhunu, (7) 'A', Kota, (8) Sirohi.

done as laid down under Land Revenue Act. As a result of this the property could not be disposed of even after a lapse of 45 months (April 2000).

(b) In Bhiwadi, a demand of Rs. 175.05 lakh was outstanding against a dealer M/s Vikas Hybrid and Electronics Ltd., Bhiwadi, pertaining to the period 1992-93 and January 1998 (assessed between August 1996 and February 1998). As the dealer failed to deposit the dues, the property was attached (December 1998) and it was decided to auction the property on 23 February 1999. On an appeal by the dealer to the Deputy Commissioner (Appeals-II), Jaipur, auction of the property was stayed upto 3 March 1999. On the expiry of the stay period, the proclamation of sale was issued (June 1999) for auction on 28 July 1999 and thereafter on 11 January 2000, but the property could not be disposed off as no bidder turned up due to lack of wide publicity. No further action for auction was taken even after the lapse of 15 months (March 2000).

(c) In the case of 9 dealers of CTO, Bhiwadi, demand of Rs. 197.86 lakh was outstanding for the period 1992-93 and September 1998 assessed between March 1995 and September 1999. For recovery of dues, the department attached the immovable properties of the defaulters between January 1999 and February 1999 and decided to auction them between March 1999 and January 2000 but the properties were not disposed of as no bidder turned up. This was because wide publicity was not given.

2.2.9 (A) Failure to follow-up RRC's sent to other States

In cases of defaulting dealers who have shifted their business/residences out of the State, the requisition for RRC's for effecting recovery of outstanding Government dues is sent to the District Collectors of the concerned States.

A review of records revealed that in 6* circles revenue recovery of Rs. 32.01 lakh in 9 cases RRC's were issued to various States between December 1988 and February 1999. But no follow-up action to effect the recovery was taken even after a lapse of 5 to 80 months.

(B) RRC not sent to other States

In Jaipur, assessments of M/s Radhay Shyam Bansal for the year 1987-88 and 1988-89 were finalised in August 1991 & March 1997 creating demands of Rs.7.01 lakh and Rs.11.26 lakh respectively.

STR-I was issued to the Collector, Jaipur in July 1994 for sending the same to the Collector Kutch, Kandla (Gujrat) for recovery of demand of Rs.11.94 lakh under the RR Act followed by a reminder (March 1996) by the ACTO ward II 'B' Circle Jaipur. Thereafter, the case was transferred to CTO Works Contract and Leasing Tax-II, Jaipur who further issued a STR-I for Rs.7.01 lakh under RR Act to the Collector Jaipur. Though the STR-I was returned by the Collector, Jaipur, on the ground that under the provisions of L.R. Act, 1956, the Sales Tax authorities were empowered to take necessary action, yet the

* CTO 'B', Alwar, 'B', Bharatpur, Dholpur, Hanumangarh, Nimbahera and Sirohi.

department again issued another STR-I for Rs.7.01 lakh and Rs.11.26 lakh in July 1997 to the Collector, Jaipur under the RR Act. There was nothing on record to show if any further action was taken for effecting the recovery (May 2000). By not sending RRC direct to the Collector Kutch (Gujrat) by the department, Government could not realise dues aggregating to Rs. 18.27 lakh.

2.2.10 Non-initiation of action against directors of private companies

The Rajasthan Sales Tax Act, 1994, provides that subject to the provisions of the Companies Act, 1956 any amount which could not be recovered from the firm can be recovered from the directors of the firm jointly and severally.

The review of records of 5 circles* revealed that the department had failed to take action against such directors in 6 cases to recover the dues of Rs. 687.87 lakh for the period from 1985-86 to 1997-98 under LR Act.

On being pointed out (May 2000) in audit, the department stated that in one case involving recovery of Rs. 226.02 lakh, STR-I had been issued against one of the 3 Directors of the Company and efforts were being made to locate the properties of remaining 2 Directors for further necessary action. Replies in remaining 5 cases have not been received (June 2000).

2.2.11 Non-initiation of recovery action against sureties

The Rajasthan Sales Tax Act 1994 provides that the liability of a surety shall be co-extensive, to the extent of the amount of security with that of the defaulting dealer and all the modes of recovery enforceable against the dealer shall be simultaneously enforceable against the surety.

In two Commercial Taxes Offices, in the case of 3 dealers (one of Alwar and 2 of Sirohi) the Additional Commissioner, Commercial Taxes allowed (between August 1995 and March 1997) the dealers to pay the outstanding dues aggregating Rs. 55.32 lakh in monthly instalments. The dealers were required to furnish security bonds with two sureties in each case. Though all the three dealers furnished the security bonds with sureties in each case, 2 dealers (one of Alwar and one of Sirohi) but failed to deposit the monthly instalments and third dealer only deposited the amount of Rs. 14.57 lakh (13 instalments). On failure to deposit the outstanding dues by the dealers, the assessing authorities issued (February and July 1998) demand notices to the sureties but no further action was taken by the department to recover the dues even after a lapse of 21 to 27 months under the L.R. Act (May 2000). This resulted in non-recovery of Rs. 40.75 lakh.

2.2.12 Non/improper maintenance of initial records

With a view to monitor the progress of recovery viz. issue of STR-I / RRC, issue of demand notices, issue of attachment warrants and auction of attached property etc. the Commissioner, Commercial Taxes issued (October 1965, September 1969 and October 1971) instructions that registers shall be maintained by the recovery officers for recording the STR-I / RRC issued by

* CTO 'B' Alwar, Bhiwadi, Special Bikaner, Special-III Jaipur and Sirohi.

him as well as received from other assessing officers. To ensure timely service of notice of demand and attachment warrants, a separate register was also required to be maintained by them. In the first week of every month, Recovery Officers were required to review these registers so as to ascertain timely action in all cases.

Test check of the records of 15 circles* revealed that the register of STR-I/RRC was not maintained. Attachment register was also not maintained except in two circles (CTO Special Jodhpur and Special Pali) which were also incomplete. In the absence of these registers it could not be ascertained how many STR-I/RRC were issued, received from other circles and returned by the recovery officer and what action for recovery was taken by the department.

These points were brought to the notice of the department and reported to Government (September 2000); their replies have not been received (September 2000).

2.3 Excess grant of exemption to small/medium scale industries

Government notified two Sales Tax Incentive Schemes for Industries (May 1987 and July 1989) under the Rajasthan Sales Tax Act, 1954, and the Central Sales Tax Act, 1956, whereunder tax exemption benefit was linked with fixed capital investment (FCI). In the case of mini-cement plants the extent of exemption of tax was increased (December 1996) from 50 *per cent* to 75 *per cent* subject to the maximum limit of Rs. 1 crore and Rs. 5 crore for small scale industries (SSIs) and medium scale industries respectively. Further, for expansion/ diversification, SSI units were eligible for a maximum sales tax exemption to the extent of 90 *per cent* of their eligible fixed capital investment and for medium scale industries the limit is 75 *per cent* of eligible fixed capital investment as determined by the District Level Screening Committee (DLSC). According to the above notifications investment limit in plant and machinery for eligible SSI unit was 35 lakh upto 17 June 1992 and Rs. 60 lakh thereafter.

(a) In 2 Commercial Taxes Offices**, it was noticed (October and November 1999) that 14 mini-cement plants having capital investment of SSIs and one mini-cement plant having capital investment of medium scale industry were granted exemption of more than Rs. 1 crore and Rs. 5 crore respectively which was incorrect. This resulted in excess grant of tax exemption of Rs. 427.55 lakh.

On this being pointed out (December 1999 and January 2000) in audit the department intimated (August 2000) that eligibility certificates of units of

* CTO 'A' Alwar, 'B' Alwar, Special Alwar, 'B' Bharatpur, Bhiwadi, Dholpur, 'C' Jaipur, Special-I, Jaipur, Special-III, Jaipur, Special-II, Jodhpur, 'A' Kota, 'B' Kota, A/E-I Kota, Special Pali and Sirohi.

** Special Circle-II, Jodhpur (5), Circle, Bhiwadi (10).

Jodhpur have been revised and the amount of exemption has been restricted to the prescribed limit of Rs.1 crore and Rs.5 crore. Reply in respect of units of Bhiwadi has not been received (September 2000).

The matter was reported to government (April and May 2000), their reply has not been received (September 2000).

(b) In 2 Commercial Taxes Offices*, it was noticed (October and November 1999) that 4 SSI units for their expansion/diversification and 12 medium Scale units (11 new units and 1 for expansion) were granted exemption under incentive scheme 1987. However, the assessing authorities incorrectly issued eligibility certificate for 100 per cent of eligible fixed capital investment instead of the correct exemption of 90 per cent of eligible fixed capital investment for SSI units and 75 per cent of eligible fixed capital investment for medium scale units. This resulted in excess allowance of exemption of Rs.275.71 lakh.

On this being pointed out (between December 1999 and January 2000) the department stated (July 2000) that a demand of Rs.2.64 lakh (including interest) has been raised in February 2000 in respect of industrial units of Ajmer. Report of recovery and reply in respect of industrial units of Bhiwadi has not been received (September 2000).

Government to whom the matter was reported (March and May 2000), confirmed (September 2000) the reply of the department in respect of units of Ajmer.

(c) In Jaipur, it was noticed (April 1999) that an industrial unit was granted tax exemption as small scale unit although its investment in plant and machinery was Rs. 91.20 lakh, which exceeded the aforesaid limit of Rs. 60 lakh and was to be treated as medium scale unit. Eligibility certificate (EC) was issued to the unit for Rs. 205.75 lakh (125 per cent of FCI) instead of Rs.164.60 lakh (100 per cent of FCI) for medium scale units. This resulted in excess grant of exemption of Rs. 41.15 lakh.

On this being pointed out (June 1999) in audit, the department intimated (August 2000) that eligibility certificate of the unit has been revised and the amount of exemption has been restricted to the prescribed limit of 100 per cent of FCI.

The matter was reported to Government (April 2000); their reply has not been received (September 2000).

* Circle, Bhiwadi (15), Special Circle, Ajmer (1).

2.4 Excess grant of exemption from tax

According to proviso inserted (January 1990 under RST Act and February 1990 under CST Act) in clause 4(a) of incentive schemes certain mini-cement plants were entitled to claim exemption from tax to the extent of 50 per cent of their tax liabilities subject to the conditions prescribed in the scheme. Further, as per incentive schemes, industrial units covered by '1985 Dispensation Scheme' were eligible for the incentives for a total period of five years.

Scrutiny of the assessment records in 8 circles revealed that in 16 cases exemption was allowed in excess of the prescribed limit resulting in excess exemption from tax and interest of Rs. 128.66 lakh as detailed below:-

S. No.	Name of the Circle	No. of cases	Assessment year/ Month of assessment.	Commodity	Nature of irregularity	Excess exemption of tax and interest (Rupees in lakh)
1.	2.	3.	4.	5.	6.	7.
1.	Special, Alwar	1	1993-94 and 1994-95/ June 1996 and February 1997	Cement	These units were incorrectly treated as SSI units and the exemption was allowed to the extent of 100/75 per cent of their tax liability instead of 50 per cent.	11.27
2.	Circle, Churu	9	1995-96/ September 1998	-do-	-do-	62.94
3.	Circle 'E', Jaipur	1	1995-96/ March 1998	-do-	-do-	1.80
4.	Special-II, Jaipur	1	1995-96/ January 1999	-do-	-do-	2.25
5.	Special-I, Jodhpur	1	1995-96/ March 1998	-do-	-do-	7.72
<p>Remarks:-On this being pointed out (between April 1998 and January 2000) in audit, the department intimated (July/August 2000) that a demand of Rs. 12.93 lakh (including interest) has been raised (June and August 2000) in respect of 2 dealers (Sr. No. 3 and 5). Report on recovery and reply in respect of remaining dealers has not been received (September 2000).</p> <p>The matter was reported to Government (between February and May 2000); their reply has not been received (September 2000).</p>						
6.	Special-V, Jaipur	1	1993-94 and 1994-95/ February and March 1997	Cement	This unit was covered by 1985 Dispensation Scheme and was eligible for exemption for a total period of five years (i.e. upto 10 March 1993), but the unit was incorrectly allowed the exemption beyond five years for the year 1993-94 and 1994-95	38.16
<p>Remarks:-The omission was pointed out to the department (November 1997) and reported to Government (February 2000); their replies have not been received (September 2000).</p>						
7.	Circle, Kishangarh	1	1995-96/ March 1998	Marble Tiles	The unit was granted exemption upto Rs. 8.43 lakh but was allowed to the extent of Rs. 10.58 lakh.	2.15
<p>Remarks:-On this being pointed (May 1999), the department intimated (April/August 2000) that a demand of Rs. 2.15 lakh has been raised (January 2000) of which Rs. 0.50 lakh has been recovered. Further progress of recovery has not been intimated (September 2000).</p> <p>Government to whom the matter was reported (February 2000), confirmed (September 2000) the reply of the department.</p>						

1.	2.	3.	4.	5.	6.	7.
8.	Special-I, Jaipur	1	1996-97/ March 1999	Lubricating oil	The unit was allowed exemption to the extent of 100 per cent of its tax liability instead of 75 per cent.	2.37
Remarks:- The omission was pointed out to the department (December 1999) and reported to Government (February 2000); their replies have not been received (September 2000).						
Total		16				128.66

2.5 Incorrect grant of exemption under CST

The Government exempted (March 1994) from tax the sale and purchase of all kinds of footwear, excluding the footwear made of leather, up to the value of Rs. 100. It was judicially held* that exemption depending on the price of footwear is not a general exemption and the inter-State sales of these footwears were not exempt under the Act.

In 7 Commercial Taxes Offices** it was noticed (between February 1999 and December 1999) that 15 dealers sold footwears, upto the value of Rs. 100, in the course of inter-State trade or commerce valued at Rs. 2432.82 lakh during the years 1995-96 and 1996-97 and claimed exemption thereon. The sales were not covered under general exemption and the assessing authorities, while finalising (between August 1997 and March 1999) the assessments of the dealers incorrectly allowed the exemption. This resulted in non-levy of tax aggregating to Rs.243.28 lakh.

On this being pointed out (between March 1999 and January 2000) in audit, the department intimated (July 2000) that a demand of Rs.9.72 lakh (including interest) has been raised in respect of a dealer. Report on recovery and reply in respect of other dealers has not been received (September 2000).

The matter was reported to Government (between March 1999 and January 2000), their reply has not been received (September 2000).

2.6 Non-withdrawal of benefits on breach of condition

Under Rajasthan Sales Tax Act, 1954, and the Central Sales Tax Act, 1956, the Government notified (23 May 1987) the 'Sales Tax Incentive Scheme for

* 1. (1992) 11 RTJS 110 Mahavir Rubber Works Vs CTO (STSB).
2. (1995) 98/STC/219 Shastha Industries Vs. Addl. Dy. Commissioner (Kar.).
3. (1995) 99/STC/293 Manish Plastic Vs. CCT (Kar.).

** Circle 'A', Jaipur (2), Circle 'B', Bikaner (1), Special Circle-II, Jodhpur (1), Circle A/E-III, Jaipur (3), Bhiwadi, Circle (5), Sikar, Circle (2), Special Circle, Udaipur (1).

Industries, 1987' wherein industrial units were entitled to exemption of 100 per cent of their tax liability subject to the maximum quantum stated therein. In case the dealer stops production within five years after availing the exemption, he shall be liable to tax as if there was no exemption.

In Udaipur, it was noticed (May 1999) that an industrial unit which was granted eligibility certificate on 15 October 1991 (valid upto 14 October 1998), after having availed the benefit of tax exemption of Rs. 238.50 lakh under Incentive Scheme, stopped its production with effect from August 1995. No action was taken to recover the tax exemption already availed by the unit. This resulted in non-recovery of tax of Rs. 238.50 lakh.

On this being pointed out (May 1999) in audit, the assessing authority stated (May 2000) that the case has been referred to Commissioner, Commercial Taxes for orders to withdraw the exemption allowed. However, further progress in the case has not been received (September 2000).

The omission was pointed out to the department (June 1999) and reported to Government (March 2000); their replies have not been received (September 2000).

2.7 Non-levy of purchase tax

The Rajasthan Sales Tax Act, 1994, provides that if any dealer purchases goods without paying any tax and utilises them as raw material in manufacture, he shall be liable to pay purchase tax at the rate of 3 per cent or at the rate of tax applicable to that category of goods under the Act, whichever is less. It has been judicially held* that the process of refining oil amounts to "manufacture".

In 5 Commercial Taxes Offices**, it was noticed (between April 1999 and October 1999) that 6 manufacturers purchased vegetable oil valued at Rs. 2572.44 lakh during the years between 1994-95 and 1996-97 on the strength of declaration for resale without paying any tax but utilised the same in the manufacture of refined oil. While finalising (between November 1996 and March 1999) the assessments of the manufacturers, the assessing authorities did not levy purchase tax amounting to Rs. 77.18 lakh. Besides interest of Rs.70.72 lakh upto March 2000 was also leviable.

On this being pointed out (between April 1998 and January 2000) in audit, the department intimated (July/August 2000) that a demand of Rs.12.93 lakh

* (1998) 111 STC 188 M/s B.P. Oil Mills Ltd., V/s Sales Tax Tribunal and others (S.C.). Sales Tax revision No. 02/1997 M/s B.D. Edible Oils Pvt. Ltd. V/s Secretary DLSC and CCT (RTT).

** Special Circle, Bhilwara (1), Circle Gangapur City (1), Circle 'A', Jaipur (1), Special Circle-III, Jaipur (2), Circle Nagaur (1).

(including interest) has been raised in respect of 2 dealers. Report on recovery and reply in respect of remaining dealers has not been received (September 2000).

The matter was reported to Government (between February and May 2000); their reply has not been received (September 2000).

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

(i) By issue of a notification dated 5 February 1994 under the Central Sales Tax Act, 1956, the State Government prescribed tax rate of 4 *per cent* on the sale of all types of computers including parts and accessories thereof.

In Jaipur, it was noticed (September 1999) that a dealer sold computers worth Rs. 536.12 lakh in the course of inter-State trade and commerce during the year 1996-97. However, while finalising the assessment (February 1999) of the dealer for the relevant year, the assessing authority levied tax on the said sale at the rate of 2 *per cent* considering them as electronic goods instead of at the correct rate of 4 *per cent*. This resulted in short levy of tax amounting to Rs. 10.72 lakh. Besides, interest of Rs.10.08 lakh was also leviable upto September 2000.

On this being pointed out (December 1999) in audit, the department raised the demand against the dealer (September 2000). However, the report on recovery has not been received (September 2000).

The matter was reported to Government (February 2000); their reply has not been received (September 2000).

(ii) By issue of a notification on 15 March 1996 under the Rajasthan Sales Tax Act, 1994, the State Government prescribed a tax rate of 12 *per cent* on the sales of all kinds of electrical goods including electric fans.

In Jaipur, it was noticed (October 1999) that a dealer sold electric fans worth Rs.19.15 lakh to the Co-operative stores of Police department during the year 1996-97 and charged tax at the rate of 4 *per cent* on the basis of S.T.17 declaration forms furnished by the purchaser. This resulted in short levy of tax/interest aggregating to Rs. 2.66 lakh (tax: Rs. 1.53 lakh and interest: Rs.1.13 lakh upto October 1999).

On this being pointed out (December 1999), the department intimated (July 2000) that a demand of Rs. 3.07 lakh (tax: Rs. 1.63 lakh and interest: Rs. 1.44 lakh) has been raised (May 2000). Report on recovery has not been received (September 2000).

The matter was reported to Government in February 2000; their reply has not been received (September 2000).

2.9 Incorrect grant of exemption from tax

By issue of some notifications under the RST Act, 1954, and The CST Act, 1956, Government exempted from tax the sale or purchase of certain specified goods subject to such restriction and conditions as specified therein.

Scrutiny of the assessment records in 6 Circles revealed that in 11 cases the exemptions granted were incorrect which resulted in non-levy of tax and interest of Rs. 20.11 lakh (tax: Rs. 17.04 lakh and interest: Rs. 3.07 lakh for various periods between October 1996 and December 1999) as detailed below:-

(Rupees in lakh)

S. No.	Name of the Circle	No. of units	Assessment year/ Month of assessment.	Commodity	Nature of irregularity	Turn-over	Short levy of tax and interest
1.	2.	3.	4.	5.	6.	7.	8.
1.	Circle 'A', Kota	2	1996-97/July 1998 and March 1999	Canvas cloth	As no additional excise duty is payable on the goods, it was not entitled to exemption which was incorrectly granted.	32.62	5.48
<p>Remarks:-On this being pointed out (July 1999) in audit, the department stated (April 2000) that a demand of Rs. 5.60 lakh (tax: Rs. 3.26 lakh and interest: Rs. 2.34 lakh) has been raised in April 2000. Report on recovery has not been received (September 2000).</p> <p>Government to whom the matter was reported in January 2000, confirmed (September 2000) the reply of the department.</p>							
2.	Circle 'A', Ajmer	2	1995-96 and 1996-97/ August 1997 and July 1998	Niwar	As no additional excise duty is payable on Niwar, the inter-State sale of Niwar was not entitled to exemption which was incorrectly granted.	59.86	2.39
3.	Circle 'C', Jodhpur	1	1996-97/ December 1998	-do-	-do-	30.41	1.22
4.	Circle 'A', Bhilwara	3	1996-97/ between December 1998 and February 1999	-do-	-do-	51.97	2.08
<p>Remarks:-On this being pointed out (between October 1999 and March 2000) in audit, the assessing authorities of Ajmer and Bhilwara stated that Government has exempted (30 September 1999) Niwar retrospectively for the period 27 March 1995 to 25 March 1999. The reply is not tenable as the above exemption was for sale within the State under RST Act and was not applicable on inter-State sale under CST Act and the Government is not empowered to grant such exemption retrospectively under CST Act.</p> <p>The matter was pointed out to the department between December 1999 and April 2000 and reported to Government between February and May 2000; their replies have not been received (September 2000).</p>							

(Rupees in lakh)

1.	2.	3.	4.	5.	6.	7.	8.
5.	Circle, Sikar	2	1996-97/ September and December 1998	<i>Khand- sari</i>	The dealers deposited the fee/applied for the composition scheme after the expiry of the prescribed period of thirty days from the start of financial year. Therefore, the exemption allowed was incorrect.	54.47	1.94
Remarks: -The omissions were pointed out to the department in January 2000 and reported to the Government in February 2000; their replies have not been received (September 2000).							
6.	Special Circle-II, Jaipur	1	1994-95 and 1995-96/ May 1998	Coal Briquettes	The manufacturing of coal briquettes was incorrectly treated as 'manufacture' and exemption was incorrectly allowed under the incentive scheme.	233.30	7.00
Remarks: -On this being pointed out (June 1999) in audit, the department stated that on an appeal by the dealer the proceedings has been stayed by the Rajasthan Taxation Tribunal and efforts were being made to get the stay vacated. The matter was reported to Government in February 2000; their reply has not been received (September 2000).							
Total		11					20.11

2.10 Loss of revenue due to case becoming time barred

Under the Rajasthan Sales Tax Act, 1994, if the assessing authority has reasons to believe that any sum payable under the Act has escaped/unassessed, he shall on the basis of the material on record or after making such enquiry, as considered necessary, complete the assessment within a period of eight years of the relevant assessment year. The assessing officer shall issue the notice to the dealer to reopen the case within a period of five years after the expiry of the relevant assessment year. If this time schedule is not followed, the case becomes time barred and no tax could be levied.

In Alwar, it was noticed (November 1993) that a manufacturer sold stickers valuing Rs. 90.84 lakh during the years 1983-84 to 1988-89 and claimed exemption from tax thereon by treating them as exempted goods. The assessing authority also, while finalising (June and July 1992) the assessments of the dealer for the relevant years, incorrectly allowed the exemption from tax as claimed. This resulted in non-levy of tax of Rs. 9.07 lakh.

Although the mistake was pointed out to the department (January 1994), no action was taken within the limitation period to levy tax. However, the department has now intimated (February 2000) that action to levy tax cannot be taken as the case has already become time barred in March 1997. Thus, failure to take timely action to levy tax resulted into a loss of revenue of Rs. 9.07 lakh.

The matter was reported to the Government (May 2000); their reply has not been received (September 2000).

2.11 Short levy of interest

Under the Rajasthan Sales Tax Act, 1994, if the dealer has not paid the tax as per return within the prescribed time, he shall be liable to pay interest on such amount at the rate of two *per cent* per month.

In Bhilwara, it was noticed (November 1999) that while finalising the assessments (December 1998 and February 1999) of two dealers for the years 1995-96 and 1996-97 the assessing authority incorrectly levied interest of Rs.4.42 lakh instead of Rs. 8.21 lakh leviable for delayed payment of monthly advance tax by the dealers. This resulted in short levy of interest amounting to Rs.3.79 lakh.

On this being pointed out (December 1999) in audit, the department/Government stated (April/August 2000) that a demand of Rs. 3.79 lakh has been raised in November 1999 and May 2000 of which Rs. 2.09 lakh had been recovered in November 1999 in respect of one dealer. Report on recovery in respect of other dealer has not been received (September 2000).

2.12 Incorrect determination of taxable turnover

Under the Rajasthan Sales Tax Act, 1994, where any dealer has purchased any goods, without tax on the strength of any declaration furnished by him and utilises the same for the purposes other than that mentioned in the declaration, he shall be liable to pay tax on such purchases at the prescribed rates alongwith interest.

In Bundi, it was noticed (September 1997) that a dealer purchased stone during the years 1992-93 to 1994-95 on the strength of declaration in S.T. 17 forms for re-sale within the state without paying any tax but sold the same in the course of export for Rs. 33.61 lakh on declaration in form 'H' under CST Act and Form ST 17B under RST Act. However, the assessing authority while finalising (between June 1996 and January 1997) the assessments of the dealer failed to detect the irregularity. This resulted in non-levy of tax amounting to Rs. 3.36 lakh, besides interest.

On this being pointed out (November 1997) in audit the department stated (November 1999) that a demand of Rs. 7.13 lakh (including interest Rs.3.77 lakh) has been raised in March 1999. Report on recovery has not been received (September 2000).

The matter was reported to Government (April 2000); their reply has not been received (September 2000).

2.13 Incorrect exemption on HDPE fabric

Under the Rajasthan Sales Tax Act, 1954, High Density Poly Ethylene (HDPE) fabric and Poly Propylene (PP) woven fabric, being packing material, were liable to sales tax at the general residuary rate of 8 *per cent* upto 7 March 1988 and at the rate of 10 *per cent* thereafter. Subsequently the State Government retrospectively had exempted (13 September 1994) from tax the sale or purchase of HDPE/PP woven fabric made between 28 February 1986 to 1 May 1994 with certain conditions. However, this exemption was not applicable on inter-State sale made under CST Act.

In Jaipur, it was noticed (December 1996) that a dealer sold HDPE fabric valued at Rs. 23.84 lakh in the course of inter-State trade or commerce during the year 1992-93 and claimed exemption from tax thereon. The assessing authority while finalising (April 1995) the assessment of the dealer incorrectly allowed the exemption as claimed. This resulted in non-levy of tax amounting to Rs. 2.38 lakh.

On this being pointed out (January 1997) in audit, the department intimated (July 2000) that a demand of Rs. 2.38 lakh has been raised in October 1998 of which Rs. 0.48 lakh had been recovered and on an appeal by the dealer the recovery of the balance amount of Rs. 1.90 lakh has been stayed by the appellate authority. Further progress has not been intimated (September 2000).

The matter was reported to Government (May 2000); their reply has not been received (September 2000).

2.14 Short levy of tax on inter-State sale

Under the Central Sales Tax Act, 1956, Government prescribed (18 April 1990) tax rate of 1.5 *per cent* on sale of edible oils made in the course of inter-State trade or commerce provided that the oil seeds used in the manufacture of such edible oils have already been taxed at 3 *per cent* within the State. Further, the inter-State sale of any goods supported by declaration in Form 'C' is taxable at the rate of 4 *per cent*.

In Raisinghnagar, it was noticed (March 1996) that a manufacturer sold cotton seed oil valued at Rs. 83.11 lakh in the course of inter-State trade or commerce and paid tax at the rate of 1.5 *per cent* on the strength of declaration in Form 'C' during the year 1992-93. The assessing authority while finalising (June 1994) the assessment of the manufacturer for the relevant year also levied the tax at the rate of 1.5 *per cent*. Audit scrutiny, however, revealed that the oil seeds utilised in the manufacture of edible oil were obtained after ginning of tax-paid cotton and tax at the rate of 3 *per cent* was not paid by the dealer on it. Thus, the tax on the inter-State sale of edible oil was correctly payable at

the rate of 4 *per cent* instead of 1.5 *per cent*. This resulted in short levy of tax of Rs. 2.08 lakh at the differential rate of 2.5 *per cent*.

On this being pointed out (March 1999) the department stated (August 1999 and May 2000) that a demand of Rs. 2.08 lakh had been raised in March 1999 of which Rs. 0.50 lakh has been recovered and efforts were being made to recover the balance amount.

The matter was reported to Government (March 2000); their reply has not been received (September 2000).

2.15 Short levy of tax on works contract

By issue of a notification dated 28 June 1989 (Published on 1 July 1989) under the Rajasthan Sales Act, 1954, the State Government provided that a contractor would pay tax on the value of the goods involved in the execution of works contract at the rates notified for such goods. Contractors are not entitled to purchase goods on concessional rate of tax on the strength of declarations for execution of works contract. State Government prescribed a tax rate of 12 *per cent* on the sale of pipes and pipe fittings.

In Ajmer, it was noticed (March 1998) that a contractor purchased M.S. Pipes and M.S. Pipe joints valued at Rs. 7.57 lakh and Rs. 5.15 lakh respectively on the strength of ST 17 Forms and paid tax at the concessional rate of tax of 3 *per cent* and 4 *per cent* respectively and utilised them in the execution of a works contract for constructing water supply stations during the year 1990-91. Although the contractor was not allowed to purchase these goods on the strength of declaration forms at the concessional rate of tax, the assessing authority, while finalising the assessment (November 1996) of the contractor for the relevant year, did not levy the differential tax at the rate of 9 *per cent* and 8 *per cent* respectively. This resulted in non-levy of tax amounting to Rs.4.51 lakh (including interest).

On this being pointed out (March 1998) in audit, the department intimated (August 2000) that an additional demand for Rs. 4.51 lakh (including interest) had been raised in May 1999. However, on an appeal by the dealer the recovery has been stayed by the Rajasthan High Court. Further progress has not been received.

Government to whom the matter was reported in April 2000, confirmed (September 2000) the reply of the department.

CHAPTER-3: Taxes on Motor Vehicles

Results of audit

Test check of the records in the offices of the Transport Department conducted in audit during the year 1999-2000 revealed short realisation of taxes, fees and penalty amounting to Rs.1662.82 lakh in 11839 cases which broadly fall under the following categories:-

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Non/short payment of tax, surcharge, penalty, interest and compounding fee	11780	1601.07
2.	Non/short determination of special road tax	28	29.70
3.	Other irregularities	31	32.05
Total		11839	1662.82

During the year 1999-2000, the department accepted short determination of special road tax, short levy of tax and losses of revenue etc. of Rs.781.54 lakh involved in 1488 cases, of which 87 cases involving Rs.319.99 lakh were pointed out in audit during 1999-2000 and the rest in earlier years. The department recovered Rs.56.76 lakh involved in 124 cases during the year 1999-2000, of which 2 cases involving Rs.0 30 lakh were pointed out in 1999-2000 and rest in earlier years. A few illustration cases involving Rs.266.74 lakh highlighting important audit observations are given in the following paragraphs.

3.2 Non/short realisation of penalty/compounding money

Under the RMVT Act, 1951, and the Rules made thereunder, motor vehicles tax (MVT) and special road tax (SRT) are payable, at the rates prescribed, on monthly/ quarterly/ six monthly or on yearly basis within the period allowed. If the amount of tax due is not paid within the period allowed, the owner of the vehicle is liable to pay penalty at the rate of 1.5 *per cent* for each month or part thereof for the period upto 31 July 1998 and at the rate of 3 *per cent* thereafter. Maximum penalty leviable in these cases cannot exceed double the amount of tax due. Further, using a motor vehicle or keeping the same for use in the State without payment of tax is a punishable offence which may be compounded by taxation officer by accepting such sum of money not less than fifty rupees but not exceeding the annual tax payable. However, compounding money for the offence of a motor vehicle of other state plying in Rajasthan without payment of tax due shall not be less than four times of the amount of

tax due. Further no vehicle shall be used as a transport vehicle for carriage of goods or passengers without a permit granted or countersigned by the Regional Transport Authority (RTA) or any prescribed authority.

(a) In 14 offices,* it was noticed that while realising (between 1995-96 and 1998-99) the amounts of tax and SRT due after the expiry of the period allowed for payments, the flying squads either did not realise or realised short the compounded money for the period of delay for late payment. This resulted in non/short realisation of compounding money of Rs.4.18 lakh in 8366 cases at minimum rate and a penalty of Rs.3.74 lakh in 2368 cases. Thus amount aggregating Rs. 7.92 lakh was not/short recovered.

(b) In 9 offices,** it was noticed that while realising the amount of tax and compounding money in respect of transport and non-transport vehicles of other states, (between 1995-96 and 1998-99) found plying in the State without permit or without payment of tax due, the flying squads either did not recover or recovered short the compounding money. This resulted in non/short realisation of compounding money aggregating to Rs.53.10 lakh in 389 cases.

The irregularity was pointed out to the department (between May 1999 and March 2000) and reported to Government (February 2000); their replies have not been received (September 2000).

3.3 Non/short realisation of motor vehicles tax/special road tax

(i) Under the Rajasthan Motor Vehicles Taxation Act, 1951, motor vehicles tax (MVT) 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. In addition to MVT, special road tax (SRT) on all transport vehicles, at the rates prescribed by the Government shall also be payable. The Government revised (31 March 1997) the rates of both taxes with effect from 1 April 1997.

(a) In Chittorgarh and Udaipur, it was noticed (June and August/September 1999) that MVT and SRT in respect of 46 Dumpers/Goods vehicles, owned by four companies/corporations, registered during the period between February 1982 and February 1997, were either not realised or realised short upto March 1999. This resulted in non/short realisation of MVT and SRT amounting to Rs. 83.44 lakh.

On this being pointed out (July 1999) in audit, the department/Government stated (June 2000) that recovery of Rs.30.50 lakh had been made in respect of

* Alwar, Banswara, Barmar, Bharatpur, Bhilwara, Chittorgarh, Dholpur, Hanumangarh, Jalore, Jodhpur, Kota, Pali, Sirohi and Sriganganagar.

** Banswara, Dholpur, Hanumangarh, Jalore, Jodhpur, Kota, Pali, Sirohi, and Sriganganagar.

19 vehicles and efforts were being made to recover the balance amount. Further progress of recovery has not been received (September 2000)

(b) In Ramganj-Mandi, it was noticed (June 1999) that MVT in respect of 15 excavators registered between February 1998 and March 1999 was recovered but SRT was not recovered. This resulted in non-recovery of tax amounting to Rs. 1.45 lakh.

On this being pointed out (July 1999) the District Transport Officer, Ramganj-Mandi, intimated (December 1999) that efforts were being made to recover the amount.

The omission was pointed out to the department (July 1999) and reported to Government (October 1999); their replies have not been received (September 2000).

(ii) Under the Rajasthan Motor Vehicles Taxation Act, 1951, motor vehicles tax in respect of passenger vehicles covered by non-temporary permit[#] is payable from April 1997 at 1/5th of the prescribed annual rate. Accordingly, in the case of vehicles not covered by above permit, the tax is recoverable at prescribed full rates.

In Bikaner, it was noticed (May and June 1999) that motor vehicles tax at the prescribed rate was not realised from 13 stage carriages whose permits had either been surrendered or validity of the permits had lapsed. However, the registration certificates in these cases was not deposited alongwith permits. Thus, the tax was chargeable in these cases. This resulted in non-realisation of motor vehicles tax amounting to Rs. 3.17 lakh for the period between April 1997 and March 1999.

On this being pointed out (June 1999) in audit the department/Government stated (May/September 2000) that an amount of Rs. 0.67 lakh had been recovered partly in respect of 5 vehicles. Reasons for part recovery and non-recovery in the remaining cases has not been received (September 2000).

3.4 Non-realisation of one time tax

(i) Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the rules made thereunder, one time tax (OTT) in respect of non-transport vehicles, having seating capacity between 7 and 10 is payable with effect from 1 April 1997. The OTT in respect of such vehicles, registered in or outside the State prior to 1 April 1997, was payable on or before 30 April 1997 subject to reduction of a specified amount for each financial year or part thereof.

[#] Non-temporary permit is granted for 5 years to transport vehicles such as stage carriages and contract carriages.

In 8 Transport Offices,* it was noticed (between March 1999 and September 1999) that OTT amounting to Rs. 25.09 lakh in respect of 691 such non-transport vehicles, registered prior to 1 April 1997, was not paid by the owners of these vehicles. The Taxation Officers also did not initiate any action for recovery of the amount of tax due.

On this being pointed out (between May 1999 and January 2000) the department recovered an amount of Rs. 0.59 lakh in respect of 14 vehicles. No reply has been received in respect of the remaining vehicles (September 2000).

The matter was reported to Government between October 1999 and February 2000; their reply has not been received (September 2000).

(ii) One time tax (OTT) in respect of trailers drawn by agriculture tractors registered prior to April 1997 is payable with effect from 1 April 1997 on or before 30 April 1997.

In Chittorgarh, Jaipur and Rajsamand, it was noticed (between June 1999 and August 1999) that the OTT amounting to Rs. 4.19 lakh in respect of 402 trailers drawn by agricultural tractors registered prior to April 1997, was not paid by the owners of these trailers. The taxation officers also did not initiate any action for recovery of the amount of OTT due.

The omission was pointed out to the department (between July 1999 and September 1999) and reported to Government (October 1999); their replies have not been received (September 2000).

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

Under the Rajasthan Motor Vehicles Taxation Act, 1951, and the Rules made thereunder, special road tax (SRT) in respect of stage carriages, is payable, for the entire distance required to be covered during the month as per time table fixed or where no time table has been fixed as per scope for the route fixed by the Regional Transport Authority (RTA). A surcharge at the rate of 10 per cent of the tax is also payable upto 31 March 1997. The SRT was payable monthly by seventh day after close of the month upto March 1997 and thereafter in advance by seventh day of each month. The owner is also required to submit a return within the prescribed period alongwith copy of treasury receipt of the amount of the tax deposited.

* DTO Banswara, Bharatpur, Chittorgarh, Churu, Dausa, Hanumangarh, Jaipur and Nagaur.

In 7 Transport offices special road tax aggregating to Rs.27.89 lakh in respect of 46 stage-carriages was not/short realised, as per details given below:-

Sl. No.	Name of office	Name of route	No. of vehicles	Period	Non/short deposit of SRT (Rs. in lakh)
1.	Ajmer, Churu, Jaipur and Karauli	Different routes	36	Between May 1993 and March 1999	22.38
Nature of irregularity:- Owners of the stage carriages either did not deposited or deposited SRT at incorrect rates.					
2.	Dholpur	Badi-Kheragarh	1	10 October 1992 to 11 November 1996	1.32
Nature of irregularity:- The taxation officer calculated tax after taking into account time table of one return service instead of two per day					
3.	Jhunjhunu	Fetahpur-Udaipur-wati-Khandela combined route	5	Between September 1987 and March 1997	1.79
Nature of irregularity:- The taxation officer while determining the SRT incorrectly adopted the distance of the route as 74 Kms. instead of 95 kms.					
4.	Dholpur	Bari-Sar-mathura	1	11 February 1994 to 31 March 1999	1.24
Nature of irregularity:- The owner of the vehicle neither paid any tax nor submitted any return during the period from 11 February 1994 to March 1997 and tax upto March 1999 was also not determined. An amount of Rs. 0.65 lakh was deposited for the period April 1997 to March 1999 against actual amount of tax of Rs. 0.95 lakh.					
5.	Kotpufali	Paota-Mad-Pratapgarh	3	Between April 1997 and 31 March 1999	1.16
Nature of irregularity:- The owner of the stage carriages plying on this route deposited SRT for 43 Kms. distance instead of 53 Kms.					
	Total		46		27.89

On this being pointed out (between March 1999 and December 1999) in audit, the department/Government stated (September 2000) that recovery amounting to Rs. 2.52 lakh has been made in 7 cases in Ajmer (5) and Jhunjhunu (2). The reply in respect of other cases is awaited.

3.6 Non/short realisation of special road tax in respect of contract carriages

Under the Rajasthan Motor Vehicles Taxation Act, 1951, and the Rules made thereunder, special road tax (SRT), in respect of a contract carriage is payable monthly in advance, on or before 7th day of the month and the owner of the vehicle is also required to furnish a declaration on or before 14th day of the month alongwith a copy of treasury receipt of amount of tax deposited.

In 4 Transport Offices,* it was noticed (between May 1999 and February 2000) that SRT in respect of 38 vehicles, plying on All India Tourist Permit/All Rajasthan Contract Carriage Permits, was either not paid or paid short by the permit holders. This resulted in non/short realisation of SRT aggregating to Rs. 25.24 lakh for the period between April 1997 and March 1999.

On this being pointed out (between June 1999 and March 2000) the department/Government intimated (November 1999 and September 2000) that an amount of Rs.6.20 lakh in respect of 13 vehicles had been recovered. Progress of recovery in respect of remaining 31 vehicles has not been received (September 2000).

3.7 Non-realisation of tax in respect of private service vehicles

Under the Motor Vehicles Act, 1988, "Private Service Vehicle" means a motor vehicle 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 (SRT) is payable in respect of such private service vehicles. The rates of SRT were revised with effect from 1 April 1997.

In 5 Transport Offices,** it was noticed (between March 1999 and September 1999) that motor vehicle tax and SRT aggregating to Rs.18.41 lakh for the periods between April 1992 and March 1999 payable in respect of 116 private service vehicles, was not paid.

On this being pointed out (between April 1999 and November 1999) in audit, the department/Government stated (September 2000) that an amount of Rs. 1.79 lakh has been recovered in respect of 19 vehicles. Report on recovery in respect of remaining vehicles has not been received (September 2000).

3.8 Non-submission of pending challans for offences in the courts

The Additional Transport Commissioner (P & D) directed (January 1998) all the RTOs and DTOs of the department that all the challans for offences of motor vehicles should be made within a period of six months and challans which could not be disposed off should be submitted to the courts before expiry of six months for disposal as per rules.

*Ajmer, Bikaner, Hanumangarh and Sikar.

** RTO Alwar, Bikaner and Udaipur DTO Bharatpur and Bhilwara.

In 4 districts (Alwar, Chittorgarh, Hanumangarh and Kota), 691 challans issued for 1025 offences such as over loading, vehicles plying without permit/fitness certificate/pollution control certificate and violation of permit condition etc. for which composition fee amounting to Rs. 14.88 lakh was recoverable, were pending in these offices for more than six months but were not sent to the courts for disposal.

The omission was pointed out (July 2000) to the department and Government; their replies have not been received (September 2000).

3.9 Non-realisation of tax/fees on trade certificate

Under the RMVT, Act, 1951 read with Central MV Rules 1989, manufacturers or dealers in motor vehicles are required to obtain a trade certificate by paying the requisite tax/fees annually in advance from the registering authority within whose area they have their place of business. Under the Motor Vehicles Act, 1988, dealer includes a person who is engaged in the manufacture of motor vehicles or in building bodies for attachment to the chassis or in the business of hypothecation, leasing or hire purchases of motor vehicles.

In Alwar and Bharatpur, it was noticed (May and July 1999) that 52 dealers having trade certificate did not deposit tax and fee aggregating to Rs. 1.96 lakh for the period from April 1997 to March 1999 as payable in respect of vehicles sold by them.

On this being pointed out in July and August 1999 in audit, the taxation officer, Alwar intimated (March 2000) that amount of Rs. 0.47 lakh has been recovered in respect of 12 traders. Progress of recovery in remaining traders has not been received (September 2000).

The matter was reported to the Government (October 1999); their reply has not been received (September 2000).

CHAPTER-4:-LAND REVENUE

4.1 Results of audit

Test check of land revenue records conducted in audit during the year 1999-2000 revealed under-assessments and loss of revenue etc. amounting to Rs.22843.41 lakh in 5351 cases which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Non-recovery of premium and rent	59	327.87
2.	Non-recovery of capitalised value of land	430	73.96
3.	Short recovery of premium on allotment of land in command areas	432	266.26
4.	Non-raising of demand of surcharge	49	3.10
5.	Non-raising of demand of penalty in cases of trespass	249	86.35
6.	Non-raising of demand for increased land revenue	19	3.25
7.	Non-raising of demand for cost of land acquired under the Rajasthan Imposition of Ceiling on Agricultural Holdings Act, 1973	1	2.98
8.	Non-recovery of conversion charges, penalty and cost of land	2591	5576.55
9.	Allotment, Conversion and Regularisation of Agricultural Land for Non-Agricultural purposes	-	12594.65
10.	Other irregularities	1521	3908.44
Total		5351	22843.41

During the year 1999-2000, the department accepted under-assessments etc. of Rs.87.35 lakh involved in 908 cases of which Rs.50.52 lakh was recovered in 619 cases which relate to previous years. A few illustrated cases and findings of the review on "Allotment, Conversion and Regularisation of Agricultural Land for Non-agricultural purposes" involving Rs. 12692.36 lakh are given in the followings paragraphs.

4.2. Review on Allotment, Conversion and Regularisation of Agricultural Land for Non-Agricultural Purposes.

4.2.1. Introduction

The use of agricultural land (Government and *khatedari* land*) for non-agricultural purposes is governed by the Rajasthan Land Revenue Act, 1956 (Act), and the rules made, as amended from time to time and notifications issued thereunder. Collectors have been authorised to allot agricultural land for non-agricultural purposes except those pertaining to pasture and irrigated government land where sanction of the Government is required. The authorised officer may regularise the unauthorised occupations of construction of residential and commercial cases and in other cases, the regularisation is to be done by the Collector. In the cases of un-authorised occupation or unauthorised use and encroachment on agricultural land for non-agricultural purposes, tehsil office is required to take action either for eviction of the unauthorised occupants or to propose for its regularisation by the competent authorities on payment of requisite dues as development charges, conversion charges and cost of land etc. prescribed under the Act.

4.2.2. Organisational set up

Action for the allotment, conversion and regularisation of agricultural land for non-agricultural purposes is initiated by the tehsil office where land records are maintained and is headed by a tehsildar, who function under the control and supervision of the District Collectors, while the control and authority over the later is exercised by the Board of Revenue. The powers of the administrative department are exercised by the Revenue Department in the Government. Director, Land Conversion, assisted by the authorised officers is the administrative head of the land conversion department looking after all conversion activities for residential and commercial purposes.

4.2.3. Scope of audit

With a view to ascertain the adequacy and effectiveness of the systems and procedure for detection and regularisation of the cases of un-authorised use and allotment of Government and *Khatedari* agricultural land for non-agricultural purposes, a test check of records maintained in 45 tehsil offices (out of 241) and 23 land conversion offices (out of 36) was conducted for the period from 1994-95 to 1998-99 during September 1999 to May 2000 and important cases noticed during review/in regular audit of other offices are mentioned in the succeeding paragraphs.

* *Khatedari* land is the land held by an individual with tenancy rights from the Government.

4.2.4. Highlights

There was a loss of revenue due to non-realisation of conversion charges amounted Rs. 6823.49 lakh on acquisition/purchase of *khatadari* land measuring 4,25,98,389 square yards by 8 local bodies.

(Paragraph 4.2.8)

4846 cases of 19 offices of unauthorised constructions on agricultural land involving revenue of Rs. 2654.42 lakh by way of cost of land, conversion charges, penalty and stamp duty were not finalised.

{Paragraph 4.2.9 (I)(a)(i)}

Unauthorised constructions on agricultural land in 2556 cases involving revenue of Rs. 385.94 lakh by way of cost of land, were not demolished.

{Paragraph 4.2.9 (I)(b)}

Government could not realise revenue of Rs. 530.27 lakh by way of development charges, cost of land and lease rent on unauthorised occupation of Government agricultural land measuring 2,05,891.91 square metre in 7 tehsils for industrial purposes.

{Paragraph 4.2.9 (iii)(b)}

Development charges of Rs. 823.84 lakh in respect of *Khatadari* land measuring 3,73,504.69 square metres in 8 tehsils for industrial purposes were short/not recovered.

(Paragraph 4.2.12)

Government could not realise revenue of Rs. 613.64 lakh by way of development charges due to incorrect allotment of agricultural land measuring 2,05,693.50 square metres in 2 tehsils for hotel purposes.

(Paragraph 4.2.13)

In 8 tehsils, demands of premium and lease rent amounting to Rs.311.53 lakh were neither assessed nor raised.

(Paragraph 4.2.14)

4.2.5. Targets and achievements

No targets were fixed for the years prior to 31st March 1997. However, the position of targets and achievements in respect of collection of revenue in the department of Land Conversion during the last 2 years ending March 1999 was as under:-

Year	Targets	Achievements	Percentage of achievement
	(Rs. in lakh)		
1997-98	833.00	414.68	50
1998-99	835.00	493.94	59

The percentage of achievements during the last 2 years ending March 1999 was 50 and 59 only.

4.2.6. Arrears pending recovery

As on 31 March 1999, a sum of Rs. 535.79 lakh on account of use of agricultural land for non-agricultural purposes (other than residential and commercial purposes) and Rs.124.25 lakh on account of conversion charges for land used for residential and commercial purposes was outstanding for recovery. Yearwise break up of the arrears of Rs. 535.79 lakh was not available in Revenue Board.

4.2.7 Pendency of applications

Under the Rajasthan Land Revenue (Allotment, Conversion and Regularisation of Agricultural Land for Residential and Commercial Purposes in Urban Areas) Rules, 1981 (Conversion Rules, 1981), authorised officers are required to pass final orders within 90 days from the date of receipt of applications for conversion of agricultural land for residential and commercial purposes.

Position of applications received, disposed off and pendency during the last 2 years ending March 1999 was as under:

Year	Balance of previous year	Received during the year	Total	Disposed off	Balance	Percentage of disposal
1997-98	69,130	14,956	84,086	9,526	74,560	11
1998-99	74,560	7,000	81,560	12,462	69,098	15

It is seen from the above details that (i) percentage of disposal during the last 2 years ending March 1999 was between 11 to 15 (ii) no details of pendency of application for the 3 years ending March 1997 were available with the department, (iii) age-wise analysis of 69,130 cases pending as on April 1997 were not available, and (iv) reasons for such pendency were not communicated. The details of the cases disposed off within 90 days and after 90 days were also not available with the Land Conversion department.

4.2.8 Non-realisation of conversion charges from local bodies

Under the Rajasthan Land Revenue Act, 1956, no agricultural land can be used for non-agricultural purposes without obtaining prior permission of the competent authority. Conversion charges at the prescribed rates under the Conversion Rules, 1981 are payable in addition to the capitalised value of the land.

It was noticed that *khatadari* agricultural land measuring 4,25,98,389 square yards was acquired/purchased between February 1994 and July 1999 by Urban Improvement Trusts (UITs), Jaipur Development Authority (JDA) and Rajasthan Housing Board (RHB) for various residential schemes. However, conversion charges were neither assessed nor recovered by the Collectors of the respective tehsils. This resulted in non-realisation of Rs.6823.49 lakh as detailed below:

Sl. No	Name of agency acquiring land	No. of Schemes	Land acquired between	Area of land (in square yards)	Conversion charges (Rs. in lakh)
1.	UIT, Bhilwara	5	September 1992 and August 1994	69,11,218	829.34
2.	UIT, Girwa	6	June 1996 and October 1997	1,04,18,622	1025.36
3.	UIT, Alwar	17	January 1993 and May 1999	1,12,18,263	2236.49
4.	UIT, Ajmer	16	May 1991 and July 1999	99,90,311	2233.82
5.	UIT, Ganganagar	2	September 1989 and September 1991	2,11,525	35.88
6.	JDA, Jaipur	1	1986 and 1991	31,10,668	373.28
7.	RHB, Kota	1	1988 and 1992 (purchased)	5,44,182	68.02
8.	RHB, Rajsamand	1	February 1994 (allotted through municipality)	1,93,600	21.30
			Total	4,25,98,389	6823.49

On this being pointed out, the department/Government stated (between June 1998 and July 1999) that conversion charges are not recoverable as the land was used for the same purpose for which it was acquired. The reply of the department and Government is not acceptable as the agricultural land was acquired and used for residential purposes and the conversion charges are payable in all such cases where the agricultural land is converted for non-agricultural purposes.

4.2.9 Loss of revenue due to non- eviction

(I) Under the Rajasthan Land Revenue Act, 1956, any person occupying agricultural land without lawful authority is a trespasser and is liable to be evicted from such land. However, if such trespass is regularised by the Government, the occupant is required to pay the prescribed dues.

(a)(i) In 19 offices,¹ 4846 cases of unauthorised construction on agricultural land measuring 15,14,929 square yards registered between 1980 and 1999 were pending regularisations. The amount involved was Rs. 2654.42 lakh by way of cost of land, conversion charges, penalty and stamp duty.

On this being pointed out (between January 1996 and May 2000) in audit, the department stated (between December 1996 and December 1999) that in 1316 cases, the matter was under consideration for regularisation/eviction and in 20 other cases, notices were issued. Reply has not been received in respect of 3510 cases of 12 offices².

(ii) It was noticed in Udaipur that Government land measuring 193 *bigha* and 8 *biswa* in 3 tehsils (Girwa, Sarara and Vallabhnagar) had been under unauthorised occupation (Rajasthan State Mines and Minerals Private Limited, Hindustan Zink Limited and RSEB) between 1971 and 1990. The regularisation of these cases, involving revenue totalling Rs. 15.11 lakh was, however, pending at the level of District Collector, Udaipur, for the period ranging from 4 to 18 years.

(b) During the check of records of 11 Authorised Officers³, it was noticed that 2556 cases of unauthorised constructions on Government and *Khatedari* land were decided to be demolished/evicted between 1984 and 1999. The total cost of land involved in these cases was Rs. 385.94 lakh. The cases were sent to the concerned tehsildars for initiating further action. However, no action was taken to get the unauthorised construction demolished despite a lapse of one to 15 years. Out of these cases, 548 cases of Udaipur involving revenue of Rs. 48.39 lakh and 291 cases of Hanumangarh were neither traceable in the office of the authorised officers nor in tehsil offices.

Omission was pointed out (between October 1997 and April 2000) to the department; but the final reply thereto has not been received.

(II) Under notification dated 2 August 1984, on allotment of Government land to RSEB, cost of land at the prevailing market rate and the rent of urban assessment at 10 per cent per annum shall be recoverable.

In 6 tehsils,⁴ Government agricultural land measuring 52 *bigha*⁵ and 17 *biswansi*⁶ was occupied (between 1966 and 1996) by RSEB for the construction of grid sub-stations and quarters without any formal allotment from the Collector concerned. This resulted in non-recovery of premium and lease rent aggregating to Rs. 88.93 lakh for the years falling between 1966-67 to 1998-99.

¹ Alwar, Asind, Ajmer, Banswara, Bharatpur, Bundi, Baran, Dausa, Dungarpur, Ganganagar, Jhalawar, Jalore, Jodhpur, Kota I, II, Nathduwara, Ramganjmandi, Sirohi, Tonk.

² Asind, Ajmer, Baran, Bundi, Dungarpur, Ganganagar, Jodhpur, Kota I, II Nathduwara, Sirohi and Tonk

³ Bhilwara, Banswara Dausa, Hanumangarh, Jodhpur, Jalore, Kota-II, Rajsamand, Tonk and Udaipur-I and II.

⁴ Chirawa, Girwa, Khetri, Kotputli, Niwai and Shahpura.

⁵ Bigha is a unit of measurement of land which denote 3025 square yards.

⁶ Biswansi is a unit of measurement of land which denotes 1/20th part of a biswa.

On this being pointed out (between October 1996 and January 2000) in audit, department in respect of tehsil Khetri and Girwa stated (March 2000 and July 2000) that according to notification dated 18 September 1999, allotment was made free of cost. Reply is not tenable as the Government land was unauthorisedly occupied by the Board during 1973 and 1993 before issue of notification dated 18 September 1999. Reply from the remaining tehsils has not been received.

(iii) Under Allotment Rules, 1959, on allotment of agricultural land to RIICO and to the individuals for developing industrial areas or for establishment of industries, cost of land at the prevailing market rates and development charges are recoverable.

(a) In 3 tehsils, Government agricultural land measuring 5,03,389.06 square metres was occupied (between 1995 and 1996) by RIICO without any sanction/ allotment from the competent authority for industrial purposes. However, no action was taken by the department either for its eviction or its regularisation. The cost of land involved amounted to Rs. 67.13 lakh as detailed below:-

Sl No.	Name of tehsil	Occupied in	Area of land (Bigha)	Place where land is situated	Cost of land (Rs. in lakh)
1.	Amer	June 1996	13-10	Kukas	54.00
2.	Behror	June 1995	3-17-10	Jenpurvas	3.10
3.	Indergarh	Prior to 1995-96	100-05-0	Indergarh	10.03
	Total		117-12-10		67.13

Omission was pointed out to the department (between September 1996 and November 1998); final reply thereto has not been received.

(b) In 7 tehsils*, *khatedari* and Government agricultural land measuring 2,05,891.91 square metres was unauthorisedly occupied (between 1981 and 1997) by 13 individuals and one company (Rajasthan State Mines and Minerals Pvt. Ltd.) for establishing industrial undertakings. However, it is seen in audit that no action was taken by the department for eviction of occupants. The amount involved by way of cost of land, development charges and annual lease rent aggregated to Rs.530.27 lakh upto 31 March 1999.

On this being pointed out (between August 1995 and November 1999) in audit, department stated (between January 1999 and April 2000) that (i) orders for eviction had been issued by the Tehsildars (Ajmer and Rajsamand), (ii) matter had been referred to the Collector Sikar, and Beawar for necessary action, (iii) RSMM had not applied for allotment inspite of repeated pursuance (Girwa). Further progress in these cases and reply from the remaining tehsils had not been received.

(iv) Under Government circular dated 2 March 1987, on allotment of Government agricultural land, situated in rural areas, to the departments, offices, corporations and undertakings of central Government, cost of land at

* Ajmer, Beawar, Behror, Bundi Girwa Rajsamand, Sikar.

the prevailing market rates, conversion charges at the prescribed rates and capitalised value at 40 times of the sanctioned land revenue, are recoverable.

In tehsil Malpura, Government agricultural land measuring 119 *bigha* and 18 *biswa* was under unauthorised occupation (Prior to 1997) by the Central Sheep and Wool Institute. However, no action was taken by the department either for its eviction or for recovery of cost of land on allotment/regularisation amounting to Rs.47.96 lakh.

Omission was pointed out in October 1999 to the department; reply thereto had not been received.

4.2.10 Violation of terms and conditions

Under Allotment Rules 1959, if the land allotted to RIICO is not utilised by it for the purposes for which it was allotted, it shall revert to the Government. Under Conversion Rules, 1981, conversion or regularisation of a land initially allotted for a special non-agricultural purposes is not permissible for residential or commercial purposes. However, under a notification dated 23 April 1997, the Government could consider the conversion/regularisation of the land. In that case, conversion charges at the prescribed rates and other dues are payable to the Government.

In tehsil Ladpura, Government agricultural land measuring 35.03 hectare (3,18,969.02 square yards) previously allotted to M/s Instrumentation Limited, Kota, was transferred (January 1992) to RIICO with the permission of the Government on the condition that the land so transferred shall be used only for industrial purposes. This was, however, used for residential purposes (Indira Vihar Colony) in 1995. It was noticed in audit that no action was taken for taking over the possession of land from RIICO as required under the Allotment Rules, 1959 or to regularise it under Conversion Rules, 1981, thus depriving the Government revenue of Rs. 87.98 lakh by way of conversion charges and penalty.

Omission was pointed out to the department (between April 1996 and March 2000); reply thereto has not been received (September 2000).

4.2.11 Non/short recovery of dues

(i) Under the Industrial Area Allotment Rules, 1959, on allotment of Government agricultural land to the Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) for setting up and developing an industrial area, premium equal to the market rate of the land as assessed by the Collector (at half of the rate from 6 December 1996) is payable in addition to the annual lease rent.

In 2 tehsils (Behror and Niwai), Government agricultural land measuring 93 *bigha* 6 *biswa* was allotted (November 1996 and March 1997) to the RIICO for development of industrial areas. However, it is seen in audit that the premium was neither assessed nor recovered. However, the cost of land at

District Level Committee rates prescribed from time to time amounted Rs.74.39 lakh.

On this being pointed out (between January 1997 and October 1998), department stated (February 1999 and June 2000) that notices have been issued for the recovery of dues in respect of Behror and in respect of Niwai the case has been referred to the Collector. Further progress has not been received.

(ii) Under the Rajasthan Land Revenue (Allotment of Unoccupied Government Agricultural Lands for the Construction of Schools, Colleges, Dispensaries, Dharamshalas and other Buildings of Public Utility) Rules, 1963, and notification dated 16 February 1995, allotment of agricultural land to non-Government institutions for public utility shall be made on recovery of cost of land at 75 per cent of the prevailing market price (in case of Government land) and conversion charges at prescribed rates (in case of *khatadari* land).

In 4 tehsils (Dungarpur, Gangdhar, Sanchole and Sirohi), Government agricultural land measuring 29.19 *bigha* was allotted (between 1996-97 and 1998-99) either at incorrect rates or free of cost by the Collectors concerned for private schools, Charitable Trusts, Dharamshalas etc. such as Dungarpur Public School run by Rajasthan Sintex Ltd. Charitable Trust, Dharamshala for Jain Shwetamber Parshnath Teerth Peri, Rajput Sanstha Trust and Shri Mahavir Public School run by Mahavir Pratisthan. This resulted in non/short recovery of premium and conversion charges amounting to Rs.11.51 lakh.

Omission was pointed out (September 1999 and February 2000) to the department; final reply has not been received.

(iii) In 4 offices, agricultural land was either used for commercial purposes after issue of conversion orders for residential purposes, or the rates of conversion charges were applied partly for residential and partly for commercial instead of at commercial rates. This resulted in short recovery of Rs. 18.61 lakh in 34 cases as detailed below:-

Sl. No.	Name of place	No. of cases	Date of decision	(Rs. in lakh)		
				Recoverable	Recovered	Short/not recovered
1.	Alwar	30	August 1996	6.60	0.06	6.54
Remarks:- Amount was assessed by A.C.M. and the cases sent (1996) to the Tehsildar for recovery but not recovered.						
2.	Ajmer	1	July 1999	5.78	1.29	4.49
Remarks:- Conversion charges were charged at rural rate of Rs.2/- per square metre instead of Rs.7.50 per square yard applicable to peripheral village.						
3.	Jalore	2	Between May 1997 and July 1997	5.32	1.24	4.08
Remarks:- Converted for residential purposes instead of for commercial purpose (1 case) and under incorrect provision (1 case).						
4.	Khetri	1	May 1998	3.66	0.16	3.50
Remarks:- Agricultural land measuring 18500 square metres leased out for commercial purposes but conversion charges for 2000 square metre were deposited.						
Total		34	-	21.60	2.75	18.61

(iv) Collector (Baran) vide order dated April 1989 allotted land measuring 63 *bigha* 18 *biswa* (1,23,710.4 square yards) to RHB at the rate of Rs. 18 per

square yard. However, the Board paid only Rs. 2.56 lakh instead of Rs. 22.27 lakh which resulted in short recovery of Rs. 19.71 lakh.

4.2.12 Short/non-recovery of development charges

Under the Rajasthan Land Revenue (Industrial Areas Allotment) Rules, 1959, read with Rajasthan Land Revenue (Conversion of Agricultural Land into Non-agricultural Land) Rules, 1961, on allotment of land on lease hold basis for industrial purposes, premium in the form of development charges at the prescribed rates is recoverable from the lessee based on the population of the town or city in which such land is situated. By issue of a notification dated 14 April 1988, provision was made in the Rules of 1959, that in places where RIICO had also been developing the industrial areas, the rates of development charges would be same as charged by the RIICO.

A test check of records revealed that in 8 tehsils,* where RIICO had been developing industrial areas, *khatedari* land measuring 3,73,504.69 square metres was allotted to 54 persons for establishment of industries. But development charges of Rs. 2.57 lakh only were recovered instead of Rs.826.41 lakh recoverable. This resulted in short/non-recovery of development charges of Rs. 823.84 lakh as detailed below:

Sl. No.	Name of tehsil	Date of allotment	Number of cases	Area (square metre)	Development charges		
					Recoverable	Recovered	Balance
(Rs. in lakh)							
1.	Mavli	Between December 1995 and March 1998	2	44,088	52.91	0.05	52.86
2.	Jodhpur	January 1999	1	12,140.18	36.42	0.03	36.39
3.	Girwa	Between May 1994 and September 1999	31	2,43,780	642.67	0.34	642.33
4.	Niwai	Between February 1997 and August 1997	2	1990	4.98	-	4.98
5.	Dholpur	March 1997	1	2360	2.36	-	2.36
6.	Alwar	Between December 1994 and December 1998	5	17,263	21.82	0.88	20.94
7.	Kishan-garh	Between June 1993 and March 1997	6	26225.51	54.99	1.27	53.72
8.	Bhinmal	Between April 1988 and March 1989	6	25658	10.26	-	10.26
Total			54	373504.69	826.41	2.57	823.84

On this being pointed out, Tehsildar Bhinmal stated (December 1999) that demand of Rs. 8.97 lakh in 5 cases has been raised.

* Alwar, Bhinmal, Dholpur, Girwa, Jodhpur, Kishan-garh, Mavli and Niwai.

4.2.13 Incorrect allotment of land

Government amended (May 1997) the Industrial Areas Allotment Rules, 1959, wherein hotels, situated in urban areas and periphery villages were included within the definition of tourism unit. Accordingly, premium is payable by way of development charges in respect of land allotted to hotels at the rates prescribed by RIICO. Periphery village as defined in Conversion Rules 1981 is a village situated within one to five kilometre from the urban limit or municipal limit whichever is farther.

In 2 offices, agricultural land measuring 2,05,693.50 square metre was allotted between June 1997 and March 2000 for construction of hotels in periphery villages on the basis of annual lease rent instead of a lump sum amount by way of development charges payable at RIICO rates. This resulted in short/non-recovery of dues of Rs. 613.64 lakh as detailed below:-

S. No.	Name of office	Date of allotment	Area (Square metre) and purpose	Name of place	(Rupees in lakh)		
					Reco-verable	Reco-vered	Short reco-vered
1.	Tehsil Jodhpur	June 1997	1,15,493.5 (Marwar Hotel)	Nandra (Periphery village)	346.48	2.59	343.89
2.	Collector (Udaipur)	Between November 1998 and March 2000	90,200 Hotel and Restaurant	Hawala Khurd and Sisarma (Periphery villages)	270.60	0.85	269.75
Total			205693.50		617.08	3.44	613.64
Remarks:- Allotment was made on recovery of annual lease rent, instead of development charges at RIICO rates.							

On this being pointed out (between September 1999 and April 2000) in audit, department in respect of Jodhpur Tehsil stated (October 1999) that the village where land was allotted, was not situated in the industrial area. Reply of the department is not tenable as development charges at RIICO rates are chargeable in respect of cities or towns where RIICO has been developing an industrial area. Village Nandra is a periphery village of Jodhpur city where RIICO has been developing industrial area and thus provisions of Rules 1959 are applicable. Reply in respect of Udaipur tehsil has not been received.

4.2.14 Non-raising of demand of amount due for recovery

On assessment of the amount due for recovery, necessary entries are made in relevant registers maintained in tehsil office and its recovery is made by the tehsil office.

In 8 tehsils*, Government agricultural land measuring 287 *bigha* 04 *biswa* 6 *biswansi* was allotted to RSEB, RSWC and RSRTC (between July 1989 and April 1999) for the specified purposes. It is seen in audit that the demands for Rs.311.53 lakh on account of premium (Rs. 118.75 lakh) and lease rent (Rs.192.78 lakh) were neither assessed nor raised.

On this being pointed out (between June 1996 and February 2000) in audit, department stated (between August 1999 and February 2000) that demand had been raised in respect of tehsils Sawai Madhopur, Raniwara, Ladpura, Khanpur and in respect of tehsil Ajmer and Anta, amount was not recoverable under notification dated 18 September 1999. Reply in respect of Ajmer and Anta was not tenable as the allotment of land had already been made between November 1991 and April 1998 before issue of notification dated 18 September 1999. Progress of recovery in respect of tehsil Sawai Madhopur, Raniwara, Ladpura and Khanpur and reply from the remaining tehsils has not been received.

4.2.15 Non/short levy of penalty

For unauthorised use of agricultural land for residential and commercial purposes, penalty at the rate of 75 per cent of conversion charges is chargeable.

In 658 cases of conversion of agricultural land for residential and commercial purposes in 6 offices*, (decided between September 1987 and November 1998), although land was used/converted by the applicants without prior permission of the Authorised Officer, penalty at the rate of 75 *per cent* of the prescribed conversion charges was either not levied or was short levied. This resulted in non/short levy of penalty amounting to Rs. 20.19 lakh.

On the omission being pointed out (between February 1996 and April 2000) in audit, department stated (between April 1998 and September 1998) that under Government order dated 27 January 1996, penalty was not leviable. Reply is not acceptable as the cases pertained to the period prior to January 1996 and land was used for the purposes other than agriculture without permission of the competent authority and thus penalty was leviable. Reply in respect of the remaining offices had not been received.

4.3 Non-recovery of water charges

Under Section 88 of the Rajasthan Land Revenue Act, 1956, all rivers, streams, lakes and tanks, which are not the property of individuals or of bodies, are the property of the State.

* Ajmer, Anta, Bikaner, Gangdhar, Khanpur Ladpura, Raniwara and Sawai Madhopur.

* Bhilwara, Jodhpur, Jalore, Sirohi and Udaipur I, II.

In Gangdhar (Jhalawar district) it was noticed (January 1992 and July 1999) that the Railway department established pumping station and had been utilising 2,25,000 litres water daily from river “Chhoti Kali Sindh” unauthorisedly from 1956-57 for drinking purpose. No action was initiated by the revenue department for recovery of water charges. This resulted in non-recovery of water charges of Rs. 84.75 lakh for the period from April 1956 to March 1999 at the rate of Rs.2.40 per 1000 litres as was charged by the Public Health Engineering Department in village Gangdhar.

On this being pointed out (February 1992 and September 1999), the department raised a demand of Rs. 68.99 lakh for the period from April 1956 to March 1991 in the revenue accounts for the year 1998-99. The Board of Revenue Ajmer, has also instructed the Collector (August 1999) to raise the demand for the period from 1991-92 to 1998-99 (September 2000).

The matter was reported (February 1992 and September 1999) to Government; their reply has not been received (September 2000).

4.4 Short recovery of cost of land

Under the Rajasthan Colonisation (Allotment and Sale of Government Land in Indira Gandhi Canal Colony Areas) Rules, 1975, such land as may be notified by the Government, may be allotted to eligible persons at the rates to be notified from time to time. For this purpose Government notified in October 1988, and January 1991 certain areas in various tehsils, and rates recoverable for the sale of such land with an increase of 15 per cent every year.

In Colonisation tehsil Nachna-I and II (Jaisalmer district) it was noticed (October 1999) that in 14 cases, command land (292.35 bigha) and uncommand land (13 bigha) was allotted between March 1995 and December 1998 which pertained to the notified areas. In these cases cost of land was recoverable at fixed rates notified by the Government plus increase of 15 per

cent annually, but the cost of land was recovered at lower rate. This resulted in short recovery of Rs. 9.12 lakh as shown below:-

(Rupees in lakh)

S. No.	Name of tehsil	No. of cases	Area allotted (in bigha)		Month of allotment	Rates		Amount short realised
			Command	Un-command		Charge-able	Charged	
1.	Nachna-I (Jaisalmer)	2	30	10.00	2 June 1995 and March 1998	3.84	1.28	2.56
		3	60	-	Between March 1995 and February 1997	6.14	4.97	1.17
<p>Remarks:-On this being pointed out (November 1999) in audit, the department stated (August 2000) that a demand of Rs. 1.18 lakh had been raised in the revenue accounts in three cases. However, the report on recovery and reply in other cases had not been received (September 2000).</p> <p>The matter was reported to Government also in November 1999. However, their reply was still awaited (September 2000).</p>								
2.	Nachna-II (Jaisalmer district)	5	116.85	3.00	Between January 1996 and December 1998	11.87	7.77	4.10
		4	85.50	-		9.87	8.58	1.29
<p>Remarks:-Government to whom the matter was reported (November 1999), stated (July and August 2000) that a demand of Rs. 5.39 lakh had been raised in the revenue accounts. Report on recovery has not been received (September 2000)</p>								
Total		14						9.12

4.5 Non-raising of demand of interest

Under the Rajasthan Colonisation (Allotment and Sale of Government Land in the Indira Gandhi Canal Colony Area) Rules, 1975, all instalments prescribed in Rule 13-A shall be paid by the allottees at the nearest sub treasury. 60 per cent of the notified price shall be recovered in three equal instalments, the first instalment shall fall due on the first day of January of the year and the second instalment shall fall due six months after the first instalment falling which an interest at the rate of 18 per cent per annum shall be payable on the amount of such instalments from its due date until its payment.

In Colonisation tehsil Mohangarh-II (Jaisalmer district), it was noticed (December 1999) that in eight cases the demand of interest for the delayed payment of instalments by allottees was not raised. The delay ranged between 13 months and 55 months. This resulted in non-recovery of interest amounting to Rs. 3.84 lakh.

On this being pointed out (January 2000) in audit, the department stated (August 2000) that report in these cases was being called for from the tehsildar. Further progress has not been received (September 2000).

The matter was reported to Government (January 2000) also, however, their reply was yet to be received (September 2000).

CHAPTER-5:-Stamp Duty and Registration Fee

5.1 Results of audit

Test check of the records of the registering offices conducted by audit during the year 1999-2000 revealed short recovery of stamp duty and registration fee amounting to Rs. 1220.52 lakh in 948 cases, which broadly fall under the following categories:-

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Misclassification of documents	234	123.18
2.	Undervaluation of properties	421	217.70
3.	Other irregularities	293	879.64
Total		948	1220.52

During the year 1999-2000 the department accepted under assessments amounting to Rs. 15.76 lakh pertaining to 310 cases of which 17 cases amounting to Rs.0.74 lakh were pointed out by audit during 1999-2000 and the rest in earlier years. Further the department recovered Rs. 13.53 lakh in 247 cases during the year 1999-2000 of which 17 cases amounting to Rs. 0.74 lakh related to the year 1999-2000 and the rest to earlier years. A few illustrative cases involving Rs.34.70 lakh highlighting important audit observations are given in the following paragraphs.

5.2 Short levy of stamp duty due to under valuation of property

(i) As per provisions of Indian Stamp Act, 1899 (as adapted in Rajasthan) any instrument believed to have been undervalued, is to be referred to the Collector (Stamps) for determining its correct value. Rule 59 B of the Rajasthan Stamp Rules 1955, provides that market value of the property shall be determined on the basis of the rates recommended by the District Level Committee (DLC), the rates approved by the Registration and Stamp department, or the highest rates of similar property in Index-II, whichever is higher.

In 5 Sub-Registrar offices* it was noticed (between September 1997 and December 1998) that in 40 cases of conveyance of immovable property (Commercial/Residential, Industrial plots and Agricultural land), the value of the property was determined either at the rates of residential instead of commercial property or at the rates lower than those approved by the DLC. The Sub-Registrars did not refer the cases to Collector (Stamps) for determination of correct value. This resulted in short levy of stamp duty and registration fee aggregating to Rs.24.21 lakh as per the details given in the table:-

(Rupees in lakh)

Name of place	No. of cases	Nature of property	Market value of property as per DLC rates	Value adopted	Stamp duty		Registration fee		Short levy of S.D. and R.F.	Months during which documents were registered
					Levi-able	Levied	Levi-able	Levied		
Hindon City	2	Commercial	158.47	31.38	15.85	3.14	1.59	0.32	13.98	January 1998 and February 1998
<p>Remarks:-On this being pointed out (August 1999) the department stated (September 2000) that the cases have been registered in the Court of Collector (Stamps), Bharatpur for adjudication. Further progress has not been received.</p> <p>The matter was reported to Government (December 1999); their reply has not been received (September 2000).</p>										
Hurda	5	Agricultural	29.90	14.92	2.15	1.06	0.30	0.15	1.24	June 1998 to October 1998
<p>Remarks:-On this being pointed out (January 2000) in audit, the department stated (September 2000) that the land valued by Sub-Registrar at Rs. 50,000 per bigha is correct. The reply of the department is not correct as the DLC prescribed rates are Rs. one lakh and Rs. 1.10 lakh per bigha with effect from 24 May 1997 and 18 August 1998 respectively and accordingly stamp duty and registration fee of Rs. 1.24 lakh short levied is recoverable. The department has been apprised of the position accordingly in October 2000.</p> <p>The matter was reported to Government (March 2000); their reply has not been received (September 2000).</p>										
Jaipur-I	13	Commercial	103.01	43.79	7.20	4.37	1.03	0.62	3.24	July 1998 to October 1998
<p>Remarks:-On this being pointed out (October 1999) in audit, the department stated (September 2000) that the cases have been registered with the Collector (Stamps) for adjudication of which Rs. 945 had been recovered in one case. Further progress has not been received in respect of remaining cases.</p> <p>The matter was reported to Government (December 1999); their reply has not been received (September 2000).</p>										
Masuda	1	Residential	18.87	4.40	1.89	0.44	0.19	0.05	1.59	September 1997
<p>Remarks:-On this being pointed out (October 1999) in audit, the department stated (September 2000) that the case had been registered with the Collector (Stamps) for adjudication. Further progress has not been received.</p> <p>The matter was reported to Government (December 1999); their reply has not been received (September 2000).</p>										

*Hindon city, Hurda, Jaipur-I, Masuda, and Tonk.

(Rupees in lakh)

Name of place	No. of cases	Nature of property	Market value of property as per DLC rates	Value adopted	Stamp duty		Registration fee		Short levy of S.D. and R.F.	Months during which document were registered
					Levi-able	Levied	Levi-able	Levied		
Tonk	18	Agricultural and non-agricultural	70.22	31.00	6.88	3.11	0.69	0.30	4.16	January 1998 to December 1998
<p>Remarks:-On this being pointed out (September 1999) in audit, the department disagreed with the audit contention. However, in June 2000 the department referred these cases to the Collector (Stamps) for adjudication the outcome of which was awaited.</p> <p>The matter was reported to Government in January 2000; their reply has not been received (September 2000).</p>										
Total			380.47	125.49	33.97	12.12	3.80	1.44	24.21	

(ii) Further the Inspector General Registration and Stamps issued instructions (February 1994 and March 1997) that where the area of agriculture 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, such land shall be treated as for residential or commercial or industrial purposes as the case may be and rates for determining its value shall be the same as applicable for such purposes.

In Gadhi, (Banswara district), it was noticed (March 1999) that in 14 cases of conveyance of immovable property of residential plots less than 1000 square yards, cost of land was determined at rates for agricultural land instead of at residential rates. The Sub-Registrar failed to refer the cases to the Collector (Stamps) for determination of correct value. This resulted in short levy of stamp duty and registration fee aggregating to Rs. 4.57 lakh.

On this being pointed out (May 1999) in audit, the department intimated (November 1999) that the matter has been referred to Collector (Stamps) for adjudication. Further progress has not been received (September 2000).

The matter was reported to Government (January 2000); their reply has not been received (September 2000).

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

Under article 63 of the Second Schedule of the Rajasthan Stamp Law (Adaptation) Act, 1952, on transfer of lease by way of assignment, stamp duty as on a conveyance at the rate of 10 per cent of market value shall be chargeable.

(a) In Nawa, (Nagaur district), it was noticed (October 1999) that two leases of land measuring 49 bigha 12 biswas of village Rajas and Govindi

were transferred on the lease deeds executed on 23 March 1998 and 1 May 1998 by industries department on which stamp duty of Rs. 1.98 lakh and registration fee of Rs. 19,820 were chargeable on the value of plots against which the stamp duty and registration fee of Rs. 200 each only were charged. This resulted in short levy of stamp duty of Rs. 1.98 lakh and registration fee of Rs. 0.20 lakh aggregating to Rs. 2.18 lakh.

On this being pointed out (December 1999) in audit, the department stated (September 2000) that these cases are not covered in the transfer of lease as these are original leases. The reply of the department is not tenable as these leases have been transferred to another lessees for the remaining period of leases. Further progress has not been received.

The matter was reported to Government (February 2000); their reply has not been received (September 2000).

(b) In Jaipur-II, it was noticed (October 1999) that in a deed to lease a plot of land measuring 1 acre situated at industrial area, Jhotwara, was transferred on the basis of new entry of partners in a firm on which stamp duty of Rs. 1.62 lakh and registration fee of Rs. 16,187 was leviable against which stamp duty and registration fee of Rs. 100 each were charged. This resulted in short levy of stamp duty of Rs. 1.62 lakh and registration fee of Rs. 0.16 lakh aggregating to Rs. 1.78 lakh.

On this being pointed out (November 1999) in audit, the department stated (September 2000) that the case had been registered with the Collector (Stamps), Jaipur for adjudication. Further progress has not been received.

The matter was reported (December 1999) to Government; their reply has not been received (September 2000).

5.4 Loss of revenue due to non-recovery of stamp duty and registration fee on conditional deed of conveyance

Under Section 5 of the Indian Stamp Act, 1899, any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of the duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under this Act.

In Behror (Alwar district), it was noticed (January 2000) that three firms mortgaged land and buildings of their industrial units at Behror to Rajasthan Financial Corporation (RFC) against the loan of Rs. 37.20 lakh. The firms disposed of their units to other firms and deeds of conveyance were entered in to (registered in February 1998) between RFC and firms, covering sale and mortgage of land and buildings (sale price 17.10 lakh) and payment of Rs. 4.28 lakh of outstanding balance to RFC and the balance amounting to Rs. 12.83 lakh was to be paid over 5½ years. The deeds were correctly classifiable

under two distinct headings (i) agreement to sale and (ii) simple mortgage. Stamp duty amounting to Rs. 1.84 lakh and registration fee amounting to Rs. 0.30 lakh was leviable. Against this the department charged only Rs. 300 as stamp duty and Rs. 17,100 as registration fee. Thus misclassification of the deed resulted in short realization of stamp duty and registration fee aggregating to Rs. 1.96 lakh.

On this being pointed out (February 2000) in audit, the department stated (September 2000) that these cases had been registered with the Collector (Stamps), for adjudication. Further progress has not been received.

The matter was reported to Government in March 2000; their reply has not been received (September 2000).

CHAPTER-6: State Excise

6.1 Results of audit

Test check of the records of the State Excise offices, conducted in audit during the year 1999-2000, revealed non/short recovery of excise revenue amounting to Rs. 1017.01 lakh in 293 cases, which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Short/non-realisation of excise duty and licence fee	108	522.52
2.	Loss of excise duty on account of excess wastage of liquor	27	49.71
3.	Other irregularities	158	444.78
Total		293	1017.01

During the year 1999-2000, the department accepted short realisation etc. in 141 cases involving Rs.866.67 lakh of which 91 cases involving Rs.257.64 lakh had been pointed out in audit during 1999-2000 and rest in earlier years. The department recovered Rs.385.36 lakh in 298 cases of which 30 cases involving Rs.15.10 lakh had been pointed out in audit during the year 1999-2000 and rest in earlier years. A few illustrative cases involving Rs. 366.78 lakh are given in the following paragraphs.

6.2 Non-realisation of Government revenue due to deferment

Under The Rajasthan State Excise Act, 1950, no provision exists for deferment of excise duty.

During the course of audit it was noticed that excise surcharge of Rs. 2.34 crore payable by the Rajasthan Tourism Development Corporation was deferred by the Government vide their letter dated 1 November 1999 till 31 March 2001. In the absence of provision in the Act, the deferment allowed by the Government is incorrect and resulted in non-realisation of Rs. 2.34 crore to the Government for the period from April 1999 to June 2000.

The matter was brought to the notice to the department and reported to Government (September 2000); their replies have not been received.

6.3 Non/short recovery of licence fee and bottling fee

Under the Rajasthan Excise Rules, 1956, as amended vide notification dated 9 July 1998, the fee for permission to manufacture/bottle the Indian Made Foreign Liquor (IMFL)/Beer on franchise arrangements is payable at the rate of 50% of the fee of Rs. 4 lakh prescribed for distillery licence with bottling of IMFL. Further, bottling fee of IMFL/Beer for "self brand" is prescribed at Re.0.75 per bottle whereas it is chargeable at double the rates to bottle IMFL/Beer under franchise arrangements.

(a) In Alwar and Udaipur, it was noticed (July and October 1999) that 4* units having licence to bottle IMFL/Beer, bottled 1,70,50,521 bottles of IMFL/Beer of various brands owned by other units under franchise arrangement from 9 July 1998 to 31 March 1999 but paid bottling fee, at the rates prescribed for 'self brand' instead of under franchise arrangement which resulted in short recovery aggregating Rs. 127.68 lakh.

On this being pointed out (July and December 1999) in audit, the department stated (between May 2000 to September 2000) that in Alwar, recovery of Rs.18.88 lakh including interest has been effected in one case while in another case the licensee has filed an appeal with the Divisional Commissioner. In the case of Udaipur, Rs. 79.49 lakh had been recovered. Further reply in respect of Alwar has not been received (September 2000).

Government to whom the matter was reported (November 1999 and February 2000) confirmed (July 2000) the reply of the department in respect of Alwar.

(b) In Alwar and Udaipur it was noticed (July and October 1999) that two distilleries (i) M/s Allied Domake Spirit and Wine (I) Pvt. Ltd., Behror, Alwar and (ii) M/s Udaipur Distillery Company Ltd. which were granted licence to manufacture and bottle the IMFL also bottled the IMFL of other companies under franchise arrangement for which licence fee amounting to Rs. 4 lakh was recoverable.

On this being pointed out (July and December 1999) in audit, the department stated (August 2000) that Rs. 2 lakh had been recovered in respect of Udaipur. No reply has been received in respect of Alwar.

The matter was reported to Government (November 1999 and February 2000); their reply has not been received (September 2000).

* (i) M/s Rajasthan Breweries Ltd., Shahjahanpur (Alwar), (ii) M/s Winson Breweries Ltd., Tijara (Alwar), (iii) M/s Allied Domake Spirit and Wine (I) Pvt. Ltd. Behror (Alwar) and (iv) M/s Udaipur Distillery Company Ltd., Udaipur.

6.4 Short recovery of licence fee

The Government revised (9 July 1998) the annual licence fee from Rs.2 lakh to Rs. 3 lakh and minimum vend fee from Rs. 15,000 to Rs. 25,000 chargeable from the licensee of Hotel Bar/Club Bar/Restaurant Beer Bar.

In Barmer, it was noticed (December 1999) that Hotel "Dhola Maru" Jaisalmer, was granted Hotel Bar licence for the year 1998-99. The licensee deposited the annual licence fee of Rs. 2 lakh and minimum vend fee of Rs.15000 instead of Rs. 3 lakh and Rs. 25,000 respectively. This resulted in short recovery of Rs. 1.10 lakh.

On this being pointed out (January 2000) the department stated (September 2000) that on raising a demand of Rs. 1.10 lakh licensee had obtained stay order from the High Court (August 2000) against the recovery. Further progress has not been received.

The matter was reported to Government (January 2000); their reply has also not been received (September 2000) .

CHAPTER-7: Other Tax Receipts

LANDS AND BUILDINGS TAX

7.1 Results of audit

Test check of records in the Lands and Buildings Tax offices, conducted in audit during the year 1999-2000, revealed under-assessments of tax amounting to Rs.10180.94 lakh in 85 cases, which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
1.	Short levy due to under-valuation of properties	44	8936.81
2.	Short levy due to mistakes in assessments	25	47.70
3.	Other irregularities	16	1196.43
Total		85	10180.94

During the year 1999-2000, the department accepted under-assessments *etc.*, of Rs.34.28 lakh in 30 cases which were pointed out in audit in earlier years, of which Rs.10.49 lakh in 18 cases had been recovered. A few illustrative cases involving Rs.282.90 lakh highlighting important audit observations are given in the following paragraphs.

7.2 Loss of stamp duty and registration fee due to non-registration of lease agreement

Under the Rajasthan Stamp Law (Adaptation) Act, 1952, when the lease is purported to be for a term in excess of 20 years, the stamp duty as on a conveyance for a consideration, equal to the amount or value of the property, is leviable. Further, the Director, Lands and Buildings issued instructions (July 1997) that the assessing authority should inform the Inspector General, Registration and Stamp, if the document is not registered.

In Jodhpur, it was noticed (April-May 1999) that M/s Indian Hotels Company Ltd., who had taken a plot of land measuring 23,850 square metres on lease (April 1994) for fifty years for running a hotel, presented (January 1999) to the assessing authority an unregistered lease agreement executed on a stamp paper of Rs.10 for assessment of lands and buildings tax. The department failed to intimate the Inspector General, Registration and Stamps, about the

unregistered lease agreement, which resulted in non-levy of stamp duty amounting to Rs.240.41 lakh and registration fee of Rs. 25,000 on the value of property of Rs.2404.08 lakh assessed by the Lands and Buildings Tax office.

On this being pointed out (May 1999) in audit, the Asstt. Director, Lands and Buildings Tax, Jodhpur, intimated (May 1999) that the Sub-Registrar, Jodhpur, has been informed about the case for further necessary action at their end.

The omission was pointed out to the department (May 1999) and reported to Government (May 2000); their replies have not been received (September 2000).

7.3 Short levy of tax due to under valuation of property

Under the Rajasthan Lands and Buildings Tax Act, 1964, tax on lands and buildings or both is leviable on the market value of property. The department has fixed rates for determination of market value of land in different areas of cities in 1973. To calculate the market value of land for any subsequent year 10 per cent (for residence) or 20 per cent (for commercial) annual increase is to be added to it for each subsequent year, depending on the purpose for which land and building is used. In respect of taxable land and building on 1 April 1996, when reassessed on 1 April 1997, on the basis of market value, the tax should not exceed at one and a half time of tax levied for year 1996-97.

In Jaipur and Udaipur it was noticed (between December 1998 and December 1999) that in 6 cases tax amounting to Rs. 35.51 lakh was short levied due to incorrect valuation of property, as per details given below:-

S. No.	Name of office	Date of Assessment	Period of tax	Amount (Rupees in lakh)	Nature of irregularity
1.	Jaipur (Civil Line Zone)	February 1998	1993-94 to 1996-97	14.61	The land was allotted at concessional rates and the tax was levied on that value instead of market rates fixed by RIICO. This resulted in short levy of tax of Rs. 14.61 lakh including one time tax.
Remarks:- The omission was pointed out to the department and reported to Government (December 1999); their replies have not been received (September 2000).					
2.	Udaipur	March 1999	1994-95 to 1996-97	11.69	As against 2760 square feet of land on lease (May 1983) for construction of hotel, only 1520 square feet land were taken for assessment of tax. This resulted in short levy of tax of Rs. 11.69 lakh.
Remarks:- The omission was pointed out to the department and reported to Government (February 1999); their replies have not been received (September 2000).					
3.	Udaipur	February 1999	1996-97 to 1998-99	4.53	The value of additions made in the building and land attached to it was not assessed to tax resulting in under assessment of Rs. 4.53 lakh.
Remarks:- The omission was pointed out to the department and reported to Government (December 1999); their replies have not been received (September 2000).					

S. No.	Name of office	Date of Assessment	Period of tax	Amount (Rupees in lakh)	Nature of irregularity
4.	Udaipur	March 1999	1992-93 to 1997-98	2.29	While assessing the tax the market value of the land as fixed by the Sub Registrar was not taken into consideration which resulted in underassessment of Rs. 2.29 lakh.
Remarks:- The omission was pointed out to the department and reported to Government (February 2000); their replies have not been received (September 2000).					
5.	Jaipur (Hawa Mahal Zone)	September 1998	1994-95 to 1998-99	1.26	The land was being used for commercial purpose whereas the tax was assessed at residential rates.
Remarks:- The omission was pointed out to the department and reported to Government (November 1999); their replies have not been received (September 2000).					
6.	Udaipur	December 1998	1997-98 to 1998-99	1.13	The application of incorrect rates resulted in undervaluation.
Remarks:- The omission was pointed out to the department and reported to Government (February 2000); their replies have not been received (September 2000).					
Total				35.51	

7.4 Short levy of tax due to incorrect base year

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 determine tax in respect of any land or building where it appears that land or 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 and Sriganganagar it was noticed (between December 1998 and October 1999) that in three cases tax amounting to Rs. 6.73 lakh was short recovered due to taking incorrect base year, as per details given below:

S. No.	Name of office	Date of Assessment	Period of tax	Amount (Rupees in lakh)	Nature of irregularity
1.	Jaipur (Hawa Mahal Zone)	May 1999	1998-99 to 99-2000	3.04	After demolition of a residential building, a commercial complex had come up in 1997-98 as such property was taxable at commercial rates from 1998-99 onwards.
Remarks:- The omission was pointed out to the department and reported to Government (November 1999); their replies have not been received (September 2000).					

S. No.	Name of office	Date of Assessment	Period of tax	Amount (Rupees in lakh)	Nature of irregularity
2.	Jaipur (Civil Line Zone)	November 1997	1995-96 to 1996-97	1.96	The assessing authority assessed the value of the property taking the base year as April 1988 instead of April 1995 as the land for shop was purchased in April 1994 on which building was constructed in 1996. This resulted in short levy of tax of Rs. 1.96 lakh.
<p>Remarks:-On this being pointed out (December 1998) in audit the department stated (December 1998) that the plot of land was purchased on agreement to sell on 7 January 1988 but lease deed was only executed in April 1994. The reply is not tenable as the ownership of land was shifted to the lease holder in April 1994.</p>					
3.	Jaipur (Civil Line Zone)	July 1997	1996-97 to 1997-98	1.73	During 1995 a residential building was constructed on the land where a cow shed existed. So the tax was leviable at residential rates from 1996-97 onwards.
<p>Remarks: The omission was pointed out to the department and reported to Government (April 1999); their replies have not been received (september 2000).</p>					
Total				6.73	

CHAPTER-8: Non-Tax Receipts

8.1 Results of audit

Test check of the records of the mining department and irrigation department, conducted in audit during the year 1999-2000, revealed under-assessments and losses of revenue amounting to Rs.14836.80 lakh in 933 cases, which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs.in lakh)
A. Mining department			
1.	Non/short recovery of dead-rent and royalty	274	132.59
2.	Unauthorised excavation	88	2186.90
3.	Non-forfeiture of security	190	12.01
4.	Non-levy of penalty/interest	71	46.39
5.	Receipts from Mines and Minerals	-	11490.40
6.	Other irregularities	308	495.37
B. Irrigation department			
1.	Short recovery of water charges	2	473.14
Total		933	14836.80

During the year 1999-2000, the department accepted under-assessments *etc.*, of Rs.40.81 lakh involved in 421 cases, of which 36 cases involving Rs.5.98 lakh had been pointed out in audit during the year 1999-2000 and rest in earlier years. The department recovered Rs.32.66 lakh in 350 cases of which 6 cases involving Rs.2.10 lakh were pointed out during the year 1999-2000 and rest in earlier years. A few illustrative cases and findings of the review on "Receipts from Mining and Minerals" involving Rs.11963.54 lakh are given in the following paragraph.

A. MINING DEPARTMENT

8.2 Receipts from mines and minerals

8.2.1 Introduction

The exploitation of mineral wealth is carried out by granting leases under the provisions of the Mines and Minerals (Regulation & Development) Act, 1957 and the Rajasthan Minor Mineral Concession Rules, 1986.

Receipts from mines and minerals mainly consist of application fee, licence fee, permit fee, dead-rent, royalty, prospecting charges, fines and penalties. In case of default in payment of these dues, interest at the prescribed rates is chargeable.

8.2.2 Organisational set up

The Director, Mines and Geology (DMG) is the head of the department and is assisted by five Additional Directors who exercise control through eight Superintending Mining Engineers (SME) and 39 Mining Engineers/Assistant Mining Engineers (ME/AME) who are primarily responsible for assessment and collection of revenue in their areas and prevention of unauthorised extraction of mineral wealth. The department has also a separate preventive wing (vigilance) which is controlled by a SME (vigilance), Jaipur. The work of exploration and development of mines and mineral is carried out through geological survey under the charge of three Additional Directors (Geology) Jaipur, Jodhpur and Udaipur and 16 Geologists at different places in the State.

8.2.3 Scope of audit

During the review, the records of eight major units* (out of total 51 units) and of the DMG for the years from 1994-95 to 1998-99 were checked in 1999-2000 to examine the adequacy and effectiveness of mining department for levy and collection of mining receipts. The important deficiencies/irregularities noticed are mentioned in the succeeding paragraphs.

8.2.4 Highlights

Royalty of Rs. 280.36 lakh and interest of Rs. 220.29 lakh thereon was not recovered from M/s J.K. Udaipur Udhog Ltd., due to non-raising of demand.

{Paragraph 8.2.6 (a) (i)}

Revenue of Rs. 64.47 lakh was not recovered from lessees due to non-raising of demand after finalisation of assessments.

{Paragraph 8.2.6 (a)(ii)}

* M.E.-Makrana, Ajmer, Jodhpur, Udaipur, Bundi-I, Rajsamand I and II, Alwar and DMG office.

Grant of unauthorised rebate (beyond the period allowed by Government) in royalty on Marble resulted in loss of revenue of Rs.385.37 lakh.

(Paragraph 8.2.8)

Land tax amounting to Rs. 3105.70 lakh and interest thereon Rs.3998.58 lakh was not recovered from lessees.

(Paragraph 8.2.9)

Royalty of Rs. 120.95 lakh was not recovered from contractors by works department.

(Paragraph 8.2.10)

Improper maintenance of Demand and Collection Register resulted in loss of revenue of Rs. 13.19 lakh.

{Paragraph 8.2.14 (a)}

8.2.5 Trend of revenue

The revenue from minerals realised by the State during the period from 1994-95 to 1998-99 has been shown below:-

Year	Budget estimates	Actuals	Variation (+) excess (-) shortage	Percentage of excess/ shortage of actuals and budget estimates	Total revenue of the State	Percentage of actual mining receipts to total revenue raised by State Government
	(Rs. in crore)					
1994-95	177.32	182.75	(+) 5.43	(+) 3.06	3224.57	5.66
1995-96	210.00	214.52	(+) 4.52	(+) 2.15	4039.31	5.31
1996-97	275.00	271.21	(-) 3.78	(-) 1.37	4484.88	6.04
1997-98	300.00	292.90	(-) 7.10	(-) 2.37	4973.00	5.88
1998-99	310.00	304.24	(-) 5.75	(-) 1.85	5292.73	5.74

8.2.6 Non-raising of demand

(a) As per provisions of Hand Book prepared by the Mines and Geology department, records of assessment of all Government dues in respect of lease, licence, contract, dead rent, royalty, interest and penalty etc. are maintained in the Demand and Collection Register (DCR) to facilitate recovery of the demand.

(i) Royalty assessments of M/s J.K. Udaipur Udhog Ltd. for the period from April 1989 to March 1996 were finalised for an amount of Rs. 922.95 lakh against which the lessee deposited Rs. 642.59 lakh. It was noticed in audit that no demand was raised by the department for payment of balance amount of royalty of Rs. 280.36 lakh, instead, it was incorrectly recorded in DCR that payment has been received in advance. Non-recording the demand in DCR

and incorrect noting of facts resulted in non-recovery of royalty of Rs.280.36 lakh.

On this being pointed out in audit (October 1999) the department recovered Rs. 280.36 lakh in April 2000. For non-payment of royalty, the lessee was also liable to pay interest of Rs. 220.29 lakh. No reply has been received for recovery of interest (September 2000).

(ii) It was noticed in three Mining Offices* in 26 cases that although balance royalty of Rs. 64.47 lakh was assessed between September 1997 and March 1999, the demands were not raised as these were not entered in the DCR:

Sl. No	Name of office	No. of cases	Period involved	Royalty assessed	Dead rent paid	Balance royalty recoverable
				(Rupees in lakh)		
1.	AME Sojat City	6	February 1996 to April 1998	14.27	3.59	10.68
2.	ME Bikaner	1	14 September 1994 to 13 September 1996	19.67	-	19.67
		10	June 1995 to February 1999	5.86	2.76	3.10
3.	AME Banswara	9	August 1995 to November 1998	37.64	6.62	31.02
	Total	26	Total	77.44	12.97	64.47

On this being pointed out (June to August 1999) the AME, Banswara, recovered (April 2000) Rs.30.48 lakh in 9 cases, however, no reply was received from other offices (September 2000).

(b) The Mines and Minerals (Regulation and Development) Act, 1957, provides for annual dead rent to be paid in advance.

It was noticed (between May 1999 and March 2000) that demand of dead rent amounting to Rs. 9.26 lakh in 8 cases for the period from 1993-94 to 1998-99 was not raised.

On this being pointed out (between October 1999 and February 2000), the department stated (between October 1999 and April 2000) that demands of dead rent had since been raised in all the cases and Rs. 0.81 lakh recovered (February 2000) by ME Ajmer. Progress of recovery of the other two offices is still awaited (September 2000).

* M.E.-Bikaner, A.M.E.-Sojat City and Banswara

8.2.7 Short realisation of dead rent

(i) Under section 9 and 9A of the Mines and Minerals (Regulation and Development) Act 1957, read with Mineral Concession Rules, 1960, annual dead rent is payable in advance at rates which were revised with effect from 11 April 1997.

It was noticed (June and July 1999) that in 9 cases (Bikaner-5 and Banswara-4) demand of dead rent was raised at pre-revised rates instead of at revised rates from 11 April 1997 resulting in short recovery of Rs. 10.28 lakh.

On this being pointed out (June and August 1999) the AME, Banswara stated (April 2000) that demand of dead rent has been raised in all the cases and Rs. 0.38 lakh recovered in one case. Reply of M.E., Bikaner is awaited (September 2000).

(ii) Under the RMMC Rules 1986, the annual dead rent in respect of a mining lease shall stand revised after every five years from the date of commencement of lease and also at the time of renewal. The dead rent is revised by a 40 per cent addition to the existing dead rent.

In 14 cases of 2 offices (M.E. Makrana-2 and AME Banswara-12) demand of dead rent continued to be raised and recovered at pre-revised rates which resulted in short recovery of Rs. 3.08 lakh.

On this being pointed out at Makrana (September 1999) and Banswara (June 1999) AME, Banswara stated (April 2000) that demands of Rs. 1.61 lakh of dead rent had been raised in 10 cases of which Rs. 0.52 lakh in 6 cases recovered. Reply from M.E., Makrana is still awaited (September 2000).

8.2.8 Loss of revenue due to unauthorised rebate on marble.

The Government allowed (July 1994) rebate on royalty on 50 per cent of the quantity of marble brought to Makrana from outside for processing and its despatch for the period of three months from 15 July 1994 and thereafter no rebate was to be allowed.

It was noticed (March 2000) that the rebate in royalty continued to be allowed even after three months i.e. from 15 October 1994 onwards till the date of audit. The department allowed rebate in royalty on 380694 metric tonnes marble which resulted in loss of revenue of Rs. 385.37 lakh at the rates applicable from time to time.

On being pointed out (August 1999) the Government had taken up (March 2000) the case for examination. Further progress is still awaited (September 2000).

8.2.9 Non-recovery of land tax

Under Section 25 of Mines and Minerals (Regulation & Development) Act, 1957 Government may recover any sum due under a mining lease as arrears of land revenue irrespective of the date of mining lease.

It was noticed (September 1995 and November 1999) in DMG office that an amount of Rs.3105.70 lakh of land tax for the period from 1985 to 29 August 1991 and interest thereon amounting to Rs.3998.58 lakh (at the rate of 15 per cent) upto 31 March 2000 was recoverable from various lessees. However, no demand was raised to recover this amount.

On being pointed out (September 1995 and November 1999) in audit, the department stated (September 1996) that (i) efforts are being made to effect recovery from the lessees whose leases have expired; (ii) as the land tax has since been abolished (30 August 1991) it is very difficult to effect recovery under the provisions of LR Act 1956; and (iii) it is difficult to effect recovery from the lessees from whom recovery is to be made under PDR Act. The latest position of recovery of land tax was enquired (November 1999) from the department to which no reply was furnished (September 2000).

8.2.10 Short recovery of royalty from contractors

As per Government orders dated 22 September 1994 and 27 November 1996 royalty is deductible from works contractors bills at the rate of 2 per cent of the contract amount. This order was also applicable in those cases where royalty had not been finally assessed by the Mining department. It was further decided that in cases where the amount deducted at source was found in excess of the royalty payable by the contractor, the same shall be refundable to the contractor on final assessment.

During the course of audit of 5 offices it was noticed (between 1996-97 to 1999-2000) that in 44 cases, royalty amounting to Rs. 120.95 lakh was either not recovered or short recovered as detailed below:-

S. No.	Name of office	Period	Amount paid to the contractor	Royalty recoverable	Royalty recovered	Royalty non/short recovered
1.	M.E, Jaipur (RBCC)	1996-97 to 1999-2000	2079.71	41.59	-	41.59
2.	M.E. Alwar	1994 to 1998	7426.00	131.36	65.68	65.68
3.	A.M.E., Sawaimadhopur	1996-97 1998-99	173.17 157.90	3.46 3.16	- -	3.46 3.16
4.	ME Bhilwara	1998-99	288.53	5.77	0.06	5.71
5.	ME Udaipur	1998-99	67.49	1.35	-	1.35
	Total		10192.81	186.69	65.74	120.95

8.2.11 Non/short recovery of development charges

Government revised (1 May 1992) the rates of development charges from Rs.24 to Rs. 30 per metric tonne on gypsum despatched/sold.

A test check of records of M.E., Bikaner and Nagaur revealed (August 1999) that in two cases (1 Bikaner and 1 Nagaur) development charges on 434411 M.T. of gypsum were recovered at pre revised rates and in one case (Bikaner) development charges on 1860 M.T. gypsum were not recovered at all. This resulted in non/short realisation of Government revenue of Rs. 28.79 lakh for the period from 1994-95 to 1998-99.

8.2.12 Loss of revenue due to unauthorised excavation and removal of mineral.

As per RMMC Rules, 1986, extraction of minerals can be made only when allowed by an authority. Any person contravening the provisions is liable to be punished. The mineral unauthorisedly extracted and tools/machinery used are to be seized and in case of its removal/disposal, cost thereof is to be recovered.

At Bijolia, however, it was noticed (December 1997) that in seven cases departmental officers detected unauthorised extraction and removal of mineral sandstone of 9712 MT valued Rs. 24.35 lakh and seized only the tools of offenders. The panchnamas/Mauka report prepared on the spot by the departmental officers did not contain names of the offenders which resulted in non-filing of the cases in Court and therefore action of department caused loss of revenue of Rs.24.35 lakh.

8.2.13 Loss 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 clarified (24 November 1993) that stamp duty and registration fee are leviable on the execution of leases, quarry licences and their renewals.

In M.E., Nagaur (August 1999) and Jodhpur (March 2000), it was noticed that quarry licences were issued/renewed during 1998-99 in Nagaur (192) and in Jodhpur (6193) but none of these quarry licences were registered as required under the said Act. This resulted in a loss of Rs. 24.21 lakh on quarry rent of Rs. 2.20 crore (stamp duty: Rs. 22.01 lakh and registration fee: Rs. 2.20 lakh).

On this being pointed out (August 1999 and March 2000) in audit, the reply of the department has not been received (September 2000).

8.2.14 Loss of revenue due to excess/double credit of amount.

(a) During check of DCRs it was noticed (between May 1999 and March 2000) that entries in DCR were not found checked/verified by the competent authorities. The DCRs maintained by M.E, Bhilwara, Chittorgarh and Rajsamand II revealed four cases of excess credit of Rs.13.19 lakh to the

lessees and consequently short realisation of Government revenue to this extent as detailed below:-

S.No.	Name of unit	Period involved	Amount (Rs. in lakh)	Nature of irregularity
1.	Bhilwara	March 1997 to November 1997	2.06	Totalling mistake
2.	Chittorgarh	March 1999	10.00	-do-
3.	Bhilwara	November 1997 and December 1998	0.68	Double posting of challan
4.	Rajsamand	April 1997 to April 1998	0.45	Incorrect posting
Total			13.19	

(b) While completing royalty assessment for the year 1994-95 in July 1997 the AME, Kotputli incorrectly adjusted Rs. 13.70 lakh instead of Rs. 9.79 lakh of dead rent actually paid by the lessee resulting in excess credit of royalty of Rs. 3.91 lakh and consequent short realisation of Government revenue to this extent.

On this being pointed out (Bhilwara-May 1999, Rajsamand-January 2000 and Chittorgarh-March 2000) the department accepted and rectified the mistakes.

8.2.15 Non-recovery of Government dues

(a) Unauthorised excavation and despatch of mineral

As per provision of MM(R & D) Act, 1957 and RMMC Rules, 1986 no person shall undertake any mining operation without lawful authority. In case of unauthorised extraction, the mineral so extracted shall be seized by the department and in case the mineral is removed/disposed off, the cost thereof recovered.

During the course of audit of 40 mining circles it was noticed that 10372 offence cases involving Rs. 2813.12 lakh relating to unauthorised excavation and despatch of minerals were pending with the department for two to fifteen years or more out of which

- (i) 4194 cases involving Rs. 240.82 lakh were pending for 10 years or more.
- (ii) 2788 cases involving Rs. 1767.10 lakh were pending for more than five years but less than 10 years.

(b) Other cases

The Government decided (May 1978) to purchase 'Maton Rock Phosphate' from M/s. Hindustan Zinc Limited through M/s. RSMM Limited as its purchasing blending/indenting and marketing agent and in lieu of this the Government was to pay remuneration to M/s. RSMM Limited at the rate of Rs. 67 per tonne of the mineral sold to customers. The work was got done through M/s. RSMDC and Government agreed to pay (June 1987) at the rate of Rs. 57 per tonne to M/s. RSMDC and at the rate of Rs. 10 per tonne to M/s. RSMM Limited. The material was supplied during the year 1986-87 and 1987-88 and Government paid Rs. 27.83 lakh as handling charges to M/s. RSMDC. The Government asked (February 1990) M/s. RSMM Limited to deposit Rs 416.57 lakh, the cost of mineral but M/s. RSMM Limited paid only Rs. 388.74 lakh retaining Rs. 27.83 lakh as handling charges for payment to M/s. RSMDC which was already paid to them by the Government. So an amount of Rs 27.83 lakh along with interest amounting to Rs. 61.66 lakh for the period from April 1990 to October 1999 is recoverable from M/s. RSMM Limited.

8.2.16 Loss of interest due to non-prescribing of the time limit for completion of royalty assessment

Under RMMC Rules, 1986, necessary action for completion of royalty assessment for an assessment year shall be initiated by the assessing officer after receipt of annual return or upon checking the stock of the mineral dealer.

It was noticed (November 1999) that due to the absence of the prescribed period for completion of assessments, 9512 cases were pending finalisation in 26 offices as on 31 March 1999. Consequently, the actual amount of royalty due for realisation and interest thereon, if any, could not be ascertained.

A few illustrative cases are as under:-

Sl. No.	Name of lessee	Period from which assessments are pending	Total pending assessments	Period of delay upto 31.3.99
1.	M/s Hindustan Zinc Ltd.	1964-65	35 assessments	35 years
2.	M/s RSMM Ltd.	1988-89 to 1996-97	9 assessments (assessed in March-99)	11 years
		1997-98 to 1998-99	2 assessments	3 years
3.	M/s Shree Cement Ltd.	1991-92 to 1993-94	3 assessments (assessed in March 1995)	3 years
		1994-95 to 1998-99	5 assessments (assessed in May 2000)	5 years

In the case of M/s Shree Cement Ltd. loss of interest on account of delay in completion of assessments (beyond a period of six months after becoming due for such assessment) amounted to Rs. 2.95 crore for the 5 assessments, pertaining to the years 1994-95 to 1998-99. In the remaining cases the records were not made available by the department and as such loss of interest could not be worked out.

B. IRRIGATION DEPARTMENT

8.3 Short recovery of water charges

According to Government of Rajasthan (Irrigation Department) amendment (28 November 1991) in the Rajasthan Irrigation and Drainage Rules, 1955 water charges were to be levied at the rate of Rs. 20 per 1000 cft for industrial purposes with immediate effect.

(a) In Bhilwara it was noticed (July 1999) that Irrigation department recovered an amount of Rs. 21.30 lakh instead of Rs. 33.85 lakh payable by a company for supply of 213 mcft of water for industrial use during 1991-92. The interest on the unpaid balance amounts to Rs. 17.34 lakh (July 1999). This resulted in short recovery of Rs. 29.89 lakh.

On this being pointed out (July 1999) the department stated (July 1999) that the dues were received in advance in September 1991 as such the revised rates applicable from 28 November 1991 were not applicable. The contention of the department is not correct since the revised rates were applicable with immediate effect as such the water dues at revised rates were recoverable proportionately.

The matter was reported to Government (September 1999), their reply has not been received (September 2000).

(b) In Suratgarh it was noticed (April 1999) that water was supplied through head regulator and syphon pipe outlet to the Thermal Power Plant from Indira Gandhi Main Canal from January 1994 at the rate of rupee one per thousand cft. instead of at Rs.20 per thousand cft. On this being pointed out in audit, the department raised a demand of Rs. 443.25 lakh for 2216254 thousand cft from January 1994 to January 2000 and recovered Rs.100 lakh between January and March 2000.

The matter was reported to Government (September 1999); their reply has not been received (September 2000).



JAIPUR,

The

12 MAR 2001

(SUNIL CHANDER)

Accountant General (Audit)-II, Rajasthan

Countersigned



NEW DELHI,

The

13 MAR 2001

(V.K.SHUNGLU)

Comptroller and Auditor General of India

