REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2004

(REVENUE RECEIPTS)

Government of Rajasthan

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Preface

This Report for the year ended 31 March 2004 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 2003-2004 as well as those noticed in earlier years but could not be included in previous Reports.

Overview

This Report contains 31 paragraphs including two reviews, relating to non/short levy of tax, interest, penalty *etc.* involving Rs.381.48 crore. Some of the major findings are mentioned below:

I. General

The State Government's receipts for the year 2003-04 amounted to Rs.15,423.84 crore as against Rs. 13,081.86 crore for the year 2002-03. While the revenue raised by the Government amounted to Rs.9,317.82 crore (tax revenue: Rs.7,246.18 crore and non-tax revenue: Rs.2,071.64 crore), the balance Rs.6,106.02 crore was received from the Government of India as the state's share of divisible Union Taxes (Rs.3,602.22 crore) and grants-in-aid (Rs.2,503.80 crore).

(Paragraph 1.1)

Arrears aggregating Rs.2,417.49 crore remained unrealised under the principal heads of revenue at the end of 2003-04. The arrears were mainly in respect of taxes on sales, trade etc., state excise, taxes on immovable property other than agricultural land, major and medium irrigation, sale of land and property, land revenue and non-ferrous mining and metallurgical industries.

(Paragraph 1.5)

Test check of records of sales tax, land revenue, state excise, motor vehicles tax, stamps and registration fees, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2003-04 revealed under-assessment/short levy/loss of revenue amounting to Rs.715.87 crore in 18,459 cases. During the course of the year the departments accepted under-assessment of Rs.69.03 crore in 21,723 cases. No replies have been received in respect of the remaining cases.

(Paragraph 1.10)

II. Sales Tax

Sales tax exemption granted and availed of by 35 industrial units was found irregular resulting in short realisation of Government revenue of Rs.17.90 crore.

(Paragraph 2.2)

Application of incorrect rate of tax resulted in short levy of tax and interest of Rs.2.16 crore in five cases.

(Paragraph 2.3)

Levy of concessional rate of tax on taxable turnover relating to time barred declaration forms resulted in non-levy of tax of Rs.6.28 crore.

(Paragraph 2.5)

III. Taxes on Motor Vehicles

Special road tax in respect of stage carriages of RSRTC, private service vehicles and non-transport vehicles was either realisd short or was not levied resulting in non-realisation of Government revenue of Rs.5.53 crore.

(Paragraph 3.2)

Motor vehicles tax and special road tax amounting to Rs.3.01 crore in respect of stage carriages, contract carriage, passenger vehicles not covered by non-temporary permits, dumpers/tippers, excavator/loaders and goods vehicles was not recovered.

(Paragraph 3.3)

IV. Land Revenue

Review, **'Receipts of Colonisation Department'** revealed the following points:

- Despite non-payment of instalments of Rs.20.53 crore representing cost of land, allotments in 1,684 cases were not cancelled.

  (Paragraph 4.2.7)

- Non-initiation of steps for eviction of 8,607 trespassers occupying land measuring 97,526 bigha resulted in blockage of Government revenue of Rs.44.74 crore.

  (Paragraph 4.2.9)

- Differential cost amounting to Rs.133.41 crore in respect of land measuring 78,965.20 bigha on conversion of land from un-command to command was not realised from cultivators.

  (Paragraph 4.2.10)

- Assessing agricultural land measuring 9,479.55 bigha at lower rates resulted in short recovery of Rs.8.89 crore.

  (Paragraph 4.2.11)

V. Stamp Duty and Registration fee

During the period from 1993 to 2003 there was continuous short supply of stamps each year as against the indented quota ranging from 30 to 78 *per cent*.

(Paragraph 5.2.3)

Stamp vendors were not maintaining stock and issue register in the prescribed proforma and the vendors records were not checked on regular basis.

(Paragraph 5.2.6)

Due to purchase of stamps from vendors/LIC Divisional Offices outside the state, there was a loss of revenue of Rs.5.86 crore.

(Paragraph 5.2.9)

Monitoring was weak and irregular as there was absence of prescribed inspection of treasuries and public offices by designated authorities of Registration and Stamp Department.

(Paragraph 5.2.11)

Undervaluation of properties transferred by conveyance deeds resulted in short levy of stamp duty and registration fee aggregating Rs.1.21 crore.

(Paragraph 5.3.1)

VI. Non-tax receipts

A: Irrigation Department

Review, **'Assessment and Collection of Water Charges'** revealed the following points:-

- Water charges of Rs.32.89 crore inclusive of interest charges on pendencies from time to time were not levied for water supplied for drinking and industrial purposes.

  (Paragraph 8.2.6)

- Non-maintenance of irrigation *Khataunies* (cultivator-wise demand statement of water charges) and non-raising of demand resulted in non-recovery of irrigation charges aggregating Rs.9.08 crore.

  (Paragraph 8.2.7)

- Wastage and non-utilisation of water resulted in loss of Rs.8.61 crore.

  (Paragraph 8.2.9)

- Failure on the part of Government to provide for revision of water charges in the agreement resulted in minimum short levy of Rs.13.14 lakh.

(Paragraph 8.2.10)

B: Mines and Petroleum Department

Non-raising of demand of increased amount of petroleum exploration licence fee and mining lease for petroleum and natural gas resulted in non-recovery of revenue of Rs.2.73 crore.

(Paragraph 8.4)

Loss of revenue due to un-authorised excavation resulted in non-recovery of revenue of Rs.3.02 crore.

(Paragraph 8.5)

CHAPTER-I: General

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Rajasthan during the year 2003-04, state's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Particulars	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
I.	**Revenue raised by the State Government**					
	(a) Tax revenue	4,530.90	5,299.96	5,671.17	6,253.34	7,246.18
	(b) Non-tax revenue	1,573.77	1,687.98	1,508.46	1,569.00	2,071.64
	Total	**6,104.67**	**6,987.94**	**7,179.63**	**7,822.34**	**9,317.82**
II.	**Receipts from Government of India**					
	(a) State's share of divisible Union taxes	2,184.84	2,836.61	2,882.36	3,063.10	3,602.22
	(b) Grants-in-aid	1,500.10	2,577.23	2,091.30	2,196.42	2,503.80
	Total	**3,684.94**	**5,413.84**	**4,973.66**	**5,259.52**	**6,106.02**
III.	**Total receipts of the State (I and II)**	**9,789.61**	**12,401.78**	**12,153.29**	**13,081.86**	**15,423.84**[1]
IV.	**Percentage of I to III**	**62**	**56**	**59**	**60**	**60**

[1] For details, please see 'Statement No. 11-Detailed Accounts of Revenue by Minor Heads' in the Finance Accounts of the Government of Rajasthan for the year 2003-04. Figures under the head 0020-Corporation Tax, 0021-Taxes on Income other than Corporation Tax, 0032-Taxes on wealth, 0037-Customs, 0038-Union Excise Duties, 0044-Service Tax and 0045-Other Taxes and Duties on commodities and Services -share of net proceeds assigned to State booked in the Finance Accounts under A-Tax Revenue have been excluded from revenue raised by the State and included in 'State's share of divisible Union Taxes' in this statement.

1.1.2 Details of tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:-

(Rupees in crore)

Sl. No.	Revenue heads	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+)/ decrease (-) in 2003-2004 over 2002-2003
1.	(a) Taxes on Sales, Trade etc.	2,279.83	2,644.51	2,869.23	3,229.79	3,751.80	(+) 16
	(b) Central Sales Tax	144.69	176.70	199.80	208.11	233.63	(+) 12
2.	State Excise	960.81	1,118.48	1,110.27	1,142.34	1,163.15	(+) 2
3.	Stamp Duty and Registration Fees	376.77	436.73	478.89	515.73	611.77	(+) 19
4.	Taxes and Duties on Electricity	193.67	251.90	250.88	239.85	280.29	(+) 17
5.	Taxes on Vehicles	455.48	511.30	566.33	646.14	904.31	(+) 40
6.	Taxes on Goods and Passengers	8.45	19.55	23.10	130.44	150.50	(+) 15
7.	Other taxes on Income and Expenditure, Tax on Professions, Trades Callings and Employments	-	10.99	15.56	17.23	20.11	(+) 17
8.	Other Taxes and Duties on Commodities and Services	49.42	52.89	54.04	47.12	46.85	(-) 1
9.	Land Revenue	35.09	44.81	79.17	57.98	71.44	(+) 23
10.	Other Taxes	26.69	32.10	23.90	18.61	12.33	(-) 34
	Total	**4,530.90**	**5,299.96**	**5,671.17**	**6,253.34**	**7,246.18**	

Reasons for shortfall in receipts during 2003-04 as compared to those of 2002-03, as intimated by the respective departments, are given below:-

Taxes on Sales, Trade etc. and Central Sales Tax: The increase (16 *per cent* and 12 *per cent* respectively) was due to check on tax evasion and recovery efforts of the Department.

Stamp Duty and Registration Fee: The increase (19 *per cent*) was due to increase in number of registered documents, audit recovery (Rs.19.40 crore) against RSEB and other old recoveries.

Taxes and Duties on Electricity: The increase (17 *per cent*) was due to receipts of subvention.

Taxes on vehicles: The increase (40 *per cent*) was due to book adjustment and cash recovery of Special Road Tax from RSRTC and increased receipts of composite fee on national permits.

Taxes on Goods and Passengers: The increase (15 *per cent*) was due to increased collection of entry tax on goods.

Other Taxes on Income and Expenditure, Tax on Professions, Trades, Callings and Employments: The increase (17 *per cent*) was due to increase in actual receipts.

Land Revenue: The increase (23 *per cent*) was due to income from sale of land.

1.1.3 Details of major non-tax revenue raised by the state during the year 2003-04 alongwith the figures for the preceding four years are given below:-

(Rupees in crore)

Sl. No.	Heads of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+)/ decrease (-) in 2003-04 over 2002-03
1.	Interest Receipts	670.42	589.55	583.77	607.04	685.12	(+) 13
2.	Forestry and Wild Life	22.98	37.02	44.82	41.63	39.53	(-) 5
3.	Non-ferrous Mining and Metallurgical Industries	349.53	370.13	412.98	449.38	513.70	(+) 14
4.	Miscellaneous General Services	138.78	241.92	46.23	43.88	340.50	(+) 676
5.	Power	-	0.10	0.02	1.40	0.02	(-) 99
6.	Major and Medium Irrigation	40.88	36.48	18.43	20.74	43.23	(+) 108
7.	Medical and Public Health	12.38	16.13	24.57	22.40	16.28	(-) 27
8.	Co-operation	4.45	7.33	6.79	7.90	6.93	(-) 12
9.	Public Works	19.14	22.33	17.49	19.69	16.45	(-) 16
10.	Police	46.38	57.43	48.66	57.59	46.16	(-) 20

Sl. No.	Heads of Revenue	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Percentage of increase (+)/ decrease (-) in 2003-04 over 2002-03
11.	Other Administrative Services	52.82	43.65	34.76	38.21	50.65	(+) 33
12.	Other Non-Tax Receipts	216.01	265.91	269.94	259.14	313.07	(+) 21
	Total	**1,573.77**	**1,687.98**	**1,508.46**	**1,569.00**	**2,071.64**	

Interest Receipts: The increase (13 *per cent*) was due to increased receipts from Departmental Commercial Undertakings and from Public Sector and other Undertakings.

Non-Ferrous Mining and Metallurgical Industries: The increase (14 *per cent*) was due to additional receipts from contracts and enhancement in rates of lease money of Jhamar Kotra mines.

Public works: The decrease (16 *per cent*) was due to less receipt on account of percentage charges.

Police: The decrease (20 *per cent*) was due to less receipt on account of Police supplied to other Governments.

Miscellaneous General Services: The abnormal increase (676 *per cent*) under Miscellaneous General Receipts was due to increase under the head 'Other Receipts'. The detail of this particular receipts and reasons for the abnormal increase therein was neither intimated by the Government/Department nor were on record.

Besides reasons for variation wherever found substantial in respect of other heads though called for (January/February 2005) have not been intimated.

1.2 Variations between Revised estimates and actuals

The variations between the revised estimates and actuals of revenue receipts for the year 2003-04 in respect of the principal heads of tax and non-tax

revenue are given below:-

(Rupees in crore)

Sl. No.	Heads of revenue	Revised estimates	Actuals	Variation excess (+) or Shortfall (-)	Percentage of variation
Tax revenue					
1.	Taxes on Sales, Trade etc.	4,200.00	3,985.43	(-) 214.57	(-) 5
2.	State Excise	1,240.00	1,163.15	(-) 76.85	(-) 6
3.	Stamp Duty and Registration Fee	700.00	611.77	(-) 88.23	(-) 13
4.	Taxes and Duties on Electricity	279.90	280.29	(+) 0.39	-
5.	Taxes on Vehicles	852.10	904.31	(+) 52.21	(+) 6
6.	Land Revenue	95.08	71.44	(-) 23.64	(-) 25
7.	Taxes on Immovable Property other than Agricultural Land	5.00	11.99	(+) 6.99	(+) 140
	Total	**7,372.08**	**7,028.38**	**(-) 343.70**	**(-) 5**
Non-tax revenue					
1.	Non-ferrous Mining and Metallurgical Industries	532.08	513.70	(-) 18.38	(-) 3
2.	Interest Receipts	702.19	685.12	(-) 17.07	(-) 2
3.	Miscellaneous General Services	90.70	340.50	(+) 249.80	(+) 275
4.	Forestry and Wild Life	36.56	39.53	(+) 2.97	(+) 8
5.	Police	67.79	46.16	(-) 21.63	(-) 32
	Total	**1,429.32**	**1,625.01**	**(+) 195.69**	**(+) 14**

Stamps Duty and Registration Fee:-The decrease (13 *per cent*) was due to famine.

Land Revenue:-The decrease (25 *per cent*) was due to less deposit of conversion charges by local bodies/Urban Improvement Trusts.

Taxes on Immovable Property other than Agricultural Land:-The increase (140 *per cent*) was due to recovery of arrears against Electricity Companies.

Miscellaneous General Services: The abnormal increase (275 *per cent*) under Miscellaneous General Receipts was due to increase under the head 'Other Receipts'. The detail of this particular receipts and reasons for the abnormal increase therein was neither intimated by the Government/Department nor were on record. .

Besides reasons for variation wherever found substantial in respect of other heads though called for (January/February 2005) have not been intimated.

1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2001-02, 2002-03 and 2003-04, along with the relevant all India average percentage of expenditure on collection to gross collection for 2002-03 were as follows:

(Rupees in crore)

Sl. No.	Heads of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India Average percentage for the year 2002-2003
1.	2.	3.	4.	5.	6.	7.
1.	Taxes on Sales, Trade etc.	2001-02 2002-03 2003-04	3,069.03 3,437.90 3,985.43	32.60 32.69 37.05	1.1 1.0 0.9	1.18
2.	State Excise	2001-02 2002-03 2003-04	1,024.68 1,142.34 1,163.15	19.13 18.60 19.82	1.9 1.6 1.7	2.92
3.	Taxes on vehicles	2001-02 2002-03 2003-04	566.33 646.14 904.31	10.07 10.27 11.49	1.8 1.6 1.3	2.86
4.	Stamp duty and Registration fee	2001-02 2002-03 2003-04	478.89 515.73 611.77	10.11 10.40 11.23	2.1 2.0 1.8	3.46

1.4 Collection of Sales Tax per assessee

(Rupees in lakh)

Year	No. of assessees	Sales tax revenue	Revenue/assessee
1999-2000	1,68,429	2,42,452	1.44
2000-2001	1,79,418	2,82,121	1.57
2001-2002	1,87,281	3,06,903	1.64
2002-2003	2,19,052	3,43,790	1.57
2003-2004	2,09,216[2]	3,98,543	1.90

[2] Number of assessees were reduced due to the allotment of TIN number (to actual dealers).

1.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.2,417.49 crore of which Rs.418.31 crore were outstanding for more than five years as detailed below:

(Rupees in crore)

Sl. No.	Heads of revenue	Amount outstanding as on 31 March 2004	Amount outstanding for more than 5 years	Remarks
1.	2.	3.	4.	5.
1.	Taxes on Sales, Trade etc.	1,705.17	262.50	Out of Rs.1,705.17 crore, demand for Rs.310.74 crore was stayed by the court and judicial authorities. Demand for Rs.94.23 crore were covered under recovery certificate under Land Revenue Act and Revenue Recovery Act. Recovery of Rs.46.75 crore were held up due to dealers becoming insolvent. Demand of Rs.5.92 crore was likely to be written off. Demand of Rs.164.99 crore was pending against the dealers which are not traceable. Arrears of Rs.1,082.54 crore were at various stages of recovery.
2.	State Excise	211.19	50.01	All demand was covered by revenue recovery certificate under Land Revenue Act.
3.	Taxes on vehicles	16.69	8.28	Out of Rs.16.69 crore, demand for Rs.2.42 crore was stayed by the court/government. Demand for Rs.0.76 crore was covered under recovery certificates under LR and PDR Act. Arrears of Rs.13.51 crore were at other stages of recovery
4.	Taxes on passenger and goods	1.90	1.90	Stages of recovery not intimated by Transport Department.
5.	Stamp duty and Registration fees	43.67	6.46	Out of Rs.43.67 crore, demand for Rs.17.42 crore was covered by recovery certificates. Demand for Rs.24.99 crore was stayed by High Court and other judicial authorities. Demand of Rs.1.26 crore was held up due to rectification/review of applications.
6.	Land Revenue	68.53	21.27	Out of Rs.68.53 crore, demand for Rs.5.77 crore was stayed by the Government and Rs.4.87 crore was stayed by the High Court and other judicial authorities. Arrears of Rs.57.89 crore were at various stages of recovery.
7.	Taxes on Immovable property other than Agricultural land.	94.22	12.17	Out of Rs.94.22 crore, demand of Rs.28.44 crore had been stayed by the High Court/judicial authorities and Rs.4.60 crore was stayed by the Government. Arrears of Rs.2.44 crore were held up due to rectification/review of applications. Rs.13.08 crore were covered under recovery certificates and Rs.45.66 crore were at other stages of recovery

1.	2.	3.	4.	5.
8.	Water supply and Sanitation receipts from Rural/Urban water supply scheme	47.83	16.14	Out of Rs.47.83 crore, demand of Rs.0.31 crore had been stayed by the High Court/Judicial authorities and Rs.0.07 crore were stayed by the Government. Demand for Rs. 1.62 crore was likely to be written off. Arrears of Rs.0.11 crore were held up due to rectification/review of application. Rs.0.08 crore were covered under recovery certificates and Rs.45.64 crore were at other stages of recovery.
9.	Non ferrous Mining and Metallurgical Industries	62.98	28.32	Out of Rs.62.98 crore, demand of Rs.20.49 crore was stayed by the High Court/other judicial authorities and Rs.2.75 crore was stayed by the Government. Demand for Rs.26.09 crore was covered under recovery certificates. Arrears of Rs.0.20 crore was likely to be written off. Recovery of Rs.0.08 crore was held up due to rectification/review of application and Rs.2.93 crore was held up due to dealers becoming insolvent. Arrears of Rs.10.44 crore were at various stages of recovery.
10.	Miscellaneous General Services-Sale of Land	88.37	3.00	Out of Rs.88.37 crore, demand of Rs.0.03 crore was stayed by the High Court and other judicial authorities. Remaining amount of Rs.88.34 crore was pending recovery from allottees of the land .
11.	[3]Major and Medium Irrigation	76.94	8.26	Out of Rs.76.94 crore, recovery of Rs.27.05 crore was suspended (deferred) vide Government order dated 30 September 2003 and 24 January 2004 as intimated by Board of Revenue, Rajasthan, Ajmer. Arrears of Rs.49.89 crore were pending collection at various stages of recovery.
Total		**2,417.49**	**418.31**	

1.6 Arrears in assessments

The details of cases pending assessment at the beginning of the year 2003-04, cases becoming due for assessments during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2003-

[3] This information pertains to Board of Revenue, Rajasthan, Ajmer; Commissioner, Command Area Development Chambal, Kota; Chief Engineer, Irrigation, Rajasthan, Jaipur and Chief Engineer, Indira Gandhi Nahar Pariyojana, Bikaner.

04 as furnished by the departments are as follows:

Head of revenue	Opening balance	New cases due for assessment	Total	Cases disposed of	Balance	Percentage of Column 5 to 4
1.	2.	3.	4.	5.	6.	7.
Finance Department						
Sales Tax	78	3,08,558	3,08,636	2,27,290	81,346	73.66
Entertainment Tax	2,573	2,527	5,100	3,040	2,060	120.30
Taxes on Immovable property other than Agricultural Land	30,738	NIL	30,738	4,508[4]	26,230	5.64
Non-ferrous mining and Metallurgical Industries	5,439	4,195	9,634	1,920	7,714	45.77

Taxes on immovable property other than Agricultural land:-The reasons for low rate of disposal of cases of taxes on immovable property was mainly due to abolition of Lands and Buildings Tax as well as closure of the concerned Department with effect from 1 April 2003.

1.7 Evasion of Tax

The details of cases of evasion of tax detected by the departments, cases finalised and the demand for additional tax raised during 2003-04 as reported by the departments are given below:

Sl. No.	Head of revenue	Opening balance as on 1st April 2003	Cases detected	Total	No. of cases in which assessments/investigations completed and additional demands including penalty etc., raised.		No. of cases pending finalisation as on 31 March 2004
					No. of cases	Amount of demand (rupees in crore)	
1.	Taxes on Sales, Trade etc.	700	6,761	7,461	7,006	34.77	455
2.	Non-ferrous mining and Metallurgical Industries	5,343	567	5,910	580	Not intimated	5,330
3.	Stamp Duty and Registration Fee	20,561	9,870	30,431	12,987	Not intimated	17,444

[4] Disposal of 4,508 cases included 2,774 cases which were reduced in balance due to consolidation of double/triple files of a case and few tax free files.

1.8 Write-off and waiver of revenue

During the year 2003-04, demand for Rs.963.63 lakh in 4,728 cases were written off/waived/remitted as detailed below:

(Rupees in lakh)

Sl. No.	Name of Department	Number of case	Amount	Reasons
1.	Commercial Taxes	2,138	699.72	Waived due to death, not having movable/immovable property.
2.	State Excise	2	27.41	Waived/written off due to various reasons.
3.	Registration and Stamps	2,588	236.50	In 1,374 cases penalty worth Rs.108.82 lakh was remitted and 1,214 cases worth Rs.127.68 lakh were waived/written off for other reasons.
	Total	**4,728**	**963.63**	

1.9 Refunds

The number of refund cases pending at the beginning of the year 2003-04 claims received during the year, refunds allowed during the year and cases pending at the close of the year 2003-04 as reported by departments are given below:

(Rupees in crore)

Name of Department	Opening balance		Claims received		Refunds allowed		Closing balance	
	Number of case	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Commercial Taxes	487	3.31	2,534	24.43	2,175	20.43	846	7.31
Registration and Stamps	1,722	1.24	1,033	1.29	838	1.23	1,917	1.30
Land Revenue	18	0.07	52	0.28	51	0.28	19	0.07
Colonisation	21	0.04	70	0.18	54	0.12	37	0.10
Land and Building Tax	6	0.05	36	0.80	24	0.05	18	0.80
Total	**2,254**	**4.71**	**3,725**	**26.98**	**3,142**	**22.11**	**2,837**	**9.58**

Interest of Rs.3.46 crore in 223 cases were paid by the Commercial Taxes Department due to belated refunds and Rs.1.64 crore in 597 cases due to other reasons which were not specified.

It would thus be seen that the balance at the end of the year was 103 *per cent* higher than the claims outstanding at the beginning of the year.

1.10 Results of audit

Test check of records of sales tax, land revenue, state excise, motor vehicles tax, stamps and registration fee, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2003-04 revealed under-assessment, short levy and loss of revenue amounting to Rs.715.87 crore in 18,459 cases. During the course of the year the departments accepted under-assessment of Rs.69.03 crore in 21,723 cases. No replies have been received in respect of the remaining cases.

This Report contains 31 paragraphs including two reviews relating to non-levy/ short levy of taxes, duties, interest and penalties etc., involving Rs.381.48 crore. The Department/Government accepted audit observations involving Rs.220.98 crore of which Rs.29.13 crore had been recovered upto September 2004. No reply has been received in other cases.

1.11 Outstanding inspection reports and audit observations

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

The number of inspection reports and audit observations relating to revenue receipts issued upto 31 December 2003, which were pending settlement with the departments as on 30 June 2004, alongwith figures for the preceding two years, are given below:-

Sl. No.	Particulars	As on 30 June		
		2002	2003	2004
1.	Number of inspection reports pending settlement	2,818	2,914	2,971
2.	Number of outstanding audit observations	7,178	6,102	7,477
3.	Amount of revenue involved (Rupees in crore)	814.77	892.82	1,117.84

Department-wise break up of the inspection reports and audit observations outstanding as on 30 June 2004 is given below:-

Sl. No.	Department	Number of outstanding inspection reports	Number of outstanding audit observations	Amount (Rupees in crore)	Earliest year to which reports relate	Number of inspection reports where even first compliance not received
1.	Commercial Taxes	600	1,728	130.08	1989-90	-
2.	Land Revenue	672	1,169	290.21	1987-88	11
3.	Registration and Stamps	784	1,536	48.40	1990-91	85
4.	Transport	375	1,276	47.66	1995-96	-
5.	Forest	174	409	4.32	1995-96	-
6.	Mines and Geology	140	501	138.71	1988-89	22
7.	State Excise	104	304	427.68	1997-98	-
8.	Lands and Buildings Tax	97	498	29.68	1991-92	1
9.	Electrical Inspectorate	25	56	1.10	1995-96	-
	Total	**2,971**	**7,477**	**1,117.84**		**119**

The above position was brought to the notice of the Government in October 2004.

1.12 Departmental Audit Committee Meetings

Audit Committee meetings were to be arranged by each Department, twice a year on half yearly basis upto June and December respectively. Department-wise position of Audit Committee meetings held during 2003 was as under:

Sl. No.	Name of Department	Number of meetings held during 2003		
		Half year ending June 2003	Half year ending December 2003	Total
1.	Commercial Taxes	Nil	Nil	Nil
2.	State Excise	Nil	Nil	Nil
3.	Transport	1	Nil	1
4.	Registration and Stamps	Nil	Nil	Nil
5.	Land and Building	Nil	Nil	Nil
6.	Land Revenue	Nil	1	1
7.	Mines and Geology	Nil	1	1
	Total	**1**	**2**	**3**

The above details would reveal that as against 14 meetings required to be held during the year 2003, only three (21 *per cent*) were held.

Commercial Taxes, State Excise, Registration and Stamps and Lands and Buildings Tax Department did not arrange any such meetings during 2003.

1.13 Response of the Departments to Draft Audit Paragraphs

The Finance Department issued directions to all departments in August 1969 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within three weeks of their receipts. The draft paragraphs are forwarded by the respective Audit offices to the Secretaries of the concerned Department through demi-official letters drawing their attention to the audit findings and requesting them to send their response within three weeks. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Draft paragraphs included in the Report of the Comptroller and Audit General of India (Revenue Receipts) for the year ended 31 March 2004 were forwarded to the Secretaries of the respective departments between May 2004 and August 2004 through demi-official letters. Out of the 80 cases (clubbed into 31 paragraphs) issued, the Department has accepted audit observations in 52 cases.

1.14 Follow up on Audit Reports-summarised position

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

The position of paragraphs which have appeared in the Audit Reports and those pending discussion as on 30 September 2004 is given in the ***Annexure-'A'***. It would be seen that during the year 57 audit paragraphs were discussed by the Public Accounts Committee. As a result thereof, no audit paragraph pertaining to reports upto the year 1999-2000 is pending discussion in the Public Accounts Committee and 88 paragraphs pertaining to the period 2000-01 to 2002-03 were pending.

As per the Rules and Procedures of the Committee on Public Accounts of the Rajasthan State Assembly framed in 1997, the concerned Department shall take necessary steps to send its Action Taken Notes (ATNs) on the recommendation of the Public Accounts Committee (PAC) on the Audit Reports within six months from the date of its presentation to the House. The position of outstanding ATNs due is given in the ***Annexure-'B'***. It would be seen that the pendency of ATNs ranged from two months to 13 years.

CHAPTER-II: Sales Tax

2.1 Results of audit

Test check of records of the offices of the Commercial Taxes Department, conducted in audit during the year 2003-2004 revealed under assessments etc., of tax amounting to Rs.64.88 crore in 2,106 cases which broadly fall under the following categories.

Sl. No.	Category	Number of cases	Amount (Rs. in crore)
1.	Non-assessment of taxable turnover	209	2.90
2.	Under-assessment due to irregular or incorrect allowances of deductions	102	10.45
3.	Short levy of tax due to application of incorrect rate of tax	401	6.97
4.	Irregular grant of exemption	272	27.92
5.	Non-levy of purchase tax	88	0.48
6.	Non-levy of penalty/interest	174	1.06
7.	Other irregularities	860	15.10
	Total	2,106	64.88

During the year 2003-2004, the Department accepted under assessments etc. of Rs.9.37 crore involved in 759 cases, of which 354 cases involving Rs.2.20 crore had been pointed out in audit during 2003-2004 and the rest in earlier years. Further the Department recovered Rs.2.42 crore in 84 cases during the year 2003-2004 of which 21 cases involving Rs.1.15 crore related to the year 2003-2004 and the rest to the earlier years.

A few illustrative cases involving Rs.28.29 crore highlighting important audit observations are given in the following paragraphs:

2.2 Incorrect/excess grant of exemption under sales tax incentive schemes

Under the Rajasthan Sales Tax (RST) Act, 1954 and the Central Sales Tax (CST) Act, 1956, the Government notified various sales tax incentive schemes for industries from time to time. The exemption admissible to the industries is subject to the conditions prescribed in these schemes under which exemption

has been granted. A test check of 35 cases revealed incorrect/excess grant of exemption of Rs.17.90 crore as detailed below:

(Rupees in lakh)

S. No.	Name of circles/ No. of units	Assessment year/ month of assessment	Nature of observation	Amount including interest
Sales Tax Incentive Scheme for Industries, 1987				
1.	7 CTOs[1] (15)	1999-2000 and 2000-2001/ between June 2001 and March 2003	Fifteen industrial units stopped their production between 1998-99 and 2000-01 immediately after availing tax exemption of Rs.4.05 crore. Though these units were required to continue their production after full availment of benefit for the next five years, no action was taken to withdraw the exemption availed by them. This resulted in non-recovery of tax and interest.	904.72
Sales Tax New Incentive Scheme for Industries, 1989				
2.	CTO Special Alwar (1)	2000-2001/ January 2003	A SSI unit went for an expansion and was entitled to exemption of 100 *per cent* of its fixed capital investment (FCI). However, it was granted exemption of 125 *per cent* of FCI. This resulted in excess grant of exemption.	11.46
3.	CTO Bhiwadi (1)	2000-2001/ May 2002	A unit availed tax exemption of Rs.8.66 crore instead of Rs.8.41 crore admissible to it. This resulted in excess grant of exemption.	25.00
4.	CTO Special-V Jaipur (1)	2000-2001/ September 2002	A medium scale unit went for an expansion and was entitled to exemption of 100 *per cent* of its FCI. However, it was granted exemption of 125 *per cent* of its FCI. This resulted in excess grant of exemption.	30.07
5.	CTO Special Alwar (3)	2000-2001/ between April 2002 and January 2003	Three oil manufacturing and extracting units went for their expansion and were entitled to exemption of 60 *per cent* of their tax liability. However, these units were allowed exemption to the extent of 75 *per cent* of their tax liability. This resulted in excess grant of exemption.	19.13

[1] Bhiwadi (2), Churu (5), 'E' Jaipur (3), Jhalawar (1), Special-I Jodhpur (1), Special-II Jodhpur (2) and 'B' Sriganganagar (1).

Sl. No.	Name of circles/ No. of units	Assessment year/ month of assessment	Nature of observation	Amount including interest
6.	CTO Special Alwar (1)	2000-2001/ June 2002	An industrial unit which was granted benefit under the old scheme opted for the new scheme. However, the Assessing Authority incorrectly issued EC under the new scheme for Rs.38.43 lakh (125 *per cent* of Rs.30.94 lakh) instead of the remaining eligible amount of Rs.30.94 lakh of the old scheme. This resulted in excess grant of exemption of Rs.7.49 lakh.	7.49
7.	CTO 'B' Bikaner (1)	2000-2001/ January 2003	An industry engaged in decorticating[2] of oil seeds was not eligible for sales tax incentive under the scheme. However, an industrial unit was incorrectly allowed exemption of Rs.5.16 lakh. This resulted in loss of Rs.10.92 lakh including interest.	10.92
Sales Tax Exemption Scheme for Industries, 1998				
8.	5 CTOs[3] (12)	1999-2000 and 2000-2001/ between January 2002 and March 2003	The scheme provided that no industrial unit should be permitted to claim benefits under this scheme, if it was availing benefits under any other specific or general scheme of tax exemption or tax deferment. However, 12 industrial units which were already availing benefits under 1987/1989 schemes were further sanctioned exemption benefit of Rs.7.81 crore. This resulted in irregular grant of exemption.	780.94
Total	**35**			**1789.73**

The omissions were pointed out to the Department between July 2002 and March 2004 and to the Government between February 2003 and March 2004; their replies have not been received till September 2004 except in case of Sl. No.2 wherein the Department intimated in January 2004 that eligibility certificate of the unit had been revised and the amount of exemption had been restricted to the prescribed limit and in case of Sl. No.8 it was stated in September 2004 that the matter was referred to DIC Sriganganagar for reconsideration.

[2] Decorticating: to peel off skin of oil seeds.

[3] Anti Evasion-I, Jaipur (1), 'C' Jodhpur (1), Suratgarh (1), 'B' Udaipur (4) and Special Udaipur (5).

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

Under the CST Act, on inter-State sale of goods other than declared goods, tax is leviable at a concessional rate of four *per cent* if such sales are supported by prescribed declarations otherwise, tax is leviable at the rate of 10 *per cent* or at the rate of tax applicable to sale or purchase of such goods in the appropriate state under state sales tax law, whichever is higher. Further under the RST Act by issue of notifications the State Government prescribed different rates of tax for different commodities. The commodities for which no specific tax rate had been prescribed, were to be taxed at the general residuary rate of tax as prescribed in these notifications. A surcharge at the rate prescribed from time to time was also leviable.

Scrutiny of the assessment records in two circles revealed that in five cases due to application of incorrect rate of tax, there was a short levy of tax, surcharge and interest aggregating Rs.2.16 crore as detailed below:

(Rupees in lakh)

S. No.	Name of the Circle/ No. of units	Assessment year/ Month of assessment	Commodity	Turnover	Short levy of tax, surcharge and interest	Remarks
1.	CTO Bhiwadi (1)	1999-2000 and 2000-01/ February 2002 and February 2003	Toner	1,656.23	113.80	The goods were liable to tax at the general rate of 10 *per cent*, but were incorrectly taxed at the rate of four *per cent*.
After this was pointed out by audit in September 2003, the Department/Government stated in August 2004 that toner was a chemical and was liable to tax at four *per cent*. The reply was not tenable because Rajasthan Tax Board had held[4] that toner falls under the category of general goods and thus was liable to tax at 10 *per cent*. Department was appraised accordingly. Further action taken has not been received (October 2004).						
2.	CTO Bhiwadi (1)	1999-2000 (with effect from 15 January 2000 to 31 March 2000) 2000-2001/ March/May 2003	Spark plug	2,384.33	91.42	The goods, were liable to tax at the rate of 12 *per cent*, but were incorrectly levied at the rate of six *per cent* on the sale within the state and 10 *per cent* on inter state/export sales not supported by requisite declaration.
After this was pointed out by audit in September/October 2003, the Department/Government intimated in August 2004 that a demand of Rs.89.16 lakh had been raised. Further action taken has not been received (October 2004).						
3.	CTO Special Bikaner (3)	1999-2000/ March 2002	Cement	79.15	10.78	The inter state sale of goods not supported by requisite declaration was liable to tax at the rate of 16 *per cent* but was incorrectly taxed at the rate of four *per cent*.
After this was pointed out by audit in January 2003, the Department intimated in October 2003/July 2004 that a demand of Rs.13.12 lakh (including interest) had been raised. An amount of Rs.8.08 lakh had been recovered by way of adjustment against the exemption limit provided under incentive scheme to the dealers. Recovery of the balance amount has been stayed by the High Court till further order. The matter was reported to Government in February 2003; their reply has not been received (October 2004).						
Total	**5**				**216.00**	

[4] M/s. Modi Xerox Ltd. Vs CTO (STDB) (1994) 16 RTJS 201.

2.4 Under assessment due to computation error

Under the RST Act, the Assessing Authority should ensure correctness of the tax chargeable on the taxable turnover of different commodities.

Scrutiny of the assessment records in four circles revealed that in four cases there was a short levy of tax aggregating Rs.1.20 crore due to computation error as detailed below:

(Rupees in lakh)

Sl. No.	Name of the Circle/ No. of units	Assessment year/ Month of assessment	Tax leviable	Tax levied	Tax short levied	Nature of observation
1.	2.	3.	4.	5.	6.	7.
1.	CTO Special Kota (1)	2000-01/ November 2002	1,887.47	1,786.47	101.00	On the sale of cement the amount of tax was incorrectly computed as Rs.1,786.47 lakh instead of Rs.1,887.47 lakh .
2.	CTO 'C' Jaipur (1)	2000-01/ January 2003	6.92	0.69	6.23	The amount of tax at the rate of 18.4 *per cent* was incorrectly computed as Rs.0.69 lakh instead of Rs.6.92 on the taxable turnover of Rs.37.62 lakh.
3.	CTO Special Bikaner (1)	2000-01/ January 2003	9.29	3.48	5.81	The amount of tax at the rate of 18.4 *per cent* was incorrectly computed as Rs.3.48 lakh instead of Rs.9.29 lakh on the sale of cement on the taxable turnover of Rs.50.50 lakh.
4.	CTO 'A' Bharatpur	2001-02/ November 2002	11.45	4.64	6.81	On the sale of edible oil/oil cake, the amount of tax was incorrectly computed as Rs.4.64 lakh instead of Rs.11.45 lakh.
Total	**4**				**119.85**	

After this was pointed out in audit the Department intimated between June 2003 and July 2004 that necessary demand had been raised in all the cases and would be adjusted against the exemption limit provided to the dealers.

The Government confirmed in July 2004 the reply of Department in two cases. Reply in the other two cases was not received (October 2004).

2.5 Incorrect levy of concessional rate of tax on taxable turnover relating to time barred declaration forms

The RST Rules provided that a dealer could claim payment of tax at a concessional rate on the sales made to a registered dealer of goods for use as raw material or as processing articles. In support of his claim he should submit declaration forms in ST 17 form obtained from the purchasing dealer to his

Assessing Authority. Further the ST 17 forms shall remain valid for two years upto 25 March 1999 and thereafter for three years from the date of their issue by the issuing authority.

In Jaipur, it was noticed that during 1999-2000 and 2000-2001 three dealers sold petroleum products as raw material and as processing material at concessional rate of tax of three *per cent* and four *per cent* respectively on the strength of declarations in ST 17 form. Scrutiny of ST 17 forms revealed that 17 forms for Rs.12.04 crore for the sale as raw material and 32 forms for Rs.10.74 crore for the sale as processing material had expired their validity period and were invalid. Thus the sales were liable to tax at the prescribed rate of 16 *per cent*. However, the Assessing Authority while finalising the assessments of the dealers between September 2002 and March 2003 failed to reject these invalid declaration forms and to levy differential tax. The omission resulted in non-levy of tax of Rs.6.28 crore including interest.

The omission was pointed out to the Department in January 2004 and to Government in March 2004; their replies have not been received till September 2004.

2.6 Irregular waiver of interest and penalty

Under the RST Act the Commissioner may on an application made in this behalf by a dealer and after having got conducted such enquiry as he deems necessary and after recording his reasons for doing so, reduce or waive the amount of interest and penalty or both if he is satisfied that the dealer is under financial hardship and is not in a position to make full payment of the demand or its payment would cause genuine hardship to the dealer.

In Jaipur, it was noticed (December 2003) that in one case (M/s Hindustan Petroleum Corporation Limited) the Commissioner Commercial Taxes waived in April 2002 an amount of Rs.60.64 lakh on account of interest and penalty. However, there was nothing on record to prove that the dealer was in a financial hardship and was not in a position to make payment of the demand or that the payment would cause genuine hardship to the dealer. Thus, due to non-fulfillment of the obligatory conditions envisaged in the Act, the amount waived was not justified.

The omission was pointed out to the Department in January 2004 and to Government in March 2004; their replies have not been received till September 2004.

2.7 Non-levy of turnover tax

Under the RST Act the Government notified (30 March 2000) that every registered dealer whose total turnover is not less than Rs.50 lakh in a year shall be liable to pay turnover tax at the rate of 0.25 *per cent*.

In Jhalawar, it was noticed (November 2003) that in case of three dealers, annual turnover exceeded Rs.50 lakh. However the assessing authority, while finalising the assessments in June 2002 of these dealers for the year 2000-01 failed to levy turnover tax on the total turnover of Rs.16.81 crore. This resulted in non-levy of turnover tax aggregating to Rs.7.95 lakh (including interest).

After this was pointed out to the Department/Government in December 2003/March 2004; the Department/ Government intimated in July 2004 that a demand of Rs.8.56 lakh has been raised. Report on recovery has not been received till September 2004.

2.8 Non-levy of interest

Under the RST Act in the case of works contract an amount in lieu of tax may be deducted by the awarder at the prescribed rates from every bill of the contractor and such sum shall be deposited in the government account within the prescribed period. Further if any dealer has not paid the tax within prescribed period, he is liable to pay interest at the prescribed rates from the date by which he was required to pay the tax until the date of payment.

In Jaipur, it was noticed (December 2003) that a dealer, deducted Rs.79.66 lakh on account of tax at source from the works contractors, but deposited it late in government account and the delay ranged between one day to 18 months. The Assessing Authority while finalising the assessment in September 2002 did not levy interest for delayed deposit of tax resulting in non-levy of interest of Rs.6.37 lakh.

The omission was pointed out to the Department in January 2004 and to Government in March 2004; their replies have not been received till September 2004.

CHAPTER-III: Taxes on Motor Vehicles

3.1 Results of audit

Test check of the records in the offices of the Transport Department conducted in audit during the year 2003-2004 revealed short realisation of taxes, fees and penalty amounting to Rs.18.02 crore in 8,735 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/short payment of tax, surcharge, penalty, interest and compounding fee	4,909	9.33
2.	Non/short determination/computation of special road tax	1,180	6.29
3.	Other irregularities	2,646	2.40
	Total	**8,735**	**18.02**

During the year 2003-2004, the Department accepted short determination of road tax, special road tax etc. amounting to Rs.23.12 crore involved in 19,722 cases, of which 4,665 cases involving Rs.11.36 crore were pointed out in audit during 2003-2004 and the rest in earlier years. The Department recovered Rs.0.36 crore in 1,638 cases during the year 2003-2004 of which 129 cases involving Rs.0.20 crore related to year 2003-04 and the rest in earlier years.

A few illustrative cases involving Rs.8.62 crore and highlighting important audit observations are given in the following paragraphs.

3.2 Short realisation of Special Road Tax

Special road tax (SRT) is levied on all transport vehicles under the Rajasthan Motor Vehicles Taxation (RMVT) Act, 1951. District Transport Officer (DTO) computes and collects special road tax at the rates as may be notified from time to time by the State Government. Test check of computation and collection of special road tax for the period from 1998-99 to 2002-03 was conducted in 14 Transport Offices[1] which revealed the following:

[1] Alwar, Barmer, Bhilwara, Bikaner, Chittorgarh, Jaipur, Jhunjhunu, Jodhpur, Kota, Pratapgarh Shahjahanpur, Sriganganagar, Sikar and Udaipur.

3.2.1 Non/short realisation of special road tax from Rajasthan State Road Transport Corporation

As per the notification dated 31 March 1997, SRT on stage carriages owned by a fleet owner is 1.6 *per cent* of the cost of entire fleet of vehicles used or kept for use as stage carriages. The cost of chassis is notified by the Transport Commissioner (TC) in April every year.

- It was noticed that Rajasthan State Road Transport Corporation (RSRTC) plied 289 newly introduced stage carriages during 2001-02 and 2002-03. However, RSRTC did not pay the tax in respect of these vehicles for the month in which these were purchased though these vehicles had plied during that month as per the records of RSRTC. In absence of any provision for cross verification, the Taxation Officer (TO) could not detect the mistake. This resulted in non-realisation of tax of Rs.37.68 lakh.

- In 94,353 stage carriages, the cost of chassis taken for calculation of tax was less than what had been notified by the Transport Commissioner. As a result, SRT of Rs.1.06 crore was paid short during 1998-99 and 1999-2000.

- The vehicles are not liable to pay the tax for the period their registration certificates (RC) is accepted as surrendered by the Department. However, a vehicle found plying by the flying squad during the period of surrender is liable to pay a penalty of five times of the SRT in addition to SRT.

Cross verification of records relating to RC surrender in the transport offices with Diesel Issue Register and vehicle In Out Register maintained by RSRTC revealed that 300 stage carriages plied during the period of surrender of RC in the year 2001-02 and 2002-03. SRT of Rs.53.27 lakh and penalty of Rs.2.66 crore though leviable, was not levied resulting in short realisation of Government revenue to that extent. In the absence of provision for cross verification of records of RSRTC by TO, the mistake could not be detected. Flying squad of department also failed to detect this irregularity.

- Rate of SRT leviable on public service vehicle plying within municipal limits meant for carrying general public as city bus is less in comparison to rate leviable on such vehicles if it is meant for carrying persons belonging to a firm/ corporation termed as private service vehicle.

During the course of audit it was noticed that SRT in respect of four buses owned by RSRTC was levied at the rate notified for city buses though these were needed for carrying corporation employees. This resulting in short realisation of Rs.5.57 lakh.

3.2.2 Non/short realisation of special road tax from private service vehicles as a result of irregular registration

As per provision of the Motor Vehicles Act, 1988, private service vehicle means a motor vehicle constructed or adapted to carry more than six persons

excluding driver and ordinarily used by or on behalf of vehicle owner for the purpose of carrying persons for or in connection with his trade or business otherwise than for hire and reward. These vehicles being a transport vehicle are required to be registered under 'P' series and liable to pay special road tax. Non-transport (four wheelers) vehicles owned by individuals for personal use are required to be registered under series 'C'. These are exempted from payment of tax.

In 10 Transport Offices[2], 209 private service vehicles owned by firm/company and used in connection with their business, which were required to be registered under 'P' series Transport vehicles were registered under 'C' series and were exempted from tax. SRT amounting to Rs.63.26 lakh payable in respect of these vehicles was thus not recovered between 1998-99 and 2002-03.

The omission was pointed to Department/Government; their reply has not been received till September 2004.

3.2.3 Non-levy of special road tax in respect of non-transport vehicles plied on hire

Under the provisions of the RMVT Act, one time tax is leviable on non-transport vehicles having a seating capacity upto 10 persons. However, if such vehicles are found plying on hire or reward, the owner of these vehicles shall be liable to pay tax as payable for transport vehicles of similar type, for the full financial year, during which the vehicle was found plying on hire. The Transport Department in its circular letter of September 1996 instructed all other departments that hired the vehicles to assess and collect SRT of the vehicles hired by them and deposit the same with the Transport Department.

A cross verification of records of Public Health Engineering Department (PHED) with the records of Motor Vehicles Department revealed that 185 vehicles registered as non-transport vehicles were hired by PHED. These vehicles were liable to be treated as transport vehicles and SRT of Rs.13.29 lakh for the period from 1997-98 to 2002-03 though leviable was neither assessed nor collected by PHED. This resulted in non-realisation of Government revenue of Rs.13.29 lakh for the period 1997-98 to 2002-03. This omission was not detected by the Flying squads of the department. Besides the Transport Department had not developed any mechanism to monitor the assessment and collection of SRT by the departments that hired the vehicles.

The omission was pointed out to the Department/Government; their reply has not been received till September 2004.

[2] Alwar, Bhilwara, Bikaner, Chittorgarh, Jhunjhunu, Jodhpur, Kota, Sriganganagar, Sikar and Udaipur.

3.2.4 Non-levy of tax on non-transport vehicles utilised for commercial purpose

As per RMVT Rules, educational institutions of registered societies are exempt from payment of tax. However, no such exemption is admissible to motor driving schools.

In four Transport Offices[3], 66 motor driving schools did not pay SRT on 92 vehicles owned by them for the period between 1998-99 and 2002-03. Since these vehicles were used in commercial activities, these were liable to be treated as transport vehicles. However, no action was taken by the TO to levy the tax. This resulted in non-levy of SRT amounting to Rs.7.54 lakh.

The omission was pointed out to Department/Government; their reply has not been received till September 2004.

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

Under RMVT Act and Rules made thereunder, 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 from time to time. MVT in respect of passenger vehicles not covered by a non-temporary permit shall be payable at full rate prescribed for passenger vehicles. SRT in respect of stage carriages is payable monthly in advance on or before seventh day of the month. SRT in respect of contract carriages having seating capacity of more than 13 but not more than 22 in all, is payable quarterly and vehicles having seating capacity of more than 22 in all is payable monthly in advance on or before seventh day of the month.

Scrutiny of records of 24 Transport Offices revealed that MVT and SRT in respect of 853 vehicles were either not paid or paid short by the vehicle owners. The TOs did not initiate any action for recovery of due amount.

[3] Bikaner, Jaipur, Kota and Udaipur.

The omission resulted in non-realisation of MVT and SRT amounting to Rs.3.01 crore as detailed below:

(Rupees in lakh)

Sl. No.	Number of offices	Period	Type of vehicles	Nature of irregularity	Tax	Amount
1.	6 RTOs[4] 6 DTOs	1999-2000 to 2002-2003	Stage carriage	Special road tax in respect of 257 vehicles was either not paid or paid short. The taxation officer did not initiate any action for recovery of tax.	Special road tax	92.79
Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in July 2004 that the amount in respect of 15 vehicles of Udaipur and Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004.						
2.	5 RTOs[5] 4 DTOs	2001-2002 to 2002-2003	Contract carriage	Special road tax in respect of 45 vehicles was either not paid or paid short. The taxation officer did not initiate any action for recovery of tax.	Special road tax	71.50
Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in June 2004 that the amount in respect of two vehicles of Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004.						
3.	3 RTOs[6]	2000-2001 to 2002-2003	Passenger vehicles not covered by non-temporary permit	Motor vehicles tax in respect of 112 vehicles was not paid/ paid short. The taxation officer did not initiate any action for recovery of tax.	Motor vehicles tax	58.09
Remarks: After this was pointed out between November 2003 and February 2004, the Department/Government stated in July 2004 that the amount in respect of one vehicle of Udaipur has been recovered. Reply in respect of other offices has not been received till September 2004.						
4.	2 RTOs[7] 6 DTOs	2000-2001 to 2002-2003	Dumper/ tipper	Motor vehicles tax in respect of 99 vehicles was not paid/paid short. The taxation officer did not initiate any action for recovery of tax.	Motor vehicles tax	17.11
Remarks: After this was pointed out between June 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of five dumpers of Banswara has been recovered. Reply in respect of other offices has not been received till September 2004.						
5.	4 RTOs[8] 4 DTOs	2000-2001 to 2002-2003	Excavator/ loader	Motor vehicles tax in respect of 118 vehicles was not paid. The taxation officer did not initiate any action to realise the tax.	Motor vehicles tax	26.42
Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of six excavators/loaders of Udaipur and Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004.						

[4] Bhilwara, Chittorgarh, Jaipur (stage carriage), Jhunjhunu, Jodhpur, Kota, Sriganganagar, Sikar, Udaipur, Ajmer, Sawaimadhopur and Nagaur.

[5] Bhilwara, Chittorgarh, Jaipur (Contract carriage), Jhunjhunu, Kota, Sriganganagar, Sikar, Udaipur and Ajmer

[6] Alwar, Bikaner and Udaipur.

[7] Pali, Udaipur, Banswara, Jaipur (Goods), Kotputli, Dungarpur, Rajsamand and Tonk.

[8] Ajmer, Alwar, Bhilwara, Jhunjhunu, Jodhpur, Karauli, Rajsamand and Udaipur.

(Rupees in lakh)

Sl. No.	Number of offices	Period	Type of vehicles	Nature of irregularity	Tax	Amount
6.	2 RTOs[9] 3 DTOs	1997-1998 to 2002-2003	Goods vehicles	Motor vehicles tax and special road tax in respect of 222 vehicles was not paid. The taxation officer did not initiate any action to realise the tax.	Motor vehicles tax/ Special road tax	35.56
Remarks: After this was pointed out between November 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of 23 vehicles of Alwar, Karauli and Bikaner has been recovered. Reply in respect of other offices has not been received till September 2004.						
Total						**301.47**

3.4 Short/non-realisation of tax from traders

The State Government prescribed in April 1997 a tax on manufacturers/ dealers/financers/body builders etc. having possession of motor vehicles, in a financial year under the authorisation of trade certificate granted or deemed to be granted under the motor vehicles rules. In the case of two wheeled vehicles the annual tax was payable at the rate of Rs.1,000 and Rs.2,000 for every 100 vehicles or part thereof upto March 2000 and thereafter respectively. However, in the case of three or four wheeled vehicles, the tax was payable at the rate of Rs.2,000 and Rs.4,000 for every 50 vehicles or part thereof upto March 2000 and thereafter respectively.

In six Transport Offices[10], it was noticed between July 2003 and March 2004 that 84 dealers/financers/body builders etc. having trade certificate did not deposit the prescribed tax of Rs.7.87 lakh in respect of vehicles sold/financed by them during the period between April 1999 and March 2003. In addition, three dealers in Rajsamand neither obtained the trade certificate nor deposited the chargeable tax of Rs.0.28 lakh. No action to recover the tax was taken by the Taxation Officers. The omission resulted in short/non-realisation of tax amounting to Rs.8.15 lakh.

The matter was pointed out between August 2003 and April 2004 to the Government; their reply has not been received till September 2004.

[9] Alwar, Baran, Bikaner, Karauli and Rajsamand.

[10] Kota, Baran, Bhilwara, Jaipur (NT), Nagaur and Rajsamand.

CHAPTER-IV: Land Revenue

4.1 Results of Audit

Test check of land revenue records conducted in audit during the year 2003-2004 revealed under assessments and loss of revenue etc. amounting to Rs.347.98 crore in 4,243 cases which broadly fall under the following categories.

(Rupees in crore)

Sl. No.	Category	Numbers of cases	Amount
1.	Non-regularisation of cases of trespassers on Government land	2462	2.63
2.	Non-recovery of conversion charges from khatedars	195	0.62
3.	Non-recovery of premium and rent from Central/State Government Department/ Undertakings	158	17.88
4.	Non-recovery of price of command/un-command/custodian ceiling land etc.	342	8.38
5.	Non/short recovery of cost of land	458	2.16
6.	Loss of revenue due to non-reallotment of land	55	3.52
7.	Other irregularity	572	26.70
8.	**Review: Receipts of Colonisation Department**	1	286.09
	Total	**4,243**	**347.98**

During the year 2003-04, the Department accepted underassessment etc. of Rs.5.92 crore involved in 431 cases of which 159 cases involving Rs.2.18 crore had been pointed out in audit during 2003-04 and rest in earlier years. Further, the Department recovered Rs.61.29 lakh in 183 cases during the year 2003-04 of which 53 cases involving Rs.41.48 lakh related to the year 2003-04 and rest to the earlier years.

An illustrative case and findings of the review on **Receipts of Colonisation Department** involving Rs.218.79 crore are given in the following paragraphs:

4.2 Review on Receipts of Colonisation Department

Highlights

Despite non-payment of instalment of Rs.20.53 crore representing cost of land, allotments in 1,684 cases were not cancelled.

(Paragraph 4.2.7)

Non-initiation of steps for eviction of 8,607 trespassers occupying land measuring 97,526 bigha resulted in blockage of Government revenue of Rs.44.74 crore.

(Paragraph 4.2.9)

Differential cost amounting to Rs.133.41 crore in respect of land measuring 78,965.20 bigha on conversion of land from un-command to command was not realised from cultivators.

(Paragraph 4.2.10)

Assessing agricultural land measuring 9,479.55 bigha at lower rates resulted in short recovery of Rs.8.89 crore.

(Paragraph 4.2.11)

4.2.1 Introduction

Colonisation Department in the State was created in May 1955 to ensure development, allotment, sale and proper administration of land falling under colonisation areas after the establishment of irrigation projects by the Irrigation Department. In Rajasthan, there are six major[1] irrigation projects spread over 10 districts[2], 35 medium and 74 minor irrigation projects spread over 21 districts for providing irrigation facilities in un-command areas.

Receipts of Colonisation Department are regulated under the Rajasthan Colonisation Act, 1954, various allotment rules made thereunder and notifications and orders issued from time to time by the State Government. Application for allotment of Government land are invited by Allotting Authority (AA) by publication of notices. AA can allot upto 25 bigha Government land to a person.

4.2.2 Organisational set-up

At the apex level the Principal Secretary to Government is incharge of the Colonisation Department. Colonisation Commissioner (CC) is the administrative head of the colonisation department looking after all

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

[2] Banswara, Bikaner, Bundi, Hanumangarh, Jaisalmer, Jalore, Jodhpur, Kota, Pali and Sriganganagar.

colonisation operations. He is assisted by three Additional Colonisation Commissioners[3], three Deputy Colonisation Commissioners (DCC)[4] and five Assistant Colonisation Commissioners (ACC)[5].

Colonisation operations were closed partially in December 1984 in 16 tehsils[6] in Indira Gandhi Nahar Pariyojana (IGNP) area and remaining work was transferred between December 1984 and September 1998 to Revenue tehsils, the control and supervision of which was exercised by the Board of Revenue.

4.2.3 Audit objectives

The review was conducted to ascertain:

- whether the cost of land was assessed correctly and recovery made as per prescribed rules;
- whether realisation of auction proceeds, other colonisation receipts and regularisation of land in various projects from the allottees was proper and timely;
- whether adequate steps for eviction of unauthorised trespassers of Government land were taken;
- effectiveness of internal control mechanism for realisation of the dues.

4.2.4 Scope of audit

Detailed analysis of records of 18 tehsils[7] out of 54, under five major projects[8] (in eight districts)[9], two DCCs[10] out of three, three[11] out of five ACCs, three[12] out of six Superintending Engineers (SEs) in three projects[13] in Irrigation Department, six District Collectors[14] out of 10 and Colonisation Commissioner covering the period 1998-99 to 2002-03 was conducted between June 2003 and March 2004.

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[3] Two at Bikaner and one at Jaisalmer.
[4] Bikaner, Nachna and Jaisalmer.
[5] Bikaner, Chatargarh, Kolayat, Mohangarh-A and Mohangarh-B.
[6] Hanumangarh, Norangdesar, Rawatsar, Suratgarh-I, Suratgarh-II, Suratgarh-III, Raisinghnagar, Srivijainagar, Anupgarh, Gharsana, Chatargarh½ (area of Sriganganagar district), Bikaner, Loonkaransar, Chatargarh-I, Chatargarh-II (area of Bikaner district), and Nohar Sahawa.
[7] Anupgarh, Banswara, Bikaner, Bundi, Gharsana, Karanpur, Khajuwala, Kolayat-I, Ladpura (Kota), Loonkaransar, Mohangarh-I, Nohar, Padampur, Pilibanga, Sadulsher, Sangria, Sriganganagar and Suratgarh.
[8] IGNP, Bhakra, Gang canal, Mahi and Chambal project.
[9] Bikaner, Hanumangarh, Sriganganagar, Jaisalmer, Kota, Bundi, Banswara and Jodhpur.
[10] Jaisalmer and Nachna.
[11] Kolayat Chatargarh and Mohangarh-A.
[12] Hanumangarh, Sriganganagar and Srivijaynagar.
[13] Bhakra, Gang Canal and IGNP.
[14] Bikaner, Banswara, Bundi, Hanumangarh, Kota and Sriganganagar.

4.2.5 *Trend of revenue*

A comparison of Budget estimates (BE) and actual receipts in respect of sale proceeds of land in IGNP, as furnished by the Government was as under: -

(Rupees in crore)

S. No.	Year	Budget estimate	Revised estimates	Actual receipts	Percentage of excess/ shortfall with reference to original estimates
1.	1998-1999	21.00	24.00	29.48	(+) 40
2.	1999-2000	227.35	125.00	119.35	(-) 48
3.	2000-2001	150.00	50.00	40.80	(-) 72
4.	2001-2002	100.00	25.00	25.49	(-) 75
5.	2002-2003	65.00	26.00	28.54	(-) 56

The above table indicates that the target of revenue realisation with reference to original budget estimate was not achieved during the years 1999-2000 to 2002-03. The shortfall ranged between (-) 48 and (-) 75 *per cent.*

The details in the table would further reveal that except during 1998-99 the original BE projected by the Department was considerably reduced in the revised estimates (RE).

After this was pointed out in April 2004 the Government stated in August and October 2004 that owing to drought conditions in the State and shortage of water in canals in last four years, the recovery could not be effected as per the original BE, leading to its reduction in the revised estimates.

4.2.6 *Arrear pending collection*

The year-wise position of arrear pending collection as furnished by the Department was as under:

(Rupees in crore)

Category of allotment	Position upto 31.3.1998	1998-99	1999-00	2000-01	2001-02	2002-03	Total
General allotment	1.03	1.36	2.72	8.39	9.59	12.15	35.24
Special allotment	0.87	0.51	0.99	5.97	8.16	13.91	30.42
Allotment through auction	-	-	-	0.18	0.66	0.59	1.42
Total	**1.90**	**1.87**	**3.71**	**14.54**	**18.41**	**26.65**	**67.08**

The Department attributed the arrears in July 2004 to drought conditions in the State in the last four years.

The reply was not tenable as the Government did not issue instructions for postponement of recovery during the period of drought.

4.2.7 Non-cancellation of allotment orders

Under the provision of IGNP Rules, 1975, if an allottee, in case of general allotment fails to deposit any two consecutive instalment fixed by the allotting authority, the allotment of land is liable to be cancelled at the discretion of allotting authority. Further, in case of special allotment of land, the allotment is to be cancelled if the allottee fails to pay any instalment. A register called "Allotment of land cancelled in form No.22" is required to be maintained for watching the cancellation of allotment of land by the allotting authority.

Test check of the records of the five offices[15] of the allotting authority revealed that this register was not being maintained. Consequently no watch could be exercised for cancellation of the allotments wherever instalments were not paid by the allottees. Non-cancellation of allotments in 1,684 cases resulted in non-realisation of Rs.20.53 crore. Details are given as under:-

Sl. No.	Category of allotment	No. of allottees	Area in bigha		Nature of objection	Cost of land remained realise on re-allotment (Rs. In crore)
			Command	Uncommand		
1.	General allotment (in 16 tehsils[16])	1,581	22,487	9,934	Non-payment of two consecutive installments of the cost of land	15.82
Remark: After this was pointed out between October 2003 and March 2004, Department stated in August 2004 that the cancellation of allotment order by AA was discretionary and not mandatory. Further it was stated that the cancellation of allotment of land was also not made owing to drought conditions in the State. Besides cancellation of allotments could also cause litigations. Departmental reply was not tenable as the discretionary powers were not exercised by the AA at all. The proposal for cancellation of allotment of land in cases of default were not processed by the Tehsildar concerned for onward consideration of the AA.						
2.	Special allotment (in five tehsils)[17]	103	2,107	238	Non-payment of installment of the cost of land	4.71
Remarks: The matter was reported to the Department in July 2004; final reply has not been received.						

4.2.8 Targets and achievements of allotment of land and plots

Total land available for allotment under five major Projects was 3.49 lakh hectares as on 31 March 2003. Targets and achievements for allotment of land

[15] DCC Nachna, DCC Jaisalmer, ACC Mohangarh 'A', ACC Kolayat and ACC Chatargarh (Headquarter Bikaner).

[16] Anupgarh, Chatargarh, Hanumangarh, Jaisalmer-I, Kolayat-I, Kolayat-II, Khajuwala, Loonkaransar, Mohangarh-I, Nachana-I, Nachana-II, Pilibanga, Pugal, Ramgarh-I, Ramgarh-II and Tibbi.

[17] Kolayat-I, Mohangarh-I, Mohangarh-II, Mohangarh-III and Ramgarh-I.

for these projects (except IGNP) were not fixed by the Department. The position of targets and achievements of land and residential plots under IGNP was as under:

Year	Target (IGNP)		Achievement (IGNP)		Percentage of achievement (IGNP)	
	Agricultural land (Hectares in lakh)	Residential plots* (In number)	Agricultural land (Hectares in lakh)	Residential plots (In number)	Agricultural land	Residential plots
1998-99	0.50	14,800	0.35	1,164	70	8
1999-00	0.50	-	0.88	1,280	176	-
2000-01	0.50	-	0.36	980	72	-
2001-02	0.50	-	0.29	388	58	-
2002-03	0.50	10,900	0.15	4,829	30	44

* Note: For 1999-2000 to 2001-02 no targets were fixed for allotment of residential plots.

The above table shows that (i) during the last five years the target of allotment of agricultural land was not achieved except in year 1999-2000. The achievement of target of allotment of land during the remaining four years ranged between 30 and 72 *per cent.*

The Department stated in July 2004 that the main reason for non-achievement of targets in respect of residential plot was non-availability of basic facilities in the area.

4.2.9 Encroachment of Government land

As per section 22 of the Rajasthan Colonisation Act, 1954 any person who occupies or continues to occupy any land in a colony to which he has no right or title or without lawful authority shall be regarded as a trespasser and may be summarily evicted therefrom by the Collector.

As per the information furnished by six district collectors and CC, 97,526 bigha land was under un-authorised occupation in 8,607 cases as on 31 March 2003. The project-wise break-up is given as under:

Name of project	Name of district	Number of cases	Area (In bigha)	
			Command	Un-command
IGNP	Sriganganagar	3,159	-	43,003.65
	Hanumangarh	592	7,233.60	-
	Colonisation Commissioner Bikaner	842	-	13,244.35
	Bikaner	238	75.00	4,206.80

Name of project	Name of district	Number of cases	Area (In bigha)	
			Command	Un-command
Chambal	Kota	1,583	1,210.30	13,746.10
	Bundi	1,750	-	10,868.00
Gang canal	Sriganganagar	102	-	1,133.65
Bhakra	Sriganganagar	45	-	398.95
	Hanumangarh	73	1,780.80	-
Mahi	Banswara	223	625	-
Total		**8,607**	**10,924.70**	**86,601.50**

A perusal of the records revealed that though the trespassers were being evicted from the land, the same land was being occupied again unauthorisedly. This resulted in blockage of realisation of cost of Rs.44.74 crore.

After this was pointed out in May 2004, the Government stated in October 2004 that 3,726 cases were disposed of and 1,305 cases were pending in various courts. Steps taken for sell/allotment of land evicted in 3,726 cases was not intimated. Action taken in remaining 3,576 cases is awaited (October 2004).

4.2.10 Non-recovery of differential cost of land from un-command to command

As per the provisions governing Bhakra, IGNP and Gang Canal Project rules, if land becomes command from un-command, the differential cost of land that becomes due on such declaration shall be recovered from the beneficiary cultivators.

As per information furnished by five tehsildars[18], un-command[19] land measuring 32,561.70 bigha though irrigated since February 2002 was not declared as command as on 31 March 2003. There was nothing on record to indicate that the proposals were sent to the Government for declaring these areas as command, though the area was irrigated through canals by the Government. Lack of action on the part of the Department resulted in non-realisation of differential cost of Rs.40.93 crore.

After this was pointed out in March 2004 the CC stated in July 2004 that recovery amounting to Rs.7.72 lakh was made from cultivators in two tehsils[20]. Position of recovery of rest amount was not received till August 2004.

[18] Chatargarh, Kolayat-II, Lunkaransar, Poogal and Suratgarh.
[19] Command and un-command land respectively mean land shown as such by the Irrigation Department in its latest authenticated command and un-command statement with reference to any area of the Irrigation project.
[20] Kolayat-II and Poogal.

- In compliance of directions given by the Irrigation Minister in the meeting held on 28 March 2000, the Chief Engineer, Irrigation Department, Hanumangarh submitted to Government in April 2000, the details of cultivators of three projects[21] to whom temporary water supply was being provided for last 10 years or more period. Government decided in August 2000, to regularise water supply on permanent basis in such areas of these projects where water supply was provided continuously for last ten years, subject to the condition that the owners of such area shall pay the reserve price fixed by the Government before the un-command area is declared as command area by the Irrigation Department. A list of such beneficiaries liable to pay the differential cost was required to be forwarded to the concerned district collectors for recovery by tehsildars.

Project-wise number of beneficiaries, area irrigated and differential cost to be recovered from beneficiaries is given as under:

(Rupees in crore)

Sl. No.	Name of project	No. of cultivators	Area		Cost of land (per bigha)			Differential cost of land recoverable
			Acre	Bigha	Command	Un-command	Difference	
1.	Gang canal	1,333	6,558.44	10,493.50	0.32	0.06	0.26	27.28
2.	Bhakra	1,517	8,906.25	14,250.00	0.32	0.06	0.26	37.05
3.	IGNP	3,325	13,537.50	21,660.00	0.16	0.03	0.13	28.15
Total		**6,175**	**29,002.19**	**46,403.50**				**92.48**

During course of audit it was noticed that in Gang Canal Project, the Government issued orders in December 2002 for conversion of area from uncommand to command. Though the list was sent to the District Collector Sriganganagar, no recovery was made from beneficiaries resulting in non-realisation of Rs.27.28 crore. In respect of other two projects approval for declaring un-command area as command area had not been granted by the government resulting in blockage of Rs.65.21 crore.

After this was pointed out in May 2004 the Government intimated in October 2004 that differential costs between command and un-command land shall be recovered after scrutinising individual cases. However, action taken in other two projects had not been received (October 2004).

4.2.11 Short levy of cost of land

- The price of land sold by special allotment under Rule 13-A in Suratgarh tehsil was more than the price of the land sold by the general allotment.

A test check of records of SDO/Tehsildar, Suratgarh revealed that 1,802.30 bigha land was sold to 83 allottees between March 2000 and July 2002 by special allotment. However, Tehsildar, Suratgarh recovered the cost of land at

[21] Bhakra, Gang Canal and IGNP.

the rates applicable to sale of land by general allotment. This resulted in short realisation of Rs.6.62 crore as detailed below:

(Rupees in crore)

No. of allottees	Area (In bigha)		Price recoverable	Price recovered	Amount short recovered
	Command	Un-commend			
83	1,157.10	645.20	7.92	1.30	6.62

After this was pointed out in March 2004, the Government stated in October 2004 that land has been allotted under Rule 24 i.e. general allotment, as such lower rates have been applied. The reply is not tenable as the land was allotted under Rule 13-A, which specifies the sale of land by special allotment for which higher rates are applicable.

- As per Rule 11 of the Rajasthan Colonisation (Mahi Project Government Land Allotment and Sale) Rules, 1984, allotment of small patch[22] land is to be made at double the reserve price of the land of similar soil class in the neighbourhood.

In two tehsils[23] it was noticed that small patch land measuring 4,677 bigha consisting of 4,675 bigha command and two bigha uncommand were allotted between 2001-02 to 2002-03 to 2,495 farmers at the reserve price instead of double the reserve price of the land of similar class in the neighbourhood. The omission resulted in short realisation of Rs.1.51 crore towards cost of land, as detailed below:-

(Rupees in crore)

Sl. No.	Name of tehsil	No. of farmers	Area (In bigha)	Cost of land recoverable	Demand raised	Difference
1.	Banswara	499	939.95	0.68	0.34	0.34
2.	Ghatol	1,996	3,737.00	2.34	1.17	1.17
Total		2,495	4,676.95	3.02	1.51	1.51

After this was pointed out in January 2004, the Department stated between January 2004 and August 2004 that double the reserve price is recoverable from those farmers whose land is adjoining such small patches. The reply was not tenable as no such condition was provided in Rule 11.

- As per section 12 of the Rajasthan Colonisation Act, 1954, the Collector may allow any tenant to exchange the whole or any part of his tenancy for other land in the colony area. However, there is no provision for recovery of differential cost of land so exchanged.

[22] "Small patch" means a peace of land measuring upto two acres (five bigha) of irrigated land or four acres (10 bigha) of un-irrigated land.
[23] Banswara and Ghatol.

In two colonisation[24] offices land measuring 2,212 bigha command and 112 bigha un-command land was allotted to 114 farmers in well developed area between May 2000 and December 2002 in exchange of 1,481 bigha command and 1,434 bigha un-command land previously allotted to them in less developed area at their request, as detailed below:

(Rupees in lakh)

Name of office	No. of cases	Area initially allotted (In bigha)			Area allotted in exchange (In bigha)			Differential cost
		Command	Un-command	Cost of land	Command	Un-command	Cost of land	
DCC Nachna	97	1,445	903	29.04	1,925.55	49.85	77.42	48.38
ACC Chatargarh	17	36	531	1.85	286.50	61.90	11.95	10.10
Total	**114**	**1,481**	**1,434**	**30.89**	**2,212.05**	**111.75**	**89.37**	**58.48**

Absence of provision resulted in non-recovery of differential cost based on the prevailing rate in two areas on the date of subsequent allotment. This resulted in loss of Rs.58.48 lakh.

- As per the Government notification dated 5 January 1991, in case of special allotment the cost of land was recoverable at the prescribed rates. Thereafter an annual increase of 15 *per cent* was envisaged.

During course of audit, it was noticed that in four colonisation tehsils[25] land measuring 676.25 bigha in 29 cases was allotted between January 1998 and June 2002 under special allotment. In these cases the cost of land was recovered at lower rate, resulted in short realisation of Rs.16.87 lakh.

After this was pointed out between October 2003 and January 2004, two tehsils (Ramgarh-I and Mohangarh-III) accepted the observations in all cases while tehsil Mohangarh-II accepted short levy in seven cases. Reply in respect of the other cases has not been received (October 2004).

[24] DCC Nachna and ACC Chatargarh.

[25] Mohangarh-I, Mohangarh-II, Mohangarh-III and Ramgarh-I.

4.2.12 Non-raising of demand

As per Government notification dated 15 July 1974, the Collector is empowered to allot the government land for "*Abadi Vistar*" to local bodies e.g. Urban Improvement Trusts (UIT), Municipal Corporations (MC), Municipal Board (MB) and Gram Panchayats (GP) in project areas on payment of cost of land prescribed at reserve price alongwith capitalised value in lieu of land revenue.

In three tehsils it was noticed that 2,588.33 bigha Government land valued at Rs.4.21 crore was allotted to UIT, Sriganganagar and Kota, MC Kota, MB Kaithon (Kota) and six *Gram Panchayats* (four in Sangaria and two in Kota) for "*Abadi Vistar*" between December 2001 and December 2002. The demand of cost of land was not raised from the concerned local bodies as detailed below:

(Rupees in crore)

Sl. No.	Name of tehsil	Name of local body	Number of cases	Period of allotment of land	Area (In bigha)	Rate per bigha	Cost of land
1.	Sriganganagar	UIT Sriganganagar	5	2/2002	85.10	0.32	0.27
2.	Sangaria	4 Gram Panchayats[26]	4	12/ 2001 to 1/2002	109.80	0.32	0.35
3.	Lad pura (Kota)	(i) UIT Kota	10	9/ 2002 to 12/ 2002	1765.18	0.15	2.65
		(ii) MC Kota	2	11/2002	532.41	0.15	0.80
		(iii) MB Kaithon	1	12/2002	40.45	0.15	0.06
		(iv) Gram Panchayats[27]	3	11/2002 to 12/2002	55.39	0.15	0.08
	Total		**25**		**2,588.33**		**4.21**

After this was pointed out between July 2003 and February 2004, the Department stated in respect of Sriganganagar and Sangria that the recovery of cost of land from local bodies will be made after obtaining the directions from District Collector concerned/Government. In respect of tehsil Ladpura (Kota) the Department stated in July 2004 that the area relating to Kota does not fall with in the jurisdiction of colonisation. The reply was not tenable as the villages included in the notifications were not excluded from the jurisdiction of Colonisation by any notification or order. Further report of recovery has not been received.

- It was noticed that land measuring 380.70 bigha was sold in Bundi for Rs.60.79 lakh to 130 persons between December 2000 and June 2002. Scrutiny of sale registers revealed that though the beneficiaries were given the possession of land, the cost of land was neither paid by allottees nor was any

[26] Kikarwali, Manaksar, Shahpeeni and Deengarh.
[27] Kasar and Dharampura.

action taken by the Department to recover the same. This resulted in non-realisation of Government revenue of Rs.60.79 lakh.

After this was pointed out, the Department stated that demand of cost of land has been raised. The reply of the Department was not tenable as the amount should have been recovered as arrears of land revenue.

4.2.13 Recommendation

The Government may consider the following:

- A strong mechanism need to be developed to prevent unauthorised occupation of land.
- Provision needs to be incorporated for levy and collection of differential cost of land from beneficiaries on account of exchange of land from undeveloped area to developed area.
- Effective steps need to be taken to ensure that cost of land is recovered in accordance with the rules and procedure and in case where the allotments are liable to be cancelled, action should be taken promptly.
- Internal controls to safeguard the Government revenue need to be strengthened.

4.3 Non-recovery of conversion charges

As per Government order dated 2 March 1987, on allotment of Government agricultural land in rural areas to the Central Government Departments, Corporations and Undertakings, the prevailing market price of agricultural land together with capitalised value equal to 40 times of the annual land revenue and conversion charges were recoverable.

4.3.1 In tehsil Dausa, it was noticed in June 2003 that 19.93 hectares Government land was allotted to Railways between October 2002 and March 2003. The land was allotted at a total consideration of Rs.67.50 lakh including conversion charges of Rs.31.89 lakh. The tehsildar handed over the land without the recovery of conversion charges. The omission resulted in non-recovery of Rs.31.89 lakh.

After this was pointed out in July 2003 the Department stated in June 2004 that demand has been raised further reply was awaited till September 2004.

The matter was reported in May 2004 to the Government which confirmed in July 2004 the reply of the Department.

4.3.2 In three tehsils[28] it was noticed that Government land measuring 1,620.40 bigha and *khatedari* land 263.60 bigha was allotted in August 2002 to railways for laying "Kolayat-Phalodi" rail track on recovery of cost of land and capitalised value. However, conversion charges amounting to Rs.6.07 crore were not recovered from railways.

The Department in August 2004 admitted the audit observation in respect of Government land involving Rs.5.24 crore only and stated that the conversion charges were not leviable on the land acquired from the *Khatedars*. The reply was not tenable as the conversion charges are also payable on *Khatedari* land.

[28] Bap, Kolayat-I and Phalodi.

CHAPTER-V: Stamp Duty and Registration Fee

5.1 Results of audit

Test check of the records of the Department of Stamps and Registration conducted by audit during the year 2003-2004 revealed short recovery of stamp duty and registration fee amounting to Rs.15.27 crore in 2,017 cases which broadly fall under the following categories:-

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Misclassification of documents	512	3.14
2.	Undervaluation of properties	1,242	3.24
3.	Other irregularities	262	0.82
4.	Sale and purchase of stamps	1	8.07
	Total	**2,017**	**15.27**

During the year 2003-2004, the Department accepted under assessments amounting to Rs.37.60 lakh pertaining to 401 cases of which 129 cases amounting to Rs.6.24 lakh were pointed out by audit during 2003-04 and the rest in earlier years. Further, the Department recovered Rs.12.37 lakh in 253 cases during the year 2003-04, of which 90 cases amounting to Rs.3.18 lakh related to the year 2003-04 and the rest to earlier years.

A few illustrative cases highlighting important audit observations involving Rs.8.51 crore are given in the following paragraphs:

5.2 Sale and purchase of stamps

5.2.1 Introduction

Receipts from stamp duty in the state are regulated under Indian Stamp Act, 1899 and Rajasthan Stamp Law (Adaptation) Act, 1952 and rules made thereunder. Procurement, storing, issuance and utilisation of stamps is regulated under Rajasthan Treasury Rules (RTR) 1999 and Stamp Rules, 1955. Realisation of Stamp Receipts are also regulated by notifications and orders issued in this regard from time to time by the State Government. Stamp duty (fixed or advalorem) is leviable on the execution of instruments.

5.2.2 Organisational set up

The Department functions under the overall administrative control of the Revenue Secretary of the Finance Department. The Inspector General (IG) Registration and Stamps is the Head of the Department. The Additional Inspector General (AIG) is the ex-officio Superintendent, Stamps at Headquarters and also assists the IG both in administrative and financial matters. The entire state has been divided into 12 circles. These circles are headed by 11 Deputy Inspectors General (DIG) cum ex-officio Collector (Stamps) and one Additional Collector (AC) (Stamps), who control 67 Sub-Registrars (SR) and 279 ex-officio Sub-Registrar. There are 32 districts and 38 treasuries in the state. Thirty four treasuries in the state are dealing with procurement, storage, sale and issue of stamps. The entire process of collections of stamps duty which involves forecasting indenting, receiving, stocking, selling, registering and accounting is monitored by the IG.

5.2.3 Procurement of stamps

Annual forecast

In order to enable the Inspector General of Registration and Stamps to regulate supply of stamps periodically, each Treasury Officer (TO) after ascertaining the probable requirement of all sub treasuries for the whole year, is required to send an annual forecast in the prescribed format to the IG by 30 November of each year. The information in accordance with the provision contained in Rule 300 (1) and (2) of Rajasthan Treasury Rules 1999 should indicate the requirements of each denomination of stamps based on actual issues during each of the preceding three years, balance in hand on 1 April and estimated issues for the current financial year.

It was observed that out of the 34 treasuries functioning in the State, 27 treasuries had never sent the annual forecast in the prescribed manner and the remaining seven treasuries were irregular in their submission. In absence of this information the basis of placing indent with Central Stamp Depot (CSD) Nasik for procurement of store by IG could not be ascertained in audit.

Indent

As per Rule 240 of Rajasthan Treasury Manual 1952, prior to 1999, a denomination wise quarterly indent in a prescribed format was required to be sent by the treasuries to the IG for the replenishment of stock. However, from the year 1999 onwards, the submission was made thrice in a year i.e. on 31 July, 30 November and 31 March each year.

During audit, it was noticed that four treasuries[1] did not send the required information while remaining treasuries did not send the information in the prescribed format.

[1]Banswara, Jalore, Jhalawar and Karauli

While accepting the facts the IG stated in August 2004 that all the TOs have been directed to send their indents timely and in the prescribed format.

A scrutiny of the indents of 13 treasuries[2] revealed that supply of stamps during the years 1993-94 to 2002-03 was not as per indents placed to CSD, Nasik. The shortage ranged between 30 to 78 *per cent* as detailed below:

(Rupees in crore)

Sl. No.	Year	Number of treasuries	Indent value	Receipt value	Short receipt value	percentage of shortage
1.	1993-94	13	119.51	33.07	86.44	72
2.	1994-95	13	433.97	95.92	338.05	78
3.	1995-96	13	353.25	105.38	247.87	70
4.	1996-97	13	215.35	84.49	130.86	61
5.	1997-98	13	234.41	83.14	151.27	65
6.	1998-99	13	625.57	135.96	489.61	78
7.	1999-00	13	317.37	105.23	212.14	67
8.	2000-01	13	177.89	90.96	86.93	49
9.	2001-02	13	264.68	170.80	93.88	35
10.	2002-03	13	135.42	94.51	40.91	30
Total			**2,877.42**	**999.46**	**1,877.96**	

It would be seen from the above that the indents placed with CSD, Nasik were not realistic.

The Department accepted the facts in August 2004 and intimated that all TOs have been directed to send their indents timely in the prescribed format and in future supply will be received as per indents in the revised system.

5.2.4 Receipts

As per rule 304 (1) of Rajasthan Treasury Rules 1999 (RTR 1999) after arrival of supply of stamps from the IG or from any other depot, the officer incharge of the depot i.e. TO shall as soon as possible personally examine the outward appearance of the packets or the packages and satisfy himself that the same are not tampered with. He shall then have the packages opened in his presence and the contents therein counted either by himself or by some authorised official in his presence. Rule further lays down that discrepancy or deficiency, if any in number or otherwise is found, a report thereto should be immediately submitted to IG with a copy thereof to the Director Treasuries and Accounts.

[2] Alwar, Baran, Bharatpur, Bhilwara, Bikaner, Bundi, Dungarpur, Jhunjhunu, Kota, Rajsamand, Sawaimadhopur, Sriganganagar and Udaipur.

Further as per rule 305 of RTR, the IG shall invariably send an invoice in duplicate to every depot showing therein the denomination, the quantity and the face value of the stamps supplied. The original copy of the invoice should be retained by the treasury and the duplicate should be returned to the IG with the acknowledgement of the officer in charge of the depot not later than fifteen days after receipt of consignment of stamps.

During the course of audit it was noticed that Ajmer treasury being a nodal treasury for receipt of stamps, received stamps from CSD Nasik for onward distribution to other treasuries. These stamps were forwarded to the concerned treasuries without any physical count. This defeated the very purpose of formation of the nodal points. As a result of this, stamps worth Rs.4.99 lakh were received short in six treasuries[3] during 1993-94 to 2002-03. The short receipt of these stamps pointed out after a delay which ranged between one to 19 months was not accepted by CSD Nasik.

In addition to this, short receipt of stamps valued at Rs.9,000 was pointed out by Barmer and Sawaimadhopur treasury officers at the time of their receipt in February 1995 and September 1999 respectively. However, this loss has also not been accepted by the CSD Nasik. The reasons for non-acceptance though called for were not intimated to audit.

5.2.5 Sale

Rule 308(1) of the RTR lays down that except as provided in sub rule (2) of Rule 308, sales to the public or to the licenced vendors shall not be made direct from the store under double lock. Such sales shall be made by the ex-officio vendor from the supply entrusted to him for this purpose and kept under single lock. During the course of check it was noticed that 18 treasuries[4] were not following prescribed procedure of sales from the single lock to the public or to the licenced vendors. The system was designed for double checking and to avoid misappropriation of stamps. The IG stated in August 2004 that the TOs have been instructed to issue stamps from single lock.

On 27 March 2003, total amount of receipt challans from individuals for sale of non-judicial stamps in Jaipur city treasury was Rs.18.43 lakh as against the sale of said stamps to the tune of Rs.19.93 lakh. Thus sale of stamps of value Rs.1.50 lakh was made without receipt of money in the Government account. The treasury was not operating single lock system which resulted in loss of revenue.

After being pointed out, the IG accepted the facts and stated in August 2004 that the concerned employee has been suspended and a special scrutiny of records is being conducted.

[3] Baran, Bundi, Churu, Jhunjhunu, Kota and Pali.

[4] Ajmer, Banswara, Baran, Bikaner, Bundi, Churu, Dungarpur, Hanumangarh, Jaipur, Jhalawar, Jhunjhunu, Pali, Pratapgarh, Rajsamand, Sikar, Sriganganagar, Tonk, and Udaipur.

5.2.6 Records of stamp vendor

Rajasthan Stamp Rules 1955 provide that stamp vendors should maintain stock register, issue register in prescribed proforma. Rule 42 provides that inspection of records should be done by the revenue authorities not below the rank of Naib Tehsildar and Rule 37 provides that registers of the stamp vendors should be deposited in the office of the DIG Registration.

Scrutiny of records relating to issue of licence to vendors at DIG office Jodhpur, Pali and Kota revealed that the 130 stamp vendors were not maintaining the stock and issue registers in the prescribed proforma. Inspections of records of stamp vendors was also not being done regularly. Records of stamp vendors were also not found deposited in all the cases at DIG office at Kota and Pali. This indicated that department was not exercising proper control over the transactions of the stamp vendors.

After this was pointed out, IG intimated in August 2004 that the DIG Jodhpur, Kota and Pali had been asked to explain the position regarding non-maintenance, non-deposit and non-checking of stamp vendor's records.

5.2.7 Creation of nodal point for collection of bulk supply of stamps

Government of India ordered in May 1988 creation of nodal points in the respective states for bulk supply of stamps with the instructions to send state's own staff who could escort the wagon carrying the supply from Nasik. It was, however, observed that Ajmer treasury was nominated as the nodal point after 11 years in 1999 for receipt, custody and issue of stamps in the state of Rajasthan. Violation of the instructions resulted a case of theft of stamps in transit worth Rs.2.03 crore in October 1994 reported by TO Jalore. The case is pending in the Railway Court Agra.

5.2.8 Plus minus memorandum

Rules 318(1) and (2) of the rules ibid provide that alongwith the monthly accounts, TO and Sub Treasury Officer (STO) will send a statement showing the stamps and water marked paper balances in the single and double locks of the treasury to the IG. This statement shall not be signed by the TO and STO without verifying the actual stock in the single and double locks. A certificate should be appended to this statement to the effect that closing balances shown in this memorandum agree with those shown in the various stock registers so that the availability of stamps in each treasury can be maintained.

While checking it was noticed that eight treasuries[5] did not submit plus minus memo on due dates to the concerned authorities. When pointed out, the IG issued instructions in August 2004 to all the TOs to send plus minus memos timely and in prescribed format.

[5] Banswara, Dausa, Jaipur, Karauli, Kota, Pratapgarh, Sawaimadhopur and Udaipur.

5.2.9 *Loss of revenue due to purchase of stamp out of the state*

According to Rule 3 of Rajasthan Stamp Rules, 1955 all duties with which any instrument is chargeable shall be paid by means of stamps issued by the Government of Rajasthan. As per rule 20 ibid, no person, who is not duly authorised shall be entitled to sell stamps of any description other than revenue stamps.

Information supplied by Divisional Offices of Life Insurance Corporation (LIC) of India at Ajmer, Bikaner, Jaipur, Jodhpur and Udaipur revealed that stamps worth Rs.5.86 crore were purchased during the year 1993-94 to 2001-02 by the above offices either from vendors outside Rajasthan or from their Divisional office at Delhi, while there was sufficient stock of insurance stamps in the State Treasuries. It was also noticed that Divisional Office Jaipur of LIC purchased insurance stamps worth Rs.10.83 lakh from a vendor authorised to sell stamps at Mumbai in February 2001. Checking of transaction stock register of the said vendor revealed that there was no balance available with him on the day as per his own stock register. The matter was reported to the Divisional Manager LIC, Jaipur in June 2004. In reply it was stated in August 2004 that only the vendor was responsible for this.

The use of stamps purchased from vendors outside the state resulted in a loss of revenue amounting to Rs.5.86 crore to the Government.

After this was pointed out in June 2004, the Department accepted the facts and stated in August 2004 that concerned divisional offices of LIC had been asked to deposit the amount. The Government confirmed in August 2004 the reply of the Department.

5.2.10 *Loss of revenue due to purchase of special adhesive stamps from un-authorised persons by financial institutions of the state*

As per rule 20 of the Rajasthan Stamp Rules, 1955 no person who is not duly authorised, shall be entitled to sell stamps on any descriptions other than the revenue stamps.

Housing Development and Financial Corporation Bank Limited, Ajmer purchased stamps worth Rs.0.10 lakh in the year 2002-03 and 0.90 lakh in the year 2003-04 from the vendors outside the state. However, particulars of the concerned vendor, place or firm relating to purchase were not intimated. This resulted in loss of Rs.1.00 lakh to the state revenue. The IG instructed the bank in July 2004 to deposit the amount in Government treasury.

United India Insurance Company Limited, Udaipur intimated in April 2004 purchase of insurance stamp worth Rs.0.31 lakh in the year 2001-02 and 2002-03 from a firm outside Rajasthan.

After being pointed out in March 2004, the IG asked the unit in July 2004 to deposit Rs.0.31 lakh through challan.

5.2.11 Internal control

The Department was required to keep a close watch on proper indenting, receipts and issue of stamps through internal control. System of Internal Control in the manner of inspections of treasuries and public offices was inadequate as under:

- **Inspection of treasuries**

As against an annual inspection of each treasury, inspection of treasuries ranging between three to 13 was conducted each year for all the 34 treasuries transacting in stamps in the State by Additional IG. The percentage of shortfall ranged between 62 to 91 *per cent* during the four years ending 2000-03 as indicated below:

Year	Inspection required	Number of inspections conducted	Percentage of shortfall
1999-2000	34	5	85
2000-2001	34	4	88
2001-2002	34	3	91
2002-2003	34	13	62

- **Non-inspection of public offices**

Even though the IG issued orders in 1998 that the DIGs (Registration) should inspect public offices periodically, no inspection had been conducted by them. As a result thereof, there was no check on the revenue collection on account of levy of stamp duty through Public Offices.

The matter was reported in June 2004 to the Government; their reply was awaited till September 2004.

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

5.3.1 As per the Indian Stamp Act, 1899 (IS Act) as adapted in Rajasthan and the rules made thereunder, the market value of the property to be registered shall be determined on the basis of the rates recommended by District Level Committee (DLC) or the rates approved by the Registration and Stamp Department, whichever is higher. Further, the Act provides that where registering officer while registering the instrument has reasons to believe that the market value of the property has not been truly set forth in the instrument, he may refer it to the Collector (Stamps) for determining its correct market value.

In six Sub-Registrar offices (SRO), it was noticed between January 2003 and

November 2003 that in 19 cases of conveyance deeds involving commercial/ residential plots and agricultural land, the value of the property was determined either at the rates of residential instead of commercial or at the rates lower than those approved by DLC. This resulted in short levy of stamp duty and registration fee aggregating to Rs.1.21 crore as per the details given in the table:

(Rupees in lakh)

Name of Registering Authority (RA)	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		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Jaipur-II	12	Commercial	349.01	192	34.90	19.20	3.00	1.92	16.78	February and March 2001
Kota	1	Agricultural/ Commercial	161.70	111	17.79	12.10	0.25	0.25	5.69	April 2002
Alwar	1	Commercial	121.30	20.56	13.34	2.26	0.25	0.20	11.13	November 2002
Jaipur-II	2	Commercial	764.74	212.02	76.47	21.20	0.50	0.50	55.27	January 2001
Jodhpur-II	2	Commercial	72.92	25.34	8.02	2.81	0.50	0.26	5.45	May and December 2002
Laxman-garh	1	Commercial	257.18	15.30	28.29	1.68	0.25	0.15	26.71	October 2002
Total									**121.03**	

After this was pointed out between March 2003 and April 2004, the RA accepted the audit observation between February 2004 and July 2004 in all the cases and referred them to the Collector for further necessary action.

The matter was reported between November 2003 and April 2004 to the Government which confirmed between June 2004 and August 2004 the reply of the Department.

5.3.2 As per clarification issued in April 2002 by the State Government, private educational institutions are to be considered as commercial institutions for recovery of land conversion charges.

In SRO, Luni (Jodhpur) it was noticed in August 2003 that while registering the documents of an educational institution in September 2002, the RA incorrectly determined the value of land as Rs.1.08 crore on the rates fixed for residential land instead of Rs.7.66 crore at commercial rates. This resulted in a short recovery of stamp duty and registration fee amounting to Rs.73.31 lakh.

After this was pointed out, the Inspector General of Registration and Stamps (IGRS) stated in June 2004 that valuation of land does not depend upon its future use and as such the value had been done correctly. The reply is not tenable as the land purchased was for setting up educational institutions at the time of registration itself.

The matter was reported in October 2003 to the Government which confirmed (June 2004) reply of the Department.

5.4 Loss due to non-recovery of stamp duty and registration fee

Under section 17 (d) of the Indian Registration Act, 1908 the document of lease of immovable property shall be registered. According to the IS Act, when lease is purported to be for a term of 20 years or more, the stamp duty as on a conveyance for a consideration, equal to the amount or value of the property is leviable.

Lake Palace Hotel, Udaipur was transferred to Indian Hotels Company Limited, Bombay on an agreement executed in February 1972 on a non-judicial stamp of Rs.3 only. Perusal of the clauses of the agreement revealed that it fell under the category of lease agreement. The agreement was therefore required to be registered and payment of duties chargeable thereon recovered, which was not done. As per Land and Building Tax Department, Udaipur, the value of the property worked out to Rs.5.23 crore on which stamp duty and registration fee aggregating to Rs.57.82 lakh was not levied.

After this omission was pointed out in April 2001, Collector (Stamps), Udaipur decided the case in June 2002 and ordered recovery of Rs.60 lakh including penalty. While filing revision petition in the Board of Revenue, Ajmer, the Managing Director of the Hotel had furnished an undertaking duly stamped before Collector (Stamps), Udaipur on 3 December 2002 that in case the revision petition pending before Board of Revenue is dismissed, the company shall deposit a sum of Rs.60 lakh within a period of one month thereafter. The revision petition was rejected on 10 November 2003 by Board of Revenue as they found no legal error in the aforesaid judgement delivered in June 2002 ibid. The implementation of the decision of the Board of Revenue was stayed on 11 December 2003 by Hon'ble High Court, Jodhpur. The reasons as to why the Department failed to recover Rs.60 lakh within one month ending on 9 December 2003 after the dismissal of the revision petition on 10 November 2003 were neither on record nor assigned.

The matter was reported to the Government in April 2004, final reply had not been received.

5.5 Short levy of stamp duty

In accordance with the article 31 of the Rajasthan Stamp Act 1952 (RS Act), instrument relating to exchange of property is chargeable to same duty as on conveyance for a consideration equal to value of the property of greatest value as set forth in such instrument. As per notification issued under the RS Act, exchange deeds of agriculture land and mutually transferred under section 48

of the Rajasthan Tenancy Act, 1955 were exempted from payment of stamp duty provided that land is of same kind, same cost and is not divided in pieces.

In SRO, Jaipur-III agricultural land of various villages were exchanged with land of other villages through 16 deeds of exchange registered between February 2002 and December 2002. Scrutiny of these documents revealed that these exchanges of land were either not similar in kind or in cost as such duty was not exempted. Based on the highest value of the land, stamp duty of Rs.13.37 lakh was recoverable as against which only Rs.610 was recovered. The omission resulted in short levy of stamp duty of Rs.13.36 lakh.

After this was pointed out in February 2004, the Department stated in July 2004 that cases were being sent to the Collector (Stamps) for adjudication. Further progress has not been received till September 2004.

The matter was reported to the Government in February 2004, which confirmed in September 2004 the reply of the Department.

CHAPTER-VI: State Excise

6.1 Results of audit

Test check of the records of the State Excise Offices, conducted in audit during the year 2003-04, revealed non/short recovery of excise revenue amounting to Rs.39.21 crore in 159 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of excise duty and licence fee	69	2.20
2.	Loss of excise duty on account of excess wastage of liquor	17	0.15
3.	Other irregularities	73	36.86
	Total	**159**	**39.21**

During the year 2003-04 the Department accepted short realisation etc. in 107 cases involving Rs.6.13 crore of which 57 cases involving Rs.1.96 crore had been pointed out in audit during 2003-04 and rest in earlier years. The Department recovered Rs.14.13 crore in 78 cases of which 25 cases involving Rs.0.62 crore had been pointed out in audit during the year 2003-04 and rest in earlier years.

A few illustrative cases involving Rs.92.64 lakh highlighting important audit observations are given in the following paragraphs. Besides in eight cases[1] of non/short recovery of interest, exclusive privilege amount and bottling fee pointed out in audit during the year 2003-04 entire amount of Rs.26.26 lakh was recovered between April and July 2004.

6.2 Non-recovery of excise duty on beer becoming non-potable in bonded warehouses

Conditions and restrictions on establishment of bonded warehouse provide that Government shall not be responsible for loss of liquor in bond during the currency of the licence period. In case of loss, an enquiry shall be held by the Excise Commissioner. If it is found that the loss could have been prevented by reasonable precaution on the part of licensee, he may be required to pay duty

[1] Alwar, Baran, Bharatpur, Bhilwara, Jhalawar, Jhunjhunu, Sikar and Udaipur.

and the decision of the Commissioner shall be final and binding on the licensee.

In Alwar, it was noticed that 1.32 lakh Bulk Litre (BL) strong[2] beer and 2.66 lakh BL lager[3] beer were stored between December 1997 and January 2000 in bonded warehouse of a licensee in Alwar. No action was taken by the Department to get the beer disposed of till it was declared non-potable by the Chemical and Chief Public Analyst, Rajasthan, Jaipur in March 2001 and August 2002. This resulted in loss of revenue of Rs.46.44 lakh. Thereafter, no action was taken to recover the amount from the licensee.

After this was pointed out in March 2004, the Department accepted the audit observations in September 2004 and recovered Rs.16.68 lakh. The report on the recovery of balance amount is awaited.

Government confirmed in September 2004 the reply of the Department.

6.3 Non-realisation of additional licence fee

Rajasthan Excise Rules, 1956 provide that if a retail licensee, not operating under exclusive privilege system (EPS) purchases liquor from a wholesale licensee operating under EPS, such retail licensee shall have to pay additional licence fee on Indian Made Foreign Liquor (IMFL) and beer at the rate of Rs.3 and Re.1 per BL respectively.

In five District Excise Offices[4], it was noticed between May 2003 and November 2003 that 122 Hotels and four Club bar licensees not operating under EPS were issued permits during 2001-02 and 2002-03 to make purchases of 2.18 lakh BL of IMFL and 14.50 lakh BL of beer. However fee of Rs.13.52 lakh was not paid by them. The same was also not demanded by the Department resulting in short recovery of the Government revenue to that extent.

After this was pointed out the Department accepted the audit objection in June and July 2004 and recovered Rs.13.01 lakh. The report on the recovery of balance amount is still awaited

Government confirmed in July and August 2004 the reply of the Department.

[2] Having strength more than 8.75 *per cent* of proof spirit.
[3] Having strength upto 8.75 *per cent* of proof spirit.
[4] Ajmer, Bikaner, Jaipur, Jodhpur and Udaipur,

6.4 Non-recovery of excise duty on shortage of rectified, matured and spiced spirits

As per Rajasthan Stock Taking and Wastage of Liquor (At Distillery and Warehouse) Rules, 1959, permissible loss of rectified, matured and spiced spirit during storage should not exceed 0.4 *per cent*. Shortage beyond permissible limit is leviable to excise duty at the rate as prescribed from time to time.

In Sriganganagar, physical verification of stock of a distillery conducted by the Department revealed shortage of 6,420.455 LPL in excess of the permissible loss in respect of rectified, matured and spiced spirit. However, no excise duty was recovered resulting in less realisation of Government revenue of Rs.6.42 lakh.

After this was pointed out in January 2004 the Department accepted the audit observation in September 2004 and recovered Rs.1.61 lakh. The report on the recovery of balance amount is awaited.

Government confirmed in September 2004 the reply of the Department.

CHAPTER-VII: Other Tax Receipts

Lands and Buildings Tax

7.1 Results of audit

Test check of records of the Department of Lands and Buildings Tax, conducted in audit during the year 2003-2004, revealed under-assessments of tax amounting to Rs.4.91 crore in 77 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short levy due to under-valuation of properties	33	1.62
2.	Short levy due to mistakes in assessments	21	2.59
3.	Other irregularities	23	0.70
	Total	77	4.91

During the year 2003-2004, the Department accepted under-assessments *etc.*, of Rs.1.80 crore in 15 cases pointed out in earlier years. The Department recovered Rs.1.47 lakh in five cases pointed out in earlier years.

A few illustrative cases involving Rs.1.81 crore highlighting important audit observations are given in the following paragraphs:

7.2 Short levy of tax due to undervaluation of land

Under the Rajasthan Lands and Buildings Tax Act, 1964 (RL & BT Act), tax shall be leviable on the market value of land or building, separately or on both to be calculated on the basis of rates as notified by the Government. The Director, Land and Building Tax Department, Jaipur issued an order in February 1991 that the land rates as decided by the Registration and Stamps Department will be applicable for valuation of land from 1 April 1991. The rate for commercial land was fixed for Rs.225 per square feet (sq.ft.) situated at Udai Sagar road, Udaipur for the year 1998-99.

It was noticed in March 2003 that Assessing Authority incorrectly assessed land of Prasar Bharti measuring 97,166[1] sq. m. (10,45,506 sq. ft.) at the

[1] 1 Square Metre= 10.76 Square Feet.

industrial rate of Rs.600 per sq. metre instead of Rs.225 per sq. ft. This incorrect application of land rate resulted in short levy of tax Rs.0.93 crore.

After this was pointed out in April 2003, the Department intimated in April 2004 that revised assessment order had been passed and demand raised accordingly.

Government confirmed the reply of the department in June 2004.

7.3 Short levy of tax due to incorrect assessments

The RL & BT Act provides that there shall be levied and collected with effect from 1 April 1973 an annual tax on land or building or both separately as units. This was subsequently also clarified by Director, Land and Building Tax in his circular dated 13 February 2001 that land and building purchased in more than one registered sale deed should not be accepted as separate units until they are separated by metes and bounds.

In Ajmer, it was noticed in January 2004 that the assessing authority re-assessed in June 2002 the property of Hindustan Machine Tools located in Ajmer as 15 units, though the property was located at a single place and was thus required to be assessed as single unit. The assessee paid tax of Rs.97.42 lakh instead of Rs.1.33 crore resulting in short levy of tax Rs.36 lakh for the period 1976-77 to 2002-03.

The omission was pointed out to the Department in February 2004 and reported to Government in April 2004; their reply had not received till September 2004.

7.4 Short levy of tax due to incorrect valuation of property

Under the RL & BT Act and Rules made thereunder, the Assessing Authority may at any time amend the order of assessment of market value and determination of tax in respect of any land or building where the use of such land or building has been changed or converted from residential to commercial. To calculate the market value of land for any subsequent year 10 *per cent* (for residential) 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 Jaipur, it was noticed in August 2003 that an assessee constructed a showroom on his open land measuring 3,617 sq. m. in April 2000. Based on the commercial rates, tax of Rs.26.11 lakh leviable on the property valued at Rs.10.07 crore. However, the Assessing Authority while finalising the assessment incorrectly levied tax of Rs.6.25 lakh on the property treating it as

a residential one since 1983 and valued at Rs.19.26 lakh. This resulted in short levy of tax Rs.19.86 lakh.

After this was pointed out in November 2003; the Government stated in August 2004 that revised assessment order for Rs.19.16 lakh had been passed and demand raised.

7.5 Short levy of tax due to undervaluation of property

Under the RL & BT Act, tax on lands or buildings or both is leviable on the market value of property determined under the Act and instructions issued (14 August 1991) thereunder. To calculate the market value of the plot 10 *per cent* addition is to be made for both corner plots as well as those standing on 75 feet wide road.

7.5.1 In Ajmer, it was noticed in January 2004 that an assessee had three properties,[2] out of these two were corner plots while one was located at a road more than 75 feet wide. The value of these plots was Rs.64.73 crore. However, the assessing authority assessed the value of the plots at Rs.53.99 crore without considering the addition of 10 *per cent* and taxed it at Rs.23.97 lakh instead of Rs.29.28 lakh. The omission resulted in short levy of tax of Rs.10.62 lakh (Rs.5.31 lakh per annum) for the year 2001-02 and 2002-03.

The omission was pointed out to the Department in February 2004 and reported to Government in April 2004; their replies had not been received till September 2004.

7.5.2 In Jodhpur, it was noticed in March 2004 that a piece of land measuring 15,600 sq. ft. situated on the main Chopasani Road should have been valued to Rs.2.62 crore and property taxed at Rs.19.96 lakh. However, while finalising the assessment for the years 1998-99 to 2002-03 in April 2003, the Assessing Authority valued it at Rs.80.82 lakh by applying rate that is applicable to a plot situated on the backside of the colony and levied a tax of Rs.10.18 lakh. The omission resulted in short levy of tax of Rs.9.78 lakh.

After this was pointed out in April 2004; the Government stated in July 2004 that revised assessment order had been passed and demand raised.

7.6 Short levy of tax due to erroneous adoption of land rates

Under the RL & BT Act tax shall be levied on the market value of land or building or both separately as units. The DLC prescribed in March 1998 that

[2] Savitri College Road Civil Line, Vaishali Nagar and at Agra Gate, Ajmer.

the three times of the normal rate should be applicable in case of commercial land, where no rates had been fixed.

In Jodhpur, it was noticed in March 2004 that Assessing Authority assessed the market value of land of a Corporation measuring 97,765 sq.ft. at the rate of Rs.720 per sq.ft. and levied tax of Rs.10.47 lakh on the value of the property of Rs.7.04 crore. As the land was liable to be valued at the rate of Rs.1,080 per sq.ft., the property was chargeable to tax of Rs.15.75 lakh on the value of Rs.10.56 crore. This resulted in short levy of tax amounting to Rs.10.56 lakh (Rs.5.28 lakh per annum) for the period 1998-99 to 1999-2000.

After this was pointed out in April 2004; the Government stated in August 2004 that revised assessment order had been passed and demand raised.

CHAPTER-VIII: Non-Tax Receipts

8.1 Results of audit

Test check of the records of the Mining and Petroleum and Irrigation departments, conducted in audit during the year 2003-2004, revealed non/short recovery of revenue amounting to Rs.225.60 crore in 1122 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
A. Irrigation Department			
1.	**Review: Assessment and collection of water charges**	1	56.90
2.	Non-realisation of dues from other State Governments	2	89.51
B. Mines and Petroleum Department			
3.	Non/short recovery of dead-rent and royalty	208	14.63
4.	Un-authorised excavation	106	46.66
5.	Non-forfeiture of security	351	0.55
6.	Non-levy of penalty/interest	340	7.65
7.	Other irregularities	114	9.70
	Total	**1,122**	**225.60**

During the year 2003-2004, the Department accepted short realisation *etc.*, of Rs.22.31 crore in 288 cases, of which 146 cases involving Rs.15.25 crore had been pointed out in audit during the year 2003-2004 and rest in earlier years. The Department recovered Rs.1.46 crore in 387 cases of which 40 cases involving Rs.0.07 crore had been pointed out in audit during the year 2003-2004 and rest in earlier years.

A few illustrative cases involving Rs.96.71 crore highlighting important audit observations and findings of the review on **Assessment and collection of water charges** involving Rs.17.82 crore are given in following paragraphs:

A. Irrigation Department

8.2 Review on Assessment and Collection of Water Charges

Highlights

Water charges of Rs.32.89 crore inclusive of interest charges on pendencies from time to time were not levied for water supplied for drinking and industrial purposes.

(Paragraph 8.2.6)

Non-maintenance of irrigation *Khataunies* (cultivator-wise demand statement of water charges) and non-raising of demand resulted in non-recovery of irrigation charges aggregating to Rs.9.08 crore.

(Paragraph 8.2.7)

Wastage and non-utilisation of water resulted in loss of Rs.8.61 crore.

(Paragraph 8.2.9)

Failure on the part of Government to provide for revision of water charges in the agreement resulted in minimum short levy of Rs.13.14 lakh.

(Paragraph 8.2.10)

8.2.1 Introduction

Levy and collection of water charges is governed by Rajasthan Irrigation and Drainage (RID) Act, 1954 and Rajasthan Irrigation and Drainage Rules, 1955, framed thereunder.

Prior to September 2001, Irrigation Department was responsible for levy and collection of water charges in respect of canals and tanks having capacity of more than 2,500 acres and also for water supplied for non-agricultural purpose. After September 2001, the entire work relating to levy and collection of water charges supplied for irrigation purposes was entrusted to Revenue Department. However, Irrigation Department continued to levy and collect water charges in respect of non-irrigation purposes.

8.2.2 Audit objectives

Review was conducted with a view to:

- ascertain extent of compliance to rules and orders governing collection of water charges;

- analyse reasons for revenue remaining uncollected;
- evaluate effectiveness of the internal control mechanism for recovery of water charges.

8.2.3 Organisational set-up

At the Government level, the Secretary, Irrigation Department is the Chief Controlling Authority in Rajasthan, in all matters connected with levy and collection of water charges. The State has been divided into five divisions and each division is headed by a Chief Engineer who is assisted by a Superintending Engineer (SE) of each circle and Executive Engineer for each division.

In the Revenue Department, work relating to levy and collection of water charges is entrusted to Board of Revenue (BOR) headed by Registrar. The Registrar exercises control through District Collectors, who are assisted by Tehsildars, Girdawars and Patwaries.

8.2.4 Scope of audit

Records relating to levy and collection of water charges of 23 out of 75 irrigation divisions and 62 out of 205 tehsils covering the period from 1998-99 to 2002-03 were test checked between July 2003 to March 2004. The results of the test check have been incorporated in the succeeding paragraphs.

8.2.5 Trend of revenue

A comparison of budget estimate (BE) and actual receipts during the last five years ending 2002-03 is as under:

(Rupees in crore)

Year	Budget estimates	Actual receipts	Percentage of shortfall (-) excess (+)
1998-99	28.20	25.39	(-) 10
1999-00	37.75	42.66	(+) 13
2000-01	38.20	37.74	(-) 1
2001-02	29.65	19.62	(-) 34
2002-03	33.24	21.64	(-) 35

It would be seen from the above that the percentage of shortfall rose from 10 *per cent* in 1998-99 to 35 *per cent* in 2002-03. The Department attributed the shortfall to scarcity of rainfall, draught, stay/waiver orders issued by Government in realisation of dues, shortage/shifting of staff to Revenue Department in September 2001 and non-revision of irrigation charges.

8.2.6 Position of arrears

- **Irrigation purposes**

A return in the format prescribed under the RID Rules was being received by the Additional Secretary cum Chief Engineer (ASCE) from each division who consolidated the arrear position of the entire state upto 2001-02; thereafter it was consolidated by Registrar, BOR who received the return from the concerned collectorates.

The position of arrears for irrigation purposes furnished by ASCE, Irrigation Department for the period 1998-99 to 2001-02 and Registrar BOR for the year 2002-03 is detailed below:

(Rupees in crore)

Year	Opening balance as on 1 April	Demand raised during the year	Total outstanding demand	Receipts during the year	Outstanding balance (4-5)
1.	2.	3.	4.	5.	6
1998-99	5.87	11.90	17.77	11.78	5.99
1999-00	5.95	21.98	27.93	21.72	6.21
2000-01	6.18	21.71	27.89	19.54	8.35
2001-02	8.76	12.44	21.20	3.29	17.91
2002-03	24.05	21.18	45.23	2.45	42.78

It would be seen from the above that closing balance at the end of the year was not the opening balance of the succeeding year. The arrears had steeply increased from Rs.8.35 crore in 2000-01 to Rs.17.91 crore in 2001-02 and Rs.42.78 crore in 2002-03.

- **Non-irrigation purposes**

Unlike the return for irrigation purposes, no return was prescribed for non-irrigation purposes.

The position of outstanding arrears on account of water charges recoverable for non-agricultural purpose was not available with the Department. However, test check of records in fourteen irrigation divisions revealed that water charges of Rs.32.89 crore supplied for drinking and industrial purposes was outstanding as on 31 March 2003.

Age-wise analysis of arrears is as under:

(Rupees in crore)

More than five years	18.26
Two to five years	11.72
Upto two years	2.91
Total	32.89

Arrears position of water charges recoverable from the various beneficiaries during the last five years is as under:

(Rupees in crore)

Year	Opening Balance			Addition			Total		
	Industries	PHED	Total	Industries	PHED	Total	Industries	PHED	Total
1998-99	7.57	10.69	18.26	4.55	0.42	4.97	12.12	11.11	23.23
1999-00	12.12	11.11	23.23	3.06	0.54	3.60	15.18	11.65	26.83
2000-01	15.18	11.65	26.83	2.62	0.52	3.14	17.80	12.17	29.97
2001-02	17.80	12.17	29.97	0.95	0.46	1.41	18.75	12.63	31.38
2002-03	18.75	12.63	31.38	0.79	0.72	1.51	19.54	13.35	32.89

Public Accounts Committee (PAC) while discussing the Audit Report for the year 1998-99 had recommended in February 2003 that water charges outstanding against Public Health and Engineering Department (PHED) should be recovered immediately. It further recommended that the progress of recovery be sent to the PAC and to the Accountant General. However, inspite of these recommendations, no recovery has been made so far.

After this was pointed out, Irrigation Department intimated that a decision for write off of water charges payable upto March 2000 from PHED and Energy Departments was taken in a meeting chaired by the Chief Secretary with Secretaries of PHED and Energy Departments as members. However, no such orders have been issued so far. It was further noticed that even the charges payable after March 2000 have not been paid as of March 2003.

8.2.7 Non-raising of demand

As per Rule-41 of RID Rules, on the completion of measurement of a village, the concerned patwari will prepare a *Khatauni*[1] in respect of each village and show the details of all tenants and irrigation dues recoverable in respect of each field irrigated in the said area.

Scrutiny of records of five tehsils[2] of Sriganganagar and Hanumangarh districts revealed that patwaries measured the irrigation only village-wise and cultivator-wise demands were not prepared. Thus *Khataunies* were not prepared for the year 2002-03. Besides no demand was raised by the Tehsildar. This resulted in non realisation of irrigation dues amounting to Rs.8.53 crore which was based on the village-wise measurements. The returns required to be sent to the Collector had not been submitted to the Collector. There was nothing on record to show that any of the Tehsils had been asked to prepare the same and raise the demand.

After this was pointed, the Department accepted the audit objection and stated that the *Khataunies* would be prepared and amount will be recovered.

[1] Khatauni is cultivator-wise demand statement for irrigation charges prepared by patwari of the concerned village.

[2] Karanpur, Sadulpur, Sangaria, Sriganganagar and Suratgarh.

- Tehsildars are required to raise the demands against the cultivators on the basis of *Khatauni*.

In four tehsils[3] it was noticed that though Khataunies for the period 2001-02 and 2002-03 were prepared, demand were not raised and the returns required to be sent to the Collector had not been submitted to the Collector by the Tehsildars resulting in non recovery of Rs.54.64 lakh.

After this was pointed out in July 2003 to March 2004, Tehsildars, Ghatol and Sarada intimated in August 2003 and December 2003 that due to non-availability of forms of demand notices demands could not be raised. Tehsildar Chittorgarh stated in January 2004 that due to incomplete and unsigned records received from Irrigation Department, demand could not be raised. However, there was nothing on record to show that the matter was taken with Irrigation Department for rectification of errors. This resulted in non-recovery of Rs.54.64 lakh.

8.2.8 Uneconomical fixation of water charges

The Ninth Finance Commission in their second report (1990-95) recommended that irrigation receipts should cover at least the cost of maintenance and other working expenses, which shall inter-alia include the pay and allowances of the staff engaged on collecting irrigation charges.

The Government did not take any step for implementation of this recommendation. A statement of working expenses furnished by the Department vis a vis revenue realisation is detailed below:

(Rupees in crore)

Year	Revenue collected	Arrears pending collection	Total	Working expenses	Difference of revenue collected and working expenses	Percentage of excess
1998-99	25.39	29.48	54.87	181.01	126.14	230
1999-00	42.66	9.78	52.44	186.36	133.92	255
2000-01	37.74	12.29	50.03	222.16	172.13	344
2001-02	19.62	20.14	39.76	204.30	164.54	414
2002-03	21.64	3.96	25.60	197.70	172.10	672
Total	**147.05**	**75.65**	**222.70**	**991.53**	**768.83**	**345**

The percentage of expenditure over revenue ranged between 230 and 672. This was even after accountal of the revenue pending collection.

Thus there is a need for periodical increase of water rates as a consequence to normal price rise. The water rates were revised by Government in 1982 and thereafter in 1999 i.e. after a lapse of 17 years.

[3] Bagidora, Chittorgarh, Ghatol and Sarada

After this was pointed out (July 2003) in audit, the Department stated that proposals for revision of water charges were sent in November 2003 to Government which were pending for decision at Government level.

8.2.9 Loss of water charges due to wastage/non-utilisation of water

Scrutiny of records of Executive Engineer Chambal Project Division, Kota revealed that improper maintenance of main canal of Alnia dam, led to 29 cracks therein. The inadequate maintenance resulted in wastage of 774 mcft of water which in turn led to loss of water charges amounting to Rs.7.59[4] crore during 1998-99 to 2001-02 as under:

(Water in mcft)

Year	Water available	Water discharged	Difference	Percentage of water loss	Remarks
1998-99	935	776	159	17	Water could not be utilized due to non-maintenance of canals
1999-00	1324	1092	232	18	-do-
2000-01	1396	1158	238	17	-do-
2001-02	1384	1239	145	10	-do-
Total			774		

- It was noticed in Irrigation Division, Bundi that less utilisation of irrigation potential in 2.24 lakh acres of area during the period from 1998-99 to 2002-03 resulted in loss of water charges amounting to Rs.1.02 crore as detailed below:

Years	Culturable command area (in acres)	Area actually irrigated (in acres)	Difference	Average rate of irrigation charges per acre (In rupees)	Loss of revenue (In lakh)
1998-99	90,607	48,087	42,520	30.83	13.11
1999-00	90,607	49,912	40,695	29.87	12.51
2000-01	90,604	40,859	49,745	53.66	26.69
2001-02	90,604	43,240	47,364	56.00	26.52
2002-03	90,604	47,373	43,231	53.93	23.31
Total					102.14 Rs.1.02 crore

After this was pointed in audit the ASCE attributed the shortfall to insufficient provision of funds for the maintenance of canal system.

[4] Based on the water rates fixed specy-wise.

8.2.10 Short/non-levy of water charges

Under RID Act, the Government is empowered to regulate the amount of any charge made under the Act. As per notification dated 17 May 1995 the rate of water charges in respect of water used by an industry at their own source was Rs.2,000 per mcft.

During course of audit scrutiny of records of Executive Engineer, Irrigation Division, Udaipur it was revealed that Government of Rajasthan entered into an agreement with Hindustan Zinc Limited (Company) in 1976 fixing the rate of water per mcft at Re.1. The company was liable to pay the dues at enhanced rates from 17 May 1995. But demand of Rs.9.80 lakh (920 mcft of water) based on enhanced rate for the period April 1996 to June 2000 was issued by the Department only in August 2000 i.e. after a lapse of almost five years. Thereafter though the demands were issued from time to time upto 2002-03, no demands for 1995-96 was raised. The Company, however, still (March 2003) continued to pay the water charges at pre-revised rates. This resulted in short recovery of water charges of Rs.13.14 lakh from 1998-99 to 2002-03.

After this was pointed out in December 2003 the Department stated that the company refused to pay the charges at revised rate as it had entered into an agreement fixing the rate at Re.1 per mcft and the matter had been taken up with higher authorities for legal opinion in August 2002. The reply is not tenable because consequent to issue of notification the licensee was bound to pay the charges at revised in May 1995.

The matter was brought to the notice of the Government (May 2004); reply was awaited (September 2004).

8.2.11 Recommendations

Due to inadequate monitoring, demands for water charges were not raised/collected within the prescribed period and interest for belated payments was also not realised from the defaulters.

- Government should consider setting up of an internal audit wing to ensure periodical check of correctness of bills raised.
- Records and registers to be maintained by Irrigation Divisions should indicate clearly the details of users, demand raised, recoveries made, dues pending etc. This would facilitate the effective realisation of the demands.
- Proper co-ordination between Irrigation and Revenue Departments is also required for proper collection of water charges.

8.3 Non-realisation of dues from other State Governments

8.3.1 Non-recovery of Madhya Pradesh share on common works of Chambal project

Provisions of sharing of expenditure of cost incurred for original works, maintenance, operation and such other works which were necessary for common benefits etc. of all existing common works are contained in Article 9(iii) of the Constitution of Madhya Pradesh-Rajasthan Interstate (Irrigation and Power) Control Board (Board). Accordingly while expenditure on dam was to be shared equally between the two states but that of Right Main Canal and Satpura Thermal Station was to be shared in the ratio of 75.6:24.4 and 6:4 between the two States of Madhya Pradesh and Rajasthan respectively. The Financial Adviser, of the Board intimated in February 2004 that an amount of Rs.46.30 crore relating to the common expenditure of maintenance and operation from 1980-81 to March 2002 was due from Madhya Pradesh.

The details of expenditure incurred during 2002-03 were neither available in the records of Board nor were made available on spot during audit.

As per item 2(2) of 12 meeting of the Board held in June 1999 under the Chairmanship of Chief Minister, Rajasthan, it was decided that the expenditure figures on common works of Chambal Project as audited by the Accountants General of Rajasthan and Madhya Pradesh would be treated as final. As per item 2(4) of the meeting ibid the Government of Madhya Pradesh had assured to release its share of expenditure on maintenance/repairs of canal and common works based on the figures thereto relating to preceding years in advance annually.

Despite the provision of such assurance, no concrete steps to effect the recovery were initiated which resulted in huge pendency of Rs.46.30 crore as of now (February 2004).

When pointed out in audit (September 2003) the Financial Adviser of the Board attributed (October 2003) non-recovery due to inadequate response by Madhya Pradesh Government.

8.3.2 Non-recovery of cost of maintenance charges of canal/dam from State of Gujarat

As per agreement entered in 1966 by the Government of Rajasthan with Gujarat the expenditure on Unit-I (Dam Appurtenant Works) of Mahi Bajaj Sagar Project was to be shared in the ratio of 45 and 55 between Rajasthan and Gujarat respectively. Scrutiny of departmental records of Chief Engineer Mahi Bajaj Sagar Project Banswara revealed (January 2004) that an amount of Rs.43.21 crore relating to the period from 1968-69 to March 2004 was due from Government of Gujarat.

Reasons leading to accumulation of huge arrears over a considerable period though called for (January 2004) were not intimated. The departmental

records were also silent as to whether any action to effect the recovery were initiated at any point of time.

After this was pointed out in January 2004, the Department intimated in June 2004 that an amount of Rs.27.94 crore has been recovered by way of adjustment.

B. Mines and Petroleum Department

8.4 Non-raising of demand of increased amount of petroleum exploration licence fee and mining lease for petroleum and natural gas

Rule 11(2) of Petroleum and Natural Gas Rules (PNG Rules), 1959 read with Rule 23(1) ibid, inter-alia provide that the licence fee for Petroleum Exploration Licence (PEL) is to be realised annually in advance. Further Rule 13 and 14 ibid provide for payment of dead rent and of royalty respectively in respect of mining lease for petroleum and natural gas. In case, payment of licence fee, lease, royalty and other payment is not made within the specified time it is to be increased by 10 *per cent* for each month or portion of a month during which these payments remain unpaid.

8.4.1 In Jaipur, it was noticed that a PEL was sanctioned in August 1997 by Government of Rajasthan in favour of a Company for a period of four years from 1 October 1996 to 30 September 2000 in 32,600 sq. km. in Sriganganagar, Bikaner and Churu districts.

Payment of PEL fee of Rs.13.04 lakh for second year and Rs.47.87 lakh for fourth year was delayed by four and five days respectively. Thus, the licensee was liable to pay increased amount of Rs.6.09 lakh for both years.

After this was pointed out (October 2003), the Department accepted the audit observation in November 2003 and stated that action was being taken for recovery.

Government to whom the matter was reported in December 2003 confirmed in August 2004 the reply of the Department.

8.4.2 In Jaipur, it was noticed that a PEL was sanctioned in March 2001 by Government in favour of a Corporation for a period of four years with effect from 23 February 1998 in an area of 533 sq. km. of district Jaisalmer. It was noticed that PEL fee of Rs.2.13 lakh for fourth years, February 2001 to February 2002 was, however, not paid by Corporation. Non-payment of PEL fee attracted levy of increased amount which worked out to Rs.5.53 lakh upto March 2003. Demand of PEL fee of Rs.2.13 lakh and of increased amount of

Rs.5.53 lakh was not raised by Department. The omission resulted in non-realisation of Rs.7.66 lakh.

After this was pointed out in October 2003 the Department stated in November 2003 that Corporation had applied in January 2001 for mining lease for 564.60 sq. km. area including area of PEL which meant surrender of PEL. The lease was, however, yet to be sanctioned. It was also stated that if mining lease was not sanctioned, the PEL fee and increased amount as chargeable shall be recovered from the licensee. Reply of the Department was not tenable, as there was no provisions in Rules that on applying for mining lease the licensee will not pay PEL fee. As per the Act, mining lease come in operation only after its grant and execution of mining lease agreement. PEL fee and increased amount of Rs.7.66 lakh was thus recoverable.

The matter was reported to Government in December 2003; their reply has not been received till September 2004.

8.4.3 In Jaipur, it was noticed in October 2003 that a mining lease was sanctioned in February 1999 in favour of a licensee for 20 years from January 1996 covering 250 sq. km. area in Jaisalmer district. Similarly in another case, lease was sanctioned in October 1997 from May 1994 covering 24 sq. km. area. In both the cases, the delay in payment of dead rent and royalty for April 2002 to March 2003, ranged between one and two months. The delay attracted the levy of increased amount of Rs.8.30 lakh.

After this was pointed out in December 2003; the Department stated in August 2004 that specified date for depositing royalty has not been mentioned in Rule 14(1) ibid. It was further stated that in view of amendment made vide notification dated 1 April 2003, the royalty is required to be paid by the end of the following month. The reply of the Department was not tenable as the case pertains to the period prior to April 2003.

The matter was reported (December 2003) to Government; their reply has not been received till September 2004.

8.4.4 As per Rule 9 of PNG Rules, 1959 every licence shall be effective from the date specified in this behalf in the licence.

In Jaipur, it was noticed that a Corporation had applied in March 1997 for a PEL in 5,390 sq. km. area in Jaisalmer district. PEL fee for the first year was paid on 31 May 1997. PEL was sanctioned in August 1999 with effect from 1 June 1997. However, Government in June 2001 changed the date of commencement of PEL from 1 June 1997 to 21 August 1999 being date of sanctioning of the PEL. Due to change in date of commencement, Corporation paid Rs.32.34 lakh towards PEL fee upto fourth year after making adjustment of Rs.2.59 lakh of the PEL fee paid earlier for the period 1 June 1997 to 31 May 1999. It means that the licensee worked in the area without payment of PEL fee for the period from 1 June 1997 to 20 August 1999. In addition to above, change in date of commencement effected the rate of PEL fee from year to year. As change in the date of commencement of PEL was irregular, PEL fee for the fourth year was to be paid on 31 May 2000. Delay in payment

of PEL fee attracted payment of dues increased by 10 *per cent* for each month. However, Department did not raise the demand of PEL fee Rs.0.68 crore (Rs.1.03 crore due – Rs.0.35 crore paid) as well as of increased amount of Rs.1.62 crore aggregating to Rs.2.30 crore for the period from 1 June 2000 to 31 May 2003. Thus, failure of Department in raising the demand resulted in non-recovery of Rs.2.30 crore.

After this was pointed out (October 2003), the Department stated in July 2004 that effective date has been changed by State Government. Reply of the Department is not tenable in view of clarification given by Government of India in January 2000 in another case (PEL of Bankiya Tiba) of licensee to the effect that the date of commencement of PEL shall be from the date on which PEL fee is paid by the licensee. The licensee has worked in the area since 1 June1997. Thus the company is liable to pay PEL fee from 1 June 1997 and increased amount accordingly.

The matter was reported (December 2003) to Government; their reply has not been received till September 2004.

8.4.5 In Jaipur, it was noticed that a PEL was sanctioned in January 1996 by Government in favour of a Corporation for a period of four years with effect from 15 May 1995 covering an area of 10,558 sq. km. in Barmer and Jalore districts. The period of PEL was extended from time to time up to 14 May 2002 and finally it was extended in August 2002 from 15 May 2002 to 14 May 2005 by the Central Government.

Payment of PEL fee amounting to Rs.29.82 lakh due on the area covered by licence in the extended period of eighth year 15 May 2002 to 14 May 2003 made on 22 November 2002 was delayed by seven months by the Corporation. Delay in payment attracted levy of increased amount which worked out to Rs.20.87 lakh for which demand was not raised by Department. The omission resulted in non-realisation of Rs.20.87 lakh.

After this was pointed out (October 2003) the Department intimated in November 2003 that due to delay in taking decision of extension by Government, PEL fee was deposited late by the Corporation. The reply is not tenable as the PEL fee was required to be deposited in advance in accordance with the provision of Rules 11(2).

The matter was reported to Government in December 2003; their reply has not been received till September 2004.

8.5 Loss of revenue due to unauthorised excavation

8.5.1 Major Minerals

Under Mines and Mineral (Regulation and Development) Act, 1957, no person shall undertake any mining operation without any lawful authority. In case of

unauthorised extraction, the mineral so extracted may be recovered by State. If the mineral has been disposed of, the price, rent, royalty or tax as the case may be, is recoverable from such person.

In Ajmer it was noticed that the premises of a firm, was inspected by departmental officers five times between January 2001 and August 2001. In the said inspections it was noticed that 1002.400 MT of mineral wollastonite was lying within the premises unauthorisedly. Cost of mineral worked out to Rs.8.02 lakh at the rate of Rs.800 per tonne alongwith royalty of Rs.0.80 lakh, was thus recoverable. As against recoverable amount of Rs.8.82 lakh the Department served a notice in August 2001 to deposit an amount of Rs.3.20 lakh for 400 MT mineral which was, however, not paid by the party.

After this was pointed out (July 2002) the Department raised demand of Rs.8.82 lakh and initiated recovery proceedings under Land Revenue Act 1956, in April 2003. Further progress is awaited.

Government confirmed in September 2004 the reply of the Department.

8.5.2 Minor Minerals

Under Rajasthan Minor Mineral Concession Rules, 1986 whenever any person in contravention of the terms and conditions of the mining lease/quarry license, short term permit or any other permit raised any mineral from any land and for that purpose bring on the land any tool, equipment, vehicle or other thing such mineral, tool, equipment, vehicle or other thing may be seized by the mining authorities. Rules further provide that where mineral so raised has already been despatched or consumed, the authorities may recover cost of the mineral alongwith rent, royalty or mineral excavated which will be computed as 10 times of the royalty payable at the prevalent rates. As per circular (December 2000) of the Department in case lime stone is used as a major mineral, then royalty is to be charged at a rate of Rs.40 per tonne.

- In Ajmer it was noticed that two mining leases one near Sheopura (Ajmer) and other near Nimbeti (Pali) under the jurisdiction of Mining Engineer (ME) Ajmer and Mining Engineer, Sojat City respectively were sanctioned. Lime-stone of both the mines was being used by a company in its cement plant at Sheopura. From the assessment records of Sheopura lease it was observed that lessee consumed 2.04 lakh M.T lime stone of Nimbeti mines during September 2001 to November 2001 for manufacturing cement. An examination of the records of ME, Sojat (Pali) revealed that company had a closing stock of 15782 M.T. of Nimbeti lime stone as on 31 August 2001. Further, 1.17 lakh M.T. lime stone was despatched from Nimbeti mines to the plant during September to November 2001. Thus the company consumed 2.04 lakh M.T. lime stone of Nimbeti mines against the total availability of 1.33 lakh M.T. lime stone resulting in excess consumption of 0.71 lakh M.T. lime stone received un-authorisedly. Department was therefore required to recover Rs.2.87 crore towards cost of 0.71 lakh M.T. lime stone at the rate Rs.400 per M.T. but no action was initiated. This resulted in non-realisation of revenue of Rs.2.87 crore.

After this was pointed out in May 2003 the Mining Engineer Ajmer stated in June 2003 that the details of Nimbeti mines have been asked for in the matter.

The matter was referred to Department (July 2003) and to Government (October 2003); their reply has not been received till September 2004.

- In Dholpur, it was noticed (July 2002) that a short-term permit was issued in November 2000 to a firm. The permit was issued for the period of one year from 26 February 2000 for 12,075 cu. m. of brick earth at the yearly royalty of Rs.72,452. After expiry of permit in February 2001, the licensee did not apply for renewal but continued unauthorised excavation till 25 December 2001. Unauthorised excavation of brick earth resulted in loss of revenue of Rs.6.04 lakh based on 10 times of royalty. The Department adjusted security deposit of Rs.0.30 lakh. However, balance of Rs.5.74 lakh is recoverable as of now.

After this was pointed out in July 2002, the Department stated in July 2004 that demand has been raised. Action is being taken to recover the amount under Land Revenue Act.

Government to whom the matter was reported in September 2003 confirmed in August 2004 the reply of the Department.

8.6 Short recovery of development charge and interest thereon

Government in 1 June 1990 levied development charge on mineral gypsum, despatched or sold at the rate of Rs.15 per metric tonne which was revised to Rs.30, Rs.50 and Rs.55 per metric tonne with effect from 1 May 1992, 1 June 2000 and 1 October 2001 respectively. Further, Rule 64(A) of Mineral Concession Rules, 1960 provides simple interest at the rate of 24 *per cent* per annum on any rent, royalty or fee or other sum due to government from sixtieth day of the expiry of the due date of payment to the government.

In Bikaner, it was noticed in August 2003, that a mining lease for mineral gypsum was sanctioned in favour of a Corporation for 20 years from 8 May 1996. The lessee despatched 10.62 lakh MT gypsum from the leased area between February 1997 and March 2003 and deposited development charge of Rs.4.24 crore instead of Rs.4.70 crore worked out as per rates prevailing from time to time. Thus, there was a short recovery of development charge of Rs.46 lakh due to non-maintaining of Demand and Collection Register (DCR). Besides, the lessee delayed the payment of development charge which attracted levy of interest. Interest on such delayed payments up to 31 March 2003 worked out to Rs.27.51 lakh. Thus, short recovery of development charge and non-raising of demand of interest resulted in non-recovery of Rs.73.51 lakh.

After this was pointed out (September 2003), the Department stated in July 2004 that an amount of Rs.38.99 lakh has been recovered and action is being taken to recover the balance amount.

The matter was reported to Government in October 2003; their reply has not been received till September 2004.

8.7 Short realisation of royalty

In terms of circular issued by the Director, Mines and Geology, on 5 April 1999, royalty on lime-stone (cement grade) was to be assessed on actual quantity of lime-stone despatched to cement plant from mines through weighto-metre by dispensing the existing system of back calculation. Prior to this circular royalty was assessed on quantity of lime-stone worked out by weighment through weigh bridge or on proportionate consumption in making klinker by back calculation with reference to final production and the quantity of lime stone found higher out of both system was to be taken for calculating royalty. The new system which dispensed with the method of back calculation was introduced from 5 April 1999.

In Ajmer, it was noticed (June 2001) that a mining lease was sanctioned in favour of a company from 28 August 1978 onwards. Royalty assessments for the entire period from 28 August 1997 to 27 August 1999 were finalised erroneously in May 2000 at excess[5] royalty of Rs.11.08 crore on the basis of new system introduced from 5 April 1999 which did not have retrospective effect. The excess royalty in respect of quantity of lime stone consumed was Rs.11.71 crore based on the system of calculation in vogue from time to time during the period from 28 August 1997 to 27 August 1999. The adoption of new system for calculation of royalty for the entire period instead of from 5 April 1999 resulted in under assessment of royalty amounting to Rs.63.70 lakh.

After this was pointed out (August 2001) the Department reassessed (August 2003) the excess royalty of Rs.11.91 crore for the period 28 August 1997 to 27 August 1999 and created an additional demand of Rs.83 lakh.

The matter was reported in October 2003 to the Government; their reply is awaited (October 2004).

[5] Excess royalty means total royalty-minus dead rent.

8.8 Irregularity in consideration of tenders resulted in loss of revenue

Under Rajasthan Minor Mineral Concession Rules, 1986, royalty collection contract may be granted by calling tender. Successful tenderer is required to deposit the tender amount within two days of opening of tender.

In Kota, it was noticed that tender for royalty collection contract for the period 2003-05 for mineral *sand* in five revenue tehsils[6] of Baran district were called for and opened on 31 January 2003. Highest tenderer who offered Rs.19 lakh per annum was provisionally selected. However, Director (Mining) rejected the tenders on 13 March 2003 as the contractor had failed to deposit the tender amount within the prescribed period and collected royalty departmentally through *Naka*. The contractor filed an appeal in the Court of Special Secretary (Mines) to Government who rejected on 10 April 2003 the Director's order stating that the DMG failed to exercise the correct and fair procedure in allowing time to the above contractor. However, contract was finally executed on 8 August 2003. Royalty of Rs.0.67 lakh was only realised departmentally as against Rs.6.70 lakh realisable through contract from 1 April 2003 to the date of execution of contract on 8 August 2003. Thus delay on the part of department in execution of the agreement resulted in a loss of Rs.6.03 lakh to the Government

The matter was reported to the Department and to the Government in October 2003. Final reply has not been received (October 2004).

JAIPUR,
The 23 MAR 2005

(D. S. NEHRA)
Accountant General
(Commercial & Receipt Audit), Rajasthan

Countersigned

28 MAR 2005

NEW DELHI,
The

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

[6] Baran, Mangrol, Kishanganj, Anta and Shahabad

Annexure-A
(Refer paragraph 1.14)

Position of paragraphs which appeared in the Audit Reports and those pending discussion as on 30 September 2004:

Name of Tax		2000-01	2001-02	2002-03	Total
Taxes on Sales, Trade etc.	Paras appeared in the Audit Report.	12	10	15	37
	Paras pending for discussion	-	-	15	15
Taxes on Motor Vehicles	Paras appeared in the Audit Report.	8	7	7	22
	Paras pending for discussion	8	7	7	22
Land Revenue	Paras appeared in the Audit Report.	4	1	2	7
	Paras pending for discussion	-	-	2	2
Stamp duty and Regis-tration fee	Paras appeared in the Audit Report.	5	4	1	10
	Paras pending for discussion	5	4	1	10
State Excise	Paras appeared in the Audit Report.	7	5	5	17
	Paras pending for discussion	-	-	5	5
Lands and Buildings Tax	Paras appeared in the Audit Report.	1	4	3	8
	Paras pending for discussion	1	4	3	8
Mining	Paras appeared in the Audit Report.	6	9	8	23
	Paras pending for discussion	-	9	8	17
Others	Paras appeared in the Audit Report.	2	5	4	11
	Paras pending for discussion	-	5	4	9
Total	Paras appeared in the Audit Report.	45	45	45	135
	Paras pending for discussion	14	29	45	88

Annexure-B
(Refer paragraph 1.14)

The position of outstanding ATNs due from the department as on 30 September 2004.

Sl. No.	No. of PAC Report	Date of presentation in Assembly	Name of department	Year of Audit Report	No. of ATNs due
1.	41st Report of 1991-92	18.9.91	Lotteries	1983-84	1
2.	42nd Report of 1999-2000	31.3.2000	State Excise	1991-92	1
3.	44th Report of 1999-2000	31.3.2000	State Excise	1993-94	4
4.	134th Report of 1997-1998	1.7.2002	Mines	1997-98	3
5.	135th Report of 1998-1999	1.7.2002	Mines	1998-99	3
6.	210th Report of 2003-2004	22.7.2003	Devasthan	1997-98	16
7.	218th Report of 2003-2004	8.8.2003	Forest	2000-01	6
8	219th Report of 2003-2004	8.8.2003	Irrigation	1998-99 to 2000-01	9
9.	65th Report of 2004-2005	19.7.2004	Sales Tax	1999-2000	3
10.	75th Report of 2004-2005	19.7.2004	Sales Tax	2000-01	5
	Total				**51**