

OVERVIEW

This Report contains 42 paragraphs including one Performance Audit involving ₹ 272.49 crore. Some of the significant audit findings are mentioned below:

I. General

The total revenue receipts of the Government of Rajasthan during 2015-16 were ₹ 1,00,285.12 crore as against ₹ 91,326.91 crore for the year 2014-15. The revenue raised by the Government amounted to ₹ 53,640.79 crore comprising tax revenue of ₹ 42,712.92 crore and non-tax revenue of ₹ 10,927.87 crore. The receipts from the Government of India were ₹ 46,644.33 crore (State's share of divisible Union taxes of ₹ 27,915.93 crore and grants-in-aid of ₹ 18,728.40 crore).

(Paragraph 1.1)

Inspection Reports (IRs) issued up to December 2015 disclosed that 9,129 paragraphs involving ₹ 3,180.58 crore relating to 3,127 IRs remained outstanding at the end of June 2016.

(Paragraph 1.6)

II. Taxes/VAT on Sales, Trade, etc.

A paragraph on 'Assessment and Collection of Tax under the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999' disclosed the following:

- Non-utilisation of information available with Department resulted in non-levy of entry tax of ₹ 7.87 crore including interest of ₹ 1.96 crore.

(Paragraph 2.4.4)

- Absence of mechanism for sharing information with other States resulted in non-levy of entry tax of ₹ 4.78 crore including interest of ₹ 1.36 crore.

(Paragraph 2.4.5)

Irregular allowance of partial exemption from tax of ₹ 83.65 crore to North-Western Zone, Jaipur of Indian Railways based on clarification issued by the Finance Department rather than notification required to be issued as per Section 8(3) of the Rajasthan VAT Act, 2003.

(Paragraph 2.5)

Application of incorrect rate of tax on sale of goods *i.e.* Leaf Spring and 'Branded Potato Chips' resulted in short levy of tax amounting to ₹ 1.11 crore besides interest of ₹ 40.39 lakh.

(Paragraph 2.6.1 and 2.6.2)

Excess allowance of subsidy under Rajasthan Investment Promotion Scheme, 2003 resulted in excess grant of subsidy of ₹ 2.95 crore to a dealer besides recoverable interest of ₹ 1.33 crore.

(Paragraph 2.9)

The Assessing Authorities failed to impose penalty of ₹ 3.82 crore on five dealers for misuse of declaration forms.

(Paragraph 2.14.1 and 2.14.2)

III. Taxes on Vehicles, Goods and Passengers

A paragraph on 'Control of Transport Department on Plying of Goods Vehicles' disclosed the following:

- Out of 3,36,675 goods vehicles having National Permit, 22,439 vehicles were found without renewal of authorisation. The amount of composite and authorisation fees involved in these cases amount to ₹ 38.32 crore.

(Paragraph 3.4.4.1)

- In respect of 1,579 goods vehicles, taxes for the period from April 2012 to March 2015 were not paid by the owners of these vehicles. However, the taxation officers did not initiate any action to realise the tax due. This resulted in non-realisation of tax and surcharge amounting to ₹ 3.63 crore.

(Paragraph 3.4.5.1)

- In respect of 765 special category goods vehicles, taxes were not paid by the owners of these vehicles. However, the taxation officers did not initiate any action to realise the tax due. This resulted in non-realisation of tax and surcharge amounting to ₹ 2.85 crore.

(Paragraph 3.4.5.2)

- Analysis of the data available in VAHAN revealed that the Certificate of Fitness in respect of 1,74,264 goods vehicle registered within 15 years under transport category had not been renewed during the period 2012-13 to 2014-15. Apart from not monitoring the realisation of revenue of ₹ 1.74 crore, the plying of vehicles without valid FCs was not ensured, thus compromising the safety norms.

(Paragraph 3.4.6)

- There was no mechanism for monitoring the challans issued by the Enforcement Wing of the Department. No register for the purpose was maintained in these offices.

(Paragraph 3.4.7)

Penalty of ₹ 2.31 crore was not/short realised on late deposit of special road tax and surcharge by fleet owner.

(Paragraph 3.5)

Motor vehicle tax and special road tax of ₹ 8.04 crore in respect of 2,204 vehicles for the period between April 2011 and March 2014 were either not paid or paid short.

(Paragraph 3.6)

IV. Land Revenue

A land situated on Govindgarh-Malikpur main road and adjacent to National Highway number 11 was allotted to Rajasthan Co-operative Dairy Federation Limited for establishment of Metro Dairy. The Department recovered the cost of land and lease rent at the rate of ₹ 9.14 lakh per *bigha* prescribed by District Level Committee for un-irrigated agricultural land situated away from National Highway/State Highway/main road instead of ₹ 14.11 lakh per *bigha* for agricultural land situated on National Highway/State Highway/main road. This resulted in short levy of cost of land of ₹ 3.92 crore.

(Paragraph 4.4.2)

A land measuring 75 hectares was allotted to the Rajasthan Small Industries Corporation Limited (RAJSICO) for 99 years on lease basis for establishment of Inland Container Depot with the condition that the depot should be established within a period of two years from the date of issue of lease deed. RAJSICO had neither established the depot within the prescribed period nor was any permission to extend the period granted. However, the concerned authorities did not take any action to revert the land to the Government. This resulted in non-reversion of land of ₹ 33.41 crore.

(Paragraph 4.5.2)

In 115 cases, agricultural land was used for non-agricultural purposes without obtaining permission for change of land use. In 79 cases, the Department did not take any action for recovery of premium and four times the conversion charges which resulted in non-recovery of ₹ 1.66 crore and in 36 cases, the conversion charges were short recovered to the extent of ₹ 90.56 lakh.

(Paragraph 4.7)

V. Stamp Duty and Registration Fee

A paragraph on 'Coordination between Public Offices and Sub-registrar Offices relating to Stamp Duty and Registration Fee' revealed the following shortcomings.

- In 56 cases immovable properties valued at ₹ 1121.69 crore were contributed as share contribution by the partners in the partnership firms. However, it was noticed that SD of ₹ 0.28 lakh only was paid on these partnership deeds instead of five *per cent* on market value of such properties. This resulted in short levy of SD of ₹ 67.30 crore including surcharge.

(Paragraph 5.4.5.1)

- Rajasthan Industrial Investment Corporation (RIICO) had allotted/sold three plots to entrepreneurs. The allotment cost of these plots was ₹ 25.55 crore on which SD of ₹ 1.53 crore was chargeable. However, lease deeds were not executed/ registered though possession of the land was given to the purchasers. Persons-in-charge of RIICO offices had neither taken any action for execution of lease deeds nor intimated the Collector (Stamps) about the transactions.

(Paragraph 5.4.6.1)

- It was noticed that 15 concession agreements were executed on Built Operate and Transfer basis during the years 2002 to 2015 between National Highway Authority of India (NHAI) and various contractors/ concessionaires/consultants for the National Highway projects situated in Rajasthan. NHAI had neither sent the copies of concession agreements to the concerned DIGs (Stamps) to ensure levy of SD on concession agreements nor had impounded the documents. This resulted in short levy of SD of ₹ 36.48 crore including surcharge.

(Paragraph 5.4.7)

Due to breach of conditions mentioned in the Rajasthan Investment Promotion Scheme, 2010 or lack of eligibility, the beneficiaries were liable to refund the SD and surcharge of ₹ 1.46 crore.

(Paragraph 5.6)

It was noticed that 64 documents were registered as sale deeds pertaining to agricultural/ commercial/industrial/residential land. The concerned sub-registrars had assessed the market value of properties on lower side for various reasons. This resulted in short levy of SD and RF of ₹ 6.08 crore due to undervaluation of immovable properties.

(Paragraph 5.10)

VI. State Excise

A Performance Audit on ‘**Functioning of Distilleries, Breweries and Bottling Plants engaged in production of Beer/Liquor under the State Excise Act**’ disclosed the following:

- Licence fee of ₹ 2.15 crore for wholesale vend of Country Liquor (CL) was not levied on distilleries and bottling plants which were manufacturing and vending CL and Indian Made Foreign Liquor (IMFL) in wholesale from the place of manufacture.

(Paragraph 6.4.7.2)

- Due to delay in fixing the norms for quantity of spirit to be produced per quintal of grain, the Department had to forego revenue of ₹ 180.80 crore.

(Paragraph 6.4.7.3)

- The distilleries and bottling plants produced spirit, IMFL and CL more than the quantity prescribed in the consent to operate. No permission to regularise the excess daily production was taken by the units from the Rajasthan State Pollution Control Board or the Department. The Department failed to monitor the production of alcohol over and above the daily/annual prescribed capacity.

(Paragraph 6.4.7.4)

- The delay in issue of approval by the Department for destruction or sale of closing stock of spirit/liquor of a closed unit resulted in blockade of ₹ 2.98 crore due to the State exchequer.

(Paragraph 6.4.7.10)

- The Department did not prescribe (July 2016) the norms for beer production despite the recommendation made (June 2014) by the committee constituted by Excise Commissioner.

(Paragraph 6.4.8.1)

- The Department had not examined the variation in the percentage of wastage taken by the breweries and that prescribed in the rules which had direct impact on the production figures and hence on the revenue collection.

(Paragraph 6.4.8.2)

VII. Non-Tax Receipts

A paragraph on 'Allocation of Mines in Rajasthan' disclosed the following:

- Mining leases numbering 1,610 were granted out of 71,688 applications processed during 2012-15. The remaining applications were either rejected (55,238), became ineligible (13,977) or were withdrawn (863). 1,749 applications out of 13,977 applications declared ineligible were pending for more than five years as against 12 months prescribed in the rules.

(Paragraph 7.4.8)

- In 315 out of 382 cases, the applications were not finalised in accordance with their date of receipt *i.e.* first come first serve. Out of these, in 114 cases, the priority was broken at draftsman level.

(Paragraph 7.4.10)

- In 277 out of 382 cases, the applicants did not respond to the notices within the stipulated time of 30 days. The delay in responding to notices ranged between 1 and 1,967 days. In spite of this, the leases were granted without specifying any reasons.

(Paragraph 7.4.11.1)

- Applicants were granted leases without fulfilling the requirement of furnishing of mandatory documents. In 32 cases, the signatures on application forms and affidavits did not match with the documents furnished. In 29 cases, two persons (one person in 14 cases and another person in 15 cases) other than the applicants participated in the joint demarcation of the applied area without any 'power of attorney'. Further, out of 38 notices issued for furnishing the documents by Mining Engineer (ME) Rajsamand-II, 31 notices were received by persons other than applicants and replies to 34 notices were given by persons other than the applicant.

(Paragraph 7.4.12)

- The State Government restricted (25 September 1999) grant of mining leases of minor minerals in tribal areas to non-tribal persons. The ban was withdrawn for the period from 5 February 2008 to 3 July 2009. 16 applicants applied between 22 April 2009 and 1 May 2009 for mining lease. The Government directed (March 2011) that no new mining leases for minor minerals would be sanctioned in tribal areas and cases wherein

Letter of Intent (LoI) had already been issued prior to 3 July 2009 may be processed with the prior approval of Government. The ME, Banswara, however, processed these 16 cases and issued LoIs in March 2012.

(Paragraph 7.4.13)

- In 53 cases, sanctions were issued between 17 September 2013 and 18 October 2013 for additional strip to licence holders in contravention of the Ministry of Environment and Forest notification dated 9 September 2013.

(Paragraph 7.4.19)

Undue benefit to lease holders due to incorrect computation of the mineral excavated from leased areas resulted in non-raising/non-recovery of cost of unauthorised excavated mineral of ₹ 10.93 crore.

(Paragraph 7.5.1)

Non-raising/non-recovery of ₹ 1.14 crore of cost of unauthorised excavated mineral from the gap strip.

(Paragraph 7.5.2)

Non-finalisation of assessment resulted in short recovery of royalty of ₹ 8.67 crore as a Company paid royalty on despatch of mineral rock phosphate after deduction of moisture content which was not in accordance with rules.

(Paragraph 7.6)

Non-payment of royalty of ₹ 1.38 crore on associated minerals due to non-disclosure of production by the lessee.

(Paragraph 7.7)