

Executive Summary

This Report of the Comptroller and Auditor General of India relates to matters arising from compliance audit of Government Departments, Autonomous Bodies and Public Sector Undertakings of the Government of Rajasthan. Compliance Audit refers to examination of the expenditure and revenue of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the authorities are being complied with.

This Report is in two parts. **Part-I** discusses the audit findings related to the State Government Departments and **Part-II** discusses the audit findings related to State Public Sector Undertakings and Autonomous Bodies. This Report contains 11 Paragraphs involving ₹ 58.12 crore. Some of the significant audit findings are mentioned below:

Part-I: Compliance Audit Observations relating to State Government Departments

This Part contains eight paragraphs involving ₹ 41.19 crore which includes two Subject Specific Compliance Audits, *i.e.* 'Audit of **VAHAN** and **SARATHI** applications' and 'Administration of Short Term Permits - Mining Department', and other compliance audit paragraphs of Transport Department, Mines and Geology Department and Public Health Engineering Department.

A synopsis of key findings contained in this Report is presented below:

Transport Department

Audit of VAHAN and SARATHI applications

The **SARATHI** and **VAHAN** applications were introduced in Rajasthan in September 2009 and October 2009, respectively, to enhance the efficiency of the Transport Department's operations. An audit was conducted to assess the utilisation and effectiveness of these applications. The Audit analysed dump data encompassing 10.14 lakh cases of **VAHAN** and **SARATHI** usage from April 2016 to March 2021 in Rajasthan State, covering all vehicles except two and three-wheelers, using IDEA software.

It was observed that data entry errors had occurred, resulting in incorrect entries in **VAHAN**. In 119 cases, registration dates were recorded prior to vehicle purchase dates, indicating vehicles were registered one to 74 days before the purchase date. Furthermore, the gross vehicle weight of 15,584 vehicles was inaccurately entered, *i.e.* 15,570 vehicles displayed a weight ranging from zero to three kilograms, while 14 vehicles were assigned weights exceeding one lakh kilograms. Additionally, the Transport Department registered 712 vehicles with duplicate chassis or engine numbers. Data analysis of **SARATHI** revealed that 166 learner licences were issued to persons below the age of 18 years in contravention of the rules. It indicates that checks were not effective to prevent such irregularities.

It was also found that business rules were also not mapped with software which resulted in cases of short realisation of registration fees and hypothecation fees.

Pollution Under Control (PUC) certificates for 1,677 Bharat Stage (BS)-III vehicles were issued for less than six months and 21,429 vehicles for more than six months, contrary to the prescribed six-month validity. PUC certificates for 3.83 lakh BS-IV and BS-VI vehicles were issued for less than one year, and 3,310 vehicles were issued certificates exceeding one year, deviating from the required one-year period.

The Transport Department acknowledged the audit findings, accepting the need to enhance the accuracy of data within VAHAN and SARATHI applications. Plans to incorporate business rules into the system were also acknowledged, reflecting a commitment to improve accuracy.

In conclusion, the audit highlighted areas of concern within the VAHAN and SARATHI implementation in the Transport Department.

Audit recommended that the Government/Department may consider:

- 1. Rectifying the data entry errors to maintain the system credibility and accuracy;***
- 2. Taking appropriate actions to rectify the situation, including identifying and rectifying any systemic weaknesses;***
- 3. Ensuring the reliability of the data within the VAHAN, it is crucial to rectify the cases identified by the Audit and address any other similar irregularities. This will help maintain the integrity and accuracy of the data;***
- 4. Evolving a system to issue PUC certificate strictly according to the provisions of Central Motor Vehicle Rules;***
- 5. Assessing the utility of the various modules, as it aligns with the objectives of VAHAN, aiming to establish uniform standards for documents related to vehicles and drivers at a pan-India level to ensure interoperability and***
- 6. Reviewing the system to improve input and validation control for the accuracy of data. A change management protocol, with clear responsibilities and roles to ensure that business rules are updated promptly in the system, is also required to be devised.***

Audit of 12 units of Transport Department was also conducted during the year. The major irregularities noticed are as follows:

- Motor vehicle tax amounting to ₹ 3.37 crore in respect of 680 vehicles was not paid by vehicles owners. The Department, however, did not initiate action to realise the dues.
- One Time Tax amounting to ₹ 0.50 crore was not paid in respect of 81 vehicles. The taxation officers, however, did not initiate action to realise the tax due.
- Lump-sum tax amounting to ₹ 2.07 crore was not deposited by owners of 301 vehicles. The taxation officers, however, did not initiate action to realise the tax due.

Mining Receipts

Administration of Short Term Permits

Short-term Permits (STP) are granted for excavation and removal of specified quantity of mineral from a specified area within a specified period for executing works of Government, Semi-Government, Local Body, *Panchayati Raj* Institution or Organizations aided or funded by the Government. A Subject Specific Compliance Audit on 'Administration of Short-term Permits' was conducted for the period April 2018 to March 2021. Nine offices of Mining Engineers (ME)/Assistant Mining Engineers (AME) were selected for audit.

Scrutiny of records of these offices revealed that despite instructions for receipt of applications and issue of STPs through online system, 491 out of 550 applications were received in physical form through offline system at the office of one Mining Engineer. Further, none of the nine selected offices issued e-STPs. It was found that none of the selected STP holders had submitted online returns for royalty determination though directions were issued by the Director of Mines and Geology. The authorities concerned also did not initiate action for ensuring submission of e-returns since no penal provision was prescribed.

Further, 46 STPs were irregularly issued without advance deposit of due amount of ₹13.20 crore. It was noticed that out of 492 STPs selected for test-check, records were not submitted by the 127 STP holders for assessment of the royalty even after the stipulated date of completion of works. The delays ranged between two to 40 months, involving work orders amounting to ₹ 411.23 crore. Further, assessments were not done diligently of 38 STPs which resulted in non-raising of demand of the cost of illegally consumed mineral. It was noticed that out of 3,757 works, 2,857 works were executed without obtaining STPs amounting to ₹ 368.81 crore.

Audit recommended that the Government/Department may consider:

- 1. Providing an online checklist for scrutiny of the applications along with enclosed documents and timely online disposal thereof to improve efficiency, transparency and documentation, which all will also aid in monitoring. The responsibility needs to be fixed on erring officials for accepting blank/unsigned applications;***
- 2. Introducing effective checks in the online system to catch non-payers of royalty/fee, etc. and responsibility should be fixed on erring officials;***
- 3. Inserting provisions in the Rules for submission of online return by STP holders and penalty provision for non-submission of the return. Online submission of details of STPs would provide transparency and it would also play a deterrent role against leakage of revenue;***
- 4. Developing a module for the online assessment of STPs, aimed at preventing revenue leakage arising from manual assessments;***

5. ***Conducting training sessions for the assessing authorities and staff to ensure accurate and error-free assessments and***
6. ***Expediting the compliance of the State Governments directions to link the web-site of Mines Department with the web-sites of the Works Departments and Panchayati Raj Institutions to avoid execution of works without STPs.***

Audit was also conducted of 21 offices of Mines and Geology Department during the year. It was noticed that the Department irregularly issued brick earth permit and failed to prevent the permit holder from excavating brick earth beyond the permitted depth. This resulted in illegal excavation and consumption of 0.46 lakh MT brick earth involving cost of ₹ 1.16 crore.

Public Health Engineering Department

The major irregularities noticed during audit of Public Health Engineering Department (PHED) are as follows:

- PHED failed to recover ₹ 2.27 crore from a contractor due to release of security against fake Bank Guarantee and ineffective communication among its Division Offices.
- Over payment of price variation claims of ₹ 17.04 crore by PHED occurred due to adoption of incorrect indices, non-monitoring of declining trend of indices and lack of effective internal control.

Part-II: Compliance Audit relating to State Public Sector Undertakings and Autonomous Bodies

This part of the Report contains three paragraphs involving ₹ 16.93 crore, including a Thematic Audit on the “**Functioning of Rajasthan Electricity Regulatory Commission**” (an Autonomous Body) and two compliance audit paragraphs highlighting important audit findings emerging from test-check of transactions of the State Public Sector Undertakings.

Rajasthan Electricity Regulatory Commission

Functioning of Rajasthan Electricity Regulatory Commission

The Rajasthan Electricity Regulatory Commission (RERC) could not enforce timely submission of tariff and Annual Revenue Requirement (ARR) applications from the entities under its regulation as there was no effective mechanism for its timely compliance and there were significant delays, ranging from 11 days to 428 days, in the submission of these applications. Additionally, the RERC itself exceeded the stipulated timeframes for issuing tariff orders. The proper implementation of the True-up mechanism for ARR on an annual basis was also not effectively ensured by the RERC. These delays were often caused by incomplete information or data provided by the regulated entities, further exacerbating the timely issuance of orders.

The RERC overlooked the directives of National Tariff Policy (NTP) 2016 which discourages creation of regulatory assets, and continuously allowed addition of

revenue gap to distribution licensees without ensuring efficiency improvements, which could have resulted in reducing the electricity costs for consumers in future.

The approach of RERC in allowing Return on Equity (ROE) in ARR and their truing up lacked consistency as it did not adopt a uniform and rational approach in permitting ROE in ARRs and their true-ups. There were shortcomings in monitoring mechanism as regards power purchase agreements, Renewal Purchase Obligation (RPO) compliance as well as examination of Standard of Performance (SOP) reports. The RERC also did not prescribe automatic payment of compensation mechanism for 16 guaranteed standard of services in SOP Regulation 2021.

Audit recommended that the RERC may consider:

- 1. Laying down and exercising of necessary penal provisions through relevant regulations to ensure strict compliance with the regulations;*
- 2. Ensuring stricter adherence to the prescribed timelines for furnishing applications by the licensees and determination of tariff as well as approval of ARR;*
- 3. Taking stricter measures to improve efficiency of distribution licensees and allowing revenue gap only in exceptional circumstances;*
- 4. Adopting universal and transparent mechanism to allow ROE, and strengthening the monitoring mechanism as regards power purchase agreements, RPO compliance and SOP reports and*
- 5. Extending the automatic payment of compensation against valid complaints for all guaranteed services.*

Draft Paragraphs

Rajasthan State Mines and Minerals Limited

The contractor appointed by the Company defaulted in generation of minimum guaranteed electricity. The Company instead of taking action for the defaults, extended undue relaxations to the contractor without safeguarding its financial interests. The Company, despite suffering generation loss of 190.60 lakh units, failed to recover applicable compensation amounting to ₹ 9.69 crore from the defaulting contractor for 2015-2021.

Rajasthan Rajya Vidyut Prasaran Nigam Limited

The Company raised demand for two line-bays without assessing viability/feasibility of the transmission line concerned. Inordinate delay in awarding the line work attracted idle payment of transmission charges worth ₹ 7.24 crore.

