

CHAPTER-II: Compliance Audit

Factories and Boilers Inspection Department

2.1 Implementation of Safety, Health and Welfare provisions for the Factory Workers

The Factories and Boilers Inspection Department was setup in 1971 for enforcement of the various provisions regarding safety, health and welfare as enacted in the Factories Act, 1948 and rules made thereunder. The Department did not have effective mechanism in place to ensure compliance with safety, health and welfare standards by the factory owners. The Inspecting officers failed to conduct the allotted inspections. Safety training was provided to a few workers. Essential equipment were not available with officials. The meetings of various crisis groups formed for managing crisis situations in case of chemical accidents were not conducted as per the prescribed time. Joint Inspection of factories revealed non-compliance of safety, health and welfare standards such as non-fencing of machine with moving parts, non-providing of personal protective equipment to workers, non-check-up/medical examination of workers, non-availability of firefighting facilities, crèches, toilets and first-aid facilities at factories in violation of provisions of the Act and Rules.

The Department did not take any action to enforce compliance with the Act and also failed to file prosecution cases against factories for violation of these standards.

2.1.1 Introduction

Labour/workers are an active factor of production, which play a significant role in the manufacturing process. The State of Rajasthan had 7.06 lakh working factory workers as on 31 March 2022. The number of factory workers increased by 38 *per cent* during the period 2017-18 to 2021-22. The Factories Act, 1948 (Act) and other Rules and Statutes enacted by the Government determine provisions relating to health, safety and welfare of the factory¹ workers.

Section 92 of the Factories Act, 1948 provides that if there is any contravention of any of the provisions of the Act or any rules made thereunder, the occupier and manager of the factory shall each be guilty of an offence and punishable with imprisonment or with a fine which may extend to one lakh rupees or both. If the contravention is continued after conviction, it provides for a further fine which may extend to ₹ 1,000 for each day on which the contravention is so continued.

¹ As per Section 2 (m) of the Factories Act, 1948 'Factory' means any premises including the precincts wherein twenty or more workers are/were working on any day of the preceding 12 months and a manufacturing process is carried out with the aid of power. In case, the manufacturing process was carried out without the aid of power, the Act provided for reckoning any premises as factory where forty or more workers were engaged in the manufacturing process.

The 'Factories and Boilers Inspection Department' (Department) of the Government of Rajasthan was set-up in the year 1971. It inspects factories and boilers to ensure enforcement of the provisions of the Factories Act, 1948, the Boilers Act, 1923 and Rules made thereunder for safety, health and welfare of the workers. The Department has 21 unit offices which are responsible for registration/renewal of factories and regulation of safety, health and welfare provisions in the areas under their control.

2.1.2 Audit Objectives and Audit methodology

2.1.2.1 Audit objectives

The Audit was conducted to assess whether:

- compliance with rules and standards (safety, health and welfare) was ensured through effective implementation and monitoring; and prompt action was taken against the violators;
- adequate efforts were made to raise awareness among stakeholders regarding provisions of safety, health and welfare of factory workers; and
- the departmental setup was adequate to implement the safety, health and welfare provisions of the factory workers.

2.1.2.2 Audit criteria

The Audit criteria to achieve the Audit objectives were derived from the following sources:

- (i) The Factories Act, 1948;
- (ii) The Rajasthan Factories Rules, 1951;
- (iii) The Rajasthan Control of Industrial Major Accident Hazards Rules, 1991;
- (iv) The Chemical Accident (Emergency Planning, Preparedness and Response) Rules, 1996 and
- (v) Circulars and notifications issued under these Acts and Rules.

2.1.2.3 Scope of Audit and Methodology

Audit reviewed the records of the Department for the period from 2017-18 to 2021-22. Audit scrutiny involved review of records of the office of Chief Inspector Factories and Boilers (CIFB), Jaipur and Deputy CIFB, Jaipur along with five² out of 21 unit offices. Audit also conducted Joint Physical Inspection of 60 factories (*Appendix-3*) along with the representatives of the Department between 26 May 2022 and 8 September 2022.

The selection of units and factories for Joint Inspection was based on Random Sampling Method through Interactive Data Extraction and Analysis software. Besides, the records of the office of the Safety Museum and Training Centre,

² Ajmer, Bhilwara, Bundi, Pali and Sikar.

Jaipur (SMTC) and Industrial Hygiene Laboratory, Jaipur (IHL) were also reviewed.

An Entry Conference was held on 11 July 2022 wherein audit objectives and audit methodology were discussed. The Audit observations were reported to the Government on 27 March 2023. An Exit Conference was held on 24 April 2023 with the Deputy Secretary, Labour, ESI and Factories and Boilers Inspection Department. The reply of the Government was received in May 2023 which has been incorporated in the relevant paragraphs.

2.1.3 Audit findings

Objective-1: Whether compliance with rules and standards (safety, health and welfare) was ensured through effective implementation and monitoring; and prompt action was taken against the violators.

Under this objective, non-compliance of safety, health and welfare standards were noticed such as non-fencing of machine with moving parts, non-providing of personal protective equipment to workers, non-availability of firefighting facilities, non-arrangement of exhaust for dust and fumes, non-check-up/medical examination of workers, non-availability of crèches, toilets and first-aid facilities at factories in violation of provisions of the Act and Rules. The Department did not take adequate action to enforce compliance with the Act and also failed to file prosecution cases against factories for violation of safety, health and welfare standards. These issues are discussed in the succeeding paragraphs.

2.1.3.1 Compliance with Safety Standards

The Factories Act, 1948 and the Rajasthan Factories Rules, 1951 direct various measures to ensure safety of workers. The compliance of safety measures provided in Act and Rules is discussed below.

<p>1. Fencing of machine with moving parts</p>	<p>Section 21 of the Factories Act, 1948 provides that the dangerous part of machines <i>e.g.</i> every moving part of a prime mover and every flywheel connected to a prime mover <i>etc.</i> shall be securely fenced by safeguards of substantial construction which shall be kept in position while the parts of machinery are in motion or in use.</p> <p>The records of CIFB disclosed occurrence of five fatal accidents causing death of five workers during 2017-18 and 2021-22 due to non-fencing of machines with moving parts. The clothes of the workers in these cases were caught in moving parts of the machinery.</p> <p>Joint Inspection disclosed that 11 factories (Appendix-4) out of selected 60 factories were non-compliant to the safety norms as the machines and conveyor belts were not properly fenced. The Department had inspected during 2017-18 to 2021-22 seven of these 11 factories and observed violation of rules in three factories. Directions were issued to these factories to secure or fence the moving parts of machinery but there was no follow up</p>
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	<p>process to ensure compliance of directions by the defaulter factories. The Joint Inspection disclosed that these factories remained non-complaint to the directions of the Department.</p>
<p>2. Covering of tanks, pits and openings</p>	<p>Section 33 of the Factories Act, 1948 specifies that every fixed vessel, sump, tank, pit or opening in the ground or in a floor, if it is a source of danger, shall be either securely covered or fenced.</p> <p>Audit noticed that a tragic accident occurred (15 February 2019) at a factory in Bhiwadi resulting in death of a worker due to an uncovered opening on the first floor.</p> <p>The Joint Inspection disclosed that five factories (Appendix-5) were non-compliant to the safety regulations. The slurry tanks, water tanks and openings were not properly secured or covered. The Department had inspected two of these factories and issued (23 April 2018) directions to one factory to properly secure the water tank. The factory, however, did not comply with the directions as was revealed during Joint Inspection.</p>
<p>3. Examination of Hoist, Lifts, Lifting machine, chains and ropes</p>	<p>Section 28 and Section 29 of the Factories Act, 1948 specify that hoist, lifts, lifting machines, chains, ropes and lifting tackles shall be of good mechanical construction, sound material, adequate strength, properly maintained in every factory and shall be thoroughly examined by the competent person³ at least once in every six months. Rule 58 (7) of the Rajasthan Factories Rules, 1951 also provides that every pressure vessel shall be thoroughly examined by a competent person externally once in six months.</p> <p>Audit noticed that the Department did not have a mechanism to monitor the compliance with the <i>ibid</i> provisions by the factory owners except during inspections.</p> <p>The Joint Inspection disclosed that competent persons had not examined lifting machines/pressure vessels in 13 factories (Appendix-6) during the last six months. The Department had inspected six of these factories during 2017-18 to 2021-22 and identified and issued instructions to three factories. However, the factory owners did not comply with the directions of the Department as was evident from Joint Inspection.</p>
<p>4. Personal Protective Equipment (PPE) to workers</p>	<p>Rule 65K of the Rajasthan Factories Rules, 1951 specifies that all workers should mandatorily be provided PPE as required under any of the provisions of the Act or the rules. The occupiers shall require the workers to use such PPE and the same shall be maintained in proper working conditions by the occupier.</p> <p>Audit noticed that 12 accidents occurred in different factories resulting in 10 fatalities during 2017-18 to 2021-22 due to non-use of PPE. The Joint Inspection disclosed that PPE kit (face masks, hand gloves, safety shoes, goggles, and helmets) were not provided to workers in 24 factories (Appendix-7) which included those engaged in manufacturing of wooden items, PVC pipes, saw mills, stone crusher units, ice plants, iron casting, spinning</p>

³ Competent Person means a person or an institution recognized as such by the Chief Inspector for the purposes of carrying out tests, examinations and inspections required to be done in a factory under the provisions of the Factories Act, 1948.

	<p>and weaving mills, etc. The Department inspected 13 factories (between July 2017 and February 2022) and observed non-compliance by five factories but the factories remained non-compliant to the directions. The Department in its reply mentioned general reasons for non-utilization of PPE i.e. workers' discomfort with wearing PPE during their tasks, financial constraints faced by small factories, the poor financial condition of the small factories and the transient nature of the workforce, particularly migrant daily wage workers employed in these small factories.</p>
<p>5. Firefighting facilities</p>	<p>Section 38 of the Factories Act, 1948 provides that all practicable measures should be taken to prevent outbreak of fire and its spread, both internally and externally and to provide and maintain safe means of escape for all persons in the event of a fire and the necessary equipment and facilities for extinguishing fire in every factory.</p> <p>The Joint Inspection disclosed that fire-fighting facilities were not available in eight factories (<i>Appendix-8</i>) and fire extinguishers had expired in six factories (<i>Appendix-9</i>). The Department had inspected (June 2017 to February 2022) 10⁴ of these factories and issued directions to three factories. The Department, however, did not ensure compliance of directions by the factories.</p>
<p>6. Display of safety precautions boards</p>	<p>Section 108 of the Factories Act, 1948 stipulates that in addition to the notices required to be displayed in any factory by or under this Act, there shall be displayed at a conspicuous place in every factory, a notice containing such abstracts of this Act and of rules made thereunder and also the name and address of the Inspector and the Certifying Surgeon.</p> <p>The Joint Inspection disclosed that 29 factories (<i>Appendix-10</i>) did not display safety precaution boards as per the requirement of the Act. The Department had inspected 12 of these factories and issued directions to seven factories. The factories, however, did not comply with the directions as was evident from the Joint Inspection.</p>
<p>7. Safe means of access to workplace</p>	<p>Section 32 of the Factories Act, 1948 provides that in every factory all floors, steps, stairs, passages and gangways shall be of sound construction, properly maintained and shall be kept free from obstructions and substances likely to cause persons to slip. There shall be provided and maintained safe means of access to every place at which any person is at any time required to work.</p> <p>Joint Inspection disclosed that four factories (<i>Appendix-11</i>) lacked proper passage at work place in the factory that could potentially lead to injury to the workers. The Department had conducted six inspections of three of these factories between January 2018 and February 2022 but did not address the issue in inspection reports.</p>

⁴ Four factories where fire extinguisher were expired and six factories where firefighting facility were not available.

Illustrative image is given as under:



Laxmi Udyog (Jaipur)

In Laxmi Udyog, Jaipur workers had to fill the cast with molten iron but workers did not have the safe access to fill the cast safely as found during Joint Physical Inspection.

2.1.3.2 Compliance with Health Standards

Maintaining a sound health is undoubtedly a deep concern for factory workers who are constantly under threat of health hazards in the working environment. Hence, it becomes necessary to concentrate on the health of the workers in the factories. Audit found that health standards were not adhered to by the factories as discussed in the succeeding paragraphs.

The compliance to the provisions relating to Health standards for workers by the factories is discussed below:

1. Cleanliness	<p>Section 11 of the Factories Act specifies that every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance and floors of every work room shall be cleaned at least once in every week by washing, using disinfectant, where necessary, or some other method.</p> <p>The Joint Inspection disclosed lack of cleanliness of workplaces, floors, toilets and walkways in 25 factories (<i>Appendix-12</i>). The Department had inspected 13 out of these 25 factories during 2017-18 to 2021-22 and noticed non-compliance in two factories and instructions were also issued to these factories. The</p>
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	<p>Department, however, did not have records showing follow up of the directions and compliance by the factories.</p>
<p>2. Arrangement of dust and fumes</p>	<p>Section 14 of the Factories Act enjoins upon every factory engaged in manufacturing process generating dust or fume or other impurity of such nature and extent that is likely to be injurious or offensive to the workers, to take effective measures to prevent its inhalation and accumulation in any workroom. If any exhaust appliance is necessary for this purpose, it shall be applied as near as possible to the point of origin of the dust, fume or other impurity, and such point shall be enclosed as far as possible.</p> <p>The Joint Inspection disclosed that 11 factories (<i>Appendix-13</i>) did not implement adequate measures to mitigate the proliferation of dust and fumes, thereby potentially compromising the health of the workers. The Department had inspected five of the 11 factories during 2017-18 to 2021-22 but the inspection reports did not mention about the inadequacy of measures regarding dust and fumes.</p>
<p>3. Separate and adequate numbers of toilets</p>	<p>Section 19 of the Factories Act requires every factory to have sufficient conveniently situated and accessible; and separate enclosed accommodation of latrine and urinal for male and female workers in a clean and sanitary condition at all times. Further, Rule 40 of Rajasthan Factories Rules, 1951 provided that there shall be at least one latrine for 25 workers and where the number of workers employed exceeds 100, it shall be sufficient if there is one latrine for every 25 males up to the first 100, and one for every 50 thereafter.</p> <p>The Joint Inspection disclosed that one factory⁵ at Reengus (Sikar) did not provide separate toilets for five female workers. Another factory⁶ in RIICO Industrial Area, Bagru, did not have adequate toilet facilities for its 255 male workers as only five toilets were available for their use against minimum required number of seven toilets⁷.</p>
<p>4. Medical examination and maintenance of health register</p>	<p>Rule 65-SS of the Rajasthan Factories Rules, 1951 requires medical examination of workers engaged in hazardous process before employment and thereafter every six months to ascertain physical fitness and health status of the person. The details of pre-employment and periodical medical examinations shall be recorded in a health Register in Form No.19.</p> <p>The Joint Inspection of 36 factories engaged in hazardous process⁸ (13 hazardous, 18 dangerous and 5 major accident)</p>

⁵ Jiten Foods and Flavours Pvt. Ltd., Khatu Shyamji Industrial Area, Reengus (Sikar).

⁶ Dileep Industries Pvt. Ltd., RIICO Industrial Area, Bagaru (Jaipur).

⁷ Up to 100 workers- four toilets were required, for next 50 workers-one additional toilet was required. Hence for 255 workers seven toilets were required.

⁸ "Hazardous process" means any process or activity in relation to an industry specified in the First Schedule where, unless special care is taken, raw materials used therein or the intermediate or finished products, bye-products, wastes or effluents thereof would (i) cause material impairment to the health of the persons engaged in or connected therewith, or (ii) result in the pollution or the general environment.

	<p>disclosed that Health Register was not maintained in 13 factories. Further, there was no documentary evidence of medical examination of workers for last six months⁹ in 10 of the 13 factories (Appendix-14). In two factories, the Health Register was maintained but medical examination of workers was not recorded.</p> <p>Audit noticed that the Department had inspected five out of 13 factories (Appendix-15) during 2017-18 to 2021-22. However, directions to maintain the Health Register and conduct medical examination of workers were issued to only one factory which did not comply with the directions. The Department did not take any action against the factory for non-compliance with the directions.</p>
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2.1.3.3 Compliance with Welfare Standards

The Factories Act stipulated welfare standards in and outside the factory premises such as canteens, resting and leisure facilities, accommodation and other amenities for the well-being of workers. The compliance with the provisions is discussed below:

1. Shelters/ Rest Rooms and Lunch Rooms	<p>Section 47 of the Factories Act, 1948 requires every factory (having more than 150 workers) to have adequate and suitable shelters or rest rooms and a suitable lunch room with provision for drinking water for use of the workers.</p> <p>The Joint Inspection disclosed that four factories out of selected 60 factories did not have adequate shelter, rest rooms, and lunch rooms for workers, despite employing more than 150 individuals. The Department had inspected all of these factories during 2017-18 to 2021-22 but inspection reports did not comment upon inadequacy of facilities with respect to <i>ibid</i> provision.</p>
2. Availability of Crèches	<p>Section 48 of the Factories Act, 1948 stipulates that in every factory wherein more than thirty women workers are ordinarily employed there shall be provided and maintained a suitable room or rooms for the use of children under the age of six years of such women.</p> <p>The Joint Inspection disclosed that three factories lacked crèche facility despite employing more than 30 female workers. The Department had inspected (2018-19 to 2021-22) all of these factories but the inspection reports did not mention the number of female workers and availability of crèche facility.</p>
3. First Aid facilities	<p>Section 45 of the Factories Act, 1948 requires every factory to maintain first-aid boxes or cupboards equipped with the prescribed contents to be readily accessible during all working hours. The number of boxes or cupboards shall not be less than</p>

⁹ Last six months were calculated since the date of Joint Physical Inspection.

	<p>one for every 150 workers ordinarily employed at any one time in the factory.</p> <p>During Joint Inspection it was found that seven factories did not have first-aid boxes/cupboards impeding the ability of factories in meeting medical emergencies.</p>
4. CCTV facilities	<p>The Department issued (17 July 2018) directions to factories to install CCTV cameras in vulnerable locations of the factories for monitoring safe workplace. The recording of CCTV may help to arrive at the exact cause and prevent similar accidents in future.</p> <p>The Joint Inspection disclosed non-installation of CCTV cameras by six factories. The Department had inspected two of these factories during May 2018 to December 2020 and issued (September 2019) instructions to install CCTV cameras to one factory. The factory owner, however, had not complied with the instructions.</p>
5. ID Cards	<p>Rule 108 A of the Rajasthan Factories Rule, 1951 requires the Manager of every factory to issue Photo Identity Card (ID) to each worker in Form No 36 within one month from the date of entry into service. The acknowledgements obtained from workers regarding the issued photo identity card were to be produced on demand by the Inspector.</p> <p>The Joint Inspection disclosed that 27 factories had not issued photo ID cards to its workers. The Inspectors had visited 16 of these 27 factories during 2017-18 to 2021-22 but the inspection reports did not mention about the compliance of provisions relating to photo ID cards.</p>

Audit observed that the Department issued non-compliance observations through inspection reports but there was no follow up and monitoring mechanism to ensure that the factory owners complied with the directions of the Department. In absence of an adequate and proper monitoring mechanism, the Department did not take any action to enforce compliance with the Act and also failed to file prosecution cases against factories for violation of safety, health and welfare standards.

The Government stated (May 2023) that instructions had been issued to the factories for compliance with the safety, health and welfare provisions and compliance of the audit objection was received from the factories concerned. However, the reply was silent regarding absence of mechanism to verify the veracity of the compliance reports submitted by factory owners.

Objective-2: Whether adequate efforts were made to raise awareness among stakeholders regarding provisions of safety, health and welfare of factory workers.

Under this objective we found that adequate efforts were not made to raise awareness among stakeholders regarding provisions of safety, health and welfare as training to only a few numbers of workers were provided. In absence

of training the awareness regarding provisions of various provisions could not be ensured. The issue is discussed as under:

2.1.3.4 Training on safety to the workers

Section 111A of the Factories Act, 1948 provides that every worker shall have the right to get trained within the factory wherever possible, or, to get himself sponsored by the occupier for getting trained at a training center or institute, duly approved by the Chief Inspector, where training is imparted for workers' health and safety at work.

The Department had one training centre (Safety Museum and Training Centre-SMTC) for imparting training to workers. The Department had also approved four private institutes/training centres to provide free safety training to workers with the aim of lowering serious or fatal accidents during the period 2017-18 to 2021-22. The SMTC conducted 331 training programmes and imparted training to 8,155 workers during the period 2017-18 to 2021-22.

Audit noticed that SMTC did not set any target or time schedule for providing training to maximum workers in a timely manner. Further, the Department did not have information regarding training programmes conducted by private training centres/institutes or by factory owners and number of workers who benefited from the training programmes. As such, the total number of workers in registered factories who benefitted from the training programmes of SMTC ranged between 0.13 and 0.35 *per cent* during 2017-18 to 2021-22. During Joint Inspection, it was noticed that 20 factories had not imparted training on safety and health to their workers. The meagre number of trainings by SMTC and non-imparting of training by the factory owners shows that the training needs of workers on safety and health largely remained unaddressed by the Department and owners of the factories.

The Government replied (May 2023) that the factory management was responsible to provide training to workers. It did not have data regarding safety training provided to the factory workers. The Department stated that it would make efforts to collect the data through online system and generate awareness through online system.

Recommendation 1: The Government may consider to make provision in the annual return to show the number of factory workers who have been imparted safety training. Further, it may issue necessary directions to the factory owners to impart adequate training to workers.

Objective-3: Whether the departmental setup was adequate to implement the safety, health and welfare provisions for the factory workers.

Audit found that the departmental setup was not adequate to monitor the conduct of inspections by the officials, submission of annual returns by factory owners, holding of regular meetings of State/District/Local Crisis Groups created for managing crisis situations in case of chemical accidents. Further, Audit also noticed slow progress in settlement of cases and unavailability of

sufficient equipment with the inspectors. These issues are discussed as under:

2.1.3.5 System for enforcement of the Safety, Health and Welfare provisions

Section 9 of the Factories Act, 1948 delegated power to the Inspector of the Department to enter into a factory for inspection of the provisions of the Factories Act. A Central Inspection System (CIS) was introduced by the Government of Rajasthan for streamlining the inspections under Business Reforms Action Plan¹⁰ 2017. It is a Single Window System portal to generate all compliance inspections pertaining to the Department. The CIS identifies the Factories/ establishments for inspection based upon the risk criteria set and built into the system. The inspections are auto-allocated to the inspectors through CIS. Intimation to this effect is sent to the concerned inspector who is required to upload inspection reports within 48 hours. The same inspector cannot perform two consecutive inspections of the same factory. However, surprise inspections could be done based upon complaints with specific permission from the Head of the Department.

Thus, inspections are crucial and play a significant role in enforcement of the Safety, Health and Welfare provisions of the Factories Act.

(i) Shortfall in inspection allocated through Central Inspection System

The position of inspections allotted through CIS and conducted there against during the period 2017-18 to 2021-22 is shown in **Table-2.1**.

Table-2.1: Numbers of inspections allocated and conducted through CIS

Year	Total number of factories	Total number of Joint Inspection allotted through CIS	Inspection conducted which were allotted through CIS	Percentage of shortfall in conducting inspections
2017-18	11,066	685	685	0
2018-19	11,387	1,344	1,344	0
2019-20	11,741	2,386	1,902	21
2020-21	12,166	3,023	1,565	48
2021-22	12,385	2,903	1,584	45
Total		10,341	7,080	32

Source: Data provided by the Department.

As seen from the Table, the Department could not conduct the allocated inspections during 2019-20 to 2021-22. The shortfall ranged between 21 and 48 per cent during this period. Audit scrutiny also disclosed that inspections of 5,687 (46 per cent) factories out of the total number of 12,385 factories were not allocated since implementation of CIS.

The Government attributed (May 2023) the shortfall to shortage of inspectors and non-existence of offices in 14 districts. The reply was not convincing as the inspections were allotted in the name of the inspecting officers through CIS based upon the inbuilt risk criteria and for all the districts. It is pertinent to mention that out of total 33 inspecting officers only two had achieved their

¹⁰ To streamline inspections and set the nation free from 'inspector raj,' best practices have been studied across 10 different countries. Based on these best practices several reforms were enlisted that were implemented by various states.

allotted targets, 23 inspecting officers achieved their targets ranging between 60 and 90 *per cent* and eight inspecting officers had inspected less than 60 *per cent* of their targets.

Further, the Department did not have a mechanism to take action against the inspectors who did not conduct the allotted inspections.

Recommendation 2: The Department may consider to introduce a module in the CIS to red flag the inspections which could not be conducted by the inspecting officials and taking action against the official concerned.

(ii) Submission of annual returns and maintenance of accident register

Rule 105 of the Rajasthan Factories Rules, 1951 requires the factories to submit Annual Return in Form 23 before 31st January of each year to the concerned Inspector. Audit observed that the Annual Return included vital details like workers employed during the year (men, women and children), number of man hours worked, safety officer/welfare officer, details of ambulance, canteen, crèches, accidents occurred, workers employed in hazardous conditions. Further, the factories were also required to maintain a register of all accidents and dangerous occurrences in Form 29 as per Rule 109 of the Rajasthan Factories Rules, 1951.

The position of annual return submitted by the factories during the period 2017-18 to 2022-23 is shown in **Table-2.2**.

Table-2.2: Details of annual return filed by factory owners/occupiers/managers

Year	Number of Factories	Number of annual returns received	Percentage of shortfall
2017-18	11,066	630	94.30
2018-19	11,387	841	92.61
2019-20	11,741	1,135	90.33
2020-21	12,166	1,519	87.51
2021-22	12,385	3,881	68.66
2022-23	12,551	5,481	56.33
Total	71,296	13,487	81.08

Source: Data provided by the Department.

As seen from the above, 56.33 to 94.30 *per cent* of the factories were non-compliant to the statutory requirement of submission of annual return.

Further, during Joint Inspection of 60 factories, it was observed that 24 factories (**Appendix-16**) did not submit annual returns for the year 2021 and 14 factories (**Appendix-17**) did not maintain the accident register. The Department officials had inspected eight out of 14 factories during the period June 2017 to March 2022 that did not maintain the accident register, but no instructions were found issued to ensure compliance with the provisions of the Act.

Non-submission of returns precluded the Department from obtaining important information regarding the factories' compliance with welfare provisions.

Similarly, the absence of accident register precluded any assurance on the frequency and impact of dangerous accidents and incidents occurring in the factories.

The Department, however, neither issued notices nor took any action to ensure compliance of the Rules by the factories.

The Government accepted (May 2023) the facts and replied that directions had been issued to the defaulter factories. The fact remains that the Department did not adequately monitor the compliance of Rules regarding submission of annual returns and maintenance of accident register. Further, appropriate follow-up actions were not taken against the defaulter factories.

(iii) Meetings of committees for crisis management

The Chemical Accident (Emergency Planning, Preparedness and Response) Rules, 1996 envisaged a three-tier arrangement for managing crisis situations in case of chemical accidents. The Government constituted (9 June 2010) State Crisis Group (SCG), District Crisis Group (DCG) and Local Crisis Groups (LCG) as per Rule 6 and 8 of *ibid* Rules.

Audit noticed that:

- The SCG had to organise quarterly meetings to provide expert guidance for handling major chemical accidents. The SCG was required to review off-site emergency plans, assist in planning, preparedness and mitigation of major chemical accidents, monitor post-accident situation and review the reports submitted by DCGs. However, the SCG held (September 2015) only one meeting since constitution (2010). Further, there was nothing on record to indicate that efforts were made to hold these meetings regularly.
- The DCG was required to hold meetings every 45 days. The DCGs were formed (June 2010) in 12 districts having 109 factories prone to Major Accident Hazards (MAH). The DCGs were to conduct 94 meetings in each district during the period June 2010 to March 2022. However, only 42 meetings¹¹ were held during this period against required number of 1,128¹² meetings.
- The LCG was required to meet every month and forward copy of the proceeding to the DCG. The LCGs were constituted in 12 MAH Districts. The Department, however, did not provide the details of the meetings of LCGs.

Audit could not ascertain the preparedness of the Department in handling Chemical accidents in the State despite presence of 109 MAH factories due to non-conduct of required meetings of the committees formed for this purpose.

¹¹ Meetings held: Ajmer -2, Alwar-3, Bharatpur -1, Bikaner -2, Chittorgarh -8, Jaipur -2, Jhunjhunu -3, Jodhpur -5, Kota -9, Pali -1, Sirohi -3, Udaipur -3.

¹² There should be 8 meetings to be conducted (once in 45 Days) in a year. Hence, total 1,128 meetings=12 (No. of DCG) x 8(No. of meetings in a year) x 11.75 (No. of year) (11 years and 9 months from June 2010 to March 2022) were to be held.

The Government replied (May 2023) that efforts would be made to conduct the meetings of SCG regularly. Meetings of DCGs and LCGs could not be conducted timely due to shortage of staff and covid pandemic.

The reply was not tenable as there was nothing on record to indicate that any efforts were made to conduct regular meetings of SCG. Further, meetings of DCGs and LCGs were also not held in post covid period.

In absence of regular meetings and monitoring, chemical crisis management response would be weak in case of untoward accidents.

Recommendation 3: The Government may issue directions to the competent authorities for conducting meetings of State Crisis Group, District Crisis Group and Local Crisis Group as per prescribed time frame.

(iv) Slow progress in settlement of cases

Section 105 of the Factories Act, 1948 provides that no Court shall take cognizance of any offence under this Act except on complaint by, or with the previous sanction in writing of, an Inspector. No Court below that of a Magistrate¹³ or of the first class can try any offence punishable under this Act.

The year wise pendency of prosecution cases as of March 2022 is shown in **Table-2.3**.

Table-2.3: Details of prosecution cases

Year	Cases pending at the beginning of the year	Case filed during the year	Case settled during the year	Case pending at the end of the year
2017	249	39	19	269
2018	269	35	24	280
2019	280	28	25	283
2020	283	31	4	310
2021	310	22	7	325

Source: Data provided by the Department.

It would be seen that the number of cases settled during the year were very low compared to the cases filed during the year resulting in year on year increase in pendency of cases. This shows that the Department lacked efforts in follow-up and settlement of the cases.

The Government accepted (May 2023) the facts and replied that continuous efforts were being made for disposal of the cases.

(v) Non-availability of sufficient equipment with inspectors

The Factories Act and Rules specifies levels of light intensity, sound pressure and combustible gases to which a factory worker could be exposed. The Rules

¹³ Now a Metropolitan Magistrate or a Judicial Magistrate of the first class (Criminal Procedure Code, 1973).

are applicable to factories where manufacturing process involves high noise levels or produces dust, gas, fume or vapour of such character and to such extent as to be likely to explode on ignition.

Scrutiny of the Stock register of Chief Inspector and Dy. CIFB, Jaipur disclosed that necessary equipment *i.e.* lux meters, decibel meters, and explosimeters were not available with the Department. The Inspectors posted in unit offices, therefore, could not identify the levels of light intensity and hazardous sound pressure during inspections.

The Government replied (17 May 2023) that requirement of necessary equipment was being assessed. Further, Industrial Hygiene Laboratory (IHL) existed to collect samples from the workplace.

Taxes on Vehicles

2.2 Tax administration and Results of audit

The receipts from the taxes on motor vehicles payable under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder, are administered at the Government level by the Principal Secretary (Transport). The Transport Department (Department) is headed by the Transport Commissioner (CoT)-cum-Secretary to the Government of Rajasthan (GoR) and is assisted by six Additional Transport Commissioners and four Deputy Transport Commissioners. For smooth operation and supervision of transport services, the State has been divided into 12 divisions¹⁴. These divisions are further divided into 58 transport districts¹⁵.

The overall administration of transport activities in the regions lies with the Regional Transport officer (RTO). He is also the Appellate Authority under the Rajasthan Motor Vehicles Taxation (RMVT) Act, 1951. District Transport officer (DTO) is the Licensing and Registering Authority for the transport district. He is also the taxation officer for the purpose of RMVT Act/Rules, 1951.

A total of 1.72 crore vehicles were registered with 56 Transport Districts¹⁶ up to March 2022. There were 58 auditable units in the Transport Department. Out

¹⁴ Divisions: Ajmer, Alwar, Bharatpur, Bikaner, Chittorgarh, Dausa, Jaipur, Jodhpur, Kota, Pali, Sikar and Udaipur.

¹⁵ Districts: Abu Road, Balotra, Banswara, Baran, Barmer, Beawar, Bhilwara, Bhinmal, Bhiwari, Bundi, Chomu, Churu, Deedwana, Dholpur, Dudu, Dungarpur, Hanumangarh, Jaisalmer, Jalore, Jhalawar, Jhunjhunu, Karauli, Kekri, Khetri, Kishangarh, Kotputali, Nagaur, Nohar, Nokha, Pipad Sahar, Phalodi, Pokaran, Pratapgarh, Rajsamand, Ramganj Mandi, Sawai Madhopur, Shahpura (Bhilwara), Shahpura (Jaipur), Sirohi, Sri Ganganagar, Sujangarh, Sumerpur, Shadulsahar, Tonk, Ratanpur (TCC), Shahjahanpur (TCC) and twelve districts at regional level.

¹⁶ Two transport districts *i.e.*, Shahjahanpur and Ratanpur were only tax collection centers.

of these, 16 units¹⁷ were selected for test check wherein 94.59 lakh vehicles were registered. Out of these, 0.41 lakh vehicles were selected for test check. A total of 2,543 cases involving ₹ 13.70 crore of non/short payment of tax, penalty, interest and compounding fees, irregularities relating to non/short determination of tax, computation of motor vehicle tax, etc. were noticed during the audit. During the year, the Department accepted underassessment and other irregularities of ₹ 8.83 crore in 1,738 cases, out of which 1,550 cases involving ₹ 8.43 crore were pointed out in audit during the year 2021-22 and rest in earlier years. During the year 2021-22 an amount of ₹ 0.48 crore was recovered in 186 cases, out of which ₹ 0.23 crore was recovered in 58 cases which were pointed out in 2021-22 and rest in earlier years.

Audit pointed out (July 2022 and January 2023) non-realisation of One Time Tax from the goods vehicles. Thereafter, the Department took action and recovered an amount ₹ 5.73 crore related to 1,225 vehicles. These cases have not been discussed in this report.

Illustrative cases amounting to ₹ 7.91 crore are included in the Report as given below:

Compliance Audit Paragraphs

Commercial vehicles are an integral part of the economy, facilitating the movement of goods and services across different regions. The Transport Department has divided commercial vehicles into many categories based on their specification e.g., Transport vehicles¹⁸, non-transport vehicles¹⁹, passenger vehicles etc. The main taxes applicable on these vehicles according to their specifications were: Motor Vehicle Tax, Special Road Tax, Lump-sum tax, and One Time Tax.

Motor Vehicle Tax (MVT) and Special Road Tax (SRT):

Passenger Vehicle: MVT and SRT were levied according to the seating capacity and permit issued for distance to be covered by the vehicle.

Goods Vehicles: MVT was leviable according to the cost of the chassis of the vehicle up to 9 July 2019, thereafter, MVT is levied according to the Gross Vehicle Weight (GVW) of the vehicle having more than 16,500 kilogram (kg).

Lump Sum Tax (LST): Transport vehicles registered on or after 1 July 2007 and up to 9 July 2019 were liable to pay LST. This tax has been abolished with effect from 10 July 2019.

¹⁷ RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jodhpur, Kota, Sikar, TC office Jaipur and Udaipur.

DTO: Balotra, Barmer, Bhilwara, Dholpur, Jhunjhunu, Karauli and Shahpura (Bhilwara).

¹⁸ Transport Vehicle: A public service vehicle, a goods carriage, an educational institution bus or a private service vehicle.

¹⁹ Non-Transport Vehicle: A motor vehicle which is not a transport vehicle.

One Time Tax (OTT): OTT is leviable on non-transport vehicles and other category vehicles e.g. JCB, cranes, earth moving equipments etc. Now according to the notification dated 10 July 2019, transport vehicles having GVW up to 16,500 kg and other category vehicles e.g. JCB, cranes, earth moving equipment are liable to pay OTT.

2.3 Non/short realisation of lump-sum tax

In violation of Section 4-C of the RMVT Act, 1951, Department did not recover lump-sum tax in respect of 183 vehicles. This resulted in non/short realisation of lump-sum tax and surcharge amounting to ₹1.42 crore.

According to Section 4-C of the RMVT Act, 1951 and the Rules made thereunder, lump-sum tax on following types of transport vehicles was levied at the rates prescribed through notifications:

1. All categories of four wheeled goods vehicles having gross vehicle weight more than 3,000 kg and upto 16,500 kg.
2. All categories of contract carriage, tourist permit and private vehicles having seating capacity upto twenty excluding driver and conductor.

The lump-sum tax payable can be paid at the option of vehicle owner either in full or in six equal instalments (with effect from 14 July 2014) within a period of one year. Surcharge at the rate of 10 per cent on the lump-sum tax was also payable upto 10 October 2017, thereafter as per notification dated 11 October 2017, surcharge at the rate of 12.5 per cent is payable. Further, Taxation Officer is empowered to serve notice for recovery of tax under Rule 8 and 33 of the RMVT Rules, 1951 and to recover the due tax or penalty by attachment and sale of the movable property of the person liable for payment under Section 13A of the RMVT Act, 1951.

During the year 2021-22, 15 transport offices were test checked and significant irregularities were noticed in nine transport offices²⁰ for the period between April 2015 to March 2021. Records of 8,651 vehicles were test-checked out of total 38,843 vehicles²¹. Scrutiny (between July 2021 and December 2021) of tax ledgers with data of VAHAN and e-GRAS²² revealed that lump-sum tax and surcharge amounting to ₹ 33.47 lakh were not paid by the owners of 36 vehicles. Further, owners of 147 vehicles did not pay the remaining instalments amounting to ₹ 1.08 crore after paying the first or second instalment.

²⁰ DTO: Balotara (04/2015 to 03/2021), Barmer (04/2016 to 03/2021), Jhunjhunu (04/2016 to 03/2021), Karauli (04/2016 to 03/2021) and Shahpura Bhilwara (04/2016 to 03/2021).
RTO: Bharatpur (04/2019 to 03/2021), Kota (12/2018 to 03/2021), Jodhpur (04/2019 to 03/2021) and Udaipur (01/2019 to 03/2021).

²¹ Total-38,843 Vehicles: 37,197 Goods Vehicles and 1,646 Taxi/Maxi. 8,651 vehicles were selected on judgmental basis.

²² E-GRAS (Online Government Receipt Accounting System) is an e-Governance initiative of the Government of Rajasthan under Mission Mode Project category and is part of Integrated Financial Management System. It facilitates collection of tax/non-tax revenue in both modes online as well as manual.

Although information of tax defaulter was available in VAHAN application, however, there was nothing on record to indicate that the taxation officers initiated any action to realize the due tax under the provisions *ibid*. This resulted in non-realisation of tax and surcharge amounting to ₹ 1.42 crore in respect of 183 vehicles.

The matter was pointed out to the Department and reported to the Government (November 2022). The Government replied (April 2023) that an amount of ₹ 0.55 crore had been recovered in respect of 68 vehicles.

2.4 Taxes on motor vehicles not realised

Motor Vehicle Tax and Special Road Tax amounting to ₹ 6.49 crore in respect of 781 vehicles were not paid by the vehicle owners. The Department, however, did not initiate action to realise the dues.

As per Section 4 and 4B of the RMVT Act, 1951 and the Rules made thereunder, motor vehicle tax and special road tax are to be levied and collected on transport vehicles used or kept for use in the State at the rates prescribed through notifications issued from time to time by the GoR. Surcharge is also leviable on tax due. This tax is payable annually and due on 1 April of every financial year and it has to be deposited by 31 March of the following year.

During the year 2021-22, 15 transport offices were test checked and significant irregularities were noticed in 14 RTOs/DTOs. During test check of registration records, tax ledgers, general index registers of these offices and VAHAN application for the period 2016-17 to 2020-21, it was noticed that owners of 781 vehicles did not pay the due tax. There was no evidence on record to prove that the vehicles were off the road/were transferred to other District/States or their registration certificates were surrendered. The taxation officers, however, did not initiate any action to realise the tax due. This resulted in non-realisation of tax amounting to ₹ 6.49 crore as mentioned in **Table 2.4**.

Table 2.4: Details of non-realisation of tax

Sl. No.	Category of vehicles	No. of vehicles	Amount (₹ in crore)	Name of offices where irregularities noticed
1.	Articulated goods vehicles ²³	330	1.71	DTOs- Bhilwara, Shahpur Bhilwara RTOs- Alwar, Bharatpur, Bikaner, Chittorgarh, Jodhpur, Udaipur
2.	Contract carriages (All India Permit)	65	1.91	RTO – Bikaner, Chittorgarh, Jodhpur and Udaipur DTOs – Balotara, Barmer, Bhilwara and Jhunjhunu
3.	Dumpers/Tippers	89	0.32	RTO – Chittorgarh, Sikar, Udaipur

²³ An articulated vehicle is one that consists of two or more separate frames connected by suitable couplings.

Sl. No.	Category of vehicles	No. of vehicles	Amount (₹ in crore)	Name of offices where irregularities noticed
4.	Goods vehicles	245	1.12	RTO –Bharatpur, Bikaner and Udaipur DTO – Dholpur, Jhunjhunu, Karauli and Shahpura Bhilwara
5.	Stage carriages (Rural Routes)	4	0.05	RTO -Bikaner
6.	Stage carriage (Passenger vehicles)	15	0.87	RTO- Bikaner, Jodhpur and Jhunjhunu
7.	Stage carriages (Other Routes)	33	0.51	DTO – Barmer, Jhunjhunu and Karauli
Total		781	6.49	

Source: Compiled by Audit from records of the Transport Department.

On this being pointed out (between October 2022 and November 2022), the Government replied (May 2023) that in respect of 11 RTO/DTOs an amount of ₹ 1.76 crore has been recovered from 255 vehicles.

Mining Department

2.5 Introduction

At the Government level, the Secretary, Mines and Petroleum and at the Department level, the Director, Mines and Geology (DMG), Udaipur are responsible for administration and implementation of the related Acts and Rules in the Department. The DMG is assisted by an Additional Director (Administration), six Additional Directors, Mines (ADM), six Additional Directors, Geology (ADG) and by a Financial Advisor. The ADMs exercise control through nine Circles, each headed by a Superintending Mining Engineer (SME).

There are 49 Mining Engineers (ME)/Assistant Mining Engineers (AME) who are responsible for the assessment and collection of revenue and prevention of illegal excavation and dispatch of minerals from areas under their control. The Department has a separate Vigilance Wing headed by the ADM (Vigilance) for prevention of illegal excavation and dispatch of minerals.

There were 136 auditable units²⁴ in the Department of Mines and Petroleum. Out of these, 10²⁵ units were selected for audit wherein out of 19,087 cases²⁶,

²⁴ Includes Secretary, Mines and Geology, DMG office and Director Petroleum (DP) office besides 133 other units.

²⁵ Secretary, Mines & Petroleum, Jaipur, DMG, Udaipur, Director Petroleum, Jaipur, MEs: Amet, Chittorgarh, Sirohi, Udaipur, Rajsamand II, Sojat City and Bhilwara

²⁶ Total 19,087 cases: 4,631 Mining Leases (ML); 15 Prospecting licences (PL), 73 Royalty Collection (RC)/Excess Royalty Collection (ERC) Contracts; 983 Quarry licences (QL); 5,866 cases of illegal mining/transportation of mineral; 432 cases of recovery under Rajasthan Land Revenue Act, 1956; 2,724 cases of revenue assessment; two cases of refund; 220 cases of outstanding dues and 4,141 STPs.

4,703 cases²⁷ (24.64 per cent) were selected and examined. Deficiencies were noticed in 2,001 cases involving ₹ 1,257.97 crore. Audit had pointed out similar omissions in earlier years too, but these irregularities had persisted and remained undetected till next audit was conducted. The substantial proportion of errors, omissions and other related issues noticed in audit indicated that the Government needed to improve the internal control system, including strengthening of internal audit so that occurrence/recurrence of such lapses can be avoided. During the year 2021-22, the Department accepted short realisation of revenue of ₹ 11.12 crore in 216 cases, of which 51 cases involving ₹ 8.63 crore were pointed out in audit during the year 2021-22 and the rest in earlier years. The Department recovered ₹ 2.34 crore in 165 cases relating to earlier years. An illustrative case amounting to ₹ 0.83 crore are included in the report as given below:

2.6 Excavation of minerals beyond the permitted quantity

The Department did not raise the demand against quantity of mineral excavated and dispatched beyond the permitted quantity mentioned in the Mining Plan of the Lease which resulted in non-realization of ₹ 83 lakh.

Rule 28 (2)(iv)(b) of the Rajasthan Minor Mineral Concession (RMMC) Rules, 2017 provides for the amount to be recovered if lessee has excavated mineral over and above the quantity specified in the Mining Plan or permitted under applicable laws:

- to the extent of ten per cent, only single time royalty shall be recovered;
- quantity more than ten per cent but up to twenty-five per cent, two times of royalty on entire quantity over and above shall be recovered; and
- any quantity more than twenty-five per cent, entire quantity over and above treated as unauthorized excavation and lessee shall be liable to pay cost of such excess mineral which shall be computed as ten times of the royalty payable at the prevalent rate, without affecting the powers of taking action by the other departments.

Scrutiny of records of ME, Udaipur (December 2019) revealed that a lease holder excavated mineral masonry stone in excess of the quantity permitted in Mining Plan during the year 2017-18 and 2018-19. The details of unauthorized excavation are given in **Table-2.5**.

²⁷ Total 4,703 cases selected and examined: 805 ML; 15 PL, 73 RC/ERC Contracts; 230 QL; 1,251 cases of illegal mining/transportation of mineral; 331 cases of recovery under Rajasthan Land Revenue Act, 1956; 150 cases of revenue assessment; two cases of refund; 220 cases of outstanding dues and 1,626 STPs.

Table-2.5: Details of unauthorized excavation of mineral

Year	Quantity as per Mining plan (In MT)	Quantity Excavated as per Ravannas ²⁸ (In MT)	Excess excavation (In MT)	Percentage of Excess excavation	Recoverable amount (In ₹)
2017-18	38,567.88	95,983.00	57,415.12	148.87	57,415.12x28x10=1,60,76,233
2018-19	51,246.00	60,589.25	9,343.25	18.25	9,343.25x28x2= 5,23,222
Total					1,65,99,455

Source: Compiled by Audit on the basis of information collected from the Department.

The matter was reported to the Government (April 2023). The Government replied (August 2023) that the lessee excavated 95,983 MT of masonry stone in the year 2017-18 against the permitted quantity of 66,600 MT in Environment Clearance (EC). Hence, the lessee has excavated 29,383 MT masonry stone in excess of quantity permitted in EC. The lessee applied under the Amnesty Scheme 2020 and deposited (23 December 2020) two times of royalty for the excess quantity over what was permitted *i.e.* ₹ 16.42 lakh. On the same day Department issued order to waive ₹ 65.64 lakh for excavation of 29,383 MT of masonry stone in excess of quantity permitted in EC. The reply was not tenable as for the year 2017-18, the Department recovered the penalty amount for quantity in excess of EC, but not as per the Mining Plan. Since the quantity permitted in Mining Plan was less than EC, so in this case penalty should be recovered for the quantity excavated in excess of the quantity permitted in Mining Plan. Hence, the Department short raised the demand by ₹ 78.70 lakh²⁹.

The Government replied (August 2023) for the year 2018-19 that the lessee excavated 60,411 MT masonry stone and excavated 4,040.6 MT excess quantity than the quantity permitted in Mining Plan. Therefore, two times of royalty shall be recovered for quantity in excess of ten *per cent* of permitted quantity 56,370.6 MT (51,246 x 1.1) *i.e.* 4,040.6 MT (60,411 – 56,370.6). Accordingly, royalty amounting to ₹ 0.93 lakh³⁰ had been recovered.

The reply was not tenable as the Government replied that lessee had excavated 60,411 MT of mineral masonry stone, however, according to the Department of Mines and Geology Online Management System (DMGOMS), it was 60,589.25 MT. Further, two times of royalty shall be recovered on the entire quantity in excess of quantity permitted in mining plan *i.e.* 9,343.25 MT but Department considered this quantity as 4,040.60 MT, which is contrary to the rules. Further, the Department recovered only ₹ 0.93 lakh against the recoverable amount of ₹ 5.23 lakh.

28 “Rawanna” means the rawanna or e-rawanna duly issued by the department or electronically generated from the departmental web portal and includes any other system notified by the Government for dispatch, consumption or processing of mineral or overburden from a specified area granted under any mineral concession or permit.

29 Penalty amount for excess excavation than mining plan ₹ 160.76 lakh–penalty amount for excess excavation from EC ₹ 82.06 lakh.

30 According to the rules, two times of royalty had to be recovered, since one time royalty had been recovered at the time of dispatch of minerals, therefore, another one time royalty was recovered by the Department.

As a result, ₹ 83 lakh³¹ was recoverable for excess excavation of mineral over and above the quantity specified in the Mining Plan during the years 2017-18 and 2018-19.

³¹ ₹ 78.70 lakh short penalty raised for 2017-18 + ₹ 4.30 lakh penalty for 2018-19.