

## 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 2021-22, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are given in **Table 1.1**.

**Table 1.1: Revenue receipts of the State**

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	<b>Revenue raised by the State Government</b>					
	• Tax revenue <sup>1</sup>	50,605.41	57,380.34	59,244.98	60,283.44	74,807.98
	• Non-tax revenue <sup>2</sup>	15,733.72	18,603.01	15,714.16	13,653.02	18,754.95
	<b>Total</b>	<b>66,339.13</b>	<b>75,983.35</b>	<b>74,959.14</b>	<b>73,936.46</b>	<b>93,562.93</b>
2	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties <sup>3</sup>	37,028.01	41,852.35	36,049.14	35,575.77	54,030.61
	• Grants-in-aid <sup>4</sup>	23,940.04	20,037.32	29,105.53	24,795.65	36,326.48 <sup>5</sup>
	<b>Total</b>	<b>60,968.05</b>	<b>61,889.67</b>	<b>65,154.67</b>	<b>60,371.42</b>	<b>90,357.09</b>
3	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>1,27,307.18</b>	<b>1,37,873.02</b>	<b>1,40,113.81</b>	<b>1,34,307.88</b>	<b>1,83,920.02</b>
4	<b>Percentage of 1 to 3</b>	<b>52</b>	<b>55</b>	<b>53</b>	<b>55</b>	<b>51</b>

Source: Finance Accounts of the respective years.

The revenue raised by the State Government (₹ 93,562.93 crore) was 51 *per cent* of the total revenue receipts (₹1,83,920.02 crore) during the year 2021-22. The balance 49 *per cent* of receipts during 2021-22 were from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

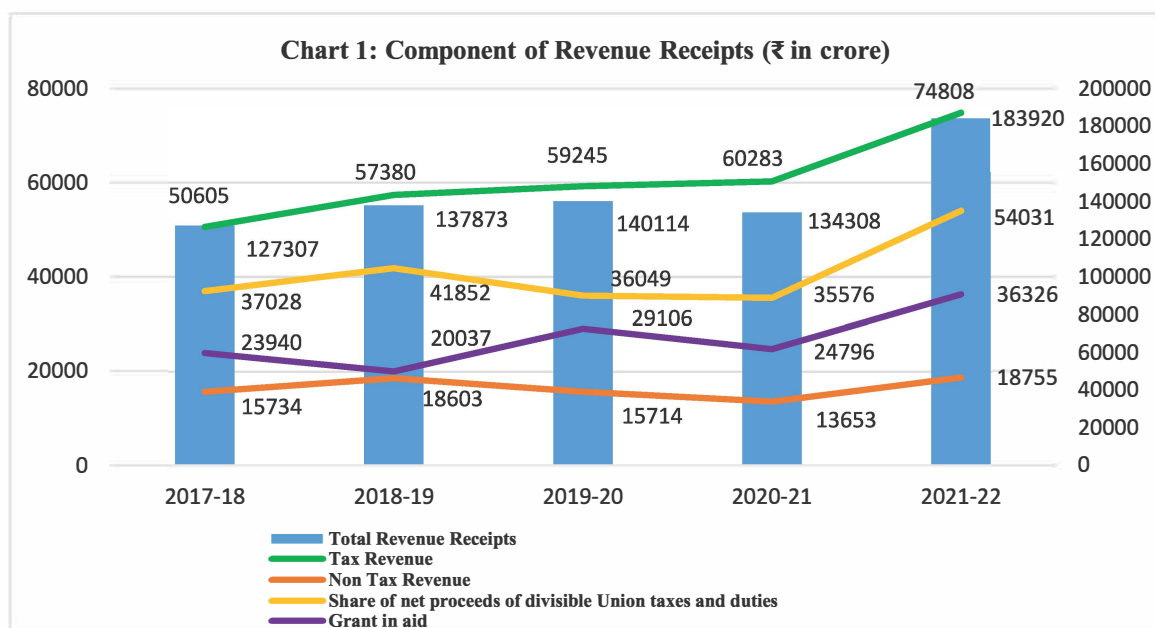
1 For details, please see Table 1.2 of this chapter.

2 For details, please see Table 1.3 of this chapter.

3 For details, please see Statement Number 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Rajasthan for the year 2021-22. Figures under the head 0005 - Central Goods and Services Tax, 0008 - Integrated Goods and Services Tax, 0020-Corporation Tax, 0021-Taxes on income other than corporation Tax, 0028-Other Taxes on income and Expenditure, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties and 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.

4 For details, please see Statement Number 14 of Finance Accounts of the Government of Rajasthan for the year 2021-22 major Head-1601.

5 This includes compensation of ₹ 3,746.34 crore received for loss of revenue arising out of implementation of GST.



1.1.2 The details of the tax revenue raised during the period 2017-18 to 2021-22 are given in Table 1.2.

**Table 1.2: Actual receipts in respect of the tax revenue**

(₹ in crore)							
Sl. No.	Heads of revenue	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage increase (+) / decrease (-) in 2021-22 over 2020-21
1	Taxes on sales, trade, etc.	18,285.44	14,225.31	15,361.61	17,146.94	19,983.79	(+) 16.54
	Central sales tax	722.80	565.65	481.15	332.09	621.61	(+) 87.18
2	State Goods and Services Tax	12,137.02	22,938.33	21,954.17	20,754.87	27,501.90	(+) 32.51
3	State Excise	7,275.83	8,694.10	9,591.63	9,853.00	11,807.34	(+) 19.83
4	Stamp duty and registration fee						
	Stamps-judicial	59.78	60.70	61.88	47.87	56.13	(+) 17.26
	Stamps-non-judicial	3,070.79	3,255.34	3,544.91	4,571.89	5,560.25	(+) 21.62
	Registration fee	544.21	569.99	627.94	677.51	875.53	(+) 29.23
5	Taxes on motor vehicles	4,362.97	4,576.45	4,950.98	4,368.17	4,758.92	(+) 8.95
6	Taxes and duties on electricity	3,376.67	2,147.95	2,262.77	2,142.39	2,606.19	(+) 21.65
7	Land revenue	363.86	289.94	364.49	279.32	631.48	(+) 126.08
8	Taxes on goods and passengers	340.78	50.79	41.12	45.18	171.17	(+) 278.86
9	Other taxes and duties on commodities and services	63.93	5.14	1.01	1.23	11.21	(+) 811.38
10	Other taxes <sup>6</sup> , etc.	1.33	0.65	1.32	62.97	222.46	(+) 253.28
<b>Total</b>		<b>50,605.41</b>	<b>57,380.34</b>	<b>59,244.98</b>	<b>60,283.44</b>	<b>74,807.98</b>	<b>(+) 24.09</b>
<b>Percentage of increase of actual over previous year</b>		<b>14.05</b>	<b>13.39</b>	<b>3.25</b>	<b>1.75</b>	<b>24.09</b>	

Source: Finance Accounts of the respective years.

6 Other taxes include taxes on income and expenditure (Taxes on professions, trades, callings and employments) and taxes on immovable property other than agriculture land.

There has been a continuous increase in the overall tax revenue during the last five years.

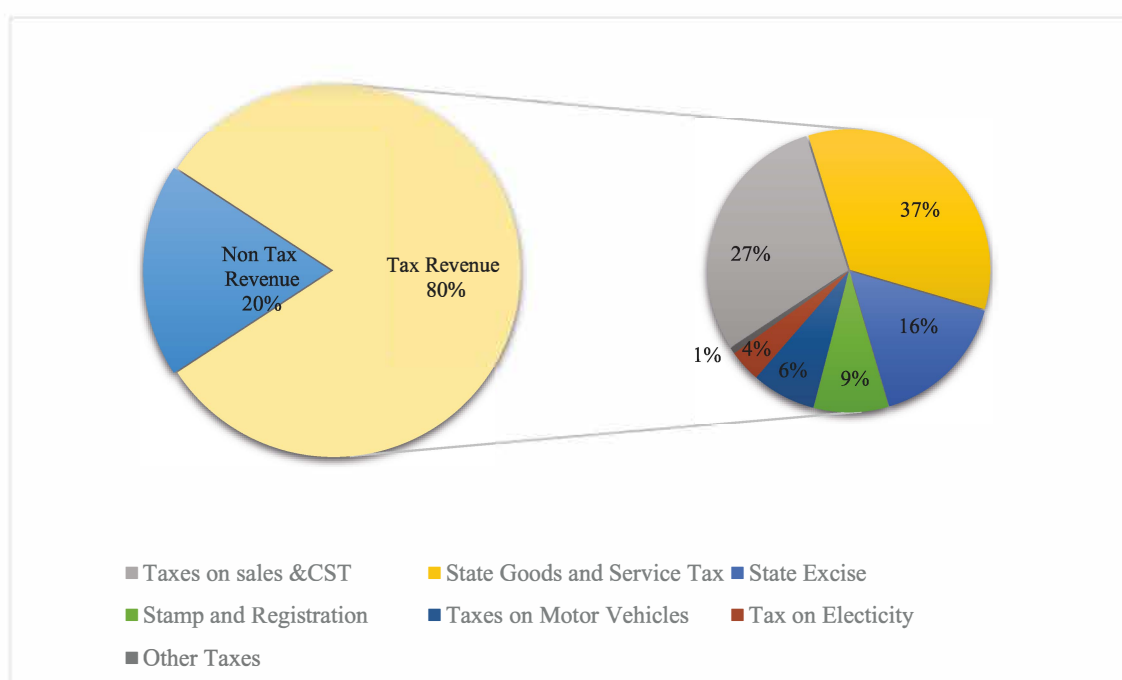
The concerned departments intimated that:

- Increase in 'State Excise Tax' (19.83 *per cent*) was due to control on the sale of illicit liquor and effective recovery of revenue from the sale and regulation of legal liquor.
- Increase in 'Land Revenue' (126.08 *per cent*) was mainly due to allotment of land to Rajasthan Renewable Energy Corporation Limited (RRECL) and Rajasthan State Industrial Development and Investment Corporation (RIICO).

Reasons for increase in 'Taxes on sales, trade (16.54 *per cent*) and State Goods and Services Tax' (32.51 *per cent*) were not provided by the Commercial Taxes Department, GoR.

The revenues of the State during 2021-22 and the composition of the Tax revenues are shown in **Chart 2**.

**Chart 2: Revenues of the State**



**1.1.3** The details of the non-tax revenue raised during the period 2017-18 to 2021-22 are given in **Table 1.3**.

**Table 1.3: Actual receipts in respect of the non-tax revenue**

Heads of revenue	(₹ in crore)					
	2017-18	2018-19	2019-20	2020-21	2021-22	Percentage increase (+)/ decrease (-) in 2021-22 over 2020-21
Non-ferrous mining and metallurgical industries	4,521.52	5,301.48	4,579.09	4,966.39	6,395.15	(+) 28.77
Interest receipts	4,858.90	5,790.87	3,851.99	2,693.15	1,628.18	(-) 39.54
Miscellaneous general services	762.36	783.86	915.51	747.01	2,591.41	(+) 246.90
Police	296.56	345.38	641.68	192.54	532.37	(+) 176.50
Other administrative services	207.55	246.49	207.16	146.62	498.32	(+) 239.86
Major and medium irrigation	277.72	179.31	77.19	245.47	193.94	(-) 20.99
Forestry and wildlife	182.26	147.45	109.47	73.67	119.60	(+) 62.35
Public works	109.26	125.92	91.91	92.98	108.88	(+) 17.10
Medical and public health	130.67	163.59	238.16	227.09	270.31	(+) 19.03
Co-operation	63.11	22.24	9.11	95.75	9.40	(-) 90.18
Other non-tax receipts <sup>7</sup>	4,323.81	5,496.42	4,992.89	4,172.35	6,407.39	(+) 53.57
<b>Total</b>	<b>15,733.72</b>	<b>18,603.01</b>	<b>15,714.16</b>	<b>13,653.02</b>	<b>18,754.95</b>	<b>(+) 37.37</b>
<b>Percentage of increase of actual over previous year</b>	<b>35.45</b>	<b>18.23</b>	<b>(-) 15.53</b>	<b>(-) 13.12</b>	<b>37.37</b>	

Source: Finance Accounts of the respective years.

In 2021-22, there was overall increase in non-tax revenue collection by 37.37 *per cent* as compared to the previous year. The concerned departments intimated that:

- Increase in revenue under ‘Miscellaneous general services’ was due to (i) transfer of ₹ 1,000 crore from deposits of General Provident Fund, (ii) receipt from contract fee (₹ 21.84 crore) and profit on disinvestment of share capital of Mewar Textile Mills Limited (₹ 29.33 crore), (iii) transfer of ₹ 30.00 crore from State Government insurance fund-General Insurance Scheme, *etc.*
- Increase in revenue under ‘Police’ was due to more deployment of police personnel to other states and railways.

Further, decrease under the head ‘Interest receipts’ was due to repayment of principal loans given to electricity companies and the stipulated interest that have been fully recovered under UDAY<sup>8</sup> (39.54 *per cent*).

## 1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 relating to certain principal heads of revenue amounted to ₹ 13,890.82 crore, out of which ₹ 4,947.12 crore was outstanding for more than five years as given in **Table 1.4**.

<sup>7</sup> Other non-tax receipts constitute income from petroleum, public service commission, jails, housing, village and small industries, fisheries, dividends and profit, contribution and recoveries towards pension and other retirement benefits, *etc.*

<sup>8</sup> Ujwal DISCOM Assurance Yojana.



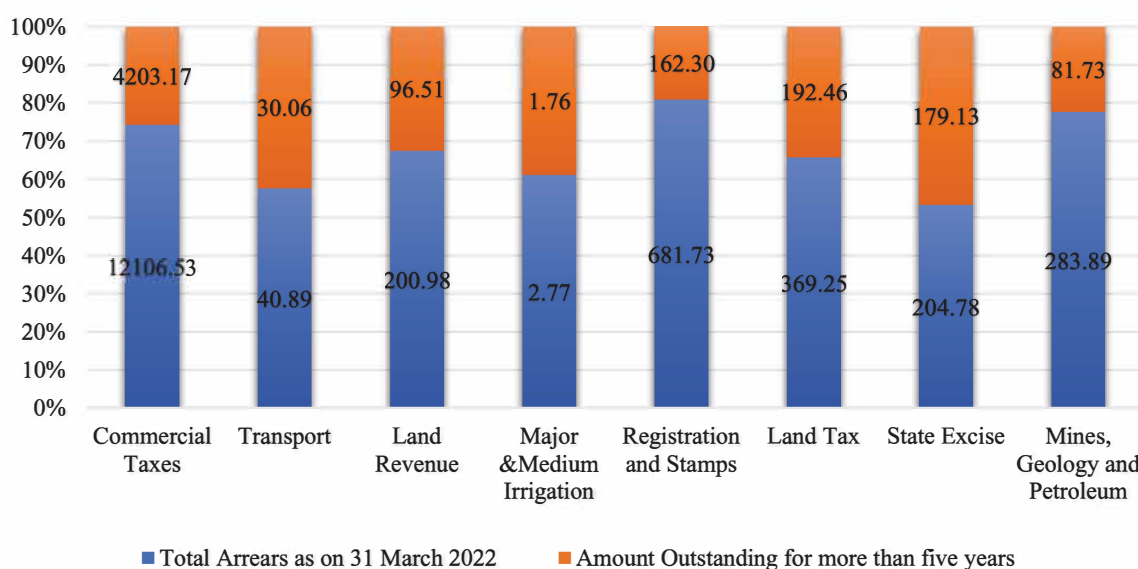
Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Heads of revenue	Total amount outstanding as on 1 April 2021	Total amount outstanding as on 31 March 2022 and percentage change in comparison to previous year	Amount outstanding for more than five years as on 31 March 2022
1	Commercial Taxes	18,225.98	12,106.53 (-) 33.58	4,203.17
2	Transport	59.39	40.89 (-) 31.15	30.06
3	Land Revenue <sup>9</sup>	204.34	200.98 (-) 1.64	96.51
4	Major & Medium Irrigation*	3.10	2.77 (-)10.65	1.76
5	Registration and Stamps	1,318.39	681.73 (-) 48.29	162.30
6	Land Tax	300.66	369.25 (+) 22.81	192.46
7	State Excise	208.07	204.78 (-) 1.58	179.13
8	Mines, Geology and Petroleum	276.52	283.89 (+) 2.67	81.73
<b>Total</b>		<b>20,596.45</b>	<b>13,890.82 (-) 32.56</b>	<b>4,947.12</b>

Source: Information provided by the concerned Departments.

Chart 3 : Arrears of Revenue (₹ in crore)



### 1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the respective Departments in respect of Commercial Taxes, Registration and Stamps, Mines, Geology and Petroleum and Transport are given in **Table 1.5**.

9 \* The figures shown as outstanding balance(s) on 1 April 2021 are at variance with the balances on 31 March 2021 (Land Revenue ₹ 18.18 crore and Major & Medium Irrigation ₹ 0.37 crore). Reasons for variation have not been intimated by the Department.

**Table 1.5: Arrears in assessments**

Name of the Department		Opening balance	New cases due for assessment during 2021-22	Total assessment cases due	No. of Cases disposed of during 2021-22	Balance cases at the end of the year	Percentage of disposal (col. 5 to 4)
(1)		(2)	(3)	(4)	(5)	(6)	(7)
Commercial Taxes		01	4,894	4,895	4,894	1	99.98
Registration and Stamps	Registration and Stamps	5,069	6,208	11,277	6,680	4,597	59.24
	Land Tax	3,952	4,645	8,597	1,822	6,775	21.19
Mines, Geology and Petroleum		10,301	11,021	21,322	9,661	11,661	45.31
Transport		1,236	19,962	21,198	20,154	1,044	95.08

Source: Information provided by the concerned Departments

It can be seen that Commercial Taxes and Transport Departments performed well to achieve a high disposal rate. However, the disposal of cases was poor in Department of Registration and Stamps and Department of Mines, Geology and Petroleum. These Departments may take necessary action for speedy disposal of the cases.

#### **1.4 Evasion of tax detected by the Departments**

According to the information furnished by the Commercial Taxes Department, 608 cases of tax evasion were noticed during 2021-22 which included cases noticed by the anti-evasion wings of the Department. During the year, assessment/investigation was completed in 596 cases which included cases detected during the previous years. Further, additional demand with penalty etc. amounting to ₹ 475.59 crore was raised during 2021-22, out of which the Department recovered ₹ 126.45 crore.

In Registration and Stamps Department, 730 cases of tax evasion were noticed during 2021-22. Further, additional demand with penalty etc. amounting to ₹ 8.27 crore was raised during 2021-22 out of which the Department recovered ₹ 0.75 crore.

Department of Mines, Geology and Petroleum intimated that two cases of tax evasion were noticed during 2021-22, and assessment/investigation was completed in all cases. Further, additional demand with penalty etc. amounting to ₹ 0.03 crore was raised during 2021-22 which was recovered by the Department.

#### **1.5 Pendency of refund cases**

The refund cases pending at the beginning of the year 2021-22, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2021-22 as reported by the respective Departments are given in **Table 1.6**.

**Table 1.6: Pendency of refund cases**

(₹ in crore)

Sl. No.	Particulars	Transport		Registration and Stamps		Mines, Geology and Petroleum	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	Claims outstanding at the beginning of the year	742	2.58	1,226	10.95	15	1.34
2	Claims received during the year	644	4.50	1,437	9.84	1	0.21
3	Refunds made during the year	669	3.63	1,144	8.58	1	0.01
4	Rejected during the year	48	0.32	119	0.62	0	0
5	Balance outstanding at the end of year	669	3.13	1,400	11.59	15	1.54

Source: Information provided by the concerned Departments.

The Commercial Taxes Department did not provide complete information in respect of pendency of refund cases.

The Departments may take steps for speedy settlement of the pending refund cases which would not only benefit the claimants but would also save the Government from payment of interest on the delayed payment.

## **1.6 Authority for Audit**

Article 149 of the Constitution of India provides that the Comptroller and Auditor General of India (CAG) shall exercise such powers and perform such duties in relation to the accounts of the Union and of the states and of any other authority or body as may be prescribed by or under any law made by the Parliament. The Parliament passed the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act (CAG's DPC Act) in 1971. Section 16 of the CAG's DPC Act authorizes CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each state and of each Union territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. The principles and methodology for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards 2017, issued by the CAG.

## **1.7 Planning and conduct of Audit**

The unit offices under various departments have been categorised into high, moderate and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which, *inter-alia*, included critical issues in Government revenues and tax administration *i.e.* budget speech, Report of the Finance Commission (State and Central), statistical analyses of the revenue earnings during the past five years, audit coverage and its impact during the past five years. During the year 2021-22, there were 1,852 auditable units in

Commercial Taxes, Registration and Stamps, Land Revenue and State Excise Departments. Out of these auditable units, 123 units were planned and 139 units were audited, which is 7.51 *per cent* of the total auditable units. In addition, a Subject Specific Compliance Audit on “*Department’s oversight on GST payments & Return filing*” was also conducted.

## 1.8 Response of the Government/Departments to Audit observations

The office of the Principal Accountant General (Audit-I), Rajasthan, Jaipur audits the Government/Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the audit and not settled on the spot. The IRs are issued to the heads of the inspected offices with copies to the next higher authority for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions. They have to report compliance through initial reply to the office of the Principal Accountant General within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Analysis of Inspection Reports issued upto March 2022 disclosed that 5,255 paragraphs involving ₹ 1,305.64 crore relating to 1,855 IRs issued for these four main revenue earning departments<sup>10</sup> remained outstanding at the end of September 2022 as given in **Table 1.7**.

**Table 1.7: Number of IRs and Paragraphs pending as of September 2022**

Particulars	June 2021 (IRs issued up to December 2020)	September 2021 (IRs issued up to March 2021)	September 2022 (IRs issued up to March 2022)
Number of IRs pending for settlement	1,707	1,799	1,855
Number of outstanding audit paragraphs	4,963	5,308	5,255
Amount of revenue involved (₹ in crore)	1,079.06	1656.71	1,305.64

**1.8.1** The Department-wise details of the IRs and audit paragraphs outstanding as on 30 September 2022 and the amounts involved are given in **Table 1.8**.

<sup>10</sup> Four main revenue earning Departments viz. Commercial Taxes, Land Revenue, Registration & Stamps and State Excise.

**Table 1.8: Department-wise details of outstanding IRs and paragraphs**

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit paragraphs	(₹ in crore)
					Amount involved
1	Commercial Taxes	Taxes on sales, trade, etc.	562	1,809	470.36
2	Land Revenue	Land revenue	117	573	287.21
3	Registration and Stamps	Stamp duty and registration fee	1,043	2,536	362.41
4	State Excise	State excise	133	337	185.66
<b>Total</b>			<b>1,855</b>	<b>5,255</b>	<b>1,305.64</b>

As can be seen from the table, the pendency in terms of outstanding IRs and outstanding paragraphs is highest in the Department of Registration and Stamps whereas the amount involved in the pending paragraphs is highest in the Department of Commercial Taxes.

### 1.8.2 Departmental Audit Committee Meetings

The Government constituted Audit Committees<sup>11</sup> to monitor and expedite the progress of the settlement of the paragraphs in the IRs. The details of the Audit Committee/Audit sub-committee meetings held during the year 2021-22 and the paragraphs settled therein are given in Table 1.9.

**Table 1.9: Details of the Audit Committee/Audit sub-committee meetings**

Sl. No.	Name of the Department	Number of Audit Committee meetings held	Number of Audit sub-committee meetings held	Number of paragraphs settled	(₹ in crore)
					Amount
1	Commercial Taxes	3	2	34	7.54
2	Land Revenue	2	1	17	2.54
3	Registration and Stamps	3	8	105	2.80
4	State Excise	2	2	8	0.07
<b>Total</b>		<b>10</b>	<b>13</b>	<b>164</b>	<b>12.95</b>

It can be seen that 164 paragraphs involving ₹ 12.95 crore were settled in Audit committee/Audit sub-committee meetings held in respect of Commercial Taxes, Land Revenue, Registration and Stamps and State Excise Departments. Land Revenue and State Excise Departments may organize more Audit Committee/Audit sub-committee meetings to settle the outstanding paragraphs.

### 1.8.3 Response of the Departments to the draft audit paragraphs

Factual statements followed by draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded to the

11 Audit Committees, *inter alia*, comprising Secretary of concerned Departments and Accountant General/his representative, were formed as per Circular No. 1/2005 dated 18 January 2005 of Government of Rajasthan and decided that one Audit Committee meeting shall be held in each quarter. In addition to this, Audit sub-committees comprising officers of the Departments and representative of Accountant General, are also formed.

Principal Secretaries/Secretaries of the concerned Departments<sup>12</sup>, drawing their attention to the audit findings and requesting them to send their response within six weeks.

Ten draft paragraphs (combined into seven paragraphs of the report) were sent to the Principal Secretaries/Secretaries of the respective Departments between May and December 2022. The responses of the concerned departments received in respect of all these draft paragraphs have been suitably incorporated in the Report.

#### **1.8.4 Follow-up on the Audit Reports-summarised position**

The Rules and Procedures of the Public Accounts Committee (PAC) of the Rajasthan State Assembly framed in 1997 prescribe that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs. The Action Taken Explanatory Notes (ATENs) thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the PAC. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. Eighty paragraphs (including Performance audit) included in the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2017, 2018, 2019, 2020 and 2021 were placed before the State Legislative Assembly between 06 March 2018 and 22 September 2022. The ATENs from Land Revenue and State Excise Departments on the paragraphs were received with a delay ranging between 5 to 81 days.

The PAC discussed 29 selected paragraphs pertaining to the Audit reports for the years from 2016-17 to 2018-19 and its recommendations on 07 paragraphs were incorporated in two Reports<sup>13</sup> of PAC (2021-2022).

### **1.9 Results of Audit**

Test check of the records of 139 audited units of Land Revenue, Registration and Stamps, and State Excise Departments and examination of cases under SSCA on 'Department's oversight on GST payments & Return filing' pertaining to Commercial Taxes Department disclosed instances of Short recovery of conversion charges, Incorrect determination of market value of properties, Non/short realization of excise duty and license fees, ITC mismatch, excess/incorrect availment of ITC, mismatch in tax liability etc. aggregating to ₹ 515.26 crore in 8,354 cases.

During the year, the concerned Departments accepted under-assessments and other deficiencies in 8,265 cases involving revenue of ₹ 385.04 crore, of which 2,792 cases involving ₹ 344.99 crore were pointed out in audit during 2021-22 and the rest in the earlier years. The Departments had recovered ₹ 12.14 crore in 4,793 cases during 2021-22.

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12 Commercial Taxes, Land Revenue, Registration & Stamps and State Excise Departments.

13 Two Reports pertaining to: Land Revenue (1) and State Excise (1).

**1.10 Coverage of this part of the Report**

This part of the Report contains seven paragraphs. The total financial impact of the paragraphs is ₹ 441.92 crore. These are discussed in Chapters II to V. The Departments/Government have accepted audit observations involving ₹ 437.61 crore (as of March 2023). Out of the accepted audit observations, the Departments recovered ₹ 23.34 crore up to March 2024 which was in addition to the recoveries (₹ 12.14 crore) made through local audit inspection reports during the year 2021-22. Further, the concerned Departments recovered ₹ 25.94 crore during the year 2021-22 in respect of objections raised in previous Audit Reports. Thus, total recoveries made at the instance of audit during the year aggregated to ₹ 61.42 crore.