

EXECUTIVE SUMMARY

About this Report

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Compliance Audit of selected Departments of Government of Rajasthan (GoR). Compliance Audit refers to whether the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and examination of the transactions relating to expenditure incurred by the audited entities and to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with.

This report is in two parts. **Part-A** includes audit observations noticed during Audit of revenue earning Departments i.e. Commercial Taxes, Land Revenue, Registration & Stamps and State Excise and **Part-B** includes audit observations related to expenditure incurred by various State Government Departments. This Report contains 24 paragraphs involving money value of ₹ 584.81 crore. Some of the significant audit findings are mentioned below:

Part A: Revenue Sector

This part contains 16 paragraphs involving ₹ 565.73 crore, which includes two Subject Specific Compliance Audits (i) 'Department's oversight on GST payments & Return filing' phase II and (ii) 'E-Way Bill System under Goods and Service Tax' pertaining to Commercial Taxes Department.

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

Goods and Service Tax

Subject Specific Compliance Audits on "**Department's oversight on GST Payments and Return filing**" Phase-II and "**E-Way Bill System under Goods and Service Tax**" were conducted. The major irregularities noticed are as under:

Department's oversight on GST Payments and Return filing Phase-II

Audit observed that deviations relating to mismatch in ITC availed, mismatch in tax liability and non-payment of tax under Reverse Charge Mechanism (RCM) were not examined by the Department during scrutiny. There was delay in Business Audit by tax authorities as less than two *per cent* cases of 2020-21 have been completed by the Department and total taxpayers selected for audit ranged between 0.22 *per cent* and 0.26 *per cent* against the norms of five *per cent* during 2019-21. On examination of information provided by three Circles, it was observed that in one Circle (Sirohi), 77 taxpayers were identified as non-filers for the period 2020-21. Out of these, 72 taxpayers (93.50 *per cent*) did not file appropriate returns even after notices in form GSTR-3A were issued to them. However, the department did not initiate action for assessing the tax liability to the best of their judgement and to issue an assessment order in Form ASMT-13.

In Centralised Audit, there were deviations from the provisions of the RGST Act in 286 cases involving an amount of ₹ 2155.65 crore, constituting 30.89 per cent of the 926 inconsistencies/mismatches in data, for which the Department provided responses. Relatively higher rates of deviations were noticed in risk parameters such as ITC mismatch between GSTR 2A and GSTR 3B, ITC availed in GSTR 3B filed after limitation period, Mismatch of ITC availed between Annual returns and Books of accounts, Unreconciled ITC in Table 14T of GSTR-9C, Unsettled tax liabilities, Suppression in taxable value in comparison with E-Way bills, and Cases where GSTR 3B not filed but GSTR 1 available. In 23 cases, the firms were found *bogus* and non-existent/traceable, and the demand could not be recovered.

In detailed Audit, there were 225 instances in respect of 32 taxpayers (constituting 32 per cent of the 100 taxpayers audited) where the taxpayers filed GSTR 3B after due dates during the period, however, interest of ₹ 1.78 crore on delayed payment of tax was not paid. In one case, the taxpayer was required to reverse the ITC of around ₹ 3.34 crore as the taxpayer had declared both taxable and nil rated/exempted supplies in GSTR-9. In 14 cases the taxpayers received inward supply of services related to legal consultation and supply of services by goods transport agency on which GST of ₹ 3.93 crore was payable under RCM. There were 99 instances of mismatch of ITC of ₹ 260.07 crore and 54 instances of mismatched in tax liability of ₹ 35.04 crore among various return and tables. A taxpayer declared current liabilities amounting to ₹ 257.99 crore as “Advance from Customers” in the Balance sheet for the year 2018-19, however, it is observed from the GSTR-1 and Annual return that no tax was paid on these advances received from the customers.

In 95 out of 100 cases, jurisdictional Circles could not produce key records such as financial statements, trial balances, auditor’s reports, GSTR-2A, and related documents, thereby restricting the audit to information available in taxpayers’ returns.

Audit recommendations:

- ***In the era of self-assessed tax regime, business audit is one of the main tools for ensuring compliance by the taxpayers. Further, departmental action against non-compliant taxpayers is a time bound activity under Section 73 of the RGST Act. In view of this, Audit recommends that efforts may be made to increase the selection of taxpayers for the business audit, as prescribed in the audit manual and to ensure that audits of the selected cases are completed in a timely manner.***
- ***The Department needs to take prompt steps to undertake the remaining Business audits, as highlighted by audit, so that timely action could be initiated against the defaulters and recoveries, if any, could be effected.***
- ***State Government may strengthen the registration and cancellation mechanism to prevent Registration of the fake units/entities and ITC frauds.***
- ***Department may examine such cases of ITC availment where there are both taxable and nil rated/exempted supplies in detail and take suitable action for reversal of the ITC, where applicable.***

E-Way Bill System under Goods and Service Tax

Audit examination of EWBs for the period 2018-19 to 2021-22 revealed compliance deviations by 36 taxpayers out of examined 65 taxpayers, which pertain to E-Way Bills generated after the date of cancellation of registration, issuing cancellation orders without any demand and generation of EWBs for the transactions effected by suspicious vehicles. Further, Audit observed that EWBs were generated by unregistered persons having assessable value of goods above the prescribed registration threshold and generation of EWBs using invalid PIN Codes.

Audit also noticed gaps in the preventive and enforcement activity done by Enforcement Units of the Department such as improper levy of penalty, loss of revenue due to delay in auction, incorrect levy of RGST and CGST, misclassification of place of supply, generation of temporary GSTIN for already registered taxpayers, delay in set off of liability towards tax and penalty imposed on detention of goods and conveyance and discrepancies in MIS reports and their underutilisation.

Audit sought for login Id and password based access to the E-Way Bill Portal of the Department. However, the same was not provided. As a result, Audit could not ascertain whether the taxpayers in these cases had correctly reported the details of supply as per E-Way Bills in their GST returns.

Audit recommended that the Government/Department may consider:

- *State Government may establish a mechanism to ensure that proper officers cancelling registration, retrospectively, assess the tax liability or conclude best judgement assessment duly considering the quantum of E-Way Bills generated.*
- *State Government may ensure with NIC that suitable validations are built in the EWB system to prevent generation of EWBs after the effective date of cancellation.*
- *State Government may take up the matter with NIC to introduce validation controls in EWB system to prevent generation of EWBs using suspicious vehicles.*
- *The Department may consider developing a mechanism to alert the jurisdictional authority to take timely and appropriate action, in cases where proceedings have been initiated under Section 129 and 130 of the Act.*
- *The Department may issue instructions to the officers of Enforcement and regular Circles to use the MIS portal extensively and ensure monitoring by higher authorities.*
- *State Government may ensure provision of read only access of EWB portal to Audit.*

Land Revenue

Out of 704 auditable units under the Land Revenue Department, 104 units were selected by audit for test check during 2022-23. Irregularities relating to

conversion, premium of land, non- reversion of land to the Government and others involving an amount of ₹ 175.38 crore in 16,138 cases were noticed in test check. Irregularities were also noticed in the expenditure audit of these selected units involving an amount of ₹ 10.05 crore in 2,977 cases.

The major irregularities noticed are:

- Non-assessment of the value of surrendered land before allotment of pasture land for mining purposes under Rajasthan Tenancy (Government) Rules, 1955 resulted in non-recovery of ₹ 7.23 crore of difference value of allotted pasture land.
- Non-inclusion of provision for depositing conversion charges in the online process by the Department resulted in sustained loss of revenue amounting to ₹ 13.68 lakh to the State exchequer in 184 cases of online applications.

Stamp Duty and Registration Fee

Out of 559 auditable units (including 19 administrative units) in the Registration and Stamps Department, audit test-checked 33 units (including one administrative unit). Of the 4,87,447 instruments registered in these units, 1,78,892 instruments (36.70 *per cent*) were scrutinised in detail, which brought out short/non-realisation of Stamp Duty and Registration Fee amounting to ₹15.68 crore in 942 instruments (0.53 *per cent* of the sample).

The major irregularities noticed are:

- In three Sub Registrar offices, three documents of immovable properties were registered wherein share in immovable properties were transferred to the existing/continuing partners/partners other than family members of the firm due to retirement of existing partner/partners on which stamp duty, surcharge and registration fee of ₹ 2.25 crore was chargeable at the rate of conveyance on the transferred share.
- In four Sub Registrar offices, five documents of immovable properties were registered with 100/75 *per cent* exemption in stamp duty under Rajasthan Investment and Promotion Scheme. The purchaser purchased already established unit or the Seller sold industrial plots without establishing the units which is not allowed under the scheme. This resulted in irregular exemption of stamp duty and surcharge of ₹ 1.05 crore along with interest of ₹ 0.32 crore.
- Non-inspection of records available digitally on the RERA website by the registering authorities resulted in short levy of stamp duty and surcharge of ₹ 24.49 lakh on account of misclassification of developer agreement as an amended partnership deed.

State Excise

Audit selected 32 out of 108 auditable units (including 20 of 54 implementing units) in the State Excise Department. Examination of records relating to 4,925 retail licensees and 11,646 cases indicated 6,797 instances (58 *per cent*) of non/short realisation of revenue and other irregularities involving ₹512.38 crore. The major irregularities noticed are:

- Lack of action to enforce policy provisions and to comply with the extant directions of Excise Commissioner resulted in non-recovery of additional amount of ₹ 5.84 crore on short- lifted quantity of Indian Made Foreign Liquor and Beer during 2018-21.
- Lack of action to enforce the provisions of the policy led to loss of revenue amounting to ₹ 11.76 crore on account of non-recovery of monthly guarantee amount of Country Liquor (CL) and Rajasthan Made Liquor (RML) from 388 licensees during 2019-21.
- Lack of action to enforce the provisions of the policy led to loss of revenue amounting to ₹ 3.63 crore on account of basic license fee on short-lifted quantity of CL and RML from 456 licensees during 2020-21.
- Lack of action to enforce the provisions of the policy led to loss of revenue amounting to ₹ 11.80 crore on account of non-recovery of difference amount of excise duty on CL and RML from 533 licensees during 2019-21.
- Department did not recover the remaining amount of ₹ 3.11 crore of composite fees against 222 licensees during 2021-22 and granted undue benefit to the licensees in operation of their shops.
- The excise duty on the expired beer stock was neither paid by the brewer nor demanded by the Excise Department which resulted in non-levy of excise duty amounting to ₹ 2.53 crore for the period 2021-23.
- In 227 cases, composition amount of ₹ 74.73 lakh was not deposited by the concerned licensees within the prescribed time limit. The concerned DEOs neither recovered the due amount nor cancelled the licenses of such licensees as per the condition mentioned in compounding orders and allowed the licensees to continue their business without payment of penalty.
- Department could not recover the amount of ₹ 1.51 crore from 106 licensees on account of shortfall in Annual License fees for 2022-23.
- Lack of action on part of the District Excise Officers to enforce the provisions of the Policy and conditions of the license led to non-recovery of excise duty and basic license fees amounting to ₹ 206.79 crore on short lifted guarantee quota of liquor for the period 2021-23.

Part B: Compliance Audit

Compliance Audit observations related to expenditure incurred by various State Government Departments.

This part of the Report contains eight compliance audit paragraphs involving an amount of ₹ 19.08 crore emerging out of the audit of Department of Personnel, Urban Development and Housing Department, Medical, Health and Family Welfare Department, Higher Education Department, Local Self Government Department and Sainik Kalyan Vibhag.

Department of Personnel

- Between September and October 2021, the Rajasthan Staff Selection Board awarded two frisking service contracts to the same firm, Innovatiview, for

the Agriculture Supervisor and Patwar Examinations. Audit revealed multiple irregularities in both procurements, including indication of collusive bidding, ineligible qualification, and procedural lapses. This indicated systemic weaknesses in the Board's procurement practices.

Urban Development and Housing Department

- Urban Improvement Trust (UIT), Jaisalmer recovered less amount of urban assessment of ₹ 1.17 crore from the firm on a commercial plot auctioned on lease of 99 years for construction of a hotel. The UIT calculated urban assessment at the 2.5 *per cent* for all the years in the violation of the condition of the auction of plot issued by the UIT as it provided that urban assessment (Lease money) was to be charged at 2.5 *per cent* of the reserve price for first five years and further at the rate of five *per cent*.

Medical, Health and Family Welfare Department

- Department did not provide land and approved drawings before award of contract and despite the slow progress of contractor, the Department did not take any action to terminate the contract or take any penal action against the contractor as per the terms of conditions of the contract agreement. As a result, the construction work could not be completed even after a lapse of six years after incurring an expenditure of ₹ 3.04 crore.
- During 2016–17 to 2019–20, the Department of Medical Health & Family Welfare incurred an expenditure of ₹ 16.55 crore for constructing 24 District Early Intervention Centres (DEICs) with the objective of identifying children at risk of developmental delays, disabilities, congenital anomalies, and other health conditions, and facilitating their timely referral to tertiary-level healthcare institutions. Audit observed that none of the 24 DEICs had been equipped with diagnostic or medical equipment, and no staff had been deployed in 12 DEICs even after more than five years of their establishment. This was despite the sanction of ₹ 22.91 crore by the Government of India for essential diagnostic or medical equipment, of which ₹ 21.87 crore remained unutilised. Consequently, 12 DEICs remained only partially functional, while the remaining 12 were completely non-functional as of June 2025, defeating the core objective of early detection and intervention for childhood developmental disorders and disabilities.

Higher Education Department

- In October 2021, Jai Narain Vyas University, Jodhpur awarded a contract for maintenance of University Management System to a firm that did not meet key financial and technical eligibility norms. The firm did not fulfil contractual obligations, with only six out of 25 modules operational, and the system remained underutilized due to a persistent shortage of trained personnel even after more than three years. Moreover, despite clear recommendations of the Monitoring Committee to recover at least 50 *per cent* of the payments made to the firm and redefine the scope of work, the university neither took corrective action nor reassessed performance before extending the contract and made the full payment of the contract, i.e. ₹ 18.44 crore indicating serious lapses in contract management.

- The Ministry of Micro, Small & Medium Enterprises, GoI, sanctioned (January 2017) the establishment of a Centre for Entrepreneurship and Small Business Management at Jai Narain Vyas University, Jodhpur, at an estimated cost of ₹3.15 crore, with ₹1.50 crore from GoI and ₹1.65 crore to be contributed by the university. The Centre was completed in August 2020 at a cost of ₹1.85 crore. However, the university deposited only ₹1.50 crore, of which ₹1.25 crore was diverted (June 2017) to meet pension liabilities, leading to non-procurement of essential infrastructure and rendering the Centre non-functional as of May 2025.

Local Self Government Department

- Cancellation of contract to procure e-buses from a reputed supplier due to non-transparent and irregular working of Jaipur City Transport Services Limited, resulted in non-utilisation of GoI funds and loss of opportunity to provide environment friendly buses to the common public of Jaipur city.

Sainik Kalyan Vibhag

- Due to the absence of a feasibility study and the improper selection of the site in relation to the intended purpose, the Veerangana Hostel cum Rehabilitation Centre Jodhpur has remained unutilised even after more than five years since its completion in March 2019. Furthermore, the Government has not repurposed the property despite a proposal for its alternative use being submitted two years ago.

