

## Report of the Comptroller and Auditor General of India on Revenue Sector

for the year ended 31 March 2012



**Government of Rajasthan** 

Report No. 2 of the year 2013

## Report of the Comptroller and Auditor General of India on Revenue Sector

for the year ended 31 March 2012

## **Government of Rajasthan**

Report No. 2 of the year 2013

## TABLE OF CONTENTS

	Reference to	
	Paragraph	Page
Preface		vii
Overview		ix-xii
CHAPTER-I : GENERAL		
Trend of revenue receipts	1.1	1
Response of the Government towards audit observations	1.2	5
Outstanding IRs and audit observations	1.2.1	5
Departmental audit committee meetings	1.2.2	6
Response of the Departments	1.2.3	7
Follow-up on Audit Reports – summarised position	1.2.4	7
Compliance to the earlier Audit Reports	1.2.5	8
Audit planning	1.3	9
Results of audit	1.4	9
Position of local audit conducted during the year	1.4.1	9
This Report	1.4.2	9
CHAPTER-II : TAXES ON SALES, TRA	DE ETC.	
Tax administration	2.1	11
Trend of receipts	2.2	11
Analysis of arrears of revenue	2.3	12
Collection of VAT per assessee	2.4	12
Cost of collection	2.5	13
Impact of audit reports	2.6	13
Working of Internal Audit Wing	2.7	14
Results of audit	2.8	15
Performance Audit on 'Assessment and Collection of Value Added Tax (VAT) and Central Sales Tax (CST)'	2.9	16
Audit observations	2.10	36
Non-observance/compliance of provisions of Acts/Rules and notification	2.11	36
Short/non-levy of tax on taxable turnover	2.11.1	36
Short levy of tax due to application of incorrect rate of tax	2.11.2	38

Underassessment of Entertainment Tax         2.11.5         42           CHAPTER-III: TAXES ON MOTOR VEHICLES           Tax administration         3.1         43           Trend of receipts         3.2         43           Analysis of arrears of revenue         3.3         44           Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3		Reference to	
Non-levy/short levy of Entry Tax		Paragraph	Page
Underassessment of Entertainment Tax         2.11.5         42           CHAPTER-III: TAXES ON MOTOR VEHICLES           Tax administration         3.1         43           Trend of receipts         3.2         43           Analysis of arrears of revenue         3.3         44           Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3	Incorrect grant of benefit of composition Schemes	2.11.3	39
CHAPTER-III: TAXES ON MOTOR VEHICLES           Tax administration         3.1         43           Trend of receipts         3.2         43           Analysis of arrears of revenue         3.3         44           Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57	Non-levy/short levy of Entry Tax	2.11.4	42
Tax administration         3.1         43           Trend of receipts         3.2         43           Analysis of arrears of revenue         3.3         44           Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5 <td>Underassessment of Entertainment Tax</td> <td>2.11.5</td> <td>42</td>	Underassessment of Entertainment Tax	2.11.5	42
Trend of receipts   3.2	CHAPTER-III : TAXES ON MOTOR VE	HICLES	
Analysis of arrears of revenue         3.3         44           Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7 <td>Tax administration</td> <td>3.1</td> <td>43</td>	Tax administration	3.1	43
Cost of collection         3.4         44           Impact of audit reports         3.5         45           Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7         59           Non-compliance of provisions of Rules/Circulars	Trend of receipts	3.2	43
Impact of audit reports   3.5   45	Analysis of arrears of revenue	3.3	44
Working of Internal Audit Wing         3.6         45           Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non-short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV : LAND REVENUE         55           Tran administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7         59           Non-compliance of provisions of Rules/Circulars         4.8         59           Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land         4.9.2	Cost of collection	3.4	44
Results of audit         3.7         46           Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7         59           Non-compliance of provisions of Rules/Circulars         4.8         59           Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land         4.9.2         61	Impact of audit reports	3.5	45
Audit observations         3.8         47           Non-compliance of provisions of the Acts/Rules         3.9         47           Taxes on motor vehicles not realized         3.10.1         47           Non/short realisation of outstanding instalment of lump sum tax         3.10.2         49           Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation         3.10.3         49           Issue of driving license by the Transport Department         3.11         50           CHAPTER-IV: LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7         59           Non-compliance of provisions of Rules/Circulars         4.8         59           Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land         4.9.1         59           Non-recovery of cost of land         4.9.2         61	Working of Internal Audit Wing	3.6	45
Non-compliance of provisions of the Acts/Rules  Taxes on motor vehicles not realized  Non/short realisation of outstanding instalment of lump sum tax  Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation  Issue of driving license by the Transport Department  Tax administration  CHAPTER-IV: LAND REVENUE  Tax administration  4.1 55  Trend of revenue  4.2 55  Analysis of arrears of revenue  4.3 56  Impact of audit reports  4.4 57  Working of Internal Audit Wing  Results of audit  4.6 58  Audit observations  Non-compliance of provisions of Rules/Circulars  Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59 in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Results of audit	3.7	46
Taxes on motor vehicles not realized  Non/short realisation of outstanding instalment of lump sum tax  Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation  Issue of driving license by the Transport Department  3.11 50  CHAPTER-IV: LAND REVENUE  Tax administration  4.1 55  Trend of revenue  4.2 55  Analysis of arrears of revenue  4.3 56  Impact of audit reports  4.4 57  Working of Internal Audit Wing  4.5 57  Results of audit  4.6 58  Audit observations  Non-compliance of provisions of Rules/Circulars  Non/short recovery of cost land  Non-recovery of cost of land  4.9.2 61	Audit observations	3.8	47
Non/short realisation of outstanding instalment of lump sum tax  Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation  Issue of driving license by the Transport Department  CHAPTER-IV: LAND REVENUE  Tax administration  4.1 55  Trend of revenue  4.2 55  Analysis of arrears of revenue  4.3 56  Impact of audit reports  Working of Internal Audit Wing  4.5 57  Results of audit  Audit observations  Non-compliance of provisions of Rules/Circulars  Non/short recovery of cost land  Non-recovery of cost of land  Non-recovery of cost of land  Non-recovery of cost of land  Audit observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Non-compliance of provisions of the Acts/Rules	3.9	47
Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation  Issue of driving license by the Transport Department  CHAPTER-IV: LAND REVENUE  Tax administration  4.1 55  Trend of revenue  4.2 55  Analysis of arrears of revenue  4.3 56  Impact of audit reports  Working of Internal Audit Wing  4.5 57  Results of audit  4.6 58  Audit observations  4.7 59  Non-compliance of provisions of Rules/Circulars  4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Taxes on motor vehicles not realized	3.10.1	47
of Rajasthan State Road Transport Corporation  Issue of driving license by the Transport Department 3.11 50  CHAPTER-IV: LAND REVENUE  Tax administration 4.1 55  Trend of revenue 4.2 55  Analysis of arrears of revenue 4.3 56  Impact of audit reports 4.4 57  Working of Internal Audit Wing 4.5 57  Results of audit 4.6 58  Audit observations 4.7 59  Non-compliance of provisions of Rules/Circulars 4.8 59  Non/short recovery of cost land 4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59  in allotment of Government land 4.9.2 61		3.10.2	49
CHAPTER-IV : LAND REVENUE           Tax administration         4.1         55           Trend of revenue         4.2         55           Analysis of arrears of revenue         4.3         56           Impact of audit reports         4.4         57           Working of Internal Audit Wing         4.5         57           Results of audit         4.6         58           Audit observations         4.7         59           Non-compliance of provisions of Rules/Circulars         4.8         59           Non/short recovery of cost land         4.9         59           Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land         4.9.1         59           Non-recovery of cost of land         4.9.2         61		3.10.3	49
Tax administration 4.1 55  Trend of revenue 4.2 55  Analysis of arrears of revenue 4.3 56  Impact of audit reports 4.4 57  Working of Internal Audit Wing 4.5 57  Results of audit 4.6 58  Audit observations 4.7 59  Non-compliance of provisions of Rules/Circulars 4.8 59  Non/short recovery of cost land 4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59  in allotment of Government land 4.9.2 61	Issue of driving license by the Transport Department	3.11	50
Trend of revenue 4.2 55  Analysis of arrears of revenue 4.3 56  Impact of audit reports 4.4 57  Working of Internal Audit Wing 4.5 57  Results of audit 4.6 58  Audit observations 4.7 59  Non-compliance of provisions of Rules/Circulars 4.8 59  Non/short recovery of cost land 4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land 4.9.2 61	CHAPTER-IV : LAND REVENU	E	
Analysis of arrears of revenue 4.3 56 Impact of audit reports 4.4 57 Working of Internal Audit Wing 4.5 57 Results of audit 4.6 58 Audit observations 4.7 59 Non-compliance of provisions of Rules/Circulars 4.8 59 Non/short recovery of cost land 4.9 59 Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land 4.9.2 61	Tax administration	4.1	55
Impact of audit reports  4.4 57  Working of Internal Audit Wing  4.5 57  Results of audit  4.6 58  Audit observations  4.7 59  Non-compliance of provisions of Rules/Circulars  4.8 59  Non/short recovery of cost land  4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Trend of revenue	4.2	55
Working of Internal Audit Wing  Results of audit  4.6  Audit observations  4.7  Non-compliance of provisions of Rules/Circulars  Non/short recovery of cost land  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.5  58  4.6  59  4.7  59  Non-compliance of provisions of Rules/Circulars  4.8  59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.9.2  61	Analysis of arrears of revenue	4.3	56
Results of audit 4.6 58  Audit observations 4.7 59  Non-compliance of provisions of Rules/Circulars 4.8 59  Non/short recovery of cost land 4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land 4.9.2 61	Impact of audit reports	4.4	57
Audit observations 4.7 59  Non-compliance of provisions of Rules/Circulars 4.8 59  Non/short recovery of cost land 4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59 in allotment of Government land 4.9.2 61	Working of Internal Audit Wing	4.5	57
Non-compliance of provisions of Rules/Circulars  4.8 59  Non/short recovery of cost land  4.9 59  Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Results of audit	4.6	58
Non/short recovery of cost land  Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59 in allotment of Government land  Non-recovery of cost of land 4.9.2 61	Audit observations	4.7	59
Non-observance of Rajasthan Tourism Unit Policy 2007 4.9.1 59 in allotment of Government land 4.9.2 61	Non-compliance of provisions of Rules/Circulars	4.8	59
in allotment of Government land  Non-recovery of cost of land  4.9.2 61	Non/short recovery of cost land	4.9	59
	Non-observance of Rajasthan Tourism Unit Policy 2007 in allotment of Government land	4.9.1	59
Short recovery of cost of land 4.9.3 62	Non-recovery of cost of land	4.9.2	61
	Short recovery of cost of land	4.9.3	62

	Reference to	
	Paragraph	Page
Non-recovery of cost of land allotted to Rajasthan Cooperative Dairy Federation Ltd.	4.9.4	63
Short recovery of conversion charges	4.10	63
Non-deposit of conversion charges and interest	4.11	65
Conversion charges and penalties on mobile towers	4.12	65
Non/short recovery/deposit of lease money and interest	4.13	66
Non-recovery of arrears	4.13.1	66
Short recovery of lease money	4.13.2	67
Non-remittance of ground rent in the Government account	4.13.3	68
Absence of provision for charging interest on delayed remittance of Government share resulted in potential loss	4.14	68
Breach of conditions mentioned in the allotments	4.15	69
CHAPTER-V : STAMP DUTY & REGISTRA	ATION FEE	
Tax administration	5.1	71
Trend of receipts	5.2	71
Analysis of arrears of revenue	5.3	72
Cost of collection	5.4	72
Impact of audit reports	5.5	73
Working of Internal Audit Wing	5.6	74
Results of audit	5.7	75
Audit observations	5.8	76
Non-observance of provisions of Acts/Rules	5.9	76
Underassessment/non-execution of lease deeds	5.10	77
Short levy of Stamp Duty (SD) on registration of lease deeds due to non-inclusion of interest amount in the consideration	5.10.1	77
Short levy of SD and RF on lease deeds granted for Premium <i>etc</i> . in addition to rent	5.10.2	78
Short levy of SD and RF on developer agreement	5.11	79
Irregular registration of sale deeds through irrevocable general power of attorneys executed out of the State	5.12	82
Under-valuation of property	5.13	82
Non levy of SD on partition deed	5.14	84
Non-levy of SD on the document of transfer of lease by	5.15	85

	Reference to	
	Paragraph	Page
way of assignment		
Non-recovery of irregularly exempted Stamp Duty	5.16	85
CHAPTER-VI : STATE EXCISE		
Tax administration	6.1	87
Trend of receipts	6.2	87
Analysis of arrears of revenue	6.3	87
Cost of collection	6.4	88
Impact of audit reports	6.5	88
Working of Internal Audit Wing	6.6	88
Results of audit	6.7	89
Receipts from Sale and Consumption of Lanced Poppy Heads	6.8	90
Other audit observations	6.9	113
Non-observance of the provisions of Act/Rules	6.10	113
Short realisation of hotel bar licence fee	6.10.1	113
Non/short realisation of annual licence fee for composite shops	6.10.2	115
Non-realisation of permit fee	6.10.3	116
CHAPTER-VII: NON-TAX RECEIR	PTS	
Introduction	7.1	117
Analysis of arrears of revenue	7.2	117
Impact of Audit Reports	7.3	118
Working of Internal Audit Wing	7.4	118
Results of Audit	7.5	119
Audit observations	7.6	120
Non-observance of the provisions of Acts/Rules	7.7	120
Irregular sanction of limestone leases as minor mineral	7.7.1	121
Illegal production of mineral	7.7.2	122
Non-recovery of royalty of mineral lime-stone (cement grade)	7.7.3	123
Unauthorised excavation and use of minerals by public works contractors	7.7.4	124
Mineral excavation without approval of mining plan/scheme	7.7.5	126
Illegal subletting of lease	7.7.6	127

	Reference to	
	Paragraph	Page
Non-raising of demand of cost of mineral excavated and despatched illegally	7.7.7	128
Non/short raising demand of cost of minerals	7.7.8	129
Lacunae in Government order-short recovery of royalty	7.7.9	130
Loss of revenue due to non-recovery of compound fee	7.7.10	132
Short recovery of royalty of SMS grade limestone	7.7.11	133
Non-levy of interest	7.7.12	134
Despatch of mineral without transit pass	7.7.13	135
Non-raising of demand of cost of mineral used at the stone crushers	7.7.14	135
Loss of stamp duty and registration fee due to non-execution of agreement	7.7.15	136