



**Report of the
Comptroller and Auditor General of India
for the year ended 31 March 2020**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Government of Rajasthan
Report No. 2 of the year 2021
(Compliance Audit)**

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PREFACE

This Report for the year ended 31 March 2020 has been prepared for submission to the Governor of the State of Rajasthan under Article 151 of the Constitution of India.

This report contains seven Chapters in two parts. Part A relates to audit of four of the Revenue earning departments and Part B relates to audit of the Expenditure incurred by the selected Government departments. Audit was conducted under provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts 2007 issued there under by the Comptroller and Auditor General of India. This report is required to be placed before the State Legislature under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2019-20 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2019-20 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

About this Report

This Report of the Comptroller and Auditor General of India (C&AG) 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.

The primary purpose of the Report is to bring important results of Audit to the notice of the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of Audit are expected to enable the Executive to take corrective actions and also to frame policies and directives that will lead to improved financial management of the audited entities, thus, contributing to better governance.

This report has two parts:

Part-A includes audit observations noticed during Audit of revenue earning Departments i.e. Commercial Taxes, Land Revenue, Stamps & Registration and State Excise.

Part-B includes audit observations related to expenditure incurred by various State Government Departments.

PART-A

Revenue Sector

The Part-A contains 23 paragraphs involving ₹ 54.94 crore. Some of the significant audit findings are mentioned below:-

I. General

- The total revenue receipts of the Government of Rajasthan during 2019-20 were ₹ 1,40,114 crore as against ₹ 1,37,873 crore for the year 2018-19. The revenue raised by the Government amounted to ₹ 74,959 crore comprising tax revenue of ₹ 59,245 crore and non-tax revenue of ₹ 15,714 crore. The receipts from the Government of India were ₹ 65,155 crore (State's share of divisible Union taxes of ₹ 36,049 crore and grants-in-aid of ₹ 29,106 crore).

(Paragraph 1.1)

- Analysis of Inspection Reports (IRs) issued upto March 2020 disclosed that 5,151 paragraphs involving ₹ 1,053.38 crore relating to 1,727 IRs remained outstanding at the end of October 2020 in these four departments.

(Paragraph 1.8)

II. Taxes on Sales, Trade, Supplies, etc.

The office conducted audit of 132 units of Commercial Taxes Department. The major irregularities noticed are:

- Excess Input Tax Credit (ITC) of ₹ 0.41 crore were allowed on goods consigned outside the state through branch transfer.

(Paragraph 2.4.1)

- Irregular allowance of ITC of ₹ 0.37 crore on the goods sold at subsidized price.

(Paragraph 2.4.2)

- Assessing authorities failed to take purchase return into account resulting in non-levy of reverse tax of ₹ 2.15 crore.

(Paragraph 2.4.3)

- Assessing Authority failed to add the reverse tax liability in the total tax liability and erroneously carried forward the excess amount of ₹ 0.42 crore under VAT for adjustment of CST dues.

(Paragraph 2.4.4)

- ITC on inadmissible item resulted in irregular allowance of ITC of ₹ 0.54 crore.

(Paragraph 2.4.5)

- A dealer submitted returns with 'nil' turnovers but in reality, sold goods to other registered dealers and collected tax, for which tax liability was not assessed resulting in non-levy of tax amounting to ₹ 0.40 crore and interest ₹ 0.20 crore.

(Paragraph 2.5)

- A dealer disclosed gross turnover of ₹ 13.16 crore in his return. The assessing authority passed an assessment order for 'nil' tax resulting in non-levy of tax amounting to ₹ 0.45 crore.

(Paragraph 2.6)

- The assessing authorities did not levy tax on the goods purchased from outside the state and utilised in the execution of the works for which Exemption Certificate was granted, resulting in short levy of tax amounting to ₹ 0.39 crore and interest of ₹ 0.15 crore.

(Paragraph 2.8)

- Assessing Authorities did not utilize the information available on the web-based application *RajVISTA* to impose entry tax which resulted in short/non-levy of entry tax of ₹ 2.87 crore and interest of ₹ 1.63 crore.

(Paragraph 2.9)

- Irregular refund of unutilised Input Tax Credit of ₹ 0.91 crore was allowed besides non levy of interest ₹ 0.32 crore and penalty ₹ 0.09 crore under Goods and Services Tax.

(Paragraph 2.10.2)

III. Land Revenue

The office conducted audit of 99 units of Land Revenue Department. The major irregularities noticed are:

- The land allotted for setting up of the industry was not used for the intended purpose within the prescribed time period in Jhalawar district. However, the allotting authority did not take action to take back the land resulting in non-utilisation of land valuing ₹ 33.11 lakh.

(Paragraph 3.4)

- Agricultural lands were being used for commercial purposes (for hotel and resorts) in 26 cases in Jaisalmer district without permission of the competent authority which resulted in non-recovery of conversion charges of ₹ 81.94 lakh.

(Paragraph 3.5.1)

- Agricultural lands were used for setting up residential colonies in five cases in two *tehsils* without permission of the competent authorities which resulted in non-recovery of conversion charges of ₹ 35.59 lakh.

(Paragraph 3.5.2)

- Use of agricultural land for institutional purposes, bricks kilns, marriage garden without conversion and conversion of agriculture land by applying incorrect rate resulted in non-recovery/short-recovery of conversion charges of ₹ 1.27 crore.

(Paragraph 3.5.3)

- Application of incorrect conversion rate for converting use of land from agricultural to institutional purposes resulted in short- recovery of conversion charges of ₹ 58.08 lakh.

(Paragraph 3.5.4)

IV. Stamp Duty and Registration Fee

The office conducted audit of 84 units of Registration and Stamps Department. The major irregularities noticed are:

- Non-levy of Stamp Duty of ₹ 23.75 lakh on conversion of Companies into Limited Liability Partnerships.

(Paragraph 4.4)

- Failure to take cognizance of the recitals of the documents resulted in short levy of Stamp Duty, surcharge and registration fee totalling ₹ 1.44 crore on instruments of Powers of Attorney.

(Paragraph 4.5)

- Irregular exemption of Stamp Duty of ₹ 76.97 lakh allowed under Rajasthan Investment Promotion Scheme on production of wrong entitlement certificates.

(Paragraph 4.6)

- Short recovery of Stamp Duty, surcharge and registration fee on instruments of transfer of lease by way of assignment totalling ₹ 15.99 lakh.

(Paragraph 4.7)

- Short levy of Stamp Duty, Surcharge and Registration Fee on developer agreements executed between landowners and developers totalling ₹ 3.32 crore.

(Paragraph 4.8)

- Registering Authorities failed to levy and recover Stamp Duty and Surcharge totalling ₹ 34.79 lakh on contribution of immovable properties to partnership firms.

(Paragraph 4.9.1)

- Registering Authorities failed to levy and recover Stamp Duty and Surcharge totalling ₹ 64.83 lakh on the transfer of immovable properties on retirement of partner(s).

(Paragraph 4.9.2)

- Short levy of Stamp Duty, Surcharge and Registration Fee totalling ₹ 47.87 lakh on amalgamation/ reconstruction of companies.

(Paragraph 4.10)

- Undervaluation of immovable properties resulted in short levy of Stamp Duty, Surcharge and Registration Fee totalling ₹ 3.33 crore.

(Paragraph 4.11)

V. State Excise

The office conducted audit of 39 units of State Excise Department. The major irregularities noticed are:

- Non-recovery of additional amount from retail-off licensees for short lifted quantity of IMFL and Beer and failure to recover the additional amount of ₹ 2.65 crore.

(Paragraph 5.4)

- Incorrect calculation of composite fee for shops of peripheral area resulted in short realisation of revenue of ₹ 1.23 crore.

(Paragraph 5.5)

- Lack of proactive action by the Department led to short recovery of license fee of ₹ 31 lakh from hotel bar licensees.

(Paragraph 5.6)

- Short recovery of penalty ₹ 7.94 crore on non-maintenance of minimum yield efficiency by the breweries for production of beer.

(Paragraph 5.7)

- Non-forfeiture of Security Deposit and advance Exclusive Privilege Amount from Country Liquor groups led to loss of revenue of ₹ 77.31 lakh.

(Paragraph 5.8)

- Short realisation of Monthly Guarantee Amount from Country Liquor licensees led to loss of revenue of ₹ 13.37 crore.

(Paragraph 5.9)

PART-B

Expenditure Sector

VI. General

- There are 66 Departments, 234 Autonomous Bodies (ABs) and 14 Public Sector Undertakings (PSUs) of the Government of Rajasthan, headed by Additional Chief Secretary/ Principal Secretaries/Secretaries, which are audited by the Accountant General¹ (Audit-I), Rajasthan, Jaipur.

(Paragraph 6.1)

- During 2019-20, audit of 951 out of the 22,016 units of General and Social Sector Departments, have been carried out. Further, 19,693 mandays (for financial audit and compliance audit) were used.

(Paragraph 6.3)

- A review of the outstanding ATNs on paragraphs/performance audits included in the Reports of the Comptroller and Auditor General of India pertaining to various Departments as on 31 January 2021 revealed that 13 ATNs were pending from the concerned Departments.

(Paragraph 6.6)

VII. Compliance Audit of Expenditure Sector

The significant audit observations are:

- The Maharana Pratap University of Agriculture and Technology (MPUAT), Udaipur disallowed certain items in a construction contract in order to keep additional expenditure under the permissible limit in terms of Rajasthan Transparency in Public Procurement (RTPP) Rules. Later MPUAT got these items re-executed by the same contractor under a new tender in violation of provisions of PWF&ARs.

(Paragraph 7.1)

- The Employees' State Insurance Scheme (ESIS) was started for protecting employees against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families. The scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC). The Scheme is

1 Erstwhile Office of the 'Principal Accountant General (General and Social Sector Audit)' has been renamed as Office of the 'Accountant General (Audit-I)' with effect from 18.05.2020.

financed by contributions raised by employees covered under the scheme and their employers as a fixed percentage. Important reforms under ESIC 2.0 for expansion of ESIS in the state to cover all the IPs and for providing better services to IPs were not implemented. The State Government did not utilise the unspent 60.63 *per cent* of maximum admissible expenditure as per prescribed ceiling for managing manpower and to provide required medical facilities to the IPs. Due to shortage of Medical Specialists/Officers and Para Medical staff such as nursing staff, pharmacists etc., the hospitals/dispensaries could not function at their optimal potential. ESI hospitals/dispensaries lacked infrastructure and laboratory facilities. This resulted in decreasing trend in number of patients attending OPD/IPD and patients had to be referred to tie up/government hospitals for basic tests/investigations and specialist facilities. Even though ESIC initiated an IT project for hospital management, the same could not be implemented completely by ESIS. To improve the services being provided in the hospitals and dispensaries, ESI Society was to be formed under section 58(5) of the Act. It was not formed by the State Government despite the fact that 100 *per cent* expenditure upto the prescribed ceiling was to be borne by Employees State Insurance Corporation (ESIC) upto three years.

(Paragraph 7.2)

- Failure of the Medical Education Department to apply for increase in sanctioned load led to avoidable payment of demand surcharges and irregular payment of electricity duty by Medical Colleges/Hospitals amounting to ₹ 1.40 crore.

(Paragraph 7.3)

- Lack of action on part of the Medical Education Department led to short receipt of concession fee plus penal interest for delay in payment, short-recovery of amount related to unutilised below poverty line quota and resultant extension of undue benefit to the concessionaire causing a loss of revenue of ₹ 5.09 crore to the State Government.

(Paragraph 7.4)

- Irregular expenditure of ₹ 3.72 crore on the execution of additional works in contravention of Rajasthan Public Works Financial and Accounts Rules by Medical and Health Department.

(Paragraph 7.5)

- Failure to recover loan from beneficiaries and irregular utilization of funds by Department of Minority Affairs and WAQF Board, for repayment to National Minorities Development and Finance Corporation resulted in avoidable penal interest of ₹ 3.17 crore.

(Paragraph 7.6)

- Imprudent decision to change construction site for Directorate building and non-completion of Rehabilitation and Research Institute building not only led to non-utilization of Central Grant of ₹ 3.27 crore and unfruitful expenditure of ₹ 5.47 crore but also deprived the beneficiaries from the intended benefits even after lapse of more than eight years in Social Justice and Empowerment Department.

(Paragraph 7.7)

- In Social Justice and Empowerment Department, non-adherence to rules of procurement and poor monitoring resulted in unfruitful expenditure of ₹ 1.24 crore on non-functional Solar Home Lighting Systems.

(Paragraph 7.8)

- In Social Justice and Empowerment Department, non-adherence to procurement rules relating to execution of contract and performance security resulted in unfruitful expenditure of ₹ 2.98 crore incurred on non-functioning 256 Solar Water Heating Systems.

(Paragraph 7.9)

- The Water Resources Department, while making payment of compensation for acquisition of land falling under urban area, considered the incorrect multiplying factor applicable to rural areas resulting in an excess payment of ₹ 1.65 crore.

(Paragraph 7.10)

- Unauthorised execution of additional works worth ₹ 1.55 crore in gross violation of Public Works Financial & Accounts Rules by Water Resources Department.

(Paragraph 7.11)

Part-A
REVENUE SECTOR

CHAPTER-I
GENERAL

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 2019-20, 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 the **Table 1.1** below:

Table 1.1

(₹ in crore)						
Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Revenue raised by the State Government					
	• Tax revenue ¹	42,712.92	44,371.66	50,605.41	57,380.34	59,244.98
	• Non-tax revenue ²	10,927.87	11,615.57	15,733.72	18,603.01	15,714.16
	Total	53,640.79	55,987.23	66,339.13	75,983.35	74,959.14
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties ³	27,915.93	33,555.86	37,028.01	41,852.35	36,049.14
	• Grants-in-aid ⁴	18,728.40	19,482.91	23,940.04	20,037.32	29,105.53
	Total	46,644.33	53,038.77	60,968.05	61,889.67	65,154.67
3	Total revenue receipts of the State Government (1 and 2)	1,00,285.12	1,09,026.00	1,27,307.18	1,37,873.02	1,40,113.81
4	Percentage of 1 to 3	53	51	52	55	53

Source: Finance Accounts of the respective years.

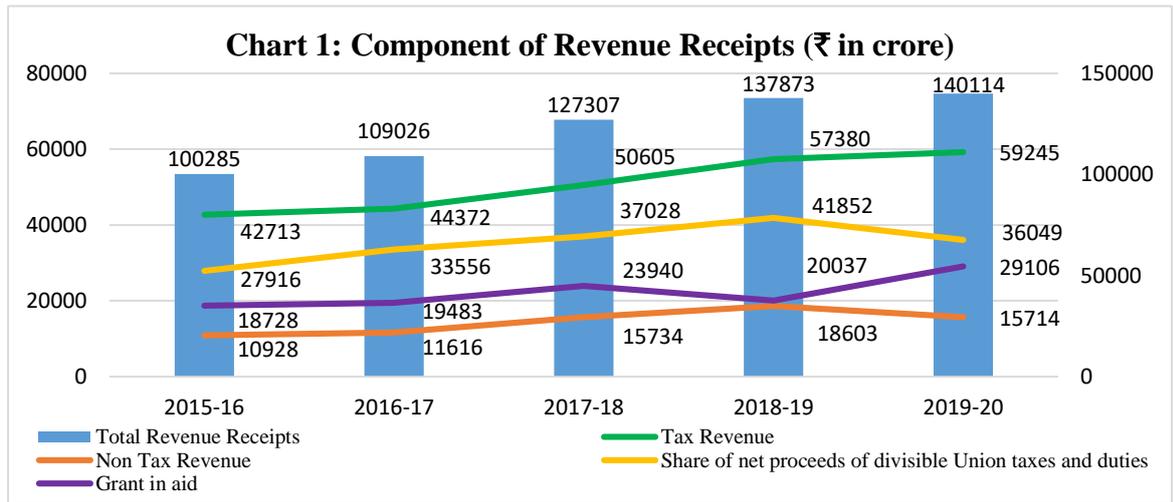
The revenue raised by the State Government (₹ 74,959.14 crore) was *53 per cent* of the total revenue receipts (₹ 1,40,113.81 crore) during the year 2019-20. The balance *47 per cent* of receipts during 2019-20 was from the Government of India by way of share of net proceeds of divisible Union taxes 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 2019-20. 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 2019-20 major Head-1601.



1.1.2 The details of the revised estimates (RE), and the actual receipts in respect of the tax revenue raised during the period 2015-16 to 2019-20 are given in **Table 1.2** below:

Table 1.2

(₹ in crore)

Sl. No.	Heads of revenue	RE	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage increase (+) / decrease (-) in 2019-20 over 2018-19	
		Actual							
1	Taxes on sales, trade, etc.	RE	27,635.00	27,767.60	18,800.00	15900.00	19262.16		
		Actual	24,878.67	27,151.54	18,285.44	14,225.31	15,361.61	(+) 7.98	
	Central sales tax	RE	1,615.00	1,227.40	700.00	600.00	737.83		
		Actual	1,466.10	1,406.88	722.80	565.65	481.15	(-) 14.94	
2	State Goods and Services Tax.	RE	-	-	11,700.00	23,500	25,605.23		
		Actual	-	-	12,137.02	22,938.33	21,954.17	(-) 4.29	
3	State excise	RE	6,350.00	7,600.00	7,800.00	9,300	10,500.00		
		Actual	6,712.94	7,053.68	7,275.83	8,694.10	9,591.63	(+) 10.32	
4	Stamp duty and registration fee	Stamps-judicial	RE	105.00	103.34	92.58	104.07	84.79	
			Actual	97.45	73.94	59.78	60.70	61.88	(+)1.94
		Stamps-non-judicial	RE	2,785.00	2,701.00	3,346.15	4,035.94	4,615.82	
			Actual	2,574.88	2,502.86	3,070.79	3,255.34	3,544.91	(+) 8.90
		Registration fee	RE	560.00	445.66	611.27	609.99	649.37	
			Actual	561.67	476.45	544.21	569.99	627.94	(+) 10.17
5	Taxes on motor vehicles	RE	3,300.00	3,650.00	4,300.00	5,000	5,650.00		
		Actual	3,199.44	3,622.83	4,362.97	4,576.45	4,950.98	(+) 8.18	
6	Taxes and duties on electricity	RE	2,000.00	2,172.00	3,500.00	2,339.50	2,804.01		
		Actual	1,921.29	738.24	3,376.67	2,147.95	2,262.77	(+) 5.35	
7	Land revenue	RE	320.00	359.01	566.71	463.16	404.98		
		Actual	272.47	314.69	363.86	289.94	364.49	(+) 25.71	
8	Taxes on goods and passengers	RE	800.00	750.00	328.00	37.57	35.00		
		Actual	847.72	803.28	340.78	50.79	41.12	(-) 19.03	
9	Other taxes and duties on commodities and services	RE	171.79	200.00	62.00	28.38	24.03		
		Actual	170.96	220.08	63.93	5.14	1.01	(-) 80.35	
10	Other taxes ⁵ , etc.	RE	50.20	10.00	10.00	10.00	1.00		
		Actual	9.32	7.19	1.33	0.65	1.32	(+) 103.08	
	Total	RE	45,691.99	46,986.01	51,816.71	61,928.61	70,374.22		
		Actual	42,712.92	44,371.66	50,605.41	57,380.34	59,244.98	(+) 3.25	
	Percentage of increase of actual over previous year		10.45	3.88	14.05	13.39	3.25		

Source: Finance Accounts of the respective years.

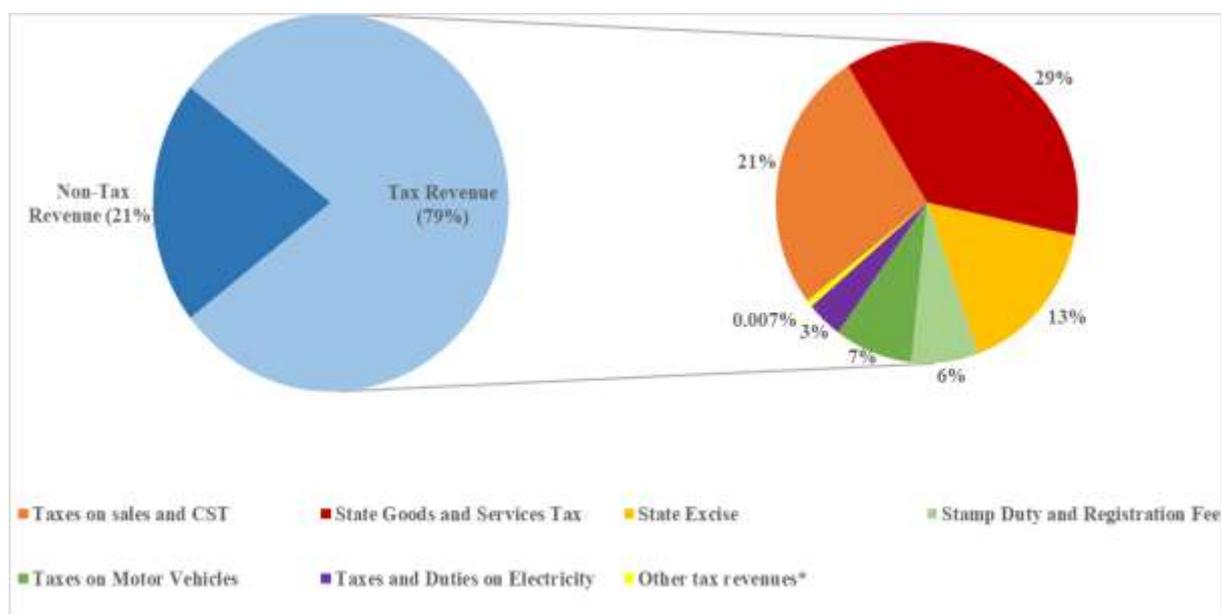
5 Other taxes include taxes on income and expenditure (Taxes on professions, trades, callings and employments) and taxes on immovable property other than agriculture land.

Even though there has been a continuous increase in the overall tax revenue during the last five years, the actual collection has been less than the RE for each year. The percentage growth of tax revenue has been declining since 2017-18 and the decline was sharper during the year 2019-20 in comparison to 2018-19.

The concerned departments intimated that the decrease in revenues from Central Sales Tax (14.94 per cent) and State Goods and Services Tax (4.29 per cent) was due to COVID-19 pandemic, increase in Taxes on motor vehicles (8.18 per cent) was due to allotment of higher revenue target against previous year and increase in State excise (10.32 per cent) was due to increase in excise fee, license fee, EPA and composite fee.

The revenues of the state during 2019-20 and the composition of the Tax revenues are shown in **Chart 2**.

Chart 2: Revenues of the State



*Other tax revenues include Land Revenue, Taxes on goods and passengers, other taxes and duties on commodities and services and other taxes.

1.1.3 The details of the RE and the actual receipts in respect of the non-tax revenue raised during the period 2015-16 to 2019-20 are given in the **Table 1.3** below:

Table 1.3

Heads of revenue	RE	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage increase (+)/ decrease (-) in 2019-20 over 2018-19
	Actual						
Non-ferrous mining and metallurgical industries	RE	4,250.00	4,200.00	4,900.00	6,000.00	6,600.00	
	Actual	3,782.13	4,233.74	4,521.52	5,301.48	4,579.09	(-) 13.63
Interest receipts	RE	1,860.58	2,002.97	4,924.14	5,810.44	4,039.38	
	Actual	1,982.39	1,933.37	4,858.90	5,790.87	3,851.99	(-) 33.48
Miscellaneous general services	RE	885.72	859.39	888.31	1,171.34	1,150.93	
	Actual	700.90	660.70	762.36	783.86	915.51	(+) 16.79
Police	RE	213.00	220.15	333.73	360.95	428.51	
	Actual	162.02	190.78	296.56	345.38	641.68	(+) 85.79

Heads of revenue	RE	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage increase (+)/ decrease (-) in 2019-20 over 2018-19
	Actual						
Other administrative services	RE	162.44	222.35	228.41	258.82	264.87	
	Actual	161.98	210.51	207.55	246.49	207.16	(-) 15.96
Major and medium irrigation	RE	112.50	129.79	90.30	115.26	127.26	
	Actual	68.72	112.77	277.72	179.31	77.19	(-) 56.95
Forestry and wild life	RE	111.65	123.95	173.82	154.01	145.18	
	Actual	133.75	113.00	182.26	147.45	109.47	(-) 25.76
Public works	RE	79.51	95.30	107.37	126.50	251.80	
	Actual	97.89	84.31	109.26	125.92	91.91	(-) 27.01
Medical and public health	RE	108.99	115.74	152.34	166.01	221.44	
	Actual	119.21	125.39	130.67	163.59	238.16	(+) 45.58
Co-operation	RE	14.52	41.25	47.75	29.02	35.51	
	Actual	14.64	44.10	63.11	22.24	9.11	(-) 59.04
Other non-tax receipts ⁶	RE	4,072.75	4,458.43	4,813.11	5,774.05	6,332.52	
	Actual	3,704.24	3,906.90	4,323.81	5,496.42	4,992.89	(-) 9.16
Total	RE	11,871.66	12,469.32	16,659.28	19,966.44	19,597.40	
	Actual	10,927.87	11,615.57	15,733.72	18,603.01	15,714.16	(-) 15.53
Percentage of increase of actual over previous year		(-) 17.40	6.29	35.45	18.23	(-) 15.53	

Source: Finance Accounts of the respective years.

It is evident from the table that the collection of non-tax revenue during 2019-20 was less than the RE and there was overall decrease in revenue collection by (15.53 per cent) as compared to the previous year. The Departments intimated that this was mainly due to decrease in 'interest receipts' on loans given to electricity companies under UDAY⁷ (33.48 per cent). In addition, the decrease was also attributable to decrease in revenues from Non-ferrous mining metallurgical industries (13.63 per cent) and Forestry and wild life (25.76 per cent) as a result of COVID-19 pandemic. Further, increase under the head 'Police' (85.79 per cent) was due to enhanced receipts from State police deployments to other States, GOI, PSUs, Banks, Private companies and other agencies and in Miscellaneous general services (16.79 per cent) due to increase in receipt of guarantee commission as a result of increased Government guarantees during 2019-20.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 relating to certain principal heads of revenue amounted to ₹ 23,926.61 crore, out of which ₹ 3,343.89 crore was outstanding for more than five years as given in the **Table 1.4** below:

6 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.

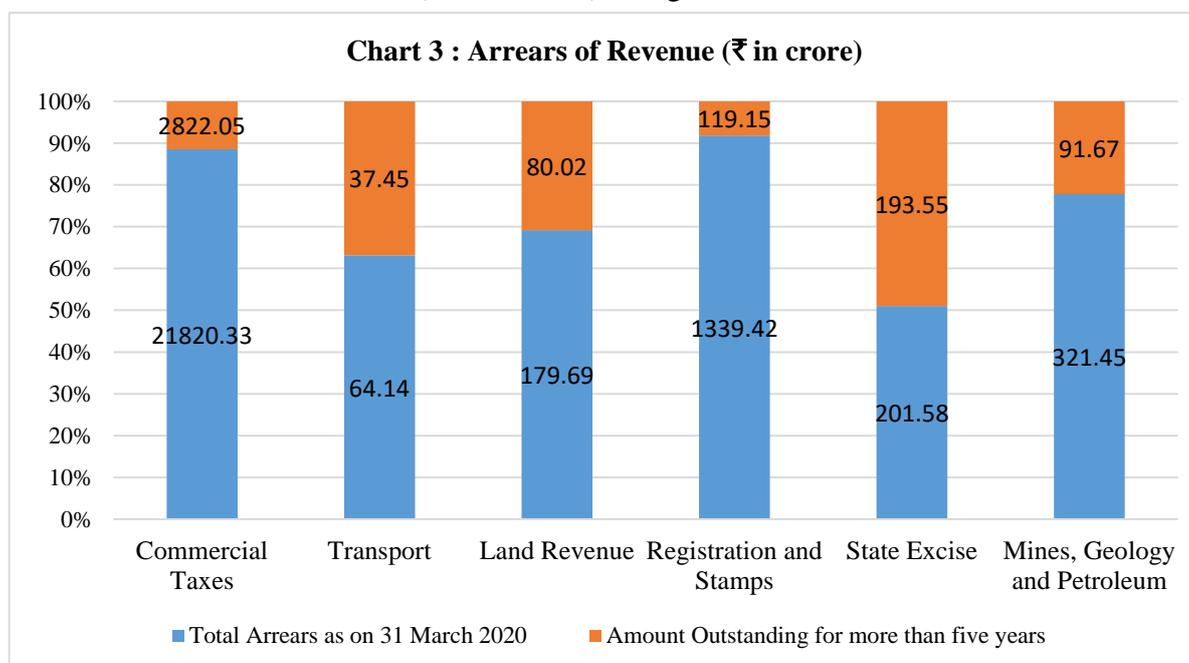
7 Ujwal DISCOM Assurance Yojana.

Table 1.4

(₹ in crore)					
Sl. No.	Heads of revenue	Total amount outstanding as on 1 April 2019	Total amount outstanding as on 31 March 2020 and percentage increase in comparison to previous year		Amount outstanding for more than five years as on 31 March 2020
1	Commercial Taxes*	21330.59	21820.33	(+) 2.30	2822.05
2	Transport ⁸	63.10	64.14	(+) 1.65	37.45
3	Land Revenue*	258.19	179.69	(-) 30.40	80.02
4	Registration and Stamps	494.72	1339.42	(+) 170.74	119.15
5	State Excise	194.52	201.58	(+) 3.63	193.55
6	Mines, Geology and Petroleum	240.04	321.45	(+) 33.91	91.67
Total		22581.16	23926.61	(+) 5.96	3343.89

Source: Information provided by the concerned Departments.

The information regarding stages at which arrears were pending for collection have not been received (March 2021) though called for.



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 the **Table 1.5** below:

8 * The figures shown as outstanding balance(s) on 1 April 2019 were at variance with the balances on 31 March 2019 (Transport ₹ 2.09 crore, Land Revenue ₹ 220.61 crore and Commercial Taxes ₹ 10005.19 crore). Land revenue Department intimated that the variance was due to inclusion of demand of the year 2018-19 and outstanding as of 1 April 2019 was actual. Reasons for the variation in the remaining departments were not received.

Table 1.5

Name of the Department	Opening balance	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commercial Taxes	39	5,30,677	5,30,716	5,30,698	18	99.99
Registration and Stamps ⁹	4,980	8,691	13,671	8,549	5122	62.53
Mines, Geology and Petroleum	5,581	11,627	17,208	8,409	8,799	48.87
Transport	1,938	22,236	24,174	22,637	1,537	93.64

Source: Information provided by the concerned Departments.

It can be seen that Commercial Taxes Department has performed well to clear most of the cases including those under deemed assessment scheme. However, in comparison, 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, 285 cases of tax evasion were noticed during 2019-20, out of which in 234 cases, assessment/investigation was completed. Further, additional demand with penalty *etc.* amounting to ₹ 5123.79 crore was raised upto 2019-20 out of which the Department recovered ₹ 4311.41 crore. Department of Mines, Geology and Petroleum intimated that 87 cases of tax evasion were noticed during 2019-20, out of which assessment/investigation was completed in 80 cases. Further, additional demand with penalty *etc.* amounting to ₹ 52.25 crore was raised up to 2019-20 out of which the Department recovered ₹ 2.74 crore.

1.5 Pendency of refund cases

The refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20 as reported by the respective Departments are given in the **Table 1.6** below:

⁹ Adjudication Cases.

Table 1.6

(₹ in crore)

Sl. No.	Particulars	Commercial Taxes		Registration and Stamps		Transport		Mines, Geology and Petroleum	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	Claims outstanding at the beginning of the year	181	103.42	974	5.27	412	1.98	17	2.17
2	Claims received during the year	5,930	412.64	1,937	13.96	537	2.78	10	0.78
3	(i) Refunds made during the year	3,135	203.03	1,861	9.22	367	2.08	4	0.25
	(ii) Rejected during year	1,686	182.51	63	0.07	28	0.11	0	0
4	Balance outstanding at the end of year	1,290	130.52	987	9.94	554	2.57	23	2.70

Source: Information provided by the concerned Departments.

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. Regulations on Audit & Accounts, 2007 (Regulations), as amended in 2020 and Auditing Standards 2017, issued by the CAG of India lay down the principles for Receipt Audit.

1.7 Audit 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, white paper on State finances, Report of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analyses of the revenue earnings during the past five years, audit coverage and its impact during the past five years. During the year 2019-20, there were 1,829 auditable units in Commercial Taxes, Land Revenue, Registration and Stamps and State Excise Departments. Out of these auditable units, 391 units were planned and 379 units were audited (6,451 Mandays were used) during the year, which is 20.72 per cent of the total auditable units. The shortfall is attributable to imposition of lockdown in the state due to COVID-19 pandemic.

1.8 Response of the Government/Departments to Audit observations

The 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 offices inspected 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 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 2020 disclosed that 5,151 paragraphs involving ₹ 1,053.38 crore relating to 1,727 IRs issued for these four main revenue earning departments remained outstanding at the end of October 2020. The figures as on June 2020 along with the corresponding figures for the preceding two years are given in the **Table 1.7** below:

Table 1.7

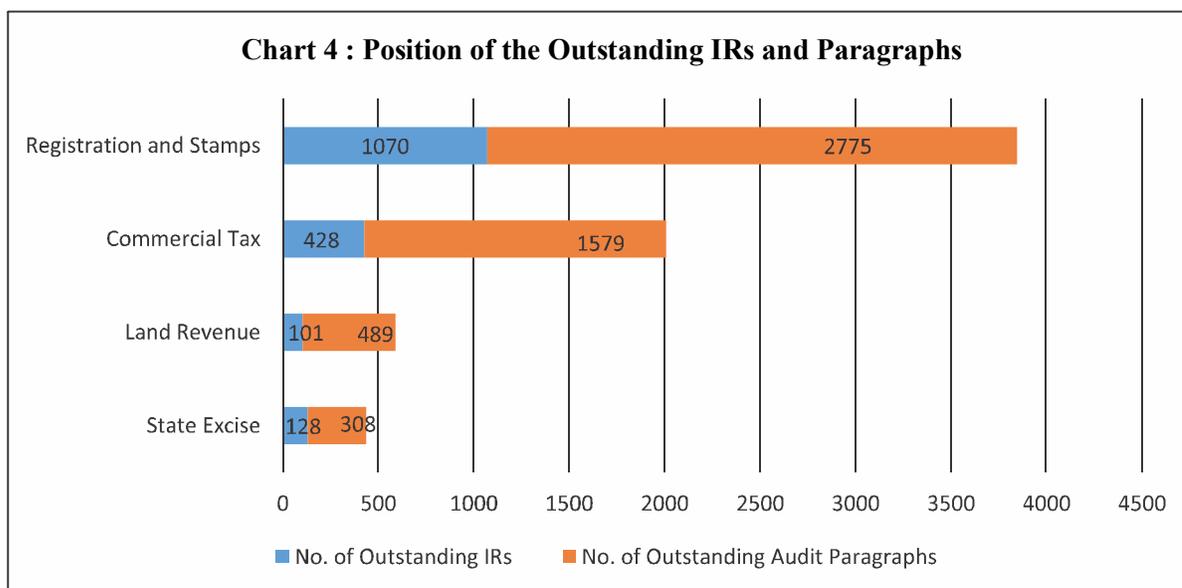
Particulars	June 2018 (IRs issued up to December 2017)	June 2019 (IRs issued up to December 2018)	June 2020 (IRs issued up to December 2019)	October 2020 (IRs issued up to March 2020)
Number of IRs pending for settlement	2,179	1,720	1,701	1,727
Number of outstanding audit paragraphs	6,100	5,097	5,100	5,151
Amount of revenue involved (₹ in crore)	1,208.54	1,204.29	1,063.82	1,053.38

1.8.1 The Department-wise details of the IRs and audit paragraphs outstanding as on 31 October 2020 and the amounts involved are given in the **Table 1.8** below:

Table 1.8

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.	428	1,579	376.79
2	Land Revenue	Land revenue	101	489	224.97
3	Registration and Stamps	Stamp duty and registration fee	1,070	2,775	365.04
4	State Excise	State excise	128	308	86.58
Total			1,727	5,151	1,053.38

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 Department of Commercial Taxes.



1.8.2 Departmental Audit Committee Meeting

The Government constituted Audit Committees¹⁰ 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 2019-20 and the paragraphs settled therein are given in the **Table 1.9** below:

Table 1.9

(₹ in crore)					
Sl. No.	Name of the Department	Number of Audit Committee meetings held	Number of Audit sub-committee meetings held	Number of paragraphs settled	Amount
1	Commercial Taxes	2	5	81	0.21
2	Land Revenue	3	5	13	2.42
3	Registration and Stamps	2	10	422	30.78
4	State Excise	2	2	33	2.80
Total		9	22	549	36.21

It can be seen that 549 paragraphs involving ₹ 36.21 crores were settled in Audit sub-committee meetings held in respect of Commercial Taxes, Land Revenue, Registration and Stamps and State Excise. Land Revenue and State Excise Departments may organize more Audit Committee/Audit sub-committee meetings to settle the outstanding paragraphs.

10 Audit Committees, *inter alia*, comprising of 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 of officers of the Departments and representative of Accountant General, are also formed.

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 Principal Secretaries/Secretaries of the concerned Departments¹¹, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Department/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

40 draft paragraphs (combined into 23 paragraphs of the report) were sent to the Principal Secretaries/Secretaries of the respective four Departments between June and November 2020. However, replies to two draft paragraphs¹² are still awaited (March 2021).

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 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. 138 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on Revenue Sector for the years ended 31 March 2015, 2016, 2017, 2018 and 2019 were placed before the State Legislative Assembly between 29 March 2016 and 21 August 2020. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with a delay ranging between 6 to 103 days. The PAC discussed 89 selected paragraphs pertaining to the Audit reports for the years from 2014-15 to 2016-17 and its recommendations on 63 paragraphs were incorporated in eleven Reports¹³ of PAC (2019-20).

1.9 Analysis of the mechanism for dealing with the issues raised by Audit in Land Revenue Department

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs included in the Inspection Reports/Audit Reports of the last five years for Land Revenue Department was evaluated.

The succeeding paragraphs 1.9.1 to 1.9.2 discuss the performance of the Land Revenue Department on the cases detected in the course of local audit and also the cases included in the Audit Reports.

11 Four Departments dealing with Tax collections viz. Commercial Taxes, Land Revenue, Registration & Stamps and State Excise Departments.

12 Land Revenue Department.

13 Eleven Reports pertaining to: Commercial Taxes (2), Land Revenue (2), Motor Vehicle Tax (2), Registration and Stamps (1), State Excise (2) and Mines and Geology (2).

1.9.1 Position of inspection reports

The summarised position of the IRs pertaining to Land Revenue Department issued during 2015-16 to 2019-20, paragraphs included in these reports and their status are given in the **Table 1.10** below:

Table 1.10

(₹ in crore)

Position upto Year	Opening balance			Addition during the year			Clearance during the year			Closing balance at the end of the year		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2015-16	113	300	441.70	10	98	8.75	29	84	140.74	94	314	309.71
2016-17	94	314	309.71	13	137	50.14	22	110	60.90	85	341	298.95
2017-18	85	341	298.95	12	65	8.52	20	94	23.36	77	312	284.11
2018-19	77	312	284.11	13	101	53.38	01	55	7.71	89	358	329.78
2019-20 (upto June 2020)	89	358	329.78	17	211	131.72	05	80	236.53	101	489	224.97

During 2019-20, three Audit committee meetings and five Audit sub-committee meetings were held but only 13 paras were settled. Considering the large number of pending IRs and paras, more efforts are required to improve the position in this regard.

1.9.2 Position of paragraphs and recovery of accepted cases included in the Audit Reports

The details of paragraphs relating to Land Revenue Department included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are given in the **Table 1.11** below:

Table 1.11

(₹ in crore)

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year 2019-20	Cumulative position of recovery of accepted cases as of 31 March 2020
2014-15	4	4.73	4	4.25	0.00	2.87
2015-16	5	51.19	5	51.16	0.06	46.28 ¹⁴
2016-17	2	176.44	2	176.44	0.12	0.43
2017-18	2	2.80	2	2.80	0.00	0.79
2018-19	2	4.21	2	3.89	0.23	0.23
Total	15	239.37	15	238.54	0.41	50.60

The Department accepted an amount of ₹ 238.54 crore against the total objected amount of ₹ 239.37 crore, out of which an amount of ₹ 50.60 crore had been recovered by the Department. The recovery was just 21.21 per cent of the accepted amount of the paragraphs.

14 Out of ₹ 46.28 crore, ₹ 41.46 crore pertains to the Para 4.5 of the Audit Report (non-reversion of land to Government). The Department had taken action as suggested by the audit.

It is recommended that the Land Revenue Department may take steps to recover the remaining objected amount on priority.

1.10 Results of Audit

Test check of the records of 379 audited units disclosed instances of under-assessments, short levy/loss of revenue, etc. aggregating to ₹ 193.91 crore in 5,954 cases. During the year, the concerned Departments accepted under-assessments and other deficiencies in 5,239 cases involving Government revenue of ₹ 378.58 crore, of which 1,386 cases involving ₹ 39.43 crore were pointed out in audit during 2019-20 and the rest in the earlier years. The Departments had recovered ₹ 35.36 crore in 2,723 cases up to 31 March 2020.

1.11 Coverage of this part of the Report

This part of the Report contains 23 paragraphs. The total financial impact of the paragraphs is ₹ 54.94 crore. These are discussed in Chapters II to V. The Departments/Government have accepted audit observations involving ₹ 41.25 crore and the replies in the remaining cases are awaited (as of March 2021). Out of the accepted audit observations, the Departments had recovered ₹ 11.06 crore upto March 2021 which was in addition to the recoveries (₹ 35.36 crore) made through local audit inspection reports during the year 2019-20. Further, the concerned Departments recovered ₹ 34.68 crore during the year 2019-20 in respect of objections raised in previous Audit Reports. Thus, total recoveries made at the instance of audit during the year aggregated to ₹ 81.10 crore.

CHAPTER-II
TAXES ON SALES,
TRADE, SUPPLIES, etc.

CHAPTER-II TAXES ON SALES, TRADE, SUPPLIES, etc.

2.1 Tax administration

The receipts from the Goods and Services Tax/Value Added Tax/Central Sales Tax/Entry Tax payable under the respective laws relating to state taxpayers are administered at the Government level by the Principal Secretary (Finance). The Commissioner is the head of the Commercial Taxes Department (Department) and is assisted by 23 Additional Commissioners, 46 Deputy Commissioners (DC), 91 Assistant Commissioners (AC), 136 Commercial Taxes Officers (CTO), 405 Assistant Commercial Taxes Officers (ACTO) and a Financial Advisor (FA). They are assisted by Junior Commercial Taxes Officers (JCTO) and other allied staff for administering the relevant tax laws and rules.

2.2 Internal audit

Financial Advisor is the head of the Internal Audit Wing. There are 17 internal audit parties. The status of internal audit conducted during the period from 2015-16 to 2019-20 is given in **Table 2.1** below:

Table 2.1

Year	Units Pending for audit	Units due for audit during the year	Total units due for audit	Units audited during the year	Units remaining unaudited	Shortfall in per cent
2015-16	252	413	665	181	484	73
2016-17	484	468	952	426	526	55
2017-18	526	468	994	526	468	47
2018-19	468	467	935	847	88	9
2019-20	88	467	555	486	69	12

Source: Information furnished by Commercial Taxes Department.

The Department has improved its internal audit system and the pendency of units to be audited has come down substantially since 2015-16. The Department needs to continue this practice to complete the targeted number of units in future.

It was noticed that 11,826 paragraphs of the internal audit reports were outstanding as on 31 March 2020. Year-wise break up is given in the **Table 2.2** below:

Table 2.2

Year	Up to 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Paragraphs	4,677	520	585	1,666	1,635	2,743	11,826

Source: Information furnished by Commercial Taxes Department.

Out of 11,826 paragraphs, 4,677 paragraphs were outstanding for more than five years for want of compliance/corrective action. The Department should take prompt action on the findings of the Internal audit reports so as to improve the internal control systems and maximize revenue collection.

2.3 Results of audit

There are 485 auditable units in the Commercial Taxes Department, out of which, audit selected 132 units for test check during the year 2019-20 wherein 4.31 lakh assessments were finalised. Among these, audit test checked 12,494 assessments (approximately 3 per cent) and noticed 613 cases (approximately 4.91 per cent of the audited sample) of short/non-levy of tax/interest, irregular allowance of Input Tax Credit, non-imposition of penalty for misuse of declaration forms, irregular allowance of investment subsidy, application of incorrect rate of tax and non-observance of provisions of Acts/Rules *etc.* involving an amount of ₹ 71.23 crore. These cases are illustrative only as these are based on test check of records. Audit pointed out some of the similar omissions in earlier years also, however, not only do these irregularities persist, but they also remain undetected till the next audit is conducted. Irregularities noticed broadly fall under the following categories as given in the **Table 2.3** below:

Table 2.3

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Under assessment of tax	234	25.28
2.	Acceptance of defective statutory forms	1	0.09
3.	Evasion of tax due to suppression of sales/purchase	85	15.05
4.	Irregular/incorrect/excess allowance of Input Tax Credit	128	10.53
5.	Other irregularities relating to		
	(i) Revenue	152	20.21
	(ii) Expenditure	13	0.07
Total		613	71.23

During 2019-20, the Department accepted underassessment and other deficiencies of ₹ 56.87 crore in 1170 cases, of which 128 cases involving ₹ 0.95 crore were pointed out in audit during 2019-20, and rest in the earlier years. In addition, during 2019-20, the Department recovered/ adjusted ₹ 16.36 crore in 245 cases, of which 14 cases involving ₹ 14.36 lakh pertained to the year 2019-20 and the rest to earlier years.

The State Government accepted and recovered/adjusted (between June 2020 and October 2020) an amount of ₹ 0.88 crore out of the total objected amount of ₹ 0.91 crore from six dealers on account of non-levy of exemption fee, irregular allowance of ITC and under assessment of Inter-state sale after it was pointed out (between November 2019 and March 2020) by the Audit, while ₹ 0.03 crore remained unrecovered. These paragraphs have not been discussed in the Report.

Few illustrative cases involving ₹ 10.72 crore are discussed in the succeeding paragraphs. It is pertinent to mention that most of these issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit and failure to strengthen the Internal Control system has led to recurrence of the same issues in subsequent years.

2.4 Input Tax Credit

2.4.1 Irregular allowance of Input Tax Credit

Assessing Authority while finalising tax assessment allowed excess Input Tax Credit on goods consigned outside the state through branch transfer

As per Section 18 of Rajasthan Value Added Tax (RVAT) Act, 2003, Input Tax Credit (ITC) shall be allowed to registered dealers in respect of purchase of any taxable goods made within the State from a registered dealer to the extent and in such manner as may be prescribed. The State Government *vide* notification dated 31 March 2006 under Section 18(4) of the RVAT Act, allowed a dealer to claim ITC, in excess of four *per cent* of tax paid in the state on purchase of goods which were used as raw material in manufacture of goods and such manufactured goods were consigned outside the State by way of branch transfer. Further, as per Section 61(2) (b) of RVAT Act, where any dealer has wrongly availed ITC, the assessing authority shall reverse such credit and shall impose a penalty equal to double the amount of such credit.

During test check of assessment records of Circle A, Bhiwadi it was noticed (September 2019) that two dealers purchased goods amounting to ₹ 62.09 crore within the State at the prescribed tax rates and availed ITC of ₹ 3.23 crore on entire purchase of taxable goods during 2016-17. This included purchase of furnace oil of ₹13.46 crore, on which an ITC of ₹ 0.74 crore was claimed. The dealers consigned goods worth 74.55 *per cent* and 75.74 *per cent* respectively of their total turnover outside the state by way of branch transfer. Hence out of the total ₹ 13.46 crore worth of furnace oil, ₹ 10.11 crore worth of oil was used as a raw material in the manufacture of goods which were consigned outside the state.

Since part of the purchased goods was used as raw material in manufacturing of goods and such manufactured goods were consigned outside the State, the dealers could have availed the ITC only to the extent (*i.e.* tax paid in excess of 4 *per cent*) as prescribed by notification dated 31 March 2006 *ibid*. This means ITC of ₹ 0.33 crore was claimable on the furnace oil. The assessing authority, however, while finalising the assessments (December 2018) could not detect the irregularity and allowed ITC of ₹ 0.74 crore as claimed by the dealers. This resulted in irregular allowance of ITC of ₹ 0.41 crore on purchase of furnace oil besides leviable interest of ₹ 0.20 crore.

The omission was reported to the Government (June 2020). The Government replied (August 2020) that demand of the entire amount of ₹ 0.61 crore was raised, out of which, ₹ 0.05 crore¹ had been recovered and stay had been granted against the remaining demand by the appellate authority. Further progress is awaited (March 2021).

¹ ₹ 3.12 lakh from one dealer and ₹ 2.00 lakh from another.

2.4.2 Non-reversal of excess Input Tax credit

Irregular allowance of Input Tax Credit on the goods sold at subsidized price

According to section 18(3)(A) of RVAT Act, 2003, notwithstanding anything contained in this Act, where any goods purchased in the State are subsequently sold at subsidized price, the input tax allowable under this sub-section in respect of such goods shall not exceed the output tax payable on such goods.

During test check of the assessment records of three circles², it was noticed (between October 2019 and March 2020) that three dealers purchased goods in the state and subsequently sold them at subsidized prices.

However, the assessing authorities while finalising the assessments did not reverse the excess ITC and allowed the ITC as claimed by the dealers. This resulted in irregular allowance of ITC of ₹ 0.37 crore.

The omission was reported to the Government (August 2020). The Government replied (October 2020) that in two cases, ₹ 0.22 crore had been adjusted against the available ITC of previous years and ₹ 0.04 crore³ had been recovered, while notice had been issued in the remaining case. Further progress is awaited (March 2021).

2.4.3 Non-levy of tax

Non-levy of reverse tax on purchase return

According to Section 17 of RVAT Act, 2003, the net tax payable by a registered dealer for a tax period shall be calculated as per the prescribed formula⁴. Section 18 of the RVAT Act provides that ITC shall be allowed to registered dealers in respect of purchases of any taxable goods made within the State from a registered dealer to the extent and in such manner as may be prescribed. Further, Section 2 (33) of RVAT Act provides that the ITC availed in contravention of provisions of Section 18 will be reversed.

During test check of assessment records of four circles⁵ it was noticed that eleven dealers declared purchase return in their quarterly returns (VAT-10) during the years 2014-15 to 2016-17.

However, the assessing authorities while finalising the assessments of these dealers (between January 2017 and January 2019) failed to take these purchase return into account resulting in non-levy of reverse tax of ₹ 2.15 crore.

The omission was reported to the Government (September 2020). The Government replied (October 2020) that demand of ₹ 1.50 crore was raised in respect of ten cases, of which ₹ 1.03 crore had been adjusted from the excess ITC of previous

2 Circle-L, Jaipur, Circle-B, Bikaner and Circle-B, Ajmer

3 Including interest of ₹ 0.16 lakh

4 $T = (O+R+P) - I$ where T is net tax payable; O is amount of output tax; R is amount of reverse tax; P is the amount of tax payable under sub-section (2) of Section 4 and I is the amount of input tax.

5 Circle-L Jaipur, Special Circle-V, Jaipur, Special Circle-VII, Jaipur and Circle-A, Hanumangarh.

years while notice was issued in the remaining case⁶. Further progress is awaited (March 2021).

2.4.4 Excess carry forward of the VAT credit balance

The Assessing Authority failed to add the reverse tax liability for calculating the total tax liability and erroneously carried forward the excess amount under VAT for adjustment of CST dues

As per Section 17(1) of RVAT Act, 2003, the net tax payable by a registered dealer for a tax period shall be calculated by adding reverse tax in output tax and subtracting input tax credit. Sub-section (2) of this section further provides that where the net tax payable under sub-section (1) has a negative value the same shall be first adjusted against any tax payable or amount outstanding under the CST Act, 1956

During test check of assessment records of Office of the Assistant Commissioner, Special Circle-I, Bhiwadi, it was noticed (September 2019) that a dealer declared his total tax liability by adding reverse tax of ₹ 0.45 crore in output tax for his returns during the year 2016-17. The Assessing Authority (AA) while rectifying (May 2019) the assessment of the dealer, failed to add the reverse tax liability for calculating the total tax liability of the dealer and carried forward the excess paid amount under VAT for adjustment of the CST dues. On being pointed out, the AA rectified the VAT assessment (September 2019) and added the reverse tax of ₹ 0.45 crore in total tax liability but did not increase the CST dues proportionately.

The omission was reported to the Government (June 2020). The Government replied (July 2020) that the AA had rectified the assessment (September 2019) by giving impact of reverse tax liability and increased the CST dues by ₹ 0.42 crore (from ₹ 0.97 crore to ₹ 1.39 crore), while the remaining ₹ 0.03 crore was adjusted from the excess ITC of previous year carried forward. Further, interest amount on revised CST dues had also been increased by ₹ 0.12 crore. It was also stated that demand is outstanding due to ITC mismatch and non-submission of declaration forms for which action is being taken as per rules. Further progress is awaited (March 2021).

2.4.5 Irregular allowance of Input Tax Credit

Assessing Authority allowed Input Tax credit on inadmissible item which resulted in loss of revenue to the Government

According to sub-section (1)(e) of Section 18 of the RVAT Act, Input Tax Credit (ITC) shall be allowed to registered dealers in respect of purchase of any taxable goods made within the State from a registered dealer for being used as raw material in manufacturing of goods. Further, according to section 2(22) of the Act, *manufacture* includes every processing of goods which brings into existence a commercially different and distinct commodity.

⁶ Special Circle-V, Jaipur.

During test check of assessment records of Office of the Assistant Commissioner, Commercial Taxes, Special Circle 1, Ajmer, it was noticed (October 2019) that a dealer, who was involved in the business of mining of limestone and manufacturing of cement, purchased explosives worth ₹ 1.77 crore and ₹ 1.92 crore within the state and claimed ITC of ₹ 0.26 crore and ₹ 0.28 crore on the purchases during the years 2015-16 and 2016-17 respectively. Mining activity does not fall under the definition of *manufacture* as per section 2(22) of the Act. In addition, explosives cannot be used as raw material in the manufacture of cement. Therefore, ITC on the purchase of explosives should not have been allowed to the dealer.

However, the assessing authorities, while finalizing the assessment of the dealer (March 2018 and December 2018) did not detect the irregularity which resulted in irregular allowance of ITC of ₹ 0.54 crore, besides interest of ₹ 0.26 crore.

The matter was reported to the Government (September 2020). The Government replied (October 2020) that demand of ₹ 0.80 crore⁷ had been raised, which has been stayed by the appellate authority. Further progress is awaited (March 2021).

2.5 Non-levy of tax on Taxable turnover

The dealer submitted returns with ‘nil’ turnovers for the years 2015-17, but in reality, sold goods to other registered dealers and collected tax, for which tax liability was not assessed resulting in non-levy of tax.

As per Rule 19 (5) of the Rajasthan VAT Rules, 2006, quarterly return shall be submitted by the dealers along with statement of purchases in Form VAT-07A and statement of sales in Form VAT-08A.

During test check of assessment records of Office of the Assistant Commissioner, Circle- Spl-I, Kota, it was noticed (January 2020) that a dealer had submitted returns with ‘nil’ turnovers for the years 2015-17. Further, scrutiny of the report generated through *RajVISTA* disclosed that the dealer sold goods worth ₹ 7.36 crore to other registered dealers during 2015-17 and collected tax of ₹ 0.40 crore.

The assessing authority, however, while finalizing the assessments (February 2018 and September 2018) could not detect the irregularity and did not utilize the information available on *RajVISTA*. This resulted in non-levy of tax amounting to ₹ 0.40 crore and interest ₹ 0.20 crore (upto March 2020).

The omission was reported to the Government (June 2020). The Government replied (July 2020) that demand for entire amount had been raised. Further progress is awaited (March 2021).

⁷ Tax = ₹ 0.54 crore and Interest = ₹ 0.26 crore

2.6 Non-levy of Tax

Nil assessment of dealer having taxable turnover

Section 4(1) of RVAT Act, 2003 provides that tax is levied on the taxable turnover of the dealer as per the rate prescribed in the schedules appended to the Act.

During test check of assessment records of Office of the Assistant Commissioner, Circle-A, Hanumangarh, it was noticed (November 2019) that a dealer had disclosed gross turnover of ₹ 13.16 crore in its return for the year 2016-17 for which the tax payable was ₹ 0.29 crore. However, the assessing authority passed an assessment order (December 2018) for 'nil' tax.

This resulted in non-levy of tax amounting to ₹ 0.29 crore besides interest of ₹ 0.14 crore (upto March 2020).

The omission was reported to the Government (July 2020). The Government replied (August 2020) that the dealer had executed the works contract against Exemption Certificate (EC) for which taxable goods had been purchased from outside the State. Consequently, assessment order was revised (July 2020) and total demand of ₹ 0.45 crore was raised which was partly adjusted against the TDS of ₹ 0.11 crore and available ITC of ₹ 0.06 crore. Further progress is awaited (March 2021).

2.7 Non-imposition of penalty for misuse of declaration forms

Assessing Authority did not impose penalty for misuse of declaration forms which resulted in loss of revenue to the Government

According to Section 10A read with Section 10(d) of Central Sales Tax Act, 1956, if any person, after purchasing any goods for any of the purposes specified in Section 8(3)(b)⁸ fails to make use of the goods for any such purpose specified, the authority who granted to him a certificate for registration under this Act, may impose upon him by way of penalty a sum not exceeding one and half times the tax leviable under Section 8(2) of the Act in respect of sale to him of the goods.

During test check of assessment records of Office of the Assistant Commissioner, Commercial Taxes Department, Circle-A, Udaipur, it was noticed (August 2019) that a dealer engaged in the business of operating bar and restaurants, purchased goods *i.e.* air conditioner, refrigerator and tiles valued ₹ 0.60 crore from other States against declaration form 'C' during the year 2016-17. These goods were not used by the dealer for the purposes as specified in Section 8(3) (b). The dealer was, therefore, liable for a penalty of ₹ 0.13 crore *i.e.* one and half time of tax leviable at the rate of 14.5/15 *per cent* as applicable. The assessing authority, while finalising (December 2018) the assessments of the dealer, did not impose the prescribed penalty of ₹ 0.13 crore.

8 Purposes of purchase by registered dealer as specified in Section 8(3)(b) of Central Sales Tax Act, 1956 are for re-sale by him or for use by him in the manufacture or processing of goods for sale or in the tele-communications network or in mining or in the generation or distribution of electricity or any other form of power.

The omission was reported to the Government (August 2020). The Government replied (October 2020) that demand of ₹ 0.13 crore was raised, which has been stayed by the appellate authority. Further progress is awaited (March 2021).

2.8 Non-levy of tax on inter-state purchases

Non-levy of tax on inter-state purchase of goods utilised in execution of works under Exemption Certificate

According to condition 5.1 (a) of the Notification No. F.12 (23) FD/Tax/2015-206 dated March 9, 2015, the dealer, who has opted for payment of exemption fee in lieu of tax under option A of clause 1, shall purchase taxable goods within the state from the registered dealer of the State for the execution of works contract. Further, condition 5.1 (b) provides that in case such dealer, procures or purchases any goods in any manner other than the manner as provided in condition 5.1(a), he shall, in addition to the exemption fee, be liable to pay an amount equal to the amount of tax that would have been payable had the goods been purchased in the State from a registered dealer.

Scrutiny of the information available on the departmental web-application *RajVISTA* disclosed that in three circles⁹, six dealers purchased goods¹⁰ amounting to ₹ 5.22 crore from outside the state during the years 2015-16 to 2017-18. These goods were utilised in the execution of the works for which Exemption Certificate was granted under option 'A' as mentioned above. Therefore, VAT amounting to ₹ 0.39 crore at the rate of 5/5.5/14.5 *per cent* was leviable on these goods in addition to exemption fee. However, while finalising the assessment of the dealers, the assessing authorities did not levy tax on these goods. This resulted in short levy of tax amounting to ₹ 0.39 crore besides interest of ₹ 0.15 crore (upto March 2020).

The omission was pointed out to the Government (September 2020). The Government replied (October 2020) that demand had been raised in all the cases, of which, ₹ 13.27 lakh had been recovered/ adjusted in respect of three dealers and efforts were being made for the recovery from remaining dealers. Further progress is awaited (March 2021).

2.9 Short/Non-levy of Entry Tax

Short/Non-levy of Entry Tax on specified goods

According to notifications dated 9 March 2011, 14 July 2014 and 9 March 2015 under section 3(1) of the Tax on Entry of Goods into Local Area Act, 1999, the State Government notified the tax payable by a dealer in respect of the specified goods brought into any local area for consumption or use or sale at such rates as given in the notification.

9 Works Tax-I, Jaipur, Circle, Karauli and Circle, A Hanumangarh.

10 Pipe and fitting, bitumen, iron sheet, steel structure, wire, cable tray, kit ply, aluminium, panel, MS steel tubes, paints, machine MS flat etc.

During test check of entry tax assessment records with VAT assessment records of 15 Commercial Taxes Offices¹¹, it was noticed that 29 dealers purchased goods worth ₹ 133.45 crore from outside the state during 2014-15 to 2017-18. The dealers had not mentioned the sale of these goods in their respective VAT returns which indicated that the goods were used for consumption or in business due to which entry tax was leviable on these goods. Complete information regarding purchase of goods was available on the web-based application *RajVISTA* and accessible to all assessing authorities (AAs). However, the concerned AAs while finalizing the entry tax assessment of these dealers did not utilize the information available to impose entry tax and plug the revenue leakage. This resulted in short/non-levy of entry tax of ₹ 2.87 crore and interest of ₹ 1.63 crore.

The omission was reported to the Government (September 2020). The Government replied (January 2021) that demand of ₹ 2.86 crore¹² has been raised in 20 cases, out of which, ₹ 0.76 crore¹³ has been recovered in 11 cases while notices have been issued in nine cases. Further progress is awaited (March 2021).

2.10 Audit of Goods and Services Tax

The various functions related to Goods and Services Tax (GST) are performed through GSTN IT platform and hence to fulfil the CAG's Constitutional mandate, it is essential for Audit to transition from sample checks based on physical records to comprehensive check of the digital records of all the transactions. However, despite repeated requests the State Government did not provide access to the GST data overlooking the constitutional provisions (Article 149) and the Section 18 of the Duties, Powers & Conditions of the Service of CAG Act 1971. As a result, only limited audit checks of GST refunds could be conducted. The audit observation is based on physical copies of certain documents made available for audit. Comprehensive audit of GST receipts of the state in line with the Constitutional and Statutory provisions requires access to GST backend system of the State Tax Department. The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22nd June, 2020. The administrative action to provide access to GST system was initiated by Government of Rajasthan in November, 2020 and access was provided by December 2020.

2.10.1 Results of Audit

Audit conducted test check of cases of refunds sanctioned under GST, a process which was manual till September 2019. In Rajasthan, 7815 refund cases were sanctioned between July 2017 and March 2019. During 2019-20, in the selected 40 departmental units, Audit examined 265 refund cases (10.54 per cent), out of 2,514 sanctioned refund cases and observed instances of irregular sanction of refunds of ₹ 1.50 crore in respect of six taxpayers (2.26 per cent). The State Government admitted the audit observation in all the cases and reported complete recovery of ₹ 0.18 crore in five cases. One illustrative case is discussed below:

11 Offices of the A.C. Circle Spl.- Pali, Spl. -I, Jodhpur, N, Jaipur, Spl. Bikaner, B-Bikaner, B-Jodhpur, Spl-1 Bhiwadi, L-Jaipur, J-Jaipur, WT-I & II Jaipur, Spl-VII Jaipur, Churu, A-Sriganganagar and A-Jaipur.

12 Tax = ₹ 1.90 crore, Interest = ₹ 0.96 crore

13 Tax = ₹ 0.60 crore, Interest = ₹ 0.16 crore

2.10.2 Irregular allowance of refund

Irregular refund of unutilised Input Tax Credit under Goods and Services Tax

The Central Government *vide* notification No. 15/2017- Central Tax (Rate) dated 28 June 2017 and No. 12/2017- Integrated Tax (Rate) dated 28 June 2017 notified that no refund of Input Tax Credit (ITC) shall be allowed under sub-section (3) of Section 54 of the Central Goods and Services Tax (GST) Act, in case of supply of services specified in sub-item (b) of item 5 of Schedule II of the Central GST Act¹⁴. The State Government notified the same under Rajasthan GST (RGST) Act *vide* notification no. F. 12(56) FD/Tax/2017-Pt.-I-53 dated 29 June 2017.

Scrutiny of the records of Office of the Assistant Commissioner, Circle-L, Jaipur revealed (October 2019) that a taxpayer claimed refund of unutilised ITC under Section 54(3) of the Central/Rajasthan GST Act, 2017 for the months of September-November 2017, and February-November 2018, amounting to ₹ 0.91 crore¹⁵ during the year 2018-19. Since the services provided by the taxpayer *i.e.* construction of roads, bridges etc., qualify as 'Supply of Service' under item 5(b) of Schedule II of Central/State GST Act, the taxpayer was, therefore, not eligible to claim refund of unutilized ITC. The Jurisdictional Officer, however, allowed the refund as claimed by the taxpayer.

This resulted in irregular refund amounting to ₹ 0.91 crore besides interest leviable on this amount under Section 50 of the RGST Act.

The omission was reported to the Government (September 2020). The Government replied (January 2021) that demand of ₹ 1.32 crore (tax ₹ 0.91 crore, interest ₹ 0.32 crore and penalty ₹ 0.09 crore) had been raised.

14 Supply of Service: 'construction of a complex, building, civil structure or a part thereof including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation whichever is earlier'.

15 IGST: ₹ 30.31 lakh, CGST: ₹ 30.36 lakh and SGST: ₹ 30.36 lakh.

CHAPTER-III
LAND REVENUE

CHAPTER-III: LAND REVENUE

3.1 Tax administration

Assessment and collection of land revenue are governed under the Rajasthan Land Revenue Act, 1956 and rules framed thereunder. Land revenue mainly comprises rent on land, lease rent, premium, conversion charges and receipts from sales of Government land.

The Revenue Department (henceforth referred to as Department) functions as the Administrative Department of the Government and it administers all matters relating to assessment and collection of land revenue. The overall control of revenue related judicial matters along with supervision and monitoring over revenue officers vests with the Board of Revenue (BoR). The BoR is assisted by 33 Collectors at the district level, 289 Sub-Divisional Officers (SDOs) at the sub-division level and 338 *Tehsildars* at the *Tehsil* level. The BoR is also the State Level Implementing Authority for computerization of land records in Rajasthan.

The Rajasthan Land Revenue Act, 1956, the rules made there under and the notifications issued by the Government from time to time govern the allotment of land and other related issues.

3.2 Internal audit

The Financial Adviser, BoR is the head of the Internal Audit Wing. There were 18 internal audit parties sanctioned in the Department but only 16 internal audit parties were deployed. The status of internal audit conducted during the period from 2015-16 to 2019-20 is given in the **Table 3.1** below:

Table 3.1

Year	Units pending for audit	Units due for audit during the year	Total units due for audit during the year	Units audited during the year	Units remaining unaudited during the year	Shortfall in per cent
2015-16	279	807	1,086	883	203	19
2016-17	203	817	1,020	772	248	24
2017-18	248	815	1,063	739	324	30
2018-19	324	816	1,140	942	198	17
2019-20	198	816	1,014	829	185	18

Source: Information provided by the Board of Revenue, Ajmer.

The Department has made efforts in 2018-19 and 2019-20 to cover the arrears for preceding years. It will need to make further efforts to complete the pending audits.

Further, it was noticed that compliance of 22,721 paragraphs in the internal audit reports were outstanding at the end of 2019-20. Year-wise break up of outstanding paragraphs is as under:

Year	Upto 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Paras	7,187	1,191	1,977	2,442	4,164	5,760	22,721

Source: Information provided by the Board of Revenue, Ajmer.

Out of 22,721 paragraphs, 7187 paragraphs (31.63 *per cent*) were outstanding for more than five years for want of compliance/corrective action. The Department stated that the arrear in audit and slow pace of disposal of paragraphs was due to the shortage of posts in various cadres and lockdown due to Covid 19. The reply of Department needs to be viewed in light of the fact that lockdown was imposed in the last week of March 2020.

The Government may take necessary steps to strengthen the internal audit wing and ensure expeditious compliance with the outstanding observations raised by the Internal Audit Wing.

3.3 Results of audit

There are 692 auditable units under the Land Revenue Department. Out of these 99 Units (approximately 14.30 *per cent*) were selected for test check during 2019-20. Under these selected units, there were 9,122 cases of allotment, conversion/ regularisation and lease of land etc., of which 5,154 cases (approximately 56.50 *per cent*) were selected for audit. During test check, audit observed irregularities relating to conversion/ regularisation, allotment, lease, etc., involving an amount of ₹ 68.18 crore in 1,432 cases (approximately 27.78 *per cent* of sampled cases).

These cases are illustrative only as these are based on test check of records. Audit pointed out some of the similar omissions in earlier years, not only these irregularities persist but also remain undetected till next audit is conducted. Thus, there is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed broadly fall under the following categories as given in the **Table 3.2** below:

Table 3.2

(₹ in crore)			
Sl. No.	Category of irregularities	No. of cases	Amount
1.	Non-recovery/short recovery of premium and lease rent from State Government Departments	53	28.60
2.	Non-recovery/short recovery of conversion charges from <i>khatedars</i>	364	9.89
3.	Non reversion of land to Government	9	17.84
4.	Other irregularities relating to :		
	(i) Revenue	310	10.26
	(ii) Expenditure	696	1.59
	Total	1,432	68.18

During the year 2019-20, the Department accepted audit observations worth ₹ 256.18 crore in 1,422 cases, of which 564 cases involving ₹ 6.00 crore were pointed out during the year 2019-20 and the rest in the earlier years. The

Department recovered ₹ 6.75 crore in 585 cases during the year 2019-20, of which 22 cases involving ₹ 0.02 crore related to the year 2019-20 and rest to the earlier years.

Few illustrative cases involving ₹ 3.33 crore in the audited units of the Department are discussed in the succeeding paragraphs. It is pertinent to mention that similar issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit and failure to strengthen the Internal Control system led to recurrence of same issues in subsequent years.

3.4 Non-reversion of land to Government

Rule 7 of Rajasthan Industrial Area Allotment (RIAA) Rules, 1959 provides that industries shall be set up within a period of two year from the date of allotment of land, failing which the land shall revert to the State Government unless the period of two years is extended by the allotting authority on the request of the allottee. Clause 8 of the terms and conditions of allotment of the land also stipulated the same condition.

Test check (September 2019) of records of Office of the District Collector, Jhalawar revealed that State Government allotted 25 *bigha* of land at village *Kotada Jagir* (Jhalawar district) to a firm in July 2016 on District Level Committee (DLC) rate for establishment of a textile yarn industry under RIAA Rules, 1959. According to *mauka*¹ report (September 2019) of Patwari no such industry was set up on the allotted land as on 20 September 2019. It was further noticed that the firm did not apply for extension of time period for setting up of industry as of August 2020. Thus, the land was neither used for the intended purpose within the prescribed period of two years nor the firm had applied for extension of time period. However, the authority did not take action to revert the land to the State Government under the extant provisions. As a result, land valuing ₹ 33.11 lakh² remained unutilized and the intended benefits could not be achieved.

On being pointed out, Office of the District Collector, Jhalawar replied that (September 2019) action of reversion of land would be taken. The matter was brought to notice of the Department and reported to the Government in September 2020; their replies are awaited (March 2021).

3.5 Non/Short recovery on conversion charges

Section 90-A of Rajasthan Land Revenue (RLR) Act, 1956 permits use of agricultural land for non-agricultural purposes with written permission of the State Government and after making such payment as prescribed by the State Government. Further, if any such land is so used without the written permission of the State Government and without making the payments due,

1 *Mauka* report: Site inspection report submitted by the competent authority.

2 Value of 25 *bigha* land at the DLC rate of ₹ 1,32,426 per *bigha*.

such person shall be deemed to be a trespasser and shall be liable to be ejected from such land.

As per Rule 7 of Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural area) Rules 2007, premium for conversion of agricultural land for non-agricultural purpose (commercial, institutional, residential colony, industrial purposes, etc.) shall be charged at the rates³ prescribed by the Government from time to time. Further, under Rule 13 *ibid*, a person who had used agricultural land for non-agricultural purpose without permission can apply for regularization of the use by depositing four times of the conversion charges as prescribed in rule 7. Further, for setting up of residential colony rules 2(1)(q) and 9(2) *ibid* prescribe that 'Residential Colony/Project' means residential plots/flats/house being developed by developer to sell further to interested persons and the conversion charges at the rate applicable to residential colony/project shall be payable on the total area (to be utilised for both public facilities and residential purposes) of the residential colonies/projects.

(a) Non-Recovery of Conversion Charges

3.5.1 During audit of the Office of the District Collector (DC), Jaisalmer (July 2019), it was noticed that 2,19,829.88 square meter (sqm) of agricultural land was being unauthorisedly used for commercial purposes (for hotels and resorts) by 26 land owners without permission of the competent authority since 31 July 2009 to 12 March 2015. As per rates prescribed in rules 7 and 13 *ibid*, conversion charges of ₹ 87.93 lakh were to be recovered for regularization of these agricultural lands. The charges were four times the usual rate of ₹ 10 per sqm which was higher than 10 *per cent* of DLC rate in every case. In case such regularization was not done these persons should have been ejected from these lands. However, the DC, Jaisalmer neither initiated action for recovery of conversion charges nor for ejection of land owners even after lapse of four to ten years as of July 2019.

The Department replied (July 2020) that in two cases ₹ 5.99 lakh have been deposited by the land holders and action for conversion of land use is under process at the DC level and in the remaining 24 cases notices for recovery of amount have been issued to the land holders. Thus, land use from agricultural to commercial purposes in these 24 cases is yet to be changed and recovery of conversion charges of ₹ 81.94 lakh is yet to be completed. Further progress and reply of the State Government is awaited (March 2021).

3.5.2 During the test check (August to November 2019) of records of Office of the DCs, Baran and Jaisalmer it was noticed that five residential colonies were set up unauthorisedly on area measuring 99,471.56 sqm of agricultural

3 **Commercial purpose:** ₹ 10 per sqm or 10 *per cent* amount of concerned DLC rate of agricultural land or 10 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

Institutional purpose: ₹ 5 per sqm or 10 *per cent* amount of DLC rate of agricultural land, or 10 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

Industrial Purpose: ₹ 5 per sqm or 5 *per cent* amount of DLC rate of agricultural land or 5 *per cent* amount of the purchase rate of that agricultural land as mentioned in registered sale deed, if any, whichever is higher.

lands in *Tehsil*, Fatehgarh (District-Jaisalmer) and Chipabarod (District-Baran) without conversion of land use by the competent authorities. The land owners sold the residential plots by dividing the agricultural land. Land use of the plots measuring 1,255.58 sqm was changed in *Jamabandi* by the plot holders as residential units in their individual capacity during September 2016 to January 2019. As per section 90-A of Act *ibid*, the land holders should have converted the land use to set up residential colonies before selling the residential plots. The Departmental authorities also did not initiate action to regulate unauthorized use of agricultural lands even after receiving proposals for conversion of land use for individual residential plots. This not only led to unauthorised use of agricultural land but also resulted in non-recovery of conversion charges of ₹ 35.59 lakh for the remaining land area aggregating 98,215.98 sqm as per rules 7 and 13 *ibid*.

The State Government in respect of Fatehgarh Tehsil did not accept (December 2020) audit objection as no building and road was constructed and land under objection was lying vacant and hence, land was not being used for non-agriculture purposes. The reply is not tenable as in terms of provisions given in rules 2(1)(q) and 9(2) *ibid* the developer should have deposited conversion charges for the entire land when the decision to set up the colony was taken.

3.5.3 During test check (June, August and November 2019) of conversion records of land and on the basis of information provided by Offices of the three District Collectors (Alwar, Baran and Hanumangarh), it was noticed that in 24 cases, *khatedari*⁴ land measuring 1,97,567.70 sqm was being used for industrial, commercial and institutional purposes without conversion of land use. However, the Department did not take action for recovery of the prescribed conversion charges which resulted in non-recovery of ₹ 1.27 crore as per details given in **Table 3.3** below:

Table 3.3

(₹ in lakh)

Sl. No.	Name of District	Nature of land use	No. of Cases	Area of land being used for non- agriculture purposes (Sqm)	Four times of recoverable conversion charges
1.	Alwar	Industrial (brick kilns)	5	42,800.00	37.78
		Institutional (Schools)	01	6,500.00	9.52
2.	Baran	Commercial (Marriage Gardens)	06	24,078.70	43.18
		Institutional (Schools)	01	19,899.00	13.33
3.	Hanumangarh	Industrial (brick kilns)	11	1,04,290.00	22.89
Total			24	1,97,567.70	126.70

4 A land holding by a *Khatedar* tenant (who has entered in the revenue records as a tenant) from land owner of the estate.

The State Government stated (February 2021) that in respect of Hanumangarh district an amount of ₹ 3.04 lakh has been recovered in one case and recovery of conversion charges in remaining case is under progress. Further, in respect of Alwar district it was stated that in two cases conversion of land use from agriculture to industrial purposes (bricks kilns) was done in March 2001 and December 2004. The reply of the State Government in respect of Alwar district is not tenable as there are differences in name of land holders and area of land mentioned in conversion orders and information provided by *Tehsildar*, Neemrana to Audit in August 2019. Thus, this resulted in non-recovery of conversion charges of ₹ 1.24 crore.

Thus, non-conversion of agriculture land for non- agriculture purposes had resulted in non- recovery of conversion charges of ₹ 2.42 crore.

(b) Short Recovery of Conversion Charges

3.5.4 During the test check (August 2019) of records of Office of the Sub Divisional Officer (SDO), Behror (District- Alwar), it was noticed that use of agricultural land measuring 5,000 sqm was converted (July 2017) to institutional purpose in favour of an educational institution. The conversion charges of ₹ 6.48 lakh was determined under rule 13 *ibid* on the basis of DLC rate of agriculture land of ₹ 129.62 per sqm. Further, as per sale deed registered (May 2015) at Office of the Sub-Registrar Behror, the land was registered at the purchase rate of ₹ 3,228 per sqm and as per report (April 2015) of *Patwari* the land was being used for the educational institute for the past three years. Hence, as per rules 7 and 13 *ibid*, the land use from agriculture to institutional purposes should have been changed at conversion charges of ₹ 64.56 lakh⁵ according to the purchase rate of ₹ 322.80 per sqm (10 *per cent* of ₹ 3,228 per sqm) mentioned in registered sale deed. Hence, non-application of correct charges has resulted in short recovery of conversion charges of ₹ 58.08 lakh.

The State Government stated (December 2020) that notice for recovery of amount has been issued to the educational institution. Further, Registrar, BoR intimated (January 2021) that stay had been granted by Hon'ble Rajasthan High Court, Jaipur bench against the recovery on 14 December 2020.

⁵ ₹ 64.56 lakh = 5000 sqm×₹ 322.80 per sqm×4 times.

CHAPTER-IV
STAMP DUTY AND
REGISTRATION FEE

CHAPTER-IV: STAMP DUTY AND REGISTRATION FEE

4.1 Tax administration

Receipts from Stamp Duty (SD) and Registration Fee (RF) in the State are regulated under the Registration Act, 1908, the Rajasthan Stamps (RS) Act, 1998 and the Rules made thereunder. According to Section 3 of the RS Act, every instrument shall be chargeable with duty according to the rates mentioned in the Schedule to the RS Act. The SD is leviable on execution of instruments and RF is payable on registration of instruments. Surcharge is also chargeable on SD with effect from 9 March 2011.

The Registration and Stamps Department (Department) functions under the administrative control of Finance Department. The Inspector General, Registration and Stamps (IGRS) is the head of the Department. He is assisted by two Additional Inspector Generals in administrative matters and by a Financial Adviser in financial matters. Besides, one Additional Inspector General, Jaipur is entrusted with the work of Chief Vigilance Officer. The entire State has been divided into 18 circles which are headed by Deputy Inspector General (DIG) *cum Ex-officio* Collector (Stamps). There are 114 Sub Registrars (SRs) and 415¹ *ex-officio* SRs².

4.2 Internal audit

The Department has an Internal Audit Wing under the charge of the Financial Advisor and has six Internal Audit Parties. Planning for internal audit of units is done on the basis of relative importance and revenue realisation. The status of internal audit conducted during 2015-16 to 2019-20 is given in the **Table 4.1** below:

Table 4.1

Year	Total units due for audit	Total number of units audited	Unaudited units	Shortfall (<i>per cent</i>)
2015-16	523	180	343	66
2016-17	527	109	418	79
2017-18	340	81	259	76
2018-19	573	137	436	76
2019-20	328	88	240	73

Source: Information provided by the IGRS.

The shortfall in coverage of units due for audit ranged between 66 *per cent* and 79 *per cent* during 2015-16 to 2019-20. The Department stated that the arrear in audit was due to the shortage of posts.

It was noticed that 8,217 paragraphs of internal audit reports were outstanding at the end of 2019-20. Year-wise breakup of outstanding paragraphs of internal audit reports is given in the **Table 4.2** below:

Table 4.2

Year	Upto 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Paras	5,636	346	327	449	762	697	8,217

Source: Information provided by the IGRS.

1 As per Administrative report 2019-20 of IGRS.

2 *Tehsildars* and *Naib Tehsildars* have been declared as *ex-officio* SRs.

Out of 8,217 paragraphs, 5,636 paragraphs were outstanding for more than five years for want of compliance/corrective action. The reason stated by the Department for slow pace of disposal was non-realisation of recovery under all the documents objected in a para, which remains unsettled even if recovery of one of the objected documents remains pending.

The Government may take steps to ensure expeditious compliance with the outstanding observations raised by the Internal Audit Wing.

4.3 Results of audit

There are 544 auditable units³ in the Department, out of these, 89 Units (approximately 16 per cent of auditable units) were selected for test check during the year 2019-20. However, due to COVID-19 pandemic, 84 units (approximately 15 per cent of auditable units) could be audited wherein 7,85,850 instruments were registered. Of these, 1,70,591 instruments (approximately 22 per cent of instruments) were selected for test check. During scrutiny short/non-realisation of SD and RF of ₹ 25.61 crore in 1,028 instruments (approximately 0.6 per cent of sampled instruments) was noticed.

These cases are illustrative only as these are based on test check of records. Though audit pointed out similar omissions in earlier years, these irregularities persist and remain undetected till next audit is conducted. Irregularities noticed broadly fall under the categories in **Table 4.3** below:

Table 4.3

Sl. No.	Category	(₹ in crore)	
		Number of Cases	Amount
1	Incorrect determination of market value of properties	89	7.08
2	Non/short levy of SD and RF	870	18.21
3	Other irregularities related to:		
	(i) Revenue	66	0.32
	(ii) Expenditure	03	0.00
Total		1,028	25.61

During the year 2019-20, the Department accepted underassessment and other deficiencies of ₹ 45.94 crore pertaining to 2,043 cases, of which 376 cases involving ₹ 14.10 crore were pointed out during the year 2019-20 and the rest in the earlier years. The Department recovered ₹ 9.99 crore in 1,561 cases during the year 2019-20, of which 30 cases involving ₹ 0.43 crore related to the year 2019-20 and rest to the earlier years.

The State Government accepted the observations and recovered the entire amount of ₹ 64.96 lakh in seven cases of non-execution/registration of lease deeds (two cases pertaining to Office of the SR Bhiwadi) and transfer of mining leases (five cases pertaining to Office of the SR Banswara) after it was pointed out (between June 2019 and July 2019) by the Audit. These paragraphs have not been discussed in the Report.

³ 544 auditable units: 525 SRs (Registering authorities) and 19 administrative offices as per Audit Plan.

Few illustrative cases involving ₹ 10.73 crores are discussed in the succeeding paragraphs. It is pertinent to mention here that all these issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit. Recurrence of issues of similar nature points to weakness in the Internal Control system of the Department.

4.4 Non-levy of stamp duty on conversion of Companies into Limited Liability Partnerships

Three Private Limited Companies were converted into Limited Liability Partnerships, however, stamp duty, surcharge and registration fee on the value of assets possessed by Private Limited Companies so transferred to Limited Liability Partnerships were not levied.

As per State Government's notification (March 2017), SD on the instrument executed on or after 31 March 2009 relating to conversion of partnership firm, private limited company or unlisted public limited company into Limited Liability Partnership (LLP) under LLP Act, 2008 shall be chargeable at the rate of 0.5 *per cent* of value of assets so transferred. Surcharge is chargeable at the rate of 10 *per cent* on SD with effect from 9 March 2011 and 20 *per cent* with effect from 8 March 2016. RF is also chargeable at the rate of one *per cent* of market value subject to maximum of rupees ten thousand.

During test check (September 2019) of registration records of Office of the Sub-Registrar (SR) Jaipur-VII, it was noticed that immovable properties were purchased (December 2010 and October 2013) by two Private Limited Companies and another private limited company possessed (January 2013) an immovable property. These companies were registered under Companies Act 1956. Thereafter lease deeds/amended lease deeds were issued (December 2015, December 2016 and August 2017) by the Jaipur Development Authority (JDA) in favour of three LLPs and the same were registered (December 2015, February 2017 and August 2017) by SRs⁴.

Information regarding conversion of these Private Limited Companies into LLP was called for (March 2020 and June 2020) by audit from Office of the Registrar of Companies (RoC), Jaipur. Scrutiny of the information revealed that these Private Limited Companies were converted into LLP and the same have been registered (July 2014, March 2015 and July 2017) by the RoC, Jaipur.

The immovable properties were purchased by the Private Limited Companies and transferred to LLPs. Therefore, SD, surcharge and RF of ₹ 23.75 lakh⁵ at the rate of 0.5 *per cent* of the value of ₹ 42.38 crore of assets so transferred from Private Limited Companies to LLPs was to be charged as per notification *ibid*. However, the SR concerned did not detect the irregularity at the time of registration of lease deeds/amended lease deed which resulted in non-levy of SD, surcharge and RF amounting to ₹ 23.75 lakh.

4 SR Jaipur-I, Jaipur-II and Jaipur-VIII.

5 ₹ 23.75 lakh: SD of ₹ 21.19 lakh, RF of ₹ 0.30 lakh and Surcharge of ₹ 2.26 lakh.

The matter was reported to the State Government (June 2020). The Government replied (July 2020) that notices for recovery have been issued to the executants. Further progress of recovery is awaited (March 2021).

Lack of flow of information regarding conversion in the legal status of entities from RoC and issuing of lease deeds to such entities from JDA to the Department results in such cases of revenue leakages. The Department may establish a formal mechanism for such flow of information from RoC and JDA on a regular basis to plug the revenue leakage.

4.5 Short levy of stamp duty on instruments of Power of Attorney

Failure to take cognizance of the recitals of the documents resulting in short levy of stamp duty on instruments of Power of Attorney

As per explanation (i) given under Article 21 of the Schedule to the Rajasthan Stamps (RS) Act, 1998, an agreement to sell an immovable property or an irrevocable Power of Attorney (PoA) or any other instrument executed in the course of conveyance or lease, in case of transfer of the possession of such property before, at the time of or after the execution of any such instrument, be deemed to be a conveyance and the SD thereon shall be chargeable at the rate of conveyance *i.e.* 5 per cent on the market value of such property. Further as per Article 44 (ee) of the Schedule to the RS Act, 1998, when power of attorney is given, without consideration to sell immovable property to:

- (i) father, mother, brother, sister, wife, husband, son, daughter, grand-son or grand-daughter of the executants, SD of ₹ 2,000 would be chargeable;
- (ii) any other person, SD at the rate of two per cent of the market value of the property, which is the subject matter of power of attorney, would be chargeable.

During test check (September 2019 and October 2019) of records of Office of the SRs Palsana (Sikar) and Jaipur-II, it was noticed that four instruments of irrevocable PoA and one instrument of revocable PoA were executed between March 2010 and January 2017 (registered between May 2016 and March 2019). The Office of the SR Palsana (Sikar) classified three instruments as PoAs executed in favour of family members and SD of ₹ 2,000 was charged in two cases and ₹ 100 in one case. However, scrutiny of the PoAs revealed that these PoAs were irrevocable and therefore should have been classified as conveyance and SD at the rate of five per cent of market value of the property was chargeable.

In case of the other two cases pertaining to SR Jaipur-II though one of the instrument was irrevocable, instead of being deemed as conveyance, it was notarized with stamps of ₹ 500 only and in the other case, the instrument of the PoA was revocable but the instrument was notarized with stamps of ₹ 100 only while SD was leviable at the rate of two per cent of market value of the property. The SR while registering these lease/sale deeds executed on the basis of these PoAs, failed to take cognizance of the fact that the instruments were not duly stamped.

This resulted in short levy of SD, surcharge and RF of ₹ 1.44 crore.

The matter was reported to the State Government (July 2020). The Government stated (August 2020) that notices for recovery have been issued to the executants in three instruments and cases had been registered with Collector (Stamps) in two instruments. Further progress is awaited (March 2021).

4.6 Irregular exemption of Stamp Duty under Rajasthan Investment Promotion Scheme

Irregular exemption of Stamp Duty allowed under Rajasthan Investment Promotion Scheme on production of wrong entitlement certificates

According to Clause 3 of Rajasthan Investment Promotion Scheme (Scheme)⁶ 2014, the Scheme shall be applicable for new and existing enterprises making investment for setting up new units, existing enterprise making investment for expansion and sick enterprises making investment for their revival provided that the enterprise shall commence commercial production or operation during the operative period of the Scheme. Clause 4 of the Scheme provides that an enterprise to which Entitlement Certificate (EC) has been issued shall be eligible to claim 50 *per cent* exemption on the SD payable on the instruments executed for the purchase or lease of land. Further, Clause 15 stipulates that in case of breach of any of the conditions mentioned anywhere in the Scheme, the benefits availed under the Scheme, shall be withdrawn by the appropriate Screening Committee and on its recommendations, the concerned Department shall recover the benefits availed by the enterprise along with interest at the rate of 18 *per cent* per annum from the date from which the benefits have been availed.

According to notification dated 19 April 2018 issued by the Finance Department, Government of Rajasthan, SD on lease deed or sale deed executed by Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) in respect of land allotted or sold through public auction shall be chargeable on the amount of purchase money.

During test check (July 2019) of records of Sub-Registrar office, Jaipur-III, it was noticed that a lease deed was executed (May 2018) between RIICO, Vishwakarma Industrial Area (VKIA), Jaipur (lessor) and a company (lessee) for 3848.57 square metres of the industrial plot number E-100 situated at VKIA, Jaipur. The plot was purchased (valuing ₹ 18.37 crore) through public auction by the lessee. An amended lease deed was also executed (January 2019) between the same lessor and the lessee for the remaining 337.68 square metres area of the same plot (valuing ₹ 1.61 crore). Thus, the total area of the plot *i.e.* 4186.25 square metres was allotted to the lessee through the amended lease deed.

Scrutiny of recitals of the lease deed/amended lease deed revealed that 50 *per cent* exemption *i.e.* SD and surcharge of ₹ 59.93 lakh was granted at the time of registration (May 2018 and January 2019) of lease deed/amended lease deed on presentation of ECs issued by the District Industries Centre, Jaipur/Commissioner of Industries, Jaipur under the Scheme for setting up an industrial unit for manufacturing of wooden *fanti*/chips, *etc.* However, the

⁶ A Scheme to promote investment and employment opportunities in the State.

purpose of the allotment of plot described in the lease deed was manufacturing of C.I. Casting which the enterprise started in May 2018. Therefore, the exemption of SD and surcharge of ₹ 59.93 lakh was irregular and is recoverable along with ₹ 17.04 lakh interest.

The matter was reported to the State Government (August 2020). The Government informed (September 2020) that an amount of ₹ 5.66 lakh had been recovered. Regarding the remaining recovery, the Department stated (November 2020) that the case is under legal examination. Further progress is awaited (March 2021).

4.7 Transfer of lease by way of assignment

Short recovery of Stamp Duty on instruments of transfer of lease by way of assignment

According to Article 55 of the Schedule to the Rajasthan Stamp (RS) Act, 1998, in case of instrument of transfer of lease by way of assignment, the SD is chargeable as a conveyance on the market value of the property which is the subject matter of transfer. Further, the Inspector General of Registration and Stamps, Rajasthan vide circular number 06/2009 clarified that the instrument executed for change in the partnership/dissolution of firm/change in legal entity of firm should come in the category of transfer of lease by way of assignment.

During test check (September 2019) of registration records of Sub-Registrar Office, Jaipur-II, it was noticed that three instruments were registered as amended lease deeds executed by Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO⁷). In one instrument, legal entity of the partnership firm was changed to proprietary firm and in another instrument, legal entity of the proprietary firm was changed to partnership firm. In the third instrument, four out of six partners had taken retirement from the partnership firm thus changing nature of the partnership in the firm. Thus, changes were made in the legal entity of these three firms, which should have been categorised as transfer of lease by way of assignment and SD, surcharge and RF of ₹ 19.14 lakh⁸ was recoverable on the market value of the properties. However, the Registering Authorities while registering the amended lease deeds recovered SD, surcharge and RF of ₹ 3.15 lakh⁹ resulting in short recovery of ₹ 15.99 lakh¹⁰.

The matter was reported to the State Government (August 2020). The Government replied (September 2020) that cases have been registered with Collector (Stamps). Further progress is awaited (March 2021).

7 Two amended lease deed executed by RIICO, Jhotwara and one by RIICO, Sitapura (Sanganer).

8 ₹ 19.14 lakh: SD of ₹ 13.48 lakh, Surcharge of ₹ 2.69 and RF of ₹ 2.97 lakh.

9 ₹ 3.15 lakh: SD of ₹ 1.40 lakh, Surcharge of ₹ 0.28 lakh and RF of ₹ 1.47 lakh.

10 ₹ 15.99 lakh: SD of ₹ 12.08 lakh, Surcharge of ₹ 2.41 lakh and RF of ₹ 1.50 lakh.

4.8 Short levy of Stamp Duty on developer agreements

Short levy of Stamp Duty, Surcharge and Registration Fee on developer agreements executed between landowners and developers

According to the provisions of Article 5 (bbbb) and 5 (e) of the Schedule to the RS Act, Stamp Duty (SD) was chargeable on an agreement or memorandum of agreement, if relating to giving authority or power to a promoter or a developer, by whatever name it may be called, for construction on, or development of any immovable property, at the rate of one *per cent* upto 25 March 2012, five *per cent* from 26 March 2012 to 5 March 2013 and one *per cent* from 6 March 2013 on the market value of the property. It was further revised from 14 July 2014 to one *per cent* on owner's share and two *per cent* on developer's share and reduced to one and half *per cent* on developer's share from 6 March 2018 on market value of land. Surcharge is chargeable on the SD at the rate of 10 *per cent* w.e.f. 9 March 2011 and at the rate of 20 *per cent* w.e.f. 8 March 2016. The Registration fee (RF) is chargeable at the rate of one *per cent* of the value or consideration subject to maximum rupees fifty thousand w.e.f. 9 April 2010. The maximum limit was removed w.e.f. 9 March 2015 but was again fixed as rupees three lakh w.e.f. 12 February 2018.

Scrutiny of records (between July 2019 and September 2019) for the year 2018-19 of five SR¹¹ offices, disclosed short levy of SD in seven documents of developer agreements executed between January 2011 and November 2018 (registered between April 2018 and March 2019) between land owners and developers. In one document registered with SR office, Neemrana (Alwar), the property was valued at ₹ 2.78 crore instead of the market value of ₹ 25.40 crore. In two documents of SR office, Ajmer-II and one document of SR office, Bhilwara-I, the land excluding space for amenities was considered for valuation instead of the total land contributed for development, though the space for amenities belonged to the developer exclusively. In another case of SR office, Bhilwara-I, the document was valued at prevailing DLC rate and SD at one *per cent* of that value was charged instead of one *per cent* on owner's share and two *per cent* on developer's share. In the case of SR office, Jodhpur-I, developer agreement executed between Jodhpur Development Authority and a developer was notarised on stamp paper of ₹ 100 only instead of one *per cent* of market value of the property. In the remaining case of SR office, Jaipur-VII, developer agreement executed between land owners and a developer was notarised on stamp paper of ₹ 500 only instead of SD recoverable at the rate of one *per cent* of market value of the land on owners share and one and half *per cent* on developer's share.

In these seven developer agreements SD, surcharge and RF totaling ₹ 4.10 crore were to be levied. However, only ₹ 0.78 crore was levied resulting in short recovery of ₹ 3.32 crore.

The matter was reported to the State Government (August 2020 and December 2020). The Government replied (December 2020) that cases have been registered with Collector (Stamps) in five instruments, recovery is pending in

11 Ajmer-II, Bhilwara-I, Jaipur-VII, Jodhpur-I and Neemrana (Alwar).

one case and remaining case is under legal examination. Further progress is awaited (March 2021).

4.9 Short levy of Stamp Duty on transfer of immovable properties

Registering Authorities failed to levy and recover Stamp duty and Surcharge on the transfer of immovable properties

According to the Section 37 of the Rajasthan Stamps (RS) Act, 1998 every person in-charge¹² of a public office before whom any instrument chargeable with SD is produced or such an instrument comes to his notice in performance of his functions, shall examine every such instrument, in order to ascertain whether it is stamped with a stamp of the value and description required by the law in force in the State when such instrument was executed or first executed. When such person, during the course of inspection or otherwise, detects from an instrument or copy that the instrument is not duly stamped, he shall make a reference to the Collector (Stamps) in that matter. The State Government has notified the offices of Registrar of Firm (RoF), Notary public and Sub- Registrar (SR) as public offices *vide* notification dated 16 December 1997.

4.9.1 Contribution of immovable properties to partnership firms

According to Article 43 (1)(c) of the Schedule to the RS Act, in case of an instrument of partnership, where share contribution is brought in by way of immovable property, the SD shall be chargeable as on conveyance on the market value of such property.

(i) During test check (June 2019 and July 2019) of records of Office of the two Registrar of Firms¹³ (RoF), it was noticed that four instruments relating to partnership were registered as partnership deeds between May 2014 and August 2017. Scrutiny of these deeds revealed that immovable properties valued at ₹ 3.68 crore owned by the individuals were transferred to partnership firms on which SD of ₹ 18.43 lakh¹⁴ was leviable. However, these were notarized in the office of Notary Public with stamps worth ₹ 5,000¹⁵ only. In these cases, the RoF and the Notary public neither impounded the instruments nor referred the same to Collector (Stamps) office which resulted in short levy of SD and surcharge of ₹ 18.38 lakh¹⁶.

The matter was reported to the State Government (August 2020). The Government replied (September 2020) that cases had been registered with Office of the Collector (Stamps) in two instruments and recovery is pending in two instruments. Further progress is awaited (March 2021).

12 Means any officer whom the State Government notified as person incharge of a public office.

13 RoF: Bharatpur (three cases) and Jodhpur (one case).

14 ₹ 18.43 lakh: SD of ₹ 16.53 lakh and Surcharge of ₹ 1.90 lakh.

15 ₹ 5,000: ₹ 2,000 each in two cases and ₹ 500 each in two cases.

16 ₹ 18.38 lakh: SD of ₹ 16.48 lakh and Surcharge of ₹ 1.90 lakh.

(ii) During test check (June 2019) of records of Office of the Sub Registrar (SR), Sanganer-I for the period 2018-19, it was noticed that a sale deed was executed (June 2018) for a flat constructed upon a property between three partners of a partnership firm (seller) and a purchaser. Scrutiny of the sale deed revealed that individual *pattas* of these plots were issued by the Jaipur Development Authority in favour of these partners in July 2001. These partners then established a partnership firm in October 2013 and transferred the said property to the partnership firm due to which SD and surcharge of ₹ 16.41 lakh¹⁷ were leviable on market value of the property of ₹ 2.98 crore¹⁸ under Article *ibid*. However, the Registering Authority did not take this into account at the time of registration of the sale deed resulting in non-levy of SD and surcharge amounting to ₹ 16.41 lakh.

The matter was reported to the State Government (July 2020). The Government replied (September 2020) that the case had been registered with Office of the Collector (Stamps). Further progress is awaited (March 2021).

4.9.2 *Transfer of immovable properties on retirement of partners (s)*

According to Article 43 (2)(a) of the Schedule to the RS Act, if on retirement of a partner any property is taken as his share by a partner other than a partner who brought in that property as his share of contribution in the partnership, the SD is chargeable as on conveyance on the market value of such property.

During test check (between June 2019 and December 2019) of records of Offices of the two SRs¹⁹ and RoF, Bharatpur, it was noticed that four instruments relating to change in partnership due to retirement of partner(s) were registered (between January 2013 and July 2017) as partnership deeds/amended lease deeds. Scrutiny of these instruments revealed that immovable properties valued at ₹ 11.73 crore owned by the retiring partners were transferred to the existing/new partners of the partnership firms on which SD and surcharge of ₹ 64.86 lakh²⁰ were leviable. However, these were notarized in the office of Notary Public on stamps worth ₹ 3,500²¹ only. In these cases, the RoF, SRs and Notary public neither impounded the instruments nor referred the same to Collector (Stamps) which resulted in short levy of SD and surcharge of ₹ 64.83 lakh²².

The matter was reported to the State Government (August 2020). The Government replied (September 2020) that cases had been registered with Office of the Collector (Stamps) in two instruments and recovery is pending in two instruments. Further progress is awaited (March 2021).

17 ₹ 16.41 lakh: SD of ₹ 14.92 lakh and Surcharge ₹ 1.49 lakh.

18 ₹ 2.98 crore: 2132.23 square metre X 12720 per square metre as per prevalent DLC rate+ 10% extra (corner).

19 SRs: Bilara (Jodhpur) and Jaipur-V.

20 ₹ 64.86 lakh: SD of ₹ 58.64 lakh and Surcharge of ₹ 6.22 lakh.

21 ₹ 3,500: ₹ 2,000 in one case and ₹ 500 each in three cases.

22 ₹ 64.83 lakh: SD of ₹ 58.61 lakh and Surcharge of ₹ 6.22 lakh.

4.10 Amalgamation/reconstruction of companies

Short levy of Stamp Duty, Surcharge and Registration Fee on amalgamation/ reconstruction of companies

According to Article 21(iii) of the Schedule to the Rajasthan Stamp Act (RS) Act, 1998, an order under Section 394 of the Companies Act, 1956 in respect of amalgamation, demerger or reconstruction of a company is chargeable with Stamp Duty (SD). The State Government *vide* notification dated 14 July 2014 determined SD at the rate of two *per cent* on the proportion of the net worth equal to proportion of the value of immovable property situated in Rajasthan to the value of the entire immovable property of the transferor company. This SD is in addition to the SD paid on the instruments elsewhere.

Subsequently, the State Government amended (*vide* notification dated 08 March 2016) the provisions subject to a maximum of ₹ 25 crore at the following rate:

(i) An amount equal to four *per cent* of the aggregate amount comprising the market value of shares issued or allotted or cancelled in exchange of or otherwise, or on the face value of such shares, whichever is higher and the amount of consideration, if any, paid for such amalgamation, demerger or reconstruction, or

(ii) An amount equal to four *per cent* of the market value of the immovable property situated in the State of Rajasthan of the transferor company, whichever is higher.

During test check (between June and July 2019) of the registration records of Office of the Sub-Registrar (SR), Bharatpur and Barmer for the year 2018-19, it was noticed that in SR, Bharatpur, a company with market value of ₹ 9.14 crore was reconstructed into subsidiary company for which an amended lease deed was registered (February 2016). However, the Registering Authority (RA), had charged SD, Surcharge and RF totaling ₹ 3.02 lakh²³ while registering the amended lease deed instead of ₹ 29.25 lakh²⁴ leviable on the market value of the property resulting in short levy of ₹ 26.23 lakh²⁵.

Similarly, in Office of the SR, Barmer, two documents were registered (January 2019) as amended lease deeds. Scrutiny of documents revealed that five companies were amalgamated into one company *vide* order passed (July 2011) by the Hon'ble Bombay High court. One of the amalgamated companies had 111.4 *bigha* of agricultural land situated at village Adarsh Basti Vishala (District Barmer). The concerned RA charged SD, Surcharge and RF amounting to ₹ 3.74 lakh²⁶ on the market value of the land (₹ 64.56 lakh) whereas ₹ 25.38 lakh²⁷ was leviable on consideration value (₹ 4.66 crore²⁸),

23 ₹ 3.02 lakh: SD of ₹ 2.33 lakh, Surcharge of ₹ 0.23 lakh and RF of ₹ 0.46 lakh.

24 ₹ 29.25 lakh: SD of ₹ 18.28 lakh, Surcharge of ₹ 1.83 lakh and RF of ₹ 9.14 lakh.

25 ₹ 26.23 lakh: SD of ₹ 15.96 lakh, Surcharge of ₹ 1.59 lakh and RF of ₹ 8.68 lakh.

26 ₹ 3.74 lakh: SD of ₹ 2.58 lakh, Surcharge of ₹ 0.51 lakh and RF of ₹ 0.65 lakh.

27 ₹ 25.38 lakh: SD of ₹ 18.65 lakh, Surcharge of ₹ 3.73 lakh and RF of ₹ 3.00 lakh.

28 ₹ 4.66 crore: Newly issued 9,94,987 equity shares of face value ₹ 10 each and 3,66,803 cancelled preference shares of face value ₹ 100 each.

being higher than the market value of the property, resulting in short levy of ₹ 21.64 lakh²⁹.

The matter was reported to the State Government (September 2020). The Government replied (October 2020) that in one instrument stay has been granted by Rajasthan High Court, Jaipur bench against recovery order passed by Office of the Collector (Stamps) and in another instrument a case has been registered with Office of the Collector (Stamps). Further progress is awaited (March 2021).

4.11 Undervaluation of immovable properties

Undervaluation of immovable properties resulted in short levy of Stamp Duty, Surcharge and Registration Fee

According to Article 21(i) of the Schedule to the Rajasthan Stamps Act, 1998, SD³⁰ on the instrument of conveyance relating to immovable property shall be levied on market value of the property. Rule 58 of the Rajasthan Stamps Rules, 2004 provides that the market value of the land shall be assessed on the basis of the rates recommended by the District Level Committee or the rates approved by State Government, whichever is higher. Surcharge is chargeable on the SD at the rate of 10 *per cent* with effect from 9 March 2011 and at the rate of 20 *per cent* with effect from 8 March 2016

The RF is chargeable at the rate of one *per cent* of the valuation with effect from 9 March 2015. The maximum limit of RF was fixed as rupees four lakh w.e.f. 8 March 2017, which was revised to rupees three lakh w.e.f. 12 February 2018.

During test check (between June 2019 and March 2020) of records at the offices of 13 SRs³¹, it was noticed that 35 instruments were registered as sale deeds/lease deeds/developer agreements pertaining to agricultural/residential/industrial/commercial/farm house land(s) during April 2015 to February 2019.

Scrutiny of these instruments revealed that the concerned Registration Authorities (RAs) had assessed the market value of these properties at ₹ 145.08 crore instead of correct valuation of ₹ 219.36 crore due to incorrect adoption of rates w.r.t. location of properties, area of properties, DLC rates/reserve price, calculation of incidental charges, *etc.* The RAs thus, levied SD, surcharge and RF of ₹ 6.38 crore³² instead of ₹ 9.71 crore³³, resulting in short levy of ₹ 3.33 crore³⁴.

29 ₹ 21.64 lakh: SD of ₹ 16.07 lakh, Surcharge of ₹ 3.21 lakh and RF of ₹ 2.36 lakh.

30 SD: At the rate of five *per cent* with effect from 8 July 2009.

31 SR: Baran (one case), Bhiwadi (three cases), Chauth ka Barwada (Sawai Madhopur) (three cases), Hurda (Bhilwara) (nine cases), Jaipur-II (five cases), Jaipur-V (two cases), Jaisalmer (one case), Kelwada (Baran) (one case), Ratangarh (Churu) (two cases), Roopangarh (Ajmer) (one case), Shahbad (Baran) (one case), Talera (Bundi) (four cases) and Udaipur-I (two cases).

32 ₹ 6.38 crore: SD of ₹ 4.90 crore, surcharge of ₹ 0.78 crore and RF of ₹ 0.70 crore.

33 ₹ 9.71 crore: SD of ₹ 7.54 crore, surcharge of ₹ 1.14 crore and RF of ₹ 1.03.

34 ₹ 3.33 crore: ₹ 9.71 crore (-) ₹ 6.38 crore.

The matter was reported to the State Government (between July 2020 and October 2020). The Government stated (between August 2020 and December 2020) that complete recovery has been affected in three instruments, notices for recovery have been issued to the executants in 14 instruments, cases have been registered with Office of the Collector (Stamps) in 15 instruments and recovery is pending in remaining three instruments. Further progress is awaited (March 2021).

CHAPTER-V
STATE EXCISE

CHAPTER-V: STATE EXCISE

5.1 Tax administration

The Secretary, Finance (Revenue) is the administrative head of the State Excise Department (Department) at Government level. The Department is headed by the Excise Commissioner (EC). The Department has been divided in seven zones which are headed by the Additional Excise Commissioners (AECs). District Excise Officers (DEOs) and Excise Inspectors working under the AECs of the respective zones are deputed to monitor and regulate levy/collection of excise duties and other levies.

5.2 Internal audit

The Department has an Internal Audit Wing under the charge of Financial Advisor. This wing has to conduct test check of cases of assessment as per the approved action plan and in accordance with the criteria decided to ensure adherence to the provisions of the Act and Rules as well as Departmental instructions issued from time to time.

The position of last five years of internal audit is as given in **Table 5.1** below:

Table 5.1

Year	Units pending	Units added during the year	Total units	Units audited during the year	Units remaining unaudited	Percentage of units remaining unaudited
2015-16	0	41	41	37	4	10
2016-17	4	41	45	40	5	12
2017-18	5	44	49	28	21	43
2018-19	21	44	65	19	46	71
2019-20	46	44	90	17	73	81

Source: Information provided by the State Excise Department.

Thus, it can be seen that the percentage of units remaining unaudited has increased significantly.

Year-wise break up of outstanding paragraphs of internal audit reports is as given in **Table 5.2** below:

Table 5.2

Year	1995-96 to 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Paragraphs	176	92	123	178	192	-	761

Source: Information provided by the State Excise Department.

Thus, 761 paragraphs were outstanding at the end of 2019-20 of which 176 paragraphs were outstanding for more than five years. Lack of action by the

Department and resultant huge pendency of paragraphs defeats the very purpose of internal audit.

The Government may consider strengthening the functioning of the Internal Audit Wing, ensure audit of pending units and take appropriate measures on outstanding paragraphs for plugging the leakage of revenue and for ensuring compliance with the provisions of the Act/Rules.

5.3 Results of audit

There are 108 auditable units (including 54 implementing units) in the State Excise Department, out of which audit selected 40 units (including 18 implementing units) for audit. However, due to COVID-19 epidemic, 39 units (including 18 implementing units) could be audited during the year 2019-20. The records of these units including 4173 retail licensees (out of total 7195 licensees) were analysed along with scrutiny of 10,900 cases. It disclosed 2881 cases (approximate 26 per cent of sampled cases) of non/short realization of excise duty, license fee, special vend fee, interest on delayed payment, loss of excise duty on account of excess wastages of spirit/liquor/beer and other irregularities involving ₹ 28.89 crore. These cases are illustrative only, based on the audit of the records of these selected units. Audit pointed out similar omissions in previous years, however, not only these irregularities persist but also remain undetected till the conduct of the subsequent Audit. Irregularities noticed broadly fall under the following categories as given in **Table 5.3** below:

Table 5.3

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1	Non/short realization of excise duty and license fees	506	25.19
2	Non/short realization of Special Vend Fees on IMFL/Beer	366	2.96
3	Loss of excise duty on account of excess wastage of spirit/liquor/beer	207	0.15
4	Non-recovery of interest on delayed payment	36	0.16
5	Other irregularities		
	Revenue	369	0.42
	Expenditure	1397	0.01
	Total	2881	28.89

The Department accepted deficiencies in 604 cases involving ₹ 19.59 crore, of which 318 cases involving ₹ 18.38 crore had been pointed out in audit during 2019-20 and the rest in earlier years. The Department recovered ₹ 2.26 crore in 332 cases of which 46 cases involving ₹ 1.05 crore had been pointed out in audit during the year 2019-20 and the rest in earlier years.

The State Government accepted and recovered the entire amount of ₹ 37.50 lakh in two cases (pertaining to Office of the DEO Sikar) of short realisation of additional fees for renewal of distillery license after it was pointed out by the Audit. Further, the State Government accepted and adjusted ₹ 50.04 lakh out of Security deposit in 19 cases (pertaining to Office of the DEO, Jaipur

City) of non-realisation of difference amount due to short lifted quantity of country liquor after they were pointed out by the Audit (May 2020), while ₹ 1.83 lakh remained unrecovered in one case. These paragraphs have not been discussed in the Report.

Few illustrative cases involving ₹ 26.21 crores in the audited units of the Department are discussed in the succeeding paragraphs. It is pertinent to mention that most of these issues have been raised earlier and published in the CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit and failure to strengthen the Internal Control system led to recurrence of same issues in subsequent years.

5.4 Non-recovery of additional amount from retail-off licensees

DEOs did not issue notices to licensees for short lifted quantity of IMFL and Beer and failed to recover the additional amount

According to para 3.10 and 4.6 of the Rajasthan State Excise and Temperance Policy (Policy) 2016-17, an additional amount was to be charged quarterly at the rate of ₹ 10 per Bulk Litre (BL) on short lifted quantity of Indian Made Foreign Liquor (IMFL) and Beer during 2016-17 by retail-off licensees¹ who did not increase lifting of IMFL and Beer upto minimum 10 *per cent* during each quarter of current year in comparison to the same quantity lifted in the corresponding quarters in the previous year. Shop-wise calculation of such short lifted quantity was to be done at the end of each quarter. According to para 3.20 and 4.6 of the Policy 2017-19, rates of the additional amount were revised to ₹ 20 per BL of IMFL and ₹ 10 per BL of Beer on short lifted quantity during 2017-19.

Further, as per directions issued (27 June 2016) by the Excise Commissioner (EC), recovery of additional amount as per prescribed rate on short lifted quantity was to be ensured at the level of concerned District Excise Officer (DEO).

During test check (between July 2019 and January 2020) of the records of seven Offices of DEO² for the year 2015-19, it was noticed that 295 licensees did not enhance lifting of IMFL and Beer upto minimum 10 *per cent* during 2016-19 in comparison to the previous year and were thus liable to pay, the additional amount of ₹ 2.65 crore. In compliance with the directions, *ibid*, the DEOs should have calculated the additional amount for each retail-off licensee and issued notice to the concerned licensee within seven days of completion of quarter. The DEOs concerned were also responsible to ensure that the additional amount had been deposited within seven days of the issue of notice. However, the concerned DEOs neither issued notices to the licensees nor realised the

1 Retail-off means retail sale of liquor in sealed pack containers and not to be consumed in the premises of the retailer.

2 DEOs: Banswara, Jaipur City, Udaipur, Ajmer, Jodhpur, Pali and Sikar.

additional amount. On being pointed out, the Office of the DEO, Jaipur City recovered (between August 2019 and October 2019) an amount of ₹ 5.72 lakh. Therefore, additional amount of ₹ 2.59 crore remained unrecovered.

The matter was reported to the State Government (July 2020). The Government replied (July and August 2020) that an amount of ₹ 0.89 crore has been recovered against the objected amount and instructions have been issued to the concerned DEOs for the recovery of remaining amount. Further progress is awaited (March 2021).

5.5 Short realisation of composite fees

Incorrect calculation of composite fee for shops of peripheral area resulted in short realisation of revenue

According to the Rajasthan Excise and Temperance Policy (Policy) 2016-17, 2017-18 and 2018-19 and Rule 67-I and 67-kkk of the Rajasthan Excise (RE) Rules 1956, settlement of country liquor (CL) shops/groups is done on exclusive privilege amount (EPA)³ by inviting applications. A notice for invitation of applications for grant of CL licenses is issued by the Excise Commissioner prescribing the number of proposed country liquor shops/groups in the district with its EPA, composite fees, and earnest money and application fees.

According to the policy *ibid*, CL shops of rural area are classified in different categories. The CL shops of villages located within five kilometers radius of the municipal area are categorised as 'composite shops of peripheral area'. The villages of such peripheral area are further categorised as 'A' and 'B' with the composite fee for respective categories prescribed in the policy. Composite fee for shops of category 'A' for the years 2016-17, 2017-18 and 2018-19 was fixed as equal to 6 per cent of annualised billing amount of Rajasthan State Beverage Corporation Limited (RSBCL) during previous year or annual license fee prescribed for IMFL/Beer shop situated in concerned municipal area, whichever was higher. The composite fee for category 'B' shops for the years 2016-17, 2017-18 and 2018-19 was fixed as equal to 6 per cent of annualised billing amount of RSBCL during previous year or 50 per cent of annual license fee prescribed for IMFL/Beer shop of concerned municipal area or ₹ 50,000, whichever was higher.

During test check (between July 2019 and February 2020) of records of six⁴ Offices of the DEO, for the years from 2015-16 to 2018-19, it was noticed that 16 CL shops of eleven groups, were categorised as shops of peripheral area. Scrutiny of the relevant records disclosed that composite fees prescribed in the notices for invitation of applications for such groups/shops was less than the amount for their respective categories as per policy. This resulted in short realisation of revenue amounting to ₹ 1.23 crore

3 EPA: The amount to be charged by the Excise Department from country liquor groups/shops for exclusive right to trade in liquor in the specified area is called EPA.

4 DEOs Jaipur City (one group-one shop), Chittorgarh (one group-one shop), Udaipur (three groups- four shops), Ajmer (two groups-four shops), Bharatpur (one group-two shops) and Sikar (three groups – four shops).

The matter was reported to the State Government (July 2020). The Government replied (July and August 2020) that efforts are being made to recover the objected amount by the concerned DEOs. Further progress is awaited (March 2021).

5.6 Short recovery of license fee

Lack of proactive action by the Department led to short recovery of license fee from hotel bar licensees

According to Rajasthan Excise (Grant of Hotel Bar/Club Bar licenses) Rules, 1973, hotels were broadly categorised in three categories *i.e.* luxury, heritage and others. Rule 2 (aa)⁵ of the rules *ibid*, stipulates that ‘*Heritage Rajasthan Hotel*’ means any hotel so recognised by the State Government or by any other authority/committee authorised specifically for this purpose by the State Government. Heritage hotels are further classified into categories ‘A’, ‘B’ and ‘C’. Rates of basic license fee for hotel bar license for a year or part thereof were prescribed for each category of hotels *i.e.* heritage/other hotels under Rule 3 *ibid*.

Scrutiny of records (between January 2020 and March 2020) for the period 2015-19 of two Offices of the DEO⁶ disclosed short recovery of license fee of ₹ 31 lakh from hotel bar licensees in six cases as follows:

(i) Two bars (DEO, Pali) since 2012-13 and one bar (DEO, Jhunjhunu) since 2016-17 were operated in hotels which were not categorised as heritage hotels. However, the licenses of these hotel bars were renewed by the concerned authorities for the period 2016-17 to 2018-19 by recovering the license fee applicable for heritage hotels under category ‘C’ instead of license fee recoverable under the category of ‘other hotels’.

(ii) In other three cases, three bars in hotels having more than 25 rooms were situated in the municipal limits. However, the competent authorities renewed the licenses of these hotel bars for the period 2016-17 to 2018-19 after recovery of license fee applicable for hotels having upto 25 rooms.

Thus, the licensees were liable to pay license fee of ₹ 90.00 lakh but the incorrect categorization of hotel bars resulted in short recovery of license fee of ₹ 31.00 lakh.

The matter was reported to the State Government (August 2020). The Government replied (September 2020) that ₹ 8.00 lakh has been recovered from a unit under the jurisdiction of DEO, Pali and instructions have been issued to the concerned DEOs for the recovery of remaining amount. Further progress is awaited (March 2021).

⁵ Inserted *vide* notification dated 31 January 2012.

⁶ DEOs: Pali and Jhunjhunu.

5.7 Non- maintenance of minimum norms for production of beer

Short recovery of penalty on non-maintenance of minimum yield efficiency by the breweries for production of beer

According to Rule 34 (A) of the Rajasthan Brewery Rules, 1972, every brewer shall be responsible for maintaining minimum yield of 650 litres of mild beer or 490 litres of strong beer for every 100 kilograms of malt and other raw material used. Further, the EC may impose penalty of ₹ 10 per litre in case of shortage in yield of beer unless it is proved by the brewer that failure was not deliberate and due precautions were taken by him to maintain the specified scale of yield for beer. Furthermore, if brewer repeatedly fails to maintain minimum scale of yield for beer as specified, the EC may, after giving an opportunity of being heard, cancel or suspend the license of such brewer. Further, Department also directed (August 2019) all the DEOs to ensure compliance of the Rule *ibid* with effective supervision and continuous monitoring.

Test check of records (November 2019) of six breweries under the jurisdiction of Offices of the DEO Alwar and DEO (Production units), Behror, revealed that these units did not achieve the norms of minimum yield efficiency of beer. These units produced 33.12 lakh BL mild beer from 6.44 lakh kilogram of raw material used in 158 number of short yield brews out of total 389 mild brews. Similarly, 1686.54 lakh BL strong beer was produced from 373.58 lakh kilogram of raw material used in 6,465 number of short yield brews out of 8,855 strong brews. As per norms, minimum yield efficiency of beer should have been 1,872.41 lakh BL (mild beer 41.85 lakh BL and strong beer 1830.56 lakh BL) from the raw material used. Thus, the brewers failed to maintain the minimum yield efficiency of beer which resulted in short production of 152.75 lakh BL of beer. The Department recovered penalty of ₹ 7.34 crore against the total imposable penalty of ₹ 15.28 crore on short production of beer resulting in short recovery of ₹ 7.94 crore.

It is also pertinent to mention here that out of these six breweries, five were the same as commented on in the para 6.4.7.3 of CAG's Audit Report (Revenue and Economic Sectors) for the year ended 31 March 2019. However, the Department did not take action for cancellation of licenses of breweries which have repeatedly failed to maintain minimum scale of yield for beer as specified.

The matter was reported to the Government in June and September 2020. In its reply (November 2020) the Government stated that penalty of ₹ 18.12 lakh in respect of four breweries has been recovered. The remaining two breweries are producing High Gravity Beer (HGB), therefore, a committee at the departmental level has been constituted to suggest the norms for HGB as the norms for production of HGB have not been determined. One of these two breweries had filed a petition in the Hon'ble Rajasthan High Court and the court had stayed the recovery process.

The reply is not acceptable as the norms regarding HGB should have been determined before grant of the permission for production of HGB. Further progress is awaited (March 2021).

5.8 Non-forfeiture of Security Deposit and advance EPA

Non-forfeiture of Security Deposit and advance Exclusive Privilege Amount from Country Liquor groups led to loss of revenue

Rule 67-I of Rajasthan Excise Rules, 1956 provides that license for the exclusive privilege of selling CL by retail within any local area may be granted by inviting applications on condition of payment of EPA as may be decided by the Excise Commissioner (EC). The Rajasthan Excise and Temperance Policy 2017-18 and 2018-19 (Policy) provided the option to CL groups licensed for the year 2017-18 of renewal of their licenses for the year 2018-19 on payment of renewal fees equal to 16 *per cent* of EPA prescribed for 2018-19 whereas the licenses for the remaining groups were to be granted by inviting applications. The successful applicants were required to deposit the Security Deposit (SD) and advance EPA in the state exchequer within the prescribed time.

Para 3.5 of the Policy provided that a licensee of CL groups had to deposit 18 *per cent* of prescribed annual amount of the group in the form of advance EPA before the commencement of license period. Further, Para 3.6 of the policy provided that 8 *per cent* of the amount in the form of SD would be deposited in cash as per the conditions of application. Accordingly, condition 9 of application stipulated that in case of default at any stage, the selection of shop would be cancelled and amount of EMD, SD and advance EPA deposited till that stage would be forfeited. As per the directions issued (January 2018) by the EC, these shops would be resettled by inviting fresh online applications.

During scrutiny (July 2019) of records at Offices of the DEO, Jaipur (City) for the period 2018-19, it was noticed that licenses of 66 CL groups were granted by inviting applications. Out of these, three licensees deposited only ₹ 4.36 lakh as the SD upto the deadline of 31 March 2018 instead of the prescribed amount of ₹ 34.65 lakh. However, the concerned DEO office, instead of cancelling the license of these shops/groups and forfeiting the SD and advance EPA, allowed the remaining SD to be carried forward to the next year in contravention of the policy provisions which caused a loss of revenue of ₹ 77.31 lakh⁷.

The matter was reported to the State Government (October 2020). The Government replied (December 2020) that clarifications are being sought from the concerned DEOs offices and instructions are being issued to all the DEOs to ensure the compliance of conditions of settlement in future. Further progress is awaited (March 2021).

⁷ ₹ 77.31 lakh: Advance EPA ₹ 72.95 lakh and security deposit ₹ 4.36 lakh

5.9 Short realisation of Monthly Guarantee Amount

Short realisation of Monthly Guarantee Amount from Country Liquor licensees led to loss of revenue

According to the Rajasthan Excise and Temperance Policy 2017-19 (Policy), settlement of CL shops/groups was to be made on the basis of EPA. The licensee of CL shop/group was liable to pay the EPA prescribed for his license period in the form of excise duty on CL. Further, as per the conditions of CL retail sale license, the licensee was to pay the annual EPA fixed for the prescribed group/shop in twelve equal monthly installments in the form of monthly guarantee amount. The monthly installment is to be paid by the last date of that month. If a licensee failed to lift the minimum monthly quota of CL, he was liable to pay the difference of excise duty in cash.

During scrutiny of the records of eight District Excise Officers (DEOs)⁸ for the period 2015-19, it was noticed (between July 2019 and March 2020) that during 2018-19, 240 out of 1736 licensees, lifted CL worth ₹ 82.43 crore against the quota of ₹ 95.53 crore fixed for the concerned months. Similarly, during 2017-18, in case of two DEOs⁹, 34 out of 407 licensees lifted CL worth ₹ 1.13 crore against the quota of ₹ 1.40 crore fixed for the concerned months. The concerned DEOs, however, did not recover the differential amount which resulted in short realisation of monthly guarantee amount of ₹ 13.37 crore.

This issue has been raised earlier also and was published as para 6.4.10.2 in the CAG's Audit Report (Revenue and Economic Sectors) for the year ended 31 March 2019 wherein the Department accepted the observations and initiated action/recoveries and had also stated that the required provision will be introduced in the Integrated Excise Management System (IEMS) which would facilitate the recovery of shortfall of monthly guarantee amount from CL retail off licensees.

The matter was reported to the State Government (October 2020). The Government replied (December 2020) that out of ₹ 13.37 crore, ₹ 3.88 crore has been recovered. Further, the government has also stated that provision to facilitate the recovery of shortfall of monthly guarantee has been introduced in the IEMS. Further progress of recovery is awaited (March 2021).

8 DEOs Ajmer, Alwar, Jaipur City, Sikar, Jodhpur, Bikaner, Bundi and Jhunjhunu.

9 DEOs Bikaner and Jodhpur.

Part-B
EXPENDITURE SECTOR

CHAPTER-VI
GENERAL

CHAPTER-VI : GENERAL

6.1 Profile of the Audited Entity

There are 66 Departments, 234 Autonomous Bodies (ABs) and 14 Public Sector Undertakings (PSUs) under General and Social Sector of the Government of Rajasthan, headed by Additional Chief Secretary/Principal Secretaries/Secretaries, which are audited by the Accountant General¹ (Audit-I), Rajasthan, Jaipur. A list of the Departments is given at *Appendix 6.1*.

The comparative position of expenditure incurred by the Government of Rajasthan during 2015-16 to 2019-20 is given in the **Table 6.1** below:

Table 6.1: Comparative position of expenditure

(₹ in crore)					
Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue expenditure					
General services	31,016	39,203	43,450	54,364	56,186
Social services	43,349	49,371	53,064	65,687	68,313
Economic services	31,874	38,565	49,327	46,722	51,986
Grants-in-aid and Contribution	_#	_##	_*	_**	_***
Total	1,06,239	1,27,139	1,45,841	1,66,773	1,76,485
Capital and other expenditure					
Capital Outlay	21,985	16,980	20,623	19,638	14,718
Loans and Advances disbursed	36,602	12,965	1,334	1,113	2,255
Payment of Public Debt	4,959	5,015	11,674	16,915	20,033
Contingency Fund	-	-	-	-	-
Public Accounts disbursement	1,40,432	1,48,885	1,47,088	1,60,570	1,79,741
Total	2,03,978	1,83,845	1,80,719	1,98,236	2,16,747
Grand Total	3,10,217	3,10,984	3,26,560	3,65,009	3,93,232

Source: Audit Reports on State Finances of the respective years.

₹ 10 lakh only, ## ₹ 6 lakh only, * ₹ 11 lakh only, ** ₹ 9 lakh only, *** ₹ 7 lakh only.

6.2 Authority for Audit

The authority for Audit by the Comptroller and Auditor General of India (C&AG) is derived from Articles 149 and 151 of the Constitution of India and section 13, 14, 15 & 17 of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007, as amended in 2020, and the Auditing Standards, 2017 issued by the CAG.

1 Erstwhile Office of the 'Principal Accountant General (General and Social Sector Audit)' has been renamed as Office of the 'Accountant General (Audit-I)' with effect from 18.05.2020.

6.3 Audit Planning and conduct of Audit

The Office of the Accountant General (Audit-I), Rajasthan conducts audit of Government Departments/Offices/Autonomous Bodies/PSUs/Institutions under the General and Social Sector under the directions of the C&AG. During 2019-20, financial and compliance audits of the selected units under various General and Social Sector Departments, Autonomous Bodies (except Panchayati Raj Institutions and Urban Local Bodies), PSUs and externally-aided projects of the GoR were conducted by audit teams of the office of Accountant General (Audit-I), Rajasthan, Jaipur.

The audit process starts with an assessment of risk exposure of various Government Departments/Organisations/Autonomous Bodies and schemes/projects, etc. Risk assessment is based on expenditure, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls and the concerns of stakeholders. Audit findings during previous years are also considered in this exercise.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the units/departments with the request to furnish replies on audit findings within one month of receipt of the Inspection Report. When the replies are received, audit findings are either settled or further compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports.

The audit of 951 out of the 22,016 units of General and Social Sector Departments, have been carried out. Further, 19,693 mandays (for financial audit and compliance audit) were used during 2019-20. The audit plan covered those units/entities, which were vulnerable to significant risk, as per the risk assessment.

6.4 Response of the Government/ Departments to Audit observation

6.4.1 The draft paragraphs are forwarded to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention, for their response. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before State Legislature, it would be desirable to include their comments. Accordingly, draft paragraphs proposed for inclusion in this report, were forwarded to the Principal Secretaries/Secretaries concerned.

The concerned departments did not send replies to three out of 11 compliance audit paragraphs that are featured in Chapter VII. The responses of the concerned departments received have been suitably incorporated in the Report.

6.4.2 Rule 327 (1), read with Appendix 6 of General Financial and Accounts Rules prescribes the retention period of various accounting records, which ranges between one and three years after Audit by Accountants General.

Failure of the departmental officers to furnish compliance of the audit observations in Inspection Reports (IRs) results in non-settlement of IR

paragraphs. As on October 2020, there were 8,306 IRs containing 34,464 paragraphs, issued during the period from 2002-03 to 2019-20 which were pending for settlement. Year-wise pendency is given in the **Table 6.2** below:

Table 6.2

Year	IRs	Paragraphs
Up to 2012-13	3,176	8,548
2013-14	885	2,962
2014-15	908	3,308
2015-16	736	2,617
2016-17	759	3,980
2017-18	531	3,269
2018-19	649	4,548
2019-20 (issued up to March 2020)	662	5,232
Total	8,306	34,464

For early settlement of outstanding paragraphs in IRs, GoR issued (August 1969) instructions to all the departmental officers for sending first reply to IRs within a month and replies to further audit observations within a fortnight. These instructions have been reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Department for ensuring compliance to all the matters relating to audit.

Detailed analysis of IRs issued to three Departments was carried out to study the pendency of responses to the paragraphs brought out in the IRs. Analysis of the IRs of various units of Medical and Health Department (1603 IRs), Water Resources Department (671 IRs) and Secondary Education Department (619 IRs) revealed that 14,878 paragraphs (including sub-para) pertaining to 2,893 IRs were outstanding as on 31 October 2020. Category-wise details of irregularities commented in IRs is given in **Appendix.6.2**. It was further noticed that the first compliances, which had to be submitted to Audit within one month of issue of IRs, were pending for an average delay of 66 months (ranging from 8 to 141 months) in respect of 28 IRs² pertaining to Water Resources Department and Secondary Education Department.

6.5 Coverage of this part of the Report

During the last few years, audit has reported several significant deficiencies in implementation of various programmes/activities as well as the quality of internal controls in selected departments through performance audits, which had impacted the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the government departments/organizations were also reported.

The current report brings out deficiencies in critical areas, which impact the effectiveness of the GoR. Some important findings of compliance audit

2 Pending first compliance: Water Resources Department: 3 (8 to 12 months) + Secondary Education Department: 25 (14 to 141 months) = 28

paragraphs have been reported in Chapter VII. The major observations are as follows:

The Maharana Pratap University of Agriculture and Technology (MPUAT), Udaipur disallowed certain items in a construction contract in order to keep additional expenditure under the permissible limit of RTPP Rules. Later MPUAT got these items re-executed by the same contractor under a new tender in violation of provisions of PWF&ARs.

(Paragraph 7.1)

The Employees' State Insurance Scheme (ESIS) was started for protecting employees against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families. The scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC). The Scheme is financed by contributions raised by employees covered under the scheme and their employers as a fixed percentage. Important reforms under ESIC 2.0 for expansion of ESIS in the state to cover all the IPs and for providing better services to IPs were not implemented. The State Government did not utilise the unspent 60.63 *per cent* of maximum admissible expenditure as per prescribed ceiling for managing manpower and to provide required medical facilities to the IPs. Due to shortage of Medical Specialists/Officers and Para Medical staff such as nursing staff, pharmacists etc., the hospitals/dispensaries could not function at their optimal potential. ESI hospitals/dispensaries lacked infrastructure and laboratory facilities. This resulted in decreasing trend in number of patients attending OPD/IPD and patients had to be referred to tie up/government hospitals for basic tests/investigations and specialist facilities. Even though ESIC initiated an IT project for hospital management, the same could not be implemented completely by ESIS. To improve the services being provided in the hospitals and dispensaries, ESI Society was to be formed under section 58(5) of the Act. It was not formed by the State Government despite the fact that 100 *per cent* expenditure upto the prescribed ceiling was to be borne by Employees State Insurance Corporation (ESIC) upto three years.

(Paragraph 7.2)

Failure of the Medical Education Department to apply for increase in sanctioned load led to avoidable payment of demand surcharges and irregular payment of electricity duty by Medical Colleges/Hospitals amounting to ₹ 1.40 crore.

(Paragraph 7.3)

Lack of action on part of the Medical Education Department led to short receipt of concession fee plus penal interest for delay in payment, short-recovery of amount related to unutilised below poverty line quota and resultant extension of undue benefit to the concessionaire causing a loss of revenue of ₹ 5.09 crore to the State Government.

(Paragraph 7.4)

Irregular expenditure of ₹ 3.72 crore on the execution of additional works in contravention of Rajasthan Public Works Financial and Accounts Rules by Medical and Health Department.

(Paragraph 7.5)

Failure to recover loan from beneficiaries and irregular utilization of funds by Department of Minority Affairs and WAQF Board, for repayment to National Minorities Development and Finance Corporation resulted in avoidable penal interest of ₹ 3.17 crore.

(Paragraph 7.6)

Imprudent decision to change construction site for Directorate building and non-completion of Rehabilitation and Research Institute building not only led to non-utilization of Central Grant of ₹ 3.27 crore and unfruitful expenditure of ₹ 5.47 crore but also deprived the beneficiaries from the intended benefits even after lapse of more than eight years in Social Justice and Empowerment Department.

(Paragraph 7.7)

In Social Justice and Empowerment Department, non-adherence to rules of procurement and poor monitoring resulted in unfruitful expenditure of ₹ 1.24 crore on non-functional Solar Home Lighting Systems.

(Paragraph 7.8)

In Social Justice and Empowerment Department, non-adherence to procurement rules relating to execution of contract and performance security resulted in unfruitful expenditure of ₹ 2.98 crore incurred on non-functioning 256 Solar Water Heating Systems.

(Paragraph 7.9)

The Water Resources Department, while making payment of compensation for acquisition of land falling under urban area, considered the incorrect multiplying factor of rural area which resulted in an excess payment of ₹ 1.65 crore.

(Paragraph 7.10)

Unauthorised execution of additional works worth ₹ 1.55 crore in gross violation of Public Works Financial & Accounts Rules by Water Resources Department.

(Paragraph 7.11)

6.6 Follow-up on Audit Reports

The Finance Department of the GoR decided (December 1996) that Action Taken Notes (ATNs) on all paragraphs/performance audits that have appeared in Audit Reports be submitted to the Public Accounts Committee, duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature.

86 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on Expenditure Sector (erstwhile General and Social Sector) for the years ended 31 March 2015, 2016, 2017, 2018 and 2019 were placed before the State Legislative Assembly between 02 September 2016 and 21 August 2020. The action taken explanatory notes from the concerned Departments on 78 of these paragraphs were received late with an average delay of 3 to 4 months. The PAC discussed 65 selected paragraphs pertaining to the Audit reports for the years from 2014-15 to 2018-19 and its recommendations on 62 paragraphs were incorporated in 47 Reports (pertaining to 21 departments) of PAC (2020-21).

A review of the outstanding ATNs on paragraphs/performance audits included in the Reports of the Comptroller and Auditor General of India pertaining to various Departments as on 31 January 2021 revealed that 13 ATNs³ were pending from the concerned Departments.

3 11 Paragraphs (1.2.4, 1.4.3, 1.8.3, 1.9.2, 1.10.4, 2.4, 3.1, 3.2; 3.3; 3.4; 3.5) of Audit Report (State Finances) 2018-19 and 02 Paragraphs of Audit Report (General and Social Sector) 2018-19.

CHAPTER-VII
COMPLIANCE AUDIT OF
EXPENDITURE SECTOR

CHAPTER-VII: COMPLIANCE AUDIT OF EXPENDITURE SECTOR

Audit of transactions of the Government Departments, their field formations as well as audit of the autonomous bodies brought out lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy, which have been presented in the succeeding paragraphs.

Agriculture Department

7.1 Unauthorised execution of additional items in construction contract

The MPUAT disallowed the certain items in a construction contract in order to keep additional expenditure under the permissible limit of RTPP Rules. Later MPUAT got these items re-executed by the same contractor in new tender in violation of condition of contract as well as provisions of PWF&ARs.

Rule 73 of Rajasthan Transparency in Public Procurement (RTPP) Rules states that the limit of repeat order for additional quantities shall be 50 *per cent* of the value of original contract in case of works. Further, Clause 14 of standard agreement of works as given in Public Works Financial and Accounts Rules (PWF&ARs) provides that in case a contractor doesn't rectify/remove any work that has been executed with unsound, imperfect or unskillful workmanship, or with material with any inferior description or otherwise not in accordance with contract, the engineer-in-charge may rectify/remove/re-execute the work with other contractor at risk and cost of the first contractor. Moreover, item VIII.5 of Appendix XVI of PWF&ARs provides that if a contractor doesn't complete the work after sanction of tender, the contractor is liable to be debarred or suspended from participating in re-tendering of that work or in future tenders and his enlistment may be suspended.

Scrutiny (January-February 2019) of the records of Comptroller, Maharana Pratap University of Agriculture and Technology (MPUAT), Udaipur revealed that Agriculture Department issued (September 2015) Administrative Sanction of ₹ 3.50 crore for construction of hostel at College of Technology and Agricultural Engineering (CTAE)¹, Udaipur. Accordingly, the Estate Officer of MPUAT issued technical sanction for the work in October 2015. MPUAT invited (December 2015) tenders and issued (January 2016) work order for construction of hostel at CTAE at a cost of ₹ 3.35 crore with scheduled date of completion as December 2016.

1 Constituent college of MPUAT

Subsequently, Technical Committee of MPUAT decided (August 2016) to construct additional rooms as extension of hostel and certain other development works at an estimated cost of ₹ 1.53 crore through the same contractor and at the same rate. The contractor executed the work amounting to ₹ 5.33 crore up to 9th running bill but he was paid only ₹ 4.88 crore by disallowing the items of work amounting to ₹ 0.45 crore considered as defective by MPUAT. The contractor expressed his inability to replace the defective work with new one, therefore, the MPUAT decided (June 2017) to get it re-executed through a fresh tender. After invoking the penalty clause, penalty of ₹ 0.45 lakh *i.e.* one *per cent* of the cost of defective work was imposed on the contractor. Accordingly, the MPUAT floated a new tender which included the replacement of defective work of earlier contract (worth ₹ 0.45 crore). The MPUAT issued (July 2017) new work order amounting to ₹ 0.88 crore to the same contractor.

As per Rule 73 of RTPP Rules, 2013 the MPUAT could have executed works up to ₹ 5.03 crore². However, the MPUAT executed work amounting to ₹ 5.33 crore, which was in excess of the permissible limit of additional quantities. Therefore, the payment to the contractor was restricted to the total estimated cost of ₹ 4.88 crore³.

Further, as per clause 14 of the agreement of work, the defective work was to be rectified by new contractor at the risk and cost of earlier contractor and as per item VIII.5 of Appendix XVI of PWF&ARs the contractor was to be debarred or suspended from participating in re-tendering. Contrary to these conditions the MPUAT awarded (July 2017) a fresh work order which included the replacement of defective items of earlier contract, to the same contractor despite the fact that the contractor failed to replace the defective work in earlier contract.

The Agriculture Department, Government of Rajasthan (GoR) stated (September 2020) that the decisions taken by the MPUAT were in accordance with financial rules and RTPP rules. It was also stated that Clause 14 is applicable only when contractor refuses to remove the defective work at his own cost. In the instant case contractor removed the defective items at his cost but expressed his inability to replace the defective work. Therefore, the contractor has been financially punished with a penalty of one *per cent* *i.e.* ₹ 0.45 lakh. The MPUAT also stated that it was not under its jurisdiction to debar the contractor.

Agriculture Department, GoR further stated (January 2021) that MPUAT restricted the payment up to ₹ 4.88 crore in order to follow the provision of RTPP Rules and as there was no mistake on part of contractor, therefore, the contractor was not debarred for future tenders. In the same reply it stated that the contractor removed the substandard/defective work himself.

The reply (September 2020/January 2021) is not acceptable as the MPUAT did not stop the execution of work when it exceeded the limit set by RTPP

2 ₹ 3.35 crore (contract value) + ₹ 1.68 crore (50 *per cent* of contract value).

3 ₹ 3.35 crore (original work), ₹ 1.11 crore (additional rooms) and ₹ 0.42 crore (other development works)

(9th running bill measured on 20 March 2017). Later realizing the mistake the MPUAT disallowed certain items (10th running bill measured on 08 April 2017) even though these were allowed at the time of the measurement. The disallowed items were easily replaceable by the contractor. Further, MPUAT did not debar the contractor from participating in retendering as per condition of contract. MPUAT also did not get the defective work rectified at risk and cost of the contractor, as prescribed in Rules. Instead MPUAT awarded the same work to the same contractor despite the latter's failure to execute the work earlier.

Labour Department

7.2 Functioning of Employees' State Insurance Scheme in State

7.2.1 Introduction

The Employees' State Insurance Scheme (ESIS) is an integrated measure of social insurance embodied in the Employees' State Insurance (ESI) Act, 1948 and it is designed to accomplish the task of protecting 'employees' as defined in the ESI Act, 1948 against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families.

The Scheme applies to factories and other establishments *viz.* road transport, hotels, restaurants, cinemas, newspaper, shops, and educational/ medical institutions wherein 10 or more persons are employed. Employees of the aforesaid categories of factories and establishments, drawing wages upto ₹ 21,000 a month (w.e.f. 01.01.2017), are entitled to social security cover under the ESI Act.

The scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC), which represents various interested groups comprising employees, employers, the Central and State Governments besides medical profession and the Parliament. The ESIC is the highest policy making and decision taking authority under the ESI Act and oversees the functioning of the Scheme.

The scheme is mainly financed by contributions raised from the employees covered under the scheme and their employers, as a fixed percentage of wages, which is 3.25 *per cent* and 0.75 *per cent* for the employers and employees respectively, since 01 July 2019. Prior to July 2019, applicable rate of contribution for Employer and Employee was 4.75 *per cent* and 1.75 *per cent* of wages respectively. The expenditure incurred under the Scheme is borne by ESIC and State Government in the ratio of 7:1. For the purpose of sharing of expenditure, ESIC has prescribed per capita ceiling of ₹ 3,000 per year on total expenditure on medical benefits.

The administration of ESI scheme in a State, is the statutory responsibility of the State Government in consultation with the ESIC. In Rajasthan, the Scheme

commenced with effect from 02 December 1956 under section 58 of the ESI Act 1948. The Scheme in the State is headed by Director, Medical and Health, (ESIS) Rajasthan, Jaipur.

Currently medical care in the State is provided in 26 districts mainly through four hospitals⁴ and 74 dispensaries⁵ run by the State Government and three hospitals⁶ and two dispensaries⁷ directly run by ESIC. Out of remaining seven districts, in five districts⁸ medical care is provided by ESIC through empanelled Insurance Medical Practitioners (IMPs), in Bundi district by the employer and in Pratapgarh district under section 96A of ESI Regulation, which provides for reimbursement of expenses incurred in respect of medical treatment. 14.93 lakh insured persons and 42.99 lakh family members were under coverage of the scheme through 78 Health Institutions in the State, as of December 2019.

The records of Director, Medical & Health, ESIS, two hospitals⁹ and 21 dispensaries¹⁰ for the period from 2014-15 to 2018-19 were examined during October 2019 to February 2020.

Audit findings

Important Audit findings related to the various aspects of functioning of the ESI Scheme in Rajasthan, have been discussed in the succeeding paragraphs.

7.2.2 Coverage and expansion of the Scheme

7.2.2.1 Non-maintenance of dispensary/area wise number of Insured Persons (IP)

For setting up of two, three and five doctor dispensary at least 3,000, 5,000, and 10,000 IP family units respectively are required in the catchment area of a dispensary. When number of IP family units increases to 30,000 additional medical and para medical staff are required to be posted in proportion to the IP family units. Further, when number of IP family units covered exceeds 30,000 in an area, opening of a new dispensary should be considered for the area. Similarly, number of beds to be commissioned in a hospital was based on number of IP family units in the catchment area of that hospital. A 50 bedded hospital is required to be set up for 50,000 IP family units. The hospital should be upgraded to 100, 150, 200, 250, 300, 400, 500 and 600 bedded hospital on

4 Bhilwara, Jodhpur, Kota and Pali.

5 Ajmer (4), Alwar (6), Banswara (1), Barmer (1), Bharatpur (2), Bhilwara (6), Bikaner (3), Chittorgarh (1), Dausa (1), Dholpur (1), Dungarpur (1), Ganganagar (3), Hanumangarh (1), Jaipur (18), Jaisalmer (1), Jhalawar (1), Jodhpur (5), Kota (3), Nagaur (1), Pali (3), Rajsamand (2), Sikar (2), Sirohi (1), Tonk (1) and Udaipur (5).

6 ESIC hospital Alwar and Bhiwadi, ESIC Model hospital, Jaipur.

7 Model dispensary cum diagnostic centre, Chittorgarh and ESIC model dispensary, Jhunjhunu.

8 Baran, Churu, Jalore, Karauli and Sawai Madhopur.

9 Bhilwara and Jodhpur.

10 Ajmer (Ajmer-1, Beawar, Bhilwara-2), Bharatpur (Bharatpur-1 and 2, Dholpur), Bikaner (Bikaner-1 and 2, Ganganagar-2), Jaipur (Dausa, Jaipur-3, Kotputli), Jodhpur (Jodhpur-1, 3 and 4), Kota (Bhawani Mandi, Kota-1 and 4), Udaipur (Kankroli, Udaipur-1 and 3).

increase of IP family units to one lakh, 1.5 lakh, two lakh, 2.5 lakh, three lakhs, four lakhs, five lakhs and six lakhs respectively. Dispensary/area wise number of IPs is the basic unit to be considered for planning to provide medical care to IPs under ESIS.

Scrutiny of records of Director, Medical & Health, ESIS revealed the following:

- As per number of IPs as of March 2015, 10 dispensaries having 3,000-5,000 IPs, 12 dispensaries having 5,000-10,000 IPs and 12 dispensaries having 10,000-30,000 IPs were not provided with two, three and five and more doctors respectively.
- There are seven¹¹ dispensaries with more than 30,000 IPs in their catchment area. However, no new dispensary has been opened.
- The dispensary/area wise number of IPs were not available with the department after March 2015. It was intimated (July 2019) by ESIS that dispensary wise number of beneficiaries were not being provided by the ESIC despite repeated requests. On being asked (June 2019) Regional Office, ESIC intimated (July 2019) that there is no front end report available in the system to get figure of dispensary wise tagged IPs. In absence of area/dispensary wise number of IPs, it could not be ascertained that how the planning for opening of a new dispensary/up-gradation of dispensary and posting of staff was being done.

Government of Rajasthan (December 2020) stated that letters have been written time to time to ESIC to provide information on number of IPs. It further stated that action will be initiated for opening of new dispensaries in areas having more than 30,000 IPs on receipt of information/suggestion by ESIC.

Thus, in absence of updated information of number of IPs, new dispensaries could not be opened in proportion to number of IPs.

7.2.2.2 Non implementation of recommendations made by Indian Labour Conference on various issues concerning ESI

ESIC in its 166th meeting held on August 2015, decided to adopt the various recommendations made by Indian Labour Conference (ILC). Accordingly, the ESIC launched (July 2015) 2nd generation reforms 'ESIC 2.0' to cover all the areas of districts where the scheme is being implemented, by April 2016 and to bring the construction workers and other unorganized sector workers under the purview of ESIC.

Director General, ESIC issued (February 2016) direction to the State Government to issue notification for implementation of ESIS in newly implemented areas by April 2016. Accordingly, in the newly implemented areas primary health care was to be provided within a month of its implementation whereas secondary and tertiary care was to be provided to the

11 Jaipur-4 (IP 45,229), Jaipur-6 (IP 32,000), Jaipur-8 (IP 36,325), Jaipur-9 (IP 43,000), Jaipur-10 (IP 32,000), Jaipur-11 (IP 36,000), Bhiwadi (IP 94,334)

extent of availability in Government/ESIS hospitals but within a period of two years all services were to be put in place.

Scrutiny of records of Director, ESIS revealed that the following reforms under ESIC 2.0 were not implemented:

- A three member committee was constituted on the directions (February 2017) of Director General (ESIC). The committee proposed (March 2017) setting up of 25 new dispensaries to cover 4.68 lakh new IPs (residing in uncovered areas) in 2016-17. However, no new dispensary was opened in the State as of December 2020.

GoR stated (December 2020) that matter of establishment of dispensaries in newly notified areas is under consideration. The fact remains that 4.68 lakh (2017) IPs were still deprived of medical care facilities under ESIS.

- The ESIC in its 167th meeting (December 2015) approved establishment of dispensaries with one doctor based on geographical necessity, in the newly implemented area so that primary medical care facility can be provided to the IPs. However, no such dispensary to cover whole area on geographical necessity was established.
- Appropriate cancer detection/treatment facilities and cardiology treatment facilities at different level of hospitals were to be set up by December 2015 but the same has not been established yet (December 2020).
- Every Hospital was required to have an Intensive Care Unit (ICU) and Neonatal Intensive Care Unit (NICU) attached to labour room, however, ICU and NICU were not established in two test checked ESIS Hospitals.
- Construction worker/*Aganwadi/Asha*/Mid-day-meal volunteers and other such volunteers and workers of unorganized sectors were to be brought under the purview of ESIS on contributory basis, after taking consent of the Ministry/Department concerned. In case of construction workers, cess/user charges were to be collected. However, no efforts were initiated to cover these categories under ESI Act, 1948. Thus, none of the categories was covered under the scheme.
- ESI Corporation decided (August 2015) to upgrade all the dispensaries into six bedded hospital with 24x7 facilities, pathological facilities and X-ray facilities in three phases. One third dispensaries were to be upgraded in first phase by March 2016.

The Director, ESIS proposed (May 2017) to upgrade 22 dispensaries to six bedded hospital after carrying out required construction work for six bedded ward, however, none of the dispensary was upgraded into six bedded hospital as of December 2020.

- It was also decided to extend tele-medicine facilities for ESI beneficiaries in a phased manner. But no such facility was started (December 2020).

- Incorporating of mobile health facilities was also suggested as an option to cater to the need of areas having small number of IPs. But no such facility was made available under the scheme as of December 2020.

This shows that important reforms under ESIC 2.0 for expansion of ESIS in the State to cover all the IPs and for providing better services to IPs were not implemented.

GoR stated (December 2020) that efforts are being made to implement the decisions of ESIC and some of them are under process. The fact remains that important reforms suggested by ILC were not implemented even after lapse of five years.

7.2.3 Availability and management of resources

7.2.3.1 Financial Management

Under-utilisation of admissible funds

The expenditure incurred under the Scheme is borne by ESIC and State Government in the ratio of 7:1. The expenditure on Medical Care is initially borne by the State Government and a ceiling has been fixed for reimbursement of expenditure. ESIC pays 90 per cent of its 7/8th share of the ceiling in advance to State Government on quarterly basis. The balance is paid on the basis of audited expenditure statements issued by the Accountant General. Expenditure incurred by the State Government over and above the ceiling is borne by them.

For the purpose of sharing of expenditure, ESIC prescribes per capita ceiling of total expenditure on medical benefits from time to time. The ceiling on medical expenditure was enhanced from ₹ 1,500 to ₹ 2,000 in July 2014 and in 2017-18 to ₹ 3,000 per IP per annum with sub ceiling of ₹ 1,250 under general head and ₹ 1,750 under others' head. Amount spent in excess of the ceiling is, borne by the State Government.

Year-wise details of available resources, within admissible ceiling and sub ceilings of medical care based on number of IPs covered and actual expenditure incurred on medical care is given in the **Table 7.1** below:

Table 7.1

(₹ in crore)

Year	Number of IPs ¹² (Mean Average of the Year)	Prescribed ceiling for expenditure per IP			Maximum expenditure admissible as per prescribed ceiling (₹ in crore)			Actual expenditure incurred		
		General	Other	Total	General	Other	Total	General	Other	Total
2014-15	7,13,515	1,000	1,000	2,000	71.35	71.35	142.70	58.05	17.33	75.38
2015-16	7,67,345	1,000	1,000	2,000	76.73	76.73	153.46	62.56	26.12	88.68
2016-17	10,24,125	1,075	1,075	2,150	110.09	110.09	220.18	67.51	29.75	97.26
2017-18	13,28,495	1,250	1,750	3,000	166.06	232.49	398.55	76.09	36.17	112.26
2018-19	13,28,495	1,250	1,750	3,000	166.06	232.49	398.55	104.18	39.37	143.55
Total					590.29	723.15	1,313.44	368.39	148.74	517.13

Source: As per information provided by the Director, ESIS, Rajasthan

12 Mean average of number of IPs in beginning of the year and closing of the year.

It can be seen from the table that the State Government could spend only ₹ 517.13 crore (39.37 per cent) on medical benefits for IPs against admissible ceiling of ₹ 1,313.44 crore during 2014-19. This was mainly due to vacant post of medical/para medical staff, non-establishment of new dispensaries and laboratories in all dispensaries as pointed out in the **paragraph no. 7.2.3.2**.

Thus, non-utilisation of the available resources to the extent of 60 per cent resulted in deficient healthcare infrastructure and poor service delivery of prescribed medical benefits in the State, as mentioned in the **paragraph no. 7.2.3.3** and **7.2.4**, respectively.

Audit observed that the huge unspent funds could have been utilised towards improvement in medical care facilities by meeting the shortages of medical/para medical staff, establishment of laboratories in all dispensaries, establishment of new dispensaries, etc.

GoR accepted the facts and stated (December 2020) that regular correspondence had been done with Medical & Health Department for filling up of vacant posts while matter regarding opening of new dispensaries and outsourcing of laboratory services was under consideration of the Department

7.2.3.2 Human Resources management

Hospital resources include infrastructure, human resources, equipment and consumables. Audit scrutiny of availability of resources for ESIS health institutions and their management revealed the following:

(i) Shortage of Medical and Para Medical staff

Staffing norms for Hospitals/Dispensaries based on bed strength/ number of IP family units are specified in Norms and Standards of Staff & Equipment for ESI Hospitals and Dispensaries. Scrutiny of records of Director, Medical & Health, ESIS and test checked Hospitals/Dispensaries revealed the following:

(a) Shortage of Medical Specialists in ESIS Hospitals

There are four ESIS hospitals in the State having 50 beds each. As per specified norms 13 Medical Specialists¹³ were required to be placed in a 50 bedded hospital. The position of Medical Specialists required as per norms, posts sanctioned, men in position and vacant posts during 2015-2019 (as on 31st March) are given in the **Table 7.2** below:

Table 7.2

Year	Number of posts required as per norms	Sanctioned posts	Men in Position	Vacant Posts w.r.t. norms (per cent)	Vacant Posts w.r.t. sanctioned posts (per cent)
2015	52	29	26	26 (50)	03 (10.35)
2016	52	29	21	31 (59.62)	08 (27.59)
2017	52	29	21	31 (59.62)	08 (27.59)
2018	52	52	24	28 (53.85)	28 (53.85)
2019	52	52	32	20 (38.46)	20 (38.46)

Source: As per the information provided by the Director, ESIS, Rajasthan

13 Anaesthesia, Chest, Dental, Dermatology, ENT, EYE, Medicine, Obstetrics and Gynaecology, Orthopaedics, Paediatrics, Pathology, Radiology and Surgery.

It can be seen from the table above that shortage of Medical Specialists in ESIS hospitals ranged between 38.46 *per cent* (2019) and 59.62 *per cent* (2016) against the ESI norms and between 10.35 *per cent* and 53.85 *per cent* against the sanctioned posts. Details are given in the **Appendix 7.1**.

Audit scrutiny of records of two test checked hospitals revealed the following:

In ESIS Hospital, Bhilwara

- No Medical Specialist was posted in the departments of Chest and Pathology for 5 years, in Dental and Medicine for 4 years and in Dermatology, Paediatrics and ENT for 3 years during the period 2015-19. Thus, the hospital had no option but to refer attached IPs and their family members to nearest tie-up/Government hospitals for specialised health services. The hospital also did not maintain the data regarding such referral patients
- Two Junior Specialists (JS) in Surgery were posted (one against the regular post of JS Surgery and other against the post of JS Eye) during 2015-19. A senior Medical Officer (MO) was posted against the sanctioned post of JS Anaesthesia during 2015-17 and a regular JS Anaesthesia was posted only in 2019. Essential equipment were also not available in the hospital for administering Anaesthesia. This badly affected the facilities for surgery in the hospital as no major surgery was performed during 2014-19. In such circumstances, posting of two JS surgery and one JS Anaesthesia could not be justified.
- Further, the post of JS Medicine also remained vacant during 2016-19.

In ESIS Hospital, Jodhpur

- Though services of a Gynaecologist were available in the hospital during 2015-19 but JS Paediatrician was not posted during 2015-18; whereas a JS Paediatrics was posted from July 2008 to February 2019 in Jodhpur-3 dispensary against the post of Sr. MO (In-charge). In absence of Paediatrician, out of 39 pregnant women admitted for delivery in the hospital, five were referred to other tie-up hospitals in emergency.

To cope with the shortage of Medical Specialists, ESIC suggested (August 2014) certain alternative measures including recruitment on contractual/part time basis but no such measures were initiated by the State Government (December 2020). In absence of the Medical Specialist, the IPs and their families were deprived of specialised medical facilities. However, the details of cases referred for the treatment in the absence of specialist were not maintained and available with the hospital.

(b) Shortage of Senior Medical Officer/Medical Officer

As per norms, 26 Senior Medical Officers (SMOs)/Medical Officers (MOs) were required to be posted in a hospital (50 bedded) and two to five SMOs/MOs in a dispensary depending on number¹⁴ of IPs attached with the dispensary.

14 3,000-5,000 IP Units: two SMO/MO; 5,000-10,000 IP Units: three SMO/MO; 10,000 and above IP Units: five SMO/MO.

The requirement of SMOs/MOs as per norms, posts sanctioned by State government, men in position and vacant posts during 2015-19 (as on 31st March) are given in the **Table 7.3** below:

Table 7.3

Year	Requirement of SMO/MOs as per norms	Sanctioned posts of SMO/MOs	Men in Position	Shortage w.r.t. norms (per cent)	Vacant Posts w.r.t. sanctioned posts (per cent)
2015	397	187	138	259 (65.24)	49 (26.20)
2016	397	187	144	253 (63.73)	43 (22.99)
2017	397	187	149	248 (62.47)	38 (20.32)
2018	397	227	152	245 (61.71)	75 (33.04)
2019	471	297	223	248 (52.65)	74 (24.92)

Source: As per the information provided by the Director, ESIS, Rajasthan

It can be seen from the above table that shortage of SMOs/MOs ranged between 52.65 *per cent* (2019) and 65.24 *per cent* (2015) against the requirement as per norms and between 20.32 *per cent* and 33.04 *per cent* against sanctioned posts.

It was observed that against a norm of 26 SMO/MO, no SMO/MO was posted in a 50 bedded ESIS hospital (Pali) during 2015-19 despite having Indoor Patient Department (IPD).

Audit scrutiny of records of two hospitals and 21 dispensaries further, revealed the following:

- ***Irrational deployment of MOs to number of IPs***

In four dispensaries (Jaipur 4, 8, 9 and 11) having IPs ranging from 36,000 to 45,229 against requirement of five MOs in each dispensary, six to ten MOs were posted; on the other hand in Bhiwadi dispensary having 94,334 IPs, only one to three MOs were deployed during 2015-19.

Similarly, in four dispensaries i.e. Bhilwara-1 (14,700 IPs), Neemrana (14,000 IPs), Pali (10,600 IPs) and Gulabpura (9,021 IPs) only one MO was posted in each dispensary against the norm of 3-5 MOs. However, two MOs were posted in Beawar for only 5,431 IPs during 2015-18.

Further, eight dispensaries (attached with 31,619 IPs) were operated without posting of a regular MO for a period of one to four years despite having adequate IPs to qualify for two doctors. Thus, 31,619 IPs and their families were deprived of the prescribed medical benefits, for which they have paid their contributions.

Director, Medical and Health, ESIS requested (May 2015) Minister, Medical and Health, GoR for providing MOs and reiterated from time to time. However, the position remained unchanged (December 2020) despite the fact that the State Government had to bear only 1/8th share of the pay and allowances of the MOs.

(c) Shortage of Paramedical staff

As per prescribed norms, 16 categories¹⁵ of Para Medical staff are required to be placed in a 50 bedded hospital, while Nursing staff, Lab Technician and Pharmacists are required for dispensaries. Scrutiny revealed the following:

- **Shortage of Nursing staff :**

As per norms, 25 numbers of nursing staff in a hospital and two to four in a dispensary depending on number of IPs attached are required. The details of nursing staff required as per norms, based on IPs as of March 2015 sanctioned and actually posted is given in the **Table 7.4** below:

Table 7.4

Year	Number of nursing staff required as per norms	Number of posts sanctioned	Number of staff actually posted	Vacant posts w.r.t. to norms (per cent)
2014-15	736	373	316	420 (57.07)
2015-16	736	375	334	402 (54.62)
2016-17	736	374	346	390 (52.99)
2017-18	736	478	357	379 (51.50)
2018-19	736	482	391	345 (46.88)

Source: As per information provided by the Director, ESIS, Rajasthan

Against the requirement of 736 nursing staff as per the norms, only 373 to 482 nursing staff were sanctioned and 316 to 391 were actually posted in 78 ESIS health institutions, during 2015-19. Thus, the shortage of nursing staff ranged between 46.88 per cent (2018-19) and 57.07 per cent (2014-15) against requirement as per the norms.

Test check of records, further revealed the following:

- As per the prescribed norms, for smooth running of a laboratory one laboratory technician and three laboratory assistants were required to be deployed. However, only one laboratory technician was posted in each of the four ESIS hospitals. Not even, a single post of Laboratory Assistant was sanctioned for any of the ESIS hospitals.
- In Makrana Dispensary having 3,050 IPs, during 2015-17, only one MO was posted without any Paramedical staff. The MO himself had to provide support services like distribution of medicine, administering injections and dressing etc., in absence of Paramedical staff.
- Though Electrocardiogram (ECG) machines were provided in two ESIS hospitals viz. Jodhpur (3) and Bhilwara (1) but no post of ECG Technician

15 Nursing staff, Laboratory Technician, Laboratory Assistant, Radiographer, Assistant Radiographer, Pharmacist, Dresser, Dental Technician, Operation Theatre Technician/Plaster Technician, Operation Theatre Assistant /Plaster Assistant, Physiotherapist, ECG Technician, Central Sterile Supply Department Technician, Central Sterile Supply Department Assistant, Ayurveda Compounder, Homeopathic Compounder

was sanctioned for both the hospitals. In absence of ECG Technician, ECG was being done by other Paramedical staff.

- To treat patients with sprains, back pain, arthritis, incontinence, bone injury and for rehabilitation, one Physiotherapist was required to be posted in each Hospital. But the post of Physiotherapist was not sanctioned for any of the hospitals except Kota. Thus, services of Physiotherapist were not available in three ESIS hospitals.

The Junior Specialist (JS) Orthopaedics, Jodhpur replied (December 2019) that patients were being referred to Government Medical College/Hospital for Physiotherapy. Thus, ESIS hospital instead of establishing the facility in house despite availability of adequate funds, shifted the patient load to the Government Medical College/Hospital,

- Two Plaster Assistants and two Plaster Technicians were required in each Hospital to assist the JS Orthopaedics. But the post of Plaster Technician and Plaster Assistant was not sanctioned for any of the hospitals.
- The ESIC in its 137th meeting approved (December 2006) an incentive of ₹ 20 per IP per annum where staff is provided as per ESIC norms and standards in respect of dispensaries and hospitals. Scrutiny of records revealed that none of the hospitals and dispensaries had adequate manpower as per ESIC norms despite an opportunity to earn incentive of ₹ 10.32 crore¹⁶.

The above facts indicate the alarming situation of service delivery to IPs and their family members in absence of essential staff despite availability of adequate funds and opportunity of incentives. Thus, IPs were deprived of the required facilities for which they have paid contribution.

While accepting the facts GoR stated (December 2020) that posts of Medical and Paramedical staff under ESIS is filled by Medical and Health Department. Regular correspondence had been done with Medical and Health Department to fill up the vacancies. Further, action is being initiated for creation of posts of Laboratory Assistant, Assistant Radiographer, Plaster technician, ECG Technician and Physiotherapist.

(ii) Appointment of Medical Officer (Dental) without ensuring availability of essential equipment

State Government accorded (August 2017) sanction for creation of 74 posts of MO (Dental) for the 74 ESIS dispensaries to provide dental health care to IPs as well as to overcome the shortage of MOs. It was proposed that whenever MO (Dental) would be made available, the required basic minimum training enabling them to work as MO would be provided to them. 46 MOs (Dental) were actually deployed during February 2018 to March 2019. However, they had not undergone such basic training before their deployment to the dispensaries.

16 Total IPs (2014-19): 51,61,975 (A); Total Incentive: A* ₹ 20: ₹ 10.32 crore

Scrutiny of records revealed that the budget of ₹ 3.04 crore required to procure the equipment considered essential for dental care/treatment was accorded by the State Finance department belatedly only in May 2019. Director, ESIS sent the list of required dental equipment to the Rajasthan Medical Services Corporation Limited (RMSCL) for procurement and RMSCL made these equipment available in December 2020.

This shows that MOs (Dental) were posted without ascertaining the availability of essential dental equipment. Thus, the absence of dental equipment restricted the MO (Dental) to only prescribing medicines for general dental ailments and dental procedures could not be performed.

Further, General Outdoor Patient Department (OPD) was also attended by MO (Dental) in five dispensaries (Jaipur-3, Bikaner-2, Bharatpur-1, Bharatpur-2 and Beawar), despite the fact that there are no norms prescribed by MCI or by any other regulations, which enabled a MO (Dental) to diagnose and prescribe medicine for general health problems. Even, in one dispensary (Bharatpur-1), MO (Dental) was the only doctor who had to work as MO In-charge since January 2019.

GoR stated (December 2020) that the essential equipment required for MO (Dental) have now been provided at all 45 dispensaries. The reply is not convincing as the equipment were provided after lapse of more than two years from posting of MO (Dental). Further, MO (Dental) attended general OPD which was against the prescribed norms of MCI.

Thus, in absence of equipment, the services of dental procedure could not be offered/delivered to the IPs and their dependents for a period of more than two years. Moreover, the diagnosis and treatment provided by MO (Dental) for general ailments is against the medical norms. This also puts the patients at risk as he is not qualified/trained for providing such treatment.

(iii) Non-establishment of AYUSH units in ESI hospitals

The ESI Corporation in its 162nd meeting held on 31 July 2014 decided to establish an Ayurveda and a Homeopathy unit in each ESIS hospital for promotion of AYUSH services.

Scrutiny of records of Director, ESIS revealed that against the requirement of eight MOs under AYUSH (one in Ayurveda and one in Homeopathy) in four ESIS hospitals, two posts of MOs were sanctioned only for one ESIS hospital, Jodhpur and against these posts MOs were posted for a short period of 19 months in two spells¹⁷. Thus, AYUSH facilities could not be developed/provided in three ESIS hospitals of the State despite the fact that full expenditure was to be borne by ESIC upto five years of its establishment.

GoR stated (December 2020) that proposals are being sent for creation of the required posts to establish AYUSH units in remaining three hospitals. The reply is, however, silent about AYUSH unit at ESI hospital, Jodhpur which remained non-functional as staff was posted only for a short duration.

17 November 2014 to July 2015 and December 2016 to September 2017

(iv) Shortage of Pharmacists and irregular dispensing of medicines by Nursing staff to IPs.

The Pharmacy Act was enacted in March 1948 to regulate profession and practice of pharmacy. Section 42 of the Act stipulates that only a registered pharmacist can dispense medicines to patients and whoever contravenes the provision shall be punishable with imprisonment or with fine or with both.

As per norms of ESIC, in every dispensary having 3,000, 5,000 and 10,000 IPs at least two, three and five pharmacists respectively and in every 50 bedded hospital four pharmacists are required to be posted for management and dispensing of medicines.

Scrutiny of records of Director, ESIS revealed that no pharmacist was posted in hospital/dispensaries of ESIS up to 2016-17. Further, against required 309 pharmacists, only 78 posts of pharmacists were sanctioned in April 2017. Only two pharmacists were posted in 2017-18 and 36 pharmacists were posted in 2018-19.

This indicates that in contravention of the provisions of the Act, medicines were being dispensed by the staff who did not possess required professional qualification for the purpose. This also deprived the IPs of counselling regarding right doses, manner of administering and potential side effects of prescribed medicines.

GoR accepted the facts (December 2020) and stated that a circular has been issued (February 2019) for dispensing of medicines under the supervision of the MO, where post of pharmacist is vacant.

7.2.3.3 Infrastructure and equipment

(i) Lack of adequate space and dilapidated conditions of buildings of ESIS health institutions

Out of 78 ESIS health institutions (four hospitals and 74 dispensaries) in the State, 30 health institutions were running in ESIC's own buildings while 48 health institutions were working from the rented buildings hired by ESIC (24 buildings) and State Government (24 buildings).

Audit scrutiny of records of Director, Medical & Health, ESIS, two hospitals and 21 dispensaries revealed the following :-

- As per indicative area norms at least 150, 200, 300 and 400 square meter area was required for a two, three, four and five Doctors' dispensary respectively. It was observed that out of 74 dispensaries, 22 dispensaries had inadequate space.

In Ramganj dispensary, Jaipur due to insufficient space the MOs had to share doctor's table as well as duty room. The drugs and medicine were also stored in a room with a tin shed which afforded no protection against the elements like pests, rainwater and sunlight. Though the MO in-charge repeatedly requested (August 2014, June 2016 and February 2017)

Director, Medical and Health, ESIS, the position has not improved so far (February 2020).



- Out of 30 dispensaries functioning in ESIC's own buildings, four buildings¹⁸ were in dilapidated condition and seven buildings¹⁹ required special repair work.

Further, the building of ESIS hospital, Jodhpur was in very dilapidated condition and the Hospital Development Committee (HDC) also expressed (February 2017) their concern. On the recommendation of HDC, the Medical Superintendent of the hospital apprised (October 2017) the State Medical Commissioner, ESIC about the dilapidated condition of building and requested for immediate repair and maintenance of the hospital building. The Executive Engineer, CPWD, Jodhpur also pointed out (May 2018) the dangerous situation and recommended to restrict the entry and movement of persons/patients in certain areas to avoid any accidents there. Despite this, no concrete action was initiated and a 50 bedded hospital and one dispensary attached with it were continuously functioning.



18 Bharatpur-1, Bhawani Mandi, Bhilwara-1 and Kota-4.

19 ESIS hospital Bhilwara, Jodhpur and Pali, and dispensary Ajmer-1, Banswara, Beawar and Jodhpur-1.

- Out of 21 test checked dispensaries, eight dispensaries²⁰ lacked facilities like ramp and railing for disabled persons and notice board, queue management and complaint box facility were also not available in four²¹, five²² and six²³ dispensaries respectively.



The lack of facilities like ramp and railing for disabled persons at Ramganj Dispensary

- The open space of dispensary Jodhpur-1 was littered with garbage, bushes, straw and dried wood. Sewerage pits were lying open creating unhygienic environment. The boundary wall of dispensary was at low height and cowcatcher was not installed at the main gate allowing easy access to stray animals.



The open space of dispensary Jodhpur-1 filled with garbage, bushes, straw and dried wood.
(Dated: 11 December 2019)

While accepting the facts GoR stated (December 2020) that letters have been issued time to time to ESIC to provide dispensary buildings having adequate space and to repair the dilapidated hospital/dispensary buildings on priority. Further, instructions have also been issued to dispensaries to rectify the deficiencies pointed out by Audit.

20 Beawar, Bharatpur-1, Bhilwara-2, Ganganagar-2, Jaipur-3, Jodhpur 1 & 3, Udaipur-3.

21 Bharatpur-2, Dausa, Jaipur-3, Kotputli.

22 Bikaner-1 and 2, Jaipur-3, Jodhpur-3, Kankroli.

23 Bharatpur-1, Dausa, Ganganagar-2, Kankroli, Kotputli, Udaipur-3.

(ii) Lack of Laboratory facilities in Dispensaries

Under initiatives to improve the medical services in ESIS hospitals and dispensaries, ESIC issued directions (November 2015) that ESI State dispensaries must be equipped with a laboratory to provide basic investigation. The arrangements were to be made by establishing own laboratory or through private service provider on Public Private Partnership mode.

Test Check of the records of the 21 dispensaries however, revealed that seven²⁴ dispensaries were neither equipped with laboratory nor had an arrangement with other laboratories to conduct diagnostic tests as of February 2020. In absence of laboratories in these dispensaries the IPs and their family member have to visit either nearby ESIS hospital/Government hospital or any tie up hospital after due referral for various basic tests/investigations.

GoR stated (December 2020) that laboratory and X-Ray facilities in 30 and 10 dispensaries respectively have since been approved under Project Implementation Programme (PIP) 2020-21 by ESIC. It was also stated that sanction of budget and PIP is under consideration with State Government.

(iii) Non-availability of Ultrasound machine in ESI Hospitals

Available ultrasound machines in ESIS hospitals Jodhpur (received in February 1999) and Bhilwara (received in April 2002) were lying non-functional since September 2014 and January 2013 respectively. The district coordinator sealed these machines in February 2016 and July 2015 respectively under Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 as these were non-operational. Thereafter, ultrasound machines were not made available to these hospitals. The Department made a budget provision of ₹ 80.00 lakh, only in 2020-21 for purchase of four new ultrasound machines. However, Finance Department, did not clear (August 2020) the purchase proposal moved by the Department and stated no specific reason for the same.

As a result the IPs were deprived of ultrasound facilities despite the fact that State Government had huge unspent funds within the prescribed ceiling of expenditure under the Scheme to meet the cost of these machines as mentioned in **paragraph no. 7.2.3.1**. This indicates that developing health care facilities in ESIS hospitals was not a priority of the State Government.

7.2.4 Healthcare services provided under ESIS**7.2.4.1 Decreasing trend of OPD/IPD Patients**

The primary purpose of ESIS is to provide medical and health care facilities to factory workers and labourers. Due to shortage of manpower {as discussed in para 7.2.3.2 (i) and 7.2.3.2 (iv)} and other associated facilities number of OPD and IPD patients decreased during 2014-15 to 2018-19 as shown in **Table 7.5** below:

24 Bikaner-2, Bhawani Mandi, Dausa, Kankroli, Kotputli, Jodhpur-1 and Jodhpur-4

Table 7.5

Year	No of total beneficiaries ²⁵ (in Lakh)	OPD Patients (in Lakh)	Percentage of OPD patients with respect to total beneficiaries	IPD Patients
2014-15	26.46	22.15	83.71	9,205
2015-16	28.91	22.56	78.04	6,842
2016-17	30.65	25.36	82.74	7,574
2017-18	48.81	27.74	56.83	4,841
2018-19	54.28	27.70	51.03	4,209

Source: As per information provided by the Director, ESIS, Rajasthan

It can be seen from the above table that percentage of OPD with respect to number of beneficiaries decreased from 83.71 *per cent* (2014-15) to 51.03 *per cent* (2018-19) and the number of IPD patients also gradually reduced during 2014-19.

Further, the ESIC in its 137th meeting approved (December 2006) an incentive of ₹ 15 per IP per annum to the States having average bed occupancy of 70 *per cent* and above in ESI hospitals. Scrutiny of records revealed that the bed occupancy ranged between one and 22.74 *per cent* in three ESIS hospitals (Bhilwara, Pali and Jodhpur) and between 24.3 *per cent* and 66.39 *per cent* in one hospital (Kota) during 2014-19.

Thus, the bed occupancy in any of the State run ESIS hospital, could not reach the benchmark of 70 *per cent* and above despite an opportunity to earn incentive of ₹ 7.74 crore²⁶

In ESIS hospitals Bhilwara and Jodhpur

Scrutiny of IPD register of two test checked hospitals for the period 2014-19 revealed that 678 (11.25 *per cent*) patients left the ward without medical advice and 326 patients (5.41 *per cent*) absconded from the ward without knowledge of medical/para medical staff as depicted in the **Table 7.6** below:

Table 7.6

Name of Hospital	Total patients admitted	Total number of patients discharged	Number of LAMA ²⁷	Number of patients absconded	Number of patients referred
ESI Hospital, Jodhpur	2,244	1,896	28	212	105
ESI Hospital, Bhilwara	3,780	2,851	650	114	165
Total	6,024	4,747	678	326	270

Source: As per information provided by the Director, ESIS, Rajasthan

25 Number of beneficiaries included number of total IPs and their dependent family members.

26 Total IPs (2014-19): 51,61,975 (A); Total Incentive: A* ₹ 15: ₹ 7.74 crore.

27 Lama: Leave Against Medical Advice.

GoR stated (December 2020) that IPs are getting referred to tie up hospitals and State Government hospitals having free treatment facilities. Further, some IPs are taking benefits under Ayushman Bharat Yojana. The reply is not acceptable as decreasing trend of OPD/IPD patients was mainly due to shortage of manpower and lack of essential medical facilities in ESIS hospitals/dispensaries. Hence, the IPs were deprived of the intended benefits for which they have paid their contribution.

7.2.4.2 Non-performing of major surgeries in hospitals

The year wise position of surgeries performed at four ESIS hospitals in the State is given in the **Table 7.7** below:

Table 7.7

Year	Kota		Jodhpur		Bhilwara		Pali	
	Minor	Major	Minor	Major	Minor	Major	Minor	Major
2015-16	852	298	38	25	95	0	539	0
2016-17	829	306	43	29	105	0	518	0
2017-18	974	447	41	14	108	0	336	0
2018-19	820	322	138	13	165	0	422	0
Total	3,475	1,373	260	81	473	0	1,815	0

Source: As per information provided by the Director, ESIS, Rajasthan

It can be seen from the table above that major surgeries were performed only in two ESIS hospitals (Kota and Jodhpur) and other two hospitals (Bhilwara and Pali) performed only minor surgeries, during 2015-19.

Test check of records of two hospitals (Bhilwara and Jodhpur) further revealed the following:

- In ESIS hospital, Jodhpur no major surgery was performed during 2015-19 in Orthopaedics department as out of 63 essential equipment, only five equipment were available with the department.
- In ESIS hospital, Bhilwara, no major/minor surgeries were performed in Gynaecology department despite availability of Gynaecologist and JS Anaesthesia. It was also observed that out of 2,325 antenatal care cases registered only two deliveries were performed during the period. This shows very poor performance of Gynaecology department of the hospital.

GoR accepted the facts and stated (December 2020) that pregnant women were referred to Government hospital for delivery. It was also stated that the efforts are being made for procurement of equipment in Orthopaedics department Jodhpur.

7.2.4.3 Immunization programme not fully implemented

Ministry of Health & Family Welfare, GoI provides several vaccines to infants, children and pregnant women through Universal Immunization Programme. As per National Immunization Schedule (NIS) infants, children and pregnant women are needed to be immunized with 11 types of vaccines.

Scrutiny of records revealed that out of 78, only 32 (2018-19) to 46 (2015-16) health institutions carried out immunization activities and 46 to 32 health institutions did not administer any type of vaccination during 2014-19.

Further, against 11 vaccines prescribed as per NIS, only four vaccines were provided by the ESIS hospitals/dispensaries. Even, these four vaccines were not administered by all the ESIS health institutions. Only five to eight health institution administered Bacillus Calmette Guerin (BCG), 14 to 35 Diphtheria Pertussis Tetanus (DPT), 15 to 35 Polio and 31 to 43 Tetanus, during 2014-19.

This shows that the department was not following the vaccination schedule as prescribed by NIS.

GoR accepted the facts and stated (December 2020) that instructions had been issued to all health institutions for carrying out immunization session on last Thursday of every month.

7.2.4.4 Family Welfare Programme not implemented

The ESIS through a network 78 health institutions, provides various health care services including family welfare programme. Family welfare programme *inter alia* includes providing services namely distribution of contraceptive, implantation of Intra Uterine Contraceptive Device (IUCD) and permanent methods like male sterilization and female sterilization to nearly 13.99 lakh IPs' families in the state. It was, however, observed that only 34 to 43 health institutions participated in the family welfare programme and could cover only 4.06 lakh out of 7.45 lakh (2015-16) (54.50 *per cent*) to 3.96 lakh out of 12.58 lakh (2017-18) (31.48 *per cent*) IPs' families only, during 2015-16 to 2017-18. Further, sterilization operations were performed by only 16 (20.51 *per cent*) to 20 (25.64 *per cent*) health institutions. Even, the distribution of contraceptives, the most popular spacing methods, was undertaken by only 21 (26.93 *per cent*) to 33 (42.31 *per cent*) health institutions. Thus, contribution to family welfare programme by ESIS health institutions was not very significant. However, data for the years 2014-15 and 2018-19 was not available with the department.

Given the facts that Rajasthan had been categorised (as per the annual report 2017-18 of Ministry of Health and family Welfare, GoI) as one of the high focus State by GoI, the ESIS health institution should have played a pivotal role in family welfare programme.

GoR accepted the facts and stated (December 2020) that instructions have been issued to all health institutions to spread awareness about family welfare programme among the IPs.

7.2.4.5 Preventive Health Check-up of IPs not conducted

Keeping in view that a large section of IPs are working in harsh and hazardous industrial environments and are more likely to develop serious illness, the ESIC, New Delhi instructed (May 2016 and March 2017) to mandatorily carry

out annual preventive health check-up²⁸ for IPs of age 40 years and above. Health profile /record of each such IPs was to be maintained and wide publicity of this initiative was to be ensured to spread awareness amongst all beneficiaries and stake holders.

It was observed that in out of 21 test checked dispensaries, only 7 dispensaries provided annual preventive health check-up while no annual preventive health check-up was conducted in 14 dispensaries.

GoR accepted the facts and stated (December 2020) that guidelines have been issued (September 2020) to conduct general health check-up.

7.2.4.6 Irregularities in management of Bio Medical Waste.

Bio-Medical Waste (Management & Handling) Rules, 2016 (BMW) was enacted to regulate, manage and handle BMW generated during the diagnosis, treatment or immunization of human being in any Health Institution. Under the BMW rules every health institution generating BMW was required to take all steps to ensure that such waste is handled without any adverse effect to human health and the environment. Test Check of 21 dispensaries and two hospitals revealed that:

- Data of BMW handled on day to day basis was not maintained in 16 test checked dispensaries.
- Rule 8 of BMW Management Rules, 2016 provides that no untreated BMW shall be mixed with other wastes and BMW shall be segregated into containers or bags at the point of generation in accordance with Schedule-I prior to its storage, transportation, treatment and disposal. Further, Rule 4 states that the segregated BMW should be directly transported to the Common Bio-medical Waste Treatment Facility (CBWTF) for the appropriate treatment and disposal.

It was, however, observed that at ESIS hospital (Jodhpur), BMW was kept in open space of the hospital building with the attendant contamination hazard. It was also observed that six dispensaries²⁹ were not connected with CBWTF while timely disposal or transportation of BMW was not done in seven dispensaries³⁰.

- As per Schedule-I of BMW Rules, 2016, Human Anatomical Waste, Animal Anatomical Waste, Soiled Waste and Expired or Discarded Medicines were to be incinerated before their disposal.

In two of the test checked ESIS hospitals (Bhilwara and Jodhpur) though the incinerators were established but were non-operational. Thus, the

28 Hemoglobin, Total Leucocyte Count, Differential Leucocyte Count, Erythrocyte Sedimentation Rate, Random Blood Sugar, Kidney Function Test, Liver Function Test, Urine complete, X-Ray chest and ECG was to be conducted.

29 Bharatpur-1 and 2, Bhilwara-2, Dausa, Jodhpur-1, Kota-4.

30 Ajmer-1, Beawar, Bhilwara-2, Dausa, Kota-1 and 4, Kotputli.

above BMW generated in the hospitals was disposed off without incineration.

- As per rules, needles, syringes with fixed needles, needles from needle tip cutter or burner, scalpels, blades or any other contaminated sharp object that may cause puncture shall be stored in white (translucent) bag and autoclaved before its disposal. However, out of 21 test checked dispensaries, 10³¹ dispensaries were not equipped with the autoclave.
- A training was to be provided to staff involved in handling of BMW at the time of induction and thereafter at least once every year. No such training was provided to staff to handle BMW by 15 dispensaries³².
- Immunization of staff involved in handling of BMW was to be done every year for protection against diseases including Hepatitis B and Tetanus that are likely to be transmitted by handling of BMW. No such immunization was carried out in 16 dispensaries³³.
- As per rule 7(8) of BMW Management Rules, 2016 non-chlorinated plastic bags were to be phased out within two years. However, in seven dispensaries³⁴ non-chlorinated plastic bags were still being utilised to store the BMW.

GoR stated (December 2020) that necessary instructions have been issued to hospitals/dispensaries to follow the procedures prescribed in BMW Rules, 2016 for disposal and management of BMW.

7.2.4.7 Non implementation of Dhanwantari module under the IT roll out project “PANCHDEEP”

To improve Hospital/Dispensary management system, to provide better delivery of services to IPs and for better interfacing facilities to the beneficiaries ESIC initiated an IT roll out project “Panchdeep” in the year 2009. The project has five³⁵ components, of which *Dhanwantari* (Health Information System) was to be implemented in Hospital and Dispensaries. There were seven Modules namely Registration, Clinical Records, Laboratory, Stores, MIS Reports, Master Management and Admin & Security under *Dhanwantari* system. It enables the IPs to use the IP Portal, to view the personal and family details filled by the employer, details of contribution, eligibility for different benefits etc. The medical records of the IPs were to be created online for viewing in any Hospital/Dispensary by the treating doctor. Test check of records of the 21 dispensaries and two hospitals revealed the following:-

31 Beawar, Bhawani Mandi, Bharatpur-2, Bhilwara-2, Bikaner-1 and 2, Ganganagar-2, Jodhpur-3 and 4, Kotputli.

32 Ajmer-1, Beawar, Bhawani Mandi, Bhilwara-1 and 2, Dausa, Jaipur-3, Jodhpur-1, 3 and 4, Kankroli, Kotputli, Kota-1 and 4, Udaipur-3.

33 Ajmer-1, Beawar, Bharatpur-1, Bhawani Mandi, Bhilwara-2, Dausa, Jaipur-3, Jodhpur-1, 3 and 4, Kankroli, Kotputli, Kota-1 and 4, Udaipur-1 and 3.

34 Bharatpur-1 and 2, Bikaner-1 and 2, Dholpur, Ganganagar-2, Udaipur-1.

35 1. *Pehchan*, 2. *Pashan*, 3. *Milap*, 4. *Pragati*, 5. *Dhanwantari*.

- In three dispensaries³⁶, none of the seven modules of *Dhanwantari* system was implemented. In 13 dispensaries³⁷ and one hospital (Jodhpur), only registration module was implemented. While in one dispensary (Kotputli) and one hospital (Bhilwara), two modules viz. registration and doctors'/clinical record were implemented and in four dispensaries³⁸, three modules viz. registration, doctors'/clinical record and store were implemented.
- One IT Manager and one IT Assistant at every hospital and one IT Assistant at every dispensary were required to be deployed in a phased manner to ensure better delivery of services to IPs. In 14 dispensaries no IT Assistant was deployed to handle the IT hardware.
- According to 162nd meeting of ESIC (July 2014) each dispensary having OPD of at least 30 patients per day was eligible for incentive of ₹ 10,000 on implementation of *Dhanwantari* Module from 2014-15. Dispensaries were allowed this incentive in the year 2015-16 and 2016-17 on the condition of attendance of 45 and 60 patients per day respectively. It was observed that none of the dispensaries availed the incentive due to non-implementation of *Dhanwantari* module.

GoR stated (December 2020) that due to lack of required hardware and problems with network services in far distant places only three modules of *Dhanwantari* system were implemented. Efforts are being made to implement all seven modules of *Dhanwanatri*.

7.2.5 Monitoring and Supervision

7.2.5.1 Functioning of Regional Board and Local Committees

Section 25 of the ESI Act stipulates that the ESIC may appoint Regional Boards (RB) and Local Committees (LC) in such areas & manner and delegate to them such powers and functions, as may be provided by the regulations. ESIC, constituted (September 2012) a RB for the State of Rajasthan comprising 13 members under the Chairmanship of Minister of State (Labour), GoR and Minister of State (Health), GoR as Vice Chairman, while the Director (ESIS) was to act as an Ex-officio member.

(i) **Regional Board:** As per Section 10 (9) of ESI (General) Regulations, 1950 four meetings in a year were required to be held by the RB. Scrutiny of records of Director, ESIC however revealed that against prescribed 20 meetings only six meetings were held by the RB during 2014-2019. None of the meetings was attended by the Vice Chairman (Minister, Medical & Health, GoR). As a result crucial issues like shortage of medical and para medical staff could not be addressed properly.

36 Bhawani Mandi, Dausa and Kota-1.

37 Ajmer-1, Beawar, Bharatpur-1 and 2, Bhilwara-2, Jaipur-3, Jodpur-1, 3 and 4, Kankroli, Kota-1, Udaipur-1 and 3.

38 Bikaner-1 and 2, Dholpur and Ganganagar-2.

Further, section 10 (14) of ESI (General) Regulations, 1950 prescribes that RB shall make recommendations on extension of schemes to other categories or to new areas, improvement in benefits and adoption of special measures to meet peculiar conditions, measures and arrangements for the rehabilitation of permanently disabled IPs, etc. These recommendations were required to be put up before ESIC/State Government for approval.

Scrutiny of minutes of meetings revealed that important issues like repair and maintenance of buildings, filling up of vacant posts, establishment of Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH) units, non-availability of medicines and implementation of IT roll out etc., were discussed by RB in its meetings during 2014-19. However, the recommendations/decisions taken by the RB could not be implemented in absence of approval of ESIC/State Government and no reason was found on record for the same. Thus, the RB acted merely as a platform for discussion during the period 2014-2019.

(ii) **Local Committees:** As per section 10 A of ESI (General) Regulations, 1950, LC were to be constituted at local office level to discuss and resolve the local issues within the jurisdiction area of LC. Though LCs³⁹ were constituted as prescribed. However, against prescribed 426 meetings, only 65 meetings were actually held during 2014 to 2019. Further, the LC was to monitor functions of IMPs by carrying out surprise inspection but it was observed that no inspection of IMPs was carried out by LCs.

7.2.5.2 Functioning of Hospital Development Committees

In order to improve overall functioning of ESI hospitals, the ESIC in its 143rd meeting approved (July 2008) constitution of Hospital Development Committees⁴⁰ (HDC) for all State run ESI hospitals. Accordingly, Deputy Medical Commissioner, ESIC, New Delhi issued (July 2008) instructions for setting up of HDCs in the hospitals of State. The performance of hospital/attached dispensaries was to be reviewed by the HDC by holding its meeting at least once in every two months.

In compliance, HDCs were constituted (July 2008) hospital wise and 57 dispensaries⁴¹ were attached with four ESIS hospital's HDCs and 17 dispensaries were attached with ESIC model hospital Jaipur.

Scrutiny of records revealed that as against prescribed 30 meetings required to be held by each HDC, only 16 (Bhilwara), 18 (Jodhpur), eight (Kota) and 19 (Pali) meetings were held by HDCs during 2014-19. Further, out of 21 test checked dispensaries, 13 dispensaries never participated in the meetings of HDC. The above facts shows that HDCs were not functioning as envisaged.

39 Number of LC during 2014-15: 30, 2015-16: 30, 2016-17: 30, 2017-18: 26 and 2018-19: 26.

40 HDC comprising of Medical Superintendent of hospital as Chairman, Deputy Medical Superintendent as Convener and representatives of employers, employees, staff, State Labour Department and local member from ESIC/RB.

41 21 dispensaries with ESI hospital Bhilwara, 14 dispensaries with ESI hospital Jodhpur, 18 dispensaries with ESI hospital Kota and four dispensaries with ESI hospital Pali.

GoR accepted the facts and stated (December 2020) that Chairman, HDC of all four hospitals had been instructed (September 2020) to organise the meetings of HDC as per norms and to ensure the attendance of all Medical Officer (In charge) in the meetings of HDC.

7.2.5.3 Non-formation of ESI Society

With a view to improving the services being rendered in the hospitals and dispensaries under ESI Scheme and also to bring about uniformity in the standard of services across different States, the ESIC in its 167th meeting decided to advise the State government to form Subsidiary Corporation/ Society at the State level under section 58 (5)⁴² of the Act. Accordingly, the Director General, ESIC advised (January 2016) State Government to form a Society at the State level before 31st March 2016 and stated that to incentivise formation of such organization ESIC will bear full expenditure of establishing and running ESIS facilities, up to the ceiling for three years.

Scrutiny of records revealed that the State Government on the ground that a regional board has already been constituted in the State which may be granted more autonomy, expressed (June 2018) its unwillingness to set up the Society. ESIC, further, clarified (July 2018) that the RB was an advisory body while the proposed new society would be the empowered executive body and functions of both the bodies are legally different.

Audit observed that, the State Government did not constitute the Society as of December 2020. However, such societies had been constituted in 14 states. Further, an amount of ₹ 353.27 crore was incurred on implementation of ESI Scheme during 2016-17 to 2018-19. Of which, ₹ 44.16 crore (*i.e.* 1/8th share) were borne by the State Government. Had the State Government formed the Society, this amount could have been saved.

Though, the State Government did not constitute the society as a RB was already in function, on the other hand it could not initiate any action on various recommendations of the RB. As a result, the progressive step towards management of the scheme effectively and efficiently could not be taken in the State.

Government of Rajasthan (GoR) accepted the facts and stated (December 2020) that policy decision regarding formation of ESI society is under consideration and is pending for want of approval by competent authority.

7.2.6 Conclusion

The Employees' State Insurance Scheme (ESIS) was started for protecting employees' against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families. The basic data of dispensary/ area wise IPs were not available with the department after March 2015 for planning and management of scheme. Important reforms

42 This subsection was inserted with effect from 01.06.2010

under ESIC 2.0 for expansion of ESIS in the state to cover all the IPs and for providing better services to IPs were not implemented. The State Government did not utilise the unspent 60.63 per cent of maximum admissible expenditure as per prescribed ceiling for managing manpower and to provide required medical facilities to the IPs. Due to which ESI hospitals /dispensaries suffered from shortage of Medical Specialists/Officers and Para Medical staff and also lacked infrastructure and laboratory facilities. This resulted in decreasing trend in number of patients attending OPD/IPD and patients had to be referred to tie up/government hospitals for basic tests/investigations and specialist facilities. ESIC initiated IT project for hospital management could not be implemented completely.

Therefore, it is recommended that:

1. *GoR may take steps to ensure full utilisation of available financial resources under the scheme for improving the required infrastructure and laboratory facilities in hospitals/dispensaries and to improve the functioning of the ESIS.*
2. *GoR may take steps to maintain a robust and updated database of dispensary wise IPs so as to provide proper medical treatment to them.*
3. *GoR may take steps to fill up the vacant posts of Medical Specialists/Officers and Para Medical staff on priority.*
4. *Complete implementation of IT project may be ensured to improve Hospital/Dispensary management system and to provide better delivery of services to IPs.*

Medical Education Department

7.3 Avoidable excess payment on electricity bills

Failure of the department to apply for increase in sanctioned load led to avoidable payment of demand surcharges and irregular payment of electricity duty by Medical Colleges/Hospitals amounting to ₹ 1.40 crore.

The electricity supplied to any consumer by a distribution company (Discom) is chargeable as per the category wise prescribed rates in the tariff structure and subject to provisions of Tariff for supply of Electricity - 2017. Contract demand based tariffs are applicable to the consumers whose contract demand⁴³/maximum demand is above 50 KVA or who wish to take supply on HT (supply at 11 KV) and opt for billing on demand basis.

Electricity supplied to the hospitals run by government/agencies of government are chargeable under category of mixed load/HT-4. Accordingly, fixed charges at the rate ₹165 per KVA of Billing Demand⁴⁴ per month plus

43 The sanctioned connected load of consumer shall be taken as the Contract Demand. Contract Demand based tariff is basically tariff for supply at 11 KV.

44 The Maximum Demand actually recorded during the month or 75 per cent of Contract Demand, whichever is higher.

energy charges at 700 paisa per unit were chargeable. As per clause IV(c) (iv) of Tariff for supply of Electricity of Ajmer Discom⁴⁵, the consumer shall not cause a demand more than his Contract demand. In case he causes a demand of more than 105 *per cent* of the Contract Demand in a particular month, apart from being disconnected, he shall be required to pay an extra charge equal to the same percentage of the Fixed and Energy Charges (excluding the Electricity Duty, and other Charges, if any) by which percentage the excess demand has actually been caused.

However, if a consumer desires to increase or decrease in his connected load and /or contract demand a notice shall be sent to the Discom in writing along with application form and payment of reasonable expenses as applicable in terms of clause 16 B of Terms & Conditions for Supply of Electricity 2004.

Scrutiny of records (July 2019 to February 2020) of four hospitals/medical colleges⁴⁶ revealed that these hospitals consumed electricity which was 106 *per cent* to 192 *per cent* of their contracted demands and they had to pay demand surcharges to the respective Discoms during the period of April 2017 to August 2019. Moreover, in SN Medical College, Jodhpur new equipment/heavy machineries were installed from time to time in previous years which had resultantly increased the installed load but the contract demand was not increased (January 2020) accordingly. Had the hospitals increased the contract demand in time after assessing their actual requirement the payment of ₹ 1.10 crore could have been avoided as detailed in **Table 7.8** below:

Table 7.8

(₹ in crore)

Sl. No.	Name of auditee unit	Contracted Demand	Demand actually consumed (in KVA)	Range of excess billing demand (<i>per cent</i>)	Demand surcharges paid
1.	MB Hospital, Udaipur	425	473 to 634	111-149	0.33
		450	492 to 565	109-126	0.09
		350	398 to 659	114-188	0.34
2	SN Medical College Jodhpur	583	616 to 812	106-139	0.11
		80	90 to 117	112-146	0.06
3	JLN Medical College Ajmer	125	176.28	141	0.09
4	MGH Jodhpur	80	153.76	192	0.08
Total					1.10

Further, under clause 3(2) (d) (i) of Rajasthan State Electricity Duty Act, 1962, the electricity duty⁴⁷ shall not be levied on energy consumed by hospitals or dispensaries, which are not maintained for private gain. Audit, however, noticed that Maharana Bhupal (MB) Hospital, Udaipur despite being a government hospital had also paid electricity duty of ₹ 0.30 crore during the period from April 2015 to August 2019.

45 Tariff schedule for Jodhpur Vidyut Vitran Nigam Limited contains similar provisions.

46 Maharana Bhupal (MB) Government Hospital, Udaipur; Dr. Sampoonanand (SN) Medical College, Jodhpur; Jawahar Lal Nehru (JLN) Medical College, Ajmer; Mahatma Gandhi Hospital (MGH), Jodhpur

47 A duty on the consumption of electrical energy in Rajasthan.

On being pointed out (July 2019-January 2020), the Department (November 2020) stated that sanctioned load has been increased (September 2020) in Medical College Ajmer. The necessary charges for increasing the load were deposited (March 2020) by MB Hospital, Udaipur and the matter of exemption of electricity duty was also taken up with Ajmer Discom for adjustment. In SN Medical College, Jodhpur increasing of sanctioned load was said to be under progress (November 2020).

The fact, however, remains that the hospitals delayed in taking up this matter and made avoidable payment towards demand surcharges and electricity duty for more than two years.

Thus, failure on part of the hospital in properly scrutinising the electricity bills and availing the applicable exemptions resulted in avoidable payments of ₹ 1.40 crore.

The matter was brought to the notice of the State Government (October 2020), reply is awaited (March 2021).

7.4 Undue benefit to the private commercial establishment

Lack of action on part of the Department led to short receipt of concession fee plus penal interest for delay in payment, short-recovery of amount related to unutilised below poverty line quota and resultant extension of undue benefit to the concessionaire causing a loss of revenue of ₹ 5.09 crore to the State Government.

Government of Rajasthan (GoR) through Principal and Controller, Sawai Man Singh Medical College (SMSMC), Jaipur (Concessions Authority) executed (December 2011) a concession agreement with M/s. Metro Institute of Medical Sciences Pvt. Ltd., Delhi (the Bidder) through its special purpose vehicle M/s. Metro MAS Hospital Pvt. Ltd., Delhi (the concessionaire) to operate the Metro Manas Arogya Sadan Hospital & Heart Institute (Metro Mas Hospital), Jaipur on Public Private Partnership basis. The Concessions Authority granted approval (September 2012) to the Concessionaire for commencement of “*Partial Commercial Operations*” of Metro Mas Hospital, Jaipur with effect from 02 September 2012 as per the provisions of the concession agreement.

(i) As per condition No.11.1.1 to 11.1.3 of the concession agreement, the Concessionaire was to pay the concession fee @ 7.2 per cent of gross revenue within seven days of the close of each quarter to the Concessions Authority. In case of delays upto four weeks in payment of the quarterly concession fee, the concessionaire was required to pay interest at the rate of 18 per cent per annum starting from and including the due date until the date of such payment. Any delay in payment of quarterly concession fee beyond such four weeks period would entitle the Concessions Authority to terminate this agreement.

The Concessionaire was also required to provide a quarterly statement, on or before the expiry of seven days from the end of each relevant quarter, of gross revenue for the previous months to the Concessioneing Authority.

Scrutiny of records (June 2019) of Directorate, Medical Education Department, Jaipur revealed that the Concessionaire generated gross revenue amounting to ₹ 145.27 crore⁴⁸ during 2014-18. Against the due amount of ₹ 10.46 crore as per the agreement (at the rate of 7.2 *per cent* of ₹ 145.27 crore), the Concessionaire paid only ₹ 8.12 crore⁴⁹ towards concession fee, resulting in short payment of concession fee amounting to ₹ 2.34 crore (*Appendix 7.2*).

It was also noticed that the Concessioneing Authority did not recover the interest of ₹ 0.49 crore calculated on delayed payment ranging between 10 to 550 days as per concession agreement (*Appendix 7.3*).

(ii) Further, as per conditions (No. 2.1.4 & 2.1.8) of the agreement, the Concessionaire was to ensure that in-patients (IPD) belonging to the Below Poverty Line (BPL) category were provided treatment/diagnostics/bed/consumables/medicines /implants /diet etc. free of cost. Further, the BPL out-patients were to be provided consultation and diagnostic services free of cost in OPDs. The Concessionaire was not entitled for any reimbursement for providing diagnostic services in OPD and cost of IPD treatment as long as the number of BPL patients in a financial year remained within 20 *per cent* of the total patients. In case, in a particular financial year, the number of the BPL in-patients/ diagnosis in OPD exceeded the prescribed limit of 20 *per cent*, the Concessioneing Authority would pay the cost of treatment/diagnosis services provided to every BPL in-patient/out-patient exceeding the 20 *per cent* limit.

On the other hand, if the number of BPL patients treated remained below 20 *per cent*, the Concessionaire would make payment to the Concessioneing Authority for the unutilised quota at the rate of 'annual average revenue'⁵⁰ and 'annual average diagnostic revenue'⁵¹ per BPL in-patient and out-patient respectively.

Total 1.44 lakh patients (both IPD and OPD) were treated in Metro Mas Hospital, Jaipur during 2012-18. Of them, only 3,124 patients were from the BPL category, which constituted only 2.17 *per cent* of the total patients against the prescribed limit of 20 *per cent* (28,788). Further, the Steering Committee of the Hospital, while noticing the consistent fall in numbers of BPL patients, instructed (August 2018) the Concessionaire to make the

48 ₹ 145.27 crore: 2014-15: ₹ 17.82 crore; 2015-16: ₹ 27.25 crore; 2016-17: ₹ 42.44 crore and 2017-18: ₹ 57.76 crore.

49 ₹ 8.12 crore: 2014-15: ₹ 1.25 crore; 2015-16: ₹ 1.74 crore; 2016-17: ₹ 2.58 crore and 2017-18: ₹ 2.55 crore.

50 "Total Revenue that would have accrued in a financial year to Concessionaire for treating the BPL patients charged as per the approved rates and amendments thereafter" divided by "the number of BPL in-patients treated in that financial year".

51 "Total Revenue that would have accrued in a financial year to Concessionaire for providing diagnostic services to the BPL out-patients as per the rates prevailing in the SMS Hospital and amendments thereafter" divided by "the number of BPL out-patients availed diagnostic services in that financial year".

payment against the unutilised quota of BPL patients remaining less than 20 *per cent* and to display the information regarding free treatment to BPL patients on the Hospital's notice board.

Audit however, observed that the Concessionaire paid only ₹ 0.63 crore against the unutilised quota of BPL patients (25,664) instead of ₹ 2.89 crore payable as per agreement, resulting in short payment of ₹ 2.26 crore (**Appendix 7.4**). The Concessionaire also did not comply with the instructions of the standing committee (August 2018) as no such board regarding free treatment of BPL patients was found (February 2021) to be displayed in the Hospital during physical verification.

Thus, the Department not only failed to ensure timely submission of quarterly statement of gross revenue by Concessionaire but also to recover quarterly concession fee despite the provision of termination of contract in case of default. This caused a loss of ₹ 5.09 crore⁵² to GoR and provided undue benefit to the concessionaire.

The matter was brought to the notice of the State Government (November 2020), reply is awaited (March 2021).

Medical and Health Department

7.5 Irregular expenditure on additional works

Irregular expenditure of ₹ 3.72 crore on the execution of additional works in contravention of Rajasthan Public Works Financial and Accounts Rules.

Rajasthan Public Works Financial and Accounts Rules (PWF&ARs) delegate⁵³ the power of sanction, execution and payment of additional quantities of items existing in Schedule 'G' or Bills of Quantities (BOQ) of a particular work to the designated authorities in a Department. Accordingly, Chief Engineer (CE) and Additional Chief Engineer (ACE) of all the Departments engaged in construction works are authorized to sanction additional quantity upto 25 *per cent* and 10 *per cent* respectively over the original quantity of each item subject to 25 *per cent* and 10 *per cent* of the original contract amount. The Administrative Department could sanction additional quantities of more than 25 *per cent* and upto 50 *per cent* of original quantity of each item subject to 50 *per cent* of the contract amount. However, rule 73 of Rajasthan Transparency in Public Procurement (RTPP) Rules, 2013 prescribes that in any case the amount of work with additional quantities shall not exceed 50 *per cent* of the value of original contract.

52 ₹ 2.34 crore (concession fee) + ₹ 0.49 crore (interest) + ₹ 2.26 (unutilised quota) = ₹ 5.09 crore

53 vide Appendix XIII (item at serial No. 26)

Test check (October-November 2019) of records of Executive Engineer, Medical and Health (M&H), Division, Udaipur revealed that six work orders of total value ₹ 7.18 crore (ranging between ₹ 0.18 crore and ₹ 2.78 crore) were approved (December 2013 to May 2017) under National Rural Health Mission (NRHM) by the CE, M&H Department, Jaipur and EE, M&H Division, Udaipur and works were allotted to various contractors. The department, however, after exhausting the value of these work orders, continued to execute the additional works under these contracts, without inviting fresh tenders. The contractors executed works worth ₹ 10.90 crore against the original contract value of ₹ 7.18 crore.

Though, additional quantities (value ₹ 3.72 crore) exceeded those of the original contracts (by 31 to 94 *per cent*) in these cases but approval from administrative authority of the department was not obtained and instead approval of CE was obtained. Since CE was not empowered to sanction additional quantities above 25 *per cent* of the original contract, the payment of additional works valuing ₹ 3.72 crore was irregular as detailed in **Table 7.9** below:

Table 7.9

(₹ in crore)

Sl. No.	Name of the work approved by Chief Engineer and Executive Engineer (Date of work order)	Amount of work order	Actual Expenditure incurred	Total additional work (<i>per cent</i>)	Irregular approved amount by CE (<i>per cent</i>)
	A	B	C	D (C-B)	E
1.	Fire-fighting and detection work at Maternal Child Health Udaipur (11.12.2013)	0.18	0.35	0.17 (94)	0.20 (111)
2.	Internal electrification work at Maternal Child Health Udaipur (11.12.2013)	0.45	0.77	0.32 (71)	0.50 (111)
3.	Construction and strengthening (Remaining work) of 100 bedded Maternal Child Health unit at Medical College Hospital, Udaipur (26.06.2015)	2.78	4.56	1.78 (64)	2.44 (88)
4.	Construction work of PHC building at Aalpa, Sirohi(17.05.2016)	1.27	1.66	0.39 (31)	0.45 (35)
5.	Construction work of PHC building at Baant, Sirohi(17.05.2016)	1.34	1.84	0.50 (37)	0.53 (40)
6.	Construction work of PHC building at Jhadoli, Sirohi(23.05.2017)	1.16	1.72	0.56 (48)	0.61 (53)
	Total	7.18	10.90	3.72	4.73

Further, in three cases (S.No. 1 to 3 of the table above) the department on approval of CE allowed the contractors to execute the additional quantities beyond the limit of 50 *per cent* of the original contracts, for which even administrative authority of the department was not competent as per RTPP Rules, 2013. Thus, the department executed additional works of ₹ 2.27 crore beyond the maximum permissible limit of 50 *per cent* of the original contracts and total additional works of ₹ 3.72 crore on the approval of officer below the competent level.

The State Government stated (March 2021) that an order was approved (December 2010) by the Government, which empowers CE to sanction extra and excess items for NRHM works subject to condition that overall completion cost of work does not exceed the Administrative and Financial (A&F) sanction including management cost. Further, during execution, if work exceeds the A&F sanction by 10 *per cent* it may be sanctioned by CE and if by more than 10 *per cent* it should be sanctioned by MD-NRHM within the sanctioned PIP ceiling.

Reply of the department is not tenable as RTPP Rules, 2013, issued by the Government to ensure greater transparency in the public procurements overrides all the existing provisions regarding public procurement. Thus a circular issued in 2010 delegating the power to an authority in contravention of the provisions of these rules, could not exist or prevail over statutory provisions. Therefore, the Government should withdraw the said order issued in December 2010 immediately.

Minority Affairs Department and WAQF Board

7.6 Non-recovery of loans

Failure to recover loan from beneficiaries and irregular utilization of funds for repayment to NMDFC resulted in avoidable penal interest of ₹ 3.17 crore.

National Minorities Development and Finance Corporation (NMDFC) provides loans under different schemes to individuals belonging to minority communities for economically and financially viable schemes and projects through the State Channelizing Agencies (SCAs). As per Lending Policy of NMDFC fund to SCAs is released at interest rate of 3.5 *per cent* per annum for disbursement as loans to beneficiaries within three months. The unutilized funds beyond the utilization period of three months attract penal interest⁵⁴, till the funds are utilized/refunded. SCA is required to submit the Utilisation Certification of the funds received from NMDFC, from time to time.

From the date of utilisation of funds, the interest rate of the respective scheme for which funds have been utilized becomes applicable. Further, the repayment by the beneficiaries is to be done on quarterly or monthly basis as decided by the SCA, whereas, the SCAs are required to make quarterly repayments to NMDFC. In case of default in repayment of dues to NMDFC, the SCA is liable to pay compound interest on principal and interest, at normal rate of interest, applicable under respective schemes, on quarterly basis.

NMDFC, issues quarterly demand notice to SCA which includes old dues with interest (compound and Liquidated Damage), amount due in current quarter on

⁵⁴ 6.5 *per cent* on funds remaining unutilized after three months and 8.5 *per cent* on portion of funds remaining unutilized after six months.

account of recovery of earlier disbursements with interest and interest payable on the unutilized amount at penal rate.

(i) Audit scrutiny (July 2020) of records of Rajasthan Minority Finance and Development Cooperative Cooperation Ltd. (RMFDCC), Jaipur (the SCA in Rajasthan) for the period of 2014-19, revealed that the funds received from NMDFC could not be utilized fully by RMFDCC within the prescribed time limit of three months and the unutilized amounts instead of being refunded to NMDFC, were retained by RMFDCC for disbursement in the following quarters. Test check of loan records in District Minority Welfare Officer, Jaipur also revealed various lapses in sanctioning the loans as instances of reciprocal guarantee by beneficiaries to each other's loans, non-availability of record of assets mortgaged for loan and payment of loan amount against quotation invoices without having TIN numbers. In some of the cases, the officers did not physically verify the assets of the beneficiaries after disbursement of 70 per cent of loan amount as prescribed in scheme.

On the other hand, timely recoveries from the beneficiaries could not be ensured and the rate of recovery has consistently reduced from 19 per cent in 2014-15 to 16 per cent in 2018-19. During 2014-19, against the dues of ₹ 80.14 crore (cumulative), RMFDCC could recover only an amount of ₹ 44.36 crore as detailed in given **Table 7.10** below:

Table 7.10

(₹ in crore)					
Sl. No.	Year	Loan amount to be recovered from beneficiaries	Amount actually recovered (in per cent)	Repayment to NMDFC	(Difference) Excess/Short repayment
1.	2014-15	26.50	5.15 (19%)	07.89	(+) 2.74
2.	2015-16	38.80	6.71 (17%)	10.08	(+) 3.38
3.	2016-17	54.69	8.48 (16%)	13.02	(+) 4.53
4.	2017-18	68.27	11.50 (17%)	09.21	(-) 2.29
5	2018-19	80.14*	12.52 (16%)	13.63	(+) 1.10
	Total		44.36	53.83	9.46

*Cumulative figure

Though RMFDCC deposited ₹ 9.46 crore more than the amount actually recovered from the beneficiaries, this was in fact a part of the unutilized amount (earmarked for disbursement of loans) retained by it.

Thus, RMFDCC failed not only in utilizing the amount received from NMDFC within the prescribed time but also distributed the loans without verifying the genuineness/repayment capacity of the beneficiaries, which led to lesser recoveries of the dues from beneficiaries. This forced the RMDFCC to retain the unutilized amount beyond the prescribed period and they had to pay ₹ 2.20 crore on account of penal interest for delays ranging from 92 days to 644 days (**Appendix 7.5**).

(ii) Further, NMDFC in its One Time Settlement (OTS) scheme gave (January 2020) RMFDCC the option to either repay the full outstanding amount of ₹ 24.90 crore in one go and avoid penal interest or repay ₹ 25.87 crore (₹ 24.90 crore plus ₹ 0.97 crore as penal interest) in 20 quarterly installments. RMFDCC opted for the second option and consequently agreed to settle the repayment with avoidable penal interest of ₹ 0.97 crore. RMFDCC stated (January 2021) that due to lesser recoveries it did not had enough funds and as assistance was not provided by the State Government, it had opted for second option which gave a time of five years to repay the outstanding amount in 20 installments.

Government while accepting the facts stated (January 2021) that it was not possible to select beneficiaries before sending the demand as NMDFC may not necessarily provide the funds as demanded due to their own procedure of distribution. Further, distribution targets of loans were also missed as meetings of district level loan selection committee⁵⁵ were not held timely due to heavy workload. Since, in most of cases the loans were distributed to those who are very poor, therefore, recoveries remained much less than the expected levels. However, District Minority Welfare Officers had been directed to increase the recoveries.

Reply is not tenable as number of beneficiaries consistently decreased⁵⁶ during the period, 2014-15 to 2018-19. However, during the same period, the outstanding loan amount to be recovered from beneficiaries increased⁵⁷ substantially. This clearly indicates poor performance of RMFDCC due to which RMFDCC not only failed to utilize the funds received from NMDFC thereby depriving the targeted beneficiaries but also failed to ensure recovery of the disbursed loans. Moreover, the lapses in verifying the genuineness of the beneficiaries, which led to lesser recoveries of the loans, exhibit the weakness of the internal control system of the loan sanctioning and recovery mechanism.

Thus, the failure of RMFDCC to recover loans from the beneficiaries has resulted in imposition of penal interest of ₹ 3.17 crore. The RMFDCC, therefore, needs to plug in the loopholes in the loan sanctioning mechanism and ensure an effective recovery mechanism that should include post disbursement follow-up with the beneficiaries, up to date computerized recovery records of all the beneficiaries and deployment of recovery staff on commission basis, as envisaged in the lending policy.

55 A District level Loan Selection Committee headed by District Collector sanctions the loans to the beneficiaries.

56 Year-wise number of beneficiaries: 2014-15- 4,701; 2015-16 - 4,121; 2016-17- 2,284; 2017-18 - 1,475 and 2018-19 - 672.

57 Year-wise outstanding recoverable loan amount: 2014-15 - ₹ 21.35 crore; 2015-16 - ₹ 32.10 crore; 2016-17 - ₹ 46.20 crore; 2017-18 - ₹ 56.77 crore and 2018-19 - ₹ 67.62 crore.

Social Justice and Empowerment Department

7.7 Non-utilization of central grant and non-completion of Rehabilitation and Research Institute building

Imprudent decision to change construction site for Directorate building and non-completion of Rehabilitation and Research Institute building not only led to non-utilization of Central Grant of ₹ 3.27 crore and unfruitful expenditure of ₹ 5.47 crore but also deprived the beneficiaries from the intended benefits even after lapse of more than eight years.

The Government of Rajasthan (GoR) in its budget for 2011-12 provided for establishing (1) a separate Directorate of Specially Abled Persons, with a set-up having specialists to deal with all aspects of disability, (2) Rajasthan Rehabilitation and Research Institute (RRI) to develop a strong cadre of specially trained teachers to facilitate education and training to specially abled persons and (3) providing artificial limbs and equipment to persons suffering from various disabilities.

Accordingly, Social Justice and Empowerment Department (SJED) submitted (June 2011) a proposal with detailed project report of ₹ 47.84 crore⁵⁸ to Government of India (GoI) for central grant under One Time Additional Central Assistance (OTACA) scheme. GoI approved (March 2012) the Project for ₹ 40.48 crore⁵⁹ under OTACA. The cost of the project was to be shared between GoI and GoR in the ratio of 30:70. GoI released (March 2012)⁶⁰ ₹ 12.14 crore (Central share) to GoR.

The separate Directorate for Specially Abled Persons was established at Jaipur in 2011. GoR directed (November 2012) the Director, Specially Abled Persons to get the proposed building for the Directorate constructed through state public works department (PWD) on 14,500 square meter area in the 80 *bigha* land that was allotted to Social Justice and Empowerment Department in *Jamdoli* for operation of *Mahila Swayamsiddha Kendra*.

(i) Audit scrutiny of records (July 2020), revealed that the department after mentioning that the earmarked location was around 30 km⁶¹ away from the main city which would be inconvenient for specially abled persons,

58 Establishment of Directorate of Specially Abled Persons (₹ 12.90 crore), Rajasthan Rehabilitation and Research Institute (₹ 14.79 crore) and for providing artificial limbs and equipment (₹ 20.15 crore).

59 Establishment of Directorate of Specially Abled Persons (₹ 10.91 crore), Rajasthan Rehabilitation and Research Institute (₹ 12.52 crore) and for providing artificial limbs and equipment (₹ 17.05 crore).

60 For establishment of Directorate of Specially Abled Persons (₹ 3.27 crore), Rajasthan Rehabilitation and Research Institute (₹ 3.75 crore) and for providing artificial limbs and equipment (₹ 5.12 crore)

61 However, the actual distance of construction site was only 12 -14 km from the main city.

proposed (October 2013) to get the building constructed in the existing premises of Mentally Challenged Teachers Training Institute (MCTTI) at Jhalana Doongri, Jaipur *i.e.* at the other site. The Directorate belatedly (September 2017) sought a report from PWD for feasibility of construction of two floors of proposed building above the existing MCTTI building. PWD intimated (November 2017) that it was not feasible to construct additional two floors on the existing structure as the building was approximately 40 years old. Subsequently, approval was given (August 2018) by Hon'ble Minister, SJED, to demolish the existing MCTTI building and construct the new building. However, the construction work of Directorate building had not commenced (July 2020) even after lapse of 23 months of finalization of site for building.

Thus, due to imprudent decision to change the construction site and inordinate delay (almost five years) in finalization of other site, the construction of proposed Directorate building could not be commenced despite availability of central assistance of ₹ 3.27 crore since March 2012.

On being pointed out (June 2020), the Department replied (July 2020) that work plan for demolishing the existing structure and construction of new building was being prepared.



Site of proposed Directorate to be constructed after demolishing the building at Jhalana Doongri, which is still existing & utilised by other Government offices as of February 2021

(ii) Further, in case of RRI building the drawing and designs of the proposed building were submitted by PWD in November 2013. However, certain changes were proposed by the Director (December 2013) and PWD was asked (January 2014) to provide revised drawings and designs with estimates. PWD submitted revised drawings and designs along with revised estimate of ₹ 8.56 crore in March 2016. Thereafter, with a delay of 22 months the administrative and financial (A&F) sanction (after Finance Department's approval in November 2017) for ₹ 8.56 crore was issued in January 2018. Work order for civil works was issued in July 2018 with stipulated date of completion as July 2019. An expenditure of ₹ 5.47 crore was incurred on construction of building (March 2020). A joint physical verification (September 2020) by audit along with Incharge RRI revealed that the civil work of three blocks except the outer area was complete while the sanitary

work in hostel block, electric fittings work, generator, transformer and other miscellaneous works were still incomplete.

Thus, due to inordinate delay in obtaining the revised drawings and designs from PWD (27 months) and in issuing the A&F sanction (22 months) and lapses in monitoring, the building could not be completed and put to use even after eight years of the receipt of central grant. This also defeated the purpose for establishment of Rajasthan Rehabilitation and Research Institute which was to provide training to teachers to facilitate education and training to specially abled persons.

On being pointed out (June 2020), the Directorate replied (July 2020) that delay was due to delay in submission of drawings & designs and estimates by PWD as well as delay in approval of estimate by Finance Department.

The reply is not tenable as Department did not make concerted efforts to obtain the revised drawings and designs from PWD in time and was also responsible for inordinate delay in according the A&F sanction. Further, lapses in monitoring also delayed the completion of the building beyond its stipulated completion date by another 14 months. Thus, laxity in approach of the Department delayed the completion of the projects announced in State budget 2011-12 to have a strong cadre of specially trained teachers to cater to the needs of mentally challenged people, despite availability of central assistance for the project.

The matter was brought to the notice of the State Government (September 2020), reply is awaited (March 2021).

7.8 Unfruitful expenditure on non-functional Solar Home Lighting Systems

Non-adherence to rules of procurement and poor monitoring resulted in unfruitful expenditure of ₹ 1.24 crore on non-functional Solar Home Lighting Systems.

Section 4 of the Rajasthan Transparency in Public Procurement (RTPP) Act, 2012 stipulates the fundamental principles of public procurement. Accordingly, in relation to a public procurement, the procuring entity shall have the responsibility and accountability to (a) ensure efficiency, economy and transparency; (b) provide fair and equitable treatment to bidders; (c) promote competition; and (d) put in place mechanisms to prevent corrupt practices. Further, every procuring entity shall carry out its procurement in accordance with the provisions of this Act and the Rules and guidelines made thereunder.

Government of Rajasthan in State Budget for 2015-16, proposed the installation of Solar Home Lighting Systems (SHLSs) in 200 Hostels and 17 Residential Schools operating under the Social Justice and Empowerment

Department (SJED) in coming years. In March 2017, Director and Special Secretary, SJED placed a work order for supply, installation, commissioning and comprehensive maintenance (five years) of 5,382 Solar Home Lighting Systems (SHLSs) in 133 hostels and eight residential schools to a contractor who already had a rate contract (valid up to March 2018) with the Rajasthan Renewable Energy Corporation Limited⁶² (RRECL), for similar items. The unit cost of SHLS was ₹ 9,305 and total amount of the work order was ₹ 5.00 crore.

The work order included a clause that payment can be made on the pre-despatch inspection of material by the committee. However, as per the RRECL's rate contract, the payment to supplier was to be made after duly verifying (i) installation certificate (ii) two photographs of beneficiary with the installed system and (iii) copy of agreement with the beneficiary for maintenance.

In November 2017, Director and Special Secretary, SJED placed another work order worth ₹ 3.08 crore for supply, installation, commissioning and comprehensive maintenance (five years) of 3,319 SHLSs in 67 hostels and nine residential schools to the same contractor at the same unit cost. However, the Department executed (June 2018) an agreement with the contractor six months after issuing the work order. Against both the work orders, the contractor installed only 2,497⁶³ SHLSs (out of 3,694 SHLSs to be installed in schools) in 17 residential schools during March 2017-August 2018 while information regarding installation of SHLSs in 200 hostels was not made available to audit. The department made (September 2018) payment of ₹ 1.00 crore against final payment of ₹ 3.02 crore as demanded by the firm. Pre-dispatch inspections for both work orders were conducted in March 2017 and May 2018 by the committee constituted for the purpose.

Test check (May-June 2019 and July 2020) of records of Directorate, SJED, Jaipur, revealed that the Department placed direct work orders of ₹ 5.00 crore to a supplier without inviting open tenders⁶⁴ which was irregular. Further, without entering into a formal agreement, without deposit of performance security and without verifying installation of the systems the payment of whole amount of ₹ 5.00 crore was made (28 March 2017) to the contractor on the basis of pre-despatch inspection (24 March 2017), which was gross

62 As per provision of Rule 32 of RTPP Rules, 2013, a procuring entity may procure subject matter of procurement from the category of bidders as notified by the state Government, from time to time. However, the RRECL was not included in the list of such notified bidders.

63 Information about installation of remaining 1,197 SHLSs was not available with the Directorate, SJED. It has to collect and compile the information from various districts.

64 The provisions of RTPP Act, 2012 are applicable on all procurement of estimated value of more than one lakh. Further, section 29(1) of *ibid* prescribes that every procuring entity shall prefer the open competitive bidding as the most preferred method of procurement to be followed.

negligence on the part of the competent authority in observing the financial propriety and watching the interest of government money/assets.

Further, after installation of all the SHLSs and full payment for first work order and part payment for the second work order, SJED sent (November 2018) samples of eight SHLSs (four each from both supply orders) for testing to National Institute of Solar Energy (NISE), Gurugram. The test reports pointed (January 2019) out various deficiencies⁶⁵ in the SHLSs. The Department took up the matter (October 2019) with the supplier who agreed (December 2019) to rectify the deficiencies. However, the Department did not initiate further action on this assurance (December 2020). Audit noticed (December 2020) that out of the 2,497 SHLSs installed, only 1,164 (47 per cent) SHLSs were functioning and remaining 1,333 SHLSs (53 per cent) installed at a cost of ₹ 1.24 crore were non-functional for a period ranging from nine months to 32 months⁶⁶. Not a single SHLS was functional in residential schools at *Atru, Baran* (178) and *Bhainswada, Jalore* (231) despite the fact that rates of SHLSs included the comprehensive maintenance for five years. Details are given in **Appendix 7.6**.

Thus, due to non-adherence to procurement rules, non-entering into formal contract, payment before installation, payment on the basis of pre-despatch inspection only, non-deposit of performance security and absence of a proper monitoring system, the department could not rectify the 53 per cent SHLSs for a period of 9 to 32 months rendering the expenditure of ₹ 1.24 crore incurred on these lights unfruitful. The objective of illuminating 17 residential schools situated in remote areas of Rajasthan for benefit of poor students was also defeated. The department should fix the responsibility of the officers concerned for not safeguarding the interest of the Government money.

State Government accepted the facts (March 2021) and stated that out of 1,333 non-functional systems, 259 systems have been rectified by the firm and 1,074 systems are still non-functional. However, the figures mentioned by the department were not supported with the documents; explanation for the same was called for (March 2021).

7.9 Unfruitful expenditure on non-functioning Solar Water Heating System

Non-adherence to procurement rules relating to execution of contract and performance security resulted in unfruitful expenditure of ₹ 2.98 crore incurred on non-functioning 256 Solar Water Heating Systems.

The Rajasthan Transparency in Public Procurement (RTPP) Rules, 2013 were promulgated by the State Government to regulate public procurement with the

65 Over-charge cut-off not working, Luminaries not working and temperature compensation not working.

66 During the period from March 2018 to November 2020.

objectives of ensuring transparency, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy and safeguarding integrity in the procurement process.

Rule 76 (2) of RTPP Rules, 2013, envisages that the successful bidder has to sign the procurement contract within fifteen days from the date of despatch of letter of acceptance or letter of intent. Further, as per Rule 75 (1) & (2), performance security is to be deposited by the successful bidder at 5 per cent of the amount of the supply order in case of procurement of goods and services and at 10 per cent of the amount of the work order in case of procurement of works. In addition, Section 26 (4) of RTPP Act, 2012 enjoins that in case the bidder fails to sign the written procurement contract or fails to provide performance security, the procuring entity may cancel the procurement process.

In December 2016, Social Justice and Empowerment Department (SJED), Jaipur, Rajasthan placed a work order for supplying, installing and commissioning of 372 Solar Water Heating Systems (SWHSs) in 17 residential schools⁶⁷ to a contractor who already had a rate contract (valid up to March 2017) with the Directorate General of Supplies and Disposals (DGS&D) for similar subject matter of procurement on the same terms and conditions. The unit cost⁶⁸ of SWHS was ₹ 77, 646 (inclusive of 5.5 per cent VAT) and total amount of the work order was ₹ 2.89 crore. As per terms and conditions of the rate contract, a prior inspection was to be undertaken by DGS&D/Ministry of New and Renewable Energy (MNRE) approved agency. Further, the SWHSs were warranted for three years from the date of installation and commissioning against any manufacturing and design defects. It was also obligatory on the part of the supplier to unconditionally rectify/repair or replace goods immediately and not later than seven days.

In March 2017, SJED placed another work order worth ₹ 1.44 crore to the same contractor for supply of all plumbing items and components, supply and fitting of cold water PVC storage tank with MS stand and related civil work required for fitting of these SWHSs. Initially, the stipulated date of completion of these works was 24th March 2017, which on the request of the Firm, was extended to 15th December 2017.

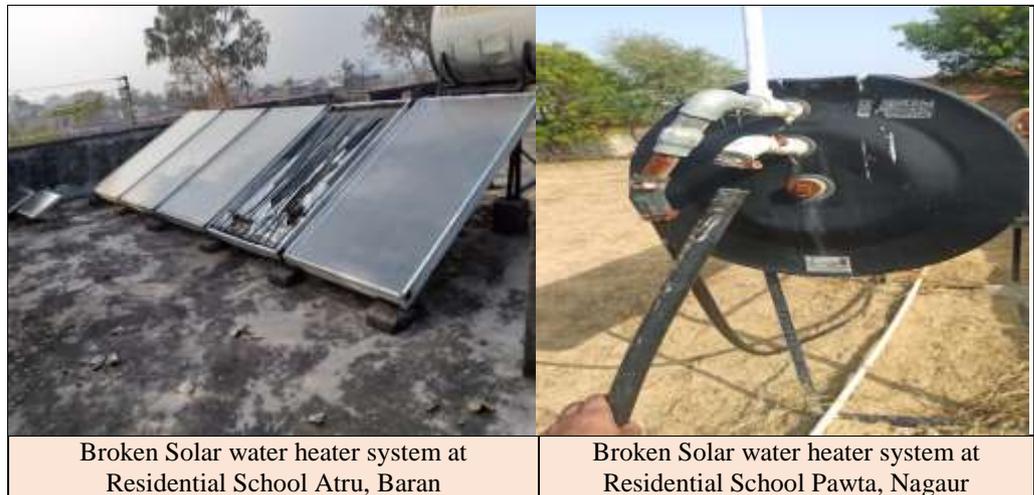
Test-check (May-June 2019 and July 2020) of records of Director, SJED, Jaipur revealed that SJED released (May 2017 and November 2017) payments of ₹ 2.75 crore and ₹ 0.70 crore against the work orders of ₹ 2.89 crore and ₹ 1.44 crore respectively without entering into a formal agreement with the contractor. Audit observed that SJED neither executed the formal contracts

67 17 Residential schools with number of SWHSs: Tonk-Wazirpura-13; Tonk-Yusufpura-14; Chan-SwaiMadhopur-28; Bagadi-Dausa-28; Kota-Hingi-28; Kota-Mandana-14; Dungarpur-Khedasapur-28; Kenpura-Pali-28; Khodan-Banswara-28; Jalore-Hariyali-22; Pawta-Nagaur-8; Mandore-Jhodhpur-28; Jalore-Bhainswara-28; Sagwara-14; Aatunu-Bhilwara-28; Atru-Baran-13;Dhanwara-Jhalawar-22

68 This included only the cost of equipment for Solar Water Heating Systems excluding the cost of site formation, cold water tank, supply line and related fittings.

nor obtained the performance securities amounting to ₹ 0.28 crore⁶⁹ for both the work orders. Even, the work orders placed by the Department did not contain the clauses of penalty for delayed completion of work, performance guarantee of the contract and termination of contract, in order to safeguard the interest of the public exchequer.

Further, based on information collected (July 2020) from the Department, out of the 370 SWHSs installed, 256 (69 per cent) SWHSs installed at a cost of ₹ 2.98 crore⁷⁰ were found non-functional for 5 to 38 months (as of July 2020). All the 78 SWHSs installed in four residential schools⁷¹ were found non-functional for 15 to 38 months. (**Appendix 7.7**). Audit also noticed that there were certain complaints of non-functional SWHSs on account of damage/leakage from pipes and tanks, sand storms, non-maintenance etc. However, the Department did not have a mechanism to monitor and ensure maintenance of the SWHSs during the warranty period. Moreover, prior inspection was not undertaken before delivery/ installation of SWHSs as prescribed in work order.



Department while admitting the facts (February 2021) stated that the prior inspection was not conducted by the officers concerned at that time. It stated that, continuous efforts were being made through frequent correspondence (August 2019 to January 2021) to get the non-functional SWHSs repaired by the contractor. However, no action was initiated by the contractor to repair the SWHSs and the Department could not initiate further action in absence of a formal contract (February 2021).

Thus, due to absence of a formal agreement and performance security and proper watch and ward of the Department, 69 per cent of SWHSs installed at a cost of ₹ 2.98 crore could not be repaired / rectified. Moreover, the warranty period of 152 SWHSs installed during April - May 2017 has already

69 Total performance guarantee was of ₹ 0.28 crore (₹ 0.14 crore, which was 5 per cent of work order value of ₹ 2.89 crore and ₹ 0.14 crore, which was 10 per cent of work order value of ₹ 1.44 crore)

70 {Total work order value of ₹ 4.33 crore (₹ 2.89 crore + ₹ 1.44 crore) / total 372 SWHSs} x 256 non-functional SWHSs

71 Residential schools: Bhainswara (28), Aatun (28), Yusufpura (14) and Pawta (08)

elapsed. The department should initiate the appropriate action against the officers responsible for not safeguarding the interest of the public money/assets.

Water Resources Department

7.10 Incorrect calculation of land acquisition cost resulted in excess payment

The Water Resources Department, while making payment of compensation for acquisition of land falling under urban area, considered the incorrect multiplying factor of rural area which resulted in an excess payment of ₹ 1.65 crore.

The process of land acquisition for developmental work and compensation to the owners of land is regulated under the provisions of “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013” (Act). Section 30 (2) stipulates that the Collector shall issue individual awards detailing the particulars of compensation payable and details of payment of compensation as specified in first schedule. The first schedule specifies that the market value of rural land will be multiplied by a factor between one to two based on distance of the project from urban area as may be notified by State Government while in case of urban land market value to be multiplied by one. In case of rural land, the State Government notified (June 2016) the multiplying factor as 1.25 for the distance of 0 to 10 kms from the nearest urban areas and clarified that the area of all electoral wards of a municipal corporation will be treated as urban area of that municipal corporation.

Section 33 of the Act stipulates that the Collector may at any time, but not later than six months from the date of award, by order correct any clerical or arithmetical mistakes in either of the awards or errors arising therein either on his own motion or on the application of any person interest or local authority.

Water Resources Department (WRD), Rajasthan, Jaipur issued (May 2016) an Administrative and Financial (A&F) sanction of ₹ 150.72 crore for the work of Diversion Channel of Forest Nallah (RD 0 to 2.65 Km) under “Baran Flood Mitigation Scheme”. For construction of this nallah total, 6.92 hectare land (5.79 hectare private land and 1.13 hectare land of various departments⁷²) falling under revenue village Baran (0.23 hectare) and village Nalka (6.69 hectare) was to be acquired. Gazette notification under section 11 and 12 to initiate the process of acquisition of 6.92 hectare land was published in September 2016 and final award for the compensation of land was issued by the Land Acquisition Officer (LAO) in October 2017.

Test Check (March 2018) of records of the office of the Executive Engineer,

72 Nagarpalika Baran, PWD Baran and Krishi Upaj Mandi Baran

Water Resource Division-I Baran revealed that the acquired land of both the villages (Baran and Nalka) was situated in the limits of Municipal Corporation Baran and thus, market value of the land was to be multiplied by factor one (for urban land). LAO, however, awarded the compensation of ₹ 8.26 crore to the land owners of the village Baran and Nalka applying the multiplying factor of 1.25, which was not correct. The Division failed to identify the error in the award and deposited (March 2017-March 2018) the amount of award with the LAO for disbursement to the land owners, which resulted in excess payment of ₹ 1.65 crore (*Appendix 7.8*).

GoR stated (January 2020) that the payment for land acquisition was done as per the land acquisition award passed by the revenue authority (District Collector Baran) considering the land of Village Nalka as rural area and there exists a provision for appeal under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013. However, no appeal was preferred by the department till January 2020, despite being pointed out by audit in March 2018 and further referred to the Government in August 2019.

Had the Department checked the correctness of multiplying factor prescribed for rural land applied by LAO for the land situated in urban area, an appeal for correction in award could have been preferred before LAO and excess payment to land owners of ₹ 1.65 crore for land acquisition could have been avoided. The department should fix the responsibility of concerned officers for not checking the correctness of multiplication factor and not preferring appeal in this regard.

7.11 Unauthorised execution of additional work

Unauthorised execution of additional works worth ₹ 1.55 crore in gross violation of Public Works Financial & Accounts Rule.

A works consists of four stages, namely, Administrative Approval, Financial Sanction, Technical sanction and Appropriation or Re-appropriation of Funds. Rule 286 of Public Works Financial & Accounts Rules (PWF&ARs) stipulates that when expenditure on a work exceeds, or is likely to exceed the amount administratively approved for it by more than 10 *per cent*, or where there are material deviation from the original proposals, even though the cost of the same may possibly be covered by savings on other works, revised A&F sanction must be obtained from the competent authority.

Further, Rule 289 of PWF&ARs categorically states that tenders for the work shall be invited only after issue of technical sanction of a detailed estimate duly prepared on the basis of reference benchmarks, detailed survey, investigations, working designs and drawings and a reference of this should be made in Notice Inviting Tenders (NIT) also. Rule 352 of PWF&ARs specifies

that the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution.

Considering the dilapidated condition and uneven bed level of the North Ghaggar Canal (NGC) which mainly helps in cultivation of the rice during crop season (commences from July every year), Water Resources Department (WRD) decided (January 2015) to undertake reconstruction/relining work of the NGC with cement concrete. As the work was to be executed during January to June when demand of water remains low, the Superintending Engineer (SE), Suratgarh in anticipation of approval, issued (December 2014) NITs for four works⁷³ of reconstruction/re-lining of NGC. The detailed estimates for all the works were prepared by Division, Rawatsar and submitted (January 2015) for Technical Sanctions (TS) as well as Administrative & Financial (A&F) sanctions. The Chief Engineer, WRD (North), Hanumangarh issued (March 2015) TS of ₹ 8.53 crore and Government of Rajasthan issued (April 2015) Administrative and Financial (A&F) sanction of ₹ 10.59 crore for above four works. The work orders for above works were issued (May 2015) for ₹ 7.97 crore⁷⁴ to a contractor. These works were completed (August 2016) at a cost of ₹ 7.57 crore.

Test check (July 2018) of the records of WRD Division-I, Hanumangarh revealed that WRD invited tenders of above four works without obtaining TS and Administrative and Financial sanction which was in contravention to the provisions of PWF&ARs. Further, WRD irregularly executed certain additional works (not included in original estimates) like outlets, cattle ghats, reconstruction of bridges and cement concrete dowel valuing ₹ 1.55 crore from the savings under the A&F of the works.

Since, the additionally executed works valuing ₹ 1.55 crore were not included in original estimates submitted by the Division Rawatsar therefore, revised A&F sanction should have been obtained by the WRD as savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work, but the WRD did not do so. Thus, WRD executed the additional works unauthorisedly.

The State Government stated (July 2019) that the concerned SE invited (December 2014) tenders for the four works of reconstruction/relining of NGC in anticipation of A&F and the works left out in original tender being necessary for the security of the canal, were executed against sufficient

73 From RD 0 to 10, RD 10 to 20, RD 20 to 30 and RD 30 to 40.

74 RD 0 to 10: ₹ 2.31 crore; RD 10 to 20: ₹ 2.02 crore; RD 20 to 30: ₹ 1.89 crore and RD 30 to 40: ₹ 1.75 crore.

savings in original A&F sanction. The revised A&F sanction was not felt necessary as these works were integral part of the project.

The reply is not acceptable as the items of work left out in original tender, which were considered necessary by WRD for the security of the canal, should have been included in the original estimates. The execution of these items during the progress of the work shows that the estimates were not properly prepared. Further, execution of such works without obtaining revised A&F sanction was a serious violation of the rule as mentioned above.

JAIPUR,
The 7 JUN 2021

Anadi Misra
(ANADI MISRA)
Accountant General
(Audit-I), Rajasthan

Countersigned

NEW DELHI,
The - 9 JUN 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix 6.1

(Refer paragraph 6.1)

List of Departments

S.No.	Name of Department	S.No.	Name of Department	S.No.	Name of Department
1	Agriculture	23	Higher Education	45	Revenue Intelligence
2	Agriculture Marketing	24	Home including Home Guard	46	Rural Development
3	Animal Husbandry	25	Horticulture	47	Sainik kalyan
4	Archaeology & Museum	26	Information & PR including Information Commission	48	Sanskrit Education
5	Art & Culture	27	Inspection	49	Secondary Education
6	Ayurveda	28	Irrigation (Indira Gandhi Nahar Pariyojana - IGNP)	50	Settlement
7	Bhasha & Pustakalya	29	Jail	51	SIPF
8	Collector (Misc.)	30	Labour	52	Skill Employment & Entrepreneurships
9	Command Area Development	31	Land Revenue	53	Social Justice & Empowerment
10	Cooperative	32	Law & Legal	54	Soil and Water conservation
11	Devasthan	33	LFAD	55	Stamps Duty & Registration Fee
12	Disaster Management Relief & Civil Defence	34	Medical & Health	56	State Excise
13	Election	35	Medical Education	57	Statistics & Economics
14	Elementary Education	36	Minority Affairs	58	Technical Education
15	Employees State Insurance	37	Panchayati Raj Institution	59	Tourism
16	Evaluation	38	Patwar Training Centres	60	Treasuries & Accounts
17	Finance	39	Pension (Banks)	61	Tribal Area Development
18	Fisheries	40	Personnel	62	VAT/GST
19	Food, Civil Supplies and Consumer Affairs	41	Printing & Stationery	63	Water Resources Department
20	GAD including Governor, Vidhan Sabha Sectt.	42	Rajasthan Institute of Public Administration	64	Ways & Means
21	Gopalan	43	Rajasthan Public Service Commission (RPSC)	65	Women & Child Development
22	Ground Water Department	44	Rajasthan Staff Selection Board (RSSB)	66	Youth & Sports Affairs

Appendix 6.2

(Refer paragraph 6.4)

Statement showing response of the Government/ Departments

S. No	Nature of Irregularity	Medical and Health Department		Secondary Education Department		Water Resources Department	
		No. of Paragraphs	Amount (₹ in lakh)	No. of Paragraphs	Amount (₹ in lakh)	No. of Paragraphs	Amount (₹ in lakh)
1.	Fraud/Misappropriation/ embezzlement/losses/ theft of stores and cash	186	20,849.67	58	164.08	34	2,124
2.	Recoveries pointed out by audit	524	88,167.65	0	0	458	22,283
3.	Violation of contractual obligation, undue favour to contractor	20	372.93	155	4,352.15	871	37,243
4.	Avoidable/Excess Expenditure	304	78,815.42	101	29,083.82	240	32,596
5.	Wasteful/infructuous expenditure	245	15,761.89	152	10,084.96	228	14,474
6.	Regulatory issues	3,168	7,49,937.3	1,395	21,85,753.85	1,432	1,49,691
7.	Idle investments/idle establishment/blockade of funds/diversion of funds	814	6,32,902.19	703	2,44,486.82	124	12,861
8.	Idle/delay in commissioning of equipment.	19	145.71	0	0	59	3,052
9.	Non-achievement of objectives	222	24,431.62	92	2,64,499.65	252	26,901
10.	Miscellaneous	1,805	77,510.17	153	7,552.27	1,064	2,16,759
	Total	7,307*	16,88,894.55	2,809	27,45,977.60	4,762*	5,17,957

* Including sub Para

Appendix 7.2

(Refer paragraph 7.4)

Statement showing short deposit of concession fee ₹ 2.34 crore from M/s Metro Mas Hospital Private Limited (MMHPL), Jaipur

S. No.	Period of Annual Accounts	Gross Income of M/s MMHPL as per Annual Accounts	State share (@7.2%) calculated on the Gross Income of MMHPL	Amount deposited by MMHPL in the account of SMS Medical College	Short deposition of concession fee by MMHPL
1.	2014-15	17,82,52,636.00	1,28,34,190.00	1,24,95,331.00	3,38,859.00
2.	2015-16	27,24,72,400.00	1,96,18,013.00	1,73,81,770.00	22,36,243.00
3.	2016-17	42,43,78,200.00	3,05,55,230.00	2,58,36,913.00	47,18,317.00
4.	2017-18	57,76,42,500.00	4,15,90,260.00	2,54,97,573.00	1,60,92,687.00
Total		145,27,45,736.00	10,45,97,693.00	8,12,11,587.00	2,33,86,106.00

Appendix 7.3

(Refer paragraph 7.4)

Statement showing interest amounting to ₹ 48.83 lakh recoverable from M/s Metro Manas Arogya Sadan Hospital & Heart Institute, Jaipur on delayed and short deposition of concession fee

Quarter	Due date of Deposition of State share	Actual date of Amount deposited by Hospital	Concession fee deposited delayed by MMASH & HI	Delay (Days)	Calculated amount of interest
April-June 2014	07.07.14	01.08.14	26,27,150.00	25	32,390.00
July-September 2014	07.10.14	17.10.14	30,70,604.00	10	15,142.00
October-December 2014	07.01.15	19.01.15	33,46,311.00	12	19,803.00
January- March 2015	07.04.15	12.06.15	34,51,266.00	66	1,12,332.00
April- June 2015	07.07.15	07.09.15	41,35,694.00	62	1,26,450.00
July-September. 2015	07.10.15	05.10.16	43,52,108.00	363	7,79,087.00
October-December 2015	07.01.16	05.10.16	38,44,774.00	271	5,13,830.00
January -March 16	07.04.16	05.10.16	50,49,195.00	181	4,50,693.00
April -June 2016	07.07.16	05.10.16	49,64,263.00	90	2,20,332.00
July-September 2016	07.10.16	20.12.16	67,08,335.00	74	2,44,808.00
October- December 2016	07.01.17	19.05.17	68,27,788.00	132	4,44,461.00
January-March 2017	07.04.17	14.06.17	73,36,527.00	68	2,46,025.00
April-June 2017	07.07.17	10.08.18	35,83,260.00	399	7,05,068.00
1-07-17 to 23-07-17 (Quarter July-September. 2017)	07.10.17	10.04.19	35,85,868.00	550	9,72,605.00
		Total	6,28,83,143.00		48,83,026.00

Appendix 7.4

(Refer paragraph 7.4)

Statement showing due amount for treatment of BPL patients of OPD & IPD

A- OPD Patients

S. No.	Financial Year	Total OPD Patients	20 per cent BPL patients of total OPD patients	BPL patients treated	Differential number of BPL patients (Col.4- Col.5)	Expenditure incurred on treatment of BPL Patients (In ₹)	Expenditure incurred on treatment of every BPL Patient (Col. 7/Col. 5) (In ₹)	Due amount (Col. 6*Col.8) (In ₹)
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	2012-13	5,878	1,176	85	1,091	20,445.00	240.5294	2,62,418.00
2.	2013-14	18,570	3,714	139	3,575	48,182.00	346.6330	12,39,213.00
3.	2014-15	14,601	29,20.2	142	2,778.20	70,130.00	493.8732	13,72,079.00
4.	2015-16	19,165	3,833	166	3,667	94,145.00	567.1385	20,79,697.00
5.	2016-17	20,643	4,128.6	688	3,440.60	3,39,763.00	493.8415	16,99,111.00
6.	2017-18	23,209	4,641.80	1,530	3,111.80	3,23,598.00	211.5019	6,58,152.00
TOTAL								73,10,670.00
Amount deposited by MMHPL (-)								15,01,631.00
Amount due (A)								58,09,039.00

B- IPD Patients

S.No.	Financial Year	Total IPD Patients	20 per cent BPL patients of total IPD patients	BPL patients treated	Differential number of BPL patients (Col.4- Col.5)	Expenditure incurred on treatment of BPL Patients (In ₹)	Expenditure incurred on treatment of every BPL Patient (Col. 7/Col. 5) (In ₹)	Due amount (Col. 6*Col.8) (In ₹)
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	2012-13	737	147.4	21	126.4	1,63,439.00	7,782.809	9,83,747.00
2.	2013-14	3,164	632.80	57	575.8	30,754.00	539.5438	3,10,669.00
3.	2014-15	5,427	1,085.40	59	1,026.40	1,27,160.00	2,155.2542	22,12,153.00
4.	2015-16	7,850	1570	80	1,490	3,18,111.00	3,976.3875	59,24,817.00
5.	2016-17	10,709	2,141.80	58	2,083.80	1,38,385.00	2,385.9482	49,71,839.00
6.	2017-18	13,986	2,797.20	99	2,698.20	2,64,392.00	2,670.6262	72,05,884.00
TOTAL								2,16,09,109.00
Amount deposited by MMHPL (-)								47,59,836.00
Amount due (B)								1,68,49,273.00
Total Amount due (A+B)								2,26,58,312.00

Appendix 7.5

(Refer paragraph 7.6)

Statement Showing Details of interest on unutilized loan amount

Demand Notice Due Date	Loan Code	Disbursement Date	Unutilised Amount (₹)	Unutilised period till Demand Notice	Days adjusted in Current Quarter	Interest of current quarter (₹)	Total quarterly Interest (₹)
30-09-2015	2014090803	08-09-2014	25,00,000	388	92	53,561	9,37,869
	2015013002	30-01-2015	3,15,75,972	92	27	1,51,824	
					65	4,77,965	
	2015061001	10-06-2015	2,00,00,000	113	21	40,274	
					69	1,32,328	
31-12-2015					23	81,917	
	2014090803	08-09-2014	25,00,000	480	92	53,561	35,48,749
	2015013002	30-01-2015	2,25,12,089	31	31	1,62,518	
	2015013002	30-01-2015	2,12,78,089	61	61	3,02,265	
	2015061001	10-06-2015	2,00,00,000	205	67	2,38,629	
					25	1,16,438	
	2015072001	20-07-2015	6,00,00,000	165	73	4,19,999	
					17	97,808	
					75	8,01,369	
	2015072002	20-07-2015	2,00,00,000	165	73	1,40,000	
					17	32,602	
					75	2,67,123	
31-03-2016	2015093001	30-09-2015	10,00,00,000	93	1	9,589	
					89	8,53,424	
					3	53,424	
	2014090803	08-09-2014	25,00,000	571	91	52,979	37,29,111
	2015061001	10-06-2015	2,00,00,000	206	1	4,657	
			1,88,48,079	91	91	3,99,424	
	2015072001	20-07-2015	6,00,00,000	256	15	1,60,273	
					76	10,61,917	
2015072002	20-07-2015	2,00,00,000	256	15	53,424		
				76	3,53,972		
2015093001	30-09-2015	10,00,00,000	184	87	15,49,315		
30-06-2016	2015100104	01-10-2015	7,30,34,994	273	91	15,43,513	15,43,513
31-12-2016	2016050501	05-05-2016	3,15,900	241	92	6,768	4,46,559
	2016062803	28-06-2016	9,13,500	187	92	19,571	
	2016092804	28-09-2016	4,41,38,285	95	90	3,80,919	
					5	39,301	
31-03-2017	2016092804	28-09-2016	1,99,68,245	95	85	3,02,259	4,27,740
					5	23,251	
			1,85,18,040	126	31	1,02,230	

Demand Notice Due Date	Loan Code	Disbursement Date	Unutilised Amount	Unutilised period till Demand Notice	Days adjusted in Current Quarter	Interest of current quarter	Total quarterly Interest
30-06-2017	201703905	09-03-2017	6,78,01,600	114	90	5,85,137	8,74,919
					24	2,89,782	
31-03-2018	201703905	09-03-2017	52,97,000	388	90	1,11,019	1,11,019
30-06-2018	2017120401	04-12-2017	3,20,88,560	209	90	2,76,172	3,780,453
					90	5,12,891	
					29	2,16,116	
	2017120502	05-12-2017	5,00,00,000	208	90	4,30,328	
					90	7,99,180	
					28	3,25,137	
	2018010303	03-01-2018	5,00,00,000	179	90	4,30,328	
					89	7,90,301	
30-09-2018	2017120502	05-12-2017	2,57,40,490	300	92	5,49,974	16,12,816
	2018010303	03-01-2018	5,00,00,000	179	2	17,760	
					90	10,45,082	
31-12-2018	2017120502	05-12-2017	2,57,40,490	392	92	5,49,974	16,18,280
	2018010303	03-01-2018	5,00,00,000	363	92	10,68,306	
31-03-2019	2017120502	05-12-2017	92,41,578	482	90	1,93,164	13,25,808
	2017120502	05-12-2017	58,00,500	482	65	87,562	
	2018010303	03-01-2018	5,00,00,000	453	90	10,45,082	
30-06-2019	2017120502	05-12-2017	92,41,578	573	91	1,95,310	12,52,004
	2018010303	03-01-2018	5,00,00,000	544	91	10,56,694	
30-09-2019	2017120502	05-12-2017	28,54,580	590	17	11,271	7,89,348
	2017120502	05-12-2017	1,75,500	644	71	2,894	
	2017120502	05-12-2017	38,78,278	644	71	63,949	
	2017120502	05-12-2017	33,19,472	644	71	54,735	
	2017120502	05-12-2017	62,04,595	644	71	1,02,308	
	2017120502	05-12-2017	44,19,540	644	71	72,874	
	2018010303	03-01-2018	2,27,74,681	544	91	4,81,317	
Total Interest Paid							2,19,98,188

Appendix 7.6

(Refer paragraph 7.8)

Statement Showing Position of Solar Home Lighting Systems as of November 2020

S. No.	Name of Residential school	No. of systems installed	No. of functional system	No. of non-functional systems	Date of installation	Date from which SHLSs became non-functional	Period for which SHLSs remained non-functional (In months)
1.	Bagdi (Dausa)	65	62	3	August 2018	January 2020	10
2.	Madana (Kota)	174	25	149	April 2017	October 2019	13
3.	KhedaAspur (Dungarpur)	66	21	45	August 2018	December 2019	11
4.	Hingi (Kota)	492	180	312	April 2017	December 2019	11
5.	Mandor (Jodhpur)	65	10	55	July 2018	January 2020	10
6.	Atru (Baran)	178	0	178	April 2017	March 2018	32
7.	Dhanwara (Jhalawar)	147	123	24	July 2018	August 2019	15
8.	Kenpura (Pali)	65	53	12	July 2018	January 2020	10
9.	Hariyali (Jalore)	65	43	22	July 2018	February 2020	09
10.	Khodan (Bansawara)	65	51	14	August 2018	December 2019	11
11.	Aatun (Bhilwara)	176	160	16	August 2018	August 2018	27
12.	Chhan (Sawai Madhopur)	263	216	47	June 2017	July 2019	16
13.	Saagwada (Dungarpur)	154	24	130	August 2017	November 2019	12
14.	Telikhera Suwana (Bhilwara)	67	67	0	July 2018	Presently lights are functional	-
15.	Pawta (Nagaur)	65	60	5	March 2018	November 2019	12
16.	Bhainswada (Jalore)	231	0	231	March 2017	November 2019	12
17.	Vazirpura (Tonk)	159	69	90	December 2017	January 2020	10
	Total	2,497	1,164	1,333			

Appendix 7.7

(Refer paragraph 7.9)

Position of Solar Water Heater Systems as of July 2020

S. No.	Name of Residential school	No. of SWHSs installed	No. of functional SWHSs	No. of non-functional SWHSs	Date of installation	Date from which SWHSs became non-functional	Period for which non-functional
1.	Kenpura (Pali)	28	03	25	May 2017	July 2018	24 months
2.	Atru (Baran)	13	05	08	April 2017	March 2019	16 months
3.	Pawta (Nagaur)	08	00	08	March 2018	February 2019	15 months
4.	Vazirpua (Tonk)	13	06	07	December 2017	October 2019	9 months
5.	Dhanwara (Jhalawar)	22	17	05	December 2017	December 2019	7 months
6.	Chhan (Sawai Madhopur)	28	22	06	April 2017	June 2019	12 months
7.	Bagdi (Dausa)	28	01	27	August 2018	September 2019	10 months
8.	Khodan (Bansawara)	28	01	27	April 2017	September 2018	22 months
9.	Hariyali (Jalore)	20/22	06	14	March 2018	December 2019	7 months
10.	Kheda Aspur (Dungarpur)	28	02	26	September 2018	March 2019	16 months
11.	Aatun (Bhilwara)	28	00	28	April 2017	April 2018	27 months
12.	Saagwada (Dungarpur)	14	11	03	April 2018	January 2019	18 months
13.	Yusufpura (Tonk)	14	00	14	December 2017	January 2019	18 months
14.	Bhainswara (Jalore)	28	00	28	May 2017	May 2017	38 months
15.	Mandana (Kota)	14	10	04	April 2017	February 2020	5 months
16.	Hingi (Kota)	28	26	02	April 2017	February 2020	5 months
17.	Mandore (Jodhpur)	28	04	24	May 2017	February 2020	5 months
	Total	370/372	114	256			

Appendix 7.8

(Refer paragraph 7.10)

Statement showing the details of calculation of Land acquisition cost as per urban rates

Sl No. of Award List	Hectare	Bigha	Rate	Amount	Solatium	Total	Interest @ 12 per cent for 15.5 months	Total
Village Baran								
1	0.0800	0.4936	44,52,820	21,97,912	21,97,912	43,95,824	3,40,676	47,36,500
Village Nalka								
6	0.0300	0.1851	14,61,140	2,70,457	2,70,457	5,40,914	41,921	5,82,835
7	0.0500	0.3085	14,61,140	4,50,762	4,50,762	9,01,523	69,868	9,71,391
8	0.0900	0.5553	14,61,140	8,11,371	8,11,371	16,22,742	1,25,763	17,48,505
9	0.11245	0.6938	14,61,140	10,13,739	10,13,739	20,27,478	1,57,130	21,84,607
	0.02322	0.1433	14,61,140	2,09,381	2,09,381	4,18,763	32,454	4,51,217
	0.01885	0.1163	14,61,140	1,69,931	1,69,931	3,39,861	26,339	3,66,200
	0.03548	0.2189	14,61,140	3,19,844	3,19,844	6,39,687	49,576	6,89,263
10	0.13000	0.8021	14,61,140	11,71,980	11,71,980	23,43,961	1,81,657	25,25,618
12	0.63000	3.8871	6,40,100	24,88,133	24,88,133	49,76,265	3,85,661	53,61,926
13	0.11000	0.6787	6,40,100	4,34,436	4,34,436	8,68,872	67,338	9,36,209
14	0.04000	0.2468	6,40,100	1,57,977	1,57,977	3,15,953	24,486	3,40,440
15	0.03000	0.1851	6,40,100	1,18,483	1,18,483	2,36,965	18,365	2,55,330
16	0.34000	2.0978	6,74,970	14,15,952	14,15,952	28,31,904	2,19,473	30,51,377
17	0.45000	2.7765	6,74,970	18,74,054	18,74,054	37,48,108	2,90,478	40,38,587
18	0.17000	1.0489	6,40,100	6,71,401	6,71,401	13,42,802	1,04,067	14,46,869
19	0.07000	0.4319	9,74,060	4,20,697	4,20,697	8,41,393	65,208	9,06,601
20	0.33000	2.0361	9,74,060	19,83,284	19,83,284	39,66,567	3,07,409	42,73,976
23	0.04000	0.2468	9,74,060	2,40,398	2,40,398	4,80,796	37,262	5,18,058
24	0.25000	1.5425	9,74,060	15,02,488	15,02,488	30,04,975	2,32,886	32,37,861
25	0.92000	5.6764	6,74,970	38,31,400	38,31,400	76,62,799	5,93,867	82,56,666
26	0.70000	4.319	9,74,060	42,06,965	42,06,965	84,13,930	6,52,080	90,66,010
27	0.21000	1.2957	6,74,970	8,74,559	8,74,559	17,49,117	1,35,557	18,84,674
28	0.65000	4.0105	6,74,970	27,06,967	27,06,967	54,13,934	4,19,580	58,33,514
30	0.28000	1.7276	6,40,100	11,05,837	11,05,837	22,11,674	1,71,405	23,83,078
Total	5.79						Payable	6,60,47,312
							Paid	8,25,59,140
							Excess Payment	1,65,11,828

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