

CHAPTER-VII: NON-TAX RECEIPTS

7.1 Introduction

Non-tax revenue of the State Government mainly comprises receipts from interest, mines and minerals, miscellaneous general services, water resources, public works, police, medical and health, forestry and wild life *etc.* The total revenue and non-tax revenue raised by the Government of Rajasthan during the years 2005-06 to 2009-10 was as under:

(₹ in crore)

Year	Total revenue raised by the State	Total non-tax revenue of the State	Percentage of non-tax revenue to total revenue
2005-06	12,617.90	2,737.67	21.7
2006-07	15,038.85	3,430.61	22.8
2007-08	17,328.66	4,053.93	23.4
2008-09	18,832.21	3,888.46	20.6
2009-10	20,972.49	4,558.22	21.7

The contribution of non-tax revenue to total revenue of the State ranged between 20.6 *per cent* (2008-09) to 23.4 *per cent* (2007-08).

7.2 Impact of audit reports

We, through our audit reports had pointed out cases of non/short levy, non/short realisation, underassessment/loss of revenue, application of incorrect rate of tax, incorrect computation of tax *etc.* with revenue implication of ₹ 885.96 crore in 70 paragraphs. Of these, the Department/Government had accepted audit observations in 37 paragraphs involving ₹ 86.39 crore and had

since recovered ₹ 18.07 crore in 20 paragraphs (September 2010) as shown in the following table:

(₹ in crore)

Year of Audit	Paragraphs included		Paragraphs accepted		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2004-05	2	160.85	5	3.92	5	2.38
2005-06	13	155.77	6	40.51	2	1.32
2006-07	16	34.37	8	3.24	6	0.32
2007-08	12	275.30	8	21.67	3	0.89
2008-09	27	259.67	10	17.05	4	13.16
Total	70	885.96	37	86.39	20	18.07

Amount of recovery is less than the accepted amount because in some cases recovery has been stayed by the judicial authorities while in other cases demands were pending at various stages of recovery.

7.3 Results of audit

Test-check of the records of the Mines, Geology and Petroleum Department and Water Resources Department, conducted during the year 2009-10 revealed non/short recovery of revenue amounting to ₹ 906.76 crore in 19,556 cases, which broadly fall under the following categories:

Sl. no.	Category	Number of cases	Amount (₹ in crore)
A. Mines, Geology and Petroleum Department			
1.	Unauthorised excavation	4,350	469.57
2.	Non/short recovery of dead rent and royalty	794	223.09
3.	Non-levy of penalty/interest	1,029	4.40
4.	Non-forfeiture of security	522	0.73
5.	Other irregularities	12,855	201.66
B. Water Resources Department			
6.	Non/short realisation of dues	6	7.31
Total		19,556	906.76

During the year 2009-10, the Mines, Geology and Petroleum Department accepted short realisation and other deficiencies of ₹ 89.16 crore in 2,960 cases, of which 2,599 cases involving ₹ 75.08 crore were pointed out in audit during the year 2009-10 and rest in earlier years. The Department recovered ₹ 1.87 crore in 322 cases, of which 5 cases involving ₹ 0.68 crore related to the year 2009-10 and rest to the earlier years.

A few illustrative audit observations involving ₹ 7.31 crore are mentioned in the succeeding paragraphs.

A review on receipts of mines and minerals also been attempted. The irregularities noticed during the review have been shown in a separate report.

Water Resources Department

Receipts of Water Resources Department (WRD) mainly comprise receipts from water for irrigation and other than irrigation purposes viz. for industrial, drinking purposes etc. The administrative control of the WRD is vested in the Principal Secretary, WRD. At the Department level, the Chief Engineer cum Additional Secretary, WRD exercises the power of head of the Department through seven Chief Engineers working for its various projects.

7.4 Trend of revenue

The position of budget estimates, actual revenue realised, and percentage variation during the five years ending on 2009-10 was as follows:

(₹ in crore)

Year	Budget Estimates	Actual Revenue realised	Shortfall(-)/excess (+)
2005-06	96.48	65.81	(-) 30.67
2006-07	97.20	75.94	(-) 21.26
2007-08	86.59	72.52	(-) 14.07
2008-09	85.80	71.52	(-) 14.28
2009-10	79.52	71.45	(-) 8.07

The actual revenue was less than the budget estimates during the last five years ending on 2009-10. The shortfall was mainly due to lack of interest of Water Users Associations in collecting revenue.

On test-check of records of Water Resources Department, we observed non-recovery of dues, water charges *etc.* amounting to ₹ 7.31 crore as mentioned in succeeding paragraphs 7.5 to 7.9.

7.5 Undue benefit to companies

As per clause 6 of the agreement executed between Government companies for supply of water for industrial purposes, interest at the rate of 18 *per cent* per annum was leviable on the unpaid amount of water charges. Rule 297 of part I of General Financial and Accounts Rules provides that amount paid before the due date will be taken to principal amount unless any interest amount for preceding period is over due.

On scrutiny of records of Right Main Canal Division-I, Kota, we observed that water charges and interest amount were outstanding against the two companies. These companies deposited amount against their dues. The division adjusted these amounts irregularly against principal instead

of adjusting first against interest due. Due to this irregular adjustment, interest on balance amount of principal could not be levied. This resulted in undue

benefit to companies amounting to ₹ 3.66 crore as detailed in the following table:

(₹ in crore)

Name of company	Amount outstanding as calculated by audit up to March 2009	Amount outstanding as per division's records	Undue benefit to the company
Shriram Fertilizer and Chemicals Ltd., Kota	2.01	0.60	1.41
Shriram Vinayal and Chemicals Ltd., Kota	3.28	1.03	2.25
Total	5.29	1.63	3.66

We pointed out the matter (November 2009) to the Department and the Government (July 2010); their replies are awaited (October 2010).

7.6 Non-recovery/raising of demand of water charges and interest thereon

As per item 5 (aa) of Schedule I of Rajasthan Irrigation and Drainage Rules, 1955, if water is used by an industry directly from river/nallah without incurring any Government expenditure, the rates for such water use shall be levied at 10 per cent of the rate for water supplied for industrial purpose.

7.6.1 During-test check of records, we observed that the Executive Engineer, Water Resources Division-II, Bhilwara raised bills during March 2000 to May 2002 to various industrial units for use of water from Banas river by digging well in the river. Meanwhile, Special Officer, Irrigation issued (November 2002) a letter to Chief Engineer,

Irrigation, Rajasthan, Jaipur that water charges were not recoverable from industries who were using water by digging well/tube well in the river/nahlla. The Superintending Engineer, Irrigation Circle, Bhilwara stated (May 2003) to Additional Chief Engineer, Irrigation Division, Udaipur that above instructions were issued without making any amendment in the Rajasthan Irrigation and Drainage Rules and requested for cancellation of above orders of Special Officer.

As the industries had taken river water hence instructions issued by Special Officer were in contravention to rules which resulted in non-recovery of outstanding demand of water charges and interest thereon amounting to ₹ 0.83 crore. Further, water charges demands amounting to ₹ 0.43 crore had also not been raised.

We pointed out (December 2009) the matter to the Executive Engineer, Water Resources Division-II, Bhilwara; their reply has not been received (October 2010).

Irrigation Department (now Water Resources Department) vide order dated 26 September 2001, transferred the work of recovery of irrigation charges to the Revenue Department. As per section 20 of the Rajasthan Farmers' Participation in Management of Irrigation Systems Act, 2000, WUAs have been authorised for levy and collection of irrigation charges under control of EE of WRD. Further, rule 31(4) of Rajasthan Irrigation and Drainage Rules, 1955 provides that penal interest at the rate of 12 per cent per annum is leviable in case of late deposit of demand.

7.6.2 We observed that the Chambal Project division, Kota transferred the water charges demands of ₹ 20.31 lakh (as on 31 March 2002) to Tehsildars Ladpura and Sangod. Meanwhile, due to formation of 11 WUAs, for which EE, Chambal Project division, Kota was the controlling authority, records of levy and collection of water charges were transferred (October 2002) to WUAs. Due to non-providing of powers to WUAs for levy and collection of water charges, demand of

₹ 46.67 lakh¹ for the period from 2002-03 to 2008-09 was not raised. Non-levying and raising of the demand also resulted in loss of interest of ₹ 19.20 lakh. In addition, ₹ 1.66 lakh were taken short out of transferred demand in the demand, collection and balance registers of the tehsils.

Non-raising of demand of water charges resulted in non-realisation of revenue of ₹ 48.33 lakh and interest due.

When we pointed out (October 2009), the EE Chambal Project Division, Kota intimated that demand was to be raised by Revenue Department. Further progress on raising of demand is awaited.

We reported the matter to the Department and the Government (July 2010); their replies are awaited (October 2010).

7.7 Non-disposal of unserviceable stores

Rule 19 and 21 of part II of General Financial and Accounts Rules provide that surplus and obsolete store items shall be disposed of at the earliest to fetch its maximum value.

We observed that store items valuing ₹ 1.04 crore in various divisions of Indira Gandhi Nahar Project (IGNP) were found (April 2008 to September 2008) unserviceable as under:

(₹ in lakh)

Sl. no.	Name of division	Amount of unserviceable stores
1	2	3
1.	16 th division, Bikaner	0.61
2.	Bisalpur branch division-II, Bajju	0.41
3.	Pugal branch division-II, Phalodi	1.69
4.	24 th division, Phalodi	43.33

¹ Calculated at the average rate of irrigation charges for various crops for the year 2001-02 (total demand raised ₹ 8,55,952.59 for irrigated area 7,049 hectare).

1	2	3
5.	28 th division, Phalodi	0.19
6.	10 th division, Tara Nagar	50.46
7.	Survey and Investigation Lift division, Rawatsar	1.10
8.	Kanwarsar Lift division, Loonkansar	0.11
9.	15 th division, Jaisalmer	0.72
10.	19 th division, Jaisalmer	1.33
11.	TMC division, Mohangarh	0.52
12.	Water Courses division-II, Jaisalmer	2.65
13.	Sagarmal Gopa branch division, Ramgarh	0.33
14.	Phalodi division, Jaisalmer	0.60
Total		104.05

Delay in disposal of unserviceable stores may cause deterioration in their value.

We pointed out the matter (January 2010) to Chief Engineer, IGNP, Bikaner; their reply is awaited (October 2010).

7.8 Non-recovery of rent from defaulting occupants of Government quarters

Government order dated 30 September 2002 issued under fixation and recovery of rent of residential buildings rules, 1958 provides that if the government accommodation is not vacated by the occupant on transfer/ retirement, the rent of Government quarter may be recovered in case of transfer at double of ordinary rate after one month, thrice of ordinary rate after three months and at the market rate after six months, and in case of retirement at the market rate after two months of retirement.

We observed from the information supplied by Chambal Project, Sub-Division, Kota that 23 transferred/ retired officials were residing in the Government quarters at Rana Pratap Sagar colony, Gumanpura colony, Mala Road colony and Chambal Colony Sakatpura. In these cases neither effective action was taken for recovery of rent nor accommodation were got evacuated from defaulters.

This resulted in non-recovery of rent of ₹ 0.51 crore.

We pointed out the matter (October 2009) to the Executive Engineer, Chambal Project Division, Kota; their reply is awaited (October 2010).

7.9 Non-recovery of cost in respect of store items found short/ stolen

As per rule 12 of part II of General Financial and Accounts Rules, physical verification of all stores shall be made at least once in a year. Further, a note shall be recorded in stock verification that regarding shortage so that action may be taken by head of office.

During audit of records of CE, Indira Gandhi Nahar Pariyojna (IGNP), Bikaner, we noticed (January 2010) that stores items amounting to

₹ 36.03 lakh were found short during 1994-95 to 2008-09 in physical verification of divisions falling under jurisdiction of CE, IGNP, Bikaner and CE, IGNP, Jaisalmer. The Chief Accounts Officer, IGNP, Bikaner intimated (June 2009) to CE, IGNP, Bikaner and CE, IGNP, Jaisalmer for initiating action against concerned officials/officers and for recovery of cost. However, the action has not been taken (January 2010) resulting in non-recovery of ₹ 36.03 lakh.

We pointed out the matter (January 2010) to CE, IGNP, Bikaner; their reply is awaited (October 2010).

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