

OVERVIEW

This Report contains 39 paragraphs involving ₹ 586.49 crore, including two Performance Audits on 'Recovery of arrears in Commercial Taxes Department' and 'Encroachment on Government Land'. Some of the significant audit findings are mentioned below:

I. General

The total revenue receipts of the Government of Rajasthan during 2012-13 were ₹ 66,913.01 crore as against ₹ 57,010.76 crore for the year 2011-12. The revenue raised by the Government amounted to ₹ 42,636.24 crore comprising tax revenue of ₹ 30,502.65 crore and non-tax revenue of ₹ 12,133.59 crore. The receipts from the Government of India were ₹ 24,276.77 crore (State's share of divisible Union taxes of ₹ 17,102.85 crore and grants-in-aid of ₹ 7,173.92 crore).

(Paragraph 1.1)

2,882 Inspection Reports (IRs) containing 9,489 paragraphs involving ₹ 7,731.42 crore remained outstanding at the end of June 2013. Of these, first replies to 80 IRs issued upto December 2012, were not received till 30 June 2013.

(Paragraph 1.2.1)

Test check during 2012-13 revealed underassessment, non levy/short levy of taxes and loss of revenue, failure to raise demands and other irregularities aggregating to ₹ 2,286.17 crore in 37,959 cases. The concerned Departments accepted underassessments and other deficiencies of ₹ 598.39 crore involved in 23,519 cases, of which 11,973 cases involving ₹ 217.42 crore were pointed out in audit during the year 2012-13 and the rest in earlier years. The Departments recovered ₹ 73.07 crore in 5,876 cases at the instance of audit during the year 2012-13.

(Paragraph 1.4.1)

II. Taxes on Sales, Trade etc.

A Performance Audit of 'Recovery of arrears in Commercial Taxes Department' revealed the following:

- The tax arrears increased from ₹ 2,996.96 crore to ₹ 4,838.04 crore during the period 2007-08 to 2011-12.

(Paragraph 2.9.7.1)

- No time frame was prescribed in the RVAT Act, 2003 or RVAT Rules, 2006 or by the Department to ensure initiation of recovery proceedings.

(Paragraph 2.9.9.3)

- Arrears of ₹ 69.01 lakh in four cases were not recovered due to failure of auctions of property.

(Paragraph 2.9.10)

- Test check of 259 cases of *ex-parte* assessments pertaining to the period 1977-78 to 2009-10 revealed non-recovery of demand of ₹ 49.44 crore and interest of ₹ 37.81 crore.

(Paragraph 2.9.12)

- Eight contractors who were engaged in collection of tax at check posts did not deposit the arrears amounting to ₹ 5.11 crore.

(Paragraph 2.9.13)

- Arrears of ₹ 82.42 lakh against two active dealers were not recovered though they were assessed regularly.

(Paragraph 2.9.14)

- Inadequate follow up action and delay in issuing Revenue Recovery Certificates in 12 cases pertaining to the dealers who were having property in other States resulted in non-recovery of ₹ 9.09 crore.

(Paragraph 2.9.15)

- Scrutiny of 48 cases revealed that dealers claimed input tax credit of ₹ 13.00 crore but the Assessing Authorities (AAs) did not allow the same for want of verification report from concerned AAs.

(Paragraph 2.9.16)

- Test check of recovery records of two dealers disclosed that AAs had not lodged interest claims with the Official Liquidator. This resulted in loss of interest of ₹ 5.86 crore.

(Paragraph 2.9.20)

Acceptance of Central Sales Tax (CST) declaration forms after assessment in contravention of CST Rules resulted in irregular concession/exemption of tax of ₹ 1.14 crore and interest of ₹ 28.65 lakh in nine cases.

(Paragraph 2.14)

Incorrect determination of tax payable resulted in excess grant of subsidy of ₹ 1.46 crore and loss of interest of ₹ 12.08 lakh.

(Paragraph 2.15.1 and 2.15.2)

Incorrect grant of deferment of tax resulted in short revenue realisation of ₹ 3.65 crore besides interest of ₹ 1.09 crore.

(Paragraph 2.16.1)

III. Taxes on Motor Vehicles

Motor vehicle tax and special road tax of ₹ 10.12 crore in respect of 3,705 vehicles for the period between April 2009 and March 2012 were either not paid or paid short.

(Paragraph 3.9.1)

Lump sum tax of ₹ 49.13 lakh payable by 117 vehicles was either not paid or paid short resulting in short-realisation/non-realisation of revenue.

(Paragraph 3.9.2)

IV. Land Revenue

A Performance Audit on 'Encroachment on Government Land' revealed the following:

- 4,503 trespassers or their family members continued to encroach on the same pieces of Government land year after year, the total land encroached in 13 *tehsils*, aggregated to 5,726.77 hectares. Out of these, 1,014 trespassers individually encroached land of five *Bigha* or more which worked out to 1,805.92 hectares valuing ₹ 61.27 crore.

(Paragraph 4.7.8.1)

- In 56 cases of Mangrol *Tehsil*, penalty and auction value of crops amounting to ₹ 7.09 lakh for the period from 2007-08 to 2011-12 was yet to be recovered.

(Paragraph 4.7.9)

- In 156 cases of Kotpulli *Tehsil*, there was no evidence of auction of seized crop valuing ₹ 27.79 lakh on 83.23 hectares of Government land.

(Paragraph 4.7.9)

- Department realised only ₹ 1.76 crore by auction of crops cultivated illegally on 11,099.97 hectares of Government land. Realisable value of the crop works out to ₹ 24.46 crore on the basis of Minimum Support Price and productivity per hectare.

(Paragraph 4.7.10)

- Due to non-regularisation of the wells constructed on Government land, revenue of ₹ 1.68 crore could not be realised.

(Paragraph 4.7.11)

- In Gangapur City *Tehsil*, 77.27 hectares of evacuee land valuing ₹ 2.12 crore was under continuous encroachment.

(Paragraph 4.7.13.2)

- Allotment of 49.9 hectares of encroached land valuing ₹ 1.34 crore was made to 128 trespassers at reduced cost of ₹ 21.59 lakh on the basis of incorrect facts, causing loss to exchequer.

(Paragraph 4.7.14)

- There was a loss of revenue amounting to ₹ 34.93 lakh on allotment of 8.63 hectares of Government land to trespassers on concessional rates due to application of incorrect rule in Banswara *Tehsil*.

(Paragraph 4.7.14)

- *Tehsildars* levied penalties of ₹ 1.04 lakh against trespassers who had encroached upon valuable Government land valuing ₹ 160.66 crore for housing and commercial purposes.

(Paragraph 4.7.15.1)

- In 209 cases of Sojat City *Tehsil*, 111 trespassers had encroached upon 286.57 hectare of Government land valuing ₹ 3.82 crore since 1981-82 for growing *Mehandi* (henna) which is a permanent and commercial crop.

(Paragraph 4.7.15.3)

- There were encroachments on 0.7128 hectare of Government land valuing ₹ 5.96 crore in Bhilwara *Tehsil* by various communities but no effective action was taken for their eviction.

(Paragraph 4.7.16)

- In 101 cases of four *tehsils*, Government land was under encroachment for industrial use, where penalty of ₹ 0.38 lakh was charged instead of ₹ 1.03 crore.

(Paragraph 4.7.17)

- In 29 cases of three *tehsils*, *Tehsildars* charged penalty of only ₹ 240 instead of ₹ 16.54 crore considering the rent of ₹ 33.07 lakh for the Government land used for mining by the trespassers.

(Paragraph 4.7.18)

- In 49 cases of three *tehsils*, *Tehsildars* charged penalty of ₹ 970 instead of ₹ 68.38 lakh from trespassers for establishing brick kiln industry on Government land.

(Paragraph 4.7.19)

Khatedari land was used for non-agricultural purposes without conversion of land resulting in non-recovery of premium for conversion of land amounting to ₹ 8.11 crore.

(Paragraph 4.10)

Regularisation charges collected on use of agricultural land for non-agricultural purposes were not remitted in Government Account along with interest amounting to ₹ 1.23 crore.

(Paragraph 4.11)

V. Stamp Duty and Registration Fee

A Para on 'Levy and Collection of Land Tax' revealed the following:

- The AAs neither conducted the survey in their jurisdictional area nor identified the persons who were liable to pay land tax for the purpose of preparing a provisional assessment list.

(Paragraph 5.8.5)

- The provisional assessment lists were finalised without considering the objections raised by the assesseees and without providing them proper opportunity of being heard. The final authenticated assessment lists were not published.

(Paragraph 5.8.6)

- Escapement from assessment of Land Tax resulted in non-levy of Land Tax of ₹ 7.29 crore.

(Paragraph 5.8.7)

- Issue of incorrect assessment orders resulted in over-assessment of Land Tax of ₹ 4.87 crore.

(Paragraph 5.8.8.3)

- The Assessing Authorities did not impose penalty amounting to ₹ 16.77 crore on delayed deposit of Land Tax.

(Paragraph 5.8.10)

Non-recovery of Stamp Duty on breach of conditions of Rajasthan Investment Promotion Scheme, 2003 and 2010 resulted in loss of revenue of ₹ 3.29 crore.

(Paragraph 5.11)

Incorrect valuation and under-valuation of properties on registration of lease deeds resulted in short levy of Stamp Duty and Registration Fee of ₹ 4.86 crore.

(Paragraph 5.12)

Under-valuation of properties due to incorrect application of rates and incorrect classification of documents resulted in short levy of Stamp Duty and Registration Fee amounting to ₹ 4.91 crore.

(Paragraph 5.14)

Stamp Duty amounting to ₹ 6.00 crore was not levied on the documents of transfer of lease by way of assignment.

(Paragraph 5.15)

Stamp Duty and Registration Fee amounting to ₹ 31.88 crore were not charged on lease deeds on differential market price of previous land and after its changed use.

(Paragraph 5.16)

VI. State Excise

A Para on 'Functioning of Excise Preventive Force' revealed the following:

- Incorrect entries of raids were made in movement registers and log books. There was no control mechanism to check the correctness and genuineness of entries made in such records.

(Paragraph 6.8.4.1)

- Staff of Excise Preventive Force (EPF) Stations treated patrolling and raids interchangeably and reported all entries made in the movement register as raids conducted by the EPF Station to higher authorities. Further, the Department did not periodically examine the list of sensitive places of production, collection and sale of illicit liquor in the State to ensure that they indeed continued to be sensitive.

(Paragraph 6.8.4.3)

- Patrolling Officers (POs) of selected 48 EPF Stations (out of 52) could not achieve their targets of detection and registration of the cases *i.e.* 120 cases per year. The performance of EPF Stations regarding Special Report cases was dismal.

(Paragraph 6.8.4.4)

- EPF officials did not make any enquiry to find out the source of supply of liquor to offenders and the investigation reports ended merely with the conclusion regarding possession of illicit liquor/*hathkad* liquor by the accused. Further, the enquiry officers did not complete investigation even after lapse of one to five years.

(Paragraph 6.8.4.5)

- There was no system in place in EPF Stations to share or exchange information regarding habitual offenders and suspected places of illicit liquor with State Police Department.

(Paragraph 6.8.6)

Wholesale depots of Canteen Store Department (CSD) located at Jaipur and Bikaner sold 67.98 lakh BL IMFL and 6.88 lakh BL beer to its retail off licencees (unit run canteens) in the State during the year 2011-12. However, Special Vend Fee (SVF) of ₹ 6.80 crore on IMFL and ₹ 0.34 crore on beer was neither deposited by the CSD nor demanded by the Department. This resulted in non-levy of SVF amounting to ₹ 7.14 crore.

(Paragraph 6.10.2)

During export of beer under bond by five Breweries outside the State, 1.32 lakh bulk litres (16,233 cartons) beer involving excise duty of ₹ 55.27 lakh were not delivered at the destination. Neither was the duty paid by the Breweries nor was it demanded by the Department. This resulted in non-levy of State Excise Duty of ₹ 55.27 lakh.

(Paragraph 6.10.3)

VII. Non-Tax Receipts

Department of Mines and Geology and Department of Petroleum

In six cases, demand of ₹ 1.57 crore in respect of 1,25,679 MT mineral masonry stone unlawfully excavated and despatched from the areas of illegally subtletted leases areas, was neither raised nor recovered.

(Paragraph 7.7.1)

Delay/non-finalisation of excess royalty collection contract/royalty collection contract resulted in short recovery of royalty of ₹ 3.47 crore.

(Paragraph 7.7.3)

In 49 cases, cost of ₹ 10.87 crore for mineral marble excavated illegally from the areas of *bapi pattas* was not realised. The *bapi patta* holders were neither regularised nor evicted by the Department.

(Paragraph 7.7.5)

Excavation of mineral either without obtaining the short term permit or beyond the permissible limit resulted in short realisation of revenue of ₹ 6.70 crore.

(Paragraph 7.7.10)

Recovery of single royalty on mineral illegally removed/despached instead of cost of mineral resulted in loss of revenue of ₹ 66.08 crore.

(Paragraph 7.7.11)