

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 2002-03, state's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:-

(Rupees in crore)

		1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
I.	Revenue raised by the State Government					
	(a) Tax revenue	3,939.34	4,530.90	5,299.96	5,671.17	6,253.34
	(b) Non-tax revenue	1,353.39	1,573.77	1,687.98	1,508.46	1,569.00
	Total	5,292.73	6,104.67	6,987.94	7,179.63	7,822.34
II.	Receipts from Government of India					
	(a) State's share of divisible Union taxes	1,964.28	2,184.84	2,836.61	2,882.36	3,063.10
	(b) Grants-in-aid	1,322.27	1,500.10	2,577.23	2,091.30	2,196.42
	Total	3,286.55	3,684.94	5,413.84	4,973.66	5,259.52
III.	Total receipts of the State (I and II)	8,579.28	9,789.61	12,401.78	12,153.29	13,081.86*
IV.	Percentage of I to III	62	62	56	59	60

* For details, please see `Statement No. 11-Detailed Accounts of Revenue by Minor Heads` in the Finance Accounts of the Government of Rajasthan for the year 2002-03. Figures under the head 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, 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 under A-Tax Revenue have been excluded from revenue raised by the State and included in 'State's share of divisible Union Taxes' in this statement.

1.1.2 Details of tax revenue raised during the year 2002-03 alongwith the figures for the preceding four years are given below:-

(Rupees in crore)

S. No.	Revenue heads	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Percentage of increase (+)/ decrease (-) in 2002-2003 over 2001-2002
1.	(a) Taxes on Sales, Trade etc.	1,924.42	2,279.83	2,644.51	2,869.23	3,229.79	(+) 13
	(b) Central Sales Tax	134.25	144.69	176.70	199.80	208.11	(+) 4
2.	State Excise	990.03	960.81	1,118.48	1,110.27	1,142.34	(+) 3
3.	Stamp Duty and Registration Fees	344.36	376.77	436.73	478.89	515.73	(+) 8
4.	Taxes and Duties on Electricity	91.87	193.67	251.90	250.88	239.85	(-) 4
5.	Taxes on Vehicles	364.36	455.48	511.30	566.33	646.14	(+) 14
6.	Taxes on Goods and Passengers	-	8.45	19.55	23.10	130.44	(+) 465
7.	Other taxes on Income and Expenditure Tax on Professions, Trades Callings and Employments	-	-	10.99	15.56	17.23	(+) 11
8.	Other Taxes and Duties on Commodities and Services	38.80	49.42	52.89	54.04	47.12	(-) 13
9.	Land Revenue	33.27	35.09	44.81	79.17	57.98	(-) 27
10.	Other Taxes	17.98	26.69	32.10	23.90	18.61	(-) 22
	Total	3,939.34	4,530.90	5,299.96	5,671.17	6,253.34	

Reasons for shortfall in receipts during 2002-03 as compared to those of 2001-02, as intimated by the respective Departments, are given below:-

Taxes on Goods and Passengers: The increase (465 per cent) was due to inclusion of new items for levy of tax on entry into the state.

Other Taxes and duties on Commodities and Services: The shortfall (13 per cent) was due to decrease in business of Cinema industry, excessive use of cable T.V. and exemption to newly constructed multiplex cinema halls and drive in Cinema/theatres in the case of entertainment tax and off season discounts in the case of luxury tax.

Land Revenue: The shortfall (27 per cent) was due to less payment by local bodies/urban improvement trusts and Jaipur Development Authority on account of conversion charges.

The reasons for variations though called for in May 2003 from heads of other departments have not been received (August 2003).

1.1.3 Details of major non-tax revenue raised by the state during the year 2002-03 alongwith the figures for the preceding four years are given below:-

(Rupees in crore)

S. No.	Heads of Revenue	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Percentage of increase (+)/ decrease (-) in 2002-03 over 2001-02
1.	Interest Receipts	628.79	670.42	589.55	583.77	607.04	(+) 4
2	Other Non-Tax Receipts	227.55	216.01	265.91	269.94	259.14	(-) 4
3.	Forestry and Wild Life	17.91	22.98	37.02	44.82	41.63	(-) 7
4.	Non-ferrous Mining and Metallurgical Industries	304.25	349.53	370.13	412.98	449.38	(+) 9
5.	Miscellaneous General Services (including lottery receipts)	64.50	138.78	241.92	46.23	43.88	(-) 5
6.	Power	-	-	0.10	0.02	1.40	(+) 6900
7.	Major and Medium Irrigation	23.40	40.88	36.48	18.43	20.74	(+) 13
8.	Medical and Public Health	14.79	12.38	16.13	24.57	22.40	(-) 9
9.	Co-operation	5.27	4.45	7.33	6.79	7.90	(+) 16
10.	Public Works	16.89	19.14	22.33	17.49	19.69	(+) 13
11.	Police	18.97	46.38	57.43	48.66	57.59	(+) 18
12.	Other Administrative Services	31.07	52.82	43.65	34.76	38.21	(+) 10
Total		1,353.39	1,573.77	1,687.98	1,508.46	1,569.00	

The reasons for variations though called for (May 2003) from heads of departments have not been received (August 2003).

1.2 Variations between Revised estimates and actuals

The variations between the Revised estimates and actuals of revenue receipts for the year 2002-03 in respect of the principal heads of tax and non-tax revenue are given below:-

(Rupees in crore)

Sl. No.	Heads of revenue	Revised estimates	Actuals	Variation excess (+) or Shortfall (-)	Percentage of variation
Tax revenue					
1.	Taxes on Sales, Trade etc.	3,500.00	3,437.90	(-) 62.10	(-) 2
2.	State Excise	1,150.00	1,142.34	(-) 7.66	(-) 1
3.	Stamp Duty and Registration Fee	585.00	515.73	(-) 69.27	(-) 12
4.	Taxes and Duties on Electricity	290.90	239.85	(-) 51.05	(-) 18
5.	Taxes on Vehicles	625.00	646.14	(+) 21.14	(+) 3
6.	Land Revenue	83.61	57.98	(-) 25.63	(-) 31
7.	Taxes on Immovable Property other than Agricultural Land	25.00	18.59	(-) 6.41	(-) 26
Total		6,259.51	6,058.53	(-) 200.98	(-) 3
Non-tax revenue					
1.	Non-ferrous Mining and Metallurgical Industries	465.00	449.38	(-) 15.62	(-) 3
2.	Interest Receipts	625.64	607.04	(-) 18.60	(-) 3
3.	Miscellaneous General Services	42.27	43.88	(+) 1.61	(+) 4
4.	Forestry and Wild Life	33.69	41.63	(+) 7.94	(+) 24
5.	Police	57.00	57.59	(+) 0.59	(+) 1
Total		1,223.60	1,199.52	(-) 24.08	(-) 2

Reasons for variations as intimated by the Departments were as follows:

Stamps and Registration Fee:- Shortfall (12 per cent) was due the state facing drought and famine which affected the sale/purchase of agriculture land.

Taxes and duties on Electricity:- Shortfall (18 per cent) was due to less receipt of electricity duty from electricity companies.

Land Revenue:- Shortfall (31 per cent) was due to less amount deposited by local bodies, urban improvement trusts and Jaipur Development Authority on account of conversion charges.

1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2000-01, 2001-02 and 2002-03 along with the relevant all India average percentage of expenditure on collection to gross collection for 2001-02 were as follows:

(Rupees in crore)

S. No.	Heads of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India Average percentage for the year 2001-2002
1.	2.	3.	4.	5.	6.	7.
1.	Taxes on Sales, Trade etc.	2000-01	2,821.21	30.28	1.0	1.26
		2001-02	3,069.03	32.60	1.1	
		2002-03	3,437.90	32.69	1.0	
2.	State Excise	2000-01	1,008.92	17.90	1.8	3.21
		2001-02	1,024.68	19.13	1.9	
		2002-03	1,142.34	18.60	1.6	
3.	Taxes on vehicles	2000-01	511.30	8.98	1.8	2.99
		2001-02	566.33	10.07	1.8	
		2002-03	646.14	10.27	1.6	
4.	Stamp duty and Registration fee	2000-01	436.73	9.30	2.1	3.51
		2001-02	478.89	10.11	2.1	
		2002-03	515.73	10.40	2.0	

1.4 Collection of Sales Tax per assessee

(Rupees in lakh)

Year	No. of assessees	Sales tax revenue	Revenue/assessee
1998-1999	1,57,340	2,05,867	1.31
1999-2000	1,68,429	2,42,452	1.44
2000-2001	1,79,418	2,82,121	1.57
2001-2002	1,87,281	3,06,903	1.64
2002-2003	2,19,052	3,43,790	1.57

1.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2003 in respect of some principal heads of revenue amounted to Rs.2,249.01 crore of which Rs.262.75 crore were outstanding for more than 5 years as detailed below:

(Rupees in crore)

S. No.	Heads of revenue	Amount outstanding as on 31 March 2003	Amount outstanding for more than 5 years as on 31 st March 1998	Remarks
1.	2.	3.	4.	5.
1.	Taxes on Sales, Trade etc.	1,635.34	124.86	Out of Rs.1,635.34 crore, demand for Rs.300.65 crore was stayed by the court and judicial authority. Demand for Rs.1.00 crore was likely to be written off. Arrears of Rs.1,333.69 crore were at various stages of recovery.
2.	State Excise	208.90	40.13	All demand was covered by revenue recovery certificate under Land Revenue Act.
3.	Taxes on vehicles	18.41	9.65	Out of Rs.18.41 crore demand for Rs.2.43 crore was stayed by the court/government and Rs.15.98 crore were at other stages of recovery
4.	Stamp duty and Registration fees	28.86	5.81	Out of Rs.28.86 crore, demand of Rs.17.33 crore was covered by recovery certificates. Demand of Rs.7.26 crore was stayed by High Court and other judicial authorities and Rs.0.46 crore was stayed by Government. Demand of Rs.1.00 crore was held up due to rectification/revised applications. Arrears of Rs.2.81 crore were at other stages of recovery.
5.	¹ Land Revenue	58.95	19.56	Out of Rs.58.95 crore, demand for Rs.6.14 crore had been stayed by the Government and Rs.3.35 crore was stayed by the High Court and other judicial authorities. Arrears of Rs.49.42 crore were at various stages of recovery, Rs. 0.04 crore was likely to be written off.
6.	Taxes on Immovable property other than Agricultural land.	87.12	13.69	Out of Rs.87.12 crore, demand of Rs.22.24 crore was covered under recovery certificate. Demand for Rs.26.93 crore was stayed by the High Court and other judicial authorities. Demand of Rs.2.60 crore was held up due to rectification/review applications. Arrears for Rs.35.35 crore were at other stages of recovery
7.	Water supply and Sanitation receipts from Rural/Urban water supply scheme	42.62	14.40	Out of Rs.42.62 crore, demand of Rs.0.43 crore had been stayed by the High Court/Judicial authorities and Rs.0.05 crore were stayed by the Government. Demand for Rs. 1.69 crore was likely to be written off. Arrears of Rs.0.02 crore were held up due to rectification/review of application. Rs.0.10 crore were covered under recovery certificates and Rs.40.33 crore were at other stages of recovery.

¹ Figures supplied by Revenue Board, Ajmer in respect of Land Revenue and Major and Medium Irrigation are provisional.

1.	2.	3.	4.	5.
8.	Non ferrous Mining and Metallurgical Industries	51.20	25.95	Out of Rs.51.20 crore, demand of Rs.21.28 crore was stayed by the High Court and other judicial authorities Rs.2.91 crore was stayed by the Government. Demand for Rs.18.20 crore was covered under recovery certificates. Arrears of Rs.0.17 crore was likely to be written off and Rs.8.64 crore were at various stage of recovery.
9.	Sale of Land and Property	67.08	1.83	Out of Rs.67.08 crore, demand of Rs.0.04 crore was stayed by the High Court and judicial authorities. Stages of rest of amount Rs.67.04 crore were not furnished by the Department.
10.	¹ Major and Medium Irrigation	50.53	6.87	Out of Rs.50.53 crore, demand of Rs.41.53 crore was at other stages of recovery. Stages of action for remaining amount Rs.9.00 crore were not furnished though called for.
Total		2,249.01	262.75	

1.6 Arrears in assessments

The details of cases pending assessment at the beginning of the year 2002-03 cases, becoming due for assessments during the year, cases disposed of during the year and number of cases pending finalisation in respect of sales tax and entertainment tax at the end of the year 2002-03 as furnished by the Sales Tax Department are as follows:

Head of revenue	Opening balance	New cases due for assessment	Total	Cases disposed of	Balance	Percentage of Column 5 to 4
1.	2.	3.	4.	5.	6.	7.
Finance Department						
Sales Tax	1,44,443 ²	11,121	1,55,564	1,55,486	78	99.95
Entertainment Tax	2,182	3,020	5,202	2,629	2,573	50.54

¹ Figures supplied by Revenue Board, Ajmer in respect of Land Revenue and Major and Medium Irrigation are provisional.

² The figures do not tally with closing balance of 1,44,012 cases for the year as furnished by the Department (Sr. No. 1 of para 1.5 of Audit Report (Revenue Receipts) Government of Rajasthan for the year 2001-02).

1.7 Evasion of Tax

The details of cases of evasion of tax detected by the Sales Tax Department, cases finalised and the demand for additional tax raised during 2002-03 as reported by the Department are given below:

S. No.	Head of revenue	Opening balance as on 1 st April 2002	Cases detected	Total	No. of cases in which assessments/investigations completed and additional demands including penalty etc., raised.		No. of cases pending finalisation as on 31 March 2003
					No. of cases	Amount of demand (rupees in crore)	
1.	Taxes on Sales, Trade etc.	585	5,374	5,959	5,259	266.30	700

1.8 Write-off and waiver of revenue

During the year 2002-03, demand for Rs.0.40 lakh in 2 cases relating to state excise were written off by the Department as it was irrecoverable.

1.9 Refunds

The number of refund cases pending at the beginning of the year 2002-03 claims received during the year, refunds allowed during the year and cases pending at the close of the year 2002-03 as reported by the Sales Tax Department is given below:

(Rupees in crore)

Opening balance		Claims received		Refunds allowed		Closing balance	
Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
253	2.10	7,592	41.70	7,358	40.49	487	3.31

It would thus be seen that the balance at the end of the year was 57.61 per cent higher than the claims outstanding at the beginning of the year.

1.10 Results of audit

Test check of records of sales tax, land revenue, state excise, motor vehicles tax, stamps and registration fee, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2002-03 revealed under-assessment, short levy and loss of revenue amounting to Rs.1,316.87 crore in 43,907 cases. During the course of the year the Departments accepted under-assessment of Rs.131.25 crore in 14,910 cases. No replies have been received in respect of the remaining cases.

This Report contains 46 paragraphs including 3 reviews relating to non-levy/short levy of taxes, duties, interest and penalties etc., involving Rs.382.52 crore. The Department/Government have accepted audit observations involving Rs.169.19 crore of which Rs.2.41 crore had been recovered upto August 2003. No reply has been received in other cases.

1.11 Departmental Audit Committee Meetings

Audit Committee meetings were to be arranged by each Department twice a year on half yearly basis upto June and December respectively. Department-wise position of Audit Committee meetings held during 2002 was as under:

S. No.	Name of Department	Number of meetings held during 2002		
		Half year ending June 2002	Half year ending December 2002	Total
1.	Commercial Taxes	Nil	1	1
2.	State Excise	Nil	Nil	Nil
3.	Transport	1	1	2
4.	Registration and Stamps	Nil	1	1
5.	Land and Building	Nil	1	1
6.	Land Revenue	1	Nil	1
7.	Mines and Geology	1	Nil	1
	Total	3	4	7

The above details would reveal that as against 14 meetings required to be held during the year 2002, only 7 (50%) were held.

State Excise department did not arrange any such meetings during 2002.

1.12 Response of the Departments to Draft Audit Paragraphs

The Finance Department issued directions to all Departments in August 1969 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within three weeks of their receipts. The Draft paragraphs are forwarded by the respective Audit offices to the Secretaries of the concerned Department through demi-official letters drawing their attention to the audit findings and requesting them to send their response within three weeks. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Draft paragraphs included in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2003 were forwarded to the Secretaries of the respective Departments between June 2003 and August 2003 through demi-official letters. Out of the 88 cases (clubbed into 46 paragraphs) issued, the Department has accepted audit observations in 60 cases.

1.13 Follow up on Audit Reports-summarised position

According to instructions issued by the Finance Department, all Departments are required to furnish explanatory memoranda duly vetted by audit to the Rajasthan Legislative Secretariat in respect of paragraphs included in the Audit Report within two month of their being laid on the table of the House.

The position of paragraphs which have appeared in the Audit Reports and those pending discussion as on 31 August 2003 is given in the *Annexure-'A'*. It would be seen that during the year 46 audit paragraphs were discussed by the Public Accounts Committee. As a result thereof, no audit paragraph pertaining to reports upto the year 1998-99 is pending discussion in the Public Accounts Committee, 100 paragraphs pertaining to the period 1999-2000 to 2001-02 were pending.

As per the Rules and Procedures of the Committee on Public Accounts of the Rajasthan State Assembly framed in 1997, the concerned Department shall take necessary steps to send its Action Taken Notes (ATNs) on the recommendation of the Public Accounts Committee (PAC) on the Audit Reports within six months from the date of its presentation to the House. The position of outstanding ATNs due is given in the *Annexure-'B'*. It would be seen that the pendency of ATNs ranged from one month to 12 years.