

## CHAPTER-VII: Non-Tax Receipts

### 7.1 Results of audit

Test check of the records of the Home (Police), General Administration, Mining & Petroleum, Land Revenue etc. Departments in audit during the year 2002-03, revealed under-assessments and losses of revenue amounting to Rs.166.61 crore in 2,468 cases, which broadly fall under the following categories:

(Rupees in crore)

S. No.	Category	Number of cases	Amount
<b>Home (Police) Department</b>			
1.	<b>Review: Collection of receipts under the Police Department</b>	1	15.56
<b>Land Revenue Department</b>			
2.	<b>Review: Recovery of dues treated as arrears of Land Revenue</b>	4	104.68
<b>General Administration Department</b>			
3.	Non recovery of rent from commercial undertakings in occupation of government property	1	30.43
<b>Mines and Petroleum Department</b>			
4.	Non/short recovery of dead-rent and royalty	91	2.05
5.	Unauthorised excavation	36	2.74
6.	Non-forfeiture of security	78	0.65
7.	Non-levy of penalty/interest	106	1.00
8.	Other irregularities	2,151	9.50
<b>Total</b>		<b>2,468</b>	<b>166.61</b>

During the year 2002-03, the Department accepted under-assessments etc. of Rs.30.10 crore involved in 1,393 cases, of which 128 cases involving Rs.1.64 crore had been pointed out in audit during the year 2002-03 and rest in earlier years. The Department recovered Rs.13.39 crore in 1,317 cases of which 47 cases involving Rs.0.06 crore were pointed out during the year 2002-03 and rest in earlier years.

A few illustrative cases involving Rs.35.54 crore highlighting important audit observations and two reviews, **Receipts of the Police Department** and **Recovery of dues treated as arrears of Land Revenue**, involving financial effect of Rs.120.24 crore are given in the following paragraphs:

## **Home (Police) Department**

### **7.2 Review: Receipts of the Police Department**

#### *Highlights*

**Outstandings against central government and central public sector undertakings constituted 90 per cent of over all pendencies of Rs.14.06 crore**

**(Paragraph 7.2.5)**

**Raising of claims at initial rate without prescribed annual increase of 10 per cent thereto from time to time resulted in short billing of Rs.73.83 lakh.**

**(Paragraph 7.2.6 & 7.2.7)**

**Non-inclusion of element of pension contribution in the assessment of police cost resulted in short realisation of Rs.10.20 crore.**

**(Paragraphs 7.2.9)**

**Deployment of police personnel to Government Railway Police (GRP) without approval of Railways resulted in short reimbursement of Rs.2.15 crore.**

**(Paragraph 7.2.10)**

#### *7.2.1 Introduction*

Receipts of Police Department mainly comprise recovery of expenditure of the cost of police personnel.

The state government is responsible for maintenance of law and order in the state. This responsibility is discharged through the Police Department, whose duties and functions are governed under the Police Act, 1861. While maintenance of general law and order in the state is the normal function of the government, their services are also lent on demand to central and other state governments, autonomous bodies, organisations and individuals. Police personnel are provided to other states, for maintenance of law and order in unusual circumstances like communal riots, terrorist violence, natural calamities, elections etc., whereas within the state these were provided to public sector undertakings, banks and railways towards guarding chest/remittance or performing watch and ward duties. These services are provided on payment of charges fixed by the government from time to time.

#### *7.2.2 Audit Objectives*

While conducting the review between August 2002 and March 2003 covering the period from 1997-98 to 2001-02, a detailed scrutiny of records was made

in the office of Home (Police) Department, Government of Rajasthan and DGP, 12<sup>1</sup> out of 37 SP offices, 4<sup>2</sup> out of 12 offices of Commandants of Rajasthan Armed Constabulary (RAC) and two offices of Superintendents of Government Railway Police (GRP), with a view to find out:

- extent of compliance with prescribed rules and procedures, and revenue loss in the event of deviations therefrom and
- effectiveness of internal control mechanism for realisation of the dues.

### 7.2.3 Organisational Set-up

Director General of Police (DGP) Rajasthan is the Head of Rajasthan Police. At headquarter level he is assisted by Additional Director General of Police, Inspector General (IG) and Deputy Inspector General (DIG). The State is divided into eight ranges. DIG is the head of each range and is assisted by Superintendent of Police (SP), who is the head of the district. There are two Superintendents of Police (Railways) at Ajmer and Jodhpur who look after the law and order in Railways.

### 7.2.4 Trend of revenue

The budget estimates and actuals of police receipts for the last five years ended 31 March 2002 were as under.

(Rupees in crore)

S. No.	Year	Budget estimates	Actuals	Shortfall (-)/increase (+) over budget estimates	Percentage of variation
1.	1997-1998	21.60	18.99	(-) 2.61	(-) 12.08
2.	1998-1999	24.00	18.97	(-) 5.03	(-) 20.96
3.	1999-2000	35.06	46.38	(+) 11.32	(+) 32.29
4.	2000-2001	32.66	57.43	(+) 24.77	(+) 75.84
5.	2001-2002	57.00	48.91	(-) 8.09	(-) 14.19

There was wide variation between budget estimates and actuals during all these years which ranged between (-) 12.08 per cent to (+) 75.84 percent. The reasons for variation and procedure adopted to formulate budget estimates were called for in March 2003. DGP stated in March 2003 that budget estimates under sub-head "Police supplied to other states" were based on figures provided by "Reimbursement Cell" in the Police Headquarters. For remaining other sub-heads budget estimates were formulated on the basis of actual receipts during the first four months of the financial year. Department also stated that receipts of Police Department was not a regular feature therefore, correct/proper formulation of budget estimate was not possible.

<sup>1</sup> Superintendents of Police: Jaipur (City), Jaipur (Rural), Sikar, Sriganganagar, Jodhpur, Jaisalmer, Ajmer, Udaipur, Kota City, Bundi, Alwar and Sawaimadhopur.

<sup>2</sup> Commandants of RAC: 2<sup>nd</sup> Battalion, Kota, 4<sup>th</sup> & 5<sup>th</sup> Battalion Jaipur and 9<sup>th</sup> Battalion, Tonk.

### 7.2.5 Arrears of revenue

Test check of records of DGP, Jaipur, 10<sup>1</sup> SP offices and 2<sup>2</sup> Commandants of RAC, revealed that Rs.14.06 crore were pending for collection. The pendencies were against banks, central government, public sector undertakings and private persons. A break-up showed that outstandings were mainly from central government department and airports.

(Rupees in crore)

S. No.	Name of establishment	No. of establishments	Period involved	Police cost realisable
1.	Central government	13	1997-98 to 2001-02	7.13
2.	Central public sector undertakings (CPSU)	16	1980-81 to 2001-02	5.50
3.	Banks	44	1990-91 to 2001-02	0.69
4.	Local/autonomous bodies	8	1982-83 to 2001-02	0.47
5.	Other state governments	3	1997-98 to 2001-02	0.26
6.	Others	5	1982-83 to 2001-02	0.01
<b>Total</b>		<b>89</b>		<b>14.06</b>

### Short recovery of police cost

7.2.6 The Home Department revised in July 1996 the rates for deployment of constable and head constable to Rs.175 and Rs.200 per day respectively with effect from 1 January 1996. These rates were to be further enhanced at the rate of 10 per cent per annum.

Test check of 8 SP<sup>3</sup> offices revealed that the Department did not raised the demand at enhanced rate upto March 1998. This resulted in short recovery of police cost of Rs.8.28 lakh during 1997-98 against various organisations.

7.2.7 The Home Department revised in May 1998 the cost of deployment. Accordingly the rates were revised for constable from Rs.175 to Rs.250 and head constable from Rs.200 to Rs.300 per day with effect from 1 January 1998. These rates were to be further enhanced at the rate of 10 per cent per annum.

Test check of 8 SP<sup>3</sup> offices revealed that bills were not raised by adding annual increase of 10 per cent from January 1999. The agencies involved were banks, central government departments and central public sector undertakings (CPSUs). This resulted in short recovery of police cost of Rs.65.55 lakh during the period January 1999 to March 2002.

On this being pointed out in audit, all SPs stated between August 2002 to March 2003 that revised bills were being raised.

<sup>1</sup> Jaipur (City), Jaipur (Rural), Kota (Rural), Kota (City), Jaisalmer, Sriganganagar, Ajmer, Jodhpur (City), CID (SB) Jaipur and CID (SB) Zone Jodhpur.

<sup>2</sup> II Bn., Kota and IX Bn. Tonk.

<sup>3</sup> SP: Ajmer, Alwar, Bundi, Jaipur City, Jaipur rural, Jodhpur City, Sawaimadhopur and Sikar.

### 7.2.8 Demand not raised

The Government of India, Home Department, issued instructions in September 1995 regarding recovery of cost of deployment. Accordingly, the cost of deployment of police force to various governments were to be recovered provisionally every quarter. The final adjustment was to be made on submission of audit certificate. Further, the cost of deployment of police personnel to banks, autonomous bodies etc. was to be recovered as per rates decided by the Government from time to time.

Test check of records of 5<sup>1</sup> SP offices and 3<sup>2</sup> Commandants of RACs revealed that the police force was deployed with various bank/autonomous bodies during 1997-98 to 2001-02. Claims of Rs.76.49 lakh were neither raised nor recovered by the Department as detailed below:

**(Rupees in lakh)**

S. No.	Name of establishment	No. of establishment	Period	Amount
1.	Bank (State Bank of India)	1	1997-1998 to 2001-2002	26.51
2.	Other State Government (Gujarat-3 occasions)	3	1997-1998 to 1998-1999	15.05
3.	State public Sector Undertaking (Rajasthan Public Service Commission, Ajmer)	1	1997-1998 to 2001-2002	26.51
4.	Others (Post office, Nuwal Traders)	2	1997-1998 to 2001-2002	8.42
	<b>Total</b>	<b>7</b>		<b>76.49</b>

The matter was reported to Department/Government in May 2003, their reply have not been received (August 2003).

### 7.2.9 Non-realisation of pension contribution

As per General Financial & Accounts Rules, pension contribution shall be recovered at the rate of 12 *per cent* of the maximum of the pay scale of the post held by a government servant.

Government of India (GOI) conveyed sanction for raising of two India Reserve Battalions by Government of Rajasthan in June 1993. While conveying the sanction it was stated that in case the battalions were deployed ex-state, all expenses including pension contribution shall be reimbursed by the borrowing government. When the battalions remain un-deployed or deployed in exempted categories of states, the expenditure will be borne by the central government.

<sup>1</sup> Jaipur City, Alwar, Sawaimadhopur, Bundi, Ajmer

<sup>2</sup> IX BN. Tonk, IV BN Jaipur, V BN. Jaipur.

- Test check of records of 5<sup>1</sup> Commandants of RACs and 2<sup>2</sup> SP offices, revealed that India Reserve Battalions were deployed with Uttar Pradesh, Gujarat and central government during the years 1993-94 to 2001-02 but no pension contribution was recovered. The amount of pension contribution to be recovered during the period 1997-98 to 2001-02 worked out to Rs.9.82 crore.
- Test check of records of SPs, Criminal Investigation Department (CID) (Special Branch), Jaipur and Jodhpur revealed that police force was deployed in the state with CPSUs during the period from 1993-94 to 2001-02. However, no pension contribution during the period 1997-98 to 2001-02, which worked out to Rs.38.00 lakh was recovered.

On this being pointed out both SPs stated in October and November 2002 that pension contribution was not being included in the claims, while others did not furnish any reply (August 2003).

### **Short reimbursement of cost of GRP deployed on Railways**

As per provisions of the Indian Railways Financial Code, Vol. I, the cost of GRP is to be shared between the state government and Railways on 50:50 basis. This is subject to the condition that strength of GRP is determined with the approval of the Railways. The cost of GRP includes pay and allowances and pension contribution of staff.

#### ***7.2.10 Non-payment of charges on excess deployment of police force***

The Chief Security Commissioner, Railway Protection Force (RPF), Western Railway, Mumbai had approved the deployment of 959 police personnel in 1982.

It was noticed that SP, GRP, Ajmer had deployed additional strength of 254 police personnel from 1982 to 1998 without the approval of Railways. Thus, the claim of Rs.2.15 crore raised in respect of excess deployment during the period from 1997-98 to 2001-02 was not honoured by the Railways.

On this being pointed out, the SP (GRP), Ajmer stated in September 2002 that efforts were being made to get the approval of excess deployment from Railways. Final reply was awaited (August 2003).

#### ***7.2.11 Short reimbursement of pension contribution***

It was, however, noticed that Western Railway, Mumbai had been making reimbursement of pension contribution at the rate of 4.75 per cent instead of at the rate of 6 per cent. This resulted in short reimbursement of Rs.52.12 lakh during the period from 1997-98 to 2001-02.

#### ***7.2.12 Irregular deduction of claim***

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<sup>1</sup> II Bn. Kota, VIII Bn. New Delhi, X Bn. Bikaner, XI and XII Bn. New Delhi

<sup>2</sup> CID (SB) Jaipur and CID (SB) Jodhpur.

Test check of the records of SP (GRP), Jodhpur revealed that Chief Security Commissioner, Northern Railway, New Delhi had deducted an amount of Rs.1.02 crore from the claims preferred by SP (GRP), Jodhpur on account of track patrolling and maintenance of level crossing during the period 1998-99 and 2000-01. No details were on record in support of the said deductions.

On this being pointed out in audit, the SP (GRP), Jodhpur stated in October 2002 that the matter had been taken up with Chief Security Commissioner, Northern Railway, New Delhi and the reply thereto was awaited (August 2003).

### **Non-reimbursement of cost of Police**

State police was discharging functions of intelligence on behalf of GOI. Claims for expenditure of Rs.64.12 lakh, though preferred, were pending for reimbursement as of 31 March 2003 as detailed below:

#### ***7.2.13 Border Intelligence***

- In the "Register of Reimbursement" maintained in the office of the DGP, an amount of Rs.47.17 lakh was shown outstanding against GOI for the period 1997-98 to 1999-2000. Details, and efforts to make good the outstanding, though asked for (November 2002) were not furnished (August 2003).
- CID (Border Intelligence), Jaisalmer discharged functions of intelligence on behalf of GOI. Expenditure for the year 2001-02 of Rs.7.78 lakh were incurred on personnel deployed for said purpose in Jaisalmer Air Port. Claims though preferred, were not reimbursed by Air Port Authority of India due to non-availability of funds. However, matter had not been pursued further.

#### ***7.2.14 Deportation***

During scrutiny of records of DGP office, Jaipur it was noticed that an amount of Rs.9.17 lakh for the years 1997-98 and 1998-99 was pending for recovery. The pendency was against GOI on account of deportation of border citizens. The details and correspondence for recovery though asked for (November 2002) were awaited (August 2003).

#### ***7.2.15 Non-disposal of brass of empty cartridges***

Test check of records of SP, Central Store, Jaipur, revealed that brass weighing 17,426.625 kilogram was obtained after melting empty cartridges during 2001-02 but was not disposed of. This resulted in blockage of revenue of Rs.16.25 lakh (based on the rate of Rs.93.25 per kg sold in auction in July 2001 for the stock of the year 1999-2000).

On this being pointed out in audit, the SP, Central Store stated in November 2002 that disposal of the brass would be done shortly. Further progress awaited (August 2003).

#### **7.2.16 Recommendation**

In view of the above observations, Government may consider:

- taking steps to ensure timely realisation of the revenue, by way of raising demands in time and following recoveries thereof vigorously;
- devising suitable mechanism to ensure prompt realisation of the cost of police force deployed to various agencies with their prior approval.

The matter was reported to Government (May 2003) their reply has not been received (August 2003).

### **Land Revenue**

#### **7.3 Review: Recovery of dues treated as arrears of Land Revenue**

##### **Highlights**

##### **Land Revenue Department**

**5730 cases involving recoveries of Rs.68.17 crore were pending as on 31 March 2002. Annual recovery of arrears ranged only between 5.51 and 12.09 percent during five years ending 31 March 2002, while the recoverable amount in cases returned by Collectors without recovery during the same period ranged between 12.36 and 23.22 percent.**

**(Paragraph 7.3.5)**

**In 61 cases involving revenue of Rs.77.90 lakh, action for attachment of properties was not taken. In another 23 cases involving recovery of Rs.28.38 lakh, the attached properties were not disposed of even after lapse of 12 to 61 months.**

**(Paragraphs 7.3.9 & 7.3.10)**



### State Excise Department

406 cases involving demand of Rs.218.61 crore were outstanding as on 31 March 2002. Pendency of arrears had increased by 481 per cent during the period between 1997-98 and 2001-02.

(Paragraph 7.3.13)

No action for recovery of Rs.6.63 crore in 8 cases was initiated due to non-availability of whereabouts or details of properties in defaulter's name.

(Paragraph 7.3.16)

Attached properties of 37 defaulters involving demand of Rs.16.49 crore had neither been taken over nor disposed of by public auction even after lapse of 1 to 5 years.

(Paragraph 7.3.20)

In two cases, recovery certificates involving demand of Rs.5.63 crore were not forwarded through respective Collectors to the Collectors of other states.

(Paragraph 7.3.21)

Non-verification of solvency certificate by DEO resulted in loss of Rs.4.08 crore.

(Paragraph 7.3.24)

### Mines & Geology Department

Non-availability of addresses of defaulters or details of their properties resulted in non-recovery of revenue of Rs.3.11 crore

(Paragraph 7.3.29)

Properties attached remained unauctioned leading to loss of revenue of Rs.3.53 crore due to inadequate publicity for auction.

(Paragraph 7.3.30)

#### 7.3.1. Introduction

The Departments of Government are primarily responsible for recovery of dues pertaining to them. If Government dues cannot be recovered by the Departments, such dues are to be recovered as arrears of land revenue under the Rajasthan Land Revenue Act, 1956 (LR Act). Land Revenue Department is responsible for recovery of dues treated as arrears of land revenue of its own and of other Departments who have not been delegated such powers. These

powers have been delegated to the departmental authorities under respective Acts/Rules in respect of State Excise and Mines & Geology Department.

The Departmental (Requisitioning Officer) Officer is required to issue certificate of recovery to the concerned Collector (Recovery Officer) where the defaulter is having property.

Under Revenue Recovery Act, 1890, (RR Act), where a sum recoverable as an arrear of land revenue is from a defaulter having property in a district other than the one in which the arrear accrued, the concerned Collector may send a revenue recovery certificate (RRC) to the Collector of the district where property of the defaulter is situated to recover the amount as if it was an arrear of land revenue accrued in his own district.

### ***7.3.2 Audit objectives***

With a view to ascertain the overall adequacy and efficiency of systems to effect recovery of dues under LR Act, a test check of records covering the period from 1997-98 to 2001-02 in respect of Land Revenue, State Excise, Mines & Geology and Stamp Duty and Registration Department was conducted between December 2002 and March 2003.

### ***7.3.3 Scope of audit***

Records of 5 out of 32 Collectorates and 24 out of 241 tehsils in Land Revenue Department, 16 out of 27 District Excise offices in Excise Department, 13 out of 38 Mining offices and Director, Mines & Geology office in Mines & Geology Department, and 3 out of 12 offices of Deputy Inspector General, Registration and Ex-officio Collector (Stamps) (DIG) and 34 out of 346 Sub-Registrar (SR) offices, covering the period from 1997-98 to 2001-02 were test checked. Major findings of the test check revealed as under:

## **Land Revenue Department**

### ***7.3.4 Organisational set-up***

The Chief Revenue Authority in the State is the Board of Revenue (Board), headed by Chairman vested with powers of general superintendence and control over all revenue officers/courts. The Collector in the district is responsible for the collection of land revenue and other dues recoverable as arrears of land revenue. He functions as District Revenue Officer who is assisted by the Tehsildar (Recovery) posted at district headquarters, Tehsildars of the concerned tehsils and other field staff. Every district Collector submits quarterly statement on the status of demand, collection and outstanding balances of dues recoverable as arrears of land revenue to the Board. The Board in turn submits a consolidated statement to the Government.

### ***7.3.5 Position of arrears***

As per details available with Board, 5,730 cases involving amount of Rs.68.17 crore recoverable as arrears of land revenue were pending as on 31 March

2002 in the state. Year-wise position of recoverable demand, cases returned without recovery, recovery made and balance during last five years ending 2001-02 was as under:

(Rupees in crore)

Year	Opening balance	Addition	Total demand	Cases returned	Percentage of cases returned column 5 to 4	Recoveries made	Balance	Percentage of recoveries column 8 to 4
1.	2.	3.	4.	5.	6.	7.	8.	9.
1997-1998	27.15 (6,290)	26.06 (1,995)	53.21 (8,285)	18.06 (1,924)	23.22	4.25 (1,393)	30.90 (4,968)	7.99
1998-1999	30.90 (4,968)	18.26 (2,614)	49.16 (7,582)	15.29 (937)	12.36	2.80 (894)	31.07 (5,751)	5.70
1999-2000	31.07 (5,751)	18.65 (1,656)	49.72 (7,407)	13.46 (1,170)	15.66	6.01 (934)	30.25 (5,303)	12.09
2000-2001	30.25 (5,303)	43.56 (2,968)	73.81 (8,271)	26.86 (1,714)	20.72	5.38 (1,107)	41.57 (5,450)	7.29
2001-2002	41.57 (5,450)	62.96 (2,959)	104.53 (8,409)	30.60 (1,586)	18.86	5.76 (1,093)	68.17 (5,730)	5.51

Number of cases are shown in brackets.

The above table shows that, the percentage of recovery of demand was quite low, ranging between 5.51 and 12.09 per cent during the five years. The percentage of cases returned by Collectors to Requisitioning Officers without recovery, for want of details of whereabouts/other details of the defaulters, ranged between 12.36 and 23.22 per cent. Age wise pendency of arrears in respect of the state as a whole was not available with Board.

### 7.3.6 Demand in arrears pending with Collectors

Records of 5 Collectorates revealed that 2,609 cases for recoveries received from various Departments of central/state government, motor accident claims tribunals, labour courts and corporations/boards etc. totaling Rs.27.53 crore, were pending on 31 March 2002 as detailed below:

(Rupees in crore)

Name of district	Opening balance	Addition	Total demand	Cases disposed of		Balance	Percentage of recovery Column 5 to 4
				Returned	Recoveries		
1.	2.	3.	4.	5.		6.	7.
Bhilwara	7.61 (1,179)	18.35 (1,822)	25.96 (3,001)	16.77 (1,340)	0.56 (201)	8.63 (1,460)	2.16
Bikaner	0.43 (115)	2.76 (276)	3.19 (391)	1.09 (147)	1.19 (140)	0.91 (104)	37.30
Jaipur	9.35 (1,051)	45.36 (1,169)	54.71 (2,220)	36.26 (1,080)	3.41 (618)	15.04 (522)	6.23
Jodhpur	1.04 (31)	5.47 (376)	6.51 (407)	4.08 (191)	0.96 (116)	1.47 (100)	14.75
Tonk	0.80 (582)	2.83 (324)	3.63 (906)	1.16 (206)	0.99 (277)	1.48 (423)	27.27
<b>Total</b>	<b>19.23</b> <b>(2,958)</b>	<b>74.77</b> <b>(3,967)</b>	<b>94.00</b> <b>(6,925)</b>	<b>59.36</b> <b>(2,964)</b>	<b>7.11</b> <b>(1,352)</b>	<b>27.53</b> <b>(2,609)</b>	<b>7.56</b>

Number of cases are shown in brackets.

The progress of recovery was very poor. Out of total amount of Rs.94.00 crore recoverable in 6,925 cases (which included cases relating to 1972-73 to 1996-97) only a sum of Rs.7.11 crore (8 per cent) was recovered in 1,352 cases till March 2002.

While overall progress of recovery was 7.56 per cent, in Bhilwara and Jaipur districts, it was merely 2.16 and 6.23 per cent respectively.

### ***7.3.7 Non-recovery of compensation and penalties***

Section 89(7) of LR Act provides for penalty for unauthorised extraction or removal of minerals from any mine or quarry, in addition to the compensation of infringement.

Test check of records of collector Bhilwara revealed that, out of 1,460 cases involving Rs.8.63 crore, 1,337 cases of Rs.6.08 crore were outstanding on account of compensation and penalties imposed by collector due to unauthorised extraction or removal of minerals. The recoveries in such cases could not be effected because the details of defaulters viz. names and their addresses were not available in the office.

### ***7.3.8 Non-accounting of RRCs in quarterly returns***

In Jodhpur Collectorate, it was noticed that three revenue recovery certificates (RRCs) valued at Rs.46.02 lakh received between December 2001 and February 2002 from Commercial Taxes Department and Rajasthan Finance Corporation were for effecting recovery from defaulters residing in other states. Though the RRCs were sent to concerned Collectors of other states in January and February 2002, the amount was not shown by the Collector Jodhpur in the quarterly returns sent to the Board.

### ***7.3.9 Recoveries pending due to inadequate attachment action***

The Recovery Officer is required to issue demand notice to the defaulter residing within his jurisdiction, to pay the amount due against him. In case the defaulter fails to deposit the dues within the prescribed period mentioned in the notice, the Collector shall issue warrant of attachment of property for execution within the period mentioned in the warrant.

Test check of records of Collector, Jodhpur and 5 Tehsildars revealed that in 61 cases, demand notice/attachment warrants totaling Rs.77.90 lakh were issued between February 1992 and March 2002. But further steps to attach the properties of the defaulters were not taken by Collector/ Tehsildars concerned.

### ***7.3.10 Non-disposal of attached properties***

Under the provisions of LR Act, action to sell the attached properties through public auction should be taken at the time/date mentioned in the proclamation of sale. Wide publicity should be given to attract sufficient number of bidders for public auction.

Test check of records of 3 Tehsils<sup>1</sup> and Collector, Bhilwara revealed that properties of 23 defaulters, who failed to pay dues amounting to Rs.28.38 lakh, were attached between February 1997 and March 2002. It was noticed that no action was taken to auction the attached properties in 8 cases. In remaining cases no bidder came forward to bid for the properties as wide publicity through regional or national newspapers was not given. Consequently, the dues of Rs.28.38 lakh remained un-realised even after a lapse of 12 to 61 months.

### 7.3.11 Failure to follow-up the RRCs sent to other States

As per records of the Board, recoveries in 436 cases involving amount of Rs.61.50 crore were pending as on 31 March 2002 against the defaulters having properties outside the state. In such cases the requisition for RRCs for effecting recovery is sent to the District Collectors of the states concerned where the defaulters have properties.

Test check of records of 5 Collectorates<sup>2</sup> revealed that in 103 cases RRCs of Rs.18.14 crore (which included cases relating to 1974-75 to 1996-97) were sent to various states during the period 1997-98 to 2001-02. During this period, an amount of Rs.1.14 crore in 5 cases was recovered by Collectors of concerned states and in 27 cases RRCs for Rs.7.43 crore were returned for want of details of correct addresses/properties. Thus, RRCs of Rs.9.58 crore in 71 cases were still pending since 1974-75 in other states as on 31 March 2002 as detailed below:

(Rupees in lakh)

Year	Opening balance	Additions	Total	Disposal during the year		Total disposal	Closing balance	Percentage of col. 7 to 4
				Cases returned without recovery	Recoveries made			
1.	2.	3.	4.	5.	6.	7.	8.	9.
Amount/(cases)								
1997-98	634.39 (30)	2.00 (3)	636.39 (33)	0.20 (1)	-	0.20 (1)	636.19 (32)	0.03
1998-99	636.19 (32)	82.72 (6)	718.91 (38)	25.86 (1)	-	25.86 (1)	693.05 (37)	3.60
1999-2000	693.05 (37)	402.13 (19)	1,095.18 (56)	312.98 (6)	0.52 (1)	313.50 (7)	781.68 (49)	28.63
2000-01	781.68 (49)	232.97 (14)	1,014.65 (63)	163.02 (7)	-	163.02 (7)	851.63 (56)	16.06
2001-02	851.63 (56)	459.95 (31)	1,311.58 (87)	240.45 (12)	113.04 (4)	353.49 (16)	958.09 (71)	26.95
<b>Total</b>		<b>1,179.77 (73)</b>		<b>742.51 (27)</b>	<b>113.56 (5)</b>			

Number of cases are shown in brackets.

<sup>1</sup> Bijolia- 13 (Rs.1.60 Lakh), Jahajpur- 2 (Rs.18.50 Lakh) and Jodhpur-2 (Rs.0.27 Lakh).

<sup>2</sup> Bhilwara 15 cases Rs.260.50 lakh, Bikaner 27 cases Rs.499.24 lakh, Jaipur 50 cases Rs.1007.88 lakh, Jodhpur 2 cases Rs.27.64 lakh and Tonk 9 cases Rs.18.90 lakh.

Further scrutiny revealed that the amount was pending collection in 15<sup>1</sup> States and Union Territory, Chandigarh. This amount related to the Department of Mines and Geology (Rs.4.27 lakh), Commercial Taxes (Rs.6.76 crore), State Excise (Rs.64.67 lakh), and Government Woollen Mills Bikaner (Rs.1.60 crore), Rajasthan Finance Corporation (Rs.39.10 lakh) and Rs.13.76 lakh in respect of other Departments.

### State Excise Department

#### 7.3.12 Organisational set up

Excise Commissioner is the administrative head of the Department. He is assisted by two Additional Excise Commissioners at Zonal Headquarters (Jaipur and Jodhpur) and 27 District Excise Officers (DEOs) in 32 Districts. The Excise Officers are empowered to recover the amount under LR Act. DEO (Prosecution) Jodhpur and Deputy Commissioner (Prosecution) Jaipur deal with matters of recovery pending with Rajasthan High Court, Jodhpur and Jaipur respectively.

#### 7.3.13 Position of arrears

Position of arrears of excise revenue pending recoveries in the state during last five years as on 31 March 2002 was as under: -

**(Rupees in Crore)**

Year	Opening balance Amount	Addition Amount	Total	Recovered	Closing balance	Percentage of recovery column 5 to 4
1.	2.	3.	4.	5.	6.	7.
1997-1998	37.60 (535)	6.67 (4)	44.27 (539)	1.48 (69)	42.79 (470)	3.34
1998-1999	42.79 (470)	7.00 (21)	49.79 (491)	1.87 (49)	47.92 (442)	3.76
1999-2000	47.92 (442)	6.64 (6)	54.56 (448)	1.28 (32)	53.28 (416)	2.35
2000-2001	53.28 (416)	228.26 (81)	281.54 (497)	2.57 (52)	278.97 (445)	0.91
2001-2002	278.97 (445)	4.71 (7)	283.68 (452)	65.07 (46)	218.61 (406)	22.94

Number of cases are shown in brackets.

It would be seen from the above that pendency of arrears had increased by 481 percent from Rs.37.60 crore to Rs.218.61 crore during period between

<sup>1</sup> Andhra Pradesh Rs.67.64 lakh, Bihar Rs.13.87 lakh, Chandigarh Rs.90.74 lakh, Delhi Rs.141.21 lakh, Gujarat Rs.44.97 lakh, Haryana Rs.28.74 lakh, Himachal Pradesh Rs.0.88 lakh, Karnataka Rs.0.10 lakh, Kerala Rs.20.76 lakh, Madhya Pradesh Rs.49.65 lakh, Maharashtra Rs.68.24 lakh, Orissa Rs.3.18 lakh, Punjab Rs.216.32 lakh, Tamilnadu Rs.2.02 lakh, Uttar Pradesh Rs.90.70 lakh and West Bengal Rs.119.07 lakh.

1997-98 and 2001-02. During 1997-98 to 2000-01, recovery of arrears ranged between 0.91 per cent to 3.76 per cent.

### ***7.3.14 Understatement of arrears***

Demand raised by DEO against defaulter is to entered in demand and collection register immediately and intimated to the Excise Commissioner in quarterly return of arrears.

A test check of records of four DEOs revealed understatement of arrears of Rs.54.37 lakh as under:

- In the offices of DEOs, Alwar, Chittorgarh and Udaipur demands of Rs.51 lakh were pending for hearing against three licensees in Rajasthan High Court, Jodhpur but the same were not entered in the demand registers and also not intimated to the Excise Commissioner. As such the position of arrears as shown by the Department was not correct.

On this being pointed out in audit, Department included demand in one case. Department further stated in August 2001 that amount was not entered due to fixed deposit receipt submitted by licensee in one case and in other cases the matter was pending in the Court. Reply was not tenable as the demand was required to be noted in demand register immediately as soon as it became due for recovery.

- DEO, Udaipur did not include demand of Rs.3.37 lakh outstanding against defaulter for the month of November 1997 in the demand register. Thus, the arrears intimated to the Excise Commissioner in quarterly return were suppressed by the DEO to that extent. On this being pointed out in audit, the Department included the demand in the register.

### ***7.3.15 Irregular adjustment of arrears***

Excise Commissioner's order dated 7 July 1995 provide that the sum received from defaulter in respect of pending demands should be first adjusted against interest accrued up to the date of such deposit and remaining amount, if any, shall be adjusted towards principle amount.

In DEO, Baran and Udaipur, defaulters deposited an amount of Rs.7.25 lakh between April 1997 to February 1998 against the arrears of Rs.49.75 lakh. This amount was irregularly adjusted by the DEOs against the demand instead of interest. This resulted in understatement of demand by Rs.7.25 lakh.

### ***7.3.16 Non/delayed issue of notices under LR Act***

Under Section 229 of LR Act, notice is to be issued to a defaulter, to deposit the amount within 15 days from the serving of notice. In case of default, the property of the defaulter is required to be attached.

- In 8 cases, involving recovery of Rs.6.63 crore, no action for recovery of dues against 12 defaulters could be initiated as the defaulters were not

available on the addresses mentioned in the application forms or on the properties as shown in their names in the solvency certificates.

- Test check of records of DEO Chittorgarh revealed that a sum of Rs.35.83 lakh was recoverable for the year 1993-95. DEO issued the notice for recoveries in January 1998 i.e. after delay of 52 months.

### ***7.3.17 Incorrect interpretation of stay of recovery by the Department***

In following cases, involving demand of Rs.1.09 crore Department stopped recovery proceedings against defaulters due to incorrect interpretation of court directions as shown under:

**(Rupees in lakh)**

<b>S. No.</b>	<b>Name of office</b>	<b>Amount</b>	<b>Date of orders</b>	<b>Nature of irregularity</b>
1.	DEO, Alwar	2.27	10 March 1995 conditionally extended on 19 April 1995.	As per stay granted by court in April 1995, the defaulter was required to deposit 50 percent of the amount within one month but the defaulter could deposit only Rs.0.74 lakh. The stay was irregularly treated as operative even after expiry of one month in May 1995 as the licensee failed to deposit required amount.
2.	DEO, Alwar	49.39	16 March 1999	Auction of agricultural land (attached on 26 November 1994 & 1 August 1995) to recover the dues was stayed by the High Court upto April 1999. Reasons for not initiating action for auction even after the date of expiry of stay were not found on record.
3.	DEO, Kota	57.69	21 January 1999	DEO did not arrange auction of land by treating court's orders as stay order, though the same was not actually a stay order.
<b>Total</b>		<b>109.35</b>		

On this being pointed out in audit, Department accepted the fact in two cases and initiated recovery/auction proceedings. Reply in remaining case was awaited (August 2003).

### ***7.3.18 Non-realisation due to unauthorised transfer of property***

As per the conditions of contract agreement, a licensee is required to furnish a certificate of solvency duly signed by the Revenue Authority. In solvency certificate he is required to give undertaking not to alienate or otherwise encumber the properties listed therein till all dues are paid. In case of transfer of property inspite of pendency of arrears against the contractor, steps are to be taken to get the registration of document cancelled.

In 7 cases pertaining to 6 DEOs<sup>1</sup> recovery amounting to Rs.9.94 crore was outstanding during the period 1997-98 to 2001-02. The defaulters had transferred/disposed of their properties during the period even after the arrear became due. The Department did not take necessary steps to realise the arrears

<sup>1</sup> Barmer, Churu, Jaipur, Jodhpur, Nagaur and Sawaimadhopur.



after getting the registration of documents cancelled in accordance with the order of the Excise Commissioner.

### ***7.3.19 Non/delayed attachment of property of defaulters***

Under LR Act, the DEO can attach property of the defaulter if he fails to deposit the amount due within 15 days from the date of notice.

- In four DEOs<sup>1</sup> involving arrears of Rs.1.50 crore, properties had not been attached so far though attachment notices were issued between December 1993 and August 2001.
- In five DEOs<sup>2</sup>, property in six cases involving demand of Rs.7.19 crore was to be attached during the period August 1992 and September 2001. But these were attached during the period between December 1997 and February 2002 after delay ranging between 6 to 124 months.

### ***7.3.20 Attached properties not auctioned***

Action for sale of the attached properties through public auction is to be taken within 30 days or period mentioned in the proclamation of sale. For sale of property, wide publicity is to be given to attract the bidders.

The Excise Commissioner issued instructions in October 1988 that after attachment, the property could not be kept under the possession of the original owner. In case any income is earned on this property, the same is to be deposited into government account.

In 10 DEOs<sup>3</sup>, properties of 37 defaulters, who failed to pay government dues of Rs.16.49 crore, were attached during the period between 1997 and 2002. But these properties were not disposed of by public auction even after a lapse of 1 to 5 years. Efforts to auction the properties lacked wide publicity in local/national newspapers which resulted in non-attendance of bidders at the venue. The attached properties were still in the possession of defaulters who were enjoying the benefits of the properties. Government did not take any steps to take over the properties.

The Department stated in September 2002 that there was no provision in LR Act for publishing auction notice in newspapers for publicity and to takeover agricultural land. It was also not practically possible for the Department to manage such land and earn income. The reply is not tenable as wide publicity can only be made through newspapers to attract bidders and departmental instructions to keep attached property under possession of Excise Department were not been followed.

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<sup>1</sup> Alwar, Jhunjhunu, Sikar and Udaipur.

<sup>2</sup> Alwar, Jhalawar, Nagaur, Sawaimadhapur and Sikar.

<sup>3</sup> Alwar, Barmer, Churu, Jodhpur, Jhalawar, Kota, Nagaur, Sawaimadhapur, Sikar and Udaipur.

### ***7.3.21 Recovery held up due to failure to follow the correct procedure of issue of revenue recovery certificate for other states.***

Any sum in respect of defaulter residing outside state or having property there, is recoverable under Revenue Recovery Act, 1890. These cases shall be intimated by the DEO to the Collector of the district in which the defaulter conducted his business. On receipt of the same, the Collector shall send the recovery certificate to the Collector of the district of the other state where the defaulter owns the property or is residing.

DEOs, Barmer and Nagaur, instead of forwarding the recovery certificates through their respective Collectors had sent the revenue recovery certificates involving government dues of Rs.5.63 crore pertaining to the period August 1998 and April 1999, direct to the Collectors concerned in Haryana and Madhya Pradesh.

### ***7.3.22 Non-pursuance of RRC cases pending with other states***

Four DEOs<sup>1</sup> sent 22 revenue recovery certificates involving Rs.14.07 crore through Collectors to other states during the period June 1992 and October 2000. The amount in question was still outstanding against the defaulters as information of recovery effected, if any, was not available with them. No efforts were made to pursue the cases with the concerned Collectors of the other states.

### ***7.3.23 Non-vacation of stay orders***

In 3 DEOs<sup>2</sup> stay for recovery of Rs.2.66 crore was granted by courts during the period September 1992 to November 1998. No efforts were made to get the stay vacated till now.

### ***7.3.24 Incorrect verification of properties in solvency certificates.***

Each licensee is required to furnish a solvency certificate, showing the value of property owned by him, duly certified by the Revenue Authority to DEO. Excise Commissioner issued instructions in May 1997, solvency certificates issued by the Revenue Authority were to be accepted after verification of the value of properties by concerned DEO (under whose jurisdiction the property of the licensee existed). Excise Commissioner issued instructions in July 1998 and November 2000 to initiate disciplinary action against officers who wrongly verified value of property in solvency certificate, and where sale proceeds received in auction of the said property was much less than the value of property declared in solvency certificate.

- In Barmer, the arrears of Rs.89.15 lakh for the licence year 1997-99 was due against a licensee. The licensee submitted a solvency certificate of Rs.15 lakh, duly signed by Revenue Authority, at the time of allotment of licence. The DEO did not verify the solvency certificate as required. It was, however, noticed that the defaulter had already sold the property in January

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<sup>1</sup> Bharatpur, Chittorgarh, Jhunjhunu and Sikar.

<sup>2</sup> Alwar, Churu and Sikar.

1996 i.e. much before submission of solvency certificate. Irregular issue of solvency certificate by the Revenue Authority as well as non-verification of it by DEO resulted in non-recovery of arrears. No action was taken against the officers for incorrect valuation/non-verification of property, which led to loss of revenue.

- In Jalore and Sikar, properties of defaulters involving recovery of Rs.2.40 crore were auctioned between July 1999 and October 2002. Sale proceeds of Rs.9.48 lakh received in auction were much less than the value of property, Rs.28 lakh, shown in the solvency certificates submitted at the time of granting licences during 1997-99 and 1999-2001. This resulted in loss of Rs.18.52 lakh.
- In Jalore, demand of Rs.18.15 crore was raised against licensee after cancellation of the licence in April 2000. Though the licensee had submitted solvency certificates on 25 February 1999 for Rs.4.35 crore duly certified by the Tehsildars concerned, DEO did not verify the value of the property as shown in the certificate in accordance with instructions. However, the Executive Engineer, PWD (B&R), Jalore had done the valuation of the said property for Rs.60.81 lakh only. No action has been taken against the officials for non-verification of the value of property shown in the solvency certificate. This resulted in loss of Rs.3.74 crore.

#### ***7.3.25 Non-recovery of full amount for property sold in auction.***

The EC issued instructions on 4 September 1975, that twenty five per cent of accepted bid amount in auction of property shall be deposited by bidder immediately on the day of auction. Balance amount was to be deposited within 15 days of auction. In case of failure, the amount deposited originally was to be forfeited and loss of revenue, in event of subsequent auction was to be recovered from the original bidder.

Test check of records of DEOs, Bharatpur, Nagaur and Sikar revealed that agricultural lands were auctioned for Rs.39.60 lakh between September 2001 and December 2002. Out of this, Rs.15.12 lakh was deposited by the successful bidders. Balance of Rs.24.48 lakh were not recovered even after a lapse of 1 to 16 months (January 2003). The Department did not forfeit the amount of Rs.15.12 lakh deposited by bidders initially and reauction the properties.

#### ***7.3.26 Appeal entertained without payment of requisite amount***

Under the provision of Rajasthan Excise Act, 1950, Divisional Commissioner may revise any order passed by the Excise Commissioner in appeal. No appeal shall be entertained unless it is accompanied by satisfactory proof of payment of 75 percent of the amount of the demand created by the order appealed against.

In Bharatpur, the Divisional Commissioner granted stay of recovery of Rs.3.38 crore in 1992 on an appeal filed by a defaulter without deposit of sum of Rs.2.54 crore (75 per cent of amount of appeal). The Divisional

Commissioner, however, dismissed the appeal in 1994. Had the provision of the Act been insisted upon, Government could have recovered Rs.2.54 crore out of total amount of Rs.3.38 crore. However, the demand was still outstanding.

The matter was reported to Government in May 2003, their reply has not been received (August 2003).

### Mines and Geology Department

#### **7.3.27 Organisational set up**

The Director of Mines and Geology (DMG) is the head of Mines and Geology department and is assisted by 2 Additional Directors at his headquarter at Udaipur. The state has been divided into 3 zones (Jaipur, Jodhpur and Udaipur) each headed by an Additional Director, Mines. They exercise control through 7 Superintending Mining Engineers (SME), 38 Mining Engineer (ME)/Assistant Mining Engineer (AME).

#### **7.3.28 Position of arrears**

The year-wise pendency of arrears and arrears recoverable of Mines and Geology Department under Rajasthan Land Revenue Act, 1956 from 1997-98 to 2001-02 was as under:

**(Rupees in crore)**

Year as at the end of	Total arrears	Amount outstanding under LR Act	Increase over the previous year (column no.3)	Percentage of increase over previous year
1.	2.	3.	4.	5.
1997-1998	28.23	10.70	-	-
1998-1999	35.50	11.89	1.19	11.09
1999-2000	37.70	12.96	1.08	9.02
2000-2001	41.78	16.98	4.02	31.02
2001-2002	40.76	18.72	1.75	10.29

The pendency increased by 75 percent in 2001-02 over the year 1997-98 . The significant increase in arrears during 2000-01 was due to levy of interest on non-payment of dues in one case and levy of penalty for non-installation of new plant by the lessee in another case.

The important deficiencies/irregularities noticed during review of the records are incorporated in the subsequent paragraphs.

### ***7.3.29 Pendency due to non-availability of addresses of defaulters or details of their properties***

Under Rajasthan Minor Mineral Concession Rules, 1986, every application for grant of mining lease/quarry licence shall be made to the AME/ME, wherein the applicant has to mention his permanent address.

- In 106 cases pertaining to 7 Mining Offices<sup>1</sup> involving Rs.1.48 crore, recovery certificates were issued between 1997-98 and 2001-02. However, further proceedings could not be initiated against the concerned defaulters, as either the address given by the Department was incomplete/incorrect or the defaulters were not available at the given address. Departmental officers had also failed in ensuring the correctness of the full particulars of addresses given by the lessees in their application form before grant of license/lease.
- In 128 cases of 13 Mining Offices<sup>2</sup> involving recovery of Rs.1.63 crore, recovery certificates for effecting recovery, on determination of mining lease/contract, were issued by the concerned AME/ME. However, no proceedings could be initiated against the defaulters/sureties for want of particulars of properties. The Department had failed to obtain particulars of properties before award of the lease/contract on the plea that there was no provision in the rules to obtain such particulars.

### ***7.3.30 Inadequate action for auction of attached properties***

Under Mines and Minerals (Regulation and Development) Act, 1957 any government dues recoverable from defaulters as arrears of land revenue shall be a first charge on the assets of the defaulter. In case of default, their properties are to be attached and auctioned at the earliest. Under LR Act, 1956, action for sale of attached properties through public auction is to be taken within 30 days or within the time/date mentioned in the proclamation of sale for which wide publicity should be given to attract bidders.

In 297 cases of 12 Mining Offices<sup>3</sup> involving recovery of Rs.3.53 crore, properties of defaulters who failed to pay dues, were attached by the Department during the period 1997-98 to 2001-02. However, it could not be auctioned due to inadequate publicity for auction thereto. As a result, no bidder participated in the auction.

### ***7.3.31 Non-encashment of forfeited security (NSC)***

Under the Mineral Concession Rules, 1960 and Rajasthan Minor Mineral Concession Rules, 1986, Mines Department had to obtain security in the form of National Saving Certificates in respect of mining leases to safeguard realisation of dues from lessee. In the event of either default in payment of

<sup>1</sup> Ajmer (8), Bikaner (3), Bundi-I (1), Jaipur (88), Rajsamand-II (2), Sikar (1) and Udaipur (3).

<sup>2</sup> Ajmer (16), Alwar (13), Bikaner (6), Bundi-I (7), Bundi-II (1), Jaipur (33), Jodhpur (1), Karauli (2), Rajsamand-I (1), Rajsamand-II (12), Sikar (13) Tonk (5) and Udaipur (18).

<sup>3</sup> Ajmer (9), Alwar (12), Bikaner (46), Bundi-I (12), Bundi-II (24), Jaipur (47), Jodhpur (24), Karauli (45), Rajsamand-II (24), Sikar (17) Tonk (10) and Udaipur (15).

dues or breach of terms/occurrence of other irregularities, mining lease is to be determined with forfeiture of security.

In 67 cases pertaining to 6 Mining Offices<sup>1</sup> securities of Rs.2.07 lakh obtained from defaulters were forfeited on determination of their mining lease from time to time during 1977 to 2001. However, these securities (NSC) were not encashed. Non-encashment of securities resulted in non-realisation of Rs.2.07 lakh.

### Stamp Duty and Registration Department

#### 7.3.32 Organisational set up

The Department functions under the overall administrative control of the Finance Department. The Inspector General (IG) is the administrative head. The Additional Inspector General (AIG) is ex-officio Superintendent, Stamps at headquarters and also assists both in administrative and financial matters. The entire state has been divided into 12 circles. These circles are headed by 11 Deputy Inspector Generals (DIG) cum ex-officio Collector (Stamps) and one Additional Collector (AC) (Stamps), who controls 67 Sub-Registrars (SR) and 279 ex-officio SRs.

#### 7.3.33 Arrears of revenue

Year-wise position of dues, recoveries made and arrears during last five years ending as on 31 March 2002 was as under:

(Rupees in crore)

Year	Opening balance	Addition	Total	Amount recovered	Balance	Percentage of recovery
1997-1998	15.39	14.17	29.56	11.08	18.48	37
1998-1999	18.48	10.00	28.48	15.83	12.65	56
1999-2000	12.65	12.27	24.92	9.04	15.88	36
2000-2001	15.88	14.64	30.52	9.30	21.22	30
2001-2002	21.22	16.77	37.99	8.17	29.80	22

The details in the table would reveal that the percentage of recoveries during the last five years ending March 2002 ranged between only 22 to 56 per cent. The arrears witnessed a large increase to Rs.29.80 crore in 2001-02 which was 94 per cent higher as compared to the opening balance in 1997-98. The Department did not maintain age-wise records of the arrears.

Rs.29.80 crore were outstanding for recovery as on 31 March 2002, of which Rs.4.75 crore were stayed by various courts and the balance of Rs.25.06 crore was under various stages of recovery with DIG and SRs.

<sup>1</sup> Bikaner (4), Bundi-II (8), Jaipur (1), Rajsamand-II (7), Udaipur (42) and Tonk (5).

### **7.3.34 Non-execution of attachment orders**

Land Revenue Act, 1956 (LR Act) provides that when a defaulter does not deposit the dues as per demand, the DIG shall issue warrant of attachment of property for execution on defaulter within the period mentioned therein.

Test check of records of DIG, Jodhpur and 4 SR<sup>1</sup> offices revealed that 100 cases involving Rs.27.89 lakh were pending as on 31 March 2002 for recovery. Out of these in 90 cases involving Rs.24.21 lakh, the Department had issued orders for attachment of property during the period between 1997-98 and 2001-02 for execution on defaulters. But no action to execute these attachment orders were taken by the Department. In remaining 10 cases, no reason for pendency was on record in DIG office.

It was intimated by the concerned SRs in January-2003, that though attachment orders in these cases were handed over from time to time to Land Revenue Inspectors/*Patwaris* of the concerned areas to serve on the defaulters, the same were pending for service/execution. No action was taken against the delinquent officials responsible for the delay.

### **7.3.35 Non-disposal of attached properties**

As per provisions of LR Act, action for sale of attached property through public auction should be taken within 30 days or within the time/date mentioned in proclamation of sale.

A test check of records in eight SR offices<sup>2</sup>, revealed that properties of 87 defaulters, from whom Rs.19.19 lakh was recoverable, were attached during the period between July 1998 and March 2001. The Department had not taken any action to dispose of the attached properties even after lapse of 24 to 56 months. Consequently, Rs.19.19 lakh remained unrealised.

### **7.3.36 Recommendations**

Based on the above observations, Government may consider:

- devising efficient control mechanism for watching issue of RRCs and maintaining status of pendencies of arrears and prompt recovery thereof;
- taking adequate steps for sale of attached properties within a prescribed period by giving it adequate publicity.

The omissions were pointed out to the Department and reported to Government (May 2003); their replies have not been received (August 2003).

<sup>1</sup> Bassi-25 (Rs.5.69 lakh), Dudu-40 (3.34 lakh), Kishangarh-Renwal-3 (Rs.0.24 lakh), and Jamwa-Ramgarh-9 (Rs.0.58 lakh).

<sup>2</sup> Amer-13 (Rs.1.74 lakh), Bhilwara-3 (Rs.1.13 lakh) Bilara-5 (Rs.0.53 lakh), Chomu-57 (Rs.5.39 lakh), Jodhpur-I-1 (Rs.5.03 lakh), Kishangarh-Renwal-1 (Rs.0.13 lakh), Luni-6 (Rs.3.87 lakh) and Tonk-1 (Rs.1.37 lakh)

The matter was reported to Government (May 2003); their reply has not been received (August 2003).

## **General Administration Department**

### **7.4 Non-recovery of rent from commercial undertakings in occupation of government properties**

Public Works, Financial and Accounts Rules provide that when a government property is let-out to a private person for residential or non-residential purposes, rent should be recovered monthly in advance at the market rate. If a regular lease is to be entered into, lease should be sanctioned by the Head of Department on rent at prevailing market rate.

Director of Estate, Rajasthan, Jaipur is responsible for realisation of rent. As per decision taken by the Apex Committee in its 27<sup>th</sup> meeting held on 22 October 1994, rent should be realised from buildings under possession of semi-government/autonomous bodies from the date of possession.

As per records of Resident Commissioner, Bikaner House, New Delhi, four semi-government/autonomous commercial undertakings were having possession of area at Bikaner House at New Delhi, an estate of government of Rajasthan. Besides this, it was noticed that Rajasthan Small Industries Corporation Limited (RSICL) was also in occupation of another government property at New Delhi for an emporium.

Test-check of records of Resident Commissioner, New Delhi revealed that rates of rent as chargeable from time to time as assessed by Public Works Department (PWD) in October 1994 in respect of commercial bodies was not being paid by them regularly from the date of possession. The Government had also taken no steps to recover Rs.10.55 crore relating to 1997-98 to 2002-03 from the occupants as detailed below. Besides, rent of Rs.19.88 crore was



also recoverable from these bodies for the period April 1964 to March 1997.

(Rupees in crore)

S. No.	Name of the corporation	Rent assessed by PWD (Rupees per month)	Total rent recoverable	Rent paid	Rent due
1.	Rajasthan State Road Transport Corporation (RSRTC)	6,57,000	4.73	-	4.73
2.	Rajasthan Tourism Development Corporation (RTDC)	7,10,000	5.11	-	5.11
3.	Rajasthan Small Industries Corporation Limited (RSICL)	60,000	0.43	--	0.43
4.	State Bank of Bikaner and Jaipur (SBBJ)	15,419	0.11	--	0.11
5.	Rajasthan State Industrial Development and Investment Corporation (RIICO)	54,195	0.39	0.22	0.17
<b>Total</b>					<b>10.55</b>

It is evident from the above that RSRTC, RTDC, SBBJ and RSICL were not paying any rent in respect of area occupied and no action to realise the rent was taken by state government. It was also seen that government had not executed any lease agreement with any of the corporations/bodies. Thus, failure of the Department to recover rent from these bodies resulted in non-recovery of rent of Rs.30.43 crore.

On this being pointed out, the Government stated in September 2002 that action to recover rent was to be taken in accordance with the decisions taken in the meeting held on 5 September 2002. The reply was not tenable as rent should be recovered at rates assessed by PWD.

The matter was pointed out to the Department and reported to Government in April 2003; their replies have not been received (August 2003).

## Mines and Petroleum Department

### 7.5 Non-raising of demand of petroleum exploration license fee and increased amount

**7.5.1** Petroleum and Natural Gas Rules (PNG Rules), 1959 provides that payments of license fee, lease fee, royalties, etc. should be paid within the time specified. In case the payment is not paid in time, it is to be increased by ten per cent for each month or portion of a month during which these payments remained unpaid.

In Jaipur, it was noticed that a mining lease for exploration and extraction of mineral petroleum was sanctioned in October 1997 in favour of a corporation for a period of 20 years from 1 May 1994 in an area covering 24 square kilometres in Jaisalmer district. The corporation did not make payment of royalty in time during the period April 1998 to October 2001. The delay attracted recovery of dues at increased rates by 10 per cent which worked out to Rs.5.30 lakh but the same was not recovered.

On this being pointed out, the Department asked the corporation in September 2002 to deposit the amount due.

Government to whom the matter was reported in December 2002, confirmed the reply of the Department in May 2003.

**7.5.2** As per PNG Rules, annual licence fee for petroleum exploration licence is to be realised in advance.

In Jaipur, it was noticed that a Petroleum Exploration licence (PEL) was issued in favour of a company in January 1996 for a period of four years from 15 May 1995 on an area of 10,558 square kilometers in Barmer and Jalore districts which was further extended upto 14 May 2001. Payments of licence fee due on 15 May of 1997, 1999 and 2000 were delayed by 1, 3 and 1 month respectively by the company but increased fee was not demanded. This resulted in non-realisation of increased licence fee of Rs.21.04 lakh.

On this being pointed out in audit, the Department asked the company in January 2003 to deposit the amount due.

The matter was reported to Government in December 2002, their reply has not been received (August 2003).

**7.5.3** The licensee shall be at liberty to determine the licence or relinquish any part of area covered by licence on giving not less than two months notice.

In Jaipur, it was noticed in September 2002 that a licensee was having an area of 11,968 square kilometres as on 1 September 2001 for petroleum exploration. On an application on 24 September 2001 from the licensee, government accepted in January 2002 surrender of an area of 8,001 square kilometres with effect from 25 November 2001.

Since the licensee had applied for surrender on 24 September 2001, the period was less than two months from the date of next advance payment i.e. 1 October 2001. The licensee had to pay licence fee of Rs.71.81 lakh for full area of 11,968 square kilometer against which Rs.24.03 lakh was paid by him. Further, the licensee paid Rs.7.92 lakh in March 2002 leaving a balance of Rs.39.86 lakh. Increased amount of licence fee on the outstanding balance from time to time during 1 October 2001 to 30 September 2002, worked out to Rs.48.59 lakh. Thus total amount recoverable as of September 2002 worked out to Rs.88.45 lakh including licence fee.

On this being pointed out, the Department stated in January 2003 that the matter had been taken up in December 2002 with Government for seeking guidance in the matter.

The matter was reported to Government in December 2002; their reply has not been received (August, 2003).

**7.5.4** In Jaipur, it was noticed that a PEL was issued in June 2000 in favour of a company for a period of four years from 1 January 1997 over an area of 9,750 square kilometres. The company had applied for surrender of an area of 3,600 square kilometres on 3 June 1999, which was acceptable with effect from 3 August 1999.

While depositing licence fee for the fourth year i.e. year 2000, the company made an adjustment of Rs.2.96 lakh covering the period 3 August 1999 to 31 December 1999 relating to the area relinquished for which licence fee was paid in the previous year. As the licence fee was payable in advance, the adjustment thereof subsequently was irregular. So the increased licence fee of Rs.12.43 lakh from January 2000 to August 2002 was recoverable.

On this being pointed out, the Department asked the company in January 2003 to deposit the amount. Further progress has not been received (August 2003).

The matter was reported to Government in December 2002; their reply has not been received (August 2003).

**7.5.5** In Jaipur, it was noticed that a corporation had applied in November 1985 for PEL over an area of 174.10 square kilometres for four years to Assistant Mining Engineer, Jaisalmer. The corporation simultaneously started the exploratory operations in the area. Though the proposal for according sanction was sent to Government by the Director, Mines and Geology (DMG), Udaipur in July 1987, the same had not yet been sanctioned.

Proposal to regularise the period of above PEL was sent in September 1996 to Government by the Department but it was still pending at Government level. The licence fee for the period from 19 November 1985 to 15 December 1994 worked out to Rs.3.73 lakh against which licensee deposited Rs.1.42 lakh. Hence, the increased licence fee on unpaid amount of Rs.2.30 lakh worked out to Rs.34.87 lakh as of 31 March 2002.

On this being pointed out in audit, the Department asked the corporation in September 2002 to deposit the increased licence fee of Rs.34.87 lakh. The corporation had, however, paid the licence fee of Rs.2.28 lakh.

The matter was reported to Government in December 2002, their reply has not been received (August 2003).

## 7.6 Non-posting of demand of excess royalty/development charge in the DCR

Handbook of Mines and Geology department provides that all government dues in respect of lease, licence, contract, dead rent, royalty, interest and penalty etc. are required to be recorded in DCR to facilitate recovery of the demand. The Assistant Mining Engineer/Mining Engineer concerned is also to check all the entries made in DCR and sign in token of check.

In Jalore and Nagaur it was noticed in November 2002 and January 2003 that in 5 cases the demand of excess royalty of Rs.15.53 lakh and development charge of Rs.1.19 crore were neither raised nor posted in DCR. This resulted in loss of revenue of Rs.1.35 crore as detailed below:

**(Rupees in lakh)**

S. No.	Name of office	No. of cases	Period of assessment	Month of assessment	Recoverable amount	Remarks
1.	Nagaur	3	2000-01	October 2001 and February 2002	77.81	Demand was neither raised nor posted in DCR.
2.	Jalore	1	19 December 1996 to 31 March 2001	September 1999 and October 2001	41.37	Demand was neither raised nor posted in DCR.
3.	Jalore	1	19 December 1997 to 18 November 1999	November 2000	15.53	Demand of royalty in excess of dead rent was not posted in DCR.
<b>Total</b>		<b>5</b>			<b>134.71</b>	

On this being pointed out, the Department accepted the audit observations in July 2003 and posted the demand in DCR. Demand of excess royalty of Rs.15.53 lakh was stated to have been adjusted against the excess credit available in DCR. Reply in remaining cases was awaited (September 2003).

Government to whom the matter was reported in February 2003 and March 2003, confirmed in August 2003 the reply of the Department in respect of non-posting of demand of excess royalty. Further reply was awaited (September 2003).

## 7.7 Loss of revenue due to unauthorised despatch of mineral cadmium

Mineral Concession Rules, 1960, provides that if any mineral not specified in the lease is discovered in the leased area, the lessee shall not win and dispose of such mineral unless such minerals are included in the lease or a separate lease is obtained therefor.

Further, Mines and Mineral (Regulation & Development) Act, 1957 provides that whenever any person raises any mineral from any land, without any

lawful authority, the state government may recover from such person the mineral so raised or where such mineral has already been disposed of, in addition to the price thereof rent, royalty or tax as the case may be, for the period during which the land was occupied by such person.

In Udaipur, it was noticed that a mining lease sanctioned to a company for minerals lead, zinc and silver. The lessee deposited Rs.10.35 lakh during the period from January 2002 to August 2002, on account of royalty for mineral cadmium which was not included in the mining lease. As the lessee was not authorised to win and dispose of mineral cadmium, the cost of such mineral was required to be recovered from him. Based on the rate of royalty, the cost worked out to Rs.1.04 crore which was not recovered by the Department.

On this being pointed out, the Mining Engineer, Udaipur stated in September 2002 that mineral cadmium was a by-product and not produced directly from mines; and as cadmium was produced in negligible quantity, it was not included in the mining lease. The reply is not tenable as the cost of material extracted unauthorisedly was recoverable in addition to royalty paid.

The matter was reported to Government in December 2002, their reply has not been received (August 2003).

### **7.8 Non-recovery of cost of mineral**

Under the Rajasthan Minor Mineral Concession Rules, 1986, a short term permit (STP) for quantities exceeding 500 tonnes shall be granted in case of contract works of government/autonomous bodies on recommendation of concerned department. Further government clarified in June 1985 that if a contractor uses or mines the mineral without obtaining STP and without payment of royalty, he shall be liable to pay 10 times of the royalty chargeable at the prevalent rates.

In Makrana, it was noticed that a contractor had applied in April 2001 for STP of 2000 MT 'jhikra' and 3000 MT 'ballast' for use in the contract work "Improvement of road Manglana-Makrana-Borawar and Makrana-Bidiyad". The said STP could not be issued to the contractor as he failed to provide copies of essential documents *i.e.* work order, 'G' schedule, location of area, description of land, etc. However, as per records of Executive Engineer, PWD, Parbatsar, the work was completed by contractor in March 2002 and stone ballast 15,313.29 cum, quarry rubbish and gravel 25,675.50 cum, grit 22,473.29 cum, *Bajri* 314.75 cum and stone 584.35 cum were used in work. Thus, unauthorised extraction of mineral resulted in non-recovery of cost of mineral valued at Rs.45.10 lakh being 10 times of royalty.

On this being pointed out, the Department stated in May 2003 that demand has been raised and an amount of Rs.1.84 lakh has been recovered. Further reply was awaited.

The matter was reported to Government in December 2002; reply has not been received (August 2003).

### **7.9 Short recovery of royalty**

Ministry of Mines, Government of India notified on 12 September 2000 the rate of royalty on limestone other than LD grade as Rs.40 per tonne.

In the office of the Secretary, Department of Mines it was noticed that Mining Engineer, Ajmer issued between June and September 2001 three STP to a cement company of Beawar for 90,000 tonnes (30,000 tonnes in each STP) for the mineral named "schist" excavated from his own lease area.

The Director, Mines and Geology (DMG) instructed the Mining Engineer, Ajmer in June 2001 to issue STP at a rate of royalty of Rs.5 per tonne. The so-called mineral "schist" was in this case part of limestone (cement grade) in small pieces and was used in the production of cement. So, the royalty was to be recovered at the rate of Rs.40 per tonne as for limestone (cement grade). Therefore, allowing issue of STP at lower rate of royalty resulted in short recovery of Rs.31.50 lakh.

On this being pointed out by audit, the Government instructed in November 2002 the DMG to recover the amount of royalty at prescribed rates. Further reply was awaited (August 2003).

### **7.10 Loss of revenue due to non-levy of penalty**

The Rajasthan Minor Mineral Concession Rules, 1986, provides that the successful bidder/tenderer of royalty/excess royalty collection contracts shall execute an agreement within a period of one month from the date of the order accepting the bid/tender. If the grantee had applied before the expiry of prescribed period for extension of time for execution of the agreement, the competent authority may extend the limit for execution of the agreement subject to payment of penalty at the rate of nine per cent of annual dead rent for every month of delay.

In Balesar, it was noticed that excess royalty collection contract for "Balesar Satta" and "Kui Jodha" area was sanctioned on 5 October 1999 in favour of a party of Sikar at annual contract price of Rs.1.49 crore. Request for extension of time limit of one month for execution of agreement was made by the contractor within stipulated time. The agreement was executed on 15 November 1999 on the approval of DMG in December 1999 without imposing penalty of Rs.13.44 lakh.

On this being pointed out in September 2002, the Department stated in April 2003 that penalty was not recoverable in royalty collection contract. The reply is not tenable as the penalty is also applicable to royalty collection contract where extension of lime limit for execution of agreement is granted.

Government to whom the matter was reported in December 2002; accepted the audit observation in Audit Committee Meeting held on 22 August 2003.

### **7.11 Short recovery of revenue due to non-revision of contract amount**

As per conditions of the agreement, if the rate of royalty or weighing fee is enhanced, the contractor shall be liable to pay the increased contract money proportionate to the enhancement for the remaining period of the contract from the date of such enhancement.

In Ramganj Mandi, it was noticed that excess royalty and weighing fee collection contract for mineral limestone (building) and associated masonry stone was sanctioned in March 2001 for the period 2001-2003 on annual contract amount of Rs.6.72 crore. The government revised in October 2001 the rate of weighing fee from Rs.20 per vehicle to Rs.30 per vehicle. But annual contract amount for the remaining contract period was not revised by the Department which resulted in short recovery of Rs.11.63 lakh.

On this being pointed out in September 2002, the Department stated in December 2002 that the annual contract amount had been revised and the contractor asked to deposit the amount.

The matter was reported to Government in December 2002, their reply has not been received (August 2003).

### **7.12 Loss of revenue due to non-recovery of cost of mineral**

Rajasthan Minor Mineral Concession Rules, 1986, provides that no person shall undertake any mining operations except in accordance with the terms and conditions of the mining lease/quarry licence/STP or any other permission granted. Further, where mineral so raised has already been dispatched or consumed, the authorities may recover cost of the mineral along with rent, royalty or the tax chargeable on land occupied or mineral excavated. The cost will be computed at 10 times of the royalty payable at the prevalent rates.

In Makrana, it was noticed in audit, that 7,713 tonnes masonry stone, 351 tonnes marble crazy and 110 tonnes marble *patia* (slabs) were unlawfully removed from quarry/mines area through 907 vehicles without payment of

royalty during December 1998 to November 1999. Thus unauthorised despatch of mineral resulted in loss of revenue amounting to Rs.6.59 lakh.

On this being pointed out, the Department stated in May 2002 that action was being taken to recover the amount.

The matter was reported to Government in November 2002, their reply has not been received (August 2003).

**JAIPUR,**  
The

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**NEW DELHI,**  
The

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