Overview

This Report contains 13 Paragraphs involving ₹ 136.23 crore, some of the significant audit findings are mentioned below:

Part-1: Compliance Audit Observations relating to State Government Departments

General

Response of the Government/Departments to Audit observations

The Accountant General (Audit-II), Rajasthan, Jaipur audits the Government/Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the audit and not settled on the spot. Analysis of Inspection Reports issued upto March 2020 disclosed that 17,119 paragraphs involving ₹ 24,383.73 crore relating to 3,644 IRs issued for these departments remained outstanding at the end of September 2020.

(Paragraph 1.5)

Coverage of this part of the Report

This Part contains seven paragraphs. Total recoveries made at the instance of Audit during the year under Report aggregated to ₹ 36.38 crore

(Paragraph 1.7)

Taxes on Vehicles

The office conducted audit of 16 units of Transport Department. The major audit findings noticed are:

Taxes on motor vehicles not realised

Motor vehicle tax, surcharge and penalty amounting to ₹ 4.03 crore in respect of 334 vehicles were not paid by vehicle owners. The Department, however, did not initiate action to realise the dues.

(Paragraph 2.4)

Realisation of outstanding instalments of lump-sum tax

Lump-sum tax, surcharge and penalty amounting to ₹ 2.17 crore were not deposited by 249 transport vehicle owners. The Department, however, did not initiate action to realise the tax due.

(Paragraph 2.5)

Mining Receipts

The office conducted audit of 43 units of Mines and Geology Department. The major audit findings noticed are:

Non-recovery of cost of illegally excavated mineral

Department, despite being aware that short term permit holder had utilised 51,125 MT mineral masonry stone over and above the permitted quantity, failed to recover ₹ 86.91 lakh, being cost of mineral

(Paragraph 2.9)

Non- recovery of Government revenue

Department refunded the bank guarantee and security deposit without ensuring complete recovery of contract amount and interest on belated payment, as Demand and Collection Register was not maintained.

(Paragraph 2.10)

Forest Department

Avoidable expenditure on maintenance of plants

Growing seedlings/plants without proper survey of the actual requirement resulted in avoidable expenditure of ₹ 1.12 crore on maintenance of plants during the year 2019-20.

(Paragraph 3.1)

Public Works Department

Irregular expenditure under Central Road Fund

The Central Road Fund was established for the (i) development and maintenance of national highways; (ii) development of the rural roads; (iii) development and maintenance of other State roads including roads of inter-State and economic importance; (iv) construction of roads either under or over the railways by means of bridges and erection of safety works at unmanned rail-road crossings and (v) such projects as may be prescribed.

As per the Central Road Fund guidelines, the sanction for the excess/extra items to be executed was to be taken from the Ministry of Road Transport and Highways. Scrutiny of records of three divisions of Public Works Department revealed that the State Government took decisions at its own level and incurred ₹ 11.06 crore on excess/extra items without approval of the MoRTH. It reflects the lack of internal controls on the part of Department to ensure compliance with the procedure prescribed for Central Road Fund.

(Paragraph 3.2)

Industries Department

Blocking of funds due to laxity of decision

Failure of Government and Urban Improvement Trust, Bhiwadi to ensure timely action at various stages of construction of flats for economically weaker section resulted in blocking of ₹ 2.09 crore which deprived the beneficiaries of the intended benefit.

(Paragraph 3.3)

Part-2: Compliance Audit Observations of State Public Sector Undertakings

This Part includes six draft paragraphs highlighting important audit findings emerging from test check of transactions of the State Government Companies and Statutory Corporations.

Rajasthan State Road Development and Construction Corporation Limited

Thematic Audit on 'Construction activity of Rajasthan State Road Development and Construction Corporation Limited'

A thematic audit on 'Construction activity of Rajasthan State Road Development and Construction Corporation Limited' for the period 2016-17 to 2019-20 was conducted. Major audit finding noticed are:

Achievement of Objectives

- The objective behind instituting the Company was to act as a specialised agency for carrying out construction activities, and thus ease the financial burden on the Government. This remained unmet, as the Company had a very limited share *i.e.* only 11.36 *per cent* in roads and bridges constructed in the State.

Adoption of Advanced Techniques and Sustainable Practices

- The Company did not evolve a mechanism to explore/adopt technologically advanced, eco-friendly and sustainable practices and thus not only lost the opportunity of controlling the construction/ repairing cost of the roads but also failed in disposal of plastic waste which is hazardous to the environment.

Execution of Projects

- The Company was not prompt and effective in executing the undertaken projects as per the schedules envisaged in MOA/work orders as there were instances of delay in awarding (from 15 months to 33 months) and executing the projects (upto 43 months in 54 *per cent* of the completed projects). Further, it did not analyse the reasons of delay, to take effective steps for avoiding the time overrun in implementation of projects.

Compliance of provisions of RTPP Act/Rules

- The Company did not maintain the requisite documents to assess the procurement and supply of cement. Further, the Company failed in complying with the provisions of the RTPP Act/Rules relating to rate contract and also in controlling the regular fluctuations in the contracted rates of cement to safeguard its financial interest.

Utilisation of newly purchased machines

- Six dumpers/ tippers and two DG sets worth ₹ 1.88 crore were not utilised for 21 months and 12 months respectively from purchase.

Financial Management

- Financial management of the Company was not robust as directions of the State Government for charging overhead was not complied with. Directions of the COPU relating to restricting the execution of works to the level of funds received was also not ensured as the Company released ₹ 23.47 crore in excess of the available funds in selected seven cases. Further, levy of liquidated damages as per the terms and conditions of the work orders and recovery of outstanding dues from the clients (₹ 87.56 crore as on 31 March 2021) was also not ensured.

Management of Quality Control

- Audit analysis revealed that Unit offices failed to ensure quality control, as the laid down MORTH/Company's specifications for bitumen content in construction of road have not been adhered to in respect of 18 road works.
- Further, efficacy and effectiveness of the quality control inspections carried out by the QC wing was not monitored.

Oversight and Monitoring

- System for monitoring the progress of the works in a periodic manner and taking corrective steps for removal of the hindrances was not ensured.

(Paragraph 2.1)

Rajasthan State Industrial Development and Investment Corporation Limited

Avoidable payment of interest of ₹ 6.24 crore

The Company delayed in initiating action to adhere to the provisions of the Income Tax Act which led to payment of avoidable penal interest of ₹ 6.24 crore.

(Paragraph 2.2)

Rajasthan Rajya Vidyut Utpadan Nigam Limited

Lack of adequate checks and balances led to short receipt of idle freight worth ₹ 1.90 crore

Two Thermal Power Stations of the Company did not put in place adequate checks and balances and resultantly, failed in identifying non-adjustment of Goods and Service Tax on the idle freight reimbursed by South Eastern Collieries Limited for 2017-20. The Company suffered a minimum loss of ₹ 1.90 crore, due to lack of proper internal checks.

(Paragraph 2.3)

Jaipur Vidyut Vitran Nigam Limited, Ajmer Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited

Mandatory pre-requirements of obtaining administrative approval and government guarantee were bypassed for availing loans worth ₹ 4,121 crore

Three distribution companies (DISCOMs) availed loans worth ₹ 4,121 crore without adhering to the mandatory pre-requirements of obtaining administrative approval and arranging guarantee on loans from the State Government. Irregular financial behaviour of DISCOMs deprived them of discount in interest worth ₹ 9.36 crore. The DISCOMs also incurred ₹ 35.13 crore on guarantee commission paid for a period during which the guarantees extended by the State Government were not valid.

(Paragraph 2.4)

Jodhpur Vidyut Vitran Nigam Limited

Non-mapping of business rules led to short levy of penalty/charges

Non-mapping of business rules/formula in the billing system and computation of excess drawal of energy and penalty amount manually led to short levy of penalty/charges for excess capacity utilisation to the tune of ₹ 2.80 crore.

(Paragraph 2.5)

Jaipur Vidyut Vitran Nigam Limited

Distribution Franchisee Arrangements

Several shortcomings were noticed in the implementation of Distribution Franchisee Arrangement by the Company both at the planning and execution stage. Firstly, no fresh exercise was conducted to identify areas of High and moderate losses before sending the proposal to the STF. DFs could be appointed only for two out of three cities/areas identified covering only 5.39 *per cent* of total energy drawn as against 25 *per cent* envisaged by the STF. The clauses of the DFAs related to installation of check meters and main meters, formula for computing ABR, submission of information/data to independent auditor were defective/deficient which led to non-recovery of dues worth ₹ 28.25 crore. Further, non-adherence to several provisions of the DFAs viz. unauthorized capital expenditure in DF areas, delay in appointment of independent auditor, non-issue of notices of critical default was noticed. The Company also allowed unwarranted adjustments of ₹ 1.23 crore on account of rebate on non-replacement of defective meters. The Company could not ensure recovery of huge arrears that existed at the time of handing over as well as current dues belonging to Government instrumentalities (₹ 124.37 crore). Further, the Company adjusted the input energy dues by extending credit of ₹ 15.48 crore to DFs for the dues accrued upto March 2019. Audit is of the view that the Company needs to streamline its processes to address the various shortcomings highlighted by Audit.

(Paragraph 2.6)