

## OVERVIEW

This Report contains 21 paragraphs including one Performance Audit involving ₹ 263.50 crore. Some of the major findings are as mentioned below:

### I. General

The total revenue receipts of the Government of Gujarat in 2016-17 were ₹ 1,09,841 crore as against ₹ 97,482.58 crore during 2015-16. The revenue raised by the State from tax receipts during 2016-17 was ₹ 64,442.71 crore and from non-tax receipts was ₹ 13,345.66 crore. The revenue raised by the State Government was 71 *per cent* of the total revenue receipts. The main sources of tax revenue during 2016-17 were value added tax/ central sales tax (₹ 46,313.78 crore) and Taxes and Duties on Electricity (₹ 5,833.10 crore). The main receipt under non-tax revenue came from non-ferrous mining and metallurgical industries (₹ 3,746.50 crore). In the financial year 2016-17, 12 *per cent* of the revenue received by the Government of Gujarat came from Grants-in-aid from Government of India as compared to 9 *per cent* in the previous year 2015-16. Share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 18,835.39 crore and ₹ 13,218.05 crore respectively.

(Paragraph 1.1)

### II. Value Added Tax (VAT)/Sales Tax

Test check of records of Commercial Tax Department offices during the year 2016-17 revealed under assessment of ₹ 35.67 crore in 325 cases. A few illustrative audit observations involving ₹ 13.24 crore are mentioned in the chapter II of the report. Some of these are highlighted as under.

Short levy of VAT of ₹ 2.15 crore was noticed in 23 assessments in five offices due to misclassification of commodities.

(Paragraph 2.3)

Excess tax credit of ₹ 4.01 crore was allowed in the assessment records of 20 offices in 31 assessments of 30 dealers due to incorrect grant of input tax credits.

(Paragraph 2.5)

Short levy of tax of ₹ 1.22 crore was noticed in assessment records of six offices of nine dealers due to incorrect determination of turnover.

(Paragraph 2.6)

### III. Land Revenue

Test check of records in the offices of the Collectors, Dy. Collectors and Mamlatdars (LR); Gujarat State Disaster Management Authority, Gandhinagar; Commissioner of Revenue (Inspection), Gandhinagar; Director of Relief, Gandhinagar and Principal Secretary, Revenue Department in the State during the year 2016-17 revealed underassessment of tax and other

irregularities involving ₹ 71.13 crore in 204 cases. Some illustrative audit observations involving ₹ 5.17 crore are mentioned in the Chapter-III of the report. Of these, a few are highlighted as under.

Premium price of ₹ 78.44 lakh was short recovered due to application of incorrect rates on conversion of land from new tenure to old tenure in two cases at Surat and Ahmedabad during 2014-15 and 2015-16.

**(Paragraph 3.2)**

Conversion tax of ₹ 1.98 crore was not levied/short levied in 138 cases in four Collector offices during the period from period 2012-13 to 2014-15.

**(Paragraph 3.3)**

#### **IV. Stamp Duty and Registration Fees**

Test check of records in the offices of Sub-Registrars, Deputy Collectors (Stamp Duty Valuation Organisation) and Additional Superintendent of Stamps, Gandhinagar in the State during the year 2016-17 revealed short realisation of stamp duty and registration fees and other irregularities involving ₹ 99.98 crore in 103 cases.

This chapter contains a paragraph on Audit of “Evaluation and application of Annual Statement of Rates for determination of market value of immovable properties for levy and collection of Government revenue” involving ₹92.17 crore. Audit revealed the following:

Annual Statement of Rates (ASR) had not been revised during the period from April 2012 to March 2017 despite a Government of Gujarat Resolution dated 31 March 2011 that stipulated annual release of Annual Statement of Rates.

**(Paragraph 4.3.6)**

Revenue in the shape of premium and stamp duty amounting to ₹ 67.33 crore could not be collected due to non-revision of ASR in respect of areas falling under Town Planning Schemes.

**(Paragraph 4.3.6.5)**

Separate rates for commercial land in urban areas were not provided in the ASR due to which there was undervaluation of land. The survey process was found defective, the rates obtained through general enquiry was not cross verified with the computerised database of the system (*gARVI*).

The survey data was unreliable as there were a number of unauthentic/incomplete survey forms from which the rates of the land used for different purposes were entered into the ASR.

**(Paragraph 4.3.7.1 and 4.3.7.4)**

During the test check of ASRs alongwith the survey forms, check forms, etc. produced to audit by the 12 DC (SDVO) offices of nine districts, audit found

irregularities in data entry of rates in ASRs resulting in short levy of premium of ₹ 4.63 crore in 41 cases.

**(Paragraph 4.3.7.5)**

Audit noticed inconsistencies and anomalies in the rates adopted in ASR such as rates of agriculture land were shown at par or higher than the rates of open plot/office/shops and survey/final plot numbers of one value zone were repeated under another value zone of the same area.

**(Paragraph 4.3.9)**

Audit noticed that due to incorrect determination of market value of properties in 28 documents there was short levy of stamp duty of ₹ 1.75 crore. This was due to lack of adherence to the instructions contained in the ASR guidelines for ascertaining the correct market value of properties.

**(Paragraph 4.3.11)**

In addition, a few illustrative audit observations involving ₹ 6.55 crore are mentioned in the Chapter-IV of the report. Of these, a few are highlighted as under.

In four Sub Registrar offices, the market value of the properties was determined incorrectly in 41 documents, which resulted in short levy of stamp duty and registration fees of ₹ 4.77 crore.

**(Paragraph 4.4)**

In Sub Registrar office, Bavla (Ahmedabad), there was short levy of stamp duty of ₹ 98 lakh in one document due to incorrect adoption of market value.

**(Paragraph 4.5)**

## **V. Other Tax and Non-Tax Receipts**

Test check of records in the offices of the District Geologists/ Assistant Geologists and Commissioner of Geology and Mining, office of the Chief Electrical Inspector and Collector of Electricity Duty and Operation and Maintenance Divisions of Electricity Distribution Companies and Director of Petroleum in the State during the year 2016-17 revealed under-assessment and other irregularities involving ₹ 152 crore in 185 cases.

This chapter contains a Performance Audit of “Grant, Levy and Collection of Receipts from Mining Leases” involving ₹ 144.05 crore. The PA disclosed a number of control deficiencies which had an adverse impact on the management of revenue. A few are mentioned in the following paragraphs

Gujarat Mineral Policy was framed in 2003. This has not been revised despite the circulation of draft “Model State Mineral Policy, 2010” by the Government of India in 2010. Absence of a revised policy resulted in a number of discrepancies including estimating the reserves of the minerals, etc.

**(Paragraph 5.2.7)**

Due to the frequent changes in the Guidelines of 2011 issued by the Government of Gujarat for auction of blocks of minor minerals, the auction

process was rendered faulty and a fair competitive bidding could not be ensured.

**(Paragraph 5.2.8.1)**

The Department had not made any attempt to put minor minerals other than ordinary sand in public domain. No register was prescribed to record the minerals put to auction and record the receipts therefrom for want of technical opinion.

**(Paragraph 5.2.8.2)**

There were 4,749 applications for grant of leases pending allotment as on 31 March 2016. Out of these, 3,543 applications (74.60 *per cent*) were pending for want of technical opinion from various departments.

**(Paragraph 5.2.10)**

Ministry of Mines, Government of India declared 31 major minerals as minor minerals in February 2015. The Department prescribed the rates for levy of royalty and dead rent on these 31 re-classified minerals in June 2016, after a delay of more than one year and four months. Delay in revision of rates of royalty/ dead rent in these cases resulted in foregoing of revenue of ₹ 35.69 crore.

**(Paragraph 5.2.13)**

The percentage shortfall in yearly inspections of leases by the Department ranged between 74.24 to 89.86. In absence of adequate inspection of leases, the Department was unable to control the mining activities of the lessees.

**(Paragraph 5.2.17)**

In 10 District Geologist offices, 45 *per cent* of the applications remain pending for clearance by SEIAA/ DEIAA. The Department allowed the continuance of leases without the ECs.

**(Paragraph 5.2.22)**

The Department had not evolved a system of co-ordination with other departments for plugging leakage of revenue, prevention of unauthorized mining, protection of environment/ forests, etc. The internal audit conducted by the Department was inadequate which may result in the Department remaining unaware of the areas requiring attention and taking steps for improvement.

The co-ordination with Forest Department and Gujarat Pollution Control Board was insufficient for prevention of illegal/ unauthorised mining. This resulted in illegal excavation of minerals in 92 cases involving ₹ 1.51 crore.

**(Paragraph 5.2.23 to 24)**

### **Transport Department**

In eight Regional Transport Offices, operators of 600 transport vehicles had neither paid tax nor filed non-use declarations for the periods between 2010-11 and 2015-16. This resulted in non-realisation of motor vehicles tax of ₹ 2.32 crore.

**(Paragraph 5.3)**