

# *OVERVIEW*



## Overview

Chapter-I of the Report presents the details about profile of the audited entities, authority for audit, planning and conduct of audit, response of Departments concerned with audit findings and summary of coverage of this Report. This Report contains 25 paragraphs (including follow up of the extent of implementation of recommendations made by Audit in the Performance Audit Report on 'Revision and Implementation of Market Value Guidelines' relating to Registration & Stamps Department) involving revenue impact of ₹ 29.51 crore. Major audit findings are mentioned below:

### I General

- The system for addressing the issues highlighted in the Inspection Reports (IRs)/ Audit reports in respect of revenue generating departments is reviewed in audit every year. On a review of outstanding audit observations of Commercial Taxes Department, at the end of September 2023, 1588 IRs / 5,855 paragraphs having money value of ₹ 1,954.30 crore could not be settled. During the year 2022-23, one departmental audit committee meeting was conducted and 222 paragraphs involving ₹ 37.15 crore were settled/ dropped.

Government needs to evolve a mechanism for expeditious settlement of outstanding audit observations.

*(Paragraphs 1.6 and 1.5.5)*

- Audit test-checked records in 139 units during the year 2022-23, out of 1,324 units under three Departments (*viz.*, Commercial Taxes, Registration and Stamps, Chief Commissioner of Land Administration). During 2022-23, the Departments accepted under assessments and other deficiencies having money value of ₹ 30.62 crore in 596 cases and an amount of ₹ 15.78 crore was realised in 340 cases.

*(Paragraph 1.8)*

### II Commercial Taxes

- Assessing Authorities did not levy interest and penalty amounting to ₹ 4.70 crore on belated payment of taxes/ demands raised by the Department in respect of 87 dealers.

*(Paragraph 2.1.1)*

- Incorrect determination of Central Sales Tax turnover resulted in short levy of tax amounting to ₹ 1.40 crore in nine cases.

*(Paragraph 2.3.1)*

- Non-compliance with the provisions relating to penalty in cases of delayed filing of returns/ under-declaration of tax in six Value Added Tax cases resulted in non-levy/ short levy of penalty amounting to ₹ 0.94 crore.

*(Paragraph 2.1.2)*

- Non-considering the portion of advances while assessing taxable turnover resulted in short levy of tax of ₹ 40.10 lakh.

(Paragraph 2.2.3)

### III Chief Commissioner of Land Administration

- Payment of Conversion tax at less than the prescribed rate and non-collection of penalty in the cases of deemed conversions resulted in non-realisation of revenue of ₹ 5.82 crore in 23 cases.

(Paragraph 3.1)

### IV Registration & Stamps

#### Follow up on Performance Audit of ‘Revision and Implementation of Market Value Guidelines’

- A Performance Audit (PA) on ‘Revision and Implementation of Market Value Guidelines’ covering the period 2012-15 was featured in the Report of the Comptroller and Auditor General (CAG) of India (Report No.7 of 2016) for the year ended March 2016. Six recommendations were issued to the Government by the CAG and the Government accepted (October 2016) all the recommendations.

A follow up Audit covering the period from 2020-21 to 2022-23 was conducted to assess the extent of implementation of the recommendations.

The status of implementation of the six recommendations was categorised into three categories as ‘**Insignificant or no progress in implementation**’, ‘**Partially implemented**’ and ‘**significant progress in implementation**’ as detailed below:

#### **Insignificant or no progress in implementation**

##### **C&AG’s Recommendations:**

- Derive a formal mechanism with specific procedures to be adopted for revision of market values for valuation of properties considering various developmental factors with proper documentation.
- Analyse the reasons for variation between the approved market values and the price realised in open market and initiate steps to minimise the gaps.

##### **Findings in follow-up audit and present status:**

Formulation of specific mechanism/ procedure for valuation of properties with proper documentation in accordance with the C&AG’s recommendation was not found during scrutiny of records in the sampled units.

Audit analysis revealed that the variation between existing values and proposed values wherever included (in 22 out of 42 sampled units) in the market value forms was up to 1,500 *per cent*. However, in the absence of specific mechanism/ procedure for valuation of properties with proper documentation, Audit could not get any assurance on the revised market values finalised by the Market Value Committees.

## Recommendations partially implemented

**C&AG's recommendation:** Ensure that the Market Value revision committees obtain required data from Revenue and other departments.

### Findings in follow-up audit and present status:

- We observed from the minutes of the Market Value Committees, made available in 33 (out of 42) sampled units, that the market values of the properties were stated to be revised/ finalised duly considering various details about conversion of lands from agriculture to non-agriculture purposes, lands abutting roads, commercial door numbers and prevailing market values. However, none of the sampled offices provided evidence to Audit about availability of all requisite details with the offices.

**C&AG's recommendation:** Make a provision in Computer aided Administration in Registration Department (CARD) for generation of reports that are to be considered while revising the market values like statements of documents registered with higher values and to alert the registering officers and to facilitate trend analysis during revision.

### Findings in follow-up audit and present status:

- Audit observed that there was provision for comparison of consideration and market value of the documents in the CARD system. However, provision for fetching highest value of the property duly evaluating previous transactions was not included in the system as noticed during scrutiny of transactions relating to the audit coverage period *i.e.*, 2020-2023.
- In two cases, the registering authorities considered lesser value (₹ 17,500 per sq. yd.) than the market value (₹ 22,000 per sq. yd.) considered in previous transaction of the property.
- During test-check of documents, Audit further noticed that there were instances of non-adoption of applicable market values based on classification of land while arriving at chargeable value for levy of stamp duty.

**C&AG's recommendation:** Make modifications in CARD to enter details like complete description of boundaries and door number/ survey numbers for more accurate calculation of market values and also to reduce the scope of manual entries.

### Findings in follow-up audit and present status:

- In nine cases, the market value of properties was depicted as '0' or '1' in the check-slips generated by CARD. In these cases, however, the value adopted by the registering authorities was found to be lesser than the applicable rates as per market value guidelines which indicate absence of alert mechanism in CARD system and non-verification of details by the concerned authority.

- In 20 cases, the registering authorities considered lesser values/ rates than those applicable to the properties mentioned in the documents with respect to market values fixed by the Market Value committees.

### Significant progress in implementation

**C&AG's recommendation:** Ensure greater scrutiny of documents where manual entries were made to prevent wrong entries.

**Findings in follow-up audit and present status:**

Out of 42 sampled units, audit noticed that in nine DR/ SR offices manual entries were made in 2,135 (out of 9,151) check-slips. Of these, market value entries in 123 cases, where valuation of property was involved, have been verified and were found correct. Information on manual entries in respect of remaining 33 DR/ SR offices were not made available to Audit for verification.

*(Paragraph 4.1)*

- Misclassification of documents like 'Mortgage Deeds' as 'Deposit of Title Deeds', 'Settlement Deeds' as 'Partition Deeds' etc., resulted in short levy of duties amounting to ₹ 8.35 crore in 32 registered documents.

*(Paragraph 4.2)*

- Deviation from valuation procedures for properties i.e., adopting incorrect rate/ market value/ extent of land etc., resulted in short levy of duties of ₹ 2.67 crore in 30 registered documents.

*(Paragraph 4.3)*

- Omission of distinct transactions like 'partition' in Development-cum-General Power of Attorney agreements, 'Release' in partition deeds and 'Settlement' in partition deeds resulted in short levy of duties of ₹ 1.07 crore in 33 registered documents.

*(Paragraph 4.4)*

- Registering authorities did not consider chargeable values in accordance with those depicted in the check-slips generated in CARD system for levying duties which resulted in short collection of duties of ₹ 64.67 lakh in 11 documents.

*(Paragraph 4.5)*