PRESS BRIEF

Compliance Audit Report (Civil) of the CAG of India for the period ended March 2024-GoG

(Report No. 1 of 2026)

This is a summary of the Comptroller and Auditor General of India (CAG)'s Compliance Audit Report (Civil) for the period ended March 2024-Governmet of Gujarat.

This Audit Report contains audit findings arising from two Subject Specific Compliance Audits (SSCAs) and 16 individual Audit Paragraphs.

- ***SSCA on Department's Oversight on GST Payments and Return Filing (Phase-II) (Finance Department, GoG)***

The audit was taken up to provide assurance on the adequacy and effectiveness of systems and procedures adopted by the State Tax Department with respect to tax compliance under the GST regime.

Audit reviewed scrutiny of returns done by the State Tax Department and verified taxpayers' records for the period from April 2018 to March 2021, while the audit of the functions of selected Units covered the period 2020-21.

Key Findings at a Glance

- There were deviations from provisions of the Act/ Rules and instructions on cancellation of registration, revocation of cancellation, and delays in recovery of demands.
- In 291 cases there were deviations with a revenue implication of **₹ 2,606.62 crore**.
- A relatively higher rate of deviations were noticed in- mismatch in tax liability declared in GSTR-3B and disclosures in E-Way Bill, tax liability between GSTR-01 and GSTR-09 and ITC mismatch between GSTR-2A and GSTR-3B.
- Due to non-production of records in 63 of the audit sample of 65 selected cases, mismatches/ deviations of **₹ 1,234.71 crore** noticed through data analysis, could not be examined in Audit.

Overall Position

- The Department needs to strengthen the monitoring mechanism in Units to ensure that the timelines specified for cancellation of registration and revocation of cancellation orders are complied with.
- There was a need to devise appropriate mechanism to ensure mandatory filing of GSTR-10 by all taxpayers whose registration is cancelled and to determine tax liability in cases where GSTR-10 is not filed.
- There was a need to introduce validation controls in GST Returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.

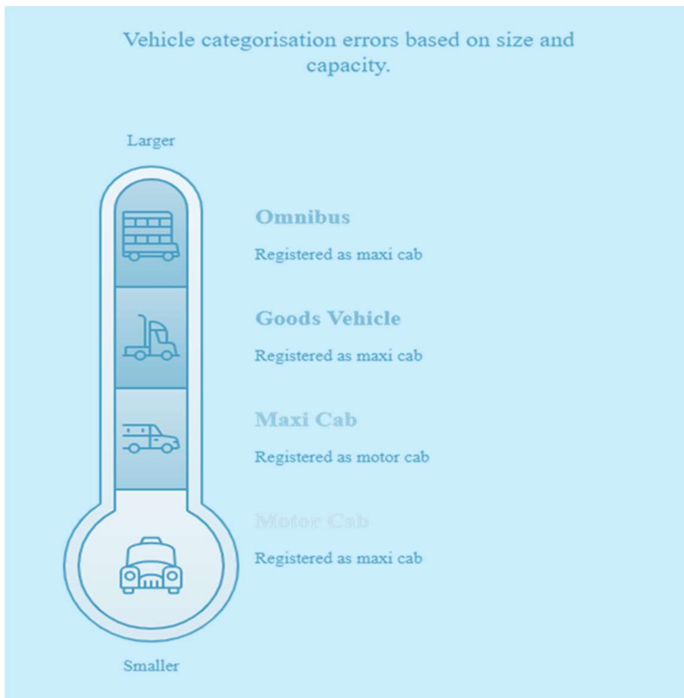
- ***SSCA on Functioning of the State Transport Authority and Regional Transport Offices (Ports and Transport Department, GoG)***

The audit was conducted to ascertain whether the State Transport Authority (STA)/ Regional Transport Offices (RTOs) carried out their core functions as per the applicable Acts/ Rules, and the enforcement activities carried out ensured compliance to Motor Vehicle Acts/ Rules and public services were discharged timely.

Audit reviewed the records of the Department for the period from 01 April 2019 to 31 March 2024. Audit methodology involved analysis of both back-end and front-end data of the VAHAN and SARATHI Applications, as well as examination of records at the office of the CoT and the nine selected RTOs for the period covered under audit.

Key Findings at a Glance

- Due to absence of appropriate checks at the time of vehicle registration as well as improper application controls, there was incorrect categorisation and incorrect entries of the vehicles.



- The registering authorities did not take necessary steps to ensure that only the validly registered vehicles ply on the roads. Though Registration Certificates (RCs) of 5,36,634 vehicles had expired between 01 April 2019 and 31 March 2024, the vehicle owners had neither reported destruction/ incapacitation of their vehicles nor renewed the RCs. Thus, there was non-realisation of potential renewal fees of **₹ 88.58 crore** leviable for renewal of RC.
- The RTO/ ARTOs while issuing permit, fitness certificate and Pollution under Control Certificate did not ensure compliance to the relevant provisions or payment of Government dues. Further, 1,91,977 new vehicles were not issued any State permits as of March 2024.
- There were delays ranging between 31 days to 1,808 days in issuance of Contract Carriage Permits, and Goods Carriage Permits. These included 4,839 permits where delay was more than 500 days. Though permits of 98,619 vehicles had expired, neither the vehicle owners applied for renewal, nor the RTOs concerned took any action in this regard.

- A total of 4,99,436 vehicles were operating with expired fitness certificates which majorly included Transport vehicles and Other Specific Vehicles. The total fees and penalty leviable in these cases of expired fitness amounted to **₹ 980.15 crore**. As many of these vehicles were being issued permits, these vehicles posed a potential threat to road safety.
- In case of 39,12,554 vehicles whose PUCC had expired before 31 December 2023, the vehicle owners had not got the PUCC of their vehicles renewed as of March 2024. Moreover, vehicle owners of 69,26,536 vehicles, registered between 01 April 2009 to 31 March 2019, did not get the PUCC of their vehicles renewed for even a single time during the five years' period from April 2019 to March 2024.
- As a result of delayed updation of the amended provision in the VAHAN and SARATHI Applications and incorrect categorisation of the vehicles, there were instances of levy of fees at incorrect rates for various types of services. In case of 79,762 duplicate Driving Licenses issued between April 2021 to July 2023, fees was levied at the rate of ₹ 200 instead of the revised fees of ₹ 400, resulting in short levy of fees of **₹ 1.60 crore**.
- There was short levy of lump sum tax/ recurring tax in respect of various types of vehicles due to incorrect application of rate of tax or incorrect categorisation of the vehicles. Similarly, there was non-recovery of outstanding recurring taxes.
- The detained vehicles were not being maintained properly resulting in deterioration of their condition day-by-day. This would result in decrease in their potential value at the time of their auction, as and when done. The following photographs depict the vehicles detained by the RTO, Surat and ARTO, Tapi (Vyara):

RTO, Surat

ARTO, Tapi (Vyara)

- All the sensors installed at the seven Automated Driving Test Tracks (ADTTs), were either damaged and/ or were non-functional. The following photographs depict the ADTTs at RTO, Ahmedabad and RTO, Surat:

RTO, Ahmedabad **RTO, Surat**

- There were instances of issue of inappropriate or deficient challans. Such deficiencies in the challans issued reduced the relevance and effectiveness of the enforcement activities.
- Vehicles were plying on road without installing Speed Governors, High Security Registration Plate, and Vehicle Tracking System Device in violation of the extant provisions which poses security and regulation risks.
- There were lacunae in the regulation of Motor Vehicle Aggregators in terms of their registration and compliance to the terms and conditions of the Guidelines issued by the Ministry of Road Transport and Highways (MoRTH).
- The *Mamlatdars* were not posted in eight of the nine selected RTO/ ARTOs on full time basis for recovery of arrears of tax as arrears of land revenue which resulted in slow progress in recovery of arrears.
- The RTO/ ARTOs did not adhere to the time limits prescribed by the Ports and Transport Department for providing various motor vehicle related services.

Overall Position

- There was a need for non-bypassable automated validation controls in VAHAN and SARATHI to prevent incorrect data entry, and block non-compliant registrations or certifications.
- A coordinated statewide enforcement drive was needed to identify vehicles with expired fitness, PUCC or permits and to ensure time-bound compliance and recovery of fees and penalties.
- There was a need to oversee upkeep and auction of detained vehicles and prescribe minimum maintenance standards to prevent deterioration of such vehicles and safeguard recoverable value.
- Compliance of the extant Rules/ Guidelines by the Motor Vehicle Aggregators was required to be ensured and unregistered platforms were required to be identified.
- There was a need to formalise a time-bound correction protocol with NIC to ensure statutory changes are promptly reflected in VAHAN/ SARATHI and prevent revenue or compliance lapses.

- ***Individual Audit Paragraphs***

The audit was taken up to assess functioning and transactions of the audited entities to ascertain whether the provisions of the applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

Key Findings at a Glance

Revenue Department

- There was short levy of Stamp Duty of ₹ 12.18 crore in 126 documents due to undervaluation of property attributable to application of incorrect *Jantri* rates or incorrect adoption of area.
- Short levy of Stamp duty of ₹ 1.12 crore and Registration Fee of ₹ 10.06 lakh was observed in eight documents relating to several distinct matters within one document.
- In two documents, there was short levy of Stamp duty of ₹ 66.26 lakh and Registration Fee of ₹ 2.54 lakh due to incorrect classification of the document.
- Premium of ₹ 55.16 crore in 173 cases was non/ short levied in cases of conversion of agricultural land under 'new and restricted tenure' to 'old tenure' for residential/ industrial/ commercial/ multipurpose use.
- Conversion Tax of ₹ 37.16 lakh in 11 cases was short/ not levied on change in use of land from Agricultural to Non-Agricultural purpose and while giving advance possession of Government land.

Roads and Buildings Department

- In 11 works executed by R&B Divisions, there was overpayment of Price Variation of ₹ 4.74 crore due to incorrect calculations and payment of PV for ineligible items of work, ineligible period and not limiting the payment within the prescribed ceiling limit.
- In one work project completion timeline was extended after the date of completion of the work and bonus of ₹ 2.40 crore was paid to the contractor for early completion.
- In two works, cost overrun aggregating to ₹ 2.21 crore occurred owing to non-finalisation of the tenders due to incorrect adoption of bid validity period.
- Road widening at curves was provided in excess of the prescribed Indian Road Congress (IRC) norms at 99 curves which led to avoidable extra expenditure of ₹ 1.62 crore.
- Electricity charges aggregating to ₹ 83.05 lakh from Airport Authority of India, Surat for the electricity consumed by the private parties/ concessionaires at the Airport were not recovered by the R&B Division concerned. Further, due to delayed initiation of the process for making Solar Photo Voltaic System functional at the Jilla Seva Sadan 2, Surat, the R&B Electrical Division concerned had to pay avoidable electricity charges of ₹ 62.39 lakh.

Forest and Environment Department

- In certain cases of road widening projects falling within the Wildlife Sanctuaries and National Parks and their Eco Sensitive Zones, Protected and Reserved Forests, land was diverted without approval from Ministry of Environment, Forest and Climate Change, Government of India. This constituted violation of established environmental norms and procedures.
- There were instances of issuance of No Objection Certificates (NOCs) for Non-Agricultural (NA) activities in violation of the provisions of the Eco Sensitive Zone Notifications of the

respective Protected Area (PA) and State Government Policy regulating NA activities within the periphery of PAs. Moreover, in certain cases the District Collector had either granted NA permission without NOC from the Forests Department, or the NA permissions were not commensurate with the NOCs granted.

- In the cases of diversion of forest land for Non-Agricultural activities, there was short levy of Net Present Value of ₹ 1.16 crore due to incorrect categorization of forest or adoption of incorrect rates. Further, in one case there was short levy of Compensatory Afforestation amount of ₹ 2.94 crore due to adoption of incorrect Right of Way for the afforestation.

Home Department

- The Home Department, GoG neither established proper storage facilities for storage of seized drugs nor disposed the drugs expeditiously as per the procedures prescribed under the Narcotic Drugs and Psychotropic Substances Act and orders of the Supreme Court of India. As a result, there were instances of loss and destruction of the seized drugs as well as delayed disposal of the drugs. The following photograph (taken by Audit in May 2023) shows the Drugs kept in *Muddamaal* Room of Police Station, Ankleshwar City due to absence of dedicated storage facility:

- In 590 cases, the Police authorities levied *Bandobast*/ escort charges at incorrect rates resulting in short levy of ₹ 2.51 crore.

Energy and Petrochemicals Department (Director of Petroleum)

There was non-levy of interest on delayed payment of Petroleum Exploration License (PEL) fees and royalty during exploration period, and non-recovery of dead rent and interest on dead rent from Tarapur Ring Fence Production Sharing Contract (RFPSC) block, which amounted to ₹ 9.69 crore.

- There was non-recovery of royalty and non-levy of interest on delayed payments from PML holders amounting to ₹ 2.34 crore.

- There was non-recovery/ short recovery of dead rent and non-levy of interest on delayed payments from 10 Petroleum Mining Leases (PML) holders amounting to ₹ 0.89 crore.