

## OVERVIEW

This Report contains 43 paragraphs including two reviews relating to non/short levy of tax, penalty, interest etc. involving ₹ 352.04 crore. Some of the major findings are mentioned below:

### I General

The total revenue receipts of the Government of Gujarat in 2009-10 were ₹ 41,672.36 crore as against ₹ 38,675.71 crore during 2008-09. The revenue raised by the State from tax receipts during 2009-10 was ₹ 26,740.23 crore and from non-tax receipts was ₹ 5,451.71 crore. State's share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 5,890.92 crore and ₹ 3,589.50 crore, respectively. Thus, the revenue raised by the State Government was 77 per cent of the total revenue receipts. The main source of tax revenue during 2009-10 was sales tax/VAT (₹ 18,199.79 crore) and taxes and duties on electricity (₹ 2,643.65 crore). The main receipt under non-tax revenue was from non-ferrous mining and metallurgical industries (₹ 2,138.98 crore).

*(Paragraph 1.1)*

In four treasury offices, the banks collecting Government revenue had delayed crediting of the Government revenue into the Government account in a large number of cases. Though there was a provision for levy of interest for belated credit of the Government revenue, it was not levied by the concerned treasuries. This resulted in non/short levy of interest of ₹ 4.91 crore for delay in credit of Government revenue by the banks.

*(Paragraph 1.1.4.1)*

The Gujarat Municipal Finance Board (GMFB) drew funds from the Government account in excess of requirements during 2004-05 to 2007-08 in respect of four schemes. The retention of Government fund without requirement ranged from ₹ 161.57 crore to ₹ 202.47 crore.

*(Paragraph 1.1.4.2)*

### II Sales Tax/VAT

Incorrect classification/rates of goods resulted in under assessment of ₹ 11.36 crore in the case of 46 dealers.

*(Paragraph 2.14)*

Concession of ₹ 25.16 crore was allowed to 92 dealers without obtaining the required declaration/certificates as required under the Central Sales Tax Act, 1956.

*(Paragraph 2.15)*

In 18 offices, the assessing officers allowed excess set-off, either on purchase of prohibited goods or without ascertaining the fulfillment of prescribed conditions. This resulted in excess grant of set off of tax of ₹ 1.76 crore including interest and penalty.

*(Paragraph 2.17.1)*

In two offices, the assessing officers had not initiated any action to recover tax of ₹ 3.37 crore along with interest of ₹ 1.61 crore from three dealers under the deferment incentives schemes. The dealers had defaulted in payments resulting in non-realisation of the Government revenue amounting to 4.98 crore.

*(Paragraph 2.28.1)*

### III Land Revenue

A review on “**Receipts from conversion of land**” disclosed that:

- In 121 cases, the restrictions of new and restricted tenure were removed by *Mamlatdar & Agricultural Land Tribunal (ALT) Choryasi*, working under the Collector, Surat, without observing the instructions issued by the Government and without recovering the premium as prescribed by the Government. The Collectors also did not review the orders within the prescribed time limit. The revenue forgone in the form of premium price on this account in these cases worked out to ₹ 136 crore.

*(Paragraph 3.5.8)*

- There was no system in place to compare the market rate of a particular survey number of the land fixed by District Land Price Committee (DLPC) and new *jantri* approved by the Government. In 16 cases of land conversion, we noticed wide variation (three to nine times) in market rate fixed by the Committee and the *jantri* fixed by the Government for a particular survey number though the Committee had fixed the rate just two months before the new *jantri* was made effective. The concerned Collector(s) did not inform the variation to Government for rectification of the *jantri* and adopted lower rates prescribed in the *jantri*. This loss of revenue in the form of premium price was estimated at ₹ 14.85 crore due to adoption of lower *jantri* rates.

*(Paragraph 3.5.9)*

- In 10 cases, the land was treated as “old tenure” though the scrutiny of title of land produced before competent authority indicated that the land was of “new and restricted tenure”. The concerned Collector/DDO did not ascertain the correctness of the tenure resulting in revenue loss of premium price of ₹ 6.64 crore.

*(Paragraph 3.5.10)*

- The internal audit and the internal inspection system was inadequate and ineffective in view of action not taken on large number of internal audit observations. The number of outstanding observations increased from 5,328 to 14,202 i.e. by 167 *per cent* during the last five years.

*(Paragraph 3.5.14)*

- There was no system for effective monitoring to detect breach of conditions in orders of allotment of Government land. In 16 cases, though the occupants had breached the conditions of allotment of land, the Departmental officials failed to detect the same and initiate action to regularise the cases for recovery of premium price of ₹ 16.81 crore.

*(Paragraph 3.5.15)*

- There was lack of effective mechanism at district level to watch compliance of conditions of various resolutions, orders and instructions issued by the Government from time to time in respect of the conversion of the land for various uses and monitoring the levy and collection of various receipts relating therewith. Absence of such mechanism lead to shortfall in Government revenue of ₹ 16.66 crore.

*(Paragraph 3.5.16 and 3.5.17)*

- The Departmental officials did not follow the decision of the Government to re-grant the land to purchaser under new and restricted tenure and recover premium at 100 *per cent* of market value. This resulted in short levy of premium price of ₹ 5.44 crore.

*(Paragraph 3.5.19 and 3.5.20)*

#### **IV Taxes on Vehicles**

Two fleet owners (GSRTC and AMTS) collected passenger tax of ₹ 199.75 crore but did not pay it within the prescribed time. Taxation authorities did not take action to recover the dues. Further, taxation authorities did not levy interest of ₹ 10.81 crore and penalty of ₹ 50.06 crore on delay in payment of passenger tax by these fleet owners. This resulted in non-realisation of passenger tax of ₹ 260.62 crore.

*(Paragraph 4.11)*

The operators of 1,093 omnibuses and 779 vehicles for transport of goods had neither paid motor vehicles tax nor filed non-use declarations. Departmental officials failed to issue demand notices and initiate recovery proceedings, resulting in non-realisation of tax of ₹ 8.28 crore.

*(Paragraph 4.12)*

## V Stamp Duty and Registration Fees

The Deputy Collector (VoP), Gandhinagar and 11 Sub-Registrar offices classified 20 documents on the basis of their titles instead of the recitals of these documents. This resulted in short levy of stamp duty and registration fees of ₹ 5.30 crore.

*(Paragraph 5.11)*

In 75 cases seen in audit, the recitals indicated the execution of another document, registration of which was compulsory. The executants of 66 documents did not register their documents with the registering authority. In nine cases, the recitals of the documents did not indicate that stamp duty and registration fees were levied on previous occasion. This resulted in non-realisation of stamp duty and registration fees of ₹ 1.25 crore.

*(Paragraph 5.13)*

## VII Non-tax receipts

Review on “**Interest receipts**” disclosed that:

- At the end of 2008-09, recovery of principal of ₹ 840.65 crore of loans advanced by the Government and interest of ₹ 84.03 crore were overdue from municipalities, *panchayati raj* institutions, other local bodies and public sector undertakings. Of these, principal of ₹ 586.80 crore and interest of ₹ 58.68 crore were outstanding for over five years.

*(Paragraph 7.2.7)*

- State Government has not evolved any effective mechanism to watch debits/credits as reported by the Banks. State Bank of India debited ₹ 483.68 crore in Government account against actual payment of ₹ 111.19 crore which was corrected after a delay of 43 days. The State Bank of India and Bank of Baroda had retained Government money beyond the authorised time limit due to weak internal controls.

*(Paragraph 7.2.9)*

- The Gujarat State Disaster Management Authority had belatedly transferred the interest of ₹ 28.03 crore earned on Government funds to the Government account. Further, in violation of the Financial Rules and Government instructions, the Authority had not credited interest aggregating to ₹ 2.98 crore into the Government account. Resultantly, the State Government lost an opportunity to earn interest of ₹ 3.70 crore.

*(Paragraph 7.2.10)*

- The Internal control system for watching the recovery of loans and interest was found weak. In seven administrative Departments, we found that no internal control mechanism (except in Energy and Petrochemicals Department) was evolved by them to keep an effective watch over the recovery of loans/ interest. No loan register was maintained by them. The Finance Department also did not ensure compliance of the instructions issued by the Government from time to time by the administrative Departments. The lack of internal controls resulted in non-recovery of overdue interest of ₹ 512.45 crore from nine loanees.

***(Paragraph 7.2.11)***

- The terms and conditions of loans aggregating to ₹ 315.90 crore granted to four loanees were not finalised by three administrative Departments, *i.e.* Narmada, Water Resources, Water Supply and Kalpsar Department, Ports and Transport Department, the Industries and Mines Departments. This resulted in non-recovery of interest from the loanees.

***(Paragraph 7.2.13)***

- Three Co-operatives did not open escrow account in violation of the terms and conditions of the loan. Besides, the Government also failed to follow up with the co-operatives after release of the liquidity support loan for achieving its projected goals. This resulted in non-realisation of interest of ₹ 30.17 crore on NCDC and liquidity support loans.

***(Paragraph 7.2.15.1)***

In 41 cases, the Departmental officials either did not levy or levied less royalty on removal of minerals from leased area though the procedure prescribed by the Department requires the lessee to pay royalty in advance. This resulted in non/short levy of royalty and interest of ₹ 1.66 crore.

***(Paragraph 7.5.1)***

In 1069 cases, the lease holders did not pay royalty/dead rent and surface rent etc., in respect of lease of major and minor minerals granted to them. The Departmental officials failed to initiate action to enforce the recovery by way of cancellation of lease, confiscation of minerals, machineries etc., as provided in the Act/Rules or by issue of recovery certificate as arrears of land revenue under the BLR Code, resulting in non-realisation of Government dues of ₹ 13.16 crore.

***(Paragraph 7.5.2)***