



**Report of the  
Comptroller and Auditor General of India  
on  
Economic and Revenue Sector  
for the year ended 31 March 2019**



**लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest**

**Government of Gujarat  
Report No. 3 of the year 2020**



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Comptroller and Auditor General of India  
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**GOVERNMENT OF GUJARAT**

**(Report No. 3 of the year 2020)**



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## **PREFACE**

This Report for the year ended March 2019 has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution of India.

The Report contains significant findings of audit of the Departments under Economic Sector and of the Receipts and Expenditure of major Revenue earning Departments under Revenue Sector under the provisions of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts, 2007 issued thereunder by the Comptroller and Auditor General of India. This report is required to be placed before the State Legislature under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are among those, which came to notice in the course of test audit for the period 2018-19 as well as those which had come to notice in earlier years, but could not be reported in previous Audit Reports; instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



## OVERVIEW

### I ECONOMIC SECTOR

Part I of this Report contains three compliance audit paragraphs. The significant audit findings are discussed below.

The Principal Accountant General (Audit-II), Gujarat conducts audit of the expenditure incurred by nine Departments under the Economic Services Sector in the State. It includes audit at the Secretariat level, the field offices, 59 autonomous bodies and 75 public sector undertakings (PSUs) falling under the jurisdiction of nine Departments. Each Department is headed by Additional Chief Secretary/ Principal Secretary/ Secretary, who are assisted by Directors/ Commissioners/ Chief Engineers and subordinate officers under them.

During 2018-19, in the Economic Sector Audit Wing 5,943 man-days were utilised for compliance audit of 115 units and performance audit. The audit plan covered units/ entities selected on the basis of risk assessment. As of 30 September 2019, 589 IRs (2,437 Paragraphs) were outstanding against nine Departments under the Economic Sector.

### AGRICULTURE, FARMERS WELFARE AND CO-OPERATION DEPARTMENT

#### Functioning of Junagadh Agricultural University

Junagadh Agricultural University (JAU) came into existence on 01 May 2004 to provide support to agriculture and allied sectors in Education, Research and Extension Education. It has jurisdiction over 10 districts of Saurashtra region (Western Gujarat) covering about 32.74 *per cent* of the geographic area and 30.30 *per cent* of the cultivated area of the State.

JAU has eight Colleges, seven Krishi Vigyan Kendra (KVKs) and 31 Research Stations and records of these were examined at the University level. Further, three Colleges and three KVKs were visited for detailed audit.

JAU belatedly made application for accreditation to the National Agricultural Education Accreditation Board due to which two colleges did not receive grant from Indian Council of Agricultural Research for two years. In all the major 44 buildings of JAU, compliance to fire safety mechanisms and special provisions for disabled/ *Divyang* persons as per National Building Code was negligible. During the period 2016-19, placement of students in JAU decreased from 100 *per cent* to 48.63 *per cent*.

JAU, since its inception (2004), released 67 crop varieties and made 354 recommendations for farmers. Among two major crops of Saurashtra, JAU has done commendable work in respect of Groundnut by releasing 12 varieties and making 82 recommendations for farmers. In respect of Cotton, though 39 recommendations have been made for farmers, only three varieties have been

released. JAU developed 39 technologies during 2004-19, out of which, application for patent was filed for five technologies. No efforts were made to commercialize or disseminate these 39 technologies. Of the 67 crop varieties released by JAU only 20 were notified (August 2019) under The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 which resulted in loss of protection period under PPV&FR Act. JAU manufactured five insecticides. However, registration from Central Insecticides Board and Registration Committee was obtained for only one insecticide and licence from State Licensing Authorities to manufacture was not taken for any insecticide. Faculties of JAU published 2,122 research papers during 2014-19, however, most of these had poor citation and published in journals having inferior impact factor. Of the 237 faculties of JAU examined, it was found that only five were having i-10 and h-index of more than 10 which shows most of the faculties did not have satisfactory publication work.

JAU carries out extension education through seven KVKs in six districts. No KVK was established in Junagadh and Devbhumi Dwarka. Further, of the 67 crop varieties developed by JAU, varietal Front-Line Demonstrations (FLDs) was undertaken for only 22 varieties and no FLD was undertaken for 19 farm implements developed by JAU.

JAU did not adhere to GOG directions of parking of surplus funds with Gujarat State Financial Services Limited and parked ₹ 57.23 crore with Public Sector Banks.

**(Paragraph 2.1)**

## **INDUSTRIES AND MINES DEPARTMENT**

### **Implementation of welfare programme for salt workers**

Gujarat is the highest producer of salt producing around 81 *per cent* of the total salt production of the country. In Gujarat there are around 1.10 lakh salt workers who are either independent marginal salt producers or hired labourers for salt lease units lease holder. The salt workers with their families stay at the salt manufacturing sites in arid desert or coastal areas located in remote areas. The typical geographical conditions of the desert, direct contact with inhalable salt dust *etc.* and glare due to intense reflection of sun light by salt crystals cause various health disorders. Various study reports have highlighted the precarious conditions of salt workers and lack of basic infrastructure facilities like drinking water, food, housing, health and education.

The implementation of welfare programmes for salt workers was audited in all the seven districts where welfare works were taken up during the period 2014-19. No comprehensive facility survey was conducted to ascertain the facilities required and available to salt workers. There was a lack of holistic approach to take up welfare schemes for salt workers and piece-meal works are taken up on ad-hoc basis. Funds remained unutilized in three of the five years and maximum expenditure was incurred for education, health and roads. The fund aggregating to ₹ 34.69 crore remained un-utilized during 2014-19 but no expenditure was incurred on housing facilities.

Due to lack of planning and co-ordination among departments no water supply scheme was planned in Surendranagar. The Vira-Sanghad Water Supply Scheme in Kachchh district and Vallabhipur Zone Water Supply Scheme (VZWSS) and Bhavnagar-Ghogha Water Supply Scheme (BGWSS) in Bhavnagar District failed to supply the envisaged water to salt workers. In Amreli district, there was no water supply scheme for salt workers. The health services to salt workers were affected due to bad roads in Bhavnagar. Similarly, the salt workers in Patan, Morbi, and Kachchh districts are also affected as roads in salt producing areas were not maintained properly. The salt workers make temporary huts/shelter during their stay in remote locations having harsh weather conditions and even after lapse of over five years since the decision of SLEC (January 2014), no housing scheme was launched for salt workers.

In the absence of MHUs coupled with vacant posts of medical staff, the services of MHU were provided once or twice in a month in various villages of salt workers in Morbi and Patan respectively. Also no medical camps were held in Bharuch and Amreli districts during 2014-19. The Industries and Mines Department, GoG has laid standard terms of salt leases in October 2010 but there is no condition in the lease that lease holders should provide proper houses and medical facilities to salt workers.

While most of the salt clusters in villages are covered under ICDS, the clusters located in the desert areas in Patan, Amreli, Surendranagar and Kachchh Districts were left out of ICDS. In Patan, take home ration was provided weekly to the children of salt workers in the desert areas through special van, however, no such facility was provided in other three districts.

GoG launched (July 2018) an innovative pilot project of “School on Wheels” for children of salt workers staying with their parents in desert areas wherein 30 scrap buses of Gujarat State Road Transport Corporation were modified to have PVC flooring, writing desks, and a writing board to be used for teaching children.

As per various study reports, hygiene is a serious issue for salt workers as toilet facilities are normally not available for salt workers at salt pans. Due to lack of proposals the issue of sanitation was almost left uncovered for salt workers. Further, there was no coverage of salt workers under the Swachchh Bharat Mission launched by GoI in October 2014.

**(Paragraph 2.2)**

## **FORESTS AND ENVIRONMENT DEPARTMENT**

### **Compensatory Afforestation**

Compensatory Afforestation (CA) is an important condition stipulated by the Central Government while approving proposals for diversion of forest land for non-forest use. It is an additional plantation activity other than plantation activities normally carried out by the Forest Department.

The MoEF&CC circulated (July 2009) guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA) establishing CAMPAs in the States and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife. The State CAMPA would receive money collected from user agencies towards CA, additional/ penal CA, Net Present Value (NPV) and other amounts recovered under the Forest (Conservation) Act, 1980 and lying with the *Ad-hoc* CAMPA and utilize it for undertaking CA and conservation and protection of forests and wildlife.

Audit examined the cases where final approval was accorded during the period from 2014-15 to 2018-19 and reviewed various activities proposed to be carried out from NPV funds in the Annual Plan of Operations (APOs) of the State CAMPA and utilization of funds released by the *Ad-hoc* CAMPA.

The Forest and Environment Department (F&ED) has not created any database on the backlog of CA. Though Non-Forest Land (NFL) of 1,470.19 ha. (32 cases) was transferred and mutated in favour of the Department during the period 2014-19, the Department notified NFL of 1366.07 ha. as Reserve Forest (RF) under section 4 of Indian Forest Act (IFA), 1927 (August 2019) and 104.12 ha. remained to be notified. In all cases the NFL finally to be notified as RF under Section 20 of the IFA, 1927 was not notified by the Department.

The plantations under CA was not undertaken in nine cases involving 254.35 ha. There was short recovery of NPV of ₹ 3.04 crore and CA/PCA of ₹ 4.64 crore. At five CA sites (Mahisagar and Aravalli Division), the density of the degraded forest land selected for plantation was not in compliance of the instructions of the GoG. The Department was not ensuring the compliance of additional conditions by the user agencies. The Department did not take any action for undertaking the plantations even though it recovered ₹ 6.16 crore.

There were delays in submission of APOs to *Ad-hoc* CAMPA which resulted in delayed release of the funds impacting the activities to be undertaken in the respective APOs. The non-compliances deprived the State CAMPA from the receipt of their entitled amount of ₹ 30.78 crore. Despite availability of funds of ₹ 94.86 crore with the State CAMPA, the Department did not undertake the CA to the extent of ₹ 45.71 crore as envisaged in the APOs. There were seven instances of not undertaking tree transplantation though identified by the divisions/user agencies.

**(Paragraph 2.3)**

## II REVENUE SECTOR

Part-II of this Report contains 25 paragraphs and one Performance Audit involving ₹ 393.12 crore. Some of the major findings are as mentioned below:

### General

The total revenue receipts of the Government of Gujarat in 2018-19 were ₹ 1,36,001.54 crore as against ₹ 1,23,291.27 crore during 2017-18. The revenue raised by the State from tax receipts during 2018-19 was ₹ 80,102.74 crore and from non-tax receipts was ₹ 13,416.99 crore. The revenue raised by the State Government was 68.76 *per cent* of the total revenue receipts. The main sources of tax revenue during 2018-19 were Gujarat Goods and Service Tax (GGST)/ Value Added Tax (VAT)/ Central Sales Tax (CST)/ (₹ 57,302.96 crore), Stamp Duty and Registration Fees (₹ 7,780.77 crore) and Taxes and Duties on Electricity (₹ 7,347.79 crore). The main receipt under non-tax revenue came from non-ferrous mining and metallurgical industries (₹ 4,863.00 crore). In the financial year 2018-19, 14 *per cent* of the revenue received by the Government of Gujarat came from Grants-in-aid from Government of India as compared to 13 *per cent* in the previous year 2017-18. Share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 23,489.33 crore and ₹ 18,992.48 crore respectively.

(Paragraph 3.1)

### Goods and Services Tax(GST)/Value Added Tax (VAT)/ Sales Tax

This chapter contains eight audit paragraphs including paragraphs on Audit of “Registration under GST” having a financial impact of ₹ 70.89 crore. Out of 51,474 assessments finalised in the units selected for audit, 15,699 assessments (30.50 *per cent*) were test checked during the year 2018-19 and irregularities in 405 cases (2.58 *per cent*) were noticed. A few are mentioned as follows:

#### Audit of “Registration under GST”

- Discrepancies were noticed in the applications for registration in 678 cases out of 1,130 cases test checked in audit which constituted 60 *per cent*.

(Paragraph 4.3.6.1)

Short levy of VAT of ₹ 11.28 crore was noticed in 48 assessments of 30 dealers in 17 offices due to misclassification of commodities/application of incorrect rate of tax.

(Paragraph 4.4)

Excess tax credit of ₹ 13.37 crore was allowed in the assessment records of 31 offices in 105 assessments of 91 dealers due to non/short reduction of Input Tax Credit.

**(Paragraph 4.5)**

Short levy of VAT of ₹ 1.33 crore in 10 assessments of eight dealers in six offices due to incorrect determination of turnover.

**(Paragraph 4.6)**

**Land Revenue**

Performance Audit of “Grant of Government land and monitoring of its proper utilisation” revealed as follows:

- Department did not have a database of the lands granted/leased which was a key aspect of land management. In the absence of consolidated data of various categories of Government land allotted for various purposes and available for disposal, department is not in a position to take informed decisions regarding allotment of Government land and/ or monitoring the land already allotted.

**(Paragraph 5.3.6 (i))**

- Average comparable sale value was incorrectly worked out resulting in undervaluation of Government land and short levy of occupancy/premium price of ₹ 69.14 crore in four cases of allotment/regularization of encroachment of lands measuring 34,79,964 sq. m. in three districts.

**(Paragraph 5.3.8.1)**

- In 26 cases of allotment of *Gauchar* land for industrial purpose, 30 per cent of *Jantri* value aggregating ₹ 10.40 crore for *Gauchar* Development Fund was either not recovered or short recovered.

**(Paragraph 5.3.10 (iii))**

- Irregular permission for conversion of new tenure Government land to old tenure land for the purpose of sale resulted in undue financial benefit of ₹ 67.30 crore in one case.

**(Paragraph 5.3.11.2)**

- In two cases, premium of ₹ 14.80 crore was not/short realised from Companies which had changed their constitution without prior permission of office of the District Collector/Government.

**{Paragraph 5.3.12.3 (i) and (ii)}**

There was non-levy of penalty of ₹ 1.35 crore in two cases under Section 63 AC and Section 63 AD of the Gujarat Tenancy and Agricultural Lands (Amendment) Act, 2015. Further, in another one case, lack of monitoring mechanism to identify breach of condition under Section 63 AA of the Gujarat Tenancy and Agricultural Lands (Amendment) Act, 2015 had resulted in leakage of revenue of ₹ 8.26 crore.

**(Paragraph 5.5)**

## Stamp Duty and Registration Fees

In two Sub Registrar offices, non-levy of premium price of ₹ 10.20 crore was noticed in three documents.

**(Paragraph 6.3)**

Stamp duty and registration fees of ₹ 4.37 crore was short recovered in 10 offices due to incorrect determination of market value in 38 documents.

**(Paragraph 6.4)**

In three Sub registrar offices blockage of stamp duty aggregating to ₹ 2.35 crore was noticed in 10 registered documents due to not referring documents containing several distinct matter to Dy. Collector (SDVO) for recovery of deficit stamp duty.

**(Paragraph 6.7)**

## Other Tax and Non-Tax Receipts

### Transport Department

**Audit of “IT Audit of Vahan and Sarathi”** revealed as follows:

- Deficiencies in the implementation of Vahan 4.0 and Sarathi 4.0 depriving the benefit to the department and public at large.

**(Paragraph 7.2.7)**

- Deficiencies in backlog module of Vahan 4.0 such as inadequate restrictions and lack of validation controls had resulted in data manipulation in 20 vases of vehicle registration and depriving Government of its revenue of ₹ 56.26 lakh.

**(Paragraph 7.2.10)**

- Assignment of various supervisory roles to the non-supervisory staff coupled with absence of monitoring had indicated a potential risk to the integrity of data.

**(Paragraph 7.2.11)**

- Absence of proper mapping of penalty provisions of the MV Act resulted in short levy of penalty of ₹ 13.98 lakh in e-Challan module. Further, incomplete and incorrect data was entered in the e-Challan module which indicated lack of validation controls in the module and potential revenue loss.

**(Paragraph 7.2.12 (i))**

- Data analysis revealed that in 70,131 cases the date of tax receipt was after a delay of seven days from the date of insurance/date of sale invoice

but penalty of ₹ 6.91 crore and interest of ₹ 2.63 crore aggregating to ₹ 9.54 crore was not levied in these cases.

**(Paragraph 7.2.12 (iii))**

- Deficiency in analytics portal depriving the facilitation of dissemination of correct information to the stake holders.

**(Paragraph 7.2.16)**

In five Regional Transport Offices, operator of 1,395 transport and non-transport vehicles had neither paid tax nor had filed non-use declarations thus resulted in non-realisation of motor vehicle tax of ₹ 6.12 crore.

**(Paragraph 7.3)**

### **Industries and Mines Department**

There was non-realisation of dead rent of ₹ 1.98 crore from 120 lease holder in six district Geologist offices.

**(Paragraph 7.4)**

In 31 cases of mining leases, stamp duty was calculated on the estimated first year production as stated by the leaseholders in their application instead of the estimated first year production figure mentioned in the approved mining plan which resulted in short realisation of stamp duty of ₹ 1.84 crore.

**(Paragraph 7.5)**

# **PART I**

## **ECONOMIC SECTOR**



# **CHAPTER-I**

## **INTRODUCTION**



# CHAPTER I

## INTRODUCTION

### 1.1 About this Report

Part I of this Report of the Comptroller and Auditor General of India (C&AG) presents matters arising from compliance audit of the departments of the Government of Gujarat in the Economic Sector.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the Executive to take corrective actions to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter in addition to explaining the planning and extent of audit, provides a synopsis of the significant audit observations made during various types of audits and also briefly analyses the follow-up on the previous Audit Reports. Chapter-II contains Compliance Audit observations which includes three subject specific compliance audits *namely* “Functioning of Junagadh Agricultural University” under Agriculture, Farmers Welfare and Co-operation Department, “Implementation of welfare programme for salt workers” under Industries and Mines Department and “Compensatory Afforestation” under Forests and Environment Department.

### 1.2 Audited Entity Profile

The Principal Accountant General (Audit-II), Gujarat conducted audit of the expenditure incurred by nine Departments under the Economic Services Sector in the State. This included audit at the Secretariat level, the field offices, 59 autonomous bodies and 75 public sector undertakings (PSUs) falling under the jurisdiction of these nine Departments<sup>1</sup>. Each Department is headed by Additional Chief Secretary/ Principal Secretary/ Secretary, who are assisted by Directors/ Commissioners/ Chief Engineers and subordinate officers under them.

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<sup>1</sup> (i) Agriculture, Farmers Welfare & Co-operation Department, (ii) Energy & Petrochemicals Department, (iii) Forests & Environment Department, (iv) Industries & Mines Department, (v) Narmada, Water Resources, Water Supply and Kalpsar Department (except Water Supply), (vi) Ports and Transport Department, (vii) Roads and Buildings Department, (viii) Science & Technology Department and (ix) Climate Change Department.

The summary of fiscal transactions of the Government of Gujarat (GoG) during 2009-10 and from 2014-15 to 2018-19 is given in **Table 1** below:

**Table 1: Summary of fiscal transactions**

(₹ in crore)

Receipts	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR <sup>2</sup> during 2009-19
<b>Revenue receipts</b>	<b>41,672</b>	<b>91,978</b>	<b>97,483</b>	<b>1,09,842</b>	<b>1,23,291</b>	<b>1,36,002</b>	14.05
Tax revenue	26,740	61,340	62,649	64,443	71,549	80,103	12.96
Non-tax revenue	5,452	9,543	10,194	13,346	15,074	13,417	10.52
Share of Union Taxes/Duties	5,891	10,296	15,691	18,835	20,782	23,489	16.61
Grants from Government of India	3,589	10,799	8,949	13,218	15,886	18,993	20.34
<b>Capital Receipts</b>	<b>14,532</b>	<b>20,316</b>	<b>23,611</b>	<b>28,074</b>	<b>27,299</b>	<b>43,362</b>	12.92
Miscellaneous Capital Receipts	136	241	0	240	0	65	-
Recoveries of Loans and Advances	151	621	125	166	346	151	-
Public Debt receipts*	14,245	19,454	23,486	27,668	26,953	43,146	13.10
<b>Appropriation from Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-
<b>Amount transferred to Contingency Fund</b>	<b>34</b>	<b>0</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	-
<b>Public Account Receipts</b>	<b>58,660</b>	<b>62,388</b>	<b>65,132</b>	<b>58,959</b>	<b>89,133</b>	<b>1,05,721</b>	6.76
<b>Opening Cash Balance</b>	<b>13,119</b>	<b>15,386</b>	<b>21,077</b>	<b>18,559</b>	<b>23,249</b>	<b>16,529</b>	2.60
a) Earmarked Balances	4,527	5,169	9,034	10,209	10,967	11,686	11.11
b) Cash balance	8,592	10,217	12,042	8,350	12,282	4,843	-
<b>Total</b>	<b>1,28,017</b>	<b>1,90,068</b>	<b>2,07,317</b>	<b>2,15,438</b>	<b>2,62,972</b>	<b>3,01,614</b>	9.99

Disbursement	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR during 2009-19
<b>Revenue expenditure</b>	<b>48,638</b>	<b>86,652</b>	<b>95,779</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	11.81
General Services	16,934	30,003	32,876	35,804	41,402	47,564	12.16
Social Services	19,605	36,714	42,120	44,926	49,039	53,285	11.75
Economic Services	11,993	19,399	20,224	22,749	27,145	31,576	11.36
Grants-in-aid and Contributions	106	536	559	416	474	365	14.73
<b>Capital Outlay</b>	<b>8,047</b>	<b>24,158</b>	<b>24,169</b>	<b>22,355</b>	<b>26,313</b>	<b>28,062</b>	14.89
<b>Loans and Advances disbursed</b>	<b>428</b>	<b>350</b>	<b>675</b>	<b>478</b>	<b>631</b>	<b>1,731</b>	16.80
<b>Repayment of Public Debt*</b>	<b>3,245</b>	<b>5,509</b>	<b>6,194</b>	<b>9,073</b>	<b>13,700</b>	<b>15,432</b>	18.92
<b>Appropriation to Contingency Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-
<b>Amount transferred from Contingency Fund</b>	<b>47</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0.25</b>	-
<b>Public Account Disbursements</b>	<b>56,088</b>	<b>52,309</b>	<b>61,937</b>	<b>56,388</b>	<b>87,739</b>	<b>1,03,998</b>	7.10
<b>Closing Cash Balance</b>	<b>11,524</b>	<b>21,076</b>	<b>18,559</b>	<b>23,249</b>	<b>16,529</b>	<b>19,601</b>	6.08
a) Earmarked Balances	5,027	9,034	10,209	10,967	11,686	12,705	10.85
b) Cash balance	6,497	12,042	8,350	12,282	4,843	6,896	0.66
<b>Total</b>	<b>1,28,017</b>	<b>1,90,068</b>	<b>2,07,317</b>	<b>2,15,438</b>	<b>2,62,972</b>	<b>3,01,614</b>	9.99

Source: Finance Accounts of respective years

\*Excluding net transactions under ways and means advances and overdrafts

<sup>2</sup> Compound Annual Growth Rate.

### 1.3 Authority for Audit

The authority for audit by the C&AG is derived from the Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the Departments of the Government of Gujarat under Section 13 of the C&AG's (DPC) Act<sup>3</sup>. The C&AG is the sole auditor in respect of bodies/ authorities which are audited under Sections 19(2)<sup>4</sup>, 19(3)<sup>5</sup> and 20(1)<sup>6</sup> of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of other autonomous bodies which are substantially funded by the Government, under Section 14 of C&AG's (DPC) Act<sup>7</sup>. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007 and the Auditing Standards and guidelines issued by the C&AG.

### 1.4 Organisational structure of the Office of the Principal Accountant General (Audit-II), Gujarat

Under the directions of the C&AG, the Office of the Principal Accountant General (Audit-II), Gujarat conducts audit of Government Departments/ Offices/ Government Companies/ Statutory Corporations/ Autonomous Bodies/ Institutions under the Economic and Revenue Sector. The Principal Accountant General (Audit-II) is assisted by two Senior Deputy Accountants General.

### 1.5 Planning and conduct of Audit

Audit process starts with the assessment of risks associated with various Government activities based on expenditure incurred, revenue earned, criticality and complexity of activities, delegated financial powers and responsibilities, analysis of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the offices. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. On receipt of replies, audit findings are either settled or

<sup>3</sup> This Section empowers C&AG to audit transactions made from the Consolidated Fund of the State, transactions relating to the Contingency Fund and Public Accounts, and trading, manufacturing, profit & loss accounts, balance sheets and other subsidiary accounts.

<sup>4</sup> Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations.

<sup>5</sup> Audit of accounts, on the request of the Governor, of Corporations established by law made by the State Legislature.

<sup>6</sup> Where the audit of the accounts of any body or authority has not been entrusted to the C&AG by or under any law made by Parliament, he shall, if requested to do so by the Governor of a State, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the Government.

<sup>7</sup> This Section empowers the C&AG to audit receipts & expenditure of (i) a body/ authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) any body or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year are not less than ₹ one crore.

further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the relevant Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India.

During 2018-19, in the Economic Sector Audit Wing 5,943 man-days<sup>8</sup> were utilised for compliance audit of 115 units and for performance audit. The audit plan covered units/ entities selected on the basis of risk assessment.

## **1.6 Significant audit observations**

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities through performance audits, as well as on the quality of internal controls in selected Departments which impact the success of programmes and functioning of the Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/ organisations were also reported upon.

The present Report contains three subject specific compliance audit pertaining to the Agriculture, Farmers Welfare and Co-operation Department, Industries and Mines Department and Forests and Environment Department.

### **1.6.1 Compliance Audit**

Principal Accountant General (Audit-II) conducted compliance audit of nine Departments of the Economic Sector of the State Government and their field offices and audit findings were reported to the respective Heads of the Departments through Inspection Reports. Chapter II of this report contains Department wise audit findings containing three subject specific compliance audit on “Functioning of Junagadh Agricultural University” under Agriculture, Farmers Welfare and Co-operation Department, “Implementation of welfare programme for salt workers” under Industries and Mines Department, and “Compensatory Afforestation” under Forests and Environment Department as narrated below:

#### **AGRICULTURE, FARMERS WELFARE AND CO-OPERATION DEPARTMENT**

##### **Functioning of Junagadh Agricultural University**

Junagadh Agricultural University (JAU) came into existence on 01 May 2004 to provide support to the agriculture and allied sectors in Education, Research and Extension Education. It has jurisdiction over 10 districts of Saurashtra region (Western Gujarat) covering about 32.74 *per cent* of the geographic area and 30.30 *per cent* of the cultivated area of the State.

JAU has eight Colleges, seven Krishi Vigyan Kendra (KVKs) and 31 Research Stations and records of these were examined at the University level. Further, three Colleges and three KVKs were visited for detailed audit.

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<sup>8</sup> Inclusive of the man days provided for the audit of PSUs. The related audit findings have been included in the Audit Report on PSUs separately.

JAU belatedly made application for accreditation to the National Agricultural Education Accreditation Board due to which two colleges did not receive grant from Indian Council of Agricultural Research for two years. In all the major 44 buildings of JAU, compliance to fire safety mechanisms and special provisions for disabled/ *Divyang* persons as per National Building Code was negligible. During the period 2016-19, placement of students in JAU decreased from 100 *per cent* to 48.63 *per cent*.

JAU, since its inception (2004), released 67 crop varieties and made 354 recommendations for farmers. Among two major crops of Saurashtra, *viz.*, groundnut and cotton, JAU has done commendable work in groundnut by releasing 12 varieties/ made 82 recommendations. In cotton, JAU has made 39 recommendations but released only three varieties. JAU developed 39 technologies during 2004-19, out of which, application for patent was filed for five technologies. No efforts were made to commercialize or disseminate these 39 technologies. Of the 67 crop varieties released by JAU only 20 were notified (August 2019) under The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 which resulted in loss of protection period under PPV&FR Act. JAU is manufacturing five insecticides. However, registration from Central Insecticides Board and Registration Committee was obtained for only one insecticide and licence from State Licensing Authorities to manufacture was not taken for any insecticide. Faculties of JAU published 2,122 research papers during 2014-19, however, most of these had poor citation and published in journals having inferior impact factor. Of the 237 faculties of JAU examined, it was found that only five were having i-10 and h-index of more than 10 which shows most of the faculties did not have satisfactory publication work.

JAU carries out extension education through seven KVKs in six districts. No KVK was established in Junagadh and Devbhumi Dwarka. Further, of the 67 crop varieties developed by JAU, varietal Front-Line Demonstrations (FLD) was undertaken for only 22 varieties and no FLD was undertaken for 19 farm implements developed by JAU.

JAU did not adhere to GOG directions of parking of surplus funds with the Gujarat State Financial Services Limited and parked ₹ 57.23 crore with Public Sector Banks.

**(Paragraph 2.1)**

## **INDUSTRIES AND MINES DEPARTMENT**

### **Implementation of welfare programme for salt workers**

Gujarat is the highest producer of salt, producing around 81 *per cent* of the total salt production of the country. In Gujarat there are around 1.10 lakh salt workers who are either independent marginal salt producers or hired labourers for salt lease units lease holders. The salt workers with their families stay at the salt manufacturing sites in arid desert or coastal areas located in remote areas. The typical geographical conditions of the desert, direct contact with inhalable salt, dust, *etc.*, and glare due to intense reflection of sun light by salt

crystals causes various health disorders. Various study reports have highlighted the precarious conditions of salt workers and lack of basic infrastructure facilities like drinking water, food, housing, health and education.

The implementation of welfare programmes for salt workers was audited in all the seven districts<sup>9</sup> where welfare works were taken up during the period 2014-19. No comprehensive facility survey was conducted to ascertain the facilities required and available to salt workers. There was a lack of holistic approach to take up welfare schemes for salt workers and piece-meal works are taken up on ad-hoc basis. Funds remained unutilized in three of the five years and maximum expenditure was incurred for education, health and roads. The fund aggregating to ₹ 34.69 crore remained un-utilized during 2014-19 but no expenditure was incurred on housing facilities.

Due to lack of planning and co-ordination among departments no water supply scheme was planned in Surendranagar. The Vira-Sanghad Water Supply Scheme in Kachchh district and Vallabhipur Zone Water Supply Scheme and Bhavnagar-Ghogha Water Supply Scheme in Bhavnagar District failed to supply the envisaged water to salt workers. In Amreli district, there was no water supply scheme for salt workers. The health services to salt workers were affected due to bad roads in Bhavnagar. Similarly, the salt workers in Patan, Morbi, and Kachchh districts are also affected as roads in salt producing areas were not maintained properly. The salt workers make temporary huts/shelter during their stay in remote locations having harsh weather conditions and even after a lapse of over five years since the decision of SLEC (January 2014), no housing scheme was launched for salt workers.

In the absence of MHUs coupled with vacant post of medical staff, the services of MHU were provided once or twice in a month in various villages of salt workers in Morbi and Patan respectively. Also, no medical camps were held in Bharuch and Amreli districts during 2014-19. The Industries and Mines Department, GoG has laid standard terms of salt leases in October 2010 but there is no condition in the lease that lease holders should provide proper houses and medical facilities to the salt workers.

While most of the salt clusters in villages are covered under ICDS, the clusters located in the desert areas in Patan, Amreli, Surendranagar and Kachchh Districts were left out of ICDS. In Patan, take home ration was provided weekly to the children of salt workers in the desert areas through special van, however, no such facility was provided in other three districts.

GoG launched (July 2018) an innovative pilot project of “School on Wheels” for children of salt workers staying with their parents in desert areas wherein 30 scrap buses of Gujarat State Road Transport Corporation were modified to have PVC flooring, writing desks, and a writing board to be used for teaching children.

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<sup>9</sup> Amreli, Bharuch, Bhavnagar, Kachchh, Morbi, Patan, and Surendranagar.

As per various study reports, hygiene is a serious issue for salt workers as toilet facilities are normally not available for salt workers at salt pans. Due to lack of proposals the issue of sanitation was almost left uncovered for salt workers. Further, there was no coverage of salt workers under the Swachhh Bharat Mission launched by GoI in October 2014.

(Paragraph 2.2)

## FORESTS AND ENVIRONMENT DEPARTMENT

### Compensatory Afforestation

Compensatory Afforestation (CA) is an important condition stipulated by the Central Government while approving proposals for diversion of forest land for non-forest use. It is an additional plantation activity other than plantation activities normally carried out by the Forest Department.

The MoEF&CC circulated (July 2009) guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA) establishing CAMPAs in the States and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife. The State CAMPA would receive money collected from user agencies towards CA, additional/ penal CA, Net Present Value (NPV) and other amounts recovered under the Forest (Conservation) Act, 1980 and lying with the *Ad-hoc* CAMPA and utilize it for undertaking CA and conservation and protection of forests and wildlife.

Audit examined the cases where final approval was accorded during the period from 2014-15 to 2018-19 and reviewed various activities proposed to be carried out from NPV funds in the Annual Plan of Operations (APOs) of the State CAMPA and utilization of funds released by the *Ad-hoc* CAMPA.

The Forest and Environment Department has not created any database on the backlog of CA. Though Non-Forest Land (NFL) of 1,470.19 ha. (32 cases) was transferred and mutated in favour of the Department during the period 2014-19, the Department notified NFL of only 1,366.07 ha. as Reserve Forest (RF) under section 4 of Indian Forest Act (IFA), 1927 (August 2019) and 104.12 ha. remained to be notified. In all cases the NFL finally to be notified as RF under Section 20 of the IFA, 1927 was not notified by the Department.

The plantations under CA was not undertaken in nine cases involving 254.35 ha. There was short recovery of NPV of ₹ 3.04 crore and CA/PCA of ₹ 4.64 crore. At five CA sites (Mahisagar and Aravalli Division), the density of the degraded forest land selected for plantation was not in compliance of the instruction of the GoG. The Department was not ensuring the compliance of additional conditions by the user agencies. The Department did not take any action for undertaking the plantations even though it recovered ₹ 6.16 crore.

There were delays in submission of APOs to *Ad-hoc* CAMPA which resulted in delayed release of the funds impacting the activities to be undertaken in the

respective APOs. The non-compliances deprived the State CAMPA from the receipt of their entitled amount of ₹ 30.78 crore. Despite availability of funds of ₹ 94.86 crore with the State CAMPA, the Department did not undertake the CA to the extent of ₹ 45.71 crore as envisaged in the APOs. There were seven instances of not undertaking tree transplantation though identified by the divisions/user agencies.

**(Paragraph 2.3)**

## **1.7 Response of the Government to Audit**

### **1.7.1 Inspection Reports**

The Hand Book of Instructions for prompt Settlement of Audit Objections/ Inspection Report issued by the Finance Department, GoG in 1992 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (AG) to ensure rectifying action in compliance with the prescribed rules and procedures and fix accountability for the deficiencies, omissions, *etc.*, noticed during the inspections. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report their compliance to the AG within four weeks of receipt of the IRs. Periodical reminders are issued to the Heads of the Departments requesting them to furnish the replies expeditiously on the outstanding paragraphs in the IRs.

Three Audit Committee meetings were held during the year 2018-19 in respect of paragraphs contained in IRs pertaining to the Departments under Economic Sector. As of 30 September 2019, 589 IRs (2,437 Paragraphs) were outstanding against nine Departments under the Economic Sector. Year-wise details of IRs and paragraphs outstanding are given in **Appendix I**.

### **1.7.2 Draft Paragraphs**

Three subject specific compliance audit Paragraphs were forwarded to the Principal Secretaries/ Secretaries of the concerned Departments between February and April 2020 with a request to send their responses within six weeks.

The reply to the three subject specific compliance audit Paragraphs is awaited from the Departments (June 2020).

### **1.7.3 Follow up of Audit Reports**

Rule 7 of Public Accounts Committee (PAC) (Rules of Procedure), 1990 provides for furnishing Detailed Explanation (DE) by all the Departments of Government to the observations which featured in Audit Reports within 90 days of their being laid on the Table of the Legislative Assembly. These DEs are required to be furnished to the PAC after vetting by the concerned Accountant General.

The Audit Reports for the year 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 2016-17 and 2017-18 were placed in the Gujarat Legislative Assembly in

April 2013, July 2014, March 2015, March 2016, March 2017, March 2018 and December 2019 respectively which included 72 paragraphs pertaining to nine Departments as detailed in **Table 2** below:

**Table 2: Details of paragraphs included in Audit Reports**

Sl. No.	Name of the Department	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total	DEs received
1	Agriculture, Farmers Welfare & Co-operation	1	0	1	0	0	1	0	3	1 <sup>#</sup>
2	Narmada, Water Resources, Water Supply & Kalpsar (Water Resources)	3	6*	3*	5*	6	3	2	28	22
3	Ports & Transport	0	1	0	0	1	0	0	2	1
4	Roads & Buildings	5	4	5	3*	3	4	3	27	16
5	Forests & Environment	0	0	1	3*	0	1	0	5	4
6	Industries & Mines	0	0	0	2*	1	0	0	3	2
7	Finance Department	0	0	0	2*	0	0	0	2	2
8	Science and Technology Department	0	0	0	0	0	0	1	1	0
9	Climate Change Department	0	0	0	0	0	0	1	1	0
<b>Total</b>		<b>9</b>	<b>11</b>	<b>10</b>	<b>15</b>	<b>11</b>	<b>9</b>	<b>7</b>	<b>72</b>	<b>48</b>

\*Paragraph pertains to two Departments hence considered separate paragraph in each Department.

# DE of paragraph featured in 2011-12 is received partially.

Out of 72 paragraphs for the years 2011-12 to 2017-18, DEs for 48 paragraphs have been received up to February 2020. No DEs for 24 paragraphs for the year 2011-12 (two paragraphs), 2014-15 (three paragraphs), 2015-16 (five paragraphs), 2016-17 (seven paragraphs) and 2017-18 (seven paragraphs) were received as of February 2020.



# **CHAPTER-II**

## **COMPLIANCE AUDIT**



## CHAPTER II

### COMPLIANCE AUDIT

Important audit findings that emerged from the test check of transactions of the Economic Sector Departments of the Government of Gujarat are included in this Chapter.

#### AGRICULTURE, FARMERS WELFARE AND CO-OPERATION DEPARTMENT

##### 2.1 Functioning of Junagadh Agricultural University

###### 2.1.1 Introduction

Junagadh Agricultural University (JAU) came into existence on 01 May 2004 by enactment of Gujarat Agricultural Universities Act, 2004 (GAU Act). JAU was carved out of the erstwhile Gujarat Agricultural University to provide support to the agriculture and allied sectors in the three facets of education, research and extension education<sup>1</sup>. JAU has jurisdiction over ten districts<sup>2</sup> of Saurashtra region (Western Gujarat) covering about 32.74 *per cent* of the geographic area and 30.30 *per cent* of the cultivated area of the State. The important functions of the University are broadly categorised as (A) Education, (B) Research and (C) Extension Education. The organisational set-up of JAU depicting (A) authorities of the JAU (B) functions of the JAU and (C) Officers of the JAU is shown in **Appendix II**.

###### Status of sowing area and crop production in the state

A comparison of crop-wise sowing area and crop production as in 2003-04 (before establishment of JAU) and 2017-18 is shown in **Appendix III**.

It can be observed from **Appendix III**, that there was no significant increase in sowing area in Saurashtra region between 2003-04 and 2017-18. Crop production in Saurashtra decreased whereas in rest of Gujarat it increased by more than twice. Groundnut and Cotton are two major crops of Saurashtra wherein the sowing area is greater than rest of Gujarat. Further, sowing area of cumin, gram, sesame, garlic and onion in Saurashtra were highest in the state.

###### Receipts and Expenditure of Junagadh Agricultural University

JAU receives statutory grants from Government of Gujarat (GoG) under Section 47 of GAU Act. JAU also generates revenue by way of collection of tuition fees, examination fees, receipts from sale of farm/ dairy products, interest from bank deposits, *etc.* Besides, the University also gets funds from

<sup>1</sup> Application of scientific research and new knowledge to agricultural practices through farmer education.

<sup>2</sup> Amreli, Bhavnagar, Devbhumi Dwarka, Gir Somnath, Jamnagar, Junagadh, Morbi, Porbandar, Rajkot and Surendranagar.

Indian Council for Agricultural Research (ICAR) and other agencies for taking up various activities. The details of grants received from GoG, own receipts of the University and grants from ICAR and other agencies<sup>3</sup> and expenditure incurred therefrom during 2014-19 are shown in **Appendix IV**.

It can be seen from the Appendix that JAU received total ₹ 1,110.39 crore during 2014-19 while it incurred total expenditure of ₹ 1,056.96 crore wherein education, research and extension education accounted for ₹ 613.35 crore (58.03 per cent), ₹ 349.01 crore (33.02 per cent) and ₹ 94.60 crore (8.95 per cent) respectively.

### **2.1.2 Scope and Methodology of Audit**

The Subject Specific Compliance Audit (SSCA) on Functioning of Junagadh Agricultural University was conducted during March 2019 to August 2019 covering three activities of the JAU viz., education, research and extension education for the period 2014-15 to 2018-19. JAU has eight Undergraduate/Post Graduate Course Colleges, seven Krishi Vigyan Kendra (KVKs) and 31 Research Stations. Records of all colleges were examined in respect of accreditation, intake numbers and reservations. Under Extension Education, three KVKs viz., Jamnagar (highest expenses), Amreli (medium expenses), and Khapat (lowest expenses) were selected for detailed scrutiny. Besides this, 25 out of 119 works contracts awarded during 2014-19 were selected for detailed review. These 25 contracts covered 72 per cent of total expenditure on works contract. During the course of audit, relevant records were examined, discussions were held with the University officials, joint inspections of three colleges<sup>4</sup> were conducted, and audit observations were raised.

### **2.1.3 Audit objectives**

The Subject Specific Compliance Audit (SSCA) on the functioning of the university was undertaken to get reasonable assurance that;

- The education activity was carried out in an efficient and effective manner as per the statutory and regulatory framework of the GAU Act and resulted in fulfilling the objectives of the GAU Act;
- The areas for research were properly identified and research activity was implemented as per relevant standards within stipulated time; and
- The extension education was provided to the agricultural community on regular basis and the extension education mechanism was effective in delivering the desired benefits to the agricultural community.

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<sup>3</sup> Private companies, NGOs, Institutions and other government agencies.

<sup>4</sup> In respect of placement data (College of Agriculture, Junagadh and College of Agricultural Engineering Junagadh) and regarding completion of construction of college building at College of Agriculture (Khapat).

## Audit Findings

The observations on Education, Research, Extension Education and other areas are discussed in succeeding paragraphs.

### 2.1.4 Education

The educational programme in JAU is based on two-tier system. The first tier covers higher education in the areas of Agriculture, Horticulture, Fisheries, Veterinary & Animal Husbandry, Agricultural Engineering and Agri-business management.

The second tier consists of lower education for certificate programmes like Agro-based Industrial Training Institute (I.T.I.), Bakery Training, *Mali* Training and Extension Education Training *etc.* Observations related to education activities of JAU are discussed in succeeding paragraphs:

#### 2.1.4.1 Delay in Accreditation

The National Agricultural Education Accreditation Board (NAEAB) was established (1996) by the ICAR to accredit State Agricultural Universities (SAUs) on completion of five academic years. Accreditation has to be renewed from time to time. Government of India made accreditation mandatory from the year 2016-17 and linked disbursement of grant to the institutions with accreditation. The following **Table 1** exhibits the accreditation status for various colleges under JAU as on 31 May 2020:

**Table 1: Accreditation status of various colleges, JAU as on 31 May 2020**

Sl. No.	Name of the college	Year of establishment	Due date for renewal/first accreditation	Period of renewal accreditation (for 05 years)
1	College of Agriculture, Junagadh	1960	June 2014 (renewal)	March 2016 to March 2021
2	College of Agriculture. Engineering and Technology, Junagadh	1984	June 2014 (renewal)	March 2016 to March 2021
3	College of Fisheries Sciences, Veraval	1991	June 2014 (renewal)	March 2016 to March 2021
4	College of Veterinary Sciences, Junagadh	2008	June 2014 (First)	March 2016 to March 2021
5	PG Institute of ABM, Junagadh	2008	June 2013 (First)	March 2016 to March 2021
6	College of Horticulture, Junagadh	2012	June 2017 (First)	January 2020 to March 2021
7	College of Agriculture, Mota Bhandaria	2013	June 2018 (First)	January 2020 to March 2021
8	College of Agriculture, Khapat	2015	June 2020 (First)	Due in June 2020

(Source: Information provided by JAU)

It can be observed from **Table 1** that there was a delay of two years (*i.e.*, 2014 to 2016) in renewal of accreditation certificate in cases of colleges mentioned at Sl. No.1 to 3. Further, in case of colleges at Sl. No 4 and 5 there was delay in obtaining accreditation for the first time. In all these five cases (Sl. No. 1 to

5) JAU failed to submit required documents to NAEAB in time which led to delay in accreditation.

In case of Sl. No.6 and Sl. No. 7, JAU belatedly applied for accreditation in March 2019 and November 2018 respectively. Due to this, these colleges neither received any grant nor any students from ICAR during academic years 2018 and 2019.

The accreditation of colleges helps the students to get better placements and better prospects of admission in higher studies at reputed national/international institutes. It also improves ranking of the University. Further, the financial aid and students from ICAR also depends upon the accreditation.

#### 2.1.4.2 Placement of students

JAU has a student Counselling and Placement Cell in each college. The placement of students from various colleges for the period from 2016-17 to 2018-19 is summarised in the following **Table 2** and detailed at **Appendix V**.

**Table 2: Placement Data for the year 2016-19**

(In number of students)				
Particulars	2016-17	2017-18	2018-19	Total
Students passed out (A)	739	740	771	2250
Students seeking placement (B)	230	287	292	809
Students got placement (C)	230	188	142	560
Students got placement in private sector (D)	195	140	113	448
<b>Placement (C) per cent compared to (B)</b>	<b>100</b>	<b>65.51</b>	<b>48.63</b>	<b>69.22</b>
<b>Placement per cent in private sector (D) compared to (C)</b>	<b>84.78</b>	<b>74.47</b>	<b>79.58</b>	<b>80</b>

(Source: Placement reports of JAU for the years 2016-17 to 2018-19)

Audit observed that the placement percentage has shown a declining trend during 2016-19. Most of the students (80 per cent) got placement in the private sector. As per the Placement Reports published by JAU, the annual salary package offered to these students ranged between ₹ one lakh and ₹ 6.60 lakh per annum. Further, Audit visited two colleges<sup>5</sup> and found that supporting documents regarding number of students seeking placement as well as students opting out of placement process were not available with the colleges.

Audit also observed that newly established College of Horticulture (CoH) and College of Agriculture, Mota Bhandaria (CoAM) did not have placement cells to carry out the placement activities and facilitate students seeking placement. During 2016-19, total 174 and 79 students passed out from CoH and CoAM respectively. However, only during 2018-19 three students from CoH and one student from CoAM got placement.

Since JAU follows the same curriculum designed by ICAR along with other SAUs, other parameters like delay in getting accreditation from ICAR

<sup>5</sup> College of Agriculture, Junagadh and College of Agriculture Engineering and Technology (CAET), Junagadh.

(Paragraph 2.1.4.1), and lack of efforts by placement cells were the reasons behind such placement numbers.

### 2.1.4.3 Enrolment of students

Details of enrolment of students in Undergraduate courses (UG) and Post Graduate Courses (PG) by JAU during 2013-18 are as under:

**Table 3: Details of students enrolled into Degree courses during 2013-18**

Intake Capacity		Students admitted		Shortfall		Students Dropped out	
UG	PG	UG	PG	UG	PG	UG	PG
2,294	1,802	1,921	1,216	373	586	84	205

(Source: Information provided by JAU)

Details of intake capacity, enrolment and dropout of students during 2013-18 are depicted in **Appendix VI**. Audit observed that:

*In case of UG courses*, there was a shortfall ranging between 8.51 per cent and 23.09 per cent in the students admitted against intake capacity. In case of College of Fisheries Science, Veraval, except in 2017-18, vacant seats were more than 30 per cent of intake capacity. Further, as compared to 2016-17, in 2017-18 dropout numbers increased in CoAM (from one to three) and CoAK (from none to three).

*In PG courses*, there was a shortfall in student intake ranging from 17.14 to 48.64 per cent. In College of Agriculture, Engineering & Technology, Junagadh, more than 60 per cent seats for Ph.D. courses remained vacant during 2013-18. In College of Veterinary Science & Animal Husbandry, Junagadh, except in 2015-16, vacant seats in Ph.D. courses was in the range of 50 to 100 per cent and for PG courses more than 50 per cent except in 2016-17. In College of Fisheries Science, Veraval, vacant seats in Ph.D. courses were in the range of 37 to 80 per cent during 2013-18. The dropout rate for Ph.D. courses in College of Horticulture, Junagadh and College of Agriculture, Junagadh for the period 2013-17 and 2013-18 was more than 25 per cent.

It can be observed that the shortfall in intake was more in case of PG/ Ph.D. courses. Students enrolling for higher studies aim at quality education and better placement. Delay in seeking accreditation (Paragraph 2.1.4.1) and poor placement record (Paragraph 2.1.4.2) would have impacted the intake. JAU may review the college-wise intake scenario and take corrective actions.

### 2.1.4.4 Delay in construction at College of Agriculture, Khapat

JAU proposed (December 2015) College of Agriculture, Khapat (CoAK) to cater to more students from Saurashtra region. The CoAK started academic activities since 2016-17. Two batches comprising 43 students were enrolled at CoAK and admission process of new students was ongoing in August 2019. As per the work orders, construction of the college building, boys' hostel and girls' hostel were to be completed in June 2019, January 2019 and June 2020, respectively. Audit observed that construction of none of the buildings was

completed (April 2020). Classrooms and hostels are being operated at makeshift arrangement inside the campus of Krishi Vigyan Kendra (KVK), Khapat.

Thus, students who got enrolled at CoAK have to face hardship in educational as well as residential facilities. Such functioning of the college without proper infrastructure may have adverse effect on education of students and reputation of JAU. Audit observed that during 2017-18, CoAK registered lowest intake (80 per cent) and highest dropout (12.5 per cent) among all the colleges under JAU, which might be an outcome of incomplete infrastructure.

#### 2.1.4.5 Seats reserved for special categories

As per the Common Academic Regulation, there is a provision of reserved seats for students from special categories. The details of seats reserved and admissions given during 2014-19 are shown below:

**Table 4: Details regarding filling of reserved category seats in JAU during 2014-19**

Category	Seats Reserved	Admissions Given
Physically challenged	70	9
Kashmiri Students	66	6
Defence Category	13	4
Parsi Community	33	0
<b>Total</b>	<b>182</b>	<b>19</b>

(Source: University Admission Booklets and Information provided by JAU)

It can be observed from the above **Table 4** that against 182 reserved seats only 19 admissions were given during 2014-19. Audit observed that JAU did not create public awareness among the target groups regarding such reservation, benefits of education in the university, higher chances of employability, etc. through any effective print/ electronic media. Further poor record of placement (**Paragraph 2.1.4.2**) and non-provisioning/ non-availability of accessible infrastructure to physically challenged students (**Paragraph 2.1.4.7**) also might have contributed to non-filling up of reserved category seats.

#### 2.1.4.6 Agricultural courses offered by other universities

Section 4 of the GAU Act, 2004, *inter alia* states that “no educational institution imparting education in agriculture and allied sciences or conducting and guiding research in agriculture or conducting and guiding programmes of extension education and situated within the University area<sup>6</sup> shall, save with the consent of the University and the sanction of the State Government, be associated in any way with, or seek admission to any of the privileges of, any other University established by law.” Section 40 of the GAU Act empowers JAU to lay down various conditions for functioning of institutes within the University Area.

<sup>6</sup> Schedule 1 of the GAU Act, defines “University Area” for the Junagadh Agricultural University consisting of 10 districts of Saurashtra Region *i.e.*, (1) Amreli (2) Bhavnagar (3) Devbhumi Dwarka (4) Gir-Somnath (5) Jamnagar (6) Junagadh (7) Morbi (8) Porbandar (9) Rajkot and (10) Surendranagar.

Audit noticed that two private universities are offering education in the field of agriculture in the University Area without the consent of the University and sanction of the Government. These universities are offering agricultural courses without the consent of JAU. Fifth Dean's committee mandated B.Sc. (Hon) Agricultural course of eight semesters spanning over four years. It was observed that one of the University is offering B.Sc. (Hon) Agricultural of six semesters *i.e.*, for three years. This may adversely affect the prospects of further higher study and/or employability of the students who got enrolled in such courses offered by private university. Further, JAU did not furnish any documents in support of steps taken to alert the students regarding ineligibility of these two private universities over the years.

#### **2.1.4.7 Lack of Fire safety norms and Disabled friendly buildings**

Gujarat Comprehensive General Development Control Regulation, 2017 (GDCR) was notified (October 2017) by the GoG which is applicable to all the buildings situated in the state. GDCR stipulates that owner/ occupant of existing buildings shall have assessment of fire safety system by an authorised expert and on advice of such expert, necessary retrofitting shall be carried out to comply with National Building Code (NBC). In addition, GoG also directed (14 September 2017) all the offices under the Agriculture and Co-operation Department to implement the provisions of "The Rights of Persons with Disabilities Act, 2016". GDCR too stipulates that all buildings shall be compatible and accessible to *Divyang*/ Disabled persons.

Audit prepared two questionnaires on the basis of provisions of the National Building Code (NBC) related to 'Fire and Life Safety' (Q1) and 'Disabled persons'(Q2) which were issued to JAU. The responses to these indicating the status as on April 2020 were provided by JAU for all 44 buildings (multi-storeyed and/or having area of more than 500 sqm). Compliance percentage for all the 44 buildings in total and for each building individually was worked out (**Appendix VII and VIII**). Further analysis of the compliance level under each of the category in Q1 and Q2 as on 30 April 2020 revealed the following:

In respect of Q1 regarding 'Fire safety' none of the 44 buildings had more than 50 *per cent* compliance and four buildings were totally non-compliant. The average compliance by these buildings is 22 *per cent*. It can further be noticed that there was zero compliance in respect of 'Fire Fighting Equipment' in 36 Buildings, 'Fire Exits' in 37 Buildings and 'Emergency and Escape Lighting' in 43 Buildings.

In respect of Q2 regarding 'Disabled persons' only two of the 44 buildings had more than 50 *per cent* compliance and two buildings were totally non-compliant. The average compliance by these buildings is 27 *per cent*. It can be seen that there was zero compliance in respect of 'Elevators' in 32 Buildings, 'Entrances' in 35 Buildings and 'Specially Designed Toilets for Wheelchair Users' in 31 Buildings.

JAU did not have assessment of fire safety expert as on date (April 2020). Thus, repair/restoration and strengthening/ retrofitting of the buildings as per the provisions of NBC was not carried out.

GDCR classified “auditorium” as “Special Building” and appointment of “Fire Protection Consultant On Record (FPCOR)” and “Fire Men” and opinion of “Chief Fire Officer” for such special building is mandatory. JAU has one Auditorium; however, no such appointment has been made by JAU so far.

This shows that compliance to the fire safety norms of the buildings of JAU is negligible. In case of fire mishaps, the safety of the students, staff, farmers and other persons utilizing the buildings may be jeopardized. It also shows that JAU did not adhere to the instructions of the GoG to make its buildings disabled persons friendly.

It is also pertinent to note here that JAU reserved three to five *per cent* seats for disabled persons in its colleges during 2014-19. As observed at **Paragraph 2.1.4.5** that against 70 such reserved seats only nine disabled persons took admission in JAU affiliated colleges. Better availability of disabled friendly facilities could have improved the intake position of disabled persons in JAU.

#### **2.1.4.8 Incorrect data submitted by JAU for ranking by ICAR**

Indian Council of Agricultural Research (ICAR) ranks Agricultural Universities since 2016, based on information furnished by these Universities. JAU was ranked 29 among 57 and 33 among 63 in the year 2016 and 2017 respectively, which improved to 20 among 60 in 2018.

Audit conducted test check of the information provided by JAU in the evaluation proforma for the year 2018. It was found that incorrect information was submitted by JAU in respect of (i) number of faculty members having h-index<sup>7</sup> of more than ten on Google scholar (ii) number of papers having National Academy of Agricultural Sciences (NAAS) rating of more than six and (iii) number of patents secured during the year 2018. This shows that the year in which significant improvement in ranking was achieved, JAU provided incorrect information to ICAR. Audit carried out only test check of above mentioned three parameters in the information provided by JAU to ICAR. Other irregularities in submission which helped JAU in improving its ranking significantly cannot be ruled out. This may mislead students and bring disrepute to the University.

#### **2.1.4.9 Plagiarism checking**

In the interactive meet of librarians of agricultural universities (July 2018), it was decided that all Universities would install anti-plagiarism software and a check would be carried out by them before thesis submission. University Grants Commission (UGC) notified regulations (23 July 2018) which provide that every higher educational institute has to declare a policy on plagiarism and implement the technology-based mechanism using appropriate software so as to ensure that documents are free from plagiarism. It was resolved by all SAUs (January 2019) including JAU to ensure implementation of UGC guidelines for prevention of plagiarism.

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<sup>7</sup> The h-index is calculated by counting the number of publications for which an author has been cited by other authors at least that same number of times.

JAU published 2,002 theses since its inception (2004). Further, 2,122 research articles submitted by JAU faculty were also published in various journals during 2014-19. Despite such high number of research work, JAU has neither formulated any policy for checking plagiarism nor procured anti-plagiarism software till date (May 2020).

#### **2.1.4.10 Krishikosh repository (E-granth)**

Under ICAR's Open Access policy (September 2013), it is mandatory to upload all institutional publications<sup>8</sup> available with the various State Agricultural Universities (SAUs) in the Krishikosh repository. Besides this, M.Sc. and Ph.D. theses /dissertations (full contents) and summary of completed research projects are to be submitted in the Krishikosh repository after completion of the work. ICAR had set time frame of three years *i.e.*, by September 2016 for full compliance of the policy by SAUs. Audit observed that none of the 2,122 research articles published by JAU scholars during 2014-19 were uploaded on Krishikosh.

As mentioned in **Paragraph 2.1.5.6**, citation of research articles published by JAU faculties was not satisfactory. By uploading research articles, citations can be increased which will help improve h-index<sup>9</sup> and i-10<sup>10</sup> index of JAU faculties and ranking of JAU in ICAR rankings. This will also help in widespread and quick dissemination of research work of JAU among the scientific and farming community.

#### **2.1.4.11 Purchase of Journals**

The consortium for e-Resources in Agriculture (CeRA) was established (November 2007) by ICAR which provides online access of select journals in agricultural and allied sciences. JAU provides access to the journals of CeRA to all the students and faculty of the University through J-Gate, an online portal. In the meeting of Librarians of SAUs (11 August 2016), it was decided that the purchase/subscription of those journals by Universities which are already subscribed by CeRA was to be discontinued with immediate effect. It was observed that JAU subscribed total 91 journals during 2017-19 of which 77 Journals were available free of cost on CeRA/J-Gate. JAU could have avoided expenditure of ₹ 53.67 lakh on such journals and utilized it for purchase of other important journals/books which are not available on CeRA.

### **2.1.5 Research**

JAU is involved in various research activities in the disciplines of agriculture and its related fields with the main objective of enhancing production and productivity of agricultural commodities and to make the sector competitive.

<sup>8</sup> Research articles, popular articles, monographs, catalogues, conference proceedings, success stories, cases studies, annual reports, newsletters, pamphlets, brochures, bulletins, summary of the completed projects, speeches and other grey literatures.

<sup>9</sup> It is calculated by counting the number of publications for which an author has been cited by other authors at least that same number of times.

<sup>10</sup> The i-10 index created by Google Scholar shows the number of publications of a scholar with at least 10 citations.

### 2.1.5.1 Planning, Monitoring and Review of Research Projects

#### GoG funded projects

JAU prepares new research project proposals on the basis of feedback from farmers through Krishi Vigyan Kendras (KVKs), line departments and its research stations. The approval and monitoring of the projects are carried out directly on the field as well as through presentation of research findings in various Agricultural Research Sub-Committees.

#### All India Coordinated Research Projects (AICRPs)

AICRP projects are jointly carried out by Government of India (ICAR) and State Government (SAUs). These projects operate on a National Scale at various AICRP centres spread all over India and are coordinated by ICAR. JAU implements 20 AICRPs which are funded by ICAR and GoG (75:25 per cent). An umbrella Memorandum of Understanding (MoU) was signed between JAU and ICAR for AICRP in the year 2007. The results of each projects are regularly monitored by ICAR.

#### Other Research Projects

JAU also undertakes various *ad-hoc* research projects funded by other agencies of GOI, GoG, and private agencies. Overall progress of the research projects is published in the Annual Report of JAU. Audit Observations related to research sector of JAU are discussed in succeeding paragraphs:

### 2.1.5.2 Research projects undertaken

JAU undertakes research projects funded by various agencies. Under these projects, it carries out various experiments related to crop variety, nutrient management, crop protection, farm implements *etc.* The following **Table 5** shows position of projects undertaken by JAU during 2014-19 as on 31 March 2019.

**Table 5: Details of projects undertaken by JAU during 2014-19 as on 31 March 2019**

Project Authority	Projects existing on April 2014	New projects proposed	Sanctioned	Total	Completed	Projects as on March 2019
State Govt. (Plan)	58	43	4	62	0	62
ICAR (AICRP)	20	1	1	21	1	20
ICAR ( <i>Ad-hoc</i> )	29	8	8	37	14	23
Other Agencies	45	106	109 <sup>11</sup>	154	53	101
GoI (RKVY)	4	3	3	7	5	2
<b>Total</b>	<b>156</b>	<b>161</b>	<b>125</b>	<b>281</b>	<b>73</b>	<b>208</b>

(Source: Information provided by JAU)

<sup>11</sup> Three projects were bifurcated into six projects by Project Sanctioning Committee. Hence, against 106 projects proposed, 109 projects were sanctioned.

The projects funded by State Government (plan), ICAR (AICRP) and ICAR (*Ad-hoc*) are of continuous nature and majority of them were approved prior to 2014-19. Under these projects, new experiments are undertaken for a minimum period of three years. It can be observed that of the 43 new projects proposed to State Government, only four projects were sanctioned.

### 2.1.5.3 Major Crop varieties released and their adoption

JAU has 31 research stations with the mandate to develop new varieties of crops and to make recommendations to farming and scientific community. Since its inception (2004), JAU has developed 67 crop varieties and has made 354 recommendations for farmers as shown in **Appendix IX**.

It can be seen in **Appendix III** that during 2017-18, gross sown area as well as production of Groundnut and Cotton in Saurashtra Region of Gujarat is more than four times and 1.5 times respectively as compared to the Rest of Gujarat. From **Appendix IX**, it is clear that JAU has done commendable work in respect of Groundnut by releasing 12 varieties and making 82 recommendations for farmers. In respect of Cotton, though 39 recommendations have been made for farmers, only three varieties have been released. These three varieties are non-Bt<sup>12</sup> varieties though more than 90 per cent of the cotton cultivated in India is of Bt Cotton variety. It can also be observed from **Appendix IX** that JAU did not release any variety of fodder despite having grassland research centre at Dhari. Two most important bovine breeds *viz.*, Gir Cow and Jaffrabadi Buffalo are from Saurashtra region and locally developed variety of fodder would have been ecologically more suitable. Anand Agricultural University had released varieties of fodder which are utilised by JAU for front line demonstrations to the farmers of Saurashtra.

Audit analysed data of (a) Foundation seeds/ truthful seeds/ certified seeds produced and sold by JAU directly to the end user *i.e.*, farmers and (b) Breeder seeds indented by seed multiplying agencies (from Gujarat as well as other states) for the period 2014-19 and compared it with the crop varieties developed by JAU. It was observed that out of 67 crop varieties developed by JAU, seeds of only nine varieties were produced and sold to farmers as well as indented by the seed multiplying agencies in each year during 2014-19. On the other hand, seeds of 53 varieties were not sold to farmers and seeds of 50 varieties were not indented by seeds multiplying agencies. These included seeds of 44 crop varieties which were neither produced and sold to farmers nor indented by multiplying agencies. Thus, adoption of JAU released crop varieties was poor.

### 2.1.5.4 Technologies developed by JAU

Since its inception in 2004, JAU has developed 39 technologies for the betterment of farmer community. Out of the 39 technologies developed by JAU, only 10 were identified as patentable by JAU. JAU has filed patenting

<sup>12</sup> Bt cotton is a genetically modified crop. Bt stands for *Bacillus thuringiensis* - a soil bacterium which contains a toxic gene called Bt gene.

application for five technologies for which award of patent is still awaited (May 2020). In respect of remaining 29 technologies considered non-patentable by JAU, no efforts were made to commercialize or disseminate the technologies to the farming community, via exhibitions, trainings or demonstrations *etc.* Thus, the efforts and resources utilized in developing 29 technologies did not yield any result.

#### **2.1.5.5 Varieties released/ Seeds certification/PPV&FR certification**

The Government of India had enacted “The Protection of Plant Varieties and Farmers’ Rights (PPV&FR) Act, 2001”. Under this Act, exclusive rights to produce sell, market, distribute, import or export the variety registered under the Act are conferred to legitimate owners. Further, the crop varieties can also be registered under Seeds Act, 1966 which is the legal instrument for regulating the production, distribution and sale without providing the proprietary ownership of that variety.

The certificate of registration under PPV&FR Act is valid initially for six years and may be renewed up to maximum period of 15 years. Observations related to registration of crop varieties under PPV&FR Act are discussed below:

##### **a) Non applying for registration under PPV&FR Act**

Out of the 67 varieties of crops developed by JAU since its inception, while seven were not required to be registered under the PPV&FR Act, 20 were notified and for 14 the proposals were under submission as on May 2020. For the remaining 26, applications were not made by JAU till date (May 2020). Of these 26 varieties, eight were released more than five years ago. JAU needs to take prompt actions and apply for registration of these 26 crop varieties in order to prevent any other breeder/ agency from registering the same varieties. Registration by breeders/ agencies other than JAU would negatively affect the interests of the farming community as JAU would then not be able to control either the prices or the quality of seeds of such varieties.

##### **b) PPV&FR registration in the name of ICAR**

ICAR guidelines for Intellectual Property (IP) Management and Technology Transfer/ Commercialisation (2006) provide that IP rights will be guided by the Umbrella MoU between ICAR and SAUs. The MoU *inter alia* stipulates that IP rights from AICRP projects would be the joint property. In such cases IP claims/ formalities would be filed/ made by JAU but the benefit would be shared by both.

It was noticed that of the 20 varieties registered under PPV&FR Act, 13 varieties (**Appendix X**) were developed at JAU under AICRP, however, registration certificates were issued only in the name of ICAR while for seven varieties it was registered in the name of JAU. By not securing the joint ownership in these varieties, JAU lost the opportunity of benefit sharing as ICAR is the sole IPR holder and true breeder of these varieties as mentioned in the PPV&FR certificates.

**c) Non-renewal of registration**

JAU registered seven crop varieties with PPV&FR in its own name. These varieties were given initial registration validity of six years from the date of their registration (**Appendix X**). It was observed that renewal of registration of two<sup>13</sup> crop varieties was due on 05 June 2018. However, JAU did not apply for renewal till date (May 2020) resulting in loss of period of IP rights protection.

**d) Registration under Seeds Act**

Registration of varieties under Seeds Act, 1966 provides only legal right for sale and does not provide IP rights. Further, if the variety is initially registered under Seeds Act and thereafter under PPV&FR Act, the IP rights of 15 years shall be counted from registration under Seeds Act but the protection is available only from the date of registration under PPV&FR Act. The status of registration of the 67 crop varieties developed by JAU as on 31 May 2020 under both the Acts is tabulated below:

**Table 6: Status of registration under PPV&FR Act, 2001 as on 31 May 2020**

Comparative statement showing Registration of crop varieties under Seeds Act and PPV&FR Act		Status of Registration under PPV&FR Act, 2001				
		Notified	Proposal submitted	Not Applied	Not Applicable	Total
Status of Registration under Seeds Act, 1966	Notified	19 (a)	9 (b)	14 (c)	7	49
	Proposal submitted	0	2	12 (d)	0	14
	Not Applied	1	3	0	0	4
	<b>Total</b>	<b>20</b>	<b>14</b>	<b>26</b>	<b>7</b>	<b>67</b>

(Source: Information provided by JAU and website of PPV&FR Authority)

Audit observed that:

- Of the 19 varieties notified under both the Acts, seven varieties were registered under Seeds Act first, which resulted in loss of IPR period of one to six years. (**Appendix X**).
- Under Seeds Act, nine varieties were notified in respect of which, later, the proposal was submitted under PPV&FR Act.
- Under Seeds Act, 14 varieties were registered in respect of which no process to register under PPV&FR Act has been started.
- In respect of 12 varieties, proposal has been submitted under Seeds Act, however, no process to register under PPV&FR Act has been initiated.

Thus, in case varieties mentioned at (b) to (d) IPR period would be lost to that extent. Thus, out of 67 varieties released, in case of 54 varieties (a to d above) JAU lost IPR period by not registering under PPV&FR Act first.

<sup>13</sup> 1) Sesame – G Til 3 and 2) Sesame G Til 10.

**e) Commercialisation of released varieties**

JAU entered into an agreement with a private firm and granted license to it to produce seeds of five crop varieties developed by JAU. The prices of seeds were regulated by JAU and the firm pays royalty to JAU on sale of seeds. Thus, only five out of the 67 crop varieties released by JAU were commercialised till date (May 2020).

**2.1.5.6 Quality of research publications**

During 2014-19, total 2,122 research articles prepared by 360 faculties of JAU were published in 435 journals. Audit analysed the data of above research articles and faculty members with the help of tools like “Google scholar” and “publish or perish” to gauge the quality of research work. The important observations are discussed below:

**a) Citation index of research articles**

Citation analysis is the process whereby the impact or "quality" of an article is assessed by counting the number of times other authors mention it in their work(s). The following **Table 7** shows details of 472 papers which were cited at least once.

**Table 7: Citations received for research papers published by JAU as on 31 August 2019**

Number of cites during 2014-19 and number of research papers (RP)				
RP with one cite	RP with two cites	RP with three to nine cites	RP with 10 or more cites	Total RP
212	101	126	33	472

(Source: Information provided by JAU)

Thus, of the 2,122 research papers published during 2014-19 only 472 research papers (22.24 per cent) were cited by other scholars. Further, almost 66 per cent (313 out of 472) were cited less than three times and only 33 papers were cited more than 10 times.

**b) Impact factor analysis**

The impact factor (IF) is a measure of the frequency by which the average article in a journal has been cited in a particular year. Impact factor is commonly used to evaluate the relative importance of a journal within its field. Internationally, Clarivate Analytics (CA) measures impact factor.

In India, the National Academy of Agricultural Sciences (NAAS) prepares annual NAAS score of journals under two categories. For those journals where CA impact factor is available, the NAAS score is assigned as six plus CA impact factor. For other journals, NAAS score is assigned between one and six based on information provided by journal publishers to NAAS. NAAS score is one of the important factors to evaluate quality of journals. Summary of NAAS score of journals wherein 2,122 research papers were published by JAU Scholars is tabulated below:

**Table 8: Details of NAAS ratings of research papers published by JAU faculties as on 31 August 2019**

Six or more NAAS Score		Between one and six NAAS score		No NAAS Score		Total Journals (J) and Research papers (RP)	
J	RP	J	RP	J	RP	J	RP
69	142	178	1591	188	389	435	2,122

(Source: Information provided by JAU and website of NAAS)

The **Table 8** above shows that only 6.70 *per cent* research papers were published in the journals having NAAS rating of more than six.

UGC has set up (November 2018) a Consortium for Academic and Research Ethics (CARE) to identify, continuously monitor and maintain “UGC-CARE Reference List of Quality Journals”. It was observed that out of 2,122, only 173 (8.15 *per cent*) research papers were published in the journals which are included in UGC-CARE list of quality journals.

Thus, more than 90 *per cent* research articles were published in journals having lower impact factor.

### c) *h-index and i-10 index of faculties*

The h-index attempts to measure both the productivity and citation impact of the publications of a scholar. It is calculated by counting the number of publications for which an author has been cited by other authors at least that same number of times. The i-10 index created by Google Scholar shows the number of publications of a scholar with at least 10 citations.

Audit searched profile of 360 faculty members of JAU on Google scholar and found profile of 237 faculty members. Details of these 237 faculty members were as under:

**Table 9: Faculty member wise details of research papers as on August 2019**

Sl. No.	Number of Faculty members	Research papers published till date	Total citation	h index
1	17	132	0	0
2	63	542	298	1
3	127	2,858	4,535	2 to 5
4	25	1,755	4,556	6 to 9
5	5	799	2,656	above 10
<b>Total</b>	<b>237</b>	<b>6,086</b>	<b>12,045</b>	

(Source: Information furnished by JAU and taken from Google Scholar)

Number of faculties having h-index more than 10 is one of the evaluation criteria for ICAR rankings. Only five out of 237 faculty members have h-index of more than 10 which adversely reflects on the publication performance.

Details of i-10 index of faculty member of JAU as on 31 August 2019 are tabulated as under:

**Table 10: Faculty member wise details of research papers as on August 2019**

Sl. No.	Faculty members	Research Papers Published	Total citation	i-10 index
1	144	1,971	1,463	0
2	43	1,129	1,841	1
3	36	1,623	4,270	2 to 5
4	9	564	1,815	6 to 9
5	5	799	2,656	above 10
<b>Total</b>	<b>237</b>	<b>6,086</b>	<b>12,045</b>	

(Source: Information furnished by JAU and taken from Google Scholar)

It can be observed that only five faculty members have i-10 index of more than 10. Total 144 faculty members published 1,971 research papers but have zero i-10 index which shows none of these research papers was cited for more than 10 times. Thus only five out of 237 faculty members have i-10 index and h-index above ten which suggests that the quality of these research publications was not impressive.

#### **2.1.5.7 Manufacture, Stock and Sale of Insecticides by JAU**

Insecticides Act, 1968 was promulgated to regulate the import, manufacture, sale, transport, distribution and use of insecticides. To regulate insecticide use in India, Central Insecticides Board and Registration Committee (CIB&RC) was constituted (1970). CIB&RC is mainly responsible for (a) recommending uses of various types of the insecticides depending on their toxicity and suitability and (b) registering insecticides after verifying applicant's claims related to the efficacy and safety. The Act further provides that the applicant has to obtain license to manufacture, sell, stock or distribute the insecticide, from the State Licensing Authority after the issuance of Certificate of registration from CIB&RC. Sale/ Distribution of "Misbranded" and/or unregistered insecticides is an offence under the Act. Insecticides Rules, 1971 specify that the packaging of insecticides must bear a "label" and include a "leaflet" duly approved by CIB&RC.

JAU is presently producing five insecticides<sup>14</sup>. Observations related to license from Licensing Authority and compliance to provisions of the Act and the Insecticides Rules are discussed below:

##### **a) Non-Registration with CIB&RC & non-obtaining license**

Department of Agriculture & Cooperation (DAC), Ministry of Agriculture, GoI apprised (25 March 2009) SAUs that all the producers of Bio-pesticides, are required to have registration from CIB&RC and license from the Licensing Authority of the State under the Act. Deputy Director of Agriculture (Pesticide), Gujarat grants License to manufacture insecticides in the state.

<sup>14</sup> Beauveria Bassiana, Trichoderma Harzianum, Metarhizium Anisopliae, Helicoverpa Nuclear Polyhedrosis Virus (HNPV) 250 ml, Spodoptera Nuclear Polyhedrosis Virus (SNPV) 250 ml.

Audit observed that JAU obtained (October 2014) temporary registration from CIB&RC for only one insecticide *i.e.*, Trichoderma Harzianum. In case of remaining four insecticides, JAU has not even applied for registration with CIB&RC till date (May 2020). However, JAU manufactured and distributed other four insecticides also under the brand name of “SAVAJ” without mandatory registration. This makes them “misbranded” insecticides under the provisions of section 17 and 18 of the Act which is punishable by law.

Audit also observed that JAU did not obtain manufacturing license for any of the above five insecticides till date (May 2020) from licensing authority of the state. Production of insecticides without a valid manufacturing license, is illegal and punishable under law.

***b) Violation of CIB&RC directions – Recommendations made by JAU for use of Insecticides***

The registration of a formulation of insecticide is granted for specific crop(s) and/or pest(s) which is always mentioned in the conditions stipulated in the Certificate of Registration. The CIB&RC publishes from time to time the updated list of approved formulations of Insecticides which also specifies the crops and pests on which it is to be used. DAC advised (02 May 2013 and 20 February 2014) to all Agricultural Departments and the SAUs to desist from making recommendations regarding use of pesticides which are not in consonance with the terms of registration with CIB&RC.

The recommendations made by JAU in the labels of five insecticides manufactured and distributed by JAU *vis-a-vis* CIB&RC approved usage to any manufacturer (published by CIB&RC) is shown in **Appendix XI**. It can be observed that JAU is violating the guidelines of CIB&RC by distributing and recommending the specific formulation of pesticides for a greater number of crops and/or pests for which CIB&RC has not granted its approval. This may have adverse effect on crops, soil, animals and human life. Therefore, JAU should make only such recommendations for usage, which are in consonance of CIB&RC guidelines.

Further, JAU decided to (31 July 2015) withdraw 60 out of 101 recommendations made by it for other crop varieties/ insecticides during 2004-2014. However, during the visit (August 2019) of Krishi Vigyan Kendras (KVKs), it was observed by Audit that no efforts were made to sensitise the farmers about withdrawal of these recommendations through training, awareness campaign, messaging through M-KISAN application and Display on website *etc.* This may have adverse effect on crops, soil, animals and human life as farmers might continue using such pesticides based on previous recommendations of JAU.

***c) Use of non-approved Label and Leaflets for the sale of Insecticides***

JAU has obtained (October 2014) temporary registration for only one insecticide *i.e.*, Trichoderma Harzianum 1.0 *per cent w/w* till date (August 2019). The Label and Leaflet were approved by CIB&RC for the sale of this insecticide and no change/alteration were to be made on it. Audit

noticed that the Label and Leaflet printed by JAU do not match with the approved Label and Leaflet (**Appendix XII**). Thus, JAU violated provision of the Act by altering approved Label and Leaflet.

### 2.1.5.8 Land Management

JAU owns land in ten districts of Saurashtra region to be utilised for education, research and extension education. Total land and cultivated land available with University (other than 149.19 hectare (ha.) of university campus) as on 31 May 2020 is shown below:

**Table 11: Details of total land and cultivated land possessed by JAU as on 31 May 2020**

Campus	Total land (in ha.)	Cultivated land (in ha.)	Cultivated land (in per cent)
Mahuva Research Station	431	130	30.16
Dhari Research Station	638.35	84.80	13.28
Krishi Vigyan Kendra's	153.30	114.79	74.88
Other Research and education centres	1,444.39	849.88	58.84
<b>Total</b>	<b>2,667.04</b>	<b>1,179.47</b>	<b>44.22</b>

(Source: Information provided by JAU and website of UGC)

It can be observed from the above **Table 11** that more than two-third land at Mahua Research Station (MRS) and Dhari Research Station (DRS) is not cultivated. The observations related to land management are discussed below:

#### a) Dhari and Mahuva Research station

The University undertakes crop/ seeds production in the cultivated land for research and marketing purpose. Irrigation Department, GoG took possession (2009) of 205.45 ha. of land at MRS for Bandhara Schemes. However, no compensation or alternative land in lieu of above was demanded by JAU till date (May 2020). As such, the land available at MRS for use by JAU reduced considerably from 431 ha. to 226 ha. In case of DRS, 394.26 ha. land falls under protected forest which is utilised by JAU for fodder production and research purposes. Out of the remaining, 24 ha. land is occupied by District Panchayat and 129.35 ha. land falls under hilly area where cultivation or research is not possible. However, DRS did not demand alternate land from the Government till date (August 2019).

#### b) Land given to build temporary helipad

District Administration, Junagadh instructed JAU (30 November 2017) to handover agricultural land (3.74 ha.) inside JAU campus to Roads and Buildings (R&B) Department for construction of helipad. JAU was given assurance by the District authorities that the land was required for an event in December 2017 and would be returned in original cultivable state within two days of completion of the event. The land was being utilised by JAU for production of seeds in all three seasons of Kharif, Rabi and Zaid. Audit observed that though total six cultivation seasons of last two years have passed; however, the land has not been returned by R&B Department/ District Administration. JAU has approached the District Administration three times

till date (May 2020) but could not get the land back for utilisation for seed cultivation.

### **2.1.6 Extension Education**

JAU has constituted Extension Education Council to consider and recommend the extension education programs/activities of the University. The main activities of Extension Education of JAU are being conducted through Krishi Vigyan Kendra (KVKs).

#### **Krishi Vigyan Kendra**

A Krishi Vigyan Kendra (KVK) is an agricultural extension centre which serves as the link between the ICAR and farmers and aims to apply agricultural research in a practical and localized setting. JAU has seven KVKs associated with it. The major responsibilities of KVKs include implementation of Front-Line Demonstrations (FLDs), On Farm Trials (OFTs), conducting trainings for farmers and extension functionaries of line departments and providing various advisory services to farmers.

Of the ten districts under the jurisdiction of JAU, in six<sup>15</sup> districts, seven KVKs are managed by JAU, in two districts two KVKs<sup>16</sup> are managed by Non-Government Organizations and in the remaining two<sup>17</sup> newly formed (2013) districts KVKs are still not established (May 2020).

Main activities undertaken by KVKs are as under:

#### ***Front line demonstration***

Front Line Demonstrations (FLDs) demonstrate the productive potential of newly/ to be released technologies and/or crop varieties to the farmers on their fields. Critical inputs and training are provided by KVK and remaining inputs are arranged by the farmers themselves. During 2014-19, against the targeted FLDs in 5,609.88 ha. of land of 13,506 farmers, KVKs conducted FLDs in 5,648.60 ha. of land of 13,469 farmers respectively.

#### ***Training of Farmers and Extension functionaries***

KVK imparts training to farmers at KVK as well as at village level on various issues. It also trains the trainers of extension functionaries of the State Government who in turn train the end users or disseminate information to farming community. During 2014-19, against the target of 1,910 trainings to 61,207 participants, KVKs conducted 1,998 trainings for 84,125 participants. This indicates the appreciable efforts put in by JAU for training of farmers and extension functionaries of the State Government.

<sup>15</sup> Amreli, Jamnagar, Morbi, Porbandar, Rajkot (two KVKs) and Surendranagar.

<sup>16</sup> Bhavnagar KVK is managed by Lokharti Gramvidyapith and GIR Somnath KVK is managed by Ambuja Cement Foundation.

<sup>17</sup> Devbhumi Dwarka (split from Jamnagar district) and Junagadh district.

### ***On Farm Trials (OFTs)***

On Farm Trials are aimed at testing multiple proven technologies evolved at Research Station on farmers' field for treating farmer/area specific problems. Through OFT, KVKs conduct comparative studies in farmers' fields to come to conclusion as to which of the technologies tested is more effective and economical. Best technology identified in OFT can be adopted in FLDs for large scale diffusion. During 2014-19, against the target of 223 OFTs in 902 fields of farmers, a total of 208 OFTs in 861 fields were conducted.

Audit observations related to extension activities are discussed in subsequent paragraphs:

#### ***2.1.6.1 Front Line Demonstrations not given for major crop varieties released***

JAU has developed 67 varieties of various crops. A total of 15 major crops (five each of cereals, oilseeds and vegetables) were identified for each of the six KVKs. The details of varietal FLD undertaken by KVKs on new varieties developed by JAU and other SAUs is shown in **Appendix XIII**. It can be seen from the **Appendix XIII** that for 15 major crops, 60 varietal FLDs were required to be conducted during 2014-19 against which only 25 FLDs were conducted. JAU developed 50 new varieties of crops which were sown in the KVK district. FLDs for only 22 varieties were conducted. Conducting such FLDs would have motivated farmers to consider replacing old varieties with the improved varieties.

#### ***2.1.6.2 Non conduct of soil test***

KVKs also conduct FLDs such as Integrated Nutrient Management (INM) and Integrated Crop Management (ICM) under which specific chemical nutrients fertilizers are provided to enrich the deficient macro and micronutrients in the soil. Three<sup>18</sup> primary nutrients, three<sup>19</sup> secondary nutrients, seven<sup>20</sup> micronutrients and three<sup>21</sup> organic elements are generally considered essential for plant growth. These nutrients interact with each other and have positive or adverse effect on each other and this phenomenon is known as Nutrient Antagonism. Plants and varieties are also different in their sensitivity to a particular nutrient deficiency. Therefore, proper soil test/analysis could verify the deficiency in the soil that is responsible for lower crop yield and can provide a scientific basis for recommending additions of a nutrient source to soil. Application of the nutrients without conducting a proper soil test may negatively affect the sowed crop and also subsequent season crops.

Audit visited Amreli, Jamnagar and Porbandar KVKs and found that all 37 FLDs on INM and ICM in the field of 576 farmers (234.40 ha.) were conducted during 2014-19 without carrying out comprehensive soil test. Such arbitrary application of micro and macro nutrients may result into increase in

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<sup>18</sup> Nitrogen (N), Phosphorus (P), and Potassium (K).

<sup>19</sup> Calcium (C), Magnesium (Mg), and Sulfur (S).

<sup>20</sup> Boron (B), Chlorine (Cl), Copper (Cu), Iron (Fe), Manganese (Mn), Molybdenum (Mo) and Zinc (Zn).

<sup>21</sup> Carbon (C), Hydrogen (H), and Oxygen (O).

yield in short term but can adversely affect the soil profile and yield in long term.

### **2.1.6.3 No FLDs/ permanent display of farm implements developed by JAU**

As discussed in Paragraph 2.1.5.4, JAU developed 39 technologies out of which 19 were on farm equipment. However, it was observed that FLD for only one out of these 19 farm equipment was given by one of the seven KVK during the review period of 2014-19. Thus, JAU missed the opportunity to showcase and disseminate benefits of farm implements developed by it.

## **2.1.7 Other areas**

### **2.1.7.1 Annual rate contracts**

JAU awarded Annual Rate Contract (ARC) for construction work. Audit collected data of all the 281 ARC contracts for construction given by JAU during 2014-19. Instead of awarding the ARC contract to the L1 bidder, JAU asked all the participants of the tender to match the L1 rate and then empanelled all contractors who gave consents. This was in violation of CVC guidelines which prohibits negotiation with bidder's post opening up of tender. Year wise empanelled contractors and works allotted to them is as under:

**Table 12: Details of empanelled contractors and work allotted to them**

Particulars	2014-16	2016-18	2018-19
Total number of ARC works	119	152	10
Number of Empanelled contractors	26	39	35
Work given (no. of contractors)	17	19	5

(Source: Information provided by JAU)

It can be observed that some contractors were given multiple ARC work orders, and some were not given any contracts during the ARC period. This shows that JAU acted in a prejudiced manner with the contractors.

Further, GoG resolution mandated that all contracts above money value of ₹ five lakh shall be awarded through e-tendering process. It was observed that 53 works of more than ₹ five lakh were split into 189 smaller contracts and given as ARC to empanelled contractors instead of inviting fresh bids as per GoG order. This shows that JAU did not adhere to GoG as well as CVC directions in awarding contracts. Further, it split major works into smaller works to allot the work order without inviting tender.

### **2.1.7.2 Parking of Surplus funds with Banks**

GoG directed (September 2014) to deposit excess funds with Gujarat State Financial Services Limited (GSFS) instead of banks. It was observed that JAU parked its surplus funds of ₹ 57.23 crore in 61 fixed deposits with Public Sector Banks and renewed them from time to time during 2014-19. Thus, JAU violated GoG directions and received lesser interest. Audit worked out

lesser receipt of interest of ₹ 1.93 crore<sup>22</sup> during 2014-19.

### 2.1.8 Conclusion

The applications for obtaining/renewal of accreditation for its colleges were not made in time. There is lack of fire safety mechanisms and special provisions for disabled/ *Divyang* persons in the JAU buildings. Incorrect data was provided by JAU to ICAR for the purpose of ranking. 67 crop varieties released by JAU received poor response from farmers and seeds multiplying agencies and JAU commercialised only five varieties. Deficiencies were found in registration of seed varieties released by JAU under PPV&FR Act leading to loss of Intellectual Property Rights. JAU has been manufacturing and selling insecticides in violation of the provisions of Insecticides Act and Insecticide Rules. Overall quality of publication of research work is poor as can be gauged from various measurement indicators of research work.

### 2.1.9 Recommendations

For better achievement of its objectives of education, research and extension education, JAU may:

- *make necessary retrofitting/ construction to make its building NBC compliant;*
- *submit correct data to any ranking authorities;*
- *bring about systemic changes to improve its performance on release of commercially viable crop varieties, and encourage farmers and seed multiplying agencies to adopt these improved varieties;*
- *act promptly to register/renew its new released crop variety under PPV&FR Act to protect its IP rights;*
- *manufacture and sell insecticides only after complying with statutory provisions.*

## INDUSTRIES AND MINES DEPARTMENT

### 2.2 Implementation of welfare programmes for salt workers

#### 2.2.1 Introduction

Salt is one of the most essential and common household compounds used in food and also in industries. Salt<sup>23</sup> is a Central subject, listed in the Union list. India is the third largest producer of salt in the world after China and USA

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<sup>22</sup> Difference between actual interest earned on Fixed Deposit with banks and interest receivable on the funds parked with GSFS for the similar amount and period.

<sup>23</sup> Commissioner of Salt under the Ministry of Commerce and Industry (Department of Industrial Policy and Promotion), Government of India (GoI) has been entrusted with the task of manufacture, supply and distribution of salt by Union Agencies and regulation and control of manufacture, supply and distribution of salt by other agencies.

with an average annual production of about 300 lakh ton<sup>24</sup>. Gujarat is the highest producer of salt, with around 81 *per cent* of the total salt production of the country. Salt-production in Gujarat is carried out in 15<sup>25</sup> out of 33 districts but mainly concentrated in Amreli, Bharuch, Bhavnagar, Devbhoomi Dwarka, Jamnagar, Kachchh, Patan and Surendranagar districts.

Salt workers are either independent marginal salt producers or hired labourers for salt lease units lease holders. In Gujarat there are around 1.10 lakh salt workers<sup>26</sup>. The State Government leases land to individuals, co-operative societies and private firms for production of salt. There were around 2,508 (2017-18) salt manufacturing units in Gujarat varying in plot sizes from less than 10 acres to more than 100 acres. The total land registered under salt cultivation ranged between 4.28 lakh acres (2014-15) to 4.66 lakh acres (2017-18). Salt production normally starts from October and extends up to June next year during which period the salt workers with their families stay at the salt manufacturing sites in the arid desert or coastal areas. Various study reports<sup>27</sup> have highlighted the precarious conditions of salt workers and lack of basic infrastructure facilities like drinking water, food, housing, health and education. Further, due to typical geographical conditions of the desert, direct contact with inhalable salt dust *etc.*, and glare due to intense reflection of sun light by salt crystals causes various health disorders. As per a study<sup>28</sup> by National Institute of Occupational Health (NIOH), Ahmedabad there is high prevalence of work-related health hazards *viz.*, fissures, ulcers, wound infection, callosities and eye problems among the salt workers.

### 2.2.2 Organisational Set Up

The Industries and Mines Department (IMD) headed by the Principal Secretary is the nodal department for implementation of welfare schemes for salt workers. The Principal Secretary is assisted by Industries Commissionerate (IC). At District level, District Industries Centres (DIC) headed by General Managers (GM) act as the nodal office for implementation of welfare schemes for salt workers.

For providing necessary infrastructural facilities for salt industry and welfare of salt workers in the state, the Government of Gujarat (GoG) established (July 2000) a State Level Empowered Committee (SLEC) under the Chairmanship of Minister (Salt Industries). In the districts, a District Level Empowered Committee (DLEC) functions under the Chairmanship of District

<sup>24</sup> Source: Annual Report 2018-19, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.

<sup>25</sup> Amreli, Anand, Bharuch, Bhavnagar, Devbhoomi Dwarka, Jamnagar, Junagadh, Kachchh, Morbi, Navsari, Patan, Porbandar, Surat, Surendranagar and Valsad.

<sup>26</sup> As per data of Labour and Employment Department, Government of Gujarat.

<sup>27</sup> Like (i) Report prepared by Justice M. B. Shah, Former Judge, Supreme Court of India and Chairman, Gujarat State Law Commission named “Salt Production at the cost of health of Agariyas & their family members – A need for special legislation –In the State of Gujarat” in May 2014, (ii) Report prepared by CARE INDIA named “A Pinch of Salt-A study of Salt workers of Kachchh, Patan, Rajkot and Surendranagar Districts of Gujarat”, (iii) Report: Evaluating Overall social and health status of salt workers in experimental salt fields at Bhavnagar, Gujarat based on a pilot survey conducted in March 2015 with support of CSMCRI-CSIR and Medical College, Bhavnagar.

<sup>28</sup> Prevention and control of occupational health hazards among salt workers working in remote desert areas of Gujarat and Western Rajasthan.

Collector and General Manager, District Industries Centre as Member Secretary.

The proposals for welfare works are forwarded by the district offices to the respective DLEC which recommends them to the SLEC for approval. The IC receives proposals approved by DLECs or directly submitted by the line departments, Associations and Non-Governmental Organisation (NGOs) and puts up before SLEC for approval. Subsequent to its approval, proposal for budget provision is made and fund is received by the IMD. IC passes the fund onto the respective line departments/NGOs, Associations which had submitted the original proposal. The line departments take up execution of the works/schemes following procedures/rules of their respective departments.

### **2.2.3 Audit Scope and Coverage**

The implementation of welfare programmes for salt workers was audited between January 2019 and July 2019 covering a period of five years from April 2014 to March 2019. Audit covered all the seven districts<sup>29</sup> where welfare works were taken up during the period 2014-19. Audit examined records of the IMD and the line departments responsible for providing road connectivity, water supply, housing, health, Integrated Child Development Services (ICDS), education, rationing, hygiene, protection against natural disasters, *etc.* Audit also undertook (between February and August 2019) joint site visits to salt manufacturing sites, Anganwadi Centres (AWCs), Primary Health Centres (PHCs)/ Community Health Centres (CHCs), schools and residential hostels for children of salt workers in the seven districts with the staff of the concerned line departments, IMD.

### **2.2.4 Audit Objectives**

The audit was carried out to obtain a reasonable assurance as to:

- Whether any baseline survey was conducted and adequate planning was made for execution of welfare schemes/programmes for salt workers;
- Whether the works/schemes were executed economically, efficiently and in an effective manner;
- Whether the programme was successful in fulfilling basic needs of salt workers; and
- Whether proper monitoring of schemes/works was done and any evaluation/impact assessment was carried out.

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<sup>29</sup> Amreli, Bharuch, Bhavnagar, Kachchh, Morbi, Patan and Surendranagar.

## Audit Findings

Audit observations are discussed in succeeding paragraphs.

### 2.2.5 Planning

#### 2.2.5.1 Survey and baseline database for salt workers

For effective implementation of welfare scheme, it is necessary to conduct a baseline survey and have a database of the population of salt workers and their location, facilities available and required by them. Such a survey and database are a pre-requisite for the IMD to prepare a long-term plan and set up priorities for works.

During the course of Audit, it was observed that no comprehensive facility survey<sup>30</sup> was conducted by IMD or any other agency of the State to ascertain the kind of facilities available to salt workers and their requirements in salt producing districts. The line departments carried out works based on limited survey conducted for their work requirement. There was a lack of holistic approach at the state level to take up schemes for welfare of salt workers and piece-meal works/ schemes are taken up on *ad-hoc* basis as per the proposals received from the district level authorities/ associations/ NGOs. This deprived the department of an opportunity to

- identify the location wise availability *vis-à-vis* requirement of basic amenities so as to focus and put coordinated efforts on such identified clusters/villages of salt workers
- adopt a bottom up approach<sup>31</sup> and make a long-term perspective plan for undertaking welfare works for salt workers.

The fall out of this can be seen in the deficiencies in providing basic amenities as discussed in succeeding paragraphs. All DICs accepted (February 2019 to August 2019) that survey was not carried out.

### 2.2.6 Financial Management

The GoG provides fund to the Industries and Mines Department for implementation of welfare activities for salt workers. During 2000-2014, ₹ 305.20 crore was spent on various schemes for salt workers. Out of this, the major amount (₹ 206.86 crore) was on construction and maintenance of roads in salt producing areas followed by provision of drinking water through pipelines and tankers (₹ 27.91 crore), educational facilities (₹ 22.47 crore), provision of safety kits, identity cards/family cards, cycles and conduct of awareness camps (₹ 8.94 crores), health facilities (₹ 5.26 crore) and Others (₹ 33.76 crore) including money sanctioned to NGOs, Associations of Salt Manufacturers *etc.*

<sup>30</sup> Survey showing nature and extent of the facilities available and required.

<sup>31</sup> Planning from bottom level based on ground level requirement.

During the period 2014-19, the details of grant provided by the Government and expenditure incurred on schemes for salt workers are given in **Table 1** below:

**Table 1: Details of grant allotted and expenditure incurred for implementation of welfare schemes of salt workers during 2014-19**

(₹ in crore)

Year	Grant allotted	Expenditure incurred							Saving
		Roads	Water Supply	Health	Education	Housing	Safety kit, Solar Pumps and Others	Total	
2014-15	30	5.01	0.00	8.09	0.19	0	1.71	15	15
2015-16	30	0.61	0.00	12.08	15.27	0	2.04	30	0
2016-17	31	1.80	1.36	0.13	11.69	0	0.03	15.01	15.99
2017-18	30	15.37	3.41	4.57	0.00	0	2.95	26.30	3.70
2018-19	7.46	0.00	0.07	0.00	1.57	0	5.82	7.46	0
<b>Total</b>	<b>128.46</b>	<b>22.79</b>	<b>4.84</b>	<b>24.87</b>	<b>28.72</b>	<b>0</b>	<b>12.55</b>	<b>93.77</b>	<b>34.69</b>

(Source: Information provided by Industries and Mines Department, Gandhinagar, Figure for 2018-19 as per revised estimate)

Audit observed that despite the fund availability, these remained unutilized in three out of five years during 2014-19 mainly due to non-adoption of bottom up approach besides lack of long-term perspective plans as discussed in the preceding paragraph. Further, it was also due to lack of co-ordination with the line departments leading to holding up of proposals at various levels and lack of sufficient proposals as discussed later.

## 2.2.7 Provision of Basic Amenities for Salt Workers

### 2.2.7.1 Drinking water supply

The working season for salt workers is from October to June. Availability of drinking water at salt pans in desert/ coastal areas is limited and therefore, it is necessary that timely arrangements are made for supply of water in desert areas as its delay may causes severe health, hygiene and survival problems for salt workers and their families. Gujarat Water Supply and Sewerage Board (GWSSB)<sup>32</sup> is responsible for providing drinking water to the salt workers. GWSSB supplies water through pipeline-based schemes or through water tankers. Where there is no water supply by GWSSB, the salt workers depend on private water suppliers paying a huge amount of their earnings. The details of works related to water supply sanctioned by SLEC during the period 2014-19 and their status are given in **Table 2** below:

**Table 2: Details of water supply works sanctioned during 2014-19 as on August 2019**

Year	District for which sanctioned	Name of the work	Fund sanctioned (₹ in lakh)	Work status
2014-15	Surendranagar	Construction of water tanks in Odu village	31.40	Completed
2016-17	Surendranagar	Construction of water storage tank at Kharaghoda village	32.81	In progress
	Morbi	Supply of drinking water to salt workers through tankers	23.27	Completed

<sup>32</sup> Under the Narmada, Water Resources, Water Supply and Kalpsar (NWRWSK) Department, GoG.

Year	District for which sanctioned	Name of the work	Fund sanctioned (₹ in lakh)	Work status
2017-18	Patan	Supply of drinking water to salt workers in Santalpur Taluka through pipeline	340.70	Not yet started

(Source: Information provided by Industries and Mines Department)

The overall scenario of water supply to salt workers was as shown in **Table 3** below:

**Table 3: Details of water supply status by GWSSB during 2014-19 as on August 2019**

District	Water supply through	Whether functioning and water was made available to the salt workers
Patan	1. Garamadi Group Water Supply Scheme. One water supply scheme-Santalpur Taluka Group water supply scheme sanctioned by SLEC in 2017-18 at a cost of ₹ 3.40 crore could not be taken up as it was to pass through Forest Area 2. Water tankers	Garamadi Group water supply scheme was functioning and in other areas, water was supplied through tankers
Bhavnagar	1. Vallabhipur Zone Water Supply Scheme (VZWSS) and 2. Bhavnagar-Ghogha Water supply scheme (BGWSS) 3. Water tankers	VZWSS and BGWSS are functioning partly. Water supply through tankers.
Surendranagar	1. Narmada Based Regional Water Supply Schemes 2. Water tankers	Narmada based Water supply schemes are functioning. For salt workers in areas not covered under these schemes water is provided through tankers.
Kachchh	1. In Gandhidham Taluka, through Vira Sanghad Group Water Supply Scheme 2. Water tankers	Vira Sanghad Group Water Supply Scheme was only partly functioning. In Bhachau and Rapar taluka, salt workers were provided water through tankers.
Amreli	No Water supply	
Bharuch	Water tankers	Water was supplied through tankers
Morbi	1.Lavanpur-Navlakhi Area Salt Cess Water Supply Scheme and Bagsara-Jaydeep Vistar Water Supply Scheme 2. Water tankers	Both the schemes are functioning. Other areas are covered through water tankers.

The audit findings in respect of water supply schemes in five salt producing districts are discussed below.

## Water supply in Surendranagar District

### *Lack of planning and co-ordination among departments*

GWSSB submitted (June 2016) a proposal to SLEC for water supply to salt workers through water tankers in Kharaghoda Range and Jesda-Kuda Range desert area for the period 2012-13 to 2016-17 at a cost of ₹ 5.09 crore (for water already supplied during 2012-16 and for supply planned for 2016-17). In the SLEC meeting (June 2016), GWSSB proposed to provide 60 per cent of cost sharing for expenditure incurred by it every year for supply of water to the salt workers. The SLEC did not accept the proposal and stated (June 2016) that GWSSB should have separate plan for water supply on permanent basis in its budget. Audit observed that GWSSB had not made (September 2019) separate provision for water supply to salt workers in its budget. Audit also observed that subsequently, the SLEC also did not pursue the matter with GWSSB and thus the matter remained unresolved.

GWSSB stated (September 2019) that being a policy matter, the decision was required to be taken by the Water Supply Department. Thus, even after more than three years (since June 2016) due to lack of planning and co-ordination between the departments, basic framework issue remained unsettled and no water supply scheme was planned.

## Water supply in Kachchh District

### *Failure of Vira-Sanghad Water Supply Scheme*

In coastal areas near Sanghad village, (Anjar Taluka), large number of salt workers face lot of difficulties in getting drinking water and depend on available wells in nearby areas for their water needs, which contain high level of Total Dissolved Solids.

GWSSB undertook (August 2007) Vira-Sanghad Water Supply Scheme for supply of water through pipeline to nearly 4,000 salt workers in 14 salt units near Sanghad village at a cost of ₹ 99.39 lakh. The project mainly included drilling of tube well at Sinogra village as a source, laying of pipe lines, construction of underground sump at Nagalvadia village and storage reservoir at Kanta weigh bridge of 1.6 lakh litre capacity each. Water was to be pumped from Nagalvadia sump to reservoir at Kanta (Weigh Bridge) for further supply to various salt units. Under the scheme, daily 1.6 lakh litre water was planned to be supplied. As water could not reach the reservoir at Kanta (Weigh Bridge), additional work (construction of sump at Jogninar, laying of pipes, electrification of sump, etc.) was taken up between 2012 and 2018. However, the scheme could not deliver water as envisaged in the scheme. Against the requirement of 3.95 crore litres<sup>33</sup>, only 59 lakh litre water was supplied between June 2018 and 2019. Thus, even after spending ₹ 72.11 lakh, the salt workers were forced to make their own arrangements for drinking water.

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<sup>33</sup> There are 395 days between June 2018 and June 2019 and 1,00,000 litre water is required per day.

GWSSB stated (July 2019) that due to less rainfall in Kachchh district, local source was dried and hence people of Vira village did not allow to draw enough water from the water tank. It also stated that only if water supply from Narmada is increased, water could be provided to Vira-Sangad salt area from Vira village. The reply of GWSSB was not convincing as poor technical planning of the scheme and non-management of source of water, led to non-achieving of the desired benefits. Further, water was also not supplied by GWSSB through tankers. This suggests lack of monitoring over the schemes by GWSSB and by IMD.

### **Water supply in Bhavnagar District**

In Bhavnagar district, water is supplied by GWSSB to salt worker through Vallabhipur Zone Water Supply Scheme (VZWSS) and Bhavnagar-Ghogha Water supply scheme (BGWSS). VZWSS executed in 2009 was to provide water supply to 37 salt units of Vallabhipur and Bhavnagar taluka.

Complaints regarding non-functioning of pipe lines and non-availability of water at the salt units were put up before DLEC, Bhavnagar in January 2016. In September 2018, DLEC directed GWSSB to take up survey for identification of areas where water was not available and report thereon. However, no progress was reported thereafter (May 2020).

Office of the Public Health Division, GWSSB, Bhavnagar stated (May 2019) that only four to five units get water through tankers from Vallabhipur Water Supply Scheme as the pipe line network was disturbed due to widening of Adhelai-Nari National Highway and less availability of water due to corrosion of the pipe line. The Division also assured that pipe line network would be re-laid for the scheme. Further, the Division also informed that Vallabhipur Augmentation Water Supply Project was sanctioned by GWSSB to provide adequate water to Madhiya Sub Head works for which tenders have been floated.

For BGWSS, the Division stated that the scheme executed in 2008 was to provide water supply to 14 units of Ghogha and Bhavnagar Taluka. However, only nine units get water under the scheme while five units could not get water due to technical problem since 2009. It further stated that additional pumping station at village Avaniya would be constructed to provide water to remaining five units. During the joint site visit of salt units by Audit with the DIC staff (May 2019) at five<sup>34</sup> lease holders (10 acres) near Bhavnagar, it was noticed that availability of drinking water was a major issue.

Thus, even after a lapse of four years, GWSSB failed to take remedial actions and provide water to salt workers.

### ***Proposal for providing Water tanks and storage tanks not finalized for years***

Audit noticed that two proposals relating to water supply to salt workers in Bhavnagar district were put up before DLEC. One related to purchase of truck

<sup>34</sup> Akwada Khar Vistar near Jat School, Akwada Salt pans, Avaniya, Ghogha Ganeshgadh and Kumbharwada.

chassis and water tankers (₹ 16.21 lakh), which was placed before DLEC in July 2015 while the other for purchase of 264 water tanks (₹ 21.12 lakh) for providing water to salt workers in 47 salt units, which was placed before DLEC in January 2016. DLEC recommended (March 2016) both proposals to SLEC. However, none of the proposals were taken up in any meeting of SLEC held during 2016-19. This shows lack of urgency towards development of basic infrastructure for water supply.

DIC, Bhavnagar stated (May 2019) that the matter would be followed up.

### **Water supply in Amreli District**

In Amreli district, there was no water supply scheme run by GWSSB for salt workers. Gujarat Majoor Sangh, Chanch, an NGO associated with the welfare of salt workers put up a request for supply of water to salt workers of Amreli District in November 2013. DLEC directed (November 2013) GWSSB to undertake a survey and prepare a water supply scheme for salt workers. GWSSB, Amreli Division submitted (October and December 2014) a plan and estimates of ₹ 73.77 lakh to the Construction Circle, GWSSB, Bhavnagar for the same. However, the plan and estimates remained under protracted correspondence among, Public Health (PH) Works Division Amreli, PH Circle GWSSB Bhavnagar and Chief Engineer Office, GWSSB and was not yet finalised (August 2019). Thus, the scheme could not be taken up even after six years since November 2013. As a result, the salt workers were deprived of basic amenity of drinking water.

Office of the PH Division Amreli stated (September 2019) that the estimates were at approval stage. The reply suggested lack of monitoring over the progress of the schemes by GWSSB and IMD.

### **Water supply in Patan District**

GWSSB provides water through tankers in Patan District to around 1,631 salt workers families staying in desert areas and villages near the desert as there were no pipeline-based Water Supply Schemes.

Audit observed that no water was supplied during 2014-15. Further, there was delay/short supply of water in all other years during 2015-18. Only during 2018-19, water was supplied timely to the salt workers but not supplied for the entire working season.

Office of the PH Division, GWSSB, Radhanpur stated that non supply and delay in supply was due to non-finalization of tenders for supply of water through tankers or delay in issue of work order to the agency. Reply was not convincing as the tendering process could have been started well in advance to ensure water supply to salt workers from beginning of their working season.

### **2.2.7.2 Road Connectivity**

Proper road connectivity in the salt pan areas is important not only for the mobility of salt workers but also for delivery of other essential services to

them. The Panchayat divisions under the Roads and Building Department are responsible for construction and maintenance of approach roads to the salt lease site/ salt units. Details of road works sanctioned by SLEC during 2014-19 are shown in **Table 4** below:

**Table 4: Details of road works sanctioned by SLEC during 2014-19**

Year	District	Name of the work	Fund sanctioned (₹ in lakh)
2014-15	Morbi	Construction of causeway for approaches to salt units in Bagsara area in Maliya- Miyana Taluka	87.68
2015-16	Surendranagar	Construction of CC road from house of Karsanbhai Gandubhai to High School in Tikar (Desert)	2.62
	Amreli	Construction of Approach road and pitching for road joining salt unit Shri Jay Chamunda Nimak Utpadak Sahakari Mandli Limited, Chanch village Ta. Rajula to Chanch-Khera-Patva-Samdhiyala road km 0/0 to 2/0	58.19
2016-17	Amreli	(1) Construction of seven cc roads in salt workers areas in Chanch village (2) Construction of nine roads in the District	(1) 23.74 & (2) 155.86
	Kachchh	Construction of nine roads joining salt works in Anjar, Gandhidham and Bhachau Taluka	2,600.73
2017-18 & 2018-19	Nil		

(Source: Information provided by Industries and Mines Department)

Out of the seven districts checked in Audit, the audit findings relating to conditions of roads connecting the salt units in three districts and their subsequent impact are discussed in succeeding paragraphs:

#### ***Health service to salt workers affected due to bad roads***

Medical services are provided to the salt workers through Mobile Health Units (MHUs) in far off salt pan areas in salt producing districts.

The office of the Chief District Health Officer, Bhavnagar operates one MHU under PHC, Adhelai to cover all the salt workers and their families in 27 salt units around Bhavnagar. However, during monsoon the health services through MHU could not be operated in 22 salt units due to damaged condition of the approach roads. Similarly, the salt workers in Patan, Morbi, and Kachchh districts are also affected as roads in salt producing areas were not maintained properly as detailed in **Appendix XIV**. Office of the Additional Director, Public Health has taken up (September 2019) the issue of bad roads with R&B department, Gandhinagar. No action was taken by the R&B department (September 2019).

#### ***Road maintenance not attended in Bhavnagar district***

Based on the proposal of District Salt Manufacturers' Association, DLEC, Bhavnagar recommended (January 2016) to SLEC a proposal for maintenance of 16 approach roads costing ₹ 43.90 crore for salt units in Bhavnagar district. The District Panchayat was to bear 20 per cent of the cost i.e., ₹ 8.78 crore and

Industries & Mines Department to bear 80 per cent of the cost i.e., ₹ 35.12 crore.

SLEC instructed (June 2016) DIC, Bhavnagar to fix priority of roads and re-submit the proposal. The matter remained under correspondence and was discussed again in DLEC meeting held on 24 September 2018, where the Association represented that maintenance of these roads was very important as in its absence, production of salt and transportation was badly affected. Based on this, DLEC instructed (September 2018) Member Secretary to send the proposal to IC/ SLEC for reconsideration. The DLEC again instructed (26 February 2019) R&B District Panchayat to take up the matter with the IC. However, no progress was found on records thereafter. Thus, work of maintenance of these approach roads to salt units could not be taken up.

***Road works in Amreli district***

SLEC approved (June 2016) a proposal of Panchayat Division, Amreli of R&B Department (Division) for construction of nine roads for salt units in Amreli district costing ₹ 1.55 crore. The fund was released by DIC to the Division in March 2017. However, even after lapse of two and half years, the work is still at estimate stage (May 2019). This shows lack of urgency by the line department and need for monitoring over execution of sanctioned proposals by IMD.

***Road works in Kachchh district***

In Kachchh district, Audit visited (12 and 16 July 2019) along with the officials of DIC Bhuj at various approach roads<sup>35</sup> joining salt pans with main road in Anjar Taluka and observed that all these roads connecting upto 10 acres salt workers sites to main road were in bad condition.

<p><b><i>Approach Road connecting NH to salt units in village Moti Chirai District Kachchh Photo taken in July 2019</i></b></p>	<p><b><i>Approach Road connecting NH to salt units in village Nani Chirai District Kachchh, photo taken in July 2019</i></b></p>
	

Office of the Panchayat Division, Bhuj of R&B Department stated (July 2019) that works on these roads were carried out during 2009-10 and guarantee

<sup>35</sup> Road connecting (i) NH to Nani Chirai salt units and from salt units to 10 acres salt workers sites, (ii) NH to Moti Chirai salt units and TM salt works, (iii) TM Salt Works to Chirai Salt Works, and (iv) Bajaj Salt Private Limited to Chirai Co-operative Mandli, Sahajanand Salt Works, Yadav Salt & Chemicals Works, Chamunda Salt Work, Shri Ram Salt Works, Saraswati Salt Work, Shiv Shakti Salt Works (Bhachau) and connecting to 17 10 acres agariyas.

period of these roads had already expired. It was further stated that proposal for maintenance of these roads would be taken up.

### 2.2.7.3 Housing Facilities

The salt workers make temporary huts/shelter during their stay of eight months in remote locations having harsh weather conditions. The accommodation is often not good enough to protect them and their families against extremities of temperature and high velocity of winds. The Central scheme Namak Mazdoor Awas Yojna was in operation up to end of 12<sup>th</sup> Five Year plan *i.e.*, 2012 for providing proper housing to salt workers. SLEC considered (July 2012) the fact of closure of the scheme and accorded in principle approval to state housing scheme for the salt workers. The Government's commitment to provide houses to the salt workers was again reiterated in the subsequent meeting of SLEC (January 2014).

Audit noticed that even after five years of decision of SLEC, no housing scheme was launched for salt workers. Audit visited (May-July 2019) houses of salt workers at salt leases in Bhavnagar, Kachchh and Bharuch districts with the staff of DICs and observed poor condition of houses of salt workers.

As shown in **Table 1**, funds of ₹ 34.69 crore remained un-utilized during 2014-19 and no provision was made for housing facilities during this period.

#### *No condition in salt lease for housing to salt workers*

The administration of salt leases is carried out by the IMD. The IMD has also laid standard terms of salt leases in October 2010. Audit observed (February 2019) that there is no condition in the salt lease that salt units should provide proper houses at salt lease site to the salt workers. As a result, the salt workers were either left at the mercy of salt unit owners for their basic housing requirement or have to manage themselves.

In reply, the IMD stated that the matter has been noted for making a provision in the lease agreement.

#### *Houses of salt workers in Kachchh district: Photos taken in July 2019*



#### *Temporary Shelter facilities: Delay in decision making in providing tents to salt workers*

In the SLEC meeting (June 2016), a proposal by Gujarat Gram Shram Yogi Kalyan Board (GGSYKB) for providing 1,000 water proof tents at the cost of ₹ 90 lakh to salt workers during 2016-17 was discussed. The SLEC approved purchase of 100 tents on trial basis at a cost of ₹ nine lakh. Audit noticed that no fund was released by the IMD and the purchase could not be made. In January 2018, the SLEC again instructed GGSYKB to carry out a market survey for tents suitable for the weather conditions in which salt workers work. In June 2018, an NGO (Agariya Hit Rakshak Manch) informed SLEC that students of Nirma University and Centre for Environmental Planning and Technology (CEPT) have carried out research on tents. Though SLEC instructed GGSYKB to study the matter, the purchase of tents is yet to be taken up (August 2019) even after lapse of three years since submission of the first proposal.

#### 2.2.7.4 Health facilities

Due to geographical conditions and nature of work, salt workers suffer from many health hazards specifically eye morbidities, skin and musculoskeletal disorders. Office of the Commissioner of Health (CoH) and Health department of District Panchayats provide health services to the salt workers through Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub Centres (SCs), established in various talukas and villages. In the remote villages (coastal or desert areas) where PHCs/SCs are not available, medical facilities are provided through Mobile Health units (MHUs). There are 13 MHU operated in 13 Talukas in seven districts checked in Audit. Besides this, medical camps are organized for providing services of specialists. As per the details of diagnostic and curative services provided through MHU (Agariya) furnished by the office of CoH, Gandhinagar, 57 to 61 per cent of salt workers were suffering from various diseases.

The details of works sanctioned for providing health facilities to salt workers during 2014-19 are given in **Table 5** below:

**Table 5: Details of works relating to Health facilities sanctioned during 2014-19**

Year	District for which sanctioned	Name of the work	Fund sanctioned (₹ in lakh)
2014-15	Surendranagar (one PHC and 15 SCs)	Construction of one PHC, 70 SCs and prefabricated structure	2,004.85
	Morbi (19 SCs)		
	Kachchh ( 34 SCs)		
	Bharuch (2 SCs)		
2015-16 & 2016-17	Nil	Nil	Nil
2017-18	Various Salt Producing districts	Operation of 20 Dhanvantri Arogya Rathis in salt producing areas in the state	456.60

(Source: Information provided by Industries and Mines Department, Gandhinagar)

The work of construction of 44 SCs was completed by December 2018 and construction of 13 SCs was in progress (October 2019). In case of 10 SCs, the work could not be taken up due to problem of land acquisition and three SCs were dropped from the list. The work of PHC at Surendranagar was yet to be

started (October 2019). In respect of Dhanvantri Arogya Rath, IC placed fund of ₹ 4.56 crore with Health Department in August 2017 for procurement of vehicles which was in progress (November 2019).

The observations relating to health facilities to the salt workers are discussed in succeeding paragraphs.

### ***Arrangement of Medical Health Unit and Medical Camps in salt areas***

As medical facilities are normally not available at remote locations, health services are provided to the salt workers by office of the Chief District Health Officer (CDHO) in each district through operation of MHUs attached with PHCs/CHCs. Further, due to non-availability of services of specialist doctors, SCs, PHCs and CHCs, medical camps are arranged periodically at the salt pans in coastal/desert areas. The frequency of operation of MHUs is critical considering far off locations of work sites from the PHCs/SCs.

Audit observed that good efforts were made by CDHOs to provide medical services to salt workers in five districts (Bhavnagar, Surendranagar, Kachhh, Amreli and Bharuch districts) out of seven districts checked in Audit despite limited staff and other resources. However, no medical camps were held in Bharuch and Amreli districts during 2014-19. In Morbi and Patan districts, the services of MHU were provided once or twice in a month in various villages of salt workers due to absence of MHUs coupled with vacant post of medical staff.

The DLEC, Morbi recommended (November 2016) a proposal for procurement of three vehicles for MHUs at a cost of ₹ 38.86 lakh. Though the proposal was approved by SLEC and forwarded to IMD, the same was not yet finalised for want of compliance to remarks of IMD. DLEC (February 2019) again instructed DIC to complete the procedure for procurement of MHU.

Office of the CDHO, Morbi stated (August 2019) that frequency of MHU would be increased after getting vehicle. Office of the CDHO, Patan stated that medical officer and paramedical staffs were required to be appointed to increase the frequency of MHU on weekly basis.

### ***No condition for medical facilities to salt workers working in salt units***

The IMD has prescribed standard terms for salt leases in October 2010. Audit observed that the standard terms do not provide for medical facilities to salt workers by the lease holders. As a result, the lease holder was not made responsible to provide medical aid or first aid treatment at the work site to any salt worker in the event of any medical exigency. Further, there is no provision for providing group medical insurance for them. In addition, the lease conditions do not provide for ensuring the salt workers and their families inoculated against cholera, plague or other epidemic diseases and vaccinated against smallpox at the time of employment; if they are not inoculated/vaccinated within the specified period.

It is notable that these conditions are explicitly provided in the standard contract of the State (R&B) Department.

#### **2.2.7.5 Integrated Child Development Services**

Integrated Child Development Services (ICDS) is a centrally sponsored scheme operated through Anganwadi and focuses on six services aimed at children in the age group of 0-6 years and pregnant/lactating mothers<sup>36</sup>.

As per various study reports mentioned in **Paragraph 2.2.1**, nutritional status among the children of salt workers is very low. Special focus is needed for their immunization and health check-ups. As the children of salt workers spend their childhood in salt pans away from the mainstream area, an early education about health and hygiene is also necessary.

During audit, it was noticed that:

- During 2014-19, not a single proposal was put up in the SLEC by District Programme Officers (DPO) for providing ICDS services for children, pregnant women and lactating women of salt workers.
- While most of the salt clusters in villages are covered under ICDS, the salt clusters located in the desert areas in Patan, Amreli, Surendranagar and Kachchh Districts were left out of ICDS.
- In Patan, take-home ration was provided weekly to the children of salt workers in the desert areas through special van. No such facility was provided in other three districts (Amreli, Surendranagar and Kachchh).
- In the five meetings held between July 2016 and July 2018, DLEC, Patan directed District Programme Officer (DPO), ICDS to start ICDS activities and Anganwadis in Mobile vans/ tents in desert area for benefit of children and mothers of salt workers suffering from malnutrition. However, the Woman and Child Development Department did not explore the possibility of operating mobile Anganwadis in these desert areas.

DPOs (ICDS) at, Patan, Kachchh and Bharuch agreed to cover children working in deserts also. DPO, ICDS, Patan and Bharuch also agreed to plan mobile Anganwadi.

#### **2.2.7.6 Education facilities**

Sarva Shiksha Abhiyan (SSA) is a Government of India's flagship programme for achievement of Universalization of Elementary Education. For children of salt workers living in extremely remote, inaccessible or scattered habitations, education facilities are not easily available. Special strategy and efforts are required to identify and provide them with minimum elementary education. State Project Director, Sarva Shiksha Abhiyan (SSA) has undertaken various

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<sup>36</sup> ICDS focusses on six services viz.(i) Supplementary nutrition (ii) Pre-school non-formal education (iii) Nutrition and Health Education (iv) Immunization (v) Health check-up and (vi) Referral services.

initiatives such as establishment of seasonal hostels for children who stay in villages when their parents migrate for salt manufacturing, arrangement of Day Care schools (tent school) at work sites in various districts and provision of transportation facilities to children who have to travel beyond a specified distance. SSA has also developed online Migration Monitoring System to track and monitor migrating students from one cluster/ block/ district to another cluster/block/ district.

The details of works sanctioned by the SLEC for providing education facilities during 2014-19 are given in **Table 6** below:

**Table 6: Details of works relating to education facilities sanctioned by SLEC during 2014-19 alongwith their status as on January 2020**

Year	District	Name of the work	Fund sanctioned (₹ in lakh)	Latest status as on January 2020
2014-15	Surendranagar and Bharuch	Providing uniforms, Construction of school building, Prayer hall, Computer halls, Library, Water tanks in various schools in Surendranagar and Bharuch district and providing educational facilities in five residential schools in Surendranagar district.	193.68	Completed
2015-16	Surendranagar	Providing uniforms, Construction of school building, Prayer hall, Computer halls, Library, Water tanks	389.54	In Progress
2016-17	Kachchh and Amreli	Providing school bus, Providing benches in Ashramshala, construction of rooms	30.14	Completed
2017-18	Nil	Nil	Nil	Nil
2018-19	Surendranagar	Providing concrete block at school M. B. Patwari, Village Bajana	5.25	Completed

(Source: Information provided by Industries and Mines Department, Gandhinagar)

The overall quality of water in Amreli, Bhavnagar, Kachchh, Patan and Surendranagar districts is saline as per Central Ground Water Board (CGWB). Thus, special focus is needed to provide safe drinking water to the students in the schools in these areas. During joint site visits (April to July 2019) of 30 schools and four SSA residential hostels along with officials of DICs in villages near the salt workers clusters in these districts, Audit observed that RO water facility was not provided in 12 schools and four SSA residential hostels. In 18 schools though RO water facility was provided, these were not functional. Further, computer labs constructed in 31 schools were not functional in Surendranagar, Bhavnagar, Kachchh and Amreli Districts.

### **Good Practice**

Audit visited seasonal hostels for children of migrating parents constructed by SSA authorities in various salt producing districts and found that the hostels were providing intended benefits to the children of salt workers.



### “School on Wheels” in desert area of Patan District

GoG also launched (July 2018) an innovative pilot project of “School on Wheels” for children of salt workers staying with their parents in desert areas. Under this project, 30 scrap buses of Gujarat State Road Transport Corporation were modified with PVC flooring, writing desks, and a writing board to be used for teaching children. Audit visited two such Schools on Wheels in remote desert area of Surendranagar and Patan districts and observed that the children of salt workers were benefitted from the project.

#### 2.2.7.7 Rationing facilities

In the remote areas where the salt workers spend most part of the year, regular supply of essential commodities including food is practically non-existent. SLEC sanctioned (January 2014) ₹ two lakh to Gujarat State Civil Supplies Corporation Limited, Gandhinagar for operation and maintenance of mobile rationing van for salt workers for the year 2013-14. However, it also decided (January 2014) to close mobile rationing van and hand it over to Labour Department or Social Welfare Department or any other Department. No reasons were recorded by SLEC for this decision. After 2013-14, no work for providing ration facility to salt workers was sanctioned by SLEC.

Thus, abrupt closure of mobile rationing van facility without making alternative arrangements resulted in deprivation of rationing facilities to salt workers at a fair price. The matter was taken up by Audit (November 2019) with the office of the Director, Food and Civil Supply, Gandhinagar. Their response was awaited (June 2020).

#### 2.2.7.8 Sanitation facilities

As per various study reports<sup>37</sup>, hygiene is a serious issue for salt workers as toilet facilities are normally not available for salt workers at salt pans.

Audit observed that, due to lack of proposals there was little progress in providing sanitation facilities to salt workers. During 2014-19, SLEC received only two proposals for sanitation (one in Kachchh District and one for

<sup>37</sup> Study Report: Evaluating Overall social and health status of salt workers in experimental salt fields at Bhavnagar, Gujarat based on a pilot survey conducted in March 2015 with support of CSMCRI-CSIR and Medical College, Bhavnagar.

Bhavnagar District). Of this, SLEC approved (January 2018) one proposal of Gandhidham taluka in Kachchh District for providing of 100 number of toilets for salt workers at the cost of ₹ 27.25 lakh. The work was completed (December 2019). In case of proposal for Bhavnagar district, the SLEC approved bathrooms and toilet blocks in 10 salt work pans (against 47 proposed) on trial basis with sanction of ₹ 34.40 lakh (80 per cent of total cost of ₹ 43 lakh). SLEC instructed (June 2016) the District Salt Manufacturers Association, Bhavnagar to bear the remaining 20 per cent share (₹ 8.60 lakh). The proposal was not implemented so far for want of pending details sought by IMD from the Association (October 2019). Thus, issue of sanitation was almost left uncovered under the welfare programme for salt workers.

Further, there was no coverage of salt workers under the Swachhh Bharat Mission<sup>38</sup> launched by GoI in October 2014. During joint site visits (May-July 2019) of the lease site of 17 salt units in Bhavnagar District and nine units in Kachchh district, it was observed that none of the salt units provided toilet facilities to salt workers. Thus, the salt workers and particularly women faced difficulties and were deprived of their privacy and hygiene. Panchayat and Rural Development Department accepted (December 2019) the observation.

In case of salt units, providing toilet facility to salt workers do not directly fall under the functional area of any line department. The Industries and Mines Department and the Panchayat and Rural Development Department were required to take initiative for providing toilet-hygiene facilities. Audit observed that the condition of providing toilets and bathrooms for hygiene and sanitation were not prescribed in the standard salt lease agreements prepared by IC/ IMD in October 2010. Thus, it was not mandatory for lease holders for construction of toilets and bathrooms. IMD accepted the audit observation.

Gujarat Matikam Kalakari and Rural Technology Institute, an agency under IMD endeavours to promote the concept of appropriate technology for the rural development and for the benefit of rural artisans and cottage industries. However, the IMD did not involve the institute and utilize its procurement or providing movable toilets to salt workers.

### **2.2.8 Non-utilization of Departmental resources or use of modern technologies**

Innovative, low cost modern technologies may bring many solutions to rural problems. There are a number of Central Government organizations like National Institute of Rural Development, Council for Advancement of People's Actions and Rural Development, National Environmental Engineering Research Institute (NEERI), Structural Engineering Research Centre (SERC) working on low cost rural development technologies, like low cost toilets (NEERI), Low maintenance fuel efficient stove (NEERI), Small wood gasifier (Indian Institute of Science, Bengaluru) for providing domestic and street lights in remote areas *etc.* No such initiative has been taken to improve lives of salt workers through low cost modern technologies.

<sup>38</sup> The main objectives of the mission *inter alia* were construction of individual and community toilets, to eliminate open defecation and make India Open Defecation Free (ODF) by 2019.

### **Good Practice**

With a view to reduce fuel expenses of salt workers on withdrawal of underground brine or sea water and encourage use of renewable source of energy, GoG launched (October 2017) a subsidy scheme for salt workers on purchase of solar pump. Under the scheme, salt workers having land of less than 10 acres, were provided a subsidy of 80 *per cent* by the government and balance 20 *per cent* was to be borne by the salt workers. The scheme received positive response and during 2017-20 (up to October 2019), GoG sanctioned total 778 applications for solar pumps and granted subsidy of ₹ 15.82 crore.

#### **2.2.9 Monitoring of lease conditions for ensuring safety, security and welfare of salt workers**

The salt leases are issued by the District authorities for which the IC has prescribed (October 2010) standard lease agreement. For salt workers working at big salt units (above 10 acres), their welfare can be ensured through monitoring of salt leases issued by the concerned District authorities. As per the standard agreement, Salt unit owners have to (i) make arrangements for drinking water, (ii) develop cyclone early warning system with light and sound and construct sound cyclone relief shelter for salt workers and shift them to safe places in case of cyclone, (iii) provide safety kit like gum boots and goggles to the salt workers. During audit of office of IC and DICs, it was noticed that no inspection of these salt units was carried out by the IMD during 2014-19 with a view to check compliance of the above lease conditions. Thus, compliance of lease conditions by salt unit owners could not be ensured.

##### **2.2.9.1 Non-inclusion of lease conditions for payment of minimum wages, PF and insurance to salt workers**

The welfare of the salt workers who are hired by big salt units (above 10 acres), their protection against economic exploitation can be ensured through provision of condition for minimum wages, provident fund and insurance by the unit owners in their lease agreement and monitoring of compliance to the lease terms. Audit observed that the standard lease condition does not include any such provision. On the other hand, these conditions are provided by the R&B Department, GoG in all their contract agreement for ensuring housing facility, medical aid, hygiene and sanitation of labourers deployed by the contractors in their works. Inclusion of such terms and conditions and their monitoring by the IC office can greatly improve the working and living conditions of salt workers.

#### **2.2.10 Functioning of DLECs**

For successful implementation of the salt welfare scheme, it was necessary that meetings of DLECs are held regularly, proposals are submitted by the line departments, NGOs, Association of Salt manufacturers and finalised by DLEC/SLEC promptly. During audit of DICs, the following were noticed:

***Meetings of DLEC not held regularly***

The meetings of the DLECs were not held regularly as shown in **Appendix XV**. DLEC, Amreli held only one meeting during 2014-19. DLEC, Morbi, did not hold any meeting during 2014-15 and 2015-16 and DLEC, Bhavnagar did not hold any meeting during 2014-15 and 2016-17. The matter of regular quarterly meetings of DLEC and sending sufficient proposals to SLEC was taken up (February 2017) by the IC with the Chairmen of DLECs. However, situation did not improve. In response to audit observation, DICs agreed (August 2019) to hold meetings regularly.

***Less receipt of proposals***

The work proposals are drivers for the implementation of the programme. More proposals during a year results in more welfare works. In Districts/Talukas for which proposals are not received, welfare works are not carried out. During 2014-19, meetings of DLECs in the districts except Surendranagar were held without many proposals (**Appendix XV**). As discussed in preceding paras, this resulted in gaps in creation of infrastructure and providing basic amenities for the salt workers and their families. During 2014-19, proposals were received in the seven test checked districts relating to drinking water supply, education, tents and road connectivity. However, no proposals were received for health, housing, ICDS, shelter houses, *etc.* Further, for road connectivity and education facilities, proposals received were stray proposals without any comprehensive coverage in salt manufacturing areas.

***Deficiencies in functioning of DLEC***

The functioning of DLEC was not result oriented. Audit observed that 36 out of 73 proposals received in meeting of various DLECs were held up at various levels<sup>39</sup> due to reasons like proposals with incomplete details, non-compliance of remarks raised by IC, *etc.* This indicated lack of co-ordination among IC, DIC, line departments, District Associations of Salt Manufacturers, *etc.*, (**Appendix XVI**).

Audit also noticed that there was no follow up, compliance of instructions was not watched and progress was not reviewed in subsequent meetings. The matters remained unresolved and no outcome could be achieved. Most of the proposal for welfare works brought before DLECs remained pending and not finalised for long periods. As a result, the proposed welfare works could not be carried out.

After this was pointed out, DICs stated (February 2019 to July 2019) that the observations were noted for future.

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<sup>39</sup> Various levels such as DIC/IC, DLEC and Implementing agency.

### 2.2.11 Formation of SLEC: Important functionaries not included

The SLEC formed by the Government includes 34 members like Secretaries of line departments, Associations of Salt units, NGOs, etc. Audit observed that following Departments of the State Government shown in **Table 7** though having functional jurisdiction over area of the salt workers were not included in SLEC:

**Table 7: Departments having functional jurisdiction over the area of salt workers but not included as a member in SLEC**

Department	Important area in execution of welfare scheme for salt workers
Panchayat, Rural Housing and Rural Development Department	As desert or coastal area of working for salt workers fall under the jurisdiction of Panchayat Authorities, the Panchayat, Rural Housing and Rural Development Department has a key role to play in the planning and implementation of the scheme.
Social Justice and Empowerment Department	Many of the salt workers belong to nomadic tribe ( <i>Vichrati Jati</i> )/SC/ST. As the Social Justice and Empowerment Department allots funds and executes various schemes/works for welfare of these communities, it needs to be involved in planning and implementation of the schemes.
Food and Civil Supply Department	As salt workers work in desert/ area far from towns/cities, availability of grocery items is a major issue of concern. Thus, Food & Civil Supply department has an important role to play.

Non-inclusion of these functional departments deprived IC of their assistance in improving planning and implementation of the welfare programme and making them more effective.

Industries and Mines Department (IMD) replied (October 2019) that Panchayat, Rural Housing and Rural Development Department and their district offices send the proposals for welfare of salt workers, when required. However, Audit found that in spite of sanitation being a key requirement for salt workers, there was no proposal in DLEC for providing sanitation /toilets (barring two proposals submitted by NGOs in Kachchh and Bhavnagar) during 2014-19.

IMD further stated that Social Justice & Empowerment department covers salt workers under their schemes. Audit observed base level works regarding water supply, housing, sanitation etc., are yet to be taken up. Regarding involvement of Food and Civil Supply department, it was stated that salt workers bring the items as per their requirements at the time of going to desert and Food and Civil Supply Department operates rationing van. However, no details were furnished by IC in support of this.

Participation of these departments in SLEC would aid planning, coordination, convergence and cost sharing of the welfare schemes.

### 2.2.12 Economic condition of salt workers

The salt workers are the backbone of the salt industry. However, they do not have access to formal credit for meeting salt production expenses and depend on private money lenders/ traders for finance, ration supply, crude oil supply, water supply *etc.* In turn, they lose bargaining power in deciding the cost of salt produced and do not get profit at the end of the season. They receive only one to two *per cent* of market price of salt they produce while the rest is taken away by the traders. Further, low access to information and illiteracy prevent them from adopting alternative livelihood options. In view of the above, financial assistance through nationalized banks, other Government financial institutions is necessary to keep them away from the debt trap of private money lenders and to ensure improvement in their economic conditions.

During audit, we noticed that there were no efforts on improvement of economic condition of salt workers and they continue to live in a hand-to-mouth position.

### 2.2.13 Conclusion

Gujarat is the leading producer of salt in the country. The salt workers are either independent marginal salt producers or hired labourers for salt lease units. Audit reviewed the implementation of welfare programmes for the benefit of salt workers. Audit observed that the welfare schemes were implemented without conducting survey and proper database on clusters and amenities required for salt workers in the state. No long term or short-term plan for welfare schemes were formulated. The meetings of District Level Empowered Committee (DLEC) were not held regularly. There was lack of coordination among DLEC, IC, line departments, *etc.*, which led to non-finalisation of proposals for works such as water supply and roads. Housing and sanitation did not get priority. The line departments did not submit sufficient proposals and their involvement was very limited. No monitoring mechanism was in place to oversee the welfare of salt workers by salt unit owners. The inspection of lease was not carried out to ensure compliance of conditions relating to safety of salt workers. The lease agreements did not include conditions for providing of houses, sanitation and medical facilities to salt workers. As a result, the extent to which the programmes helped improve the lives of the salt workers was not ascertainable.

### 2.2.14 Recommendations

**The Government may:**

- *undertake a complete location wise survey on population, facilities available vis-a-vis required and plan to undertake the welfare works for salt workers accordingly;*
- *complete the approved works like drinking water supply schemes, construction of roads, etc., in a time bound manner.*

- *bridge the gaps by including terms in the lease agreements relating to conditions like providing drinking water facilities, housing, health, hygiene and sanitation, etc.*
- *strengthen the monitoring mechanism for compliance of lease conditions by the salt unit owners.*
- *Launch a scheme for providing credit to salt workers.*

## **FORESTS AND ENVIRONMENT DEPARTMENT**

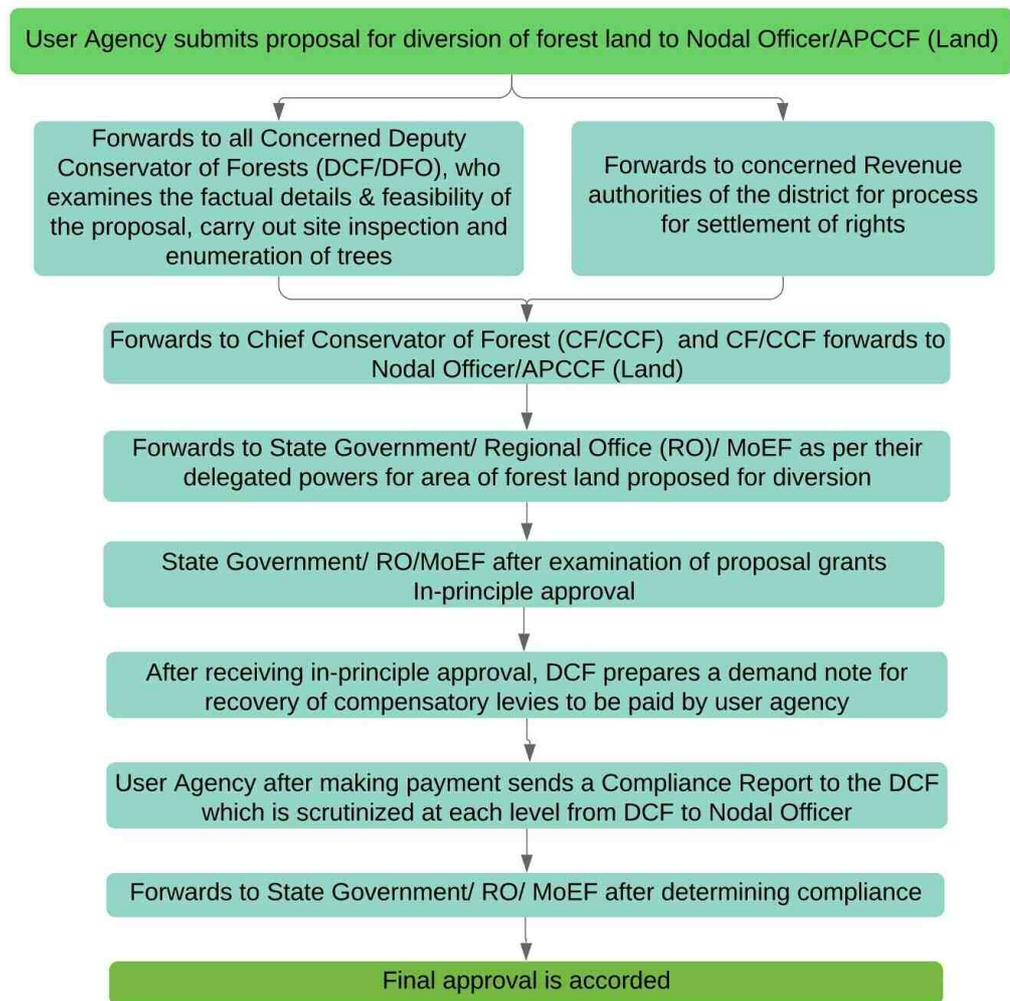
### **2.3 Compensatory Afforestation**

#### **2.3.1 Introduction**

Deforestation or degradation in our forests is an important factor in creating ecological imbalance. The Forest (Conservation) Act, 1980, was enacted with the objective to conserve the forests of the country and develop ecological security, environmental stability and sustainable development. The Act restricts de-reservation of forest or use of forest land for non-forest purpose. The Act provides a framework whereby if no alternatives are available and demand for forest land arises for non-forestry purposes, minimum forest land is diverted. Under this Act, Compensatory Afforestation (CA) is one of the important conditions stipulated by the Union Government while approving proposals for diversion of forest land for non-forest purposes. CA refers to afforestation and regeneration activities to compensate for the forest land diverted for non-forest purposes and is an additional plantation activity other than plantation activities normally carried out by the Forest Department. As per the Guidelines (2004) of the Ministry of Environment and Forests (MoEF), GoI, CA shall be done over equivalent area of non-forest land (NFL) received from the user agency or in exceptional cases CA may be raised over degraded forest land (DFL) twice in extent of the forest area being diverted.

#### **Process of diversion of forest land**

At the state level, the Land wing of Forest and Environment Department (F&ED), GoG headed by the Additional Principal Chief Conservator of Forest (APCCF) is responsible for scrutiny of the proposals for diversion of forest land for non-forest purposes. Subject to the fulfilment of the conditions specified in the in-principle approval, the land is diverted after getting permission from Ministry of Environment, Forest and Climate Change (MoEF & CC), GoI or from F&ED, Government of Gujarat (GoG) as the case may be. The process of diversion of forest land is shown in the flow chart below:

**Figure 1: Flow-chart showing process of diversion of forest land**

### 2.3.2 Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

The Supreme Court of India (October 2002) directed that a Compensatory Afforestation Fund be created in which all the money received from the user agencies towards CA, additional/penal CA, NPV<sup>40</sup> of the diverted forest land shall be deposited. Further, it observed (May 2006) that since the Government did not constitute CAMPA, an *Ad-hoc* authority (*Ad-hoc* CAMPA) be constituted till CAMPA becomes operational. All money recovered on behalf of CAMPA lying in the States may be centrally pooled into the *Ad-hoc* CAMPA. The MoEF&CC circulated (July 2009) guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA) establishing CAMPAs in the States and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife. The State CAMPA would receive the money collected from user agencies towards CA, additional/ penal CA, NPV and other amounts recovered under the Forest (Conservation) Act, 1980 and lying with the *Ad-hoc* CAMPA. The State CAMPA would utilize it for undertaking

<sup>40</sup> Net Present Value of the forest land classified on the basis of their ecological role and value.

CA, assisting natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities<sup>41</sup>.

### 2.3.3 Scope of Audit and Coverage

The Audit of Compensatory Afforestation was carried out to assess the process of diversion of forest land for non-forest purposes, implementation of the CA and fulfilment of other conditions subject to which the approvals were accorded for diversion during 2014-15 to 2018-19. Audit examined the cases where final approval was accorded during the period from 2014-15 to 2018-19. Audit also reviewed various activities proposed to be carried out from NPV funds in the Annual Plan of Operations (APOs) of the State CAMPA and utilization of funds released by the *Ad-hoc* CAMPA. Out of the 290 cases<sup>42</sup> comprising an area of 3,022.07 ha. where final approvals for diversion of forest land were granted during 2014-19, Audit checked 52 cases of diversion involving total area of 2,336.85 ha. (77 per cent of the total area diverted in 2014-19) in 13 divisions where more than 50 ha. aggregate forest area was approved for diversion. The individual forest area diverted in these 52 cases (**Appendix XVII**) ranged between 1.26 ha. and 1,058.51 ha. Besides, Audit also scrutinized eight<sup>43</sup> cases (**Appendix XVIII**) where the works commenced without obtaining the final approval for diversion of forest land.

### 2.3.4 Audit Objectives

The audit was carried out to get a reasonable assurance that:

- the diversion of forest land was in accordance with the provisions of Forest Conservation Act, 1980 and instructions issued by GoI and GoG and the conditions specified for diversion were adhered to;
- the amount for Net Present Value (NPV), Compensatory Afforestation (CA) etc., were appropriately assessed, demanded, collected and remitted in accordance with the relevant rules, provisions and instructions;
- the Annual Plan of Operations (APOs) were timely prepared; were realistic and the expenditure from CAMPA funds was incurred in accordance with the extant guidelines and instructions; and
- proper survey and planning were carried out for compensatory afforestation before execution of the scheme.

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<sup>41</sup> GoI notified (August 2016) the Compensatory Afforestation Fund Act, 2016 to provide for the establishment of funds under the Public Accounts of India and of each State for crediting all the monies received from the user agencies under the Forest (Conservation) Act, 1980. A National/ State Compensatory Afforestation Fund and a National/ State Compensatory Afforestation Fund Management and planning authority at the national level and in each State/Union territory for administration/ utilization of the funds is to be created. GoI notified (August 2018) the Compensatory Afforestation Fund Rules, 2018 under the CAF, Act, 2016. However, the rules were not applicable during the audit period as the date was extended upto September 2019.

<sup>42</sup> Cases pertained to Gas pipeline, Transmission Line, Optical-fibre cable, Approach Road, Irrigation, Water Pipeline, Road widening, Petroleum Pipeline, Drinking, Drainage, Pipeline, Protection Wall, Railway and Wind Power.

<sup>43</sup> Two violation cases are also included in 52 diverted cases hence not included here.

### 2.3.5 Forest Statistics of the State

#### *Forest Area, Forest Cover and Tree Cover of Gujarat state*

As per Forest Survey of India (FSI), ‘Recorded forest area (RFA)’ is an area recorded as forest in Government records. ‘Forest cover’ includes all lands more than one hectare with a tree canopy density of more than 10 *per cent* irrespective of ownership and legal status. Such lands may not necessarily be the RFA. ‘Tree cover’ comprises of tree patches outside the RFA exclusive of forest cover and less than the minimum mappable area (1 ha.).

The National Forest Policy, 1988 envisaged that the national goal should be to have a one-third of the total land area of the country under forest or tree cover. A biennial assessment of forest cover is carried out by the FSI to ascertain the extent and locations of the country’s forest cover, irrespective of its origin, species, ownership, land use or legal status.

The overall status of the Forest Cover and Tree Cover of India and that of Gujarat in 2006 and 2017-18 is shown in **Table 1** below:

**Table-1 Forest cover and Tree cover of India *vis-à-vis* Gujarat**  
(Area in thousand Sq. km.)

India State of Forest Report	Data Period	Geographical Area	Forest cover	Tree cover	Total Forest and tree cover	Per cent of Geographical Area		
						Forest cover	Tree cover	Total forest and tree cover
<b>Forest cover and Tree cover of India</b>								
2009	2006	3,287.26	690.90	92.77	783.67	21.02	2.82	23.84
2019	2017-18	3,287.47 <sup>44</sup>	712.25	95.03	807.28	21.67	2.89	24.56
<b>Forest cover and Tree cover of Gujarat</b>								
2009	2006	196.02	14.62	8.39	23.01	7.46	4.28	11.74
2019	2017	196.24	14.86	6.91	21.77	7.57	3.52	11.09

(Source: India State of Forest Reports, Forest Survey of India)

From the above table it can be noticed that there is an increase in both the forest and tree cover at national level during the period 2006 to 2017-18. In Gujarat, though there is increase in the forest cover, tree cover reduced during the same period. Further, as per the Gujarat Forest Statistics<sup>45</sup> 2018-19, GoG, the RFA of Gujarat State with reference to its geographical area (1,96,244 sq. km.) remained almost same in terms of percentage during the period 2014-15 (21,820.107 sq. km; 11.12 *per cent*) to 2017-18 (21,859.20 sq. km; 11.14 *per cent*). As compared to the country’s forest cover of 21.67 *per cent*, the State has a forest cover of 7.57 *per cent* of its geographical area. It is also pertinent to mention that the approval of the diversion of forest land for non-forest purposes is only a “right to use” granted to the user agency without change in the ownership and legal status of the forest land. Thus, the land which though diverted for non-forest purposes is still considered as RFA.

<sup>44</sup> FSI report states that as per Census 2011, there is an increase of 206 sq. km. in the total geographical area of the country.

<sup>45</sup> Published by the Principal Chief Conservator of Forest and Head of the Forest Force.

### 2.3.6 Audit Findings

Audit examined and analysed the system of diversion of forest land, undertaking of compensatory afforestation, preparation/submission of APOs, fund release by *Ad-hoc* CAMPA and State CAMPA, utilisation of funds collected from the user agencies and adherence to rules and regulations by the Department. These audit findings are discussed in the following paragraphs.

#### *Non-availability of information on status of Compensatory afforestation*

Compensatory afforestation (CA) is one of the important conditions while approving proposals for diversion of forest land for non-forest purposes. CA shall normally be done over equivalent area of non-forest land (NFL) or in exceptional cases CA may be raised over degraded forest land (DFL) twice to the extent of the forest area being diverted/ de-reserved. The details of non-forest land (NFL)/ degraded forest land identified for undertaking CA against the forest land diverted during 2014-19 are given in **Table 2** as under:

**Table 2: Area of forest land diverted and lands identified for compensatory afforestation**

Year	Forest Area diverted (ha.)				Area of diverted land under exempt category	Land identified for CA (ha.)				
	RF	PF	Un-classed Forest	Total		Degraded forest land			NFL	Total
						RF	PF	Un-classed Forest		
2014-15	116.19	602.87	0	719.06	0.24	953.41	291.55	0	110.14	1,355.10
2015-16	75.98	344.94	15.91	436.83	0.06	623.81	92.06	1.36	84.70	801.93
2016-17	150.74	280.74	0	431.48	30.79	515.27	4.00	0	148.57	667.84
2017-18	126.50	126.60	4.61	257.71	32.81	409.46	13.00	16.00	15.66	454.12
2018-19	1,084.68	92.30	0	1,176.98	17.34	118.00	14.00	52.72	1,111.12	1,295.84
<b>Total</b>	<b>1,554.09</b>	<b>1,447.45</b>	<b>20.52</b>	<b>3,022.06</b>	<b>81.24</b>	<b>2,619.95</b>	<b>414.61</b>	<b>70.08</b>	<b>1,470.19</b>	<b>4,574.83</b>

(Source: Information provided by the F&ED)

The Supreme Court of India directed (March 2014) that the backlog of CA, if any, should be tackled on priority basis for which adequate provision should be made in the APOs. In view of this, the *Ad-hoc* CAMPA directed (June 2014) the States to prepare backlog of CA along with an action plan for completing the backlog in the next five years. The *Ad-hoc* CAMPA also asked (September 2014) the States for figures of total target of CA (since the year 1980 and till then) and the figures of CA completed till then.

Audit observed that the F&ED has not created any database till date (March 2020) on the backlog of the CA even after passage of more than five years since the orders were passed. In absence of consolidated information, the F&ED could not provide the same to *Ad-hoc* CAMPA though it was repeatedly sought by it (August 2019). This led to reduction of ₹ 30.78 crore (**Table 5**) in the fund released by the *Ad-hoc* CAMPA for taking up the activities proposed in the APOs.

As informed (May 2019) by the F&ED to Audit, the backlog of CA as per orders of Supreme Court is under preparation. Having a centralized database of the diverted cases and its related CA would have effectively aided the

monitoring and evaluation of the CA activities. The CA was undertaken based on the proposals made by the divisions for inclusion in the APO. However, in the absence of a database there was no long-term action plan to clear the backlog of CA. In view of this, Audit could not ascertain whether the F&ED undertook the intended CA. Audit noticed that of the 52 cases selected in Audit, there were nine cases where CA was not carried out.

### ***Non-notification of Non-forest land***

The purpose of CA is to compensate loss of ‘land by land’ and ‘trees by trees’. The user agency is required to compensate for the diversion of forest land with NPV, CA and by giving NFL to the State Forest Department (F&ED) for afforestation. The NFL is to be transferred and mutated in favour of the F&ED for the purpose of CA and to be declared as RF/PF under the Indian Forest Act (IFA), 1927 so that the plantation raised can be maintained permanently. The final approval of diversion of forest land is given by MoEF&CC and forest land handed over to the user agency only after the NFL is mutated in favour of the F&ED. The Nodal Officer must report compliance of notification of NFL under section 4 (for RF) or Section 29 (for PF) of the IFA, 1927 as the case may be to the MoEF&CC within a period of six months from the final approval and send a copy of the original notification. After due procedure, the NFL is finally to be notified under Section 20 as RF or Section 29 as PF under the IFA, 1927.

The details of the NFL received and notified as RF/ PF between 2014-15 and 2018-19 in Gujarat is given below:

**Table 3: Information on NFL notified under Section 4 of IFA, 1927**

(Area in Ha.)			
Year	NFL transferred and mutated	NFL notified as RF	Pending to be notified
Period prior to 2014-15	The F&ED did not provide the information and stated (May 2019) that information is being collected from field offices		
2014-15	110.14	47.05	63.09
2015-16	84.70	84.70	0.0
2016-17	148.57	148.57	0.0
2017-18	15.66	7.65	8.01
2018-19	1,111.12	1,078.10	33.02
<b>Total</b>	<b>1,470.19</b>	<b>1,366.07</b>	<b>104.12</b>

(Source: Information provided by the F&ED)

As observed from the above table, NFL of 1,470.19 ha. (32 cases) was transferred and mutated by the user agencies in favour of the F&ED during the period 2014-19. Out of the 1,470.19 ha., the F&ED notified NFL of 1,366.07 ha. as RF under section 4 of IFA, 1927 (August 2019) and 104.12 ha. remained to be notified. The NFL of 71.10 ha. transferred and mutated between 2014-15 and 2017-18, required to be notified within six months was still pending (November 2019). Further, out of 1,366.07 ha. notified as RF, 189.88 ha. (eight cases) were notified at the instance of audit after delay of 6 to 54 months (excluding the six months’ period). However, against the NFL of 1,470.19 ha., none was finally notified by the F&ED as RF under Section 20 of the IFA, 1927 till date (November 2019). The delay in notification of

the NFL indicates that there was absence of appropriate mechanism within the F&ED to ensure timely notifying of NFL as RF.

### 2.3.7 Recovery of compensatory levies

Upon receipt of in-principle approval, the compensatory levies comprising mainly of transfer of equivalent area of NFL, cost of CA on the identified NFL/ DFL and NPV are to be made by the User Agency. The Supreme Court fixed (2008) the rates of NPV of different Eco-Class of forests classified on the basis of their ecological role and value. Accordingly, F&ED specified (09 September 2008) the rates for collection of NPV for different types of forest land proposed for diversion based on their Eco-Class. The F&ED (15 December 2008) again specified the rates for collection of NPV in cases of strip plantation<sup>46</sup> on PF land proposed for diversion. During the period 2014-15 to 2018-19, the F&ED received NPV of ₹ 375.39 crore and CA/additional/ Penal CA of ₹ 287.94 crore.

#### *Short recovery of Net Present Value (NPV)*

As per the Handbook of Forest (Conservation) Act, 1980 including guidelines and clarifications published (2004) by MoEF, the projects for road and railway line construction are to be processed in their entirety<sup>47</sup>. The F&ED specified (December 2008) the rates for collection of NPV in cases of diversion of land involving strip plantation on PF land as shown hereunder:

Sl. No.	Particulars	Rate of NPV per hectare (₹ in lakh)
1	All cases of violation irrespective of requirement or non-requirement of cutting of trees	5.63
2	Requirement of cutting of up to 50 trees per hectare	4.38
3	Requirement of cutting of trees between 50 to 400 per hectare	5.63
4	Requirement of cutting of more than 400 trees per hectare	6.26

Among 52 cases reviewed by audit, there was incorrect adoption of rate<sup>48</sup> of NPV in eight out of 39 cases of road construction. Against NPV of ₹ 13.88 crore, ₹ 11.36 crore was recovered from the user agencies leading to short recovery of ₹ 2.52 crore (**Appendix XIX**).

In case of violation in strip plantation areas of PF land, NPV of ₹ 5.63 lakh per ha. was required to be levied. While in one case<sup>49</sup>, the F&ED levied the applicable NPV, however, in similar four cases as shown in **Appendix XX**, the department did not apply the above rate and levied NPV of ₹ 4.38 lakh per ha which resulted in short recovery of ₹ 51.70 lakh. Further, in one case involving the diversion of 96.11 ha. of PF land (Sl. No. 8 of **Appendix XIX**),

<sup>46</sup> The land which remained un-utilized along roads, railway lines and canals and are planted with trees.

<sup>47</sup> The proposal of different stretches of a particular road or railway line are to be consolidated and processed as single proposal.

<sup>48</sup> Due to application of NPV of different category or non-application of single NPV for the entire stretch of road.

<sup>49</sup> Diversion of 96.40 ha. of PF land for widening and strengthening of SH-25 Rajkot Bhavnagar road (km. 96/600 to 150/800 and km. 152/800 to 166/2).

three forest divisions viz., Mehsana (72.68 ha.), Gandhinagar (9.09 ha.) and Himatnagar (14.33 ha.) submitted the proposal for diversion of forest land under their respective jurisdiction. A consolidated diversion proposal was forwarded by the F&ED to GoI. As reported by Mehsana division, there was a violation by the user agency in 7.65 ha. as it commenced the work without approval under the Forest Conservation Act, 1980. The proposal involved cutting of 10,175 trees for the total diverted area of 96.11 ha. Thus, the entire diversion involved cutting of 106 trees per ha. (10,175 trees/ 96.11 ha.) and therefore, NPV of ₹ 5.41 crore at the rate of ₹ 5.63 lakh per ha was leviable. Against this, NPV of ₹ 4.32 crore at the rate of ₹ 4.38 lakh was recovered by the F&ED which led to short recovery of NPV of ₹ 1.09 crore.

Thus, there was an overall short recovery of NPV of ₹ 3.04 crore in the above cases.

### ***Short recovery of CA and penal CA***

Audit noticed that out of 52 cases, in 14 cases as shown in **Appendix XXI**, ₹ 58.40 crore were recovered towards CA against ₹ 62.97 crore resulting in short recovery of CA of ₹ 4.57 crore. Besides this, out of eight violation cases, there was short recovery of CA and penal CA of ₹ 7.55 lakh in one case<sup>50</sup>. The reasons for short recoveries were non-revision of CA schemes as per applicable CA models, non-application of prevailing wage rate and non-revision of CA scheme in cases where there were delays in transfer and mutation of the NFL in favour of the F&ED. Some of these cases are illustrated below:

➤ In diversion of 1,058.5118 ha. of forest land for settlement of the affected people of Hadaf, Kabutari and Edalwada Medium Irrigation projects in Godhra Forest division (Panchmahal), NFL of 1,096.8691 ha. was transferred and mutated in favour of the F&ED. The user agency deposited (March 2017) ₹ 37.42 crore for undertaking CA on the NFL. The CA scheme was prepared by three divisions of F&ED viz., Bhavnagar Division (315 ha.), Jamnagar Division (283 ha.) and Rajkot Division (498.8691 ha.). However, due to non-adoption of the CA scheme as per the prescribed model (November 2013) of the F&ED by Jamnagar Division<sup>51</sup>, incorrect calculation and non-revision of labour rate by Rajkot division and non-revision of labour rate by Bhavnagar division, there was short recovery of CA of ₹ 2.06 crore. (Sl. No. 4 of **Appendix XXI**)

➤ The user agency was responsible to ensure transfer and mutation of the NFL in favour of F&ED. In diversion of 4.7749 ha. of RF land in favour of a user agency, the Jamnagar Forest division issued (2 November 2012) demand note of ₹ 7.71 lakh and ₹ 15.41 lakh for CA and penal CA respectively as per the extant plantation model. The amounts were deposited by the user agency and the division took possession (December 2012) of the NFL on a simple

<sup>50</sup> Diversion of 1.9080 ha. of RF land for construction of village Vanat-Badarkaga-Jaleti approach road Ta. Vijayanagar. There was violation in 1590 m where the work was executed in the forest land without approval.

<sup>51</sup> Jamnagar division adopted the model prescribed by the Department in January 2013. The other two divisions adopted the model prescribed by the Department in November 2013.

notarized document without changing the name in its favour in the revenue records. The user agency informed (March 2013) the F&ED that as per the revenue authority, the said possession was not in accordance with the revenue rules and hence null and void. After following the due process, the NFL was transferred and mutated in favour of F&ED in July 2016 and the formal approval was accorded in August 2017. The CA could not be initiated till then. Thus, due to delay in transfer and mutation of NFL by user agency, the CA and penal CA scheme was required to be revised as per prevailing plantation scheme and wages rate. The differential amount was required to be recovered from the user agency. However, this was not done resulting in short recovery of CA and penal CA of ₹ 29.21 lakh. (Sl. No. 8 of **Appendix XXI**)

➤ In case of diversion of 9.53 ha. of forest land for construction of Kanesara minor irrigation scheme in Rajkot District (Sl. No. 10 of **Appendix XXI**), the user agency deposited (September 2009 and February 2010) ₹ 11.13 lakh and ₹ 61.95 lakh for CA and NPV respectively after lapse of six years from grant of in-principle approval (August 2003). MoEF instructed (November 2010) that as the compliance to the in-principle approval was not made within five years, the approval need to be cancelled. However, the F&ED took possession of the NFL in June 2016. The F&ED submitted (July 2017) the proposal to MoEF for condoning the delay and grant of formal approval. Consequent upon the discussion of the case (August 2017) in the Regional Empowered Committee (REC), MoEF (June 2018) informed that the in-principle approval stands valid and directed to submit revised CA scheme with prevailing rates and norms in lieu of the earlier (2009) CA scheme.

Audit observed that though the demand of ₹ 40.17 lakh was prepared and issued to the user agency in July 2018 as per revised scheme and wages rates, the differential amount of ₹ 29.04 lakh<sup>52</sup> was not deposited by the user agency. Despite this, the F&ED communicated (August 2018) compliance to MoEF of the conditions of the in-principle approval and based on these, the final approval was accorded by MoEF in August 2018. As the instructions of the MoEF (June 2018) for revised CA was not complied, the intimation by the F&ED of compliance of the conditions of the in-principle approval was not proper.

### **2.3.8 Cost Benefit Analysis**

The MoEF, GoI instructed (2004) that while considering proposal for diversion of forest land for non-forest use, it is essential that ecological and environmental losses are weighed against economic and social gains. For this, MoEF has laid down six parameters for evaluation of losses of forests and eight parameters for evaluation of benefit to assess the cost and benefits accruing to the project. The cost-benefit analysis with reference to these parameters is required to be done for all proposals involving forest land more than 20 hectares before it is sent to the GoI for clearance. The MoEF re-issued (August 2017) the guidelines with certain revised parameters for conducting this analysis.

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<sup>52</sup> Difference of amount demanded (₹ 40.17 lakh) and amount deposited (₹ 11.13 lakh).

As per the guidelines, the cost of ecosystem services, fragmentation of habitat of wildlife, economic distress caused to people dependent on forests and the cost of settlement of people dependent on forest was to be added as the cost of forest diversion in addition to the standard project cost. Similarly, the benefits accruing from the project due to diversion of forest land should be accounted for in addition to the standard benefits of the project which would have been accrued without involvement of forest land while conducting the cost benefit analysis and determining the benefit and cost ratio (BC ratio). The cost of CA and its maintenance in future and soil and moisture conservation at present discounted value and future benefits from such CA accruing over next 50 years monetized and discounted to the present value should be included as cost and benefits of CA.

Out of 52 cases checked in Audit the cost-benefit analysis was required to be carried out in 18 cases to determine the BC ratio. Audit noticed that out of 18 cases, in 15 cases the cost benefit analysis was not in accordance<sup>53</sup> with the parameters prescribed by the MoEF, GoI as shown in **Appendix XXII**.

Further, in one violation case<sup>54</sup> the project was required to be quantitatively analysed in terms of all the parameters of the cost and benefit prescribed in the revised guidelines. However, the user agency did not submit any statement for evaluation of losses of forests. It submitted only a statement for evaluation of benefit which was also not as prescribed. Thus, the BC ratio of the project was not quantitatively analysed in terms of prescribed parameters to assess the cost and benefit of diversion of forest land.

In the above cases, though the cost-benefit analysis was not carried out as per the instructions of the MoEF, the diversions were approved without any insistence on it. This shows that the important requirement of prescribed cost-benefit analysis was ignored while granting approval of diversion of forest land.

In reply to the violation case, the F&ED stated (July 2019) that the proposal was discussed in the REC which considered the details submitted by the user agency while according the in-principle approval. The reply is not convincing as non-preparation of the cost-benefit analysis was a non-compliance of the instructions of the MoEF and that the project may not have been appropriately analysed (in terms of its benefit and cost) while recommending it for approval as intended by the guidelines (2004 and 2017).

<sup>53</sup> In some cases, it was done but not in accordance with the parameters and in some cases only a simple general statement was attached (**Appendix XXII**).

<sup>54</sup> Diversion of 36.18 ha. of PF land for the widening from 10 m to four lane of SH-7 Viramgam – Becharaji Road km. 1/800 to 42/00 Ta. Viramgam & Mandal. The in-principle approval was accorded in October 2018 and the final approval is pending (August 2019). There was a violation in 1.30 ha. where the work was executed without approval of diversion of forest land.

### **2.3.9 Implementation of compensatory measures**

#### ***Non-implementation of Compensatory afforestation***

As per the existing guidelines issued (2004) by MoEF, CA shall normally be done over equivalent area of NFL or in exceptional cases over DFL twice in extent of the forest area being diverted/ de-reserved. Since for carrying out the CA, land is already identified and funds are collected from the user agency, the CA is required to be undertaken immediately after the final approval. For this purpose, the CA is required to be initiated immediately in next year by proposing them in the concerned APO.

The MoEF, GoI increased (14 February 2012) the period of maintenance of CA from existing 5 years to 7-10 years to ensure that the maintenance of forest cover improves. Further, GoG also instructed (December 2012) to prepare CA schemes for 10 years in compliance with GoI instruction and circulated (07 January 2013) the same along with the rate structure of the CA models. Further, the F&ED revised the plantation model in November 2013.

Of the 52 cases diverted during the period 2014-15 to 2018-19 as detailed in **Appendix-XVII**, 47 cases were approved during 2014-18. In these cases, against the diverted forest area of 1,239.45 ha., the F&ED was required to undertake plantation in 2,259.05 ha. by 2018-19. Audit observed that the divisions did not undertake plantations in nine cases involving 254.35 ha. for which no reasons were available on record. This resulted in non-utilization of ₹ 4.81 crore collected for the purpose from the user agencies. Non-initiation of CA in nine out of 52 cases indicates the shortfalls in the achievement of the intended benefits to compensate the loss of diversion of forest land.

#### ***Improper site selection for compensatory afforestation***

The F&ED instructed (December 2012) that the degraded forest land with tree canopy density of 40 *per cent* or below was only to be selected for plantation under CA. Audit noticed that out of 30 sites where joint visit was made with the forest officials (May-July 2019), in five cases<sup>55</sup>, the density of the degraded forest land selected for plantation was more than 40 *per cent*. As such the purpose of afforestation of degraded land was not fully achieved. It also resulted in non-compliance of the GoG's instructions. In some cases, the density of tree canopy at the land where CA was taken up was not mentioned. Thus, the possibility of improper site selection could not be ruled out. Audit recommends that in all the cases the density of the forest cover where the plantations are undertaken should be properly quantified and monitored as otherwise the very objective of CA gets defeated.

#### ***Non-compliance of additional conditions of conservation of environment***

With a view to conserve the environment and sustainable development, the approvals for diversion of forest land were granted with conditions of

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<sup>55</sup> Two sites in Mahisagar Division (Naroda-16 ha. with density of more than 70 *per cent* and Kadana-11.55 ha. with density of 60 *per cent*) and three sites in Aravalli Division (Jogivanta -70 ha., Jesingpur-83 ha. and Surdevi-Meghraj-74 ha.)

additional plantations and other activities which were also agreed by the user agency to be complied with.

In the 52 cases checked in Audit, it was noticed that:

- In 38 cases of diversion for road widening, the approval was granted with the condition that user agency shall raise strip plantation of suitable species on either side of the road and/or central verge under the supervision/ in consultation with F&ED so that all available vacant space shall be planted with trees. Of these, in eight cases (**Appendix-XXIII**, Sl. No. 1 to 8) the forest divisions have recovered ₹ 73.62 lakh for compliance of this condition. In one case (Sl. No.9) ₹ 84.38 lakh was demanded (March and July 2016) by Himatnagar SF division from the user agency but yet to be deposited by the user agency (August 2019). In remaining 29 cases, the amount was not recovered by the F&ED and the responsibility of compliance rested with the user agency under consultation with the F&ED.
- In four cases related to transmission lines (**Appendix XXIII**, Sl. No. 10 to 13), the approvals were granted with the condition that user agency in consultation with F&ED shall prepare detailed scheme for creation and maintenance of plantation of indigenous dwarf species (preferably medicinal plants) in right of way under the transmission line and provide funds for execution of the said scheme to the F&ED. The concerned divisions recovered ₹ 542.73 lakh from the user agencies for undertaking the plantations.
- In two cases of wind power, the approval was granted with the condition that the State Government shall ensure to implement the scheme for plantation of medicinal plant in consultation with the F&ED at project site. The cost was to be borne by the User agency. The F&ED recovered lease rent of ₹ 37.70 lakh (at the rate of ₹ 30,000 per MW) in these two cases to be utilized for providing gas connections to the local villagers under the Joint Forest Management Programme and other conservation measures.

Audit observed that there was no monitoring mechanism in place in the F&ED to indicate that the user agencies were complying the additional conditions. Further, no action was taken by the F&ED for undertaking the plantations even though it recovered ₹ 6.16 crore for it. There were no records to show that ₹ 37.70 lakh was utilised for providing gas connections to the local villagers and other conservation measures. Thus, the F&ED not only failed to ensure the compliance of additional conditions by the user agency but also failed to carry out the specific conservation activities for which it collected funds of ₹ 6.54 crore.

### **2.3.10 Functioning of the State CAMPA**

As per the State CAMPA guidelines, the State CAMPA shall consist of a Governing Body (GB), Steering Committee (SC) and an Executive Committee (EC). The GB shall lay down the broad policy framework for the functioning of State CAMPA and review its working from time to time. The SC shall lay down the rules and procedures for the functioning of the State CAMPA,

monitor the progress of the utilization of funds released by the State CAMPA, approve the Annual Plan of Operations (APO) and the annual accounts of the State CAMPA. The EC shall prepare the APO giving break-up of the proposed activities with their estimated costs, submit it to the SC before end of December for each financial year, supervise the works carried out from State CAMPA funds and prepare Annual Report by end of June for each financial year. The APO approved by the SC is forwarded to *Ad-hoc* CAMPA for release of funds.

As per the directions (August 2009) of the F&ED, the SC should meet at least once in six months for monitoring the progress of utilization of funds released by the State CAMPA. This resolution was subsequently amended (October 2014) such that the GB shall meet at least once in six months while the SC and the EC shall meet once in three months.

Audit observed that between 2014-15 and 2018-19, against mandated nine meetings of GB only one meeting was held (2014). Similarly, against the mandated 19 and 18 meetings of the SC and EC, only six and seven meetings were held respectively. Audit observed that the *Ad-hoc* CAMPA regularly mentioned the fact regarding shortcomings in the number of meetings held against those mandated. Non-holding of meetings regularly affected the overall timelines of the activities to be undertaken as per the proposed APO. Thus, the work and the functioning of the State CAMPA were not regularly reviewed by the Governing Body/ Committees as is intended by the State CAMPA guidelines and GoG resolutions of 2009 and 2014. Audit further observed that though required by the guidelines (2009) there was no broad policy framework laid down by the GB for the functioning of State CAMPA even after lapse of 10 years.

#### ***Preparation of APO and submission to Ad-hoc CAMPA***

As per State CAMPA guidelines, the Executive Committee (EC) has to prepare and submit the APOs before the end of December of each financial year for concurrence of the Steering Committee (SC) for getting fund released from *Ad-hoc* CAMPA. The year-wise information on submission of APOs and release of funds by *Ad-hoc* CAMPA for the years 2014-15 to 2018-19 are given in the **Table 4** below:

**Table 4: Submission of APO and release of funds by *Ad-hoc* CAMPA**

<b>Year</b>	<b>Due Date of Approval of APO by SC</b>	<b>Date on which APO approved by EC</b>	<b>Date on which APO approved by SC</b>	<b>Overall delay in approval of APO by SC (in month) (4-2)</b>	<b>Date of Submission to <i>Ad-hoc</i> CAMPA</b>	<b>Date of fund release order from <i>Ad-hoc</i> CAMPA</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
2014-15	31.12.13	19.06.14	05.09.14	8	13.10.14	17.10.14
2015-16	31.12.14	26.08.15	08.10.15	9	30.10.15	04.01.16
2016-17	31.12.15	18.07.16	27.10.16	9	05.11.16	24.11.16 & 10.02.17
2017-18	31.12.16	25.09.17	03.10.17	9	18.10.17	20.12.17 & 30.07.18
2018-19	31.12.17	31.05.18	12.06.18	5	29.06.18	03.07.18 & 14.09.18

(Source: Information provided by the F&ED)

As could be seen from the **Table**, the EC delayed the approval of the APO every year. The APO was approved by EC after commencement of the year to which it relates. This led to further delay in its approval by the Steering Committee. The overall delay in the approval of APOs ranged between five and nine months entailing a delay in receipt of funds from the *Ad-hoc* CAMPA and ultimately affecting timely undertaking of the activities planned in the APOs. It was observed that due to delay in submission of the APO of 2017-18, the *Ad-hoc* CAMPA treated (December 2017) as the APO of 2018-19 and released ₹ 27 crore (limited to 25 per cent of the entitlement of ₹ 104.60 crore). This resulted in delayed/ short release of the funds impacting the activities to be undertaken in the respective APOs and achievement of the envisaged benefits of conservation, protection and management of forest and wild life.

### 2.3.11 Financial Management

The funds demanded and provided by the *Ad-hoc* CAMPA during 2014-19 is given in the **Table 5** below:

**Table 5: Details of fund provided by the *Ad-hoc* CAMPA**

Year	Funds demanded by State CAMPA		Entitlement of State CAMPA as determined by <i>Ad-hoc</i> CAMPA	Funds released by <i>Ad-hoc</i> CAMPA	Funds released to divisions		Short release of funds for CA
	All Activities	CA			All Activities*	All Activities*	
2014-15	90.00	29.60	72.50	65.00	56.16	26.80	2.8
2015-16	65.87	31.29	66	33.00	32.00	18.55	12.74
2016-17	122.16	27.91	89.28	99.00 <sup>^</sup>	68.11	21.96	5.95
2017-18	202.08 <sup>#</sup>	31.79	104.60	27.00 <sup>#</sup>	57.91	16.70	15.09
2018-19	171.28 <sup>@</sup>	18.92	135.06	212.66 <sup>\$</sup>	141.99	9.79	9.13
<b>Total</b>	<b>651.39</b>	<b>139.51</b>	<b>467.44</b>	<b>436.66</b>	<b>356.17</b>	<b>93.80</b>	<b>45.71</b>

(Source: Information furnished by F&ED)

All Activities includes amount for CA also.

\* The bifurcation of funds released by *Ad-hoc* CAMPA for each of the activity proposed in the APO is not available.

<sup>^</sup> This includes ₹ 32 crore for APO 2015-16.

<sup>#</sup> As the APO for the year 2017-18 was belatedly received by *Ad-hoc* CAMPA, the concerned APO was treated for the year 2018-19 and against it ₹ 27 crore was released in December 2017.

<sup>@</sup> This amount was demanded as an additional APO for the year 2018-19.

<sup>\$</sup> This includes ₹ 77.60 crore released in July 2018 for the APO 2017-18.

Though the APO submitted by the State CAMPA showed the requirement of funds under different activities, the funds release order of the *Ad-hoc* CAMPA did not mention any break-up of item-wise allocation but only total sum released against the APOs. In the absence of this, Audit could not analyse item-wise fund demand, release and utilization.

During 2014-15 to 2018-19, the *Ad-hoc* CAMPA disbursed ₹ 436.66 crore against the entitlement of ₹ 467.44 crore. Audit observed that this was due to non-compliances by the State CAMPA such as finalization of the monitoring report, submission of Quarterly Progress Report (QPR) in time, furnishing of status report/ unsatisfactory performance of e-green watch, reconciliation of figures of backlog data of diversion of forest land, and five-year action plan for clearing backlog of CA. This deprived the State CAMPA of ₹ 30.78 crore

during 2014-19. The short release of fund was ₹ 108.38 crore<sup>56</sup> between 2014-15 to 2017-18 which affected the activities proposed in the respective APOs. The short release of fund would affect the timely undertaking of the conservation activities including CA.

### Fund Flow of CAMPA funds

The year-wise details of CAMPA funds available with the State CAMPA and the divisions are shown in the **Table 6** below:

**Table 6: Fund flow of CAMPA funds**

Year	Opening balance			Amount received by State CAMPA	Total fund available with State CAMPA (1+5)	Amount released to divisions	Expenditure incurred	Available funds		
	State CAMPA	Divisions	Total					State CAMPA (6-7)	Divisions (3+7-8)	Total
1	2	3	4	5	6	7	8	9	10	11
2014-15	1.26	15.81	17.07	65.00	66.26	56.16	45.06	10.10	26.91	37.01
2015-16	10.10	26.91	37.01	33.00	43.10	32.00	30.22	11.10	28.69	39.79
2016-17	11.10	28.69	39.79	99.00	110.10	68.11	39.07	41.99	57.73	99.72
2017-18	41.99	57.73	99.72	27.00	68.99	57.91	59.12	11.08	56.52	67.60
2018-19	11.08	56.52	67.60	212.66	223.74	128.88	149.31	94.86	36.09	130.95

(Source: Information provided by the F&ED)

Despite availability of funds of ₹ 94.86 crore with the State CAMPA, the F&ED did not undertake the CA to the extent of ₹ 45.71 crore as envisaged in the APOs. Further, though the funds of ₹ 30.78 crore were short released by *Ad-hoc* CAMPA against the demand in the APOs, the State CAMPA still had available funds of ₹ 94.86 crore which indicate that either the APO was not properly prepared or the activities proposed in the APOs were not properly executed resulting in unspent balance with the State CAMPA.

### Annual Plan of Operations (APO)

As per CAMPA guidelines, the prime task of State CAMPA would be regenerating the natural forests and to protect wildlife habitat.

The *Ad-hoc* CAMPA (29 January 2015) communicated the decision of the National CAMPA Advisory Council (NCAC) that normal forest activity in a State should be undertaken from the State's own funds. The CAMPA funds must be treated as additional. However, considering the inadequacy of funds, the NPV funds collected as compensatory levies on account of diversion of forest land may be utilized for enhancing infrastructure and capacity building for more effective management of the forests and wildlife keeping the overall objectives of the CAMPA. The NCAC decided that of the total NPV funds proposed in the APOs:

- Not less than 70 per cent should be earmarked for the core activities<sup>57</sup>

<sup>56</sup> This is the difference between the aggregate entitlement of ₹ 332.38 crore of the State CAMPA and amount of ₹ 224 crore released by *Ad-hoc* CAMPA between 2014-15 and 2017-18.

<sup>57</sup> This includes assisted natural regeneration, plantations, implementation of Working Plan prescriptions, forest protection and conservation measures and management of forests.

- 5 per cent may be used for applied and need based research,
- 10 per cent for communication/ ICT and capacity building and training programmes, and
- not more than 15 per cent for items placed in the category of items of works on which the states are dissuaded from incurring expenditure.

The allocation of the core activities was not transferrable and any unspent funds out of the allocation for research, communication/ ICT/ capacity building activities was to be used for the core activities. The *Ad-hoc* CAMPA also directed to submit the APO indicating the breakup of these components failing which the APO would not to be entertained for release of funds.

Audit scrutinized the APOs of 2014-15 to 2018-19 and noticed certain discrepancies which are discussed APO-wise in subsequent paragraphs:

#### ***Short disbursement of fund for compensatory afforestation by State CAMPA***

CA is a site-specific work where site for undertaking CA is already selected with site suitability certificate from the concerned DCF and funds are also collected from the user agencies prior to grant of final approval. The Supreme Court directed (July 2009) that amount towards CA/ PCA are to be released immediately for taking up site specific works. Thus, CA against the diverted land was required to be undertaken immediately to compensate the loss due to diversion of forest land. During 2014-15 to 2018-19, against ₹ 139.51 crore proposed for CA activities in the APO, the State CAMPA disbursed only ₹ 93.80 crores for it (**Table 5**).

Thus, the CA activities were affected due to short release of funds by State CAMPA. The delay in taking up CA for want of funds defeats the intended purpose of bridging the gap of the environmental loss due to diversion of forest land.

#### ***Fund disbursed to divisions without provision in APO***

Audit observed that the following cases, the funds were disbursed to divisions though there was no provision for the same in APO.

- The State CAMPA disbursed ₹ 11 lakh and ₹ 50 lakh for Vadhvana Wetland and Bamboo Treatment Machine though these were not provided in APO of 2016-17 approved by the SC.
- While approving the APO 2015-16, the EC directed (August 2015) to drop the items of check dams and *van-talavadi* as the funds for the purpose was available under different schemes. The APO was subsequently approved (October 2015) by the SC. However, the State CAMPA disbursed ₹ 2.04 crore for this activity.
- In the APO (2014-15), there was no provision for vehicles and salary for contractual staff. However, ₹ 7.57 crore was disbursed for this purpose by the three divisions *viz.*, Ahmedabad Division (₹ 22 lakh), Gandhinagar (₹ 7.35 crore) and Wild Life Vadodara (₹ 0.54 lakh).

### ***Funds diverted for irregular and inadmissible expenses***

As per instructions (December 2017) of the *Ad-hoc* CAMPA, the funds released for APO 2017-18 was to be utilized for incurring expenditure only for preparatory works, compensatory afforestation activities, maintenance of ongoing works, Wildlife Management Plan and other afforestation works. No new works was to be undertaken from the released funds. Further, expenditure on purchase of new vehicles for officers, repairs and maintenance of rest houses was not allowed from these funds. Similarly, *Ad-hoc* CAMPA did not allow incurring expenditure in other APOs.

The CAMPA funds are kept in interest bearing account and expenditure for the management of the State CAMPA, including salary and allowances is to be incurred from the interest earned from these funds. The State CAMPA earned an interest of ₹ 15.21 crore between 2014-15 and 2018-19 but no expenditure was incurred from it. The *Ad-hoc* CAMPA while releasing funds for 2014-15 and 2015-16 instructed that expenditure on preparation of accounts of CAMPA be met from interest income. However, the expenditure of ₹ 2.81 lakh was incurred from the CAMPA funds. Audit further observed diversion of funds in several cases as shown in **Appendix XXIV**.

Thus, funds of ₹ 25.58 crore were diverted for activities which were not allowed by *Ad-hoc* CAMPA. These funds could have been utilized for undertaking the CA and other core activities to that extent as proposed in respective APOs as the funds demanded in the APOs under these were subsequently reduced.

### ***Disbursement in excess of provision***

The State CAMPA made provision of ₹ five crore and ₹ one and half crore for Valley of flowers and maintenance of interpretation centre at Shoolpaneshwar Sanctuary respectively in the APO (2018-19) forwarded to *Ad-hoc* CAMPA. However, the State CAMPA disbursed ₹ 24.50 crore and ₹ 18 crore for the Valley of flowers and maintenance of interpretation centre in excess of provision which was irregular.

#### **2.3.12 e-Green Watch**

As per the Supreme Court's order (July 2009) and the State CAMPA guidelines, an independent system for concurrent monitoring and evaluation of the works implemented in the States utilizing the funds shall be evolved to ensure effective and proper utilization of funds. For this, the MoEF and National Informatics Centre developed an e-Governance information system known as e-Green Watch which can collect and present information in order to monitor and track the effectiveness of the utilization of CAMPA funds. The system could present the real time data and is accessible to all stakeholders and public at large. The e-Green Watch aimed at online monitoring of various afforestation works sanctioned in the APO. For this purpose, all the work sites have to be geo-mapped for facilitating change-detection using the satellite imagery data. The Forest Survey of India (FSI) would carry out the analysis and monitoring of polygon uploaded by the F&ED on e-Green Watch portal.

The *Ad-hoc* CAMPA in its fund release orders between January 2016 and September 2018 had repeatedly highlighted that the performance of the State in e-Green Watch portal was not satisfactory with high inaccuracy levels of the polygons uploaded in the system. Due to this, the funds were also short released by the *Ad-hoc* CAMPA which are discussed in **Paragraph 2.3.11**.

The F&ED informed (June 2019) that it had uploaded 480 polygons in portal. However, it did not state the total number of polygons required to be uploaded in e-Green Watch (March 2019) and whether the 480 polygons uploaded were accepted by *Ad-hoc* CAMPA.

### **2.3.13 Soil and Moisture conservation (SMC) activities**

Soil and Moisture Conservation (SMC) works are an integral part of the conservation and development of Forest. It helps in enhancing land productivity and increases the soil moisture availability for a longer period. The F&ED constructs many soil and moisture conservation structures such as check-dams, gully plugging, and forest tanks (*Van-Talao*) etc.

#### ***Shortfalls in SMC works***

The F&ED instructed (December 2012) that the treatment map should be prepared one year in advance *i.e.*, in zero year of the plantation activity, approved by the ACF/ DCF and the work shall be taken up accordingly. As the SMC works are in-built in the CA plantation model, the amount for these are recovered from the user agency while recovering the amount for compensatory afforestation. During scrutiny of treatment map and plantation register, it was noticed that the SMC works are not taken in accordance with the treatment map. Against 187 SMC structures required to be constructed as per the treatment map at 66 CA sites, only 93 structures were constructed and thus there was shortfall of 94 structures (50.27 *per cent*). This indicated that either the treatment maps were not prepared as per actual site requirement or the SMC works were not taken up as planned. As these structures would have a long term impact on the soil fertility, availability of drinking water, ground water recharge, habitat improvement *etc.*, the F&ED should closely monitor and ensure the construction of SMC works along with the plantation activity for overall ecological development of the area.

### **2.3.14 Conservation of environment**

#### ***Tree Transplantation***

Trees play a vital role in our ecosystem in maintaining the biodiversity of the area. Saving mature trees is of real value from environmental impact viewpoint. Though the rules envisage plantation in NFL/ degraded forest land in lieu of diverted forest land, a plant takes its own life cycle to develop into a mature tree thereby creating a void in environment for the time being. For better conservation of environment, it is required to ensure minimum removal of matured trees. To facilitate construction of large-scale projects without cutting the trees, tree transplantation is the latest technology to suit the need to

conserve the trees where the trees required to be felled are translocated and replanted in suitable areas.

Audit observed (July 2019) that in Surat Social Forestry division, in one<sup>58</sup> case 1,573 trees were required to be cut. The user agency carried out re-plantation of 218 trees with the help of an NGO with high success rate. Similarly, 289 trees were transplanted by the Ahmedabad Municipal Corporation in the Metro train project. Further in one work<sup>59</sup>, transplantation of 85 trees and 3,625 plants was carried out in 2018-19 at Gandhinagar.

Audit further observed that though there were cases of successful tree transplantation, the F&ED does not have any specific guidelines/ instructions for such tree transplantation. The F&ED (up to October 2012) carried out transplantation of 1,240 trees pertaining to 35 species with the machinery provided by Gujarat State Petroleum Corporation Limited in 2010<sup>60</sup>. Out of these, 1,080 trees survived (87 *per cent*). The F&ED was undertaking tree transplantation with good results even when compared with CA norms where the survival rate of 35 to 40 *per cent* was treated as 'good'. Audit observed that no tree transplantation was carried out between 2014-15 and 2017-18. However, transplantation of 85 trees and 3,625 plants was carried out at Gandhinagar in 2018-19, out of which 63 trees (74 *per cent*) and 2,360 plants (65 *per cent*) survived with 'Good' Coppicing Vigour.

In the 52 cases checked in Audit, plants/trees were required to be cut in 46 cases which ranged from three to 10,175 plants/ trees totalling 64,643 plants/trees. F&ED informed (May 2019) that it has not initiated steps to undertake tree transplantation in any of the 46 cases.

### **Lack of initiative towards conservation of environment**

Audit observed that the divisions of the F&ED as well as user agency have themselves suggested for tree transplantation in seven out of the 52 cases checked in Audit. In four cases additional plantation in lieu of trees to be cut were directed by GoI/ GoG while granting approval of diversion of forest land. However, there was lack of initiative on the part of the Department as discussed in succeeding paragraphs.

### ***Non-transplantation of trees having good survival rate***

The Forest and Environment Department (F&ED) transplanted 1,240 trees of 35 species out of which 1,080 trees (87 *per cent*) survived after one year (October 2012)<sup>61</sup>. Audit compared these species having good survival rate with species of trees required to be removed as mentioned in the proposals in respect of 46 cases. Based on this, Audit observed that 20,101 trees belonging to 26 species having good survival rate after transplantation were also

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<sup>58</sup> Diversion of 55.67 ha. of PF land for widening of SH-6, Surat-Olpad-Sahol Road km. 9/800 to 33/320 and SH-65 Sahol-Kim road km. 0/00 to 14/260.

<sup>59</sup> Widening of NH-147 (Chiloda to Sabarmati Bridge km 0/00 to 6/300 and Sargasan to Vaishnodevi circle km 16/300 to 26/500).

<sup>60</sup> The same was temporarily given to Ahmedabad Municipal Corporation in June 2016 for transplanting trees for metro train project.

<sup>61</sup> Source: Information available on website of the State Forest Department.

proposed to be cut. The F&ED could have taken initiative and planned for transplantation of 20,101 trees belonging to 26 species and prevented loss of trees.

### ***Removal of reserved trees***

To regulate and control cutting of trees grown on private land outside forest area, the GoG identified (10 September 2015) 22 tree species grown on non-forest/ private land which require permission of the concerned authority for their cutting.

Audit observed that in 46 cases, 7,025 trees of 17 species of these reserved trees were required to be cut. Though the F&ED has put control on the cutting of these trees in the private/ non-forest land, it did not consider saving these trees by transplanting them at suitable locations.

### ***Non-implementation of tree transplantation identified by Divisions/ User agencies***

Audit noticed instances where the divisions/user agencies had identified that tree transplantation could be undertaken but the F&ED did not take any initiative for the same. These cases are detailed below:

- In four cases<sup>62</sup>, 884 trees out 3,926 trees (22.52 per cent) were identified for transplantation.
- In three cases<sup>63</sup>, the MoEF&CC directed to transplant trees required to be removed for the project wherever possible.

Audit observed that the records did not indicate any efforts made by the F&ED to save these trees and conserve the environment through tree transplantation.

Saving of such huge number of trees would have had a positive environmental impact besides saving the faunas dependent on them. These instances indicate deficiency in monitoring within the F&ED for safeguarding the environment.

### ***Removal of excess trees***

In diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur-Himatnagar road km 97/740 to 163/750, the division initially proposed to cut 1,440 trees which was later reduced to 381 trees. Of the 381 trees, the division proposed to transplant 32 trees. However, the

<sup>62</sup> (i) Diversion of 7.92 ha. PF land for widening and strengthening of Areth-Boudhan-Ghata-Karjan road (MDR) km. 0/0 to 23/55, (ii) Diversion of 3.801 ha. PF land for widening and strengthening of Rander-Bhesan (Nitaben Satbhaya junction to Bhesan treatment plant) road, (iii) Diversion of 18.04 ha. PF land for widening of Surat-Bardoli NH 6 and NH 8 from km. 17/4 to 35/00 and (iv) Diversion of 24.525 ha. PF land for widening to six lanes with service road km. 8/400 to 17/400 Surat-Dhuliya road.

<sup>63</sup> (i) Diversion of 11.90 ha. of PF Land for widening of SH Vadodara-Savli (two lane to four lane) road km. 18/0 to 32/0 and Manjasar-Savli road, (ii) Diversion of 25.46 ha. of PF land at SH-97, Upleta-Kolki, Paneri-Jamjodhpur road km. 0 to 26/00 and (iii) Diversion of 1.98 ha. of PF land for widening and strengthening road Baska-Rameshra-Gutal road km. 0/0 to 10/80.

division auctioned all 1,440 trees (as originally proposed) in 2014-15 instead of 381 trees in violation of the approval of GoI.

Similarly, diversion of 173.39 ha. of PF land for widening and strengthening of NH-8 Ratanpur border to Ahmedabad (km. 388/200 to 590/000) involved cutting of 4,309 trees (Gandhinagar Division) and 4,249 trees (Sabarkantha, Himatnagar division). During joint inspection, the user agency and the forest officials identified 279 trees to be saved. User agency also requested the F&ED to explore possibility of transplantation of any of the 8,279 trees. However, no such exercise was undertaken and all 8,558 trees were proposed for removal without transplantation.

### ***Non-compliance of condition of additional plantation in lieu of cut trees***

In four cases (**Appendix XXV**) requiring removal of 10,547 trees, the MoEF&CC/ F&ED directed user agency to plant additional 1,02,742 trees to conserve the environment. ₹ 2.54 crore was also recovered in two cases (Sl. No. 2 & 3) from the user agencies. However, the records did not indicate any additional plantation made in lieu of the removed trees.

In diversion of 7.92 ha. PF land for widening and strengthening of Areth-Boudhan-Ghata-Karjan road (MDR) km. 0/0 to 23/55 (Sl. No. 1), the GoG proposed plantation of 10 times the trees to be cut (*i.e.*, 14,410) at cost of user agency in view of the huge number of trees required to be cut.

Similarly, in diversion of 151.588 ha. of PF land for widening of Bagodara to Bhavnagar road km. 61/400 to 137/800 (Sl. No. 4), the State Level Environment Impact Assessment Authority, GoG, accorded clearance (2009), which *inter alia* included plantation of ten times the number of trees to be cut in the project.

However, in both the cases no such condition was ensured by the F&ED while according forest clearance under FCA, 1980.

### **2.3.15 Conclusion**

Gujarat has a forest cover of 7.57 *per cent* of its geographical area when compared to the country's forest cover of 21.67 *per cent* which is much below the national goal of one-third of the total land area of the country under forest or tree cover. The F&ED did not have complete information on the status of Compensatory Afforestation (CA) in all cases where it was intended to do so. The Department had not notified the non-forest land received against the diversion under Section 20 of the Indian Forest Act, 1927. The CA schemes were not revised as per prevailing wages rate or the applicable CA models and Net Present Value was also not recovered at applicable rates. The Department was not implementing/ monitoring the implementation of additional conditions on which the approvals were granted though in some cases amounts were also recovered from the user agencies. The Annual Plan of Operations (APOs) were not timely prepared and submitted to *Ad-hoc* CAMPA leading to delay in receipt of funds for implementation of activities proposed in the APOs.

### 2.3.16 Recommendations

For better implementation of compensatory afforestation, the F&ED may:

- *prepare complete information on the backlog of CA and identify the cases where the CA has not been undertaken so as to take timely actions to carry out the CA.*
- *notify all the non-forest land received under section 20 of the Indian Forest Act, 1927 to ensure that the plantations done by it are maintained.*
- *ensure proper implementation and adequate monitoring of the compliance of the additional conditions on which the approvals were granted.*
- *ensure regular preparation and submission of the Annual Plan of Operations so that funds are available for implementation of the activities.*
- *make efforts for transplantation of trees to the extent possible to save the mature trees.*



# **PART-II**

## **REVENUE SECTOR**



# **CHAPTER-III**

## **GENERAL**



## CHAPTER-III GENERAL

### 3.1 Trend of revenue receipts

**3.1.1** The tax and non-tax revenue raised by the Government of Gujarat during the year 2018-19, the share of net proceeds of divisible Union Taxes and duties assigned to the State and Grants-in-aid received by the State from the Government of India during the year and the corresponding figures for the preceding four years are as mentioned in **Table 3.1.1**:

**Table 3.1.1: Revenue Receipts**

(₹ in crore)						
Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>1.</b>	<b>Revenue raised by the State Government</b>					
	• Tax revenue	61,339.81	62,649.41	64,442.71	71,549.41	80,102.74
	• Non-tax revenue	9,542.61	10,193.51	13,345.66	15,073.97	13,416.99
	<b>Total</b>	<b>70,882.42</b>	<b>72,842.92</b>	<b>77,788.37</b>	<b>86,623.38</b>	<b>93,519.73</b>
<b>2.</b>	<b>Receipts from the Government of India</b>					
	• Share of net proceeds of divisible Union taxes and duties <sup>1</sup>	10,296.35	15,690.43	18,835.39	20,782.29	23,489.33
	• Grants-in-aid	10,799.01	8,949.23	13,218.05	15,885.60	18,992.48
	<b>Total</b>	<b>21,095.36</b>	<b>24,639.66</b>	<b>32,053.44</b>	<b>36,667.89</b>	<b>42,481.81</b>
<b>3.</b>	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>91,977.78</b>	<b>97,482.58</b>	<b>1,09,841.81</b>	<b>1,23,291.27</b>	<b>1,36,001.54<sup>2</sup></b>
<b>4.</b>	<b>Percentage of 1 to 3</b>	<b>77</b>	<b>75</b>	<b>71</b>	<b>70</b>	<b>68.76</b>

(Source: Finance Accounts of the State)

The above table indicates that there was overall increase in collection of revenue in the State during the last five years. The revenue raised by the State Government (₹ 93,519.73 crore) during the year 2018-19 was 68.76 per cent of the total revenue receipts against 70 per cent in the preceding year. The balance 31.24 per cent of the receipts during 2018-19 were from the Government of India.

<sup>1</sup> Figures under the Heads “0008 - Integrated Goods and Services Tax (IGST), 0020 - Corporation tax, 0021 - Taxes on Income other than corporation tax, 0028 - Other taxes on income and expenditure, 0037 - Customs, 0038 - Union excise duties, 0044 - Service tax, 0045 - Other taxes and duties on commodities and services”, - share of net proceeds assigned to State booked in the Finance Accounts under ‘A - Tax Revenue’, have been excluded from revenue raised by the State and included in State’s share of divisible Union taxes, in this statement.

<sup>2</sup> For details, please see **Statement No.14** – Detailed Statement of revenue and capital receipts by minor heads of the Finance Accounts of the Government of Gujarat for the year 2018-19.

3.1.2 The details of the tax revenue raised during the period 2014-15 to 2018-19 are given in Table 3.1.2:

**Table 3.1.2: Tax Revenue**

(₹ in crore)

Sl. No.	Heads of revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
1.	Sales tax/Value Added Tax <sup>3</sup>	38,418.73	37,755.00	41,530.49	26,176.14	19,628.45	(-) 25.01
	Central sales tax	5,726.53	6,336.05	4,783.29	3,462.74	2,785.80	(-) 19.55
	Entertainment and Luxury Tax	185.06	195.63	223.57	85.41	3.32	(-) 96.11
	State Goods and Services Tax (SGST)	0.00	0.00	0.00	21,250.86	34,888.71	(+) 64.18
<b>Sub-total</b>		<b>44,330.32</b>	<b>44,286.68</b>	<b>46,537.35</b>	<b>50,975.15</b>	<b>57,306.28</b>	<b>(+) 12.42</b>
2.	Taxes and duties on electricity	5,877.65	5,999.66	5,833.10	6,484.29	7,347.79	(+) 13.32
3.	Stamp duty and registration fees	5,503.34	5,549.42	5,782.93	7,254.75	7,780.77	(+) 7.25
4.	Land revenue	1,892.65	2,528.50	1,998.52	1,859.04	2,407.51	(+) 29.50
5.	Taxes on vehicles	2,695.09	3,007.98	3,212.95	3,885.44	4,118.60	(+) 6.00
6.	Taxes on goods and passengers	210.35	265.19	66.40	131.28	116.73	(-) 11.08
7.	State excise	140.27	123.32	151.53	84.75	130.59	(+) 54.09
8.	Taxes on Immovable Property other than agriculture land	160.18	341.85	259.48	286.74	259.31	(-) 9.56
9.	Receipt under Education cess Act	263.03	274.62	323.09	310.25	362.41	(+) 16.81
10.	Taxes on Professions, Trades, Calling and Employment	230.78	240.60	249.24	259.90	260.51	(+) 0.23
11.	Other taxes <sup>4</sup>	36.15	31.59	28.12	17.82	12.24	(-) 84.93
<b>Total</b>		<b>61,339.81</b>	<b>62,649.41</b>	<b>64,442.71</b>	<b>71,549.41</b>	<b>80,102.74</b>	<b>(+) 11.95</b>
<b>Percentage of growth over previous year</b>			<b>2.13</b>	<b>2.86</b>	<b>11.03</b>	<b>11.95</b>	

(Source: Finance Accounts of the State)

- The tax revenue has shown continuous increase during the last five years; maximum increase was in 2018-19 (11.95 per cent). The substantial increase in tax revenue in 2018-19 over 2017-18 was from

<sup>3</sup> Sales Tax/Value Added Tax includes tax on sales of Motor Spirit and Lubricants, Trade Tax and Other Receipts.

<sup>4</sup> Other taxes include "Receipts from Cesses under Other Acts, Cable Tax and Other Receipts.

‘SGST’, ‘Stamp Duty and Registration Fees’, ‘Land revenue’, ‘Taxes on Vehicles’ and ‘Taxes and duties on electricity’.

- **Stamp Duty and Registration Fees:** The increase in revenue was due to more receipts on sale of Stamps and Non-Judicial Stamps.
- **Land Revenue:** The increase in revenue was due to more receipts under Rates and Cesses on Land.
- **Taxes and Duties on Electricity:** The increase in revenue was due to more receipts under the head “Taxes on consumption and sale of Electricity”.
- **Taxes on Vehicles:** The increase in revenue was due to more receipts under “The Indian Motor Vehicle Act”.

The reasons for variation wherever found substantial though called for (May/September 2019), were not furnished by the concerned Departments.

**3.1.3** The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in **Table 3.1.3:**

**Table 3.1.3: Non-Tax Revenue**

Sl. No.	Heads of revenue						(₹ in crore)
		2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18
1.	Non-ferrous mining and metallurgical industries	4,285.85	3,350.19	3,746.50	8,988.62	4,863.00	(-) 45.90
2.	Interest receipts	1,011.47	843.00	2,580.10	1,081.44	1,611.71	(+) 49.03
3.	Major and medium irrigation	1,034.91	1,028.42	1,086.10	1,211.52	1,326.95	(+) 9.53
4.	Miscellaneous general services	26.27	1,443.86	28.92	56.96	39.53	(-) 30.60
5.	Other administrative services	169.07	129.99	176.67	151.36	130.59	(-) 13.72
6.	Police	214.20	219.82	248.88	318.01	312.19	(-) 1.83
7.	Medical and public health	243.57	171.51	981.98	173.81	271.59	(+) 56.26
8.	Public works	59.27	130.01	52.52	48.56	77.03	(+)58.63
9.	Forestry and wild life	48.15	48.92	45.59	54.74	46.49	(-) 15.07
10	Ports and light houses	742.08	922.24	933.48	967.59	1,153.35	(+)19.20
11	Labour and Employment	406.91	464.29	434.03	511.79	643.25	(+)25.69
12	Other non-tax receipts <sup>5</sup>	1,300.86	1,441.26	3,030.89	1,509.57	2,941.31	(+)94.84
<b>Total</b>		<b>9,542.61</b>	<b>10,193.51</b>	<b>13,345.66</b>	<b>15,073.97</b>	<b>13,416.99</b>	<b>(-) 10.99</b>

(Source: Finance Accounts of the State)

<sup>5</sup> This includes receipts under “Education, Sports, Arts and Culture, Road and Bridges, Other Social Services, Other Rural Development programmes”, “Urban Development”, “Industries” and “Tourism” etc.

The main contributor for decrease in non-tax revenue (10.99 per cent) in 2018-19 over 2017-18 was 'receipts from non-ferrous mining and metallurgical industries and Miscellaneous general services.' The decrease in receipts under the major head "Non-ferrous mining and metallurgical industries" (45.90 per cent) was due to less receipts under other receipts.

The reasons of variation in respect of other departments wherever found substantial (more than 10 per cent), though called for (May/September 2019), were not furnished by the concerned Departments.

### 3.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹ 48,042.23 crore of which ₹ 15,653.07 crore was outstanding for more than five years, as detailed in the **Table 3.2:**

**Table 3.2: Arrears of revenue**

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Remarks
1.	VAT/ Sales Tax	46,941.75	14,888.50	Out of total outstanding amount of ₹ 46,941.75 crore, recovery of ₹ 153.68 crore was covered by Revenue Recovery Certificates, recovery of ₹ 16,671.45 crore was stayed by High Court/ Other Judicial Authorities and Government, recovery of ₹ 2,423.39 crore was outstanding due to dealers becoming insolvent. Details of the stages of pendency/ recovery of remaining amount were not furnished by the Department.
2.	Stamp Duty and Registration Fees	378.48	225.48	Out of total outstanding amount of ₹ 378.48 crore, recovery of ₹ 36.05 crore was covered by Revenue Recovery Certificates, recovery of ₹ 21.13 crore was stayed by High Court/ Other Judicial Authorities and Government. The concerned Department did not furnish the stages at which the remaining amount of arrears of revenue were pending for collection or whether the cases were referred for write off, if any, despite being requested (May/September 2019) by Audit.
3.	Taxes and duties on electricity	167.14	132.73	Out of total outstanding amount of ₹ 167.14 crore, recovery of ₹ 8.09 crore was pending with BIFR while recovery of ₹ 121.67 crore was held-up due to cases pending before the High Court of Gujarat and ₹ 37.38 crore proceeding under revenue recovery certificate is processed.
4.	Taxes on vehicles and Taxes on goods and passengers	185.58	37.08	The concerned Department did not furnish the stages at which the arrears of revenue were pending for collection or whether the cases were referred for write off, if any.
5	Oil and Natural Gas receipts (Director of Petroleum)	369.28	369.28	The concerned Department did not furnish the stages at which the arrears of revenue were pending for collection or whether the cases were referred for write off, if any.
	<b>Total</b>	<b>48,042.23</b>	<b>15,653.07</b>	

(Sources: Information furnished by the Departments)

It can be seen from the table above that the arrears aggregating to ₹ 15,653.07 crore were pending for more than five years, ₹ 227.11 crore were covered by RRCs and ₹ 16,814.25 crore were stayed by Court under the above heads of revenue<sup>6</sup>.

### 3.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the State Tax and Commercial Tax Department in respect of Value Added Tax/ Sales Tax and Profession Tax were as shown in **Table 3.3** below:

**Table 3.3: Arrears in assessments**

Head of revenue	Opening balance	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year as on 31 March 2019	Percentage of disposal (col.5 to 4)
1	2	3	4	5	6	7
Value Added Tax/Sales Tax	3,88,540 <sup>7</sup>	1,04,325	4,92,865	1,30,017	3,62,848	26.38
Profession Tax	58,677	4,260	62,937	2,190	60,747	3.48
<b>Total</b>	<b>4,47,217</b>	<b>1,08,585</b>	<b>5,55,802</b>	<b>1,32,207</b>	<b>4,23,595</b>	<b>23.78</b>

(Sources: Information furnished by the Department)

It can be seen from the above table that disposal of the assessments during 2018-19 was 23.78 *per cent* as against disposal of 22.78 *per cent* of the total assessments in 2017-18<sup>8</sup>. The Department needs to make more efforts to dispose of the cases expeditiously.

### 3.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 3.4**:

<sup>6</sup> The information was furnished by State Tax and Commercial Tax Department, Stamps and Registration Department and Collector of Electricity Duty.

<sup>7</sup> As per the information furnished by the Department, there was variation in the figures of closing balance (3,68,954) as on 31 March 2018 and opening balance (3,88,540) as on 01 April 2018 furnished by the Department. The reason for variation was not furnished to audit (June 2020).

<sup>8</sup> Report No. 3 of the year 2019, Government of Gujarat.

**Table 3.4: Evasion of tax**

(₹ in crore)

Sl. no.	Head of revenue	Cases pending as on 1 April 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation was completed and additional demand with penalty etc. was raised		Number of cases pending for finalisation as on 31 March 2019
					Number of cases	Amount of demand	
1	Value Added Tax/ Sales Tax	345	193	538	235	1,087.80	303
2	Taxes on Vehicles and Taxes on Goods and passengers	36,606 <sup>9</sup>	62,251	98,857	19,208	97.58	79,649
3	Stamp duty and Registration fees	2,125	--	2,125	1,412	37.70	1,831
	<b>Total</b>	<b>39,076</b>	<b>62,444</b>	<b>1,01,520</b>	<b>20,855</b>	<b>1,223.08</b>	<b>81,783</b>

(Sources: Information furnished by the Departments)

Overall, 80.56 per cent cases were still pending for finalisation in the Departments.

The other Departments like Revenue Department (in respect of Land Revenue), Industries and Mines Department, Energy and Petrochemicals Department etc. did not furnish the details regarding evasion of tax/ revenue despite being requested in May/September 2019.

### 3.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19, as reported by the Departments are given in **Table 3.5**:

**Table 3.5: Refund cases**

(₹ in crore)

Sl. no.	Particulars	Taxes on Vehicles and Taxes on Goods and Passengers		Stamp Duty and Registration Fees	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	93	0.49	58	1.70
2.	Claims received during the year	744	9.79	462	10.77
3.	Refunds made during the year	438	8.17	483	11.55
4.	Balance outstanding at the end of year	399	2.11	37	0.92

(Sources: Information furnished by the Departments)

<sup>9</sup> As per information furnished by the Department, there was variation in the number of cases pending (54,196) as on 31 March 2018 and the number of cases pending (36,606) as on 01 April 2018. The reason for variation was not furnished to audit (June 2020).

The Revenue Department (in respect of Land Revenue), State Tax Department and Industries and Mines Department did not furnish the details regarding claims outstanding at the beginning of the year, claims received during the year, balance outstanding at the end of the year and refunds made during the year despite being requested in May/September 2019.

### 3.6 Response of the Government/ Departments towards audit

The Principal Accountant General (Audit-II), Gujarat, Ahmedabad (PAG), conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/ Government are required to comply promptly on the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto December 2018 disclosed that 3,615 paragraphs relating to 985 IRs involving ₹ 1,227.08 crore remained outstanding at the end of June 2019 as mentioned below along with the corresponding figures for the preceding two years in **Table 3.6**.

**Table 3.6: Outstanding IRs and paras**

Particulars	June 2017	June 2018	Jun 2019
Number of Inspection Reports pending for settlement	904	952	985
Number of outstanding audit observations	3,412	3,399	3,615
Amount of revenue involved (₹ in crore)	1,023.31	1,096.57	1,227.08

**3.6.1** The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved are mentioned in the **Table 3.6.1**.

**Table 3.6.1: Outstanding IRs and paras (Department wise)**

Sl. no.	Name of the Department	Nature of receipts	(₹ in crore)		
			Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Finance (Commercial Tax)	Taxes/ VAT on sales, trade etc. including Profession Tax	373	1,165	361.32
2.	Revenue	Land revenue	102	620	376.02
		Stamp duty and registration fees	285	997	310.17
		Valuation of Property	29	81	9.76
		Expenditure	59	144	16.85

3.	Ports and Transport	Taxes on Vehicles and Taxes on Goods and Passengers	65	333	67.98
4.	Energy and Petrochemicals	Electricity duty	11	27	13.32
		Oil and Natural Gas receipts (Director of Petroleum)	5	33	43.48
5.	Industries and Mines	Mining Receipts	56	215	28.18
<b>Total</b>			<b>985</b>	<b>3,615</b>	<b>1,227.08</b>

During 2018-19, 129 IRs were issued, of these the first replies were not received even after a lapse of one month from the date of issue of IRs in respect of 47 IRs pertaining to the State Tax and Commercial Tax Department (32), Revenue Department (5), Ports and Transport Department (5), Industries and Mines Department (4) and Energy and Petrochemicals Department (1). The Department needs to expedite the reply and to take effective action to rectify the defects, omissions and irregularities pointed out in the IRs.

### **3.6.2 Departmental audit committee meetings**

Chapter 14 of the Regulations on Audit and Accounts 2007 stipulates that Government may establish audit committees for the purpose of monitoring and ensuring compliance and settlement of pending audit observations. Each committee so established shall comprise a representative each from the administrative department, Audit and a nominee from the Finance Department besides the head of the department of the auditable entity. Accordingly, the Government has set up Audit Committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. Besides, Group Officers also discuss periodically the outstanding audit observations with Heads of Departments concerned. During 2018-19, seven meetings for disposal of outstanding audit observations were held in respect of State Tax and Commercial Tax Department (04) and Revenue Department {in respect of Land Revenue (01) and Stamp duty and Registration Fee (02)} in which 235 paragraphs were settled.

Meetings for disposal of outstanding audit observations in respect of Port and Transport Department (in respect of Commissioner of Transport), Industries and Mines Department and Energy and Petrochemicals Department were not held.

### **3.6.3 Non-production of records to audit for scrutiny**

The programme of local audit of Tax Revenue/ Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2018-19 as many as 3,433 assessment files, returns, refunds, registers and other relevant records, which had become due for audit in the

year, were not made available to audit. Break-up of these cases is given in **Table 3.6.3:**

**Table 3.6.3: Non-production of records**

Name of the office/ Department	No. of cases selected for audit	No. of cases in which records produced for audit	Number of cases in which records not produced for audit
Sales Tax and Commercial Tax Department	19,119	15,699	3,420
Revenue Department	5,450	5,437	13
<b>Total</b>	<b>24,569</b>	<b>21,136</b>	<b>3,433</b>

The non-production of assessment files, returns, refunds, registers and other relevant records was 13.97 *per cent* of the total cases selected for audit scrutiny in respect of the above two Departments. Audit could not vouch the correctness of the levy and collection of taxes in these cases.

### **3.6.4 Response of the Departments to the draft audit paragraphs**

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Additional Chief Secretaries (ACS)/ Principal Secretaries (PS) of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Thirty-eight draft paragraphs including one Performance Audit were sent to the Department/Government between August 2019 and May 2020. Of these, 31 draft paragraphs have been included in this Audit Report. Reply in respect of two draft paragraphs has been received and included in the relevant paragraph. Replies in respect of remaining 29 draft paragraphs have not been received (May 2020).

### **3.6.5 Follow up on the Audit Reports - summarised position**

The internal working system of the Public Accounts Committee, notified in March 1966, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken, explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately.

Three hundred and thirteen paragraphs (including Performance Audit Reports) included in the Reports of the Comptroller and Auditor General of India on the Revenue Receipts/ Revenue Sector of the Government of Gujarat for the years ended 31 March 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 were placed before the State Legislature Assembly between March 2012 and March 2019. Action taken explanatory notes in respect of 70 paragraphs from five Departments (Finance Department, Revenue Department, Ports and Transport

Department, Industries and Mines Department and Energy and Petrochemicals Department) had not been received from the Audit Reports for the year ended 31 March 2010 onwards so far (May 2020).

### 3.7 Audit Planning and Results of Audit

The offices under various Departments are categorised into high, medium and low risk auditable entities according to their revenue realisation, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government revenues and tax administration i.e. budget, white paper on state finances, reports of the Finance Commission (Central and State), recommendations of the taxation reforms committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years etc.

Of the Audit universe comprising 616 auditable entities, keeping in view the availability of the staff, 139 entities were planned and 138<sup>10</sup> entities were audited. Besides, one Performance Audit of 'Grant of Government Land and Monitoring of its proper utilisation' was taken up for detailed scrutiny.

#### Position of local audit conducted during the year

Test check of the records of units of State Tax Department, Revenue Department, Ports and Transport Department, Energy and Petrochemicals Department and Industries and Mines Department conducted during the year 2018-19, revealed underassessment/ short levy/ loss of revenue amounting to ₹ 382.38 crore in 850 cases<sup>11</sup>.

During the course of the year, the concerned Departments accepted under assessment and other irregularities of ₹ 23.68 crore involved in 291 cases which were pointed out in audit during 2018-19 and earlier years. The Departments recovered ₹ 6.32 crore in 191 cases at the instance of audit.

### 3.8 Coverage of this Report

This report contains 25 paragraphs (including one Performance Audit of 'Grant of Government Land and Monitoring of its proper utilisation'), relating to Non/ short reduction/ reversal of ITC, short/ non-levy of VAT/ CST/ Entry Tax/ premium price/ conversion tax/ service charge/ stamp duty/ motor vehicles tax/ dead rent and other irregularities, system issues relating to Registration under GST/IT audit of Vahan and Sarathi/ involving financial effect of ₹ 393.12 crore.

The concerned Departments/ Government have accepted audit observations involving ₹ 17.31 crore out of which ₹ 6.17 crore have been recovered. The replies in the remaining cases have not been received (January 2020). These are discussed in the succeeding Chapters IV to VII.

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<sup>10</sup> One unit (Collector, Bhuj) cancelled due to Lok Sabha election

<sup>11</sup> Excluding Performance Audit of 'Grant of Government Land and Monitoring of its proper utilization' involving ₹ 262.25 crore and IT audit of Vahan and Sarathi involving ₹ 12.49 crore.

# **CHAPTER-IV**

## **GOODS AND SERVICES TAX/ VALUE ADDED TAX/ SALES TAX**



## CHAPTER-IV GOODS AND SERVICES TAX/ VALUE ADDED TAX/ SALES TAX

### 4.1 Tax Administration

Value Added Tax laws and rules framed thereunder are administered at the Government level by the Additional Chief Secretary (Finance). The Chief Commissioner of State Tax (CCST) is the head of the State Tax Department (STD), who is assisted by one Special CST, four Additional CsST, 11 Joint CsST, 23 Deputy CsST, 103 Assistant CsST and State Tax Officers (STOs). They are assisted by State Tax Inspectors and other allied staff for administering the relevant Tax laws and rules.

### 4.2 Results of Audit

There are 158 auditable units in the State Tax and Commercial Tax Department wherein 1,04,325 assessments were finalised. Out of these, audit selected 66 units for test check wherein 51,474 assessments were finalised. Out of these, audit test checked 15,699 assessments (approx. 30.5 per cent) during the year 2018-19 and noticed irregularities in 405 cases (2.58 per cent of the audited sample). Further, subject specific compliance audit of 'Registration under GST' was also undertaken. Thus, there was underassessment of ₹ 83.80 crore in 406 cases. These cases are illustrative only as these are based on test check of records. Audit has pointed out some of the similar omissions in earlier years also. Not only these irregularities persist, but also remain undetected till next audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed broadly fall under the following categories:

**Table 01: Results of Audit-2018-19**

Sl. No.	Category	No. of cases	Money Value (₹ in crore)
1	'Registration under GST'	1	0
2	Incorrect rate of tax and mistake of computation	28	32.94
3	Incorrect concession/exemption/grant of set-off	9	0.21
4	Non/Short levy of interest and penalty	106	13.59
5	Irregular/excess grant of Input Tax Credit	129	11.34
6	Non/short levy of tax	80	20.75
7	Other regularities	45	4.89
8	Expenditure Audit	8	0.08
	<b>Total</b>	<b>406</b>	<b>83.80</b>

During the course of the year, the Department accepted under-assessment of tax and other irregularities of ₹ 20.63 crore in 218 cases and recovered ₹ 3.39 crore in 120 cases, which were pointed out in audit during 2018-19 and earlier years.

A few illustrative cases involving ₹ 70.89 crore have been mentioned in the succeeding paragraphs:

### **4.3 Audit of “Registration under GST”**

#### **4.3.1 Introduction**

The Goods and Services Tax (GST) came into effect from 01 July 2017 in the State of Gujarat.

Goods and Services Tax Network (GSTN) has been set up (28 March 2013) to facilitate and provide IT infrastructure and services to various stake holders including the Centre and the States. GSTN provides front-end modules to the taxpayers namely registration, payment of tax and filing of returns. GSTN also develops back-end modules for Model-II<sup>1</sup> States wherein modules regarding assessment, audit and enforcement, refunds, adjudication and appeals, etc. and various MIS (Management Information System) reports are provided. Gujarat being a Model-II State, both front-end and back-end modules have been developed by the GSTN.

The division of existing and new dealers is done as per the turnover of the dealers as under:

- Dealers having turnover less than or equal to ₹ 1.5 crore were allocated between Central GST Department and the State Tax Department in the ratio of 10:90 and
- the Dealers having turnover more than ₹ 1.5 crore were allocated between the Central and State GST Departments in the ratio of 50:50.

The division of new taxpayers is being done by computer using stratified random sampling on the basis of the geographical location and type of the taxpayers.

#### **4.3.2 Provisions related to Registration**

Registration under GST Act covers following aspects in the process of registration: -

1. Registration process for allocation of registration
2. Amendment of registration
3. Cancellation of registration
4. Revocation of cancellation of registration

The registration of taxpayers fulfilling requisite conditions is important for ensuring successful implementation of the GST. It is imperative to ensure that registration provisions of Section 22 to 30 read with Section 139 wherever applicable under CGST/GGST Act 2017 and relevant provisions of Rules 8 to 26 of CGST/GGST Rules 2017 are complied with by the taxpayers/ Department.

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<sup>1</sup> Model-II States are the one for whom GSTN has to develop back-end modules and host the same at central data centre location. Access to these States is provided over a secured network. Model-I States have their own back-end modules.

### 4.3.3 Reasons for selection of this topic

Government of India (GoI) implemented the Goods and Service Tax (GST) w.e.f. 01 July 2017 across the country. During audit of ‘Transition from VAT to GST’ conducted during 2017-18 it was observed that almost 11 *per cent*<sup>2</sup> of the dealers registered under the VAT regime as on 30 June 2017 were not migrated to GST regime. So, it was felt appropriate to conduct audit on this subject to ascertain the system of registration under the GST regime.

### 4.3.4 Audit Objective, Scope and Methodology

Audit was conducted to determine efficiency and effectiveness of the Department in registration of taxpayers under GST regime with special emphasis to ascertain:

- the compliance to rules, notifications, circulars, etc., issued in relation to registration process in GST.
- to analyse the strategies of the Department in handling the issues relating to registration including technical glitches.
- whether effective internal control and monitoring mechanism exists to ensure compliance to the provisions relating to registration.

The records relating to the registration under GST for the period between July 2017 and March 2019 were verified by Audit during January 2019 to April 2019 at seven<sup>3</sup> Assistant Commissioner of State Tax (ACST) offices falling under six Divisions<sup>4</sup> out of total 11 Divisions<sup>5</sup> in the State along with Chief Commissioner of State Tax (CCST) office, Ahmedabad on judgmental<sup>6</sup> basis.

#### Audit constraints

With automation of the collection of Goods and Service Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfil the CAG’s Constitutional mandate. The State Government did not provide access to the data related to GST. This is in violation of constitutional provisions (Article 149) and the Section 18 of the Duties, Powers & Conditions of the Services of CAG Act 1971. Not having access to the data pertaining to all the GST transactions has come in the way of comprehensively auditing the GST. The following audit observations are based on limited access as one time exception.

<sup>2</sup> 54,792 out of 5,15,948

<sup>3</sup> Offices of ACST: 11 and 21 Ahmedabad, 25 Kalol, 39 and 40 Vadodara, 68 Surat and 100 Jamnagar

<sup>4</sup> Ahmedabad-I and II, Gandhinagar-III, Vadodara-V, Surat-VIII and Rajkot-XI

<sup>5</sup> Ahmedabad-I and II, Gandhinagar-III, Mehsana-IV, Vadodara-V and VI, Surat-VII and VIII, Bhavnagar-IX, Rajkot-X and XI.

<sup>6</sup> Units have been selected from auditable units available in the approved annual Audit Plan for the year 2018-19 ensuring that one unit from each of the remaining divisions is selected.

### 4.3.5 Trend of Registration

The details of registration under Pre/ Post-GST regime during June 2017 to June 2019 is shown as under:

**Table 02: Trend of Registration**

Particulars	VAT	GST							
	30 June 2017	30 September 2017	31 December 2017	31 March 2018	30 June 2018	30 September 2018	31 December 2018	31 March 2019	30 June 2019
1	2	3	4	5	6	7	8	9	10
Taxpayers <sup>7</sup>	4,08,944	6,88,228	7,18,618	7,62,473	8,19,503	8,41,112	8,62,795	8,91,598	9,40,265
Composite taxpayers	1,07,004	85,803	1,13,619	1,19,605	1,14,888	1,13,846	1,12,799	1,12,472	1,11,296
<b>Total</b>	<b>5,15,948</b>	<b>7,74,031</b>	<b>8,32,237</b>	<b>8,82,078</b>	<b>9,34,391</b>	<b>9,54,958</b>	<b>9,75,594</b>	<b>10,04,070</b>	<b>10,51,561</b>

(Source: Information furnished by the office of the CCST as received through email from GSTN)

The above table indicates that with overall increase of 104 *per cent*, the number of registered taxpayers as on 30 June 2019 was 10,51,561 as against 5,15,948 as on 30 June 2017. Though there was substantial increase of 129.93 *per cent* in the taxpayers, the number of composite taxpayers increased marginally by 4 *per cent* only. One of the main reasons for marginal increase in the number of composite taxpayers by 4 *per cent* was the increase in the threshold turnover of ₹ five lakh under VAT to ₹ 20 lakh under GST.

### 4.3.6 Registration of Taxpayers

As per Section 22 of the GGST Act, every supplier making taxable supply of goods or services or both needs to be registered if aggregate turnover<sup>8</sup> in a financial year exceeds ₹ 20 lakh. As per Section 25 and 26 of GGST Act read with Rule 8 to 11 of GGST Rules, an application (Form GST REG-01) with the following required information/ documents (Table 03) has to be submitted online through the common portal within 30 days from the date when liability to register arises.

The details of documents to be uploaded in the common portal along with the application are as shown under:

**Table 03: Details of documents**

Sl. No.	Type of field	Nature of documents to be uploaded
1	Business Details (Constitution of Business)	Partnership Deed in case of Partnership Firm, Registration Certificate/ Proof of Constitution in case of Society, Trust, Club, Government Department, Association of Persons or Body of Individuals, Local Authority, Statutory Body and Others etc.

<sup>7</sup> Other than composite taxpayers under GST.

<sup>8</sup> Aggregate value of all taxable supplies, exempt supplies, Exports, and inter-State supplies but excludes taxes.

2	Proof of Principal/ Additional Place of Business	For Own Premises: Any document in support of ownership of the premises viz. latest Property Tax / Municipal <i>Khata</i> / Electricity Bill.  For Rented/ Leased Premises: Valid Rent/ Lease Agreement or affidavit to that effect with any document in support of the ownership of the premises of the Lessor viz. latest Property Tax / Municipal <i>Khata</i> / Electricity Bill  Other than Own/ Rented Premises: Consent letter with any document in support of the ownership of the premises of the Consenter viz. Municipal <i>Khata</i> / Electricity Bill
3	Bank Details <sup>9</sup>	Scanned copy of the first page of Bank Passbook or the relevant page of Bank Statement or cancelled cheque containing name of the Proprietor or Business entity, Bank Account No., MICR, IFSC and Branch details including code.
4	Authorization Form	For each Authorized Signatory mentioned in the application form, Authorization or copy of Resolution of the Managing Committee or Board of Directors to be filled in the prescribed format.

The Proper Officer<sup>10</sup> is required to scrutinize the registration application within three working days and ask for further clarification/ documents, if needed. If no communication regarding acceptance/ rejection is sent to the applicant within the said period of three days, registration shall be deemed to have been granted.

#### 4.3.6.1 Registration of normal, migrated, composite and casual taxpayers

Audit analysis of the data/records extracted from GSTN revealed the following discrepancies in the approval of application for registration of taxpayers under GST.

**Table 04: Deficiencies in the Registration Application**

No. of cases test checked (number of offices)	Type of the Taxpayers (No. of cases of observation)				Nature of deficiency
	Normal	Migrated	Composite	Total	
1,102 (7 <sup>11</sup> )	7 <sup>12</sup>	1	NIL	8	Prescribed documents for business details were not uploaded
	9	31 <sup>13</sup>	2	42	Prescribed documents for authorization of authorized signatories were not uploaded
	202	218	43	463 <sup>14</sup>	Prescribed documents for principal place of business were not uploaded

<sup>9</sup> Made optional effective from 27 December 2018

<sup>10</sup> The Commissioner or the officer of the State Tax who is assigned the function to be performed under the GGST Act.

<sup>11</sup> Offices of the ACST: 11 and 21 Ahmedabad, 25 Kalol, 39 and 40 Vadodara, 68 Surat and 100 Jamnagar

<sup>12</sup> Including two cases where business details could not be verified by Audit due to technical glitches in GSTN

<sup>13</sup> Including three cases where authorization could not be verified by Audit due to technical glitches in GSTN

<sup>14</sup> Including 26 cases (Normal: 07, Migrated: 16, Composite: 03) where principal place of business could not be verified by Audit due to technical glitches in GSTN

	18	23	14	55	Verification of the information furnished in the registration application by the authorized signatory was either incomplete or was left blank. Thus, applications were accepted by GSTN without authentication of the information by the Authorized signatory.
	44	52	NIL	96	Though applicant had declared additional place of business in the registration application, there was no option in the GSTN module to upload supporting document (s) for additional place of business so declared.
	4	NIL	NIL	4	Incorrect documents relating to bank details were uploaded in respect of applications made prior to 27 December 2018.
<b>Casual Taxpayer<sup>15</sup></b>					
28 (3 <sup>16</sup> )	10 <sup>17</sup>			10	Prescribed documents for principal place of business were not uploaded
Total				678	

Thus, there were discrepancies in the applications for registration in 678 cases out of 1,130 cases (selected on judgmental sampling basis out of 58,213 cases) which constituted 60 *per cent* of the cases test checked by audit.

Lack of validation of mandatory key fields in the GSTN system compounded by the general ignorance of the applicants, resulted in incomplete applications for registrations being uploaded. Further, absence of due verification by proper officer within time frame prescribed in the Act/ Rules resulted in the registrations being issued without valid documents.

On this being pointed out in audit, the office of the jurisdictional ACST<sup>18</sup> stated (between January and April 2019) that matter being technical would be taken up with higher authorities/ GSTN and notices would be issued to taxpayers for verification of uploaded documents and necessary action.

Thus, the registrations under GST regime were granted without due verification of the application and documents in support of the declarations made by the applicants in their applications. This may have enabled an applicant to obtain registration without proper verification and hence to be considered as legal supplier entitling him to collect tax from customers, claim input tax credit and utilize the same.

<sup>15</sup> Section 27 read with Rule 13 provides for grant of registration to the casual and non-resident taxable person who is required to apply for the registration in Form GST REG-09 at least five days prior to commencement of the business. The certificate of registration issued shall be valid for the period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier.

<sup>16</sup> Offices of the ACST: 11 Ahmedabad, 39 Vadodara and 100 Jamnagar

<sup>17</sup> Including two cases where principal place of business could not be verified by Audit due to technical glitches in GSTN

<sup>18</sup> Offices of the ACST: 11 Ahmedabad, 25 Kalol, 39 and 40 Vadodara, 68 Surat and 100 Jamnagar

### 4.3.6.2 Registration of persons deducting/ collecting tax at source

As per Rule 12 of GGST Rules, any person required to deduct tax at source (TDS) under Section 51 of the GGST Act or a person required to collect tax at source (TCS) under Section 52 of the Act *ibid*, shall electronically submit an application in Form GST REG-07 for the grant of registration. The proper officer may grant registration after due verification and issue a certificate of registration in Form GST REG-06 within a period of three working days from the date of submission of the application. As per Form GST REG-07<sup>19</sup>, the applicant has to upload prescribed proof of principal place of business. These include latest Property Tax/Municipal *Khata*/Electricity Bill, Valid Rent/Lease Agreement, Consent letter and Letter of authorization/ copy of resolution passed by BoD/Managing Committee and Acceptance letter as proof of appointment of Authorized Signatory.

Scrutiny of the GSTN system and other relevant records revealed deficiencies in 69 applications for tax deductor/collector at source out of 76 cases test checked (selected on judgmental basis out of the total 346 cases) as shown under:

**Table 05: Deficiencies in the registration of tax deductor/ collector**

No. of cases Test checked (number of offices)	Type of the Taxpayers (No. of cases of observation)	Nature of audit observation
	TDS/TCS	
76 (6 <sup>20</sup> )	13	Prescribed documents for principal place of business/ office address were not uploaded.
	68 <sup>21</sup>	Prescribed documents as proof of appointment of Authorized Signatory were not uploaded.

Lack of validation of mandatory key fields in the GSTN system compounded by the general ignorance of the applicants, resulted in incomplete applications for registrations being uploaded. Further, absence of due verification by proper officer within time frame prescribed in the Act/Rules resulted in the registrations being issued without valid documents and proper verification of the authenticity of the organization/authorized person for deduction of TDS/ TCS.

On this being pointed out in audit, the office of the jurisdictional ACST<sup>22</sup> stated (between February and April 2019) that notices would be issued to the concerned taxable persons and necessary action would be taken.

<sup>19</sup> Read with 'FAQs on Registration as Tax Deductor at Source' available at '<https://tutorial.gst.gov.in>' and 'Help/ Documents required for registration as tax collector at source' available at '[www.gst.gov.in](http://www.gst.gov.in)'

<sup>20</sup> Offices of the ACST: 21 Ahmedabad, 25 Kalol, 39 and 40 Vadodara, 68 Surat and 100 Jamnagar

<sup>21</sup> Includes 12 cases where prescribed documents for principal place of business/ office address were also not uploaded.

<sup>22</sup> Offices of the ACST: 25 Kalol, 40 Vadodara and 100 Jamnagar

Thus, the registrations were granted without due verification of the application and documents in support of the declarations made by the applicants in their applications. This may have enabled an applicant to deduct/collect tax from suppliers/recipients of goods or services resulting in seamless flow of credit of such tax deducted/ collected to the suppliers/ recipients.

**The Department may ensure that registration applications are duly filled and the prescribed documents are uploaded before allowing registration. Further, GSTN may be approached to make provision in the portal for uploading documents in support of additional place of business to reduce the possibility of fake address and reduce possibility of taxpayer becoming untraceable.**

#### **4.3.7 Amendment in registration details**

As per Section 28 of the GGST Act read with Rule 19 of the GGST Rules, every registered person shall inform the proper officer of any changes<sup>23</sup> in the information furnished at the time of registration or subsequent thereto, in Form GST REG-14 within 15 days of such change and proper officer fails to take action within 15 days of application, the certificate of registration shall stand amended to that extent. The proper officer may issue show cause notice (SCN) within 15 days from the date of receipt of application if documents are found to be incomplete or incorrect. The registered person shall furnish reply within seven working days and where the reply so furnished is not satisfactory or where no reply is furnished in response to the notice issued, the proper officer shall reject the application.

Audit extracted the data from the Amendment Application Register of GSTN in seven<sup>24</sup> offices. There were total 13,735 Application Reference Numbers<sup>25</sup> (ARNs) assigned in relation with the amendment of registration details during the period from September 2017 to March 2019. Out of this, 12,125 ARNs were approved by the proper officer. On analysis of the data of ARNs, Audit noticed that:

- In 2,579 cases, the applications received were approved by the proper officer beyond a period ranging from 16 days to 188 days from the date of application, while it was required to be approved or rejected within 15 working days from the date of submission of application as per the provisions of the rules.
- Similarly, in 702 cases, the proper officer had raised queries and issued SCNs to the registered persons. Out of this, in 28 cases, the applications were approved by the proper officer beyond a period ranging from 30 days to 188 days from the date of application though it was required to be

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<sup>23</sup> Legal name of business, Principal Place of Business and details of partners/ directors/ *karta*/ managing committee/ board of directors and CEO

<sup>24</sup> Offices of the ACST: 11 and 21 Ahmedabad, 25 Kalol, 39 and 40 Vadodara, 68 Surat and 100 Jamnagar

<sup>25</sup> Unique number assigned to each transaction completed at the GST common portal and can be used for future correspondence with GSTN.

approved or rejected within 29<sup>26</sup> working days from the date of application.

Proper verification of the documents uploaded by taxpayer in respect of core field is necessary. However, the authenticity of respective core fields amended by the taxpayers and approved by the proper officer vis-à-vis the ARN based on the uploaded documents in all these cases could not be verified due to technical glitches (server not responding) in accessing the data on ARN which flashed the message “your session is expired or you don’t have permission to access the requested page”.

On this being pointed out in audit, the office of the jurisdictional ACST<sup>27</sup> stated (between January and April 2019) that matter being technical in nature, would be taken up with the higher authority/ GSTN.

#### 4.3.8 Conclusion and Recommendations

In the applications for registration, it was noticed that Business details/ Authorization of authorized signatories/prescribed documents for principal place of business/Bank details were not uploaded. Verification of the information furnished in the registration application by the authorized signatory was either incomplete or was left blank. There was no option in the GSTN module to upload supporting document (s) for additional place of business so declared.

**The Department may ensure that registration applications are duly filled and the prescribed documents are uploaded before allowing registration. Further, GSTN may be approached to make provision in the portal for uploading documents in support of additional place of business to reduce the possibility of fake address and reduce possibility of taxpayer becoming untraceable.**

#### 4.4 Non/short levy of VAT due to misclassification/application of incorrect rate of tax

Section 7 of the GVAT Act, 2003 provides for levy of tax on turnover of sales of goods specified in the Schedule II or Schedule III of the Act at the rate set out against each of them. Additional tax at the rate of 2.5/1 *per cent* is also leviable from 1 April 2008. Further, as per residuary entry No. 87 of Schedule II, all goods other than those specified in Schedule I or Schedule III and in the preceding entries of Schedule II attract tax at the rate of 15 *per cent* including additional tax at the rate of 2.5 *per cent*. Additional tax of one *per cent* was leviable<sup>28</sup> on declared goods, as specified under Section 14 (iv) of the Central Sales Tax (CST) Act 1956, with effect from 11 April 2011. Up to 10 April 2011, declared goods did not attract additional tax.

<sup>26</sup> Seven working days for raising SCN after 15 days from receipt of application and seven working days after receipt of reply of SCNs totalling to 29 days.

<sup>27</sup> Offices of the ACST: 11 and 21 Ahmedabad, 25 Kalol, 39 and 40 Vadodara and 68 Surat.

<sup>28</sup> Vide Notification (GHN-08) VAT-2011-S5(2) (31)-TH dated 11 April 2011

During test check of the assessment records of 17<sup>29</sup> offices, audit noticed<sup>30</sup> misclassification of commodities and levy of taxes at lesser rate in 48 assessments<sup>31</sup> of 30 dealers. This resulted in short levy of tax (VAT/ CST) of ₹ 11.28 crore. Besides, interest and penalty were also leviable.

**Table 06: Misclassification/application of incorrect rate of tax**

(₹ in lakh)

Sl. No.	Nature of observation	Amount of tax
1	<p><b>Rice husk (rice bran) treated as Cattle feed</b></p> <p>Notification<sup>32</sup> dated 29 April 2006 provides that husk of all types excluding 'groundnut husk' and 'rice husk' are exempted from the levy of tax. The 'rice husk' was taxable at the rate of five <i>per cent</i> including additional tax at the rate of one <i>per cent</i> as per entry 37 of Schedule II. Audit observed in assessments of two dealers of two offices<sup>33</sup> that the Assessing Authorities (AAs), had treated rice husk (rice bran) worth ₹ 7.89 crore as exempted goods by classifying it as cattle feed under entry 11 of Schedule I and did not levy the tax of ₹ 35.71 lakh, excluding interest and penalty. This resulted in short-realisation of tax to that extent.</p> <p>On this being pointed out, the Department accepted the audit observation in one case and stated (November 2018) that reassessment orders had been passed. The tax so levied was remitted as per remission letter dated 06 February 2017 of the Commissioner of Commercial Tax issued under Section 41 of the GVAT Act.</p>	35.71
2	<p><b>Incorrect classification of Ready-Mix Concrete</b></p> <p>The Government vide Notification dated 11 October 2006 fixed the rate of <i>lump sum</i> tax for the civil works contract at 0.6 <i>per cent</i>. It has been held<sup>34</sup> by the Supreme Court that the supply of Ready-Mix Concrete (RMC) at site along with other incidental activities cannot be termed as works contract. Hence, tax at the rate of 15 <i>per cent</i> (under residuary entry 87 of Schedule II) is leviable on total sales turnover of RMC including pouring/ pumping charges as such charges form part of the sale price.</p> <p>Audit observed in six assessments (2012-13 and 2013-14) of six dealers that the AAs classified the sale of RMC worth ₹ 39.51 crore as civil works contract and levied (between October 2016 to March 2018) <i>lump sum</i> tax at the rate of 0.6 <i>per cent</i> instead of 15 <i>per cent</i>. This resulted in short levy of VAT to the extent of ₹ 3.35 crore.</p> <p>The Department/ jurisdictional JCST offices accepted the audit observations in two cases and stated (July 2019/May 2019) that</p>	335.35

<sup>29</sup> Offices of the ACST: Unit 1,5,6,8,9,10 and 11 Ahmedabad, 25 Kalol, 49 Nadiad, 63,64 and 68 Surat, 93 Rajkot, 103 Gandhidham; DCST: Range 6 Ahmedabad, Corporate-7 Surat and Range 12 Vadodara

<sup>30</sup> Between January 2014 and August 2018

<sup>31</sup> For the year 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16; assessed between September 2012 and March 18

<sup>32</sup> No. (GHN-44)VAT-2006- S.5(2)(3)-TH

<sup>33</sup> Offices of the ACST: Unit-5 Ahmedabad and 49 Nadiad

<sup>34</sup> The Supreme Court in the case of GMK Concrete Mixing Pvt. Ltd. Vs. Commissioner of Service Tax dated 06 January 2015 held that the supply of Ready-Mix Concrete (RMC) at site along with other incidental activities of pouring, pumping etc. amounts to sale and no taxable service is involved in such transaction.

	reassessment orders had been passed. In one case, the jurisdictional JCST office did not accept (August 2018) the audit observation and stated that the activity of laying RMC falls under works contract. The reply of the JCST office is not correct as the RMC was supplied at the site and it could not be treated as a part of works contract.	
3	<p><b>Non/ short levy of tax on motor vehicles and parts thereof</b></p> <p>Hydraulic excavators are motor vehicles and attract tax at the rate of 15 per cent as per residuary entry 87 of the Schedule II of the GVAT Act. As per Notification No. (GHN-21) dated 01 April 2008, motor vehicles and parts thereof are not eligible for zero rated sales to SEZs:</p> <ul style="list-style-type: none"> <li>• Audit observed in ACST, Unit 6 Ahmedabad and Unit 103 Gandhidham offices that while finalizing the assessment between November 2013 and March 2017 for the years 2009-10, 2011-12 and 2012-13, the AAs in six assessments of four dealers treated sale of spare parts of Hydraulic excavator and Tyres to the SEZ as zero-rated sale. This resulted in short levy of tax to the extent of ₹ 21.54 lakh excluding interest and penalty.</li> <li>• Audit observed in two assessment cases of two dealers that the AAs (ACST, Unit- 6 and 11,Ahmedabad) while finalising the assessment for the year 2010-2011 and 2012-13, levied tax at the rate of five per cent on spares/ parts of motor vehicles viz.Yoke (Steering Column part, HSN Code 87089900) in one case while in the other case excavators were taxed at the rate of ₹ 2,000 per vehicle instead of 15 per cent. This resulted in short realisation of tax of ₹ 14.84 lakh.</li> </ul> <p>On this being pointed out, the Department intimated (November 2018) that reassessment order had been passed in one case and the dealers had preferred appeal before the DCST (Appeal) against the reassessment order. In five assessments, Department (July 2019) accepted and in two cases amount has been recovered after reassessment and reassessment proceeding has been initiated in other three cases.</p>	36.38
4	<p><b>Non-civil works Contracts incorrectly treated as Civil works contract</b></p> <p>The Government vide Notification dated 11 October 2006, fixed the rate of lump sum tax for the civil works contract at 0.6 per cent whereas for all types of works contract other than those specified at serial no 2 and 3 of the notification, the rate of lump sum tax was fixed at the rate of two per cent. Works contract of electric street light, supply of Permanent Way (P. Way) material and bore well drilling/ percolation work do not fall under the category of civil works contract and attract tax at the rate of two per cent as per provisions of the Notification.</p> <p>Audit observed in seven assessments of three dealers that the AAs (ACST: Unit 5 Ahmedabad; 68 Surat) classified (March 2017 to March 2018) works contract of electric street light, supply of P. Way material and bore well drilling/ percolation, as civil works contract and levied lump sum tax at the rate of 0.6 per cent instead of two percent on works contract receipts of ₹ 18.29 crore for the period 2012-13, 2013-14 and 2014-15. This resulted in short levy of VAT of ₹ 25.57 lakh.</p> <p>On this being pointed out, the Department accepted (July 2019) the audit observation in two assessments of one dealer and stated that reassessment orders had been passed. In the remaining cases reply is awaited (May 2020).</p>	25.57
5	<p><b>Misclassification of ‘stainless steel’ as ‘iron and steel’</b></p> <p>“Iron and Steel”, falling under Entry 43 of Schedule-II of the GVAT Act, are taxable at the rate of four/ five per cent. However, “Stainless steel wire”</p>	125.24

	<p>does not fall<sup>35</sup> under “Iron and steel” and is covered under Entry 87 of the Schedule-II and taxable at the rate of 15 <i>per cent</i>.</p> <ul style="list-style-type: none"> <li>Audit observed that ACST office, Unit 25 Kalol and DCST office, Range-12, Vadodara levied tax at the rate of four/ five <i>per cent</i> by incorrectly classifying “Stainless steel wire” under entry number 43 instead of entry 87 of Schedule-II of the GVAT Act. This resulted in short levy of tax of ₹ 125.24 lakh on a turnover of ₹ 14.14 crore for the period 2010-11 and 2011-12, finalised in March 2015 and March 2016.</li> </ul> <p>On this being pointed out the Department accepted (February 2019) the audit observation in one case and stated that reassessment proceedings had been initiated.</p>	
6	<p><b>Levy of tax at incorrect rate</b></p> <p>As per provisions of the CST Act, a dealer has to furnish Form ‘C’ in original for availing concessional rate of tax of CST of two <i>per cent</i> on inter-State sales. In case of non-furnishing of the above statutory form, tax prescribed in the State Act is to be levied.</p> <p>Fenders, Frames, Bollards, Buoys and Fixtures used in ‘Marine Fendering System’ are covered under Entry No. 87 of Schedule II of GVAT Act and attract tax at the rate of 15 <i>per cent</i>.</p> <p>During test check of the assessment records of a dealer of ACST office, Unit-5, Ahmedabad (2013-14 and 2014-15: Self-assessment) audit noticed that the dealer had paid tax at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on local sales and inter-State sales (not supported by the requisite forms) of Fenders, Frames, Bollards, Buoys, and Fixtures as per entry no 43 (Iron and Steel) of the Schedule-II of the GVAT Act. The AA also accepted the self-assessment as correct. This resulted in short levy of tax (VAT/ CST) of ₹ 47.07 lakh.</p> <p>On this being pointed out the Department accepted (July 2019) the audit observation and stated that reassessment was done for the year 2013-14 and reassessment proceeding had been initiated for the year 2014-15.</p>	47.07
7	<p><b>Short levy of tax on CNG kit</b></p> <p>CNG Kit used in Vehicles has not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence it falls under entry 87 of the said Schedule.</p> <p>Audit observed in two assessment cases of one dealer of ACST office, Unit 1, Ahmedabad that the AA assessed VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on sales of CNG Kits worth ₹ 75.31 lakh. This resulted in short levy of VAT to the extent of ₹ 6.06 lakh.</p>	6.06
8	<p><b>Short levy of tax on Syngas</b></p> <p>Syngas or synthesis gas is a fuel gas mixture consisting primarily of hydrogen, carbon monoxide, and very often some carbon dioxide. Synthesis gas or syngas has not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence it falls under entry 87 of the said Schedule.</p> <p>Audit observed in one assessment case of one dealer that the office of the DCST, Corporate 7 Surat assessed VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on sales of syngas amounting to ₹ 7.82 crore. This resulted in short levy of VAT to the extent of ₹ 62.92 lakh.</p>	62.92

<sup>35</sup> In case of M/s Bansal Wire Industries Ltd and Anr V/s State of Uttar Pradesh and Others dated 26 April 2011.

9	<p><b>Short levy of tax on Aluminium foils</b></p> <p>Aluminium foils have not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence they fall under entry 87 of the said Schedule. Further, Rajasthan High Court in the case of Miracle Foils vs CTO Special Circle, Pali dated 01 November 2011 held that ‘Aluminium foils’ are not ‘Aluminium non-ferrous sheets.’</p> <p>Audit observed in one assessment case of one dealer that the office of the DCST, Range 6 Ahmedabad classified Aluminium foils under entry 52<sup>36</sup> of Schedule-II to the GVAT Act and levied VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i>. This resulted in short levy of VAT to the extent of ₹ 29.93 lakh on sale of Aluminium foils valued at ₹ 3.61 crore.</p> <p>On this being pointed out in audit Department (05.08.2019) while not accepting the audit observation stated that commodity falls under entry 52 of the schedule II and tax has been levied correctly. Reply of the department is not acceptable in view of the above-mentioned court rulings.</p>	29.93
10	<p><b>Short levy of tax on PEB structural steel and roofing sheets</b></p> <p>Pre-Engineered Buildings (PEB), structural steel and roofing sheets have not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence they fall under entry 87 of the said Schedule. Further, as per provisions of the CST Act, a dealer has to furnish Form ‘C’ in original for availing concessional rate of CST of two <i>per cent</i> on inter-State sales. In case of non-furnishing of the above statutory form, tax prescribed in the State Act is to be levied.</p> <p>Audit observed in four assessment cases of two dealers falling under office of the ACST, Unit 5 and 9 Ahmedabad that the AAs assessed VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on local and inter-State sales (not supported by the requisite forms) of pre-painted (Al-Zn Alloy color coated) sheet/coil and PEB steel structure worth ₹ 31.04 crore. This resulted in short levy of tax (VAT/ CST) to the extent of ₹ 256.33 lakh.</p>	256.33
11	<p><b>Short levy of tax on Metro Train parts</b></p> <p>Metro train parts have not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence they fall under entry 87 of the said Schedule.</p> <p>Audit observed in one assessment case of one dealer that the office of the ACST, Unit 25 Kalol, assessed VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on sale of metro train parts worth ₹ 1.89 crore between 01 April 2009 and 30 September 2009 without assigning any reason for levy of tax at lower rate. This resulted in short levy of VAT to the extent of ₹ 18.87 lakh.</p> <p>On this being pointed out by audit, the Government (13.01.2020) accepted the audit observation and intimated that revision order has been passed.</p>	18.87
12	<p><b>Short levy of tax on Elevator parts</b></p> <p>Elevator and its parts have not been classified anywhere in the Schedule-II of the GVAT Act, 2003, hence they fall under entry 87 of the said Schedule.</p> <p>Audit observed in one assessment case of one dealer that the office of the ACST, Unit 64 Surat assessed VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on sales of elevator parts valued at ₹ 67.03 lakh. This resulted in short levy of VAT to the extent of ₹ 5.39 lakh.</p>	5.39

<sup>36</sup> Non-ferrous metals and alloys

13	<p><b>Non-levy of tax on Yarn</b></p> <p>Yarn or yarn waste of all types fall under entry 86 of Schedule-II to the GVAT Act and attract tax at the rate of five <i>per cent</i> including additional tax at the rate of one <i>per cent</i>.</p> <p>Audit observed in one assessment case of one dealer that the office of the ACST, Unit 63, Surat did not levy tax on sale of Yarn worth ₹ 1.97 crore. This resulted in short levy of tax to the extent of ₹ 9.86 lakh.</p>	9.86
14	<p><b>Short levy of tax on domestic RO plant and its parts</b></p> <p>Domestic RO plant and its part (Membrane) have not been classified anywhere in the Schedule-II to the GVAT Act, 2003, hence they fall under entry 87 of the said Schedule. Further, JCST(Legal) in its determination order dated 04 November 2011 under Section 80 of the GVAT Act also held that RO plant (for domestic use) and its parts fall under entry 87 of the Schedule-II.</p> <p>Audit observed in seven assessment cases of two dealers that the office of the ACST, Unit 68, Surat levied VAT at the rate of five <i>per cent</i> instead of 15 <i>per cent</i> on sales of RO plant (for domestic use) and its part (membrane) amounting to ₹ 16.09 crore. This resulted in short levy of VAT to the extent of ₹ 133.22 lakh.</p> <p>On this being pointed out in audit, concerned JCST office accepted (October 2018) the audit observations in both the cases and stated that notices for reassessment had been issued to the dealers.</p>	133.22
<b>Total</b>		<b>1,127.90</b>

#### 4.5 Irregularities in allowance of input tax credit

As per Section 11 of the GVAT Act, a registered dealer who has purchased the taxable goods shall be entitled to claim tax credit equal to the amount of tax collected from him by a registered dealer from whom he has purchased such goods or tax paid by him as purchase tax under Section 9 of the Act. The tax credit to be so claimed shall be subject to the provisions as provided under the Section.

During test check of the assessment records of 31 offices audit noticed<sup>37</sup> in 105 assessments<sup>38</sup> of 91 dealers that the Assessing Authorities (AAs) had allowed excess tax credit/ irregular refund of tax credit of ₹ 13.37 crore as detailed below:

##### 4.5.1 Short reduction of ITC on branch transferred goods

Under Section 11(3)(b) of the GVAT Act, the amount of tax credit in respect of a dealer shall be reduced by the amount of tax calculated at the rate of four *per cent*, on the taxable turnover of purchases within the State, of the taxable goods consigned or dispatched for branch transfer or to his agent outside the State or of the taxable goods which are used as raw materials in the manufacture, or in the packing of goods which are dispatched outside the State in the course of branch transfer or consignment or to his agent outside the State.

<sup>37</sup> Between March 2014 and October 2018

<sup>38</sup> For the year 2007-08, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2016-17, assessments finalised between March 2012 and March 2018

Audit observed in one assessment of one dealer of one<sup>39</sup> office that the AA reduced the tax credit of ₹ 91.61 lakh instead of ₹ 99.64 lakh crore on the goods worth ₹ 84.14 crore which were consigned or dispatched for branch transfer or to his agent outside the State or used as raw materials in the manufacture, or in the packing of goods which were dispatched for branch transfer or to his agent outside the State. This resulted in short reduction of tax credit to the extent of ₹ 8.03 lakh, excluding interest and penalty.

#### **4.5.2 Non/ short reduction of tax credit on goods sold in the course of inter-State Trade or Commerce**

Under Section 11(6) of the GVAT Act, the Government vide Notification No. GHN-14 dated 29 June 2010 specified reduction of tax credit at the rate of two *per cent* of the purchase turnover of goods, for which tax credit is admissible as specified in the notification, when such goods are sold/ used as input including raw material in the manufacture of goods which are sold in the course of inter-State Trade or Commerce with effect from 01 July 2010. However, vide GHN-35 dated 07 September 2010, Government of Gujarat exempted several goods (including cotton and cotton seeds) from reduction of ITC, as mentioned in the notification cited above, with effect from 01 October 2010. Thus, ITC at the rate of two *per cent* was required to be reduced on inter-State sales of cotton and cotton seeds effected between 01 July and 30 September 2010.

Audit observed in 27 assessments<sup>40</sup> of 26 dealers of 12<sup>41</sup> offices that the AAs reduced the tax credit of ₹ 1.99 crore instead of ₹ 7.10 crore on the goods worth ₹ 1,391.41 crore which were resold/used as raw material in the manufacture of goods sold in the course of inter-State trade or commerce. Out of these, in case of 23 dealers the AAs adopted incorrect arithmetical calculations while in case of three dealers, the AAs did not reduce tax credit on inter-State sale of cotton/ cotton seeds effected between 01 July and 30 September 2010. This resulted in non/ short reduction of tax credit to the extent of ₹ 5.11 crore excluding interest and penalty.

On this being pointed out, the Department/ jurisdictional JCST offices accepted (between November 2018 and July 2019) audit observations in 12 assessments of 11 dealers and reassessment order was passed in one case against which the dealer preferred appeal before the appellate authority and in one case amount has been recovered. Reply in respect of remaining cases is awaited (April 2020).

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<sup>39</sup> Office of the DCST Range 7, Gandhinagar

<sup>40</sup> Assessment period 2010-11, 2011-12, 2012-13 and 2013-14 assessed between June 2013 and March 2018.

<sup>41</sup> Offices of the ACST: 6, 10 and 11 Ahmedabad, 103 Gandhidham, 28 Idar, 89 Rajkot, 63 and 68 Surat, 44 Vadodara  
Offices of the DCST: Range 04 Ahmedabad, Corporate Cell-3 Gandhinagar, Corporate Cell-11 Rajkot

#### 4.5.3 Non/ short reduction of ITC on purchases of goods used in job work/manufacture of tax-free goods etc.

The registered dealer is entitled for the ITC of taxable purchases provided such purchase are intended to be used in the manufacture of taxable goods. Thus, no ITC is available for the purchase of taxable goods used/ intended to be used in the manufacture of tax-free goods.

Audit observed in 18 assessments of 14 dealers of 12<sup>42</sup> offices that the AAs had irregularly allowed tax credit of ₹ 4.25 crore on purchases of goods worth ₹ 876.46 crore as detailed below:

- In 11 assessments of nine dealers, the AAs reduced tax credit of ₹ 12.62 crore instead of ₹ 15.96 crore on raw material/ fuel/ consumables/ stores/ machinery parts/ lubricants/ which were used in job work/ manufacture of tax free goods<sup>43</sup> etc. This resulted in excess allowance of tax credit of ₹ 3.34 crore.
- In one assessment case of a Company, the office of the DCST, Petro-II, Ahmedabad allowed tax credit of ₹ 20.26 lakh on stores and spares worth ₹ 4.10 crore purchased for Sulphur Recovery Unit (SRU). The SRU was installed by the Company as environment protection measure to recover Sulphur produced as by-product during manufacture of fuel gas. Since, the SRU was not related to the manufacture of oil and gas, the tax credit allowed was against the provisions of the GVAT Act.
- In three assessments of two dealers, the office of the ACST, Unit-103, Gandhidham allowed tax credit of ₹ 13.84 lakh on lube oil worth ₹ 79 lakh which was not transferred during the execution of works contract and hence no tax was paid by the dealers. This resulted in irregular allowance of tax credit to that extent.
- In three assessments of two dealers it was observed that the dealers had supplied goods worth ₹ 26.06 crore free of cost under warranty claims and no tax was paid on such goods. The AAs were required to reduce tax credit of ₹ 59.55 lakh on these goods. However, tax credit of ₹ 3.01 lakh only was reduced during the assessments. Thus, there was excess allowance of tax credit of ₹ 56.54 lakh.

The overall irregular allowance of tax credit involved in the above cases amounted to ₹ 4.25 crore, excluding interest and penalty.

On this being pointed out, the Department/ office of the jurisdictional JCST accepted (between December 2018 and September 2019) audit observations in 12 assessments of nine dealers and initiated proceedings for reassessment/ rectification/ issue based assessment. The amounts in three assessments of two dealers have been recovered. Reply in respect of remaining cases are awaited (April 2020).

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<sup>42</sup> Offices of the ACST: 10 Ahmedabad, 103 Gandhidham, 72 Navsari, 89 Rajkot, 67 Surat; DCST: Petro II, Corporate Cell-1 and Corporate Cell-2 Ahmedabad, Corporate Cell-3 Gandhinagar, Corporate Cell-8 Surat, Range 12 Vadodara, Range 18 Valsad.

<sup>43</sup> Contraceptive Pills, Dairy products, Sprinkling system, Solar energy parts, Sugar.

#### 4.5.4 Irregular allowance of ITC on purchase from cancelled dealers

Under Section 11(5)(mmmm), input tax credit shall not be admissible for purchases made from a dealer whose certificate of registration has been suspended or cancelled and the name of such dealer has been published under sub-section (11) of Section 27 or information of dealers disclosed in public interest under Section 97.

Audit observed in 49 assessments of 43 dealers under eight<sup>44</sup> offices that the AAs had allowed input tax credit on purchases made from the dealers whose registration was cancelled. This resulted in irregular grant of ITC to the extent of ₹ 3.68 crore.

On this being pointed out, the Department/ office of the jurisdictional JCST accepted (between March and November 2019) audit observations in 17 assessments of 12 dealers and initiated proceedings for reassessment/issue based assessment. The amount in four assessments of three dealers has been recovered (April 2020).

#### 4.5.5 Irregular grant of refund of ITC on Capital Goods

Rule 15 (6) of the GVAT Rules, 2006 provides for refund of unadjusted tax credit (other than tax credit on capital goods) against the output tax liability of the dealer. Thus, the Rule prohibits refund of ITC on purchases of capital goods.

Audit observed in 10 assessments of seven dealers of two<sup>45</sup> offices that the AAs allowed refund of ITC of ₹ 23.01 lakh claimed on Capital Goods along with interest of ₹ 2.08 lakh, aggregating to ₹ 25.09 lakh. This was against the provisions of Rule 15 (6) of the GVAT Rules. This resulted in irregular grant of refund of ITC of ₹ 25.09 lakh including interest of ₹ 2.08 lakh.

On this being pointed out, the Department accepted (June 2019) the audit observations in nine assessments of six dealers and initiated reassessment proceedings. Reply in respect of remaining one case is awaited (April 2020).

#### 4.6 Short levy of VAT due to incorrect determination of turnover

Section 7(1) of the GVAT Act, 2003 provides for levy of tax on the turnover of sales of goods specified in Schedule II or Schedule III at the applicable rates.

During test check of the assessment records of six<sup>46</sup> offices audit noticed<sup>47</sup> in 10 assessments<sup>48</sup> of eight dealers that there was short levy of tax of

<sup>44</sup> Offices of the ACST: 09 and 10 Ahmedabad, 75 Bhavnagar, 94 Gondal, 95 Jetpur, 54 Khambhat, 37 Siddhpur and 12 Viramgam

<sup>45</sup> Offices of the ACST: 102 Jamkhambhaliya and DCST: Range 24 Jamnagar

<sup>46</sup> Offices of the ACST: 72 Navsari, 40 Vadodara

Offices of the DCST Range: 21 Junagadh, 25 Gandhidham, 24 Jamnagar

Office of the DCST Corporate Cell: 7 Surat

<sup>47</sup> Between December 2016 and July 2018

₹ 1.33 crore excluding interest and penalty due to incorrect determination of turnover as detailed below:

**4.6.1** As per Section 2(24), 'sale price' means the amount of valuable consideration paid or payable to a dealer or received or receivable by a dealer for any sale of goods made including any sum charged for anything done by the dealer in respect of the goods at the time of or before delivery thereof.

Audit observed in five assesment cases of two dealers that the AAs did not include receipt against 'handling charges' amounting to ₹ 72.54 lakh on sale of vehicles, in taxable turnover. This irregular exclusion of 'handling charges' resulted in short levy of tax of ₹ 9.46 lakh.

On this being pointed out, the Department accepted (July 2019) the audit observations and passed issue based assessment/ reassessment orders. Dealers filed the appeal before JCST against the reassessment order. Further details are awaited (April 2020).

**4.6.2** As per Section 2 (23) of the GVAT Act, sale includes transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

Audit observed that the office of the ACST Unit-72, Navsari had not assessed tax of ₹ 43.09 lakh at the rate of 12.5 *per cent* on receipt of ₹ 3.30 crore towards 'city bus fare' for operating CNG buses during the period 2010-11.

**4.6.3** As per Section 2 (23) (b) of the GVAT Act, sale includes transfer of property in goods (whether as goods or in some other form) involved in execution of a works contract. Further, as per Section 2 (24) (b) of the Act *ibid*, 'sale price' in relation to a works contract is the amount arrived at by deducting from the amount of valuable consideration paid or payable to the contractor, the amount representing labour charges.

Audit observed in one case falling under office of the ACST, Unit-40, Vadodara that the dealer had executed Civil and Mechanical works contract worth ₹ 11.62 crore. It was further observed from the invoices raised by the dealer that he had split the works contract into two parts namely (i) contract for sale of goods and (ii) service contract. The dealer had discharged his service tax liability by paying service tax of ₹ 57.44 lakh at the rate of 12.36 *per cent* on ₹ 4.65 crore<sup>49</sup>. However, VAT of ₹ 33.19 lakh (at the rate of five *per cent*) was not paid by the dealer on the remaining amount of ₹ 6.97 crore availed as abatement.

**4.6.4** Incorporeal or intangible goods<sup>50</sup> falling under entry 41 of Schedule II to the GVAT Act attract tax at the rate of five *per cent* including additional tax at the rate of one *per cent*. Further, as per Section 51 (1) of the GVAT Act

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<sup>48</sup> For the year 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 assessments finalised between November 2012 and August 2017.

<sup>49</sup> After availing 60 *per cent* abatement on the total consideration received of ₹ 11.62 crore as per Service Tax (Determination of Value) Rules 2006.

<sup>50</sup> Copyright, Patent, Trademarks, Brand name, Import Licence, Goodwill, Technical know-how, export permit or quota, DEPB, carbon credit

in case of transfer of business, the transferor and the transferee are jointly and severally liable to pay tax due from the transferor up to the time of transfer.

In one assessment for the year 2008-09 finalised (November 2012) by the office of the DCST, Range-25, Gandhidham audit observed that as per order dated 09 July 2009 of the Gujarat High Court, the business of the dealer had been transferred to other company with all the assets and liability as on 01 April 2008. Scrutiny of the financial accounts of the transferor revealed that net assets for the year 2008-09 amounted to ₹ 3.34 crore whereas as per the scheme of amalgamation, the transferee was to issue shares in the ratio of 1:12 aggregating to ₹ 27.17 lakh. Thus, there was difference of ₹ 3.06 crore between the two, to be treated as 'Goodwill' and taxed at the rate of five *per cent*. However, the AA did not levy tax on the value of 'Goodwill'. This resulted in non-levy of tax of ₹ 14.59 lakh.

**4.6.5** Rule 18AA of the GVAT Rules provides that where the amount of charges towards labour, service and other like charges are not ascertainable from the accounts maintained by the dealer, lump-sum deduction at the rates prescribed against the respective works contract should be allowed to arrive at the taxable turnover.

Audit observed in one assessment case for the year 2012-13 finalised (March 2017) by the office of the DCST, Range 24, Jamnagar that the AA had allowed deduction of ₹ 5.54 crore towards the labour, service and other charges at the rate of 30 *per cent* of the gross works contract receipts of ₹ 18.46 crore. It was further observed that the dealer was engaged in the works contract of laying and fixing pipelines (Under Ground piping work). As per Table below Rule 18AA, works contract of laying of pipes is eligible for lump-sum deduction of 20 *per cent*. Thus, the dealer was eligible for deduction of ₹ 3.69 crore only instead of ₹ 5.54 crore as allowed by the AA. Thus, excess deduction towards labour/service charges from the taxable turnover resulted in short levy of tax of ₹ 27.17 lakh.

**4.6.6** Section 8 read with Section 61 of the GVAT Act and Rule 43 of the GVAT Rules provides for issuance of credit note to reduce tax liability as per tax invoice issued previously owing to change in consideration amount agreed previously.

In case of one dealer engaged in sale of vehicles, the office of the DCST, Corporate Cell-07, Surat while finalising (March 2016) assessment for the year 2011-12 had allowed deduction in tax liability amounting to ₹ 5.83 lakh on the basis of credit notes worth ₹ 44.72 lakh (inclusive of tax at the rate of 15 *per cent*) issued to the customers due to alteration in consideration of sale of amount. Audit observed that the dealer had issued retail invoice to its customer instead of tax invoices. Thus, provisions of Section 8 read with Section 61 of the GVAT Act were not applicable in the instant case. This irregular exclusion of turnover of ₹ 44.72 lakh from taxable turnover resulted in short levy of tax of ₹ 5.83 lakh.

## 4.7 Non/ Short levy of CST

Under Section 6 of the CST Act, every dealer shall be liable to pay tax under this Act on all sales of goods effected by him in the course of inter-State trade or commerce during any year.

During test check of the assessment records of four<sup>51</sup> offices, audit noticed<sup>52</sup> in assessments<sup>53</sup> of six dealers that there was non/short levy of CST of ₹ 7.06 crore due to underassessment of taxable turnover or incorrect application of rate of tax as detailed below:

### 4.7.1 Short levy of tax due to application of concessional rate of tax

Under Section 8(1) read with Section 8(4) of the CST Act, every dealer, who in the course of inter-State trade or commerce, sells goods to a registered dealer, shall be liable to pay tax at concessional rate of three/ two *per cent* of his turnover or at the rate applicable to the sale or purchase of such goods inside the State under the sales tax law of that State, whichever is lower provided that the dealer selling the goods furnishes a declaration in statutory Form-C in original. In case of non-furnishing of Form-C by the registered dealers, tax is leviable at the rates applicable on sale of such goods within the State.

Audit observed in assessment cases of three dealers of two offices<sup>54</sup> that Form-C worth ₹ 35.50 crore were not furnished by the registered dealers. However, the Assessing Authority (AA) levied tax of ₹ 74.24 lakh at the rate of three/ two per cent instead of ₹ 2.08 crore at the rate of 15/ 05 per cent. This resulted in short levy of tax of ₹ 1.34 crore.

On this being pointed out, the Department accepted the audit observation in case of one dealer and stated (December 2019) that the dealer had been asked to furnish Form-C along with bills and sales details. Further reply is awaited (April 2020).

### 4.7.2 Non-levy of tax on turnover/ job-work not supported by Form-F

Section 6A of the CST Act, 1956 read with Rule 12(5) of the CST (Registration and Turnover) Rules, 1957 provides for exemption from levy of CST on transfer of goods from one State to another by the dealer to his principal/ branch/ agent, provided such transfer is supported by declaration in statutory Form-F. If the dealer fails to furnish such statutory forms, then, the movement of such goods shall be deemed to have been occasioned as a result of sale and tax shall be levied accordingly. Further, the Allahabad High Court has held<sup>55</sup> that statutory Form-F are also required in case of inter-State movement of goods for job-work on returnable basis. The same was also upheld by the Supreme Court.

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<sup>51</sup> Offices of the ACST: 94 Gondal, 74 Vapi; DCST: Corporate-03 Gandhinagar, Range-12 Vadodara

<sup>52</sup> Between March 2014 and March 2018

<sup>53</sup> For the year 2008-09, 2009-10 and 2012-13; four self-assessed and two assessed in March 2017

<sup>54</sup> Offices of the ACST: 94 Gondal, 74 Vapi

<sup>55</sup> In case of Ambica Steel Ltd. vs. State of UP dated 17 August 2007 [(2008) 12 VST 216]

Audit observed in assessment cases of two dealers under two offices<sup>56</sup> that the Assessing Authorities (AAs) had allowed the deductions of ₹ 13.40 crore from the taxable turnover as job work/ branch transferred goods and no tax was levied on such turnover even though the dealers had not furnished the statutory Form-F in support of such job work/ branch transfer. In such situation CST at appropriate rate was required to be levied. This resulted in non-levy of tax to the extent of ₹ 57.04 lakh excluding interest and penalty.

#### 4.7.3 Non/ short levy of tax on turnover not supported by Form E-I/ E-II/ C

As per Section 3(b) of the CST Act, 1956, a sale or purchase of goods shall be deemed to have taken place in the course of inter-State trade or commerce if the sale or purchase is effected by a transfer of *documents of title* (Railway Receipt (RR) /Lorry Receipt (LR) etc.) to the goods during their movement from one State to another. Further, as per Section 6(2) of the Act, *ibid*, all subsequent inter-State sales to registered dealers by transfer of documents during movement of goods are exempt from sales tax on production of Form E-I (first inter-State sale) or E-II (subsequent sale by the transferors) and Form-C.

Audit observed in three assessment cases of three dealers pertaining to three<sup>57</sup> offices that the AAs had allowed deductions of ₹ 79.18 crore from the taxable turnover as RR sale. Out of these three cases, two dealers had not furnished the Form E-I/ E-II/ Form C in support of the fact that sale was affected during the movement of goods. In the remaining one case though Form-C were produced, the dealer failed to submit Form E-I worth ₹ 17.28 crore. Accordingly, the AA disallowed the claim of RR sale to that extent and levied tax at the rate of two *per cent* by treating the subsequent sale as inter-state sale supported by Form-C. On further scrutiny of the records, it was revealed that the 'Form-C' produced by the dealer were issued by a dealer of Gujarat. It implied that the subsequent sale was made within Gujarat. Since, claim of RR sale was disallowed by the AA and subsequent sale was within Gujarat, the AA was required to levy tax at the rate of five *per cent* applicable to local sales. In these three cases, allowance of RR sale without supporting statutory forms/ incorrect rate of tax resulted in non/ short levy of tax of ₹ 5.15 crore.

Thus, there was non/ short levy of CST of ₹ 7.06 crore due to underassessment of taxable turnover or incorrect application of rate of tax.

On this being pointed out, the Department (August/December 2019) accepted the audit observation in case of two dealers and stated (December 2019) that in one case reassessment order was passed and in the other the dealer had been asked to furnish Form-C along with bills and sales details. In another one case, Department while not accepting the audit observation stated that the sales executed by the dealer does not fall under the RR sale and CST has been levied. Reply of the department is not acceptable as part of RR sale which are

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<sup>56</sup> Offices of the ACST 74 Vapi and DCST Corporate-03 Gandhinagar

<sup>57</sup> Offices of the ACST: 94 Gondal, 74 Vapi; DCST: Range-12 Vadodara

not supported with statutory forms considered as inter-State sales which is not correct.

#### **4.8 Non/ short levy of interest (VAT)**

Under Section 42(6) of the GVAT Act, 2003 where the amount of tax assessed or reassessed for any period, exceeds the amount of tax already paid by the dealer for that period, the dealer shall pay simple interest at the rate of 18 *per cent* per annum on the amount of tax remaining unpaid for the period of default. As per Section 30(5) of the Act *ibid* where a dealer does not pay the amount of tax within the time prescribed for its payment under this Section, then there shall be paid by such dealer for the period commencing on the date of expiry of the aforesaid prescribed time and ending on date of payment of the amount of tax, simple interest at the rate of 18 *per cent* per annum, on the amount of tax not so paid or on any less amount thereof remaining unpaid during such period.

Audit observed<sup>58</sup> in nine<sup>59</sup> assessment cases of seven dealers of six<sup>60</sup> offices that there was non/ short levy of interest of ₹ 4.34 crore as detailed below:

- The Assessing Authorities (AA) had not levied interest on the unpaid amount of tax in case of two dealers while in one case, interest was short levied on the unpaid tax due to incorrect calculation by the AA.
- In case of two assessments of two dealers, interest was not calculated from the month when tax was due after disallowance of Input Tax Credit.
- In one case (office of the DCST Range 25 Gandhidham) the exemption certificate of the dealer was cancelled and the dealer was liable to pay tax of ₹ 1.11 crore and to pay back the refund of ₹ 1.19 crore granted to him (between July 2009 and April 2010) along with interest. The AA calculated interest liability on the refund amount from the date of closure of the financial year (2009-10) (instead of date of grant of the refund) to the date of assessment (February 2014). Thus, incorrect adoption of the period by the AA resulted in short levy of interest of ₹ 6.31 lakh.
- In another case the office of the Additional CST while finalizing the assessment (March 2018) of an unregistered dealer, did not levy interest of ₹ 91.62 lakh on the amount of tax (₹ 82.91 lakh) evaded by the dealer during 2010-13.

This resulted in total non/ short levy of interest of ₹ 4.34 crore.

On this being pointed out, the Department/ office of the Additional CST (Enforcement) accepted audit observations in case of two dealers and stated (May and June 2019) that reassessments had been done. Replies in respect of remaining cases are awaited (April 2020).

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<sup>58</sup> Between April 2015 and September 2018

<sup>59</sup> For the year 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 assessments finalized between February 2014 and March 2018

<sup>60</sup> Offices of the ACST: 10 Ahmedabad; DCST: 04 and 06 Ahmedabad, 25 Gandhidham, Corporate-06 Vadodara and Additional Commissioner of State Tax (Enforcement) Ahmedabad

## 4.9 Tax Deduction at Source

Section 59B of the GVAT Act 2003 read with Notification<sup>61</sup> dated 01 April 2008 provides for deduction of tax (Tax Deduction at Source/ TDS) by the principal/ contractee at the rate prescribed against the works contract at the time of payment of the whole or part of the specified sale price<sup>62</sup> in respect of a specified works contract<sup>63</sup> to the contractor/ sub-contractor. Where TDS has not been deducted, the amount shall be payable by the contractor or sub-contractor directly and penalty not exceeding 25 per cent of the amount to be deducted, is leviable. Further, the contractor/ sub-contractor is eligible for credit of the TDS against the tax liability for the relevant year on production of certificate Form 703 prescribed under Rule 65(4) of the GVAT Rules 2006.

During test check of the assessment records of three<sup>64</sup> offices, audit observed (between March 2013 and July 2016) non/ short deduction of tax at source/ irregular grant of credit of TDS of ₹ 88.25 lakh in three<sup>65</sup> assessments of three dealers as detailed below:

### 4.9.1 Non/ short deduction of tax at source

In two assessments of two dealers, the principal/ contractee was required to deduct tax at source of ₹ 16.24 lakh<sup>66</sup> at the rate of two/ 0.6 per cent of the specified sale price of ₹ 17.21 crore. However, no TDS was deducted by the principal/ contractee.

Thus, there was non/ short deduction of tax at source of ₹ 16.24 lakh excluding penalty leviable under the provisions.

On this being pointed out, the office of the JCST, Division-10, Rajkot accepted (May 2014) the audit observation in one case and raised the demand. Particulars of recovery are awaited (July 2019).

### 4.9.2 Irregular/ excess grant of credit of TDS

In case of one dealer falling under office of the ACST, Unit- 102, Jamkhambaliya the AA while finalizing (June 2014) assessment for the year 2011-12 allowed credit of TDS of ₹ 121.67 lakh against tax liability. Further scrutiny of the records revealed that as per Form 703, TDS of ₹ 49.66 lakh only was eligible for credit against tax liability for the year 2011-12. Thus, there was irregular/ excess grant of credit of TDS of ₹ 72.01 lakh.

<sup>61</sup> (GHN-14) VAT-2008-S.59B (3) (1)- TH dated 01 April 2008

<sup>62</sup> Amount as is arrived at as per definition given in Section 59A (c) of the GVAT Act

<sup>63</sup> A work contract the specified sale price of which exceeds ₹ one crore.

<sup>64</sup> Offices of the ACST: 104 Gandhidham, 102 Jamkhambaliya; DCST Petro-II Ahmedabad

<sup>65</sup> For the year 2006-07, 2008-09 and 2011-12 assessments finalised in April 2011, March 2013 and June 2014 respectively

<sup>66</sup> (₹ 4.22 crore x 2 per cent) + (₹ 12.99 crore x 0.6 per cent)

#### 4.10 Non-levy of penalty (VAT/ CST)

During test check of assessment records of 32<sup>67</sup> offices, audit noticed<sup>68</sup> in assessments<sup>69</sup> of 55 dealers that the AAs had not levied penalty of ₹ 32.63 crore as detailed below:

- Section 34(12) of the GVAT Act provides for levy of penalty not exceeding one and half times of the difference between the tax paid with returns and the amount assessed or reassessed where the tax assessed or reassessed exceeds 25 per cent of the amount of tax already paid. Further, as per Section 9(2) of the CST Act, provisions of interest and penalty enumerated in the GVAT Act also apply to the assessment under CST Act.

In case of 52 dealers pertaining to 30<sup>70</sup> offices, the dealers had paid tax of ₹ 31.93 crore with returns against the payable amount of ₹ 53.71 crore. The difference between the amount of tax paid with returns and the amount assessed was more than 25 per cent of the amount of tax already paid. As such, penalty was required to be levied at the rate of one and half times of such differential amount of tax, but the AAs in assessments had not levied any penalty. This resulted in non-levy of penalty of ₹ 32.63 crore.

On this being pointed out, the office of the jurisdictional JCST/Department accepted (between February and September 2019) observations in case of 20 dealers and recovery was affected in one case.

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<sup>67</sup> Offices of the ACST/ STO: 5, 7, 10, 21 Ahmedabad, 75 Bhavnagar, 103 Bhuj, 77 Botad, 35 Deesa, 81 Dhrangadhra, 94 Gondal, 28 Idar, 99 Jamnagar, 95 Jetpur, 52 Kapadwanj, 54 Khambhat, 30 Mehsana, 72 Navsari, 93 Rajkot, 37 Siddhpur, 63 and 67 Surat, 79 Surendranagar, 44, 45 Vadodara, 74 Vapi

Offices of the DCST: Range 1, 4,6, Corporate I and II Division 1 Ahmedabad, Range 7 Gandhinagar, Range 15 Surat, Corporate Cell Division 5 Vadodara

<sup>68</sup> Between October 2016 and October 2018

<sup>69</sup> For the year 2010-11, 2011-12, 2012-13 and 2013-14 assessments finalised between March 2015 and March 2018

<sup>70</sup> Offices of the ACST/ STO: 7, 10, 21 Ahmedabad, 75 Bhavnagar, 103 Bhuj, 77 Botad, 35 Deesa, 81 Dhrangadhra, 94 Gondal, 28 Idar, 99 Jamnagar, 95 Jetpur, 52 Kapadwanj, 54 Khambhat, 30 Mehsana, 72 Navsari, 93 Rajkot, 37 Siddhpur, 63 and 67 Surat, 79 Surendranagar, 44, 45 Vadodara, 74 Vapi

Offices of the DCST: Range 1, 4, 6 Ahmedabad, Range 7 Gandhinagar, Range 15 Surat, Corporate Cell Division 5 Vadodara

# **CHAPTER-V**

## **LAND REVENUE**



## CHAPTER-V LAND REVENUE

### 5.1 Tax administration

Allotment of land and assessment and collection of land revenue are governed by the provisions of the Gujarat Tenancy and Agricultural Lands Act, 1948 and the Gujarat Land Revenue Code, 1879 and the rules framed thereunder. Land revenue mainly comprises premium price, conversion tax, non-agricultural assessment (NAA) and occupancy price/ lease rent from allotment/ lease of Government land. The Revenue Department (Department) functions as the Administrative Department of the Government. The Department exercises overall control on revenue related matters, supervision and monitoring over revenue officers and maintenance of land records. The Department is assisted by 33 District Collector offices at district level for management of land. Further, there are offices of 120 *Prant* Officers (POs) at the sub-division level and 260 *Mamlatdars* at the *taluka* level to assist the District Collector offices.

### 5.2 Results of Audit

There are 41 auditable units in the Revenue Department dealing with Land Administration. Out of these, audit selected 15 units for test check during 2018-19. These units comprise offices of the District Collectors, POs and *Mamlatdars* (Land Revenue), Director of Deendayal Institute of Survey and Revenue Administration, Settlement Commissioner and Director of Land Records and Principal Secretary, Revenue Department. 9,283 cases of allotment/lease of Government land/conversion of tenure of land/conversion in land use etc., were finalised in the selected units during 2018-19. Out of these 5,450 cases (58.71 *per cent*) were selected for audit and of these 5,437 cases (99.76 *per cent*) produced to audit were test checked.

Scrutiny of these cases revealed underassessment of tax and other irregularities involving ₹ 470.22 crore in 965 cases (17.75 *per cent*) which were pointed out to the Department through 209 Inspection Report (IR) paragraphs and one Performance Audit. Irregularities noticed broadly fall under the following categories:

**Table 01: Results of Audit**

Sl. No.	Category	No. of cases	Amount (₹in crore)
1	Performance Audit of “Grant of Government land and monitoring of its proper utilisation”	1	262.25
2	Non/short levy of occupancy price/premium price	55	181.04
3	Non/short recovery of NAA(Non-Agricultural Assessment)	73	9.80
4	Non/short recovery of Conversion tax	35	8.75
5	Other irregularities	46	8.38
	<b>Total</b>	<b>210</b>	<b>470.22</b>

During the course of the year, the Department accepted under-assessment and other irregularities of ₹ 68.69 lakh in 23 cases, which were pointed out in audit during 2018-19 and earlier years and made recovery in these cases.

A performance audit of “Grant of Government land and monitoring of its proper utilisation” involving ₹ 262.25 crore is mentioned in the succeeding paragraphs:

### **5.3 Performance Audit of ‘Grant of Government land and monitoring of its proper utilisation’**

#### **Highlights**

Department did not have a database of the lands granted/leased which was a key aspect of land management. In the absence of consolidated data of various categories of Government land allotted for various purposes and available for disposal, department is not in a position to take informed decisions regarding allotment of Government land and/ or monitoring the land already allotted.

**(Paragraph 5.3.6 (i))**

Average comparable sale value was incorrectly worked out resulting in undervaluation of Government land and short levy of occupancy/premium price of ₹ 69.14 crore in four cases of allotment/regularization of encroachment of lands measuring 34,79,964 sq. m. in three districts.

**(Paragraph 5.3.8.1)**

In 26 cases of allotment of *Gauchar* land for industrial purpose, 30 per cent of *Jantri* value aggregating ₹ 10.40 crore for *Gauchar* Development Fund was either not recovered or short recovered.

**(Paragraph 5.3.10 (iii))**

Irregular permission for conversion of new tenure Government land to old tenure land for the purpose of sale resulted in undue financial benefit of ₹ 67.30 crore in one case.

**(Paragraph 5.3.11.2)**

In two cases, premium of ₹ 14.80 crore was not realised from Companies which had changed their constitution without prior permission of the offices of the District Collector/Government.

**{Paragraph 5.3.12.3 (i) and (ii)}**

#### **5.3.1 Introduction**

The Gujarat Land Revenue Code (GLR Code) 1879 read with the Gujarat Land Revenue Rules (GLR Rules) 1972 provides for grant/allotment of Government land<sup>1</sup> on occupancy or leasehold rights either as revenue free or at the rates decided by the Government from time to time. Government has

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<sup>1</sup> *Gauchar* land, waste land and *Gamtal* land etc.

framed various policies for grant/allotment and regularisation of encroachment of Government waste and grazing (*Gauchar*) land with reference to the purpose of usage of land.

The allotment of Government land is made by the Revenue Department (RD) on an application before the office of the District Collector by individual/trust/company etc. On receipt of application for grant of land for any non-agriculture purpose, the office of the District Collectors initially ascertains the availability of land from the office of the jurisdictional *taluka Mamlatdar*. The *Mamlatdar* office forwards his report on the title and availability of the land demanded with reference to the Government policy of allotment to the office of the *Prant Officer* for verification. The office of the *Prant Officer* after verification of the case, submits the proposal to the office of the District Collectors for approval. The offices of the District Collectors depending upon the delegated powers of allotment either decides and issues final order of grant/ allotment after collecting requisite occupancy price, taxes and duties from the allottee or forwards the case to the Revenue Department for further action.

### 5.3.2 Organisational set-up

The administration of Land Revenue vests with the Additional Chief Secretary, Revenue Department, Government of Gujarat. For the purpose of administration, the State is divided into 33 districts. Each district is further sub divided into sub-divisions of *talukas* and villages.

The District Collectors are overall in-charge of their respective districts and are responsible for the administration of land related matters. Districts are subdivided into sub-divisions which are group of *talukas* looked after by *Prant* officers. At *taluka* level, *Mamlatdar* looks after the revenue administration. There is a Circle Officer for a group of villages and at village level, the *Talati* (Village Accountant) is entrusted with the work of collection of land revenue and other receipts including recovery of dues treated as arrears of land revenue.

### 5.3.3 Audit Objectives

The Performance Audit (PA) was conducted to get a reasonable assurance that:

- the system for maintaining the records was reliable and adequate;
- adequate system and procedures were in place in the Department to ensure correctness of assessment/ valuation of land and timely collection of revenue;
- the allotment of Government land was done in a transparent manner and was in accordance with the existing provisions, procedures and policies framed by the Government; and

- there exists an effective monitoring and evaluating mechanism after allotment of land.

#### **5.3.4 Scope of Audit and Methodology**

The Performance Audit (PA) included test check of the records of grant of Government land including cases of grant of land on lease as revenue free as finalised by the Revenue Department for the period from 2013-14 to 2017-18. Out of 33 Districts of the State of Gujarat, 10<sup>2</sup> districts were selected using ‘Stratified Simple Random Sampling’ on the basis of the total area of Government land allotted with the help of Interactive Data Extraction and Analysis (IDEA) tool. Further, to ascertain the level of compliance at the *taluka* level, two *talukas*, from each of these 10 districts, were selected on the basis of the area of the Government land allotted to the private organisation/trusts. In addition to the above, the Revenue Department and the village *Talati* (wherever required) were also covered in the audit. The audit was conducted between October 2018 and June 2019. Apart from the observations noticed on scrutiny of the records produced by the Department, the audit observations regarding allotment/ grant of Government land noticed during regular compliance audits of the Revenue Department/District Collectors offices have also been included in this report, wherever feasible.

An entry conference was held at the level of Additional Chief Secretary, Revenue Department, Government of Gujarat (GoG) on 13 December 2018 during which audit objectives, scope and methodology were explained. The draft Performance Audit report was issued to the Department/Government in February 2020 for their comments. Exit Conference was held with the Secretary and Commissioner (Land Reforms) on 24 June 2020 during which major audit findings were discussed. The replies/responses received from the Department during the exit conference have been suitably incorporated in the relevant paragraphs.

We acknowledge the co-operation extended by the Revenue Department in providing the necessary information and records during the course of the audit.

#### **5.3.5 Audit Criteria**

The audit criteria had been derived from the following Acts/ Laws and the Rules made there under governing the allotment/ grant of Government land:

- Gujarat Land Revenue Code 1879;
- Gujarat Land Revenue Rules 1972;
- Gujarat Government Rules of Business 1990 and
- The Notifications/Resolutions/Circulars/Orders issued by the Government/ Department from time to time.

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<sup>2</sup> Ahmedabad, Aravalli, Banaskantha, Dahod, Devbhoomi Dwarka, Jamnagar, Kutch, Mehsana, Surat, Vadodara.

## Audit Findings

### 5.3.6 Maintenance of records

#### (i) Absence of reliable database of Government land

Effective management of land resources requires a database of its land resources, identification of lands for disposal and database of lands granted/leased.

Audit found that the Revenue Department does not have a database of the lands granted/leased which was a key aspect of land management. It was crucial in monitoring the lands transferred to ensure due compliance with the conditions of transfer of land and also to verify the intended utilisation of the same. Further, scrutiny of land allotment records revealed that no orders/instructions for determining the qualifications of allottees or for inviting applications were issued by the Revenue Department, instead allotments were considered in respect of only those who applied for allotment. The status of applications, proposals received from the offices of the District Collectors for grant of Government land during the period covered under audit was also not available with the Department. Due to absence of this data, the audit could not ascertain the status of pending alienations. However, the approval orders in the form of Resolutions (GR) issued by the Government for allotment/ grant of the Government land was maintained by the respective branch of the Department in a file called “Select File”. It was observed that neither any index of the GRs issued was linked with these Select File(s) nor the files were page numbered. Further, the GRs issued were kept in the Select files without following any chronological order. In absence of this, audit could not ascertain the exact number of cases of allotment/grant of Government land during the audit period.

Consequently, there was absence of year wise reliable consolidated data of various categories of Government land allotted for various purposes and available for disposal. As such the Department was not in a position to take informed decisions regarding allotment of Government land and/ or monitoring the land already allotted.

#### (ii) Inadequate record maintenance at District level

As per Section 53 of Gujarat Land Revenue Code, 1879, a register shall be kept by the District Collector offices in such form as may from time to time be prescribed by the State Government, of all lands, the alienation of which has been established or recognised under the provisions of any law for the time being in force.

As intimated to audit, there was no system of maintaining registers for monitoring of receipt of applications, their disposal, approval/sanction received and allotment made at the District Collector offices. Accordingly, three District Collector offices<sup>3</sup> stated that no such registers were maintained

<sup>3</sup> Dahod, Kutch and Vadodara

and the remaining seven District Collector offices did not produce any register for audit to ascertain the number of cases of allotment/grant of Government land. The test-checked District Collector offices placed all the allotment/grant orders in a file in loose form and on request of audit, list of such orders was made available to audit.

Thus, there was inadequate record maintenance at District level due to which there was lack of monitoring of receipt, disposal of applications for allotment of Government land and monitoring of land usage for intended purpose.

After this being pointed out, the Department while accepting the need of such database during the exit conference agreed to look into the matter. Further reply is awaited (June 2020).

### **5.3.7 Disposal of Government land without auction**

Rule 42 of the Gujarat Land Revenue Rules, 1972 provides that unoccupied land required or suitable for building sites or other non-agricultural purpose shall ordinarily be sold after being laid out in suitable plots by auction to the highest bidder whenever the District Collector is of an opinion that there is a demand for land for any such purpose; but the District Collector may, at his discretion, dispose of such land by private arrangement, either upon payment of a price fixed by him, or without charge, as he deems fit.

Audit noticed that the following cases of allotment / grant of Government land has been done by the State Government /Department, on an application made before the District Collector office without following the auction route.

#### **Cases of allotment / grant / regularisation of Government land furnished to audit**

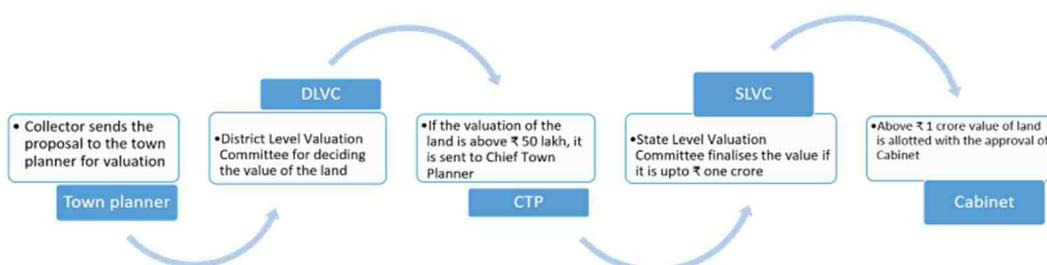
In absence of a structured database of Government land allotted / granted, the case files extracted based on the GRs in the Select Files maintained by the Revenue Department and the District Collector offices during the last five years were verified in audit. As per the GRs, 865 allotments covering an area of 8,91,29,144 sq. m. falling in 10 selected Districts were made by the Department between 2013-14 and 2017-18. Of these 865 allotment cases, files in respect of 800 cases were produced and checked in audit. In remaining 65 cases, files were not produced to audit despite repeated reminders. Further, 1,311 cases of allotment/grant of Government land finalised by the respective District Collector offices were also scrutinised during audit.

The scrutiny of these cases revealed a number of irregularities such as ambiguity in valuation mechanism, lack of uniformity and transparency in allotment/grant of Government land, non-adherence to the policies and guidelines, lack of monitoring of utilisation of the land etc. The system and compliance deficiencies noticed in these cases are discussed broadly in four categories of Valuation and Allotment of Government land, management of *Gauchar* land and post allotment issues.

### 5.3.8 Valuation of Government land

The guidelines for assessment of value of Government land intended to be allotted/ granted for non-agricultural purposes prepared by the Urban Development and Urban Housing Department (UDUHD) were adopted by the Government from September 2002. The process of assessment of value of land was modified in October 2008 and April 2011. The Government constituted two committees for assessment of market value of Government land: The District Land Valuation Committee (DLVC) and State Land Valuation Committee (SLVC). In case the value of land as determined by the DLVC exceeds ₹ 50 lakh, the Revenue Department refers the case to SLVC for finalisation of value of the land. After finalisation of market value of the land by the SLVC, the case is put up before the Cabinet for approval. The limit of ₹ 50 lakh for the Cabinet approval was increased to ₹ one crore in 2010. The assessments of the land are made on the reports (called valuation reports) prepared by the concerned Town Planner and the Chief Town Planner. The hierarchy of valuation system is as depicted below:

**Chart 1: Process of Valuation of Government land:**



On receipt of Cabinet approval, a Government Resolution (GR) is issued by the Revenue Department asking the concerned District Collector office to grant/allot the land after collecting requisite occupancy price, taxes and duties. The District Collector office issues final order of grant/allotment with certain specific conditions attached to the grant/allotment. The possession of the land is handed over to the allottee by the office of the *Mamlatdar*.

#### 5.3.8.1 Deficiencies in mechanism of valuation of Government land

The guidelines for valuation of Government land issued vide Government Resolution of April 2011 stipulate that the value of the land proposed for allotment shall be arrived at after considering average comparable sale value of similar type and area of land situated within a radius of 1.5 kilometers as ascertained by the Town Planner from the registered sale deeds of last six months<sup>4</sup>/one year, as the case may be. In case of non-availability of sufficient number of sale deeds executed prior to six months/one year of date of DLVC, the committee may consider the sale deeds more than one year old. However,

<sup>4</sup> In case of six cities and their Urban Development Authorities namely Ahmedabad, Gandhinagar, Jamnagar, Rajkot, Surat, Vadodara.

in such case the sale value is to be increased by 12 *per cent* per annum. The average comparable sale value so arrived is to be increased/ decreased by the percentages mentioned against the criteria<sup>5</sup> influencing the valuation of the land.

### Absence of uniform criteria for considering the number of sale deeds/ period of sale deeds

During scrutiny of the valuation cases, Audit noticed that the guidelines did not provide any specific criteria for deciding the sufficient number of sale deeds for arriving at the average comparable sale value. In absence of such criteria in some cases, some sale deeds were ignored while working out average comparable sale value. Further, in some other cases, the sale deeds more than one year old were considered but the applicable increment of 12 *per cent* per annum was not provided while calculating the average comparable sale value. Due to this, in four cases of allotment/regularization of encroachment of lands measuring 34,79,964 sq.m. in three<sup>6</sup> out of 10 selected districts, the average comparable sale value was incorrectly worked out which subsequently resulted in undervaluation of the land and short levy of occupancy/premium price of ₹ 69.14 crore as discussed below:

**Table 02: Short levy of Occupancy price/premium**

Sl. No.	Name of Allottee/ Date of order	Area in Sq. m.	Rate of land <i>per sq. m.</i>		Short levy of occupancy price (₹ in crore)
			Leviable (₹)	Levied (₹)	
1.	Company A/ 02 March 2015 <sup>7</sup>	24,85,897	947	673	68.11
<p><b>Nature of observation:</b> Office of the Town Planner had calculated the average sale value based on five comparable sale deeds out of which two were executed more than one year prior to the date of DLVC meeting. Audit found that office of the Town Planner had left out four more comparable sale deeds executed within the last one year from the date of DLVC. Thus, out of the total nine sale deeds, seven sale deeds executed within the last one year were available for consideration. However, two sale deeds of lower value, executed prior to one year of the date of DLVC meeting were considered and four sale deeds were not considered for calculating the average sale value. This has resulted in reduced average comparable sale value. Further, it is pertinent to mention here that the said land was valued at ₹ 1,100 per sq. m. for Gujarat Industrial Development Corporation in August 2009. However, this fact was not brought to the notice of the Cabinet while finalising the value of ₹ 673 per sq. m. Thus, the irregular valuation and fixation of value of land resulted in short levy of occupancy price of ₹ 68.11 crore.</p>					
2.	Company 'A' 02 March 2015 <sup>8</sup>	3,03,525	398	385	0.39
<p><b>Nature of observation:</b> The DLVC considered ten sale deeds for arriving at the average comparable sale value including one sale deed executed prior to one year from the date of its meeting. Considering one additional sale deed executed prior to one year of the date of meeting of the DLVC reduced the average comparable sale value. This resulted in short levy of occupancy price of ₹ 0.39 crore.</p>					

<sup>5</sup> Municipal Corporation/ Urban/ Area Development Authority/ Municipalities/ Village area, Approach roads, national/ State Highways, Natural/ manmade parameters and development projects etc.

<sup>6</sup> Ahmedabad, Mehsana, Surat

<sup>7</sup> Block No.293, Hansalpur, Taluka: Mandal, District: Ahmedabad (24,85,879 sq. m.)

<sup>8</sup> S No.53 Udhojpur, Taluka: Mandal, District: Ahmedabad (3,03,525 sq. m.)

3.	Company 'B' / 02 March 2015 <sup>9</sup>	6,87,960	940	934.50	0.38
<b>Nature of observation:</b> The DLVC considered 27 sale deeds including two sale deeds executed prior to one year from the date of its meeting. Considering two additional sale deeds executed prior to one year of the date of meeting of the DLVC, reduced the average comparable sale value. This resulted in short levy of premium of ₹ 0.38 crore.					
<b>Non-increase of 12 per cent in the average comparable sale value</b>					
4.	Company 'C' / 30 December 2016 <sup>10</sup>	2,582	5,329	4,928	0.26
<b>Nature of observation :</b> The DLVC valued (23 January 2015) the land encroached by the company for regularisation thereof on the basis of two sale deeds executed prior to one year (07 January 2014 and 20 April 2012) from the date of its meeting as no sale deed executed within the last one year was available for consideration. The DLVC was required to increase the value by 12 per cent per annum, however no increase was made by the DLVC. This resulted in under valuation of land with short levy of penal occupancy price of ₹ 0.26 crore.					

It could be seen from the cases listed at Sl.No.1 to 3 above that there were no specific criteria for deciding the number of sale deeds which could be termed as sufficient for the purpose of arriving at the average comparable sale value. Thus, the deficiency in the valuation system allowed the valuation authorities to artificially deflate the market value of the land to provide undue advantage to the recipient of the land. In cases listed at Sl. No.4, the incorrect calculation of average comparable sale value took place at the lowest level of valuation but went unnoticed till audit pointed out these cases.

After this being pointed out, the Department during the exit conference stated that the valuation policy has been revised effective from September 2018 and the audit observations were taken into care in the revised policy.

### 5.3.8.2 Short levy of occupancy price due to incorrect categorisation of nagarpalika area

The GR of 29 September 2008 resolved to allot the land for playground (for schools) in rural areas (B, C and D category nagarpalikas)/ urban areas upto 8,094 sq. m./4,047 sq. m. respectively at a token rent of ₹ one for 30 years. For the period beyond 30 years, the land can be allotted at the rate of 25/ 50 per cent of the market value. Further, in rural areas (B, C & D category nagarpalikas), land up to 600 sq. m. can be granted free of cost and revenue free for the construction of school building while land in excess of 600 sq. m. can be granted at 25 per cent of the market value. In urban areas, land for school building has to be allotted on recovery of 50 per cent of the market value.

During scrutiny of the records of the office of the District Collector, Banaskantha, it was revealed that the trust 'Q', Deesa had already been allotted 836 sq. m. of City Survey No.5042, Nava Deesa for the purpose of

<sup>9</sup> Block No.1056/B paiki Village: Bharbodhan Taluka: Olpad, District: Surat (6,87,960 sq. m.)

<sup>10</sup> S No.768P1, Vill. Indrada, Tal Kadi, District Mehsana

construction of school building and 2,641 sq. m. of land for the purpose of playground on token rent of ₹ one per annum. The trust vide its application dated 21 July 2009 again applied for allotment of Government land<sup>11</sup> and the Revenue Department vide its GR dated 16 February 2015, allowed the allotment of the land measuring 1,673 sq. m. and 5,453 sq. m. for construction of school building and school playground respectively. In the said GR, the Department had considered village Nava Deesa under category 'B' and levied occupancy price at the rate of 25 *per cent* of the market value of land measuring 1,673 sq. m. allotted for school building while land measuring 5,453 sq. m. for playground was to be allotted without any recovery of occupancy price. The trust paid the occupancy price of ₹ 52.12 lakh on 03 November 2015.

As per the opinion (July 2012) of the office of the Chief Officer of Deesa *nagarpalika*, village Nava Deesa is an urban area falling under Area Development Authority of Deesa *nagarpalika*. This was further clarified with the issuance of Circular dated 24 July 2015 of the UDUHD, wherein Deesa *nagarpalika* was categorised in category 'A' based on the census data of 2011. Accordingly, the trust was intimated by the District Collector office to pay occupancy price at the rate of 50 *per cent* of the market value on 1,909 sq. m. [(1,673+836) - 600] for school building and on 4,047 sq. m. [(5,453+2,641)-4,047] for playground. However, no payment was made by the Trust. The District Collector office had also requested the Revenue Department for further clarification/ instructions in this matter. Finally, the Revenue Department stated (December 2015) that there was no need for revaluation of land as the GR for allotment of land was issued in February 2015 after due consideration. Accordingly, the District Collector office vide order dated 18 December 2015 allotted the said land to the trust.

The opinion of the Revenue Department of December 2015 was not as per the Government policy as at the time allotment of the land to the trust, the category of the village Nava Deesa had changed from 'B' to 'A'. In this case the trust was required to pay occupancy price at the rate of 50 *per cent* of the market value of land measuring 2,509 sq. m. allotted for school building (without any deduction) and land measuring 4,047 sq. m. as demanded by the District Collector office. Thus, incorrect consideration of the category of the area of the land allotted by the Department resulted in short levy of occupancy price of ₹ 3.06 crore<sup>12</sup>.

After this being pointed out, the Department during the exit conference stated that the valuation policy has been revised effective from September 2018 and the audit observations were taken into care in the revised policy.

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<sup>11</sup> R.S. No. 89, Village: Navadeesa, Taluka: Deesa

<sup>12</sup> [6,556 sq. m. (4,047+2,509) x ₹ 10,920 x 50 *per cent*] - ₹ 52.12 lakh

### 5.3.9 Allotment of Government land

#### 5.3.9.1 Re-grant of Government land in contravention of the extant provisions

The Revenue Department vide its GR dated 30 September 2014 resolved to re-grant the agricultural land to the original owners or their legal heirs from whom Government had purchased the land under auction against the outstanding loan amount (*taccavi* loan<sup>13</sup>) due from those agriculturists. The above re-grant is subject to the following conditions:

- after taking the land under Government head, the possession of the land should have been held continuously by the original owner or their legal heirs or they should have continuously used the land for agriculture under Government's '*Eksali*' scheme<sup>14</sup>;
- the land so re-granted shall not be sold, transferred or used for non-agricultural purpose up to five years from the date of re-grant;
- the land must be used for agricultural purpose to make livelihood;
- the conditions of the Gujarat Agricultural Land Ceiling Act 1976 must be fulfilled.

The land so re-granted as new tenure land can be converted into old tenure after completion of five years on payment of the prescribed premium. However, the land falling in-between the industrial land of mega industrial units, can be transferred to the industrial unit after payment of premium even before the lock-in period of five years on recommendation of the Industries and Mines Department and prior approval of the Revenue Department.

During scrutiny of records of office of District Collector, Ahmedabad, in one case of re-grant of land to original occupant, the land was taken under Government head effective from 1954-55, but was encroached upon by the occupant of the land.

Audit observed that vide orders dated 29 December 2016 and 27 December 2017, land measuring 77,599 sq. m. was re-granted to legal heirs of original occupants on recovery of ₹ 5.43 lakh after obtaining permission (April 2016 and September 2017) of the Revenue Department as per GR dated 30 September 2014. However, audit noticed following irregularities in the re-grant order:

- the Department did not ascertain whether the land being re-granted was for the livelihood of the grantees and the re-grant fulfils the provisions of the Gujarat Agricultural Land Ceiling Act, 1976.

<sup>13</sup> *Taccavi* loan is short term loan given to poor farmers to purchase seeds, fertilizers, equipment's and for other agriculture purposes. This was introduced to enhance productivity of crop cultivation and help poor farmers to increase their income.

<sup>14</sup> *Eksali* scheme means grant of land for cultivation on one-year lease basis.

- As per the ‘*panchnama*’ submitted by the office of the *Talati-cum-Mantri* of Vithlapur village, out of the said land, land measuring 16,694 sq. m. was not in continuous possession of the legal heirs of the original occupants as per land records. Further, as per ‘*panchnama*’ dated 01 March 2017 and the photographs furnished by the office of the *Talati-cum-Mantri* and Circle Officer, Mandal the land measuring 16,694 sq. m. was used by the Company ‘E’ for office, garden, lawn and parking purpose before the re-grant order (December 2017).
- The grantees had executed a registered sale deed (Document No.07 dated 07 January 2017) for transfer of S.No.405 *paiki* measuring 60,905 sq. m. to Company ‘E’. However, no permission for transfer of the land was obtained from the Government/Department by the grantee before executing the sale deed. Thus, the transfer stands irregular.

In view of above, it can be concluded that the re-grant of the Government land was in contravention of provisions of the GR and the transfer of the land to the company was either required to be revoked or regularised on recovery of occupancy price/ penal occupancy price of ₹ 30.79 crore<sup>15</sup> by considering the transfer as unauthorised possession.

After this being pointed out, the Department during the exit conference agreed to look into the matter. Further reply is awaited (June 2020).

### **5.3.9.2 Regularisation of the excess measured land**

#### **(i) Short levy of premium**

As per GR dated 09 July 2013, the excess land arising during resurvey of land adjoining Government land, river, pond or any public road at one or more sides can be regularised by levying premium at the *Jantri* rates where the excess land is within 20 *per cent* of the existing area. Where the additional area is in excess of 20 *per cent*, the premium is to be levied at twice the *Jantri* rates on such excess area. In case the *Jantri* rate of the particular survey number is not available, then *Jantri* rate of the adjacent survey number shall be applied. The rate is to be adopted according to the usage of the land.

Scrutiny of the records in the offices of the Revenue Department and District Authority, Kutch revealed that in case of excess measured land arising on resurvey, there was short-levy of premium due to adoption of incorrect *Jantri* rates in the following five cases:

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<sup>15</sup> (60,905 sq. m. x ₹ 3,000 per sq. m.<sup>15</sup>) + (16,694 sq. m. x ₹ 3,000 per sq. m.) x 2.5)

**Table 03: Short levy of premium price on excess measured land**

Sl. No.	Name of occupant/ Description of land	Original area (in sq. m.)	Excess measured area (in sq. m.) (percentage excess)	Rate of land (per sq. m.)		Short levy of premium (₹ in crore)
				Leviable (₹)	Levied (₹)	
1.	Company 'F' S No.570 of AnjarSim, Taluka: Anjar	88,829	5,362 (six)	2,600	2,100	0.27
<b>Nature of observation:</b> The land falling under urban area was being used for industrial purpose. In the instant case <i>Jantri</i> rates applicable to 'open land' was required to be applied for levy of premium on excess measured area. However, the Department applied rate of ₹ 2,100 per sq. m. applicable to 'industrial use' instead of ₹ 2,600 per sq. m. applicable to 'open land'. It is pertinent to mention here that in a similar case belong to the same Company for the land 1,720 sq. m. situated at Survey No.575 of Anjar Sim, Taluka Anjar, the Revenue Department charged ₹ 2,600 per sq. m. based on the opinion of the Valuation Authority, Bhuj. This resulted in short levy of premium of ₹ 26.81 lakh.						
2	Two individual 'A' & 'B' / S No. 364, 365/1 and 365/2 of Madhapar, Taluka: Bhuj	1,08,557 (NA: 64.55 per cent, Agriculture 35.45 per cent)	9,915 (nine) 6,400.13 (Non- Agriculture) 3,514.87(Agriculture)	1,250 235	235 235	0.65
3.	Individual 'C' / S No. 772 of Bhachau, Taluka: Bhachau	16,188 (NA: 62.78 per cent, Agriculture: 37.22 per cent)	6,374 <sup>16</sup> (39) 2,032.18 1,204.81 1,969.41 1,167.59	1,150 225 1,150 x 2 225 x 2	225 225 225 225	0.72
<b>Nature of observation:</b> In above two cases, excess measured land was regularised by levying premium at <i>Jantri</i> rate applicable to agricultural purpose though the part of the land was under non-agricultural (residential) use before issuance of GR by Revenue Department. Hence, premium was required to be levied in accordance with the land use and the proportionate area under the agriculture and non-agriculture use. The non-levy of premium on pro-rata basis resulted in short levy of ₹ 1.37 crore in the above two cases.						
4.	Individual 'D', S.No.1191/1 of Bhachau, Taluka: Bhachau	19,122	5,564 (29) 3,824 1,740	175 175 x 2	1 138 138 x 2	0.03
<b>Nature of observation:</b> In the above case, for regularization of excess measured non-irrigated land, premium was required to be levied at <i>Jantri</i> rate of ₹ 175 per sq. m. However, the District Collector office applied incorrect rate of ₹ 138 per sq. m. which was not mentioned in the <i>Jantri</i> . The incorrect application of rate resulted in short levy of premium of ₹ 2.70 lakh.						
5.	Individual 'E' / S No. 497 of Bhimasar, Taluka: Anjar	29,947	10,724 3,844 6,880	545 545 x 2	303 303 x 2	0.43
<b>Nature of observation:</b> In the instant case, total land including excess measured land was sold to a Private Ltd Company vide registered deed (March 2016) before issue of GR. Hence, the Department was required to apply <i>Jantri</i> rate applicable for industrial purpose for levy premium. However, <i>Jantri</i> rate applicable to 'agriculture use' was applied. This resulted in short levy of premium of ₹ 42.60 lakh.						

**(ii) Lacunae in the policy**

The GR dated 09 July 2013 provides option to the land holder to either get the excess measured land regularised on payment of prescribed premium or surrender such excess land. However, the GR does not entrust any authority/ power to the jurisdictional District Collector to ensure that the land occupant invariably exercises either of the two options. Moreover, the Land management laws of the State are also silent on the options available with the

<sup>16</sup> Within limit of 20 per cent: NA: 2,032.18 sq. m., Agriculture: 1,204.81 sq. m. Above 20 per cent: NA: 1,969.41 sq. m., Agriculture: 1,167.59 sq. m.

departmental authorities to take penal action on the land holders who wilfully do not obey the orders issued under various GRs of the Government.

Scrutiny of the records relating to regularisation of excess measured land in the office of the District Collector, Kutch revealed that the Revenue Department approved regularisation of excess measured land of 28,125 sq. m. in four cases on condition to levy premium of ₹ 2.45 crore as per the GR of July 2013. The District Collector office accordingly intimated the concerned land holders to pay premium for regularisation of excess measured land. However, the land holders neither paid the premium nor surrendered such land. Since the GR and the existing laws did not empower the District Collector office to enforce the provisions of the GR/ order issued to the land holders, three out of the four cases were filed for the time being subject to the condition that the unauthorised occupant shall apply for regularisation of excess land in future and the *Jantri* rates as well as Government rules applicable at that time will be considered while processing the application. Audit noticed that the option to regularise has been left to the unauthorised occupants of the land irrespective of any time limit. While, in the land records no mention of the unauthorised occupation of the excess land has been made which may result in undue benefit to the occupant while transferring or mortgaging the land. Thus, the lacunae in the policy of not mentioning the time limit within which the applicant was required to regularise the excess land has a possibility of potential revenue leakage of ₹ 2.45 crore and the land remains in unauthorised possession.

After this being pointed out, the Department during the exit conference agreed to look into the matter. Further reply is awaited (June 2020).

**It is recommended that the Government may consider revising the policy by mentioning the time limit within which the excess land holding shall be regularized. Further, Government may also take necessary action to resume the excess land to the Government account wherever it was not regularised.**

### **5.3.9.3 Renewal of lease of land in excess of prescribed area**

Rule 32(1) of the Gujarat Land Revenue Rules 1972 provides for allotment of Government land for setting up schools, hostels, hospitals, etc., without recovery of occupancy price or revenue. Further under Rule 32-A of the GLR Rules, the District Collector office is empowered to allot Government land on lease for a period not exceeding 15 years at a nominal rent of ₹ one per annum for playground or other recreational purposes to educational institutions/ local *mandali* gymnasiums recognised by Government. In case of Panchayat, Municipality or any other local authority, the area and the revenue free value of land should not exceed five *acres* (20,235 sq. m.) and ₹ 25,000. In other cases of public body or institution, the upper limit is 2 ½ *acres* (10,117 sq. m.) and ₹ 5,000.

Audit noticed excess allotment/lease of Government land and consequent short/non levy of occupancy price in the following cases:

**Table 04: Non levy of occupancy price**

Sl. No.	Name of lessee	Purpose	Area leased (in sq. m.)	Area eligible for grant on lease (in sq. m.)	Excess area leased (in sq. m.)	Market Value of excess/irregular grant of lease of land (₹ in crore)
1	One Sports Club. R.S.No.5027 paiki, Village: Nava Deesa, Taluka: Deesa, District: Banaskantha	Playground	28,493.19	10,117	18,376.19	18.65
2	One Higher Education Society. R.S. No. 86 and 87, Village and Taluka: Modasa District: Aravalli	Playground	56,790	10,117	46,673	28.00

**Nature of observation :**

**One Sports Club:** The land measuring 28,846.20 sq. m. was originally granted on 23 September 1968 for playground on lease. The lease period was continuously extended till February 2004. The lessee applied for the extension of lease for a further period of 15 years on 08 March 2004. Meanwhile, the club unauthorisedly used land measuring 353.02 sq. m. for commercial purpose which was taken to Government head by the District Collector office in January 2014. Subsequently, the lease period for remaining 28,493.19 sq. m. was extended up to 17 February 2019 vide GR dated 19 May 2015 i.e. after lapse of 11 years after the date of application.

**One Higher Education Society:** The land measuring 73,148 sq. m. was initially granted (20 June 1963) on lease for a period of 15 years ending on 20 June 1978 as per GR dated 20 June 1963. The society applied for extension of lease on 11 January 1979. However, the Department did not take any action till 01 May 2003. Meanwhile, out of the original area of 73,148 sq. m.; land measuring 10,000 sq. m. was allotted for Modasa town police station vide District Collector office; Aravalli order dated 7.1.2015. The lease period of remaining 63,148 sq. m. was extended up to 20 June 2018 vide GR dated 08 June 2015. Thus, the lease period of 40 years was extended by a single order passed after 36 years of application. Subsequently vide amended GR dated 23 October 2015 the Revenue Department reserved land measuring 6,358 sq. m. for Government purpose and remaining 56,790 sq. m. land remained with the lessee.

Since in these cases, the Government had modified its policy regarding allotment of Government land vide Rule 32-A of the GLR Rules after the initial allotment, the competent authority was required to renew the lease period keeping in view the existing policy. The lease of land measuring over and above the maximum prescribed 10,117 sq. m. was required to be extended after recovery of occupancy price at market rate. Thus, there was loss of revenue in the form of occupancy price of ₹ 46.65 crore.

After this being pointed out, the Department during the exit conference agreed to look into the matter. Further reply is awaited (June 2020).

**5.3.10 Management of Gauchar land**

The Government Circular of 30 December 1988 stipulates that for every 100 cattle in a village, there must be 40 acres (16 hectare) of *Gauchar* land. In case where *Gauchar* land is less than the above norms, it should not be granted except for public utility purpose.

The irregularities noticed in the management of the *Gauchar* land during scrutiny of the records of the Revenue Department and offices of District Collectors are discussed below:

**(i) Regularisation of the encroachment of *Gauchar* land against the extant policy**

The Government, on the basis of the Supreme Court’s judgement dated 28 January 2011, pronounced policy for the management of the *Gauchar* land vide its GR dated 01 April 2015. The policy prohibits regularisation of cases of encroachment of *Gauchar* land in any case under any circumstances at any level.

During scrutiny of the records of the Revenue Department it was noticed that in the following two cases, the Department accorded permission (December 2015 and September 2017) for regularisation of the encroachment of the *Gauchar* land by treating the cases as of ‘exceptional nature’. Since the policy does not mention any circumstances under which encroached *Gauchar* land could be regularised, the decision of the Department was not in consonance with the prevailing policy.

**Table 05: Regularisation of the encroachment of the *Gauchar* land**

Sl. No.	Name of Allottee	Description of property	Area in sq. m.	Purpose
1.	Trust ‘T’, Keshiya	RS No.413 <i>paiki</i> 10, Village: Keshiya, Taluka: Jodiya, District: Jamnagar	1,493	Community
2.	Trust ‘U’, Ghodasar	R.S.No.203 <i>paiki</i> , Village: Asodar, Taluka: Tharad, District:Banaskantha	151.20	Hostel

**(ii) Non levy of *Gauchar* Development Fund on land granted on RoU basis**

The GR of April 2015 stipulates that *Gauchar* land may be allotted for laying of pipeline on the basis of right of use at 10 *per cent* of prevalent market value of the land. Further, 40 *per cent* of *Jantri* value of the *Gauchar* land is required to be deposited in the *Gauchar* Revolving Fund for *Gauchar* Development.

During scrutiny of the records in the office of the District Collector, Mehsana, it was observed in four cases that *Gauchar* land measuring 21,754 was given (January 2017) on Right of Use (RoU) basis to one Central PSU for Salaya-Mathura Pipe Line Project at 10 *per cent* of market value of the land. However, 40 *per cent* of *Jantri* value for the Revolving Fund for *Gauchar* Development was neither recovered nor any mention in this regard was made in the order issued by the District Collector office. This resulted in non-levy of *Gauchar* Development Fund amounting to ₹ 0.39 crore.

**(iii) Non/short levy/ recovery of additional occupancy price for Gauchar Development Fund**

As per GR dated 01 April 2015 read with GR dated 09 March 2016, where *Gauchar* land is to be allotted for public purposes such as road, railways *etc.*, the organisation is required to pay 30 *per cent* of *Jantri* value of the land in addition to the occupancy price to the Government for further transfer to the concerned *Gram Panchayat* for improvement/development of the *Gauchar* land.

The Government vide GR dated 07 July 2015 read with GR dated 11 February 2013, allowed advance possession of the *Gauchar* land to the State Public Sector Undertakings (PSUs) engaged in industrial activities and Central Public Sector Undertakings (PSUs).

Scrutiny of the records revealed that in eight<sup>17</sup> districts, *Gauchar* land measuring 2,52,769 sq. m. was allotted/ advance possession was given to three<sup>18</sup> allottees in 26 cases for industrial purpose. However, the additional occupancy price of 30 *per cent* of *Jantri* value aggregating to ₹ 10.40 crore recoverable for *Gauchar* development fund was either not recovered or short recovered from the allottees.

**(iv) Recoupment of the Gauchar land**

As per GR dated 01 April 2015 read with GR dated 09 March 2016, where *Gauchar* land is to be allotted for public purposes such as road, railways *etc.*, the District Collector office shall reserve the equivalent area of the Government waste land for *Gauchar* purpose and shall hand over the land to the concerned *Gram Panchayat* so that the area of *Gauchar* land does not reduce.

During scrutiny of the *Gauchar* land allotment/ advance possession cases in three<sup>19</sup> District Collector offices, it was revealed that 1,21,642 sq. m. of *Gauchar* land had been allocated to State Departments<sup>20</sup>/ PSU<sup>21</sup> and Central PSU. In these cases, equivalent land was required to be declared as *Gauchar* land by the respective District Collector offices, transferred to the concerned *Gram Panchayat* and suitable entries were to be made in the revenue records. However, it was noticed that:

- In eight cases of these three districts, though land measuring 82,366 sq. m. was required to be declared as *Gauchar* land, no orders in this regard were issued by the jurisdictional District Collector offices.
- In eight cases of Banaskantha district, land measuring 39,276 sq. m., equivalent to the *Gauchar* land allotted, was ordered by the District Collector office for transfer as *Gauchar* land to respective *Gram*

<sup>17</sup> Ahmedabad, Aravalli, Banaskantha, Bharuch, Devbhumi Dwarka, Gandhinagar, Mehsana, Vadodara

<sup>18</sup> State PSU 'B', State PSU 'G', Central PSU

<sup>19</sup> Banaskantha, Devbhoomi Dwarka, Jamnagar.

<sup>20</sup> Home Department, Revenue Department (GSDMA), Roads and Buildings Department.

<sup>21</sup> State PSU 'B'.

*Panchayat*. However, no corresponding entries were found made in the revenue records of the particular village.

The above facts indicate that the Department did not (i) ensure availability of the *Gauchar* land as per the prevailing policy and (ii) update the land records to authorize the respective *Gram Panchayat* to take up development work of the *Gauchar* land assigned to them.

**(v) Monitoring of allocation of additional occupancy price/ *Gauchar* Development Fund**

The additional occupancy price levied under 27 January 1999 read with 01 April 2015 is to be used for development of *Gauchar* land. The additional occupancy price shall have to be credited to *Gauchar* Development Revolving Fund<sup>22</sup>.

During scrutiny of the records of 10<sup>23</sup> District Collector offices, it was noticed in 75 cases of advance possession/ allotment/ regularisation of encroachment of *Gauchar* land that additional occupancy price/ *Gauchar* Development Fund of ₹ 61.31 crore was recovered. However, nothing was on record to establish that the said amount had been credited to the *Gauchar* Development Revolving Fund and subsequently transferred by the Department to the concerned *Gram Panchayat* for the development of the *Gauchar* land. The above fact indicates that the Department did not adhere to the policy for the conservation and development of the *Gauchar* land.

After this being pointed out, the Department during the exit conference stated that regarding transfer of *Gauchar Development Fund* to *Gram Panchayat*, the work of creation of a new account head for *Gauchar* Development Fund is in progress.

**It is recommended that the Government may strictly abide by its own policy of management of *Gauchar* land in the State.**

**(vi) Delayed payment of additional occupancy price**

During scrutiny of the records it was noticed in three<sup>24</sup> District Collector offices that in seven cases of allotment of *Gauchar* land, the allottees did not pay the additional occupancy price at the time of advance possession. Instead, the amount was paid along with differential occupancy price at the time of issue of allotment order. Though, the Government prescribed for payment of interest on the differential occupancy price from the date of advance possession to the date of payment of such differential amount, no provisions had been made to levy interest on the delayed payment of additional occupancy price. The interest amount foregone by the Government in these cases worked out to ₹ 3.46 crore.

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<sup>22</sup> Major Head 0029- Land Revenue, Minor Head 107-Sale proceeds of waste land and redemption of tax, Sub Minor Head 03- Receipt from sale of *Gauchar* land for industrial purpose

<sup>23</sup> Ahmedabad, Aravalli, Banaskantha, Dahod, Devbhoomi Dwarka, Jamnagar, Kutch, Mehsana, Surat, Vadodara.

<sup>24</sup> Ahmedabad, Mehsana, Vadodara

### 5.3.11 Post allotment issues

#### 5.3.11.1 Government land not resumed

The Government vide its Circular dated 10 July 2008 instructed the District Collectors not to renew the lease period and resume the Government land given for 'Krishi/ shala farm' (farming education purpose) to *uttarbuniyadi* schools and primary/secondary vocational schools in the event of conversion of such schools as regular schools.

(i) During scrutiny of the records in the office of the District Collector, Banaskantha and Mehsana it was noticed that land allotted for 'Krishi/shala farm' was not resumed to Government head by the District Collector offices as detailed below:

**Table 06: Government land not resumed**

Sl. No.	Name of lessee	Area of land leased (in sq. m.)	Occupancy price leviable for irregular grant of lease on market value of land (₹ in crore)
1.	Trust 'V', Deodar. R.S.No.265A/paiki 2/ paiki 2, Village: Duchakwada Taluka: Deodar, District: Banaskantha	24,282	1.01
<p><b>Nature of observation:</b> The trust was in possession of 40,470 sq. m. land granted on lease for school farm. However, the Revenue Department vide its GR dated 24 February 2014 ordered to take 24,282 sq. m. land under Government head. Remaining 16,188 sq. m. land was left with the trust for playground (4,047 sq. m.) and tree plantation. The trust, vide its letter dated 15 April 2014, stated that the land measuring 24,282 sq. m. may be kept with the trust in the interests of the students and requested the Revenue Department to reconsider the GR dated 24 February 2014. The Revenue Department instructed (24 July 2014) the District Collector office to initiate appropriate action as per the prevailing law. However, village form-6 revealed that the District Collector office vide orders dated 14 September 2015, had extended lease period of the whole land measuring 40,470 sq. m. for a period up to 31 July 2020. The action of the District Collector office to extend lease period of land 24,282 sq. m. valuing ₹ 1.01 crore against the orders of the Revenue Department was in contravention of the Government policy enunciated vide Circular dated 10 July 2008.</p> <p>On this being pointed out in audit, the District Collector office rectified the order dated 14 September 2015 vide entry no.3300 dated 03 January 2020 and the lease area was renewed to 12,141 sq. m. (three acre) instead of 40,470 sq. m. (10 acres) in the record of rights (VF No.6). However, the entire 40,470 sq. m. (10 acres) is still in the name of the Trust as per mutation records (VF No.7) and hence, actual possession of the 28,329 sq. m. (seven acre) was not taken back into government head.</p>			
2.	Trust 'W', Sakari. R.S.No.1 paiki, Village:Sakari, Taluka: Kheralu, District:Mehsana	10,000	0.23
<p><b>Nature of observation:</b> As per letter dated 06 August 2014 of the Revenue Department, addressed to the District Collector office, Mehsana the trust has ceased to impart agriculture related education. Thus, the Department instructed to take land measuring 10,000 sq. m. back to the Government head which was allotted to the trust for agriculture purpose. However, as per village form-7, after promulgation dated 16 June 2015, the land was still under the possession of the trust. Thus, it can be concluded that the District Collector office had not taken the land back in Government head even after lapse of more than one year since the instructions of the Revenue Department. The market value of the land under irregular possession of the trust was ₹ 0.23 crore.</p>			

(ii) The GR dated 06 June 2003 prescribes that the allottee to whom Government land had been allotted for residential/ other non-agricultural purpose should complete the construction within two years of the allotment. In case the allottee fails to complete the construction work within the stipulated time, the District Authority may extend the time limit to six years by giving extension of two years at a time on levy of applicable premium. However, in case the allottee fails to commence construction activity even after lapse of six years, the land shall vest with the Government and shall be disposed as per the prevailing policy. In the event of part construction/ construction after six years, the land is to be re-granted to the allottee on recovery of market value.

During scrutiny of the records in the office of the District Collector, Kutch it was noticed in four cases that the office had given (between October 2014 and May 2015) extension for completion of construction work for further period of one/ two years though six years had already elapsed from the date of allotment of the land. In these cases, the land was to be re-granted to the allottees after recovering the prevailing market value of the land. Omission to do so resulted in foregoing of occupancy price of ₹ 0.64 crore as detailed below:

**Table 07: Irregular extension of time limit to complete construction**

Sl. No.	Name of allottee/ description of property	Area (in sq. m.)	Date of initial allotment	Extension granted beyond six years (in number of years completed)	Jantri rate (in ₹)	Market value (in ₹)
1.	Individual 'F'R.S.No.129 <i>paiki</i> Village: Galpadar, Taluka: Gandhidham, District: Kutch (Resort and Tourism Complex-Industrial use)	9,523	07.01.2002	07	570 (190 x 3)	54,28,110
2.	Individual 'G'R.S No.163 <i>Paiki</i> Village: Bhuj, Taluka:Bhuj, District: Kutch	90	05.02.2007	02	1750	1,57,500
3.	Individual 'H', Tra.S.No.870 <i>Paiki</i> Village: Bhuj, Taluka: Bhuj, District: Kutch	90	31.05.2004	05	4250	3,82,500
4.	Individual 'I' Tra.S.No.870 <i>Paiki</i> Village: Bhuj, Taluka: Bhuj, District: Kutch	100	02.05.2007	02	4250	4,25,000

### 5.3.11.2 Conversion of new tenure<sup>25</sup> Government land to old tenure<sup>26</sup> for the purpose of sale

The clause 9(A) of GR of June 2003 stipulates that the District Collector office may permit to sell the land/plot along with construction given on new tenure for non-agricultural purpose on payment of premium on furnishing proper reasons. However, unconstructed land/plot given for non-agricultural purpose

<sup>25</sup> New tenure land means the tenure of occupancy of the land which is non-transferable and impartible without the prior approval of the District Authority

<sup>26</sup> Old tenure land means land free of all restrictions of transfer but subject to permitted purpose of usage of land.

on new tenure may not be converted to old tenure for the purpose of transfer by sale, mortgage *etc.*

Scrutiny of the records in the office of the District Collector, Surat revealed that the office vide order dated 16 May 2015, permitted conversion from new tenure to old tenure for industrial purpose and sale of open<sup>27</sup> Government land measuring 6,87,960 sq. m.<sup>28</sup> (out of 13,60,000 sq. m.) to Company 'B' Mumbai. The office passed the above order under clause No.30(1)(b)(2) of the GR dated 6 June 2003 levying premium of ₹ 64.05 crore with prior approval (March 2015) of the Revenue Department. However, the above clause relates to only change of tenure of land and is not applicable to grant permission to sell the land. In this case, clause 9(A) of the GR was applicable which does not permit sale of Government land allotted for non-agricultural purpose without any construction. On further scrutiny of the records it was revealed that the company had subsequently sold (Document No. 9459 dated 16 June 2015) land at a consideration of ₹ 131.35 crore to a firm.

Thus, the permission given for conversion of such vacant new tenure Government land to old tenure for industrial purpose and sale thereof was not in consonance with the policy of the Government. This resulted in undue financial benefits to the company of ₹ 67.30 crore (₹ 131.35 crore- ₹ 64.05 crore).

When this was pointed out in audit, the District Collector office, Surat stated (June 2019) that the detailed reply would be submitted after verification of records and obtaining the required guidance from the Revenue Department.

### 5.3.12 Internal Control

Scrutiny of the land records, allotment cases etc., revealed that data of land records was not maintained correctly by the Department. Discrepancies in revenue entries, not obtaining approval of the competent authority for grant of land, non-monitoring of conditions of grant of land were also noticed. These deficiencies indicated that the data available with the Department was unreliable and internal controls and monitoring mechanism of the Department were weak. A few cases are mentioned in the following paragraphs:

#### 5.3.12.1 Allotment of land by District Collector office in excess of powers

Government of Gujarat, *vide* GR dated 27 November 2000, has delegated the power to District Collector offices for allotment of Government land for different purposes subject to the limits prescribed on the basis of area and value of land. Accordingly, District Collector office was empowered to allot Government land valuing ₹ 15 lakh or 20,000 sq. m. for industrial purposes. Allotment of Government land in excess of stipulated area or value thereon should be forwarded to Government for approval.

<sup>27</sup> As per *Panchkayas* dated.31 May 2013 of the Circle officer, Olpad.

<sup>28</sup> Situated at Block No.1056/B *paiki* Village: Bharbodhan, *Taluka*: Olpad

Test check of the allotment cases in the office of the District Collector, Mehsana revealed that in five cases Government land measuring 45,994 sq. m. was allotted to one Central PSU for laying Salaya-Mathura pipeline for Right of Use (RoU). Though in these cases, the market value of the land exceeded ₹ 15 lakh the District Collector office allotted the land without the approval of the Government.

### **5.3.12.2 Monitoring of utilisation of land**

In order to ensure that Government land allotted was being utilised for the specified purpose and as per the terms of the allotment order, the Revenue Department vide its Circular dated 20 December 2003 stipulated that the grantee/ lease holder shall submit a declaration in the prescribed form by first of August every year to the jurisdictional District Collector offices. The District Collector offices were instructed to maintain a 'declaration form register', scrutinise the declaration forms received and carry out necessary site inspection. In case of violation of the terms and conditions of the allotment order, action should be initiated as per prevailing rules and an annual detailed report is to be submitted to the State Government by the end of the December.

During 2013-14 to 2017-18; 1,821 cases of allotment of Government land were finalised in 10 districts selected under the Performance Audit. However, neither the grantee/ lease holder filed the prescribed declaration form nor any register was maintained to watch the submission of such declaration forms in all the selected 10 districts. As such, no annual detailed report was submitted to the Revenue Department by the offices of the District Collectors of these districts. Moreover, the Revenue Department also did not pursue the matter with the District Collector offices to ensure that the instructions issued under the Circular dated 20 December 2003 were meticulously complied with. This indicated poor monitoring by the Department to ensure that the Government land was being utilised for the specified purpose and as per the terms of the allotment order.

After this being pointed out, the Department during exit conference stated that action would be initiated to collect the declaration form annually from every allottee.

The above system deficiency of not monitoring usage/transfer of Government land allotted resulted in violation of the Government policy/ allotment orders as detailed in the following paragraphs:

### **5.3.12.3 Non levy of premium on reconstitution of allottee**

As per GR dated 06 June 2003 read with GR dated 21 June 2016, in case of change<sup>29</sup> in constitution of the partnership firm/ company, which has been allotted Government land, prior permission of District Collector/Government shall be obtained on payment of premium at 20 *per cent* of the notional market value of the land.

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<sup>29</sup> Partners, merger, demerger, amalgamation, share holding pattern.

(i) Scrutiny of the records in the office of the District Collector, Kutch revealed that land measuring 1,17,258<sup>30</sup> sq. m. was allotted (July 2012 rectified in February 2016) to company 'J', a subsidiary of company 'K', for setting up of 300 MW Power Plant at Village Bhadreswar of Taluka Mundra. The immediate parent company of company 'J' was company 'L', another subsidiary of company 'K'.

Scrutiny of the annual accounts of the company for the year 2013-14 to 2017-2018 available on its website, revealed that:

- name of the allottee (company 'J') was changed from company 'J' to company 'M' during the year 2012-2013.
- the equity shares and voting rights of the immediate parent company kept on changing between 2013-14 and 2016-17 and were reduced to 51 *per cent* in 2016-17.
- the name of the allottee company 'M' was further changed to company 'N' and the immediate parent company (company 'L') sold five *per cent* of its shareholding to company 'O' in 2017-18. Thus, shareholding of company 'L' was further reduced to 46 *per cent* and the Group (immediate parent company) lost control and significant influence over company 'N'.

In view of above change in the constitution of the allottee (company 'J'), prior permission of the District Collector office was required to be obtained by the allottee on payment of premium of ₹ 2.24 crore<sup>31</sup>. However, no records showing grant of prior permission from the Government/ District Collector office were available in the district office.

(ii) Scrutiny of records in the office of the District Collector, Surat revealed that Government land measuring 13,60,000 sq. m. situated at village Barbodhan, Taluka, Olpad was in possession of company 'B' (the allottee). Out of this, land measuring 6,87,960 sq. m. was converted from new tenure to old tenure for the purpose of sale on payment of premium of ₹ 64.05 crore vide order dated 16 May 2015 of the District Collector office, Surat after obtaining previous approval of the Revenue Department (02 May 2015). Thus, land measuring 6,72,040 sq. m. under new tenure remained in the possession of the allottee.

On scrutiny of the Annual Report for the year 2015-16, it was revealed that in pursuant of Share Purchase Agreement (SPA) dated 21 May 2015, 74.71 *per cent* of total shares including 48.62 *per cent* of the Promoters were acquired by company 'P' (Acquiring Company). Thus, the constitution of the company was altered due to change in shareholding pattern of the company. In this case, prior permission of the Government/ District Collector office was required to be obtained by the allottee on payment of premium of

<sup>30</sup> At the rate of ₹ 955 per sq. m.

<sup>31</sup> 1,17,258 sq. m. x ₹ 955 per sq. m. x 20 *per cent*.

₹ 12.56 crore<sup>32</sup>. However, no such prior permission from the Government/District Collector office was obtained.

After this being pointed out, the Department during exit conference stated that replies in respect of cases of reconstitution of companies would be furnished in due course. Further reply is awaited (June 2020).

#### **5.3.12.4 Resumption of Government land for breach of condition of allotment**

The District Collector office specifies the conditions for grant of land in allotment order and in the event of breach of any condition, land is required to be resumed back to the Government. In the following two cases, though the conditions for grant/ lease of the land were not fulfilled, the land was not resumed back to the Government indicating that the conditions for grant of land were not being properly monitored.

(i) The District Collector office, Ahmedabad, vide order dated 8 August 2016, allotted Government land measuring 4,350 sq. m. under the head *talav* (pond) situated at R.S.No.566, village Vithalapur, *taluka* Mandal to company 'E' in exchange of Company's land measuring 4,350 sq. m. situated at R.S.No.594 *paiki* of the above village. The company was required to build '*talav*' on the land exchanged at company's own expenses and hand over to the Vithalapur *Gram Panchayat*. However, the District Collector office did not prescribe the time limit within which the *talav* was to be built and handed over to the *Gram Panchayat*. No details of the '*talav*' having been built on the exchanged land and handed over to the Vithalapur *Gram Panchayat* were available in the revenue records. This indicates that the departmental authorities did not monitor the conditions for grant of land for ensuring necessary compliance by the allottee.

(ii) The District Collector office, Ahmedabad, vide order dated 07 August 2000, renewed lease period up to 26 December 2004 for the land<sup>33</sup> measuring 40,417 sq. m. which was allotted to *UttarbuniyadiShala* in 1988 for farm/*krishi* education under Rule 32A of the Gujarat Land Revenue Rules. Though the lease period had expired, the allottee neither applied for the extension of lease period nor surrendered the land to the Government. The Department also did not ascertain the land use even after lapse of 15 years from the expiry of lease period. In this case land was required to be resumed to Government after expiry of lease period since the allottee did not apply for the extension of the period as per conditions of allotment.

#### **5.3.12.5 Irregular utilisation of Government land allotted revenue free**

Rule 32(1) of the GLR Rules empowers the Revenue Department to allot of Government land as revenue free for establishing schools by the registered

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<sup>32</sup> 6,72,042 sq. m. x ₹ 934.50 per sq. m. x 20per cent.

<sup>33</sup> Situated at R.S.No.21p (new no.20), Village Sher, *Taluka* Mandal

trusts. However, the Rule does not provide for allotment of Government land as revenue free for the purpose of college.

On scrutiny of the records of the Revenue Department, it was noticed that the Department, *vide* its GR dated 08 December 1976, allotted Government land<sup>34</sup> measuring 4,047 sq. m. as revenue free for school building and 3,478 sq. m. for playground at token rent of ₹ one for 15 years to Trust 'X'. The initial lease period of the playground had expired in December 1991. However, the trust applied for renewal of the lease period from 1991 to 2021 only in February 2012 i.e. after lapse of 20 years from the expiry of the initial lease period. The District Collector office intimated (May 2015) the Revenue Department that the trust was running College along with the School in the building and number of College students was much higher than the school students. Thus, the land allotted for school building was also being used for running College without permission of Government/ District Collector office. However, Revenue Department, *vide* its GR dated 22 July 2016, accorded permission for renewal of the lease for playground measuring 3,478 sq. m. without initiating any action for the breach of condition of initial allotment of land measuring 4,047 sq. m. for school building. In this case the land was required to be allotted afresh as per prevailing Government policy by recovering market value of ₹ 66.78 lakh<sup>35</sup>.

The above case indicates that the departmental authorities need to ensure utilisation of the Government land as per intended objective.

**It is recommended that the Department may strengthen internal control mechanism to ensure effective monitoring of utilization of the Government land for the intended objectives.**

### 5.3.12.6 Incorrect mutation entries in the revenue records

In order to amend the Record of Rights and Mutation entries, the concerned office of the *Talati*/Circle Officer is required to put up the mutation case with evidence to the Deputy *Mamlatdar* office for authorisation. Deputy *Mamlatdar* office refers the same to *Mamlatdar* office for final certification. *Mamlatdar* office, after verification of documents and giving notices to the party involved in mutation, certifies the entry and accordingly mutation is carried out.

During test check of the records pertaining to allotment of land it was observed in two<sup>36</sup> District Collector offices that:

- The District Collector office, Kutch *vide* order dated 07 September 2015, regularized excess measured land of 3,237 sq. m. of RS No.657 of Village Varsamedi, *Taluka*: Anjar, pertaining to company 'F' (*khata* no.1346). Further scrutiny of records revealed that lands situated at RS No.662/p2 and 671/p2 of the above village had been declared as "Government land". However, the *Mamlatdar* office, Anjar *vide* orders dated 28 September

<sup>34</sup> Situated at Bagasara (Old *Gamtal* of Natvarnagar), Taluka. Bagasara, District Amreli

<sup>35</sup> In absence valuation of land by DLVC/ SLVC, rates as per *Jantri* has been adopted.

<sup>36</sup> Ahmedabad, Kutch

2006 and 03 October 2005, treated the above lands measuring 10,825 sq. m. and 25,900 sq. m. of the R.S.No.671/p2 and R.S.No.662/p2 respectively as excess measured land and regularized the same in the name of the company. The above orders of the *Mamlatdar* office, Anjar were cancelled (07 January and 07 February 2009) by the Additional Collector office and revision application of the Company against the order of Additional Collector office was also not entertained (07 June 2010) by the District Collector office, Kutch. Thus, the lands of RS No.671/p2 and R.S.No.662/p2 were established as Government land. However, scrutiny of the village form 6 and 7 pertaining to the R.S.No.671/p2 and R.S.No.662/p2 revealed that the above Government lands were being shown in the name of the Company.

When this was pointed out in audit, the District Collector office, Kutch stated (May 2019) that audit would be intimated after verification of records and after taking action as per rules.

The above facts indicate that the mutation entries were being not properly supervised by the responsible authorities which resulted in incorrect mention of ownership of the Government land with the Corporation/ Company.

The above inaccuracies in the land records may result in subsequent unauthorised/ irregular transfer of the Government land against the existing policies.

### **5.3.13 Non/short levy of taxes and duties**

During Performance Audit, it was observed that 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 use and monitoring the levy and collection of various receipts relating thereto. Absence of such mechanism leads to continuous shortfall in Government revenue. The instances of non/short levy of revenue noticed during scrutiny of the relevant records of the district offices are detailed below:

#### **5.3.13.1 Non levy of conversion tax**

Section 67A of the GLR Code 1879 read with GR dated 18 December 2006, provides for the levy of conversion tax on change in the mode of use of the land from agricultural to non-agricultural (NA) or from one NA purpose to another NA purpose. Different rates of the conversion tax are prescribed for residential/ charitable and industrial/other purposes depending upon the population of the city/town/notified area/ village. Further, as per Section 48 of the GLR Code Non-Agricultural Assessment (NAA) at the prescribed rates is also leviable annually.

- (i) During test check of the records, it was noticed that in seven<sup>37</sup> District Collector offices, in eight cases of allotment and 72 cases of advance possession of Government land for NA purpose, conversion tax was not levied by the concerned offices. This has resulted in non-levy of conversion tax of ₹ 2.07 crore.

**(ii) Non levy of conversion tax and NAA from SIR**

Scrutiny of the records of District Collector office, Ahmedabad revealed that Government land measuring 28,50,28,940 sq. m. situated at various survey numbers falling in 22 villages of *Taluka* Dholera was allotted (March 2011) to Special Investment Regional Development Authority (SIRDA) for the development of Special Investment Region (SIR) with prior approval (January 2011) of the Revenue Department. Though the Revenue Department had specifically instructed to levy applicable taxes, neither conversion tax nor NAA as per applicable rates was levied by the District Collector offices. This resulted in non-levy of conversion tax of ₹ 171.02 crore<sup>38</sup> and NAA of ₹ 79.81 crore<sup>39</sup> aggregating to ₹ 250.83 crore.

**5.3.13.2 Non/short levy of stamp duty**

According to the Article 20(a) of Schedule-I read with Section 3 (aa) of Gujarat Stamp Act 1958, in case of conveyance of immovable property, stamp duty at the applicable rate is chargeable on the amount of consideration for such conveyance or, as the case may be, the market value of the property which is the subject matter of such conveyance, whichever is greater. As per Government instructions issued vide Circular 01 April 2002, the possession of Government land was to be handed over to the allottee only on payment of the appropriate amount of stamp duty.

During scrutiny of records, it was noticed in 41 cases of allotment of Government land under nine<sup>40</sup> District Collector offices that the land was handed over to the allottees without verifying whether the allottees had paid the applicable stamp duty. Out of these 41 cases,

- In 29 cases, the Government land was allotted on concessional value/ revenue free, the stamp duty was levied on such concessional value of the land instead of actual market value resulting in short levy of stamp duty of ₹ 6.88 crore.
- In 11 cases of allotment of Government land, the stamp duty of ₹ 0.18 crore leviable on market value of land was not levied.
- In one case of allotment of Government land, the stamp duty of ₹ 1.50 lakh was levied on *ad hoc* occupancy price. However, the final occupancy price was higher than the *ad hoc* amount paid. However,

<sup>37</sup> Ahmedabad, Aravalli, Devbhoomi Dwarka, Jamnagar, Kutch, Mehsana, Vadodara.

<sup>38</sup> 28,50,28,940 sq. m. x ₹ 6 per sq. m.

<sup>39</sup> 28,50,28,940 sq. m. x ₹ 0.40 per sq. m. annually for seven years from 2011-12 to 2017-18

<sup>40</sup> Ahmedabad, Aravalli, Banaskantha, Dahod, Devbhoomi Dwarka, Jamnagar, Kutch, Mehsana, Vadodara.

differential stamp duty of ₹ 0.42 lakh leviable on such differential amount was not levied.

After this being pointed out, the Department during exit conference stated that the matter would be reviewed and replies would be prepared in consultation with the concerned District Collector offices.

#### **5.3.14 Non/short levy of interest**

Section 148 of GLR Code, 1879 empowers the State Government to levy penalty/interest at applicable rates in the event of default in payment of any instalments of land revenue within the prescribed time. Further, the GR dated 23 February 2015, prescribes for levy of interest at the rate of eight *per cent* on differential amount of occupancy price in the cases of advance possession to Boards/Corporations for the period from the date of advance possession of the land to the date of payment of such differential occupancy price.

During the audit, it was noticed in 16 cases of allotment of land under six<sup>41</sup> District Collector offices that the interest was either not levied or short levied on delayed payment of differential occupancy price. This resulted in non/short levy of interest of ₹ 0.33 crore.

In addition to above, short levy of interest in two other cases of allotment of Government land is discussed below:

- During test check of the records in the office of the District Collector, Ahmedabad, it was noticed that Government land measuring 44,51,700 sq. m. was allotted (November 2008) to company 'Q' at the market value ₹ 400.65 crore to be paid in eight instalments along with compound interest at eight *per cent* starting after completion of two years from the date of possession (09 October 2008) of land. The company paid the first instalment on 21 March 2011 against due date on 09 October 2010 and thereafter also there were instances of late payment of the instalments (October 2011 to October 2017). In the instant case, the company was required to pay interest of ₹ 206.15 crore on delayed payments of instalments. However, the Company paid interest of ₹ 205.25 crore only resulting in short payment of interest of ₹ 0.90 crore.

After this being pointed out, the Department during exit conference stated that the matter would be reviewed and replies would be prepared in consultation with the concerned District Collector offices.

#### **5.3.15 Conclusion and Recommendations**

There were deficiencies in maintenance of records pertaining to Government land at the District as well as Department level. The lack of uniformity in the valuation process and non-compliance to the specific instructions resulted in undervaluation of the Government land and consequent short realisation of revenue. The authorities did not adhere to the guidelines/ policies with reference to area eligible for grant/ regularisation and the penalties prescribed

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<sup>41</sup> Aravalli, Banaskantha, Gandhinagar, Kutch, Mehsana, Tapi.

for the unauthorised possession of the Government land. The *Gauchar* land was not being managed as per the policy pronounced by the Government. There was lack of monitoring of the Government land allotted for the specific purpose(s). The instances of non/ short levy of taxes and duties were noticed.

**In view of above it is recommended that the Government/Department may:**

- **consider revising the policy mentioning the time limit within which the excess land holding shall be regularized. Further, Department may also take necessary action to resume the excess land to the Government account wherever it was not regularised.**
- **strictly abide by its own policy of management of *Gauchar* land in the State.**
- **strengthen internal control mechanism to ensure effective monitoring of utilization of the Government land for the intended objectives.**

#### **5.4 Irregularities noticed during audit of cases of conversion of new tenure land into old tenure**

Scrutiny of 764 cases of conversion of new tenure land into old tenure land for agriculture and non-agriculture purposes in four offices during the period between October 2017 and May 2018 revealed that in 19 cases (2.49 *per cent*) there were irregularities in levy of premium prices, levy of stamp duty and registration fees and loss of revenue as discussed below:

##### **(i) Short/non-levy of premium price**

As per the Revenue Department Resolutions<sup>42</sup> issued under Section 43 of the Gujarat Tenancy and Agricultural Lands Act, 1948, in case of conversion of land under new and restricted tenure to old tenure, premium at the prescribed rates is required to be recovered by the concerned District Collector office. As per Government Resolution dated 03 May 2011, the rate of premium is 25/ 40 *per cent* of the market value of the property for agriculture/ non-agricultural purpose. However, no premium is levied for conversion of land for agriculture purpose situated in rural areas.

The market value of the property is determined in accordance with the *Jantri*<sup>43</sup> rates and subject to the conditions prescribed therein. The Government Resolution dated 03 December 2011 provides that in the case of conversion of land under new and restricted tenure to old tenure for residential/ industrial/ commercial purposes, where the market value of the property is not prescribed in the *Jantri*, two/ three/ four times of the agricultural rate of the same survey number of the property should be considered for the purpose of levy of

<sup>42</sup> Dated 13 July 1983 read with the Resolution No NSJ-102006- 571-J (Part 2) dated 04 July 2008

<sup>43</sup> Annual Statement of Rates issued by the Government showing the rates for the purpose of determination of value of immovable properties and levy of stamp duty.

premium. The rates so arrived at should not be less than the rates provided in the previous *Jantri* effective from 1 April 2008 to 31 March 2011 (old *Jantri*).

Audit noticed (between October 2017 and May 2018) short/non-levy of premium price in 17 cases in five offices<sup>44</sup> amounting to ₹ 4.08 crore as detailed below:

- a. In one case of conversion of land measuring 28,531 sq. m. at Shripur Tibi, Vadodara from new and restricted tenure to old tenure for residential purpose, the District Collector office, Vadodara had adopted *Jantri* rate of ₹ 930 per sq. m. (two time of ₹ 465 per sq. m.) as opined by the Dy. Collector (SDVO) office based on new *Jantri*. Neither the office of the Dy. Collector (SDVO) nor the District Collector office verified the *Jantri* rates prescribed in the old *Jantri* for the specific land. The *Jantri* rate prescribed in the old *Jantri* was ₹ 1,000 per sq. m. The District Collector office was required to adopt ₹ 1,000 per sq. m. prescribed in the old *Jantri* for determination of market value for levy of premium price. This resulted in short levy of premium price of ₹ 7.99 lakh at the rate of 40 *per cent*<sup>45</sup> of the market value of the land.
- b. In nine cases of conversion of land measuring 78,901 sq. m. situated at various villages of three<sup>46</sup> districts from new and restricted tenure to old tenure for non-agricultural purposes<sup>47</sup>, the Department adopted (between April 2015 and April 2017) incorrect *Jantri* rates. The premium levied was ₹ 12.24 crore instead of ₹ 14.79 crore. This resulted in short levy of premium price of ₹ 2.55 crore.
- c. In one case new and restricted tenure land measuring 3,765 sq. m. (out of 50,081 sq. m. of Revenue Survey No. 703/A+B) at Adajan, Surat was acquired (October 2013) by the office of the Special Land Acquisition Officer for 'Cable strayed approach bridge' and compensation of ₹ 2.54 crore<sup>48</sup> was paid (October 2013) to the occupant of the land. Further scrutiny of the records revealed that there was breach<sup>49</sup> of condition of the 'new and restricted tenure' by the owner of the land and the land was under dispute due to ownership claims made by various stakeholders of the land. Finally, the Revenue Department directed (August 2014) the District Collector office to recover premium price for breach of conditions of the new and restricted tenure by the occupants of the land. Though, action for recovery of applicable premium price was under process in the concerned branch of the District Collector office, the office of the Special Land Acquisition Officer paid compensation of ₹ 2.54 crore to the heirs of the original land holder without recovering/ adjusting premium price of ₹ 1.27 crore<sup>50</sup> on the land acquired. Thus,

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<sup>44</sup> Ahmedabad, Banaskantha, Principal Secretary office (Revenue Department) Gandhinagar, Vadodara and Surat

<sup>45</sup> [28,531 sq. m. x ₹ 1,000 per sq. m. x 40 per cent] – ₹ 1,06,13,532 levied = ₹ 7,98,868

<sup>46</sup> Ahmedabad, Banaskantha and Vadodara

<sup>47</sup> Residential, Religious and Commercial

<sup>48</sup> 80 *per cent* of the total compensation of ₹ 3.17 crore

<sup>49</sup> Unauthorized transfer of the land through will (1981) and gift (1995)

<sup>50</sup> 3,765 sq. m. x ₹ 8,420 per sq. m. x 40 *per cent*.

absence of coordination between the branches of the District Collector office, Surat had resulted in non-recovery of premium price of ₹ 1.27 crore.

- d. In five cases of conversion of land measuring 70,174 sq. m. situated at two<sup>51</sup> villages of Vadodara district from new and restricted tenure to old tenure for agricultural (four cases) and industrial purpose (one case), the District Collector office levied (October and November 2016) premium price of ₹ 1.54 crore. On further scrutiny of the records it was revealed that as per promulgation (September 2015 and June 2016), the area of the land in above five cases was 72,907 sq. m. Thus, the District Collector office was required to levy premium price on the differential area of 2,733 sq. m. However, no premium price was levied on the differential area. This resulted in short levy of premium price of ₹ 5.99 lakh.
- e. In one case, land measuring 72,844 sq. m. (Survey No. 75/1/7 of Village Zankhi, Taluka: Dholera, District: Ahmedabad) was converted to old tenure for agriculture purpose vide *Mamlatdar* office order dated 23 September 2010 without levying premium price considering the land as falling under rural area. Subsequently, the land was sold to three purchasers and one of the purchasers applied (February 2016) for conversion of tenure of land measuring 24,281 sq. m. (out of 40,468 sq. m.) from agriculture to residential purpose. It was further noticed that the said land was included in the Special Investment Region (SIR) vide Notification dated June 2009. Thus, premium price was required to be levied on the land included in SIR as per Government Resolution dated 03 May 2011. As the land was converted to old tenure agriculture without charging premium with reference to Mamlatdar office's Order dated 23 September 2010, the District Collector office had taken corrective action vide order dated 31 July 2017 and granted permission for the tenure change after levying premium price for both agriculture to agriculture and agriculture to residential purpose. Audit noticed that the District Collector office was required to levy premium price of ₹ 12.14 lakh on the remaining land admeasuring 48,563 sq. m. (72,844 sq. m. - 24,281 sq. m.). However, no action was found initiated as per records produced to audit, to recover the premium price. Accordingly, there was non-levy of premium price of ₹ 12.14 lakh in this case.

## (ii) Short levy of stamp duty and registration fees

During scrutiny of cases relating to conversion of new tenure land into old tenure land for agriculture and non-agriculture purposes, Audit noticed (May 2018) from the records furnished by the applicants along with the application that there was short-levy of stamp duty and registration fees in two cases amounting to ₹ 18.52 lakh as detailed below:

<sup>51</sup> Jesangpur and Masar

**(a)** As per Article 45 (f) of Schedule I of Gujarat Stamp Act 1958, Power of Attorney (PoA) authorising an unrelated person (PoA holder) to sell or transfer the immovable property attracts stamp duty at the rates applicable to the conveyance deeds under Article 20.

In one case, the District Collector office, Vadodara granted (January 2017) permission for conversion of 'new and restricted tenure' land<sup>52</sup> to 'old tenure' for residential purpose. On further scrutiny of the records it was noticed that five co-owners of the said land, who were residing outside India, had executed PoAs in favour of unrelated persons authorizing them to apply for the conversion of tenure of land and execute sale deeds. Since, the PoAs were executed in favour of unrelated person authorizing the PoA holder to sell the property, stamp duty at the rates applicable to conveyance was required to be levied in these cases. However, out of the five PoAs executed by the co-owners, only in one case (May 2014) proper stamp duty and registrations fees was levied. Remaining four PoAs were unregistered and were executed (October/ December 2014) on payment of stamp duty of ₹ 100 in each case. Thus, non-registration of PoAs resulted in short levy of stamp duty and registration fees of ₹ 9.32 lakh.

**(b)** An instrument of release of ancestral property or part thereof under Article 49 (a) of Schedule I of Gujarat Stamp Act, 1958 attracts stamp duty of ₹ 100. In other cases of release and gift deeds under Article 28 stamp duty is leviable at the rates applicable to a conveyance deed under Article 20.

In one case, the District Collector office, Vadodara vide its order dated 9 September 2016, granted permission for conversion of new tenure land<sup>53</sup> to old tenure for residential purpose. On scrutiny of the records it was noticed that the agriculturist had sold the land in September 2016 and the purchaser of the land had obtained District Collector office's Order on 27 April 2017 to utilise the land for non-agricultural residential purpose. Subsequently, the purchaser had applied for inclusion of names of his three family members in the land record which was acceded (October 2017) to by the office of the jurisdictional *Mamlatdar* on the basis of affidavit (August 2017) filed by the owner. Subsequently, the three members of the family released (October 2017) their rights in favour of the remaining one member by a registered release deed on payment of stamp duty of ₹ 100. On the basis of the said release deed, the revenue authority entered (December 2017) name of the single member of the family in the land records. The office of the Sub Registrar had misclassified the release deed under Article 49 (a) instead of 49 (b) and there was short-levy of stamp duty. Audit noticed that as the property transferred was not an ancestral property, the release deed was required to be classified under Article 28 and Article 49 (b) as containing two distinct matters of gift and release and aggregate stamp duty and registration fees of ₹ 9.20 lakh was chargeable. However, stamp duty and registration fees were not levied on the gift of property using affidavit and in the case of subsequent release of property in

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<sup>52</sup> Final Plot 115, Town Planning Scheme 44 of Revenue Survey No. 494 of Village Bapod, Taluka Vadodara

<sup>53</sup> Final Plot 16, Town Planning Scheme 01 of Revenue Survey No. 44 of Village Ankodiya, Taluka Vadodara

favour of one of the family member stamp duty of ₹ 100 only was levied. This has resulted in short levy of stamp duty and registration fees of ₹ 9.20 lakh.

### **5.5 Non levy of premium/penalty under Gujarat Tenancy and Agricultural Lands Act**

Scrutiny of 32 out of 127 cases finalised under Section 63 of Gujarat Tenancy and Agricultural Lands (Amendment) Act, 2015 by the District Authority, Vadodara, revealed that in three cases (9.38 *per cent*), there was breach of conditions of the provisions of the Tenancy Act. The breach of condition has resulted in leakage of revenue in one case and in other two cases, penalty was not levied. The details of the cases are mentioned below:

#### **(i) Leakage of revenue due to lack of monitoring mechanism to identify breach of condition**

Section 63 of the Gujarat Tenancy and Agricultural Land Act 1948 (the Tenancy Act), prohibits sale of agricultural land to non-agriculturist. However, Section 63AA provides for sale of agricultural land for bonafide industrial purpose without prior permission of the District Collector office subject to certain conditions. There was no provision in the Act regarding the permissibility of subsequent sale or transfer by the industrial concern. Consequently, the State Government amended (September 2015) the Tenancy Act and introduced a new sub-section 4(A) to Section 63AA of the Act *ibid* to provide for subsequent sale of land purchased for bonafide industrial purpose. As per Section 63AA (4A) of the Tenancy Act effective from 5 December 2015, in cases where the purchaser fails to commence the production of goods or provide the services within three years from the date of certificate issued by the office of the Industries Commissioner/District Collector or thereafter, the District Collector office may, after an application is made to him in that behalf, grant permission by an order for sale or transfer of such land after charging 40/60/100 *per cent* of the prevailing *Jantri* value where the application to this effect was made before completion of five/seven/more than seven years respectively.

During test check of records of the District Collector office, Vadodara for the year 2016-17, audit noticed (April 2018) that a Company (Company 'PP'), had purchased (2007) agricultural land measuring 1,33,243 sq. m. falling in 24 survey/block number of village Kandari, Taluka Karjan and District Vadodara for bonafide industrial purpose and obtained the Industries Commissioner office's certificate in May 2009 and District Collector office's certificate under Section 63AA between 2009 and 2012. However, the Company 'PP', instead of starting industrial activities, sold (between February 2015 and December 2017) the said land to another Company (Company 'RR') after five/eight years from obtaining certificate from the Industries Commissioner office. In such a situation, the Company 'PP' was required to obtain permission from the office of the District Collector to sell/ transfer such land to the Company 'RR' but no application was made by the Company 'PP' under Section 63AA (4A) seeking permission of the District Collector office. Further, Audit noticed that name of Company 'RR' was entered in the record

of rights and certified by the Circle Officer between May 2015 and March 2018.

Audit noticed that the Department did not have any monitoring mechanism to identify such sale of land by Companies without the permission of the District Collector office and to restrict the certification of the sale transactions in the record of rights. Further, the amended Tenancy Act provides for levy of premium only in cases where the application seeking permission for sale of land is received by the District Collector office. As there is no provision in the Act to regularise such sale without permission, the land should have been vested with the Government. However, the Department had neither vested the land with Government nor could it levy premium of ₹ 8.26 crore for granting permission to sell the land. This has an impact of leakage of revenue to an extent of ₹ 8.26 crore.

### **(ii) Non levy of penalty under Section 63AC**

As per Section 63AC of the Tenancy Act amended in 2015, if the land has been purchased in contravention of the provisions by a public trust or company for charitable purpose, the District Collector office may allow conversion of such land into non-agriculture purpose on receipt of an application to this effect from the trust/ company within six months of the commencement of the Amendment Act 2015 and payment of 25 *per cent* of the prevailing *Jantri* by the trust/ company.

During scrutiny of the records of the District Collector office, Vadodara for the year 2016-17, audit observed (May 2018) in one case that a charitable trust had purchased (December 2013) agricultural land measuring 27,620 sq. m. for educational purpose without prior permission of the District Collector office. The trust had applied for permission for regularisation of the purchase under Section 63AC on 28 August 2015. Further, as per the *punchnama* furnished (January 2017) by the office of the Circle Officer, the trust had done unauthorized construction on the land so purchased. The trust was liable to pay 25 *per cent* of the market value of the land as per prevailing *Jantri*, as penalty. However, the District Collector office regularized (February 2017), the unauthorized purchase and use of agricultural land without levying penalty under Section 63AC of the Amendment Act. This resulted in non-levy of penalty of ₹ 85.35 lakh.

### **(iii) Non levy of penalty under Section 63AD**

As per Section 63AB (1) and (2) of the Tenancy Act amended in 2015, in breach of provisions of Section 63, if any transfer of agriculture land had taken place in favour or a person who was not an agriculturist and that certain transaction or transactions have taken place thereafter and the person in whose favour the last transaction was made on or before 30 June 2015, is an agriculturist, the *Mamlatdar* shall levy 10 *per cent* of prevailing *Jantri* value of the land for regularising the last transaction for agriculture purpose. Section 63AD of the amendment Act 2015 provides for levy of penalty at the rate of three times the amount of the prevailing agricultural *Jantri* value of land

invalidly transferred to a non-agriculturist or institution in breach of provisions of sub-section (1) of Section 63.

During test check of the records of permission granted under Section 63 AB of the Tenancy Act in District Collector office, Vadodara for the year 2016-17, audit observed (May 2018) that in one case an agriculturist had sold (September 2011) his land through registered sale deeds to two individuals out of which one was a non-agriculturist. Subsequently, the two individuals had sold (October 2014) the land through registered sale deeds to a Company for bonafide industrial purpose. The Company had applied (November 2014) to the District Collector office for permission under Section 63AA of the Tenancy Act and the District Collector office in view of the above transactions, referred the case to *Mamlatdar* office for initiating action as per the relevant provisions of the Act. The *Mamlatdar* office had levied 10 *per cent* penalty in this case under Section 63AB vide his order dated 20 May 2016. Audit noticed that the last transaction was made in favour of a Company and hence Section 63AB was not applicable in this case. Further, the land was purchased by non-agriculturists against the provisions of Section 63 and hence penalty of ₹ 55.57 lakh under Section 63 AD of the Act was leviable. However, penalty of ₹ 5.90 lakh was only levied. This has resulted in short levy of penalty of ₹ 49.67 lakh.

## 5.6 Short levy of conversion tax

Section 67A of the Gujarat Land Revenue Code, 1879 provides for the levy of conversion tax at prescribed rates on change in the mode of use of land from agricultural to non-agricultural (NA) purpose or from one NA purpose to another in respect of land situated in a city, town or village. Different rates of conversion tax are prescribed for residential/charitable/ temporary non-agriculture and industrial/other purposes, depending upon the population of the city/town/notified area/ village. The conversion tax shall be paid in advance by a challan in the Government treasury. As per Revenue Department's Circular of 13 February 1979, in cases of acquisition of agricultural land for non-agricultural purposes, conversion tax shall be recovered from the allottee.

Scrutiny of 76 cases of conversion of lands from agriculture to non-agriculture in the District Collector office, Rajkot for the period 2014-15 to 2016-2017, revealed that in 48 cases (63.16 *per cent*), there was short-levy of conversion tax of ₹ 1.16 crore. Audit noticed in these cases that for conversion of lands situated in municipal areas of Gondal from agricultural to non-agricultural purposes, i.e. residential, commercial or industrial, conversion tax was levied by the Revenue Authorities without taking into consideration the population figures available on the website of the Census of India 2011. As the population of Gondal Municipality exceeded one lakh, conversion tax was leviable at higher rates<sup>54</sup>. The aggregate amount of conversion tax leviable in these cases was ₹ 1.48 crore while the authorities have levied only ₹ 0.32 crore. This resulted in short levy of conversion tax of ₹ 1.16 crore.

<sup>54</sup> ₹ 10/ 30 per sq. m. instead of ₹ 2/ 6 per sq. m. for residential/ commercial/ industrial purposes

The assessing authority stated that in absence of Census booklet, higher rates were not levied. The reply is not acceptable as the population figures were available on the website of the Census of India. These should have been made use of for levy of conversion tax. The Department may circulate these figures to all Assessing Authorities for levy of conversion tax. Besides, no provision in the Act prevents the Department from recovery of the amount realised short.

# **CHAPTER-VI**

## **STAMP DUTY AND REGISTRATION FEES**



## CHAPTER-VI STAMP DUTY AND REGISTRATION FEES

### 6.1 Tax administration

The overall control on the levy and collection of stamp duty and registration fees rests with the Revenue Department. The Inspector General of Registration (IGR) and Superintendent of Stamps, Gandhinagar is the head of the Department. The IGR is assisted by the Sub-Registrar (SR) offices (at the district and *taluka* level) whereas the Superintendent of Stamps is assisted by the Deputy Collector offices (Stamp Duty Valuation Organisation) [DC (SDVO)] at the district level.

### 6.2 Results of Audit

There are 323 auditable units<sup>1</sup> in the Registration and Stamps Department under the Revenue Department. Out of these, 29 units were selected for test check. During 2018-19, 6,80,224 documents were registered/ adjudicated and 12,806 valuation cases were finalised by these units. Out of these, 10,850 documents (1.59 *per cent* of total cases) and 5,116 valuation cases (39.95 *per cent* of the total cases) were test checked. Scrutiny of these documents/ valuation cases revealed short realisation of stamp duty and registration fees and other irregularities involving ₹ 23.57 crore in 176 documents (1.62 *per cent* of test checked cases) and 11 valuation cases (0.21 *per cent* of test checked cases) aggregating to 187 cases. These cases are illustrative only as these are based on test check of records. Audit had pointed out some of the similar omissions in earlier years. Not only these irregularities persist but also remain undetected till next audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed broadly fall under the following categories:

**Table 01: Results of Audit**

Sl. No.	Category	No. of cases	Amount (₹ in crore)
1	Misclassification of documents	20	2.42
2	Undervaluation of property	19	0.61
3	Short levy of stamp duty and registration fees	30	5.26
4	Other irregularities	31	15.28
	<b>Total</b>	<b>100</b>	<b>23.57</b>

During the course of the year, the Department accepted ₹ 108.86 lakh in 35 cases and recovered ₹ 97.47 lakh in 33 cases, which were pointed out in audit during 2018-19 and earlier years.

<sup>1</sup> Offices of the Inspector General of Registration (IGR) and Superintendent of Stamps (SS): 01, Sub-Registrars: 287, Deputy Collectors (Stamp Duty Valuation Organisation): 35.

A few illustrative audit observations involving ₹ 22.51 crore are mentioned in the succeeding paragraphs.

### **6.3 Non-levy of premium price on unauthorized transfer of new tenure agricultural land**

As per the Revenue Department Resolutions<sup>2</sup> issued under Section 43 of the Gujarat Tenancy and Agricultural Lands (GTAL) Act, 1948, in case of conversion of land under new and restricted tenure to old tenure, premium at the prescribed rates is required to be recovered by the concerned Collector offices. As per Government Resolution dated 03 May 2011, the rate of premium is 25/ 40 *per cent* of the market value of the property as per prevailing *Jantri* for agricultural/ non-agricultural purpose respectively. Revenue Department, vide Circular dated 17 March 2017, has stipulated that in case of *bonafide* purchases, permission may be granted for conversion of land under new tenure to old tenure after recovery of premium price at agricultural rates for the earlier transfer of new and restricted tenure agricultural land plus premium price at non-agricultural rates for the present non-agricultural transfer/ use.

During test check of the records of two Sub Registrar offices<sup>3</sup> for the year 2015 to 2017, audit noticed<sup>4</sup> from the recitals of three documents registered as conveyance deeds, the instances of breach of conditions of Section 43 of GTAL Act, 1948. New tenure agricultural lands measuring 24,515 sq. m. were unauthorisedly transferred in these cases for which 25 *per cent* of the market value of the land was payable towards premium price for regularising the transfer. However, as no directives were given by the Revenue Department to the officials of the Inspector General of Registration and Superintendent of Stamps to report such documents to the concerned District Collector offices, the SR offices engaged in registration and DC (SDVO) offices engaged in adjudication of documents did not report the cases to the office of the District Collectors for initiating recovery of applicable premium price. There had been non-levy of premium price of ₹ 10.20 crore in these three cases as detailed below:

(i) In two cases, lands measuring 21,075 sq. m. (for non-agricultural use) had been conveyed to the purchasers by sellers for consideration of ₹ 18.58 crore. As the lands were under new tenure, necessary previous approval of the Collector had been obtained (in June 2016 and February 2017) for conversion of land from new to old tenure for non-agricultural use/ transfer after payment of premium price (at the rate of 40 *per cent* of market value as per prevailing *Jantri*). Recitals of the documents revealed that the market value of these lands as per prevailing *Jantri* was higher than the consideration set forth in the documents and therefore, the documents had been referred to the DC (SDVO) office for determination of market value and levy of deficit stamp duty, if any. The applicant in his representation to DC (SDVO) office stated that the sales of the new tenure agricultural lands had been affected by

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<sup>2</sup> Dated 13 July 1983 read with the Resolution No NSJ-102006-571-J (Part 2) dated 04 July 2008

<sup>3</sup> SR- Sanand and Surat-I (Athwa)

<sup>4</sup> In May and September 2018

way of execution of unregistered agreements (after receipt of consideration and after passing on the liability of payment of premium to purchasers) long ago (in October 2002 and January 2011). The DC (SDVO) office, based on the representation of the applicant, certified the document as properly stamped in one case and recovered deficit duty of ₹ 2.02 lakh in other case. The DC (SDVO) office had decided the market value of property based on *Jantri* rates prevailing in October 2002 (as per ASR 1999) and January 2011 (as per ASR 2006).

Audit observed that new tenure agricultural lands had been transferred by the sellers to the purchasers without prior permission of the Collector office. In these cases, permissions were required to be granted for conversion of land under new tenure to old tenure after recovery of premium price at agricultural rates for the earlier unauthorized transfer of new and restricted tenure agricultural land plus premium price at non-agricultural rates for the present non-agricultural transfer/ use. However, the land owners did not reveal the unauthorised transfer while applying for the conversion of land and the SR/DC (SDVO) offices also did not report the unauthorised sale to Collector offices due to lack of instruction to do so. Hence, premium was levied and collected at non-agricultural rates only for the present non-agricultural transfer/use. This resulted in non-levy of premium price of ₹ 10.10 crore.

(ii) In case of one document, new tenure agricultural land measuring 3,440 sq. m. had been conveyed to the purchasers by sellers for a consideration of ₹ 41.37 lakh through execution of power of attorney (PoA) with consideration and the document had been registered with the Sub Registrar office. The recitals of the document revealed that all the rights/ title in the property had been vested with the purchasers (PoA holder).

Audit observed that new tenure agricultural land had been irregularly transferred without previous approval of the Collector office. Therefore, premium price for agricultural transfer was required to be recovered. But the SR office did not refer the document to the Collector office due to lack of specific instructions to do so. The Collector office too did not identify the instance of unauthorised transfer of land by the applicants. This resulted in non-levy of premium price of ₹ 10.34 lakh.

After this was pointed out, the Department stated (January 2020) that the three documents have been referred to the concerned branch of the Collector offices for further necessary action.

#### **6.4 Short levy of stamp duty and registration fees due to undervaluation of properties**

Section 32 A of the Gujarat Stamp Act, 1958 (GS Act) provides that if the officer registering the instrument believes that the consideration set forth in the document presented for registration is not as per the market value of the property, he shall refer the same to the DC (SDVO) office for determination of the market value of the property. The market value of the property is to be determined as per the Gujarat Stamp (Determination of Market Value of the Property) Rules, 1984 and the orders issued there under.

During test check of the documents registered with/ cases finalized by eight SR offices<sup>5</sup>, DC (SDVO) office, Navsari and the office of the Additional Superintendent of Stamps and Inspector General of Registration, Gandhinagar during the year 2006 to 2017, audit noticed<sup>6</sup> that the market value of the properties was determined incorrectly in 38 documents which resulted in short levy of stamp duty and registration fees of ₹ 4.37 crore as explained below:

**(i) Undervaluation in cases of conveyance of properties in pursuance of Reconstruction/Amalgamation of Companies**

Sl. No.	Name of office	Number of documents Month of adjudication of document	Short levy of stamp duty (₹ in lakh)
1.	Additional Superintendent of Stamps, Gandhinagar,	2 2015	32.97

As per Article 20(d) of Schedule I to the GS Act, 1958, conveyance, so far as it relates to the scheme for reconstruction or amalgamation of companies by an order of the High Court under Section 394 of the Companies Act, 1956, shall be leviable with stamp duty, subject to maximum of ₹ 25 crore, (i) an amount equal to one *per cent* of the aggregate amount comprising of the market value of share issued or allotted in exchange of or otherwise, or the face value of such shares, whichever is higher and the amount of consideration, if any, paid for such amalgamation, or (ii) an amount equal to one *per cent* of the true market value of the immovable property situated in the State of Gujarat of the transferor company, which is higher. Explanation (III)(a) below Article 20 (d) stipulates that in relation to the transferee company, whose shares are listed or quoted for trading on a Stock Exchange, means the market value of share as on the appointed date mentioned in the scheme of amalgamation, or when the appointed date is not so fixed, the date of order of the High Court.

**Nature of observation: (i)** In one case finalised under Section 31 of the GS Act, 1958, the High Court of Gujarat had approved scheme for amalgamation of five transferor companies with one transferee company under Section 394 of the Companies Act, 1956 on 03.08.2015. As per the scheme, the appointed date fixed by court was 01.4.2014. Audit observed that the AA had adopted value of properties in possession of the transferor companies on the date of High Court order instead of the appointed date. The value of immovable properties of the transferor companies as on the appointed date was ₹ 5,785.00 lakh on which stamp duty of ₹ 57.85 lakh was chargeable. However, the AA had levied the stamp duty of ₹ 32.31 lakh only which resulted in short levy of stamp duty of ₹ 25.54 lakh.

<sup>5</sup> Anand, Gandhinagar, Kamrej (Surat), Kheda, Palanpur, Sanand (Ahmedabad), Surat- I (Athwa), Surat X (Nanpura)

<sup>6</sup> Between February 2017 and October 2018

(ii) In Additional Superintendent of Stamps and Inspector General of Registration office, Gandhinagar, in another case finalised under Section 31 of the GS, 1958, the High Court of Gujarat had approved scheme for amalgamation of one transferor company with one transferee company under Section 394 of the Companies Act, 1956 on 27.11.2014. Audit noticed that the AA, during valuation of the immovable properties of the transferor company engaged in the business of real estate development, had only considered the value of ₹ 217.68 lakh in respect of the freehold and lease hold properties declared by the transferor company while the value of land of ₹ 960.52 lakh mentioned under the Schedule of Inventories in the Balance Sheet of the transfer or was not taken into account. As the value of land under inventories was higher than the value of properties declared by the transferor company, the stamp duty of ₹ 9.61 lakh was required to be levied on the instrument. However, the AA had levied stamp duty of ₹ 2.18 lakh. This resulted in short levy of stamp duty of ₹ 7.43 lakh.

The matter had been reported to the Department/Government in October 2019. The reply is awaited (May 2020).

### (ii) Undervaluation due to adoption of incorrect area

As per the guidelines of ASR effective from 18 April 2011, for arriving at the built-up area, the carpet area mentioned in the document shall be multiplied by 1.2 times. IGR office in the circular dated 26 September 2007, instructed SR offices to include area of common plot, internal road etc., in total area of land for arriving at the market value of property for the purpose of levy of stamp duty.

Sl. No.	Name of office	Number of documents Month of registration of document	Short levy of stamp duty (₹ in lakh)
1.	SR, Surat - 1 (Athwa) & SR, Surat - 10 (Nanpura)	<u>7</u> Between February 2016 and 2017	12.54
<p><b>Nature of observation:</b> In respect of seven conveyance deeds of shops/ offices, SR offices had adopted carpet area of 1,884.05 sq. m. instead of built-up area of 2,260.86 sq. m. for valuation of property and levy of stamp duty. The total amount of stamp duty chargeable in these cases was ₹ 57.05 lakh while stamp duty of ₹ 44.51 lakh was levied. This resulted in short levy of stamp duty of ₹ 12.54 lakh.</p> <p>After this was pointed out, the Department stated (January 2020) that notices have been issued by Dy. Collector (SDVO) offices in all these cases.</p>			
2.	SR, Palanpur	<u>2</u> March 2013 and April 2014	8.04
<p><b>Nature of observation:</b> In two cases of conveyance of residential/ commercial plots, the SR office did not include area of common plot, internal road, etc. measuring 3,843.64 sq. m. valuing ₹ 164.05 lakh into the total area of land for valuation of property resulting in short-levy of stamp duty.</p> <p>After this was pointed out, the Department while accepting (January 2020) the audit observation recovered an amount of ₹ 4.06 lakh and in the other case order was issued for recovery by the DC (SDVO) office.</p>			

3.	SR, Kheda - Nadiad	<u>1</u> May 2016	28.61
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**Nature of observation:** In one case of conveyance of NA land registered vide document no. 459 dated 31.05.2016, the fact that there had been construction measuring 6,417 sq. m. on the land, had not been mentioned in the document and therefore SR office did not include the area of construction into the total area of land for valuation of property and levy of stamp duty. However, the fact regarding the constructed properties on the land prior to the execution of the conveyance deed was noticed by Audit from the subsequently registered documents (Document No. 509, 519 and 520 dated 06.06.2016). Accordingly, stamp duty was chargeable on the constructed properties as well but SR office failed to refer these documents to DC office for initiating action for evasion of stamp duty and levy of proper stamp duty.

The matter had been reported to the Department/Government in October 2019. Their reply is awaited (May 2020).

### (iii) Undervaluation due to adoption of incorrect rates

Under Section 3 of the GS Act, 1958, every instrument mentioned in Schedule-I shall be chargeable with duty at the prescribed rates, unless specifically exempted. Under Article 20 (a) of Schedule I read with Section 3A of Gujarat Stamp Act, 1958, an instrument of conveyance of immovable property is chargeable with stamp duty at 4.9 *per cent* of the amount of the consideration for such conveyance or as the case may be, the market value of the property which is the subject matter of such conveyance, whichever is greater. As per definition of market value under Section 2 (na) of GS Act, 1958, 'market value' in relation to any property which is the subject matter of an instrument means the price which such property would have fetched, if sold in open market on the date of execution of such instrument. As per the guidelines of ASR 2011, where agricultural land is purchased for industrial purpose with the permission of competent authority and total area of such land is more than 10,000 sq. m., rebate of 20 *per cent* may be allowed in *Jantri* rates for valuation of property. However, the executants have to present copy of the orders of the competent authority at the time of registration of instrument. In case of shops situated in shopping mall, arcade and multiplex, no road frontage reduction benefit shall be allowed during valuation of the property.

Sl. No.	Name of office	<u>Number of documents</u> Month of registration of document	Short levy of stamp duty and registration fees (₹ in lakh)
1.	SR, Surat - Kamrej	<u>1</u> February 2017	5.57

**Nature of observation:** In one conveyance deed of agricultural land, the recitals revealed that the land had been converted for non-agricultural use by order dated 21.05.2014 of the Collector office but the SR office had adopted agricultural land *Jantri* rates instead of residential land *Jantri* rates for valuation of property and levy of SD.

After this was pointed out, the Department stated (January 2020) that notice has been issued by Dy. Collector (SDVO) office to the concerned parties. Further reply awaited.

2.	SR, Kheda-Nadiad	<u>3</u> Between July 2016 and October 2016	21.62
<p><b>Nature of observation:</b> In three cases of development agreements for construction of warehouses, godowns, industrial shades, etc., the SR office had adopted agricultural <i>Jantri</i> rates instead of industrial <i>Jantri</i> rates for valuation of property and levy of SD.</p> <p>The matter had been reported to the Department/Government in October 2019. The reply is awaited (May 2020).</p>			
3.	SR, Anand	<u>17</u> March and June 2016	213.07
<p><b>Nature of observation:</b> In 16 cases of conveyance, plots measuring 76,334 sq. m. were purchased by a Company. The area had been covered under industrial zone vide Gazette notification dated 05.08.1997. But the SR office had adopted commercial <i>Jantri</i> rates instead of industrial <i>Jantri</i> rates for valuation of property and levy of SD. In one other case of conveyance deed, the property was situated in a shopping mall and therefore reduction of 35 <i>per cent</i> in <i>Jantri</i> rate for valuation of the property was inadmissible.</p> <p>After this was pointed out, the Department stated (January 2020) that notices have been issued by Dy. Collector (SDVO) office to the concerned parties. Further reply awaited (May 2020).</p>			
4.	DC (SDVO), Navsari	<u>1</u> June 2015	7.75
<p><b>Nature of observation:</b> In one case of conveyance deed of residential land measuring 1,97,758 sq. m. adjudicated by DC (SDVO) office, Navsari, the land had been purchased under Section 63 of Gujarat Tenancy and Agricultural Lands Act, 1948 for residential use. Reduction of 20 <i>per cent</i> in <i>Jantri</i> rates applicable for industrial purpose was irregularly granted in the case.</p> <p>After this was pointed out in audit, the Department stated (January 2020) that the matter had been referred to CCRA office for adjudication and levy of proper stamp duty. Further reply awaited (May 2020).</p>			
5.	SR, Sanand	<u>1</u> September 2015	10.36
<p><b>Nature of observation:</b> A conveyance deed in respect of non-agricultural land measuring 9,899 sq. m. had been executed and registered for a consideration of ₹ 4.11 crore. On the same day, a development agreement in respect of the same land had also been executed and registered for consideration of ₹ 1.15 crore as per <i>Jantri</i> rates. The SR office instead of considering the market value of the land <i>i.e.</i> ₹ 4.11 crore adopted market value as per <i>Jantri</i> rates, <i>i.e.</i> ₹ 1.15 crore for levy of stamp duty on the development agreement resulting in short levy of stamp duty.</p> <p>After this was pointed out, the Department stated (January 2020) that notice has been issued by Dy. Collector (SDVO) office to the concerned party. Further reply awaited (May 2020).</p>			

6.	SR, Gandhinagar	<u>3</u> Between March 2017 and December 2017	96.35
<p><b>Nature of observation:</b> In three cases, the Government lands purchased in auction had been given to the developers for construction of commercial properties by execution of development agreement. The SR office had adopted market value of ₹ 3.97 crore as per <i>Jantri</i> instead of auction price of ₹ 25.38 crore for levy of stamp duty and registration fees.</p> <p>After this was pointed out, the Department stated (January 2020) that notices have been issued in all these cases. Further reply is awaited (May 2020).</p>			

### 6.5 Short levy of stamp duty on conveyance deeds executed in pursuance of agreements

As per Explanation-I below Article 20 of Schedule I to the GS Act, 1958, an agreement to sell an immovable property or an irrevocable power of attorney shall, in case of transfer of the possession of such property before, at the time of or after the execution of such agreement or power of attorney, be deemed to be a conveyance and the stamp duty thereon shall be chargeable accordingly. The provisions of Section 32-A shall apply *mutatis mutandis* to agreement to sell or irrevocable power of attorney as are applicable to a conveyance. Provided further that where subsequently a conveyance is executed in pursuance of such agreement of sale, or an irrevocable power of attorney, the stamp duty, if any, already paid and recovered on the agreement of sale or an irrevocable power of attorney which is deemed to be a conveyance, shall be adjusted towards the total duty leviable on the conveyance.

During test check of documents registered in two SR offices during the year 2012 to 2017, audit noticed that there was short levy of stamp duty of ₹ 2.57 crore on conveyance deeds executed in pursuance of agreements in the following five cases:

Sl. No.	Name of office	Number of documents Month of registration of document	Short levy of stamp duty (₹ in lakh)
1.	SR, Sanand	<u>1</u> August 2015	105.43
<p><b>Nature of observation:</b> In one case of conveyance deed of 91,230 sq. m. developed NA land, recitals revealed that previously development agreements (original/ registered and supplementary/ unregistered) with consideration had been executed in favour of developer in 2009 and 2010. DC (SDVO) office had adjudicated these agreements and ordered (August 2015) to recover SD under Article 45(f). Later, conveyance deed in favour of developer had been executed in respect of same land in 2015. As per the provisions of the GS Act, 1958, <i>read with</i> explanation I below Article 20, the stamp duty was required to be levied based on the prevailing <i>Jantri</i> rate on the date of execution of the conveyance deed after adjusting the stamp duty paid on the development agreements executed earlier. However, the SR office had levied stamp duty of ₹ 100 only based on the assumption that the present sale deed had been executed in pursuance of development agreements executed during 2009 and 2010.</p>			

2.	SR, Surat-1(Athwa)	<u>3</u> Between January and November 2017	151.23
<p><b>Nature of observation: (i)</b> In two cases of conveyance deed, recitals revealed that the DC (SDVO) office had adjudicated the deeds of old tenure NA land registered in 2017 as properly stamped based on the submission of the applicants that the land had been handed over to the purchasers in 2002 in the case of the first deed and the payment towards agreed consideration had been received by the sellers in January 2011 in case of the second deed. In both cases, the land at that time was new tenure agricultural land and liability of payment of premium price for conversion of new tenure land into old tenure land had been passed on to the purchasers. But, no agreement to sell with possession had been found to be executed in both these cases. Hence, these documents were required to be levied with stamp duty calculated with reference to the prevailing <i>Jantri</i> rates of 2017.</p> <p><b>(ii)</b> In another case of conveyance deed, recitals revealed that previously the sellers had bought the plots of land vide 72 documents executed and registered during the year 2012 to 2017. Whereas, the purchasers had already been in possession of the land by virtue of three documents of year 2009. The purchasers filed a petition before the District Civil Court to get their exclusive rights/ title in the land established in December 2016. But, later, both parties agreed to settle the issue amicably and the purchasers agreed to accept/ acknowledge the rights of the sellers in the land. The District Civil Court also endorsed this arrangement. The DC (SDVO)- I office, Surat, based on the representation of the purchasers, decided that the document was properly stamped because the purchasers were the owners of the land since 2009. No document had been executed between the present purchasers and sellers in 2009. Therefore, it cannot be stated that the present document had been executed in pursuance of the document previously executed. The SR office was required to calculate market value as per <i>Jantri</i> rates prevalent in 2017 and recover SD accordingly.</p> <p>After this was pointed out, the Department stated (January 2020) that notices have been issued by DC (SDVO) office in three cases and in one case the document was referred to CCRA office under Section 53 (a) of the Gujarat Stamp Act, 1958.</p>			

### 6.6 Short levy of stamp duty on assignment/transfer of lease deed, partnership deed and dissolution of partnership deed

During test check of documents registered in three SR offices during the year 2012 to 2017, audit noticed<sup>7</sup> that proper stamp duty was not levied in three documents as detailed below which resulted in short levy of stamp duty ₹ 1.21 crore:

Sl. No.	Name of office	Number of documents Month of registration of document	Short levy of stamp duty (₹ in lakh)
1	SR, Ahmedabad – 7 (Odhav)	<u>1</u> February 2017	83.42
<p>Article 57 of Schedule-I to the GS Act, 1958, in case of transfer of lease by way of assignment and not by way of under lease (or by way of decree or final order passed by any civil court or any Revenue officer), the same duty is leviable as is leviable on a conveyance under Article 20 (a) on the amount of the consideration for the</p>			

<sup>7</sup> Between May 2017 and June 2018

<p>transfer or, as the case may be, market value of the immovable property, whichever is greater.</p> <p><b>Nature of observation:</b> In one case of assignment of leasehold property, SR office did not consider market value as per <i>Jantri</i> for levy of stamp duty. But he had taken into account the consideration and annual amount of rent for levy of SD.</p> <p>After this was pointed out, the Department stated (January 2020) that notice has been issued by DC (SDVO) office to the concerned party. Further reply is awaited (May 2020).</p>			
2	SR, Surat - Olpad	1 March 2017	23.02
<p>Article 44 (1) (b) of Schedule I to the GS Act, 1958, stipulates that in case of partnership, where such share of capital is brought in by way of cash and immovable property, with effect from 01.08.2014, stamp duty is leviable as is leviable on a conveyance under Article 20 for the market value of such property.</p> <p><b>Nature of observation:</b> In SR office, Olpad (Surat), from the recitals of a conveyance deed, Audit noticed that previously, unregistered partnership deed in respect of land measuring 77,600 sq. m. had been executed after August 2014 and therefore, stamp duty as leviable on a conveyance deed was leviable. But stamp duty of ₹ 10,000 only had been recovered.</p> <p>After this was pointed out, the Department stated (January 2020) that notice has been issued by DC (SDVO) office to the concerned party. Further reply is awaited (May 2020).</p>			
3	SR, Palanpur	1 August 2014	14.40
<p>Article 44 (3) (a) of Schedule I to the GS Act, 1958, stipulates that in case of dissolution of partnership, where any immovable property is taken as his share on dissolution of partnership by a partner other than a partner who brought that property as his share or contribution to partnership, stamp duty is leviable as is leviable on conveyance under Article 20 for the market value of such property.</p> <p><b>Nature of observation:</b> In one case of dissolution of partnership, the unsold flats situated in the properties of the partnership firm were transferred to the partners at the time of dissolution of partnership. However, stamp duty of ₹ 500 only was levied. Audit noticed that the transfer of properties of the partnership firm to partners tantamount to conveyance and stamp duty of and registration fees of ₹ 14.40 lakh was chargeable on the document.</p> <p>After this was pointed out, the Department stated (January 2020) that notice has been issued by DC (SDVO) office to the concerned party. Further reply awaited (May 2020).</p>			

## 6.7 Blockage of revenue on documents comprising distinct transactions

Under Section 5 of the Gujarat Stamp Act 1958, any instrument comprising several distinct matters or distinct transactions shall be chargeable with aggregate amount of duties with which separate instruments would be chargeable under the Act. As per Article 6 (1)(a) of Schedule I to the GS Act, in case of an agreement relating to deposit of title deeds, stamp duty is leviable at prescribed rates. The Supreme Court in its judgment<sup>8</sup> of 11 August 2015

<sup>8</sup> CA No. 6054 of 2015 in case of CCRA vs Costal Gujarat Power Ltd. and others.

observed that in case a borrower avails loan from a consortium of banks against the security of property mortgaged by way of deposit of title deed, aggregate stamp duty is leviable on distinct transactions of distinct loans availed from different banks. In light of this judgment of Supreme Court, the office of Superintendent of Stamps, Gujarat had issued a Circular and instructed (August 2015) that documents registered in past in view of High Court judgment<sup>9</sup> shall be sent to the competent authority viz. DC (SDVO) offices for recovery of deficit duty.

During test check of the records of three<sup>10</sup> SR offices for the year 2006 to 2017, audit noticed<sup>11</sup> from the recitals of 10 documents that the borrowers had availed loans from consortium of banks and mortgaged their immovable properties by way of deposit of title deeds. Further scrutiny of these documents revealed that these documents had been registered before August 2015 and the SR offices had levied stamp duty as if the loans had been availed from a single bank. The SR offices failed to take corrective action by referring the 10 documents to DC (SDVO) offices for recovery of deficit stamp duty on each such distinct transaction. These documents contained more than one distinct transaction which require levy of aggregate stamp duty. This had resulted in blockage of stamp duty and registration fees of ₹ 2.35 crore.

After this being pointed out, the Department stated (January 2020) that notices have been issued in respect of six documents and reply in respect of the remaining cases is awaited (May 2020).

## 6.8 Non/short levy of stamp duty on development agreements

As per Section 5 of the GS Act, any instrument comprising distinct transactions shall be chargeable with aggregate duties with which separate instruments would be chargeable under the Act. Further, as per Article 5(ga) of Schedule I of the GS Act 1958, the development agreement in the form of agreement, memorandum of records, which gives authority or power to a promoter or a developer for construction on or development of, or sale or transfer of, any immovable property shall be chargeable with stamp duty at the rate of one *per cent* of the market value of the property upto 31 July 2014 and at the rate of 3.5 *per cent* of the market value of the property with effect from 01.08.2014.

During test check of the records of two<sup>12</sup> Sub Registrar offices for the period 2013 to 2017, audit noticed<sup>13</sup> from the recitals of nine conveyance deeds that previously development agreements had been entered into between the land owners and developers. Neither the executants submitted the copy of the development agreements nor the SR offices called for the copy of the agreements to ascertain proper levy of stamp duty on these instruments. There had been no details of registration of development agreement and payment of stamp duty. The stamp duty involved in these cases was of ₹ 63.07 lakh on market value of ₹ 46.79 crore.

<sup>9</sup> The Gujarat High Court had given judgement against Government on 03 December 2012

<sup>10</sup> SR- Ahmedabad-IV (Paldi), V (Narol) and Kheda

<sup>11</sup> Between December 2017 and November 2018

<sup>12</sup> SR-Sanand and Vadodara- II (Danteshwar)

<sup>13</sup> In May and June 2018

After this being pointed out, the Department stated (January 2020) that order for recovery of deficit stamp duty has been issued by DC (SDVO) office in one case. The reply in respect of remaining cases is awaited (May 2020).

## **6.9 Short levy of stamp duty and registration fees on documents containing distinct matters**

As per Section 5 of the GS Act 1958, any instrument comprising distinct transactions shall be chargeable with aggregate duties with which separate instruments would be chargeable under the Act.

During test check of the records of two Sub Registrar offices<sup>14</sup> for the period 2013 to 2017, audit noticed<sup>15</sup> from the recitals of four conveyance deeds that there were more than one distinct transactions, however, the SR offices did not take cognizance of the recitals of the documents and verify the nature of transactions through the document. Stamp duty and registration fees forgone in these cases were ₹ 58.88 lakh as detailed as below:

### **(i) Agreement to sell/ power of attorney cum conveyance treated as conveyance**

As per Article 45 (f) of Schedule I to the GS Act, 1958, in case of Power of Attorney (PoA) given for consideration and authorizing the attorney to sell any immovable property, stamp duty is leviable as in the case of a conveyance deed under Article 20.

In three documents registered as conveyance deeds with SR office, Vadodara-II (Danteshwar), the recitals revealed that previously the land owners had executed agreements to sell/ powers of attorney with Developers/ Confirming Parties. By virtue of execution of these agreements to sell/ powers of attorney, rights/ interest in the properties had been passed on to the Developers/ Confirming Parties. The Developers/ Confirming Parties had been authorized to execute sale deeds on behalf of land owners and receive/ retain the consideration. Thus, it had been evident that the agreements to sell/ powers of attorney executed earlier in favour of Developers/ Confirming Parties was with possession/ consideration and stamp duty and registration fees at the rates applicable to conveyance was required to be recovered in terms of Article 45 (f). These documents comprised two distinct matters: 1. Agreements to sell/ powers of attorney with possession/ consideration between land owners and Developers/ Confirming Parties; and 2. Present deed of conveyance between Developers/ Confirming Parties and purchasers of plots/ units. Aggregate amount of stamp duty on both the transactions was required to be recovered, but the SR recovered stamp duty on the present conveyance only. This resulted in short levy of stamp duty of ₹ 50.03 lakh.

The matter had been reported to the Department/Government in October 2019. Their reply is awaited (May 2020).

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<sup>14</sup> SR-Ahmedabad- IV (Paldi) and Vadodara- II (Danteshwar)

<sup>15</sup> In December 2017 and June 2018

## (ii) Settlement cum Conveyance treated as Conveyance

Conveyance, as defined in Section 2(g) of the GS Act, 1958 includes every instrument by which property, whether movable or immovable, or any estate or interest in any property is transferred to, or vested in, any other person *inter-vivos* and stamp duty at the rate specified under Article 20 would be leviable.

Further, as per Section 2(t), settlement means any non-testamentary disposition in writing of movable or immovable property made for the purpose of distributing property of the settler among his family or those for whom he desires to provide, or for the purpose of providing for some person dependent on him.

In one document registered as conveyance deed with SR office, Ahmedabad-IV (Paldi), non-agricultural constructed property had been conveyed to the purchasers by three co-owners. Recitals of the document revealed that initially, the land had been purchased by two persons in the year 1972. Later, the third person had been introduced as co-owner of the property in the year 2015 based on an affidavit submitted by two persons (i.e. original owners of the land). Thus, the two original owners of the land had settled one-third of the property in favour of one person during their lifetime.

Thus, the documents comprised two distinct matters: 1. Settlement of one-third of property in favour of one person by the two original owners and 2. Present deed of conveyance between three co-owners of property and purchaser. Aggregate amount of stamp duty on both the transactions was required to be recovered, but the SR office recovered stamp duty on the present conveyance only. This resulted in short levy of stamp duty and registration fees of ₹ 8.85 lakh.

After this being pointed out, the Department stated (January 2020) that notices have been issued by DC (SDVO) office to the concerned parties. Further reply is awaited (May 2020).

### 6.10 Short levy of stamp duty due to misclassification of documents

Under Section 3 of the GS Act, 1958 every instrument mentioned in Schedule-I shall be chargeable with duty at the prescribed rates. As per various court judgments, at the time of registration of document, regard should be given to the substance of the document and not to the description at the head of the document.

During test check of the records of two Sub Registrar offices<sup>16</sup> for the period 2014 to 2017, audit noticed<sup>17</sup> from the recitals of two documents that these documents were classified on the basis of their titles and the stamp duty and registration fees were levied accordingly. Further scrutiny of the recitals of these documents revealed that these documents were misclassified. This resulted in short levy of stamp duty of ₹ 38.94 lakh as explained below:

<sup>16</sup> SR-Ahmedabad-13 (Agricultural) and Surat-10 (Nanpura)

<sup>17</sup> In April and June 2018

**(i) Power of Attorney with consideration misclassified as General Power of Attorney**

Under Article 45(f) of the Schedule-I to the GS Act, power of attorney (PoA) when given for consideration and authorising the attorney to sell any immovable property, stamp duty shall be leviable at the rates specified under Article 20 of Schedule-I.

In one document registered as general PoA, audit noticed from the recitals that the land owners (alongwith confirming parties) had given possession of land measuring 16,390 sq. m. agricultural land in lieu of consideration to the PoA holder. The land owners had also given the authority of signing the documents such as sale deeds, mortgage deeds, etc., receiving the consideration, handing over the possession of property, etc. to the PoA holder. Thus, this power of attorney was required to be classified under Article 45 (f) and stamp duty and registration fees were required to be levied accordingly. Stamp duty and registration fees of ₹ 29.49 lakh was required to be recovered on the market value of ₹ 5 crore. But SR office registered the document after recovery of stamp duty and registration fees of ₹ 5 lakh only. This resulted in short levy of stamp duty and registration fees of ₹ 24.49 lakh.

**(ii) Development agreement misclassified as lease**

Under Article 5(ga) of Schedule I to the GS Act, 1958, instrument relating to giving authority or power to a promoter or developer, by whatever name called, for construction on or development of or sale or transfer of, any immovable property shall be chargeable at the rate of 3.5 *per cent* of the market value of the property which is the subject matter of such agreement with effect from 01 August, 2014.

In one document styled and registered as lease deed for indefinite period, audit noticed from the recital that the lessee had been authorized by the lesser to dismantle the old structure, to pass the plan and construct new buildings (Apartment, Mall, Shop, Hotel, Restaurant, etc.) at his own expenses. The lessor had vested the lessee with all powers necessary for execution of construction works and disposal of constructed property. Moreover, all taxes, duties, etc., would be borne by the lessee from the date of lease deed. Thus, the document was required to be classified as development agreement and stamp duty of ₹ 17.54 lakh was required to be recovered on the market value of ₹ 5.01 crore as per *Jantri*. But the SR office treated the document as lease deed for indefinite term and recovered stamp duty of ₹ 3.09 lakh only. This resulted in short levy of stamp duty of ₹ 14.45 lakh.

After this was pointed out, the Department stated (January 2020) that in one case notice has been issued and in the other case DC (SDVO) office had determined the document to be levied with proper stamp duty.

### 6.11 Irregular grant of exemption from payment of stamp duty

Section 9 of the GS Act, 1958 empowers the State Government to reduce or remit the duties chargeable on any instrument or any particular class of instruments or any of the instruments belonging to such class, or any instruments executed by or in favour of any particular class of persons, or by or in favour of any members of such class.

(i) Gujarat Industrial Policy, 2009 (Scheme for Improving Industrial Infrastructure) announced vide Industries and Mines Department GR dated 27 February 2009, provided for development of new industrial estates on Public Private Partnership (PPP) Mode. The policy was further amended vide GR dated 20 October 2011 vide which ‘Scheme for assistance to Industrial Park/ Estates set up by Private Institutions’ was introduced. Under the new scheme, the Developer of the new industrial park/ estate was eligible for exemption on payment of stamp duty on purchase of land required for the project as approved by State Level Approval Committee (SLAC). However, the units in the Industrial Park were required to pay stamp duty at the rate of 50 *per cent* of the duty. The Gujarat Industrial Policy was further revised vide GR dated 21 April 2015 and a scheme viz. ‘Scheme for Financial Assistance to Industrial Park’ was introduced with effect from 01 January 2015. As per the revised policy, the institution developing the industrial park is eligible for reimbursement at the rate of 100 *per cent* of stamp duty paid on purchase of land as required for approved project by State Level Empowered Committee (SLEC). Individual units located in the industrial park are eligible for reimbursement at the rate of 50 *per cent* of stamp duty paid by them on purchase of plot in the industrial park. However, if the institute fails to complete industrial park within prescribed period, action for recovery of incentive already disbursed including reimbursement of stamp duty is attracted.

During test check of the records of the Sub-registrar office, Sanand for the period 2015 to 2017, audit noticed that a Company/Developer had put a scheme of an industrial park. Four plots for industrial use measuring 24,292 sq. m. had been conveyed by way of execution of conveyance deeds to four purchasers for setting up individual industrial units for a total consideration of ₹ 5.95 crore. One of the pre-conditions of the sale provided that construction of industrial units must be completed by the respective purchasers within three years. As per the revised industrial policy, in these cases, the purchasers were required to pay full stamp duty and claim reimbursement of the 50 *per cent* of the stamp duty so paid on fulfilment of the conditions of sale. However, the purchasers availed exemption of stamp duty of ₹ 14.57 lakh in terms of GR dated 20 October 2011. The SR office also allowed the exemption while registering the documents.

Later, these four purchasers did not put-up any industrial construction on land measuring 16,767 sq. m. (out of total area of 24,292 sq. m. initially purchased) and sold it vide execution of five sale deeds. This defeated the very purpose of grant of 50 *per cent* exemption in payment of stamp duty on purchase of plot in the industrial park under the incentive scheme. The transfer of land by the

initial purchasers of units was irregular and exemption of stamp duty amounting to ₹ 10.17 lakh availed by the purchasers on the land sold subsequently was required to be recovered.

After this was pointed out, the Department stated (January 2020) that notices have been issued by DC (SDVO) office to the concerned parties. Further reply is awaited (May 2020).

**(ii)** Under Section 3 of the GS Act, 1958, every instrument mentioned in Schedule-I shall be chargeable with duty at the prescribed rates except any instrument executed by or on behalf of, or in favour of, the Government in cases where, but for this exemption, the Government would be liable to pay the duty chargeable in respect of such instrument. Further, as defined under Section 2 (g) of the Act “conveyance” includes every instrument by which property, whether movable or immovable, or any estate or interest in any property, is transferred to, or vested in, any other person.

During test check of the registered documents at Sub-registrar office, Rajkot I (City) for the year 2017, audit noticed that exemption was granted from payment of stamp duty of ₹ 9.88 lakh by the SR office without any authority or order of the Government in a deed of exchange of property executed and registered in favour of Rajkot Municipal Corporation (RMC) during January 2017.

After this was pointed out in audit, the SR office did not accept the audit observation and stated that the deed of exchange had been executed in favour of RMC, hence, the benefit of exemption from payment of stamp duty has been given. The reply is not acceptable to audit in view of the fact that no exemption from payment of stamp duty is applicable for local bodies.

After this being pointed out, the Department stated (January 2020) that notice has been issued by DC (SDVO) office to the concerned party. Further reply is awaited (May 2020).

# **CHAPTER-VII**

## **OTHER TAX AND NON-TAX RECEIPTS**



## CHAPTER-VII OTHER TAX AND NON-TAX RECEIPTS

### 7.1 Results of Audit

#### Ports and Transport Department

There are 36 auditable units in the Transport Department which include office of the Commissioner of Transport (CoT) and 35 Transport Districts headed by offices of RTO/ARTOs. Out of these, eight units<sup>1</sup> were selected for audit wherein 16,74,689 vehicles were registered<sup>2</sup>. Out of these, records of 20,651 vehicles (1.23 *per cent*) were test checked. Scrutiny of these cases revealed irregularities involving ₹ 47.06 crore in 3,034 cases (14.69 *per cent*).

In addition to the above, an Information Technology (IT) audit of Vahan and Sarathi was conducted in the Ports and Transport Department, offices of the CoT and 13 RTO/ARTOs.

#### Energy and Petrochemicals Department

There are 24<sup>3</sup> auditable units in the Electricity Duty Department. Out of these, three<sup>4</sup> units were selected for audit. There were 9,929 cases relating to Collection of fees and electricity duty in these two units. Out of these, audit selected 1,852 cases (18.65 *per cent*) for test check. Scrutiny of these cases revealed irregularities involving ₹ 27.40 crore in 22 cases (1.19 *per cent* of the test checked cases).

#### Industries and Mines Department

There are 33 auditable units<sup>5</sup> in the Geology and Mining Department. Out of these, seven<sup>6</sup> units were selected for audit wherein 1,687 cases of mining leases were due for audit. Out of these, audit selected 913 cases (54.11 *per cent*) for test check. Scrutiny of these cases revealed irregularities involving ₹ 5.07 crore in 394 cases (43.15 *per cent*).

These cases are illustrative only as these are based on test check of records. Audit had pointed out some of the similar omissions in earlier years. Not only these irregularities persist but also remain undetected till next audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such lapses can be avoided.

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<sup>1</sup> Office of the CoT and seven RTO/ARTOs.

<sup>2</sup> Between April 2017 and March 2018

<sup>3</sup> Offices of the Chief Electrical Inspector and Collector of Electricity Duty: 01, Deputy Chief Electrical Inspector: 04, Assistant Electrical Inspector: 18 and Department of Petroleum.

<sup>4</sup> Department of Petroleum, Chief Electrical Inspector and Collector of Electricity Duty and one Deputy Chief Electrical Inspector, cases related to inspection of Lifts, escalators and other industrial/ commercial undertakings and recovery of revenue therefrom.

<sup>5</sup> Office of the Commissioner of Geology and Mining: 01, District Geologist/ Assistant Geologist: 32.

<sup>6</sup> Office of the Commissioner of Geology and Mining and six District Geologists/ Assistant Geologists.

The irregularities involving ₹ 79.53 crore, broadly fall under the following categories:

**Table 01: Results of Audit**

Sl. No.	Category	No. of cases	Amount (₹ in crore)
	<b>Taxes on Vehicles and Taxes on Goods and Passengers</b>		
1	Information Technology (IT) audit of Vahan and Sarathi	1	12.49
2	Non/short levy of motor vehicles tax	26	7.93
3	Other irregularities	37	26.64
	<b>Total (A)</b>	<b>64</b>	<b>47.06</b>
	<b>Electricity Duty/Director of Petroleum</b>		
4	Non/short recovery of inspection fees and other irregularities	8	0.04
5	Other irregularities	14	27.36
	<b>Total (B)</b>	<b>22</b>	<b>27.40</b>
	<b>Mining Receipts</b>		
6	Non/short levy of dead rent/surface rent	10	1.77
7	Other irregularities	38	3.30
	<b>Total (C)</b>	<b>48</b>	<b>5.07</b>
	<b>Grand Total (A+B+C+)</b>	<b>134</b>	<b>79.53</b>

During the course of the year, the Departments accepted and recovered under-assessment and other irregularities of ₹ 1.27 crore in 15 cases, which were pointed out in audit during 2018-19 and earlier years.

This chapter contains one audit paragraph on “Information Technology (IT) audit of Vahan and Sarathi” and few illustrative audit observations mentioned in the succeeding paragraphs:

## 7.2 Information Technology (IT) Audit of Vahan and Sarathi

### 7.2.1 Introduction

The e-Transport project, under the aegis of Ministry of Road Transport and Highways (MoRTH), was included under National e-Governance Plan in the year 2002 as a Mission Mode Project (MMP). The project envisaged improvement in the quality of service delivery to the citizens and the work environment of the Regional Transport Offices (RTOs). National Informatics Centre (NIC), in the capacity of a Technical Partner, was entrusted with the design, development, roll out and maintenance of the project across all the States and Union Territories and compiling the data of Vehicle Registrations and Driving Licences of all the States in State Register and National Register. Accordingly, Vahan and Sarathi were conceptualized to capture the functionalities as mandated by the Central and State Motor Vehicles Acts and Rules.

In Gujarat, the Sarathi 1.0 application for driving licence and Vahan 1.0 application for registration of vehicles was introduced from November 2006 and March 2008 respectively. The Transport Department, Government of Gujarat (the Department) implemented (2016-17) Sarathi 2.0 and Vahan 2.0 versions in JAVA based application in 29 Regional Transport Offices/Assistant Regional Transport Offices (RTO/ARTOs) while the remaining six<sup>7</sup> RTO/ARTOs remained on the earlier version. Subsequently, the Department implemented (between September 2016 and March 2018) the latest<sup>8</sup> versions viz. Sarathi 4.0 and Vahan 4.0 in all the 36<sup>9</sup> RTO/ARTOs of the State.

Vahan 4.0 and Sarathi 4.0 were conceptualised to integrate the earlier citizen centric applications i.e. Vahan/Sarathi versions 1.0/2.0, running on disparate platforms, into a common portal that connects to a Centralized database and provides a comprehensive set of G 2 C<sup>10</sup>, G 2 B<sup>11</sup> and G 2 G<sup>12</sup> services from a single point. The information services offered through the portal are being enhanced through real-time data access and sophisticated presentation tools like dashboards, Geographic Information System (GIS) based spatial representation of data etc. The online services running at the front-end are being integrated with the back-end RTO applications to ensure that the need for the citizens to physically visit RTO/ARTOs is eliminated or minimized. The Data Centre of Vahan 4.0 is located at National Data Centre (NDC), New Delhi and Data Centre of Sarathi 4.0 is located at NDC, Hyderabad. The disaster recovery site for both the applications is situated at NDC, Bhubaneswar.

The key modules operational in Vahan 4.0 and Sarathi 4.0 are as follows:

<sup>7</sup> Ahmedabad, Bhuj, Rajkot, Surat, Vadodara, Vastral.

<sup>8</sup> Architected on a centralised, multi-tenanted, web-enabled platform deployed on NIC cloud infrastructure.

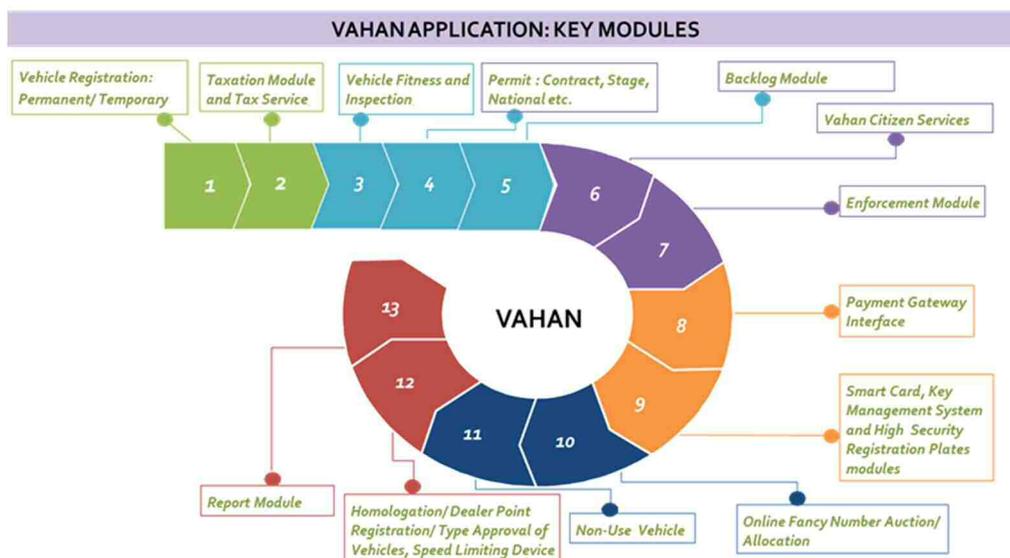
<sup>9</sup> Including office of the ARTO Bavla established on 29 May 2017.

<sup>10</sup> Government to Customer

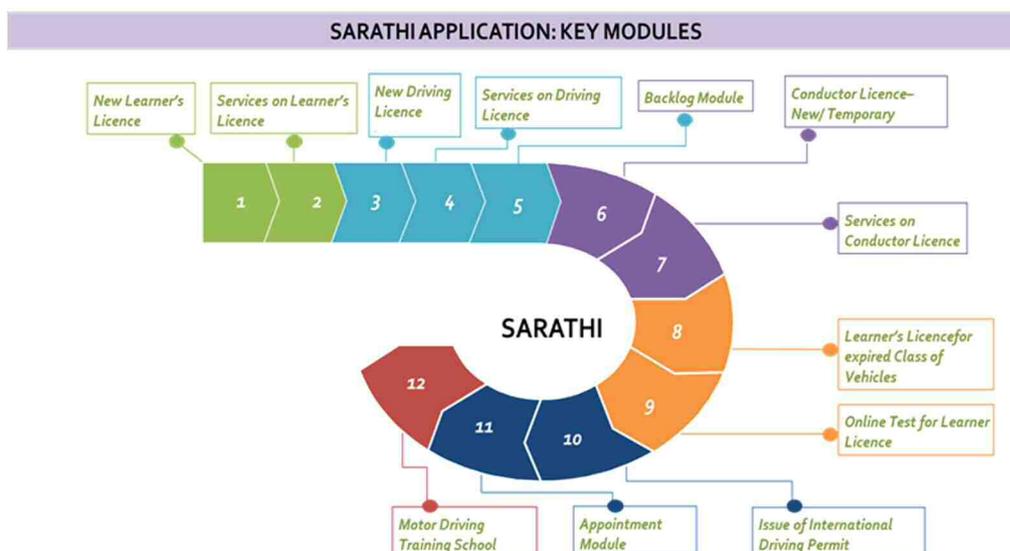
<sup>11</sup> Government to Business

<sup>12</sup> Government to Government

**Chart 01: Key Modules/Services operational in Vahan 4.0**



**Chart 02: Key Modules/Services operational in Sarathi 4.0**



### 7.2.2 Organisational set-up

The Commissioner of Transport (CoT) heads the Transport Department under the administrative control of the Principal Secretary to the Government of Gujarat (GoG) in the Ports and Transport Department. He is assisted by a Joint Director, two Officers on Special Duty (OsSD); one in-charge of Information Technology, Road Modernisation and Road Safety and other in-charge of Establishment, Enquiry, Tax and Permit, a Motor Vehicles Prosecutor (Legal), an Accounts Officer (Accounts Audit Planning) and a Research Officer (Statistics) in the Head office. There are 14 Regional Transport Offices<sup>13</sup>

<sup>13</sup> Ahmedabad, Bhavnagar, Godhra, Himmatnagar, Jamnagar, Junagadh, Kutchh-Bhuj, Mehsana, Nadiad, Palanpur, Rajkot, Surat, Vadodara and Valsad.

(RTOs), 22 Assistant Regional Transport Offices<sup>14</sup> (ARTOs) and one Inspector of Motor Vehicles (MVI)<sup>15</sup> Office. There are 16 check-posts<sup>16</sup> (CP) and three checkpoints<sup>17</sup> working under 11 RTO/ARTOs.

### 7.2.3 Audit objectives

IT Audit was conducted to get a reasonable assurance that:

- an IT Action plan was formulated, documented and followed for timely implementation of the systems for achieving the overall objective of the applications;
- mapping of business rules was ensured;
- the controls were adequate to ensure integrity, reliability, confidentiality and availability of data maintained;
- adequate system and data security policies have been framed and implemented for accessibility, retrieval and security of data;
- monitoring and supervision were effective and efficient enough to detect, prevent and take timely corrective actions to resolve the deficiency in the applications.

### 7.2.4 Audit Criteria

The audit criteria were derived from the following Acts, Rules and other documents governing the process of system of registration of vehicles, issue of licences, fitness certificate, permits, assessment, levy and collection of motor vehicles tax etc.:

- The Motor Vehicles (MV) Act, 1988 and Rules made thereunder;
- The Gujarat Motor Vehicles Tax (GMVT) Act, 1958 and Rules made thereunder;
- Guidelines/Instructions/Circulars/Orders issued by the Department;
- User Manuals of various modules of Vahan 4.0 and Sarathi 4.0

### 7.2.5 Scope and methodology of audit

The records maintained in the offices of the Ports and Transport Department and Commissioner of Transport for the period from 2015-16 to 2018-19 were verified during December 2018 to May 2019 to ascertain the level of planning, procurement, implementation and monitoring of the system. Data of Vahan and Sarathi provided by National Informatics Centre (NIC), New Delhi and Hyderabad respectively through Virtual Private Network (VPN) and the Report Module data accessible at RTO/ARTOs was analysed by Computer

<sup>14</sup> Anand, Amreli, Bardoli, Bavla, Bharuch, Botad, Chhota Udepur, Dahod, Dang-Ahwa, Gandhinagar, Khambaliya- Devbhoomi Dwarka, Mahisagar-Lunavada, Aravalli, Morbi, Navsari, Patan, Porbandar, Rajpipla, Surendranagar, Veraval – Gir Somnath, Vastral and Vyara.

<sup>15</sup> Gandhidham

<sup>16</sup> Ambaji, Amirgadh, Bhilad, ChhotaUdepur, Dahod, Gundari, Jamnagar, Kaparda, Sagbara, Samkhiyali, Shamlaji, Songadh, Tharad, Thavar, Waghai and Zalod.

<sup>17</sup> Adesar, Hazira and Surajbari.

Assisted Audit Techniques (CAAT). Out of 36 RTO/ARTOs, 13 RTO/ARTOs<sup>18</sup> were selected using Stratified Simple Random Sampling method for scrutiny of the records and verification of the data analysis results. In addition to this, the data available in public domain ([www.parivahan.gov.in](http://www.parivahan.gov.in)) and the 'Parivahan Analytics and Reporting Portal' (Analytics Portal) was utilised wherever necessary.

An entry conference was held on 13 December 2018 with the Principal Secretary, Ports and Transport Department and Commissioner of Transport to discuss the audit objectives, scope and methodology of audit.

#### **7.2.6 Acknowledgement**

Indian Audit and Accounts Department acknowledges the co-operation of the Ports and Transport Department and NIC in providing the necessary data and records to Audit.

#### **Audit Findings**

#### **7.2.7 Delay in implementation of Sarathi 4.0 and Vahan 4.0**

The Science and Technology Department of Government of Gujarat had prescribed a policy guideline for availing IT/ITES solutions, projects, products and related services vide its Resolution dated 30 July 2004 wherein it had instructed that the Organisations will prepare a comprehensive IT Action Plan and identify/prioritise projects that are critical to delivering services to citizens or increasing revenues or improving internal processes. The vision of the Transport Department is to provide and facilitate transport-related services to the people with a thrust on speed, safety, environment-friendliness and fuel-efficiency in a transparent and citizen-friendly fashion, thus accelerating the growth and development and thereby furthering the interests of the State and the Nation.

As per the mission statement, the Department envisaged to provide the services in a computerised environment. However, there was nothing on record for audit to verify whether any comprehensive IT Action Plan was prepared by the Department and followed scrupulously for prioritising projects that are critical to delivering services. No roadmap was charted out to achieve the vision and mission of the Department. Further, the Department neither prepared any document providing a definite timeline for implementation of Vahan 4.0 and Sarathi 4.0 applications nor constituted any committee to watch fast implementation of the applications. Due to lack of planning, there was delay in implementation of Vahan 4.0 and Sarathi 4.0 applications and its various modules and services as discussed below:

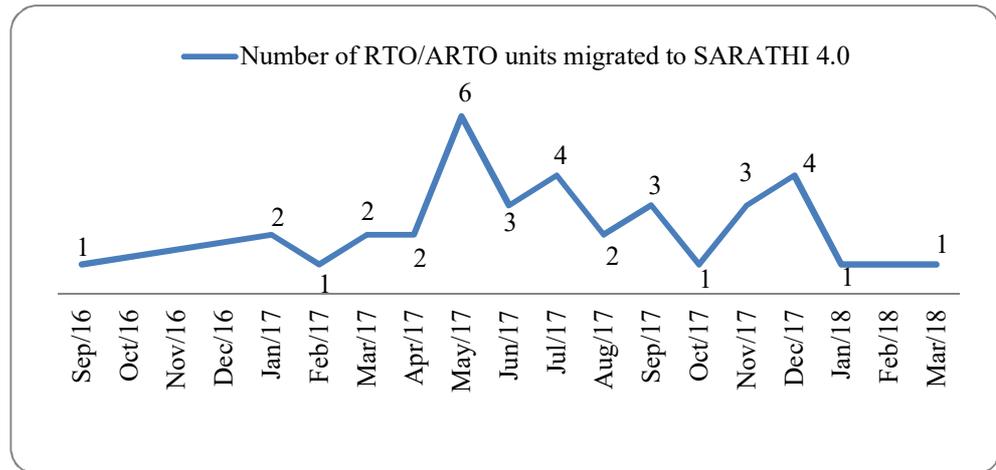
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<sup>18</sup> Ahmedabad, Bavla, Bharuch, Bhavnagar, Botad, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambhalia, Modasa, Narmada, Surat.

**Sarathi 4.0**

ARTO, Gandhinagar was the first unit to implement (30 September 2016) Sarathi 4.0. Though the first unit was migrated from Sarathi 2.0 to Sarathi 4.0 in September 2016, the last unit (RTO, Bhuj) was migrated to Sarathi 4.0 in March 2018 with a time span of 18 months. The following chart shows the month of implementation of Sarathi 4.0 in the 36 RTO/ARTOs in the State:

**Chart 03: Implementation of Sarathi 4.0**

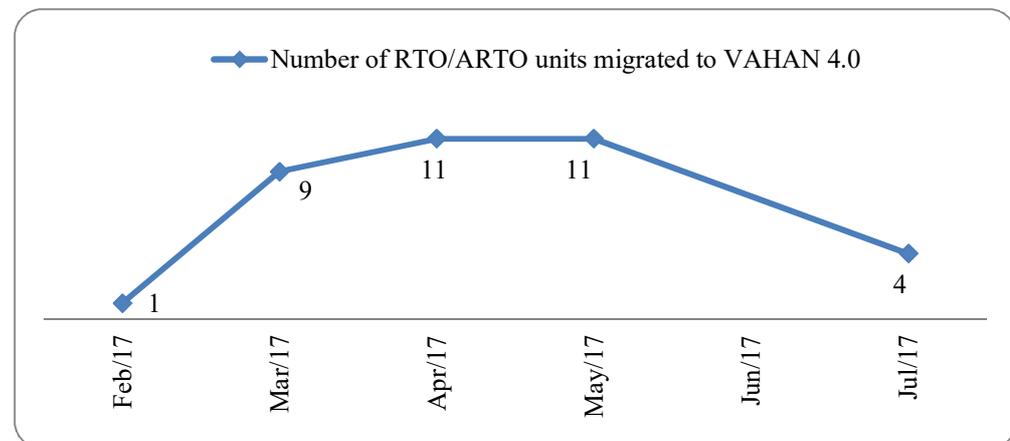


From the above chart, it can be seen that even after successful pilot operations in September 2016, the pace of implementation of Sarathi 4.0 was slow which is attributable to lack of planning resulting in delayed implementation of the application, depriving public the benefits of online services provided in Sarathi 4.0 during this period.

**Vahan 4.0**

The ARTO, Anand was the first (21 February 2017) while RTO, Surat and RTO, Bhuj were the last (July 2017) units to port data to Vahan 4.0 from Vahan 1.0/2.0. The following chart shows the month of implementation of Vahan 4.0 in the 36 RTO/ARTOs in the State:

**Chart 04: Implementation of Vahan 4.0**



Thus, implementation of Vahan 4.0 was comparatively faster (achieved within a period of five months) than the implementation of Sarathi 4.0 which took

around 18 months. However, some of the modules/services in Vahan 4.0 were either not implemented or operationalised with delay ranging from three to 14 months after the implementation of Vahan 4.0 application. Further, in some of these modules/services, web access to the customer for real time data entry, payment of fees/tax etc., is not provided, hence, the customer is required to visit the RTO counter to avail these services as tabulated below:

**Table 02: Operationalisation of various modules/ services of Vahan 4.0**

Name of Module	Nature of service	Date of implementation of the module / service	Number of months since Vahan 4.0 was implemented	Whether Real time online web access to customer available
Payment Gateway Interface	Tax and fees payment for new vehicles registration	03 August 2018	12 months	Yes
	Change in tax payment mode from recurring to lifetime			No
Online Fancy Number Auction/ Allocation	E-auction of Fancy numbers for new non-transport vehicles	01 November 2017	3 months	Yes
	Fancy number auction for transport vehicle			No
Enforcement	E-Challan- Manual entry of Departmental Action (DA) memos issued by IMVs and payment at RTO/ ARTO office	12 June 2018	10 months	No
Non-use vehicle	Reporting of transport vehicles not in use	01 October 2018	14 months	No
Vehicle Fitness and Inspection	Issue of fitness certificate	Date of implementation not available on records		No
Vahan Citizen Services	Transfer of ownership, Change of address, Hypothecation addition/ termination, Alteration of vehicles, Renewal of Registration etc.	11 September 2018	13 months	16 services: Yes 21 services: Not implemented

From the above table, considerable delay may be seen in operationalisation of various modules/services of Vahan 4.0 after its implementation. Further, the Permit module has been implemented partially. While the National Permit, Special and Temporary Permits can be obtained online, the customer is required to visit the RTO office to get the permits for Goods Carriage, Auto Rickshaw, Taxicab, Maxicab and All India Tourist Permits. In addition to this, the non-availability of many services with real time web access to the public was also not in line with the vision and mission statement of the Department. There is a need to make concerted efforts to make Vahan 4.0 and Sarathi 4.0 fully functional.

On this being pointed out, the Department stated (May 2020) that no committee has been constituted for implementation of the applications but continuous monitoring and review of the implementation of operations was done at the level of Additional Chief Secretary. Further, it was also stated that the delay in the implementation of Vahan 4.0 and Sarathi 4.0 in the State was administratively unavoidable due to premature and some technical and legal policy decisions. The reply is not convincing since Sarathi 4.0 was

implemented in the first unit in September 2016 and constitution of a committee as well as a clear road map could have facilitated the fast implementation of the applications in the remaining units.

#### **7.2.7.1 Modules/Services unavailable/ unimplemented in Vahan 4.0**

##### **(i) Refund Module**

Section 9 of the Gujarat Motor Vehicles Tax Act 1958 (GMVTA) and Rule 14 of the Gujarat Motor Vehicles Tax Rules 1959 (GMVTR) provide for refund of motor vehicles tax paid in advance subject to certain conditions. However, no module for processing of refunds has been incorporated in Vahan 4.0. The refunds are being processed manually. Thus, the automation to that extent is incomplete.

On this being pointed out, the Department replied (May 2020) that any transactions made for RTO related vehicle and license related services will compulsorily pass or fail within 30 minutes time frame under online payment facility provided under SBI ePay Payment Gateway and hence, there will be no issue of online refunds. The reply is not relevant as audit contention is not regarding the online refund but non-availability of the module which is essential for processing the refund cases prescribed under the provisions of the Act and Rules mentioned above.

##### **(ii) CNG Vahan Sewa module**

‘CNG Vahan Sewa’ module in Vahan 4.0 is designed for uploading inventory details of CNG/LPG<sup>19</sup> kits by the manufacturers and it’s further linking with the vehicle fitted with these kits by the dealers. MoRTH instructed (15 November 2018) all the States/ UTs to implement the module for retro fitment of CNG/LPG kits to ensure safety and compliance of standards as mandated under Rule 115 of the Central Motor Vehicle Rules, 1989 (CMVR). It was also mentioned in the instruction that the module was running smoothly in Delhi for last two years.

However, it was noticed that the ‘CNG Vahan Sewa’ module had not been implemented (November 2019) in Gujarat State even after lapse of one year since the issuance of the instructions in this regard by the MoRTH. Hence, the purpose of the module in keeping track of CNG/LPG kits fitted in the vehicles was not served.

On this being pointed out, the Department replied (May 2020) that currently the process of implementation of CNG module has been started and the work is expected to be completed by 31 May 2020.

#### **7.2.7.2 Online services**

The primary thrust of introducing the web-based applications Vahan 4.0 and Sarathi 4.0 was to bring the services to the doorstep of the citizens, to remove

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<sup>19</sup> Compressed Natural Gas/ Liquefied Petroleum Gas

the hassles faced in obtaining any kind of services related to Transport Sector and to make the system secure, transparent, cost-effective and user-friendly.

The online payment through 'payment gateway interface' module in Vahan 4.0 and Sarathi 4.0 was implemented with effect from 03 August 2018. The following table shows the percentage of all India average of online transactions as against that of Gujarat since implementation of the applications in the State:

**Table 03: Online transactions in Vahan 4.0 and Sarathi 4.0 in Gujarat vis-à-vis rest of India**

(₹ in crore)

Name of Application	Period	No. of months	State	Tax and fees collection mode			Percentage of online revenue collection to total revenue
				Cash, DD and Challan	Online	Total	
Vahan 4.0	August 2018 to March 2019	8	Gujarat	760.25	1,418.33	2,178.58	65.10
			All India (except Gujarat)	11,086.98	17,318.12	28,405.10	60.97
Sarathi 4.0	August 2018 to March 2019	8	Gujarat	36.22	64.97	101.19	64.21
			All India (except Gujarat)	470.79	699.43	1,170.22	59.77

(Data source: Vahan 4.0 and Sarathi 4 Dashboards of Parivahan website)

Thus, despite delayed implementation of the applications (especially Sarathi 4.0), the average online transactions in the State were comparatively higher than the all India average under Vahan 4.0 and Sarathi 4.0 applications. The situation could have been even better had the applications been implemented with all the modules/ services fully operational.

## 7.2.8 Irregularities in procurement and utilisation of hardware

The Science and Technology Department of Government of Gujarat (GoG) constituted (23 February 2011) Secretaries Purchase Committee (SPC)-IT<sup>20</sup> for procuring/ availing Information Technology (IT)/Information Technology Enabled Services (ITES) solutions, projects, products and related services. Subsequently, an IT Committee<sup>21</sup> was formed (25 March 2013) with reference to the policy guideline of Science and Technology Department of GoG for procuring/ availing IT/ITES solutions, projects, products and related services valuing ₹ one crore or less in CoT and subordinate offices.

<sup>20</sup> Comprising of Additional Chief Secretary (ACS), Science and Technology Department as Chairman, Principal Secretary, Industries and Mines Department, Principal Secretary (Expenditure) Finance Department, ACS/Principal Secretary/Secretary of the concerned Department and Chairman cum Managing Director, Gujarat Informatics Limited (GIL) as members and Deputy Secretary (IT), Officer on Special Duty (OSD) of Science and Technology Department as member secretary.

<sup>21</sup> Comprising of CoT as Chairman, Director of Gujarat Informatics Limited, Deputy Secretary of Ports and Transport Department, Accounts Officer of Ports and Transport Department, Deputy Secretary of Science and Technology Department and OSD of CoT office.

The IT Committee meeting was held on 13 July 2017 for giving administrative approval for purchase of new hardware (computers, laser printers, barcode reader, tablets, Bluetooth thermal printers and scanners) for Transport Department in connection with the implementation of Vahan 4.0 and Sarathi 4.0.

Audit observed certain irregularities in the procurement of hardware as detailed in the following paragraphs:

**(a) Biometric devices for access control in Vahan**

- The IT committee, though was not empowered, had given (13 July 2017) administrative approval for the purchase of hardware (computers, laser printers, barcode reader, tablets, Bluetooth thermal printers and scanners) worth ₹ 2.53 crore with condition that necessary need analysis of actual requirement of hardware shall be done by the Department. Since, the value of the proposed hardware was more than ₹ one crore, the matter was required to be referred to SPC-IT for securing administrative approval. Thus, the administrative approval granted by the IT committee beyond its financial powers was irregular.
- As per the directions of IT committee, a meeting for analysing the requirement of hardware for Transport Department was held (17 July 2017) in the CoT office which was attended by CoT, OSD (IT) and GIL representative. In the meeting it was decided to purchase Biometric devices as advised by NIC for optimum utilization of Vahan 4.0 and Sarathi 4.0 applications. The Department had not included the estimated expenditure for purchase of Biometric devices in the agenda of the IT committee meeting held on 13 July 2017, as such no administrative approval was sought for the intended purchase. However, the Department purchased 910 numbers of Biometric devices costing ₹ 22.01 lakh in May 2018 without any authority for such purchase.
- Further, though the devices were purchased in May 2018, the Department did not co-ordinate (as on July 2019) with National Informatics Centre (NIC) to develop the software to install the Biometric devices to enforce Aadhar based login into Vahan 4.0 and Sarathi 4.0. Non-installation of Biometric devices resulted in infructuous expenditure of ₹ 22.01 lakh besides not securing the access control in the applications as discussed in paragraphs 7.2.9 (ii) and 7.2.10 (Case Study 2) *infra*.

On this being pointed out, the Department stated that though Biometrics was not mentioned in the IT Committees proposal, it was purchased on a competitive basis and transparent manner. Further, it was also stated that the biometric was not installed due to a probable legal issue. However, the Department, had intimated NIC in May 2020 to make necessary provisions in the applications for use of Biometric devices for RTO/ARTO staff to log into Vahan and Sarathi software.

**(b) Tablet and Bluetooth Thermal Printer for e-Challan**

e-Challan is a sophisticated software application comprising Android based mobile app and web interface, developed for the purpose of providing comprehensive solution for Transport Enforcement Officers and Traffic Policemen. This app-cum-application is integrated with Vahan 4.0 and Sarathi 4.0 applications and is intended to provide several user-friendly features while covering all major functionalities of Traffic Enforcement System. It was envisaged that with the implementation of e-Challan, issuance of manual memo to the defaulters would be replaced by electronic challan. Under this system, during enforcement activities, penalty from the defaulters would be collected on the spot.

NIC had circulated a brochure providing information on e-Challan - Comprehensive Enforcement Solution (Mobile App cum Web Application), wherein the implementation requirement of software, hardware and the specifications of hardware were mentioned. In respect of specification of hardware for the mobile application, two options<sup>22</sup> were provided by NIC, of which the Department could adopt anyone.

In connection with the implementation of e-Challan module in Vahan 4.0, the Department had identified the requirement of 350 Tablet and 350 Bluetooth Thermal Printer for all offices and took the IT Committee's administrative approval on 13 July 2017. For trial run, the Department placed order for procurement of 25 Tablets and 25 Bluetooth Thermal Printers. However, only 13 Tablets and 25 Bluetooth Thermal Imager Printers could be procured in October 2017 and April 2018, respectively. The devices procured were even having less than the minimum 2GB RAM prescribed by NIC in the brochure. As these devices could not yield the desired results due to less visibility, slow speed etc., the Department proposed (October 2018) purchase of 700 Integrated Hand Held Devices (IHHD) in place of Tablets and Bluetooth Thermal Printers, which was pending for approval as on 31 March 2019.

Audit noticed that the e-Challan module was made operational from June 2018. In absence of the essential devices, the memos issued manually by the IMVs were data entered and scanned in the Vahan 4.0 e-Challan module at RTO/ARTOs. Thus, the Department's lack of preparedness defeated the very purpose of implementation of e-Challan module. Further, the deficiencies in e-Challan module because of not procuring the devices are discussed in paragraph 7.2.12 (i) *infra*.

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<sup>22</sup> First option: Mobile smart-phone or Tab with data connectivity, 5" or higher screen size, @ 2 GB RAM, Good camera, 2000+ MAH battery capacity, fast connectivity with other optional features such as Finger Print sensor, Stylus pen option, power bank and in case on spot challan print-out is required, a portable thermal printer connected to the mobile devices through Bluetooth is a desired accessory.

Second option: Integrated Hand Held Devices (IHHD) containing functionalities of the devices mentioned in the first option which would provide more ease of use.

## 7.2.9 General controls

### (i) IT Security Policy not updated

MoRTH, in March 2013, had issued a security policy/guideline prepared by NIC for circulation to the State Departments and Regional Transport Offices/District Transport Offices across the country.

Audit noticed that the security policy and guidelines prepared were in connection with the implementation of Vahan and Sarathi of earlier versions (1.0/ 2.0) and were outdated. However, since implementation of Vahan 4.0 and Sarathi 4.0, there have been substantial upgradations/advancements and accordingly the security policies and guidelines were required to be updated to cater to the new version of the applications in terms of roles and responsibilities of User Departments, System Administrator, Database Administrators, Vahan/Sarathi Users and the Security Policy and Guidelines for Version Control, Server Management, User Management, Database Maintenance and Backup Policy, Disaster Recovery Policy etc. However, the Department did not co-ordinate with MoRTH and NIC to revise and update the security policy and guidelines.

To create the environment in which the application systems and application controls operate, the Department needs to formulate a security policy that should be circulated at all levels for protection of hardware and software of the system. Preventive and detective measures like installation and updating antivirus software, User ID and passwords should be adopted. The IT system must have in-built controls to ensure that all the key information has been entered before the transaction is recorded in the database.

### (ii) Weak logical access control

Information System security involves the protection of computerised data from unauthorised modification. Logical access controls are restrictions imposed by the computer software. These are tools used for identification, authorisation and accountability in computer information systems and enforce access control measures for system, programs, processes and information. Logical access controls can be embedded within operating system, applications, add-on security packages or database.

Audit noticed that the password policy and access controls assigned to RTO users were inadequate as detailed below:

- the system was not designed to compel the RTO users to regularly change the password.
- the biometric devices, though purchased, were not used to authenticate the users.
- Vahan 4.0 and Sarathi 4.0 being web enabled applications, the RTO users were able to access the applications from any computer having web connection irrespective of place or time i.e. outside the office

premises and beyond office hours. Thus, the RTO user/Cashier could have collected the motor vehicles tax and fees from outside the office premises at any point of time and issued receipts to the vehicle owners. The analysis of Vahan 4.0 database of the 13 selected RTO/ ARTOs for the period from 1 August 2017 to 31 August 2018 revealed that 1,07,366 cash receipts valuing ₹ 50.47 crore out of the total 7,48,006 cash receipts were generated either before or after the office hours (between 07.00 pm and 10.00 am).

In order to improve the access controls, the Department introduced (01 September 2018) three additional security features such as (a) access to the application during office timings which could be extended by the administrator (b) Bind Internet Protocol (IP) Address<sup>23</sup> for users and (c) One Time Password (OTP) based login.

However, the new security features introduced by the Department were not fool proof considering the points mentioned below:

- Though, the OTP was being sent to the registered mobile number of the Sarathi user each time he/she logs into the system, the OTP sent to the registered mobile number of the Vahan 4.0 user was valid for 12 hours. Thus, as far as Vahan 4.0 application is concerned, the feature of OTP based login partly served the purpose as the IP address was vulnerable to unauthorised access in the event of access to the OTP by any unauthorised person.
- The Sarathi application was hacked<sup>24</sup> on holidays (25 and 26 December 2018) and illegal/ wrong entries were made in the Backlog module of the application as detailed in paragraph 7.2.10 (Case Study 2). Thus, the additional security features viz. access to the application during office timings, Bind Internet Protocol (IP) Address and One Time Password (OTP) based login proved insufficient. Moreover, the hacking came to the notice of the authorities on 28 January 2019 after lapse of more than one month. This further indicated poor monitoring by the authorities regarding security features of the applications.
- The Department could have further improved the access controls by enabling biometric access through the devices purchased in May 2018 which were not used till July 2019.

On this being pointed out, the Department, while accepting the audit contention, stated (May 2020) that instructions had been given by CoT office to enforce changing the password on the last day of every week by every employee/officer. Further, the Department stated that Telecom Regulatory Authority of India has been asked to develop a low-cost SMS system. Regarding the incident of hacking of Sarathi application, the Department stated

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<sup>23</sup> RTO users can access their account only on the assigned IPs for their user account. User cannot access his/ her account outside the office premises.

<sup>24</sup> The clerk and IMV who were authorised to enter, verify and approve the backlog entries of Sarathi 4.0 did not receive One Time Password (OTP) to log into the system.

that when the matter came to notice, disciplinary action was taken against a Government employee.

**Audit recommends that the Department may coordinate with NIC for sending OTP to the RTO user of Vahan 4.0 each time he/she logs into the system, analyse the security flaws in the system and further improve the access controls.**

#### **7.2.10 Issues in respect of legacy data and backlog module**

In the interest of data security, entry of legacy data should be made, completed and closed under close supervision. However, it was noticed that the legacy data in Vahan 4.0 was incomplete as detailed below:

##### **(i) Incomplete data in Vahan 4.0**

The completeness of data is of paramount importance for any IT Project to be a success. Legacy data requires well defined strategy in terms of timeliness and arrangement for data entry.

The contract for scanning and data entry of RTO records in connection with digitisation of all records relating to registration of motor vehicles in Gujarat was awarded to a Company in June 2011. As per the scope of work, the Company was required to scan and convert all documents to PDF format, index them as retrieval ready entry into document management system and make data entry in Vahan software or any other software specified by the Department.

As per the records furnished to audit, the Company had scanned and digitised 66,70,613 records till January 2016. Out of which, only 4,79,468 records were activated in Vahan 1.0/2.0 applications and ported to Vahan 4.0. Audit noticed that the remaining 61,91,145 records (i.e., almost 95 *per cent* of total records) were neither activated nor ported to Vahan 4.0. Thus, the data of Vahan 4.0 was incomplete rendering the State Register and National Register incomplete.

On this being pointed out, the Department stated (May 2020) that all legacy data related to vehicle and driving licenses has been obtained from NIC on September 2019 and RTOs have been instructed regarding the procedures to be adopted to verify and approve the legacy data.

##### **(ii) Deficiencies in the Backlog module of Vahan 4.0 and Sarathi 4.0**

As discussed above, the data of Vahan 4.0 was incomplete. Thus, for the purpose of digitisation of the remaining legacy data, Vahan 4.0 is provided with separate backlog data entry module by which data finds its way to the database of the system. The data in respect of the remaining vehicles was being entered in the backlog module by the authorised staff based on the original documents produced by the vehicle owner at the time of transfer of ownership, change of address, hypothecation termination etc. However, the backlog channel is vulnerable to creation of manipulated records as discussed below:

#### **Vahan 4.0**

Audit noticed that the input restriction or validation of data entered in the fields such as date of registration, date of purchase, tax paid date, receipt number etc., in the backlog module in Vahan 4.0 system was missing. The backlog module thus poses serious threat of entry of invalid and unauthenticated data. This has been corroborated with the detection of evasion of motor vehicles tax of ₹ 56.26 lakh involving 20 vehicles at ARTO, Gandhinagar where the backlog module was used to manipulate data of newly registered vehicle and fake tax receipt numbers, dates and amounts were entered in the system to depriving Government of its revenue. The details are given in **Appendix XXVI - Case Study I**.

On this being pointed out, the Department stated in May 2020 that in case of data manipulation in Vahan application, matter is under investigation by the department against responsible employee of RTO Gandhinagar and FIR would be lodged based on outcome of investigation. Further, the Department also stated that NIC has been informed about the modifications to be done for input restriction or data validation in view of the unforeseen incidents.

#### **Sarathi 4.0**

The data of Driving Licenses (DLs) issued prior to the year 2010 was entered in the system by the authorised staff based on the original documents produced by the licensees. Audit noticed that the input restriction or validation of data entered in the fields such as Original DL No., DL issue date, educational qualification etc., in the backlog module was missing. The backlog module thus poses serious threat of entry of invalid and unauthenticated data. Audit noticed from the database that the Department during February 2018 to March 2019 had detected and blocked 3,519 illegal/wrong backlog entries in eight RTO/ARTO offices<sup>25</sup>.

Besides, a case of illegal data entry in 84 DLs using the backlog module of Sarathi 4.0 in RTO office Ahmedabad on holidays has been detected by the Department wherein the system allowed to add transport vehicles class in the existing DLs of the licensees though they did not possess the prescribed minimum educational qualification. This, reveals the lack of input validation controls in backlog module. The details are given in **Appendix XXVI - Case Study 2**.

On this being pointed out, the Department stated (May 2020) that in case of Sarathi, FIR has been lodged and the issue of licence has been withheld. Further, the Department also stated that NIC has been informed about the modifications to be done in the system for input restriction or data validation in view of the unforeseen incidents.

**It is recommended that the Department may improve input and validation controls in the backlog module of both Vahan and Sarathi applications**

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<sup>25</sup> RTO: Ahmedabad, Ahmedabad (East), Kutchh, Surat; ARTO: Banaskantha, Bardoli, Junagadh, Kheda

and ensure that access to the module is limited to authorised staff only. Further, the Department may ensure that there is an audit trail in the applications to monitor amendments made through backlog module so as to avoid data manipulation.

### 7.2.11 Delegation and Segregation of duties

#### (i) Delegation of powers to non-supervisory staff

The provisions of the MV Act 1988, GMVT Act 1958 and the Rules made thereunder empower the RTO, being the Registering authority/Taxation Authority, to grant registration of vehicles, issue permits, validate post registration services<sup>26</sup> and assess tax. Rule 73 of the CMVR, 1989 empowers the RTO or Motor Vehicles Inspector (MVI) to issue tax clearance certificates to the effect that the vehicle is not in arrears of the motor vehicles tax or any compounding fees.

The Regional Transport Officer/Assistant Regional Transport Officer is the designated system administrator of Vahan and Sarathi applications at the unit level and assigns various roles to the different employees of the RTO/ARTO. The Vahan 4.0 is provided with different levels of authorization viz. entry<sup>27</sup>, verification<sup>28</sup> and approval<sup>29</sup>. Audit noticed various deficiencies in the Segregation of duties and monitoring by the higher authorities as detailed below:

On analysis of the information furnished by 12 RTO/ARTOs<sup>30</sup> out of 13 selected RTO/ARTO offices, it was observed that privileges of the administrator (RTO/ARTO) were assigned to the non-supervisory staff also. Out of the above 12 RTO/ARTOs, only in two offices the RTO/ARTO had utilised the privileges of approving various services through Vahan 4.0. The authority under which the powers of Registering and Licensing Authorities were delegated to non-supervisory staffs was not furnished to audit by the Department. The number of approvals granted by supervisory and non-supervisory staffs in Vahan 4.0 in respect of applications for new registration (Transport and Non-Transport), Issuance of Permits, backlog, tax clearance, Vahan Citizen Services (Post Registration Services) are shown in **Appendix XXVII**.

Audit noticed that the assignment of various supervisory roles to the non-supervisory staff indicated a potential risk to the integrity of data and system.

<sup>26</sup> Post Registration Services includes Alteration of vehicles, Transfer of ownership, Change of address, Hypothecation addition and/ or termination, Renewal of Registration, issue of No Objection Certificates, Renewal of fitness etc.

<sup>27</sup> Application inward process.

<sup>28</sup> Includes the functions of checking whether correct entries were made in the system with reference to the documentary proofs produced/ uploaded.

<sup>29</sup> The final stage to validate the transaction in its entirety.

<sup>30</sup> Except RTO Ahmedabad

**(ii) Inadequate segregation of duties**

Segregation of duties (SoD) is a proven way of ensuring that transactions are properly authorised, recorded and assets are safeguarded. Separation of duties occurs when one person provides a check on the activities of another. It is also used to prevent one person from carrying out an activity from start to finish without the involvement of another person. Inadequate segregation of duties increases the risk of errors being made and remaining undetected, fraud and the adoption of inappropriate working practices. Segregation of duties is a fundamental control requirement as it reduces the risk of error and fraud.

- (a)** Audit noticed that in nine out of the above 12 RTO/ARTO offices, various levels of roles and authorisations *viz.* entry, verification and approval in respect of various services had been carried out by the same official. The details of multiple roles and authorisations granted to the same staff in these RTO/ARTO offices are given in **Appendix XXVIII**. This was not only against the principle of segregation of duties but also indicated absence of compensating controls or monitoring mechanism in the system to protect against the risks associated with clubbing of functions.

The Departmental authorities detected data manipulation case in RTO office Bhavnagar, wherein invoice values of 80 two-wheeler vehicles were modified to evade motor vehicles taxes of ₹ 7.03 lakh including interest and penalty. Audit noticed lack of segregation of duties in the office as one of the reasons for the occurrence of the fraud as multiple roles such as rectification of entry, verification and approval have been assigned to the same non-supervisory staff without the supervision and control of RTO. The detail of the case is given in **Appendix XXIX – Case Study 3**.

- (b)** The right to collect cash, generate receipt and cancel the receipt so generated has been given to the Cashiers. In the 13 selected RTO/ARTOs, 65,375 receipts valuing ₹ 97.25 crore were cancelled during the period from 2015-16 to 2018-19 due to various reasons such as mistake in entering vehicle details, tax/fee amount etc. No supervisory mechanism of verification and approval for cancellation of the receipt is assigned in the Vahan 4.0 application. Further, the system though shows the details of the cancelled receipt in the Report module, it does not show whether cash was collected and another receipt was issued against the cancelled receipt. In the absence of a supervisory mechanism to ascertain the genuineness of cancellation of receipts, the possibility of misappropriation of cash cannot be ruled out.

On this being pointed out, the Department stated (May 2020) that in the RTOs around 50,000 applications are disposed of every day and around 125 lakh applications are disposed annually. In comparison to the increasing number of vehicles and the number of applications, the sanctioned administrative posts and filled up posts are very less. The Department stated that instructions have been issued to the RTO offices regarding the audit contention and different officers/employees have been appointed for follow up of operations.

**Audit recommends that the Department may strictly follow the principle of segregation of duties in accordance with the hierarchy of the organisation to ensure data integrity.**

### **7.2.12 Mapping of business rules in Vahan and Sarathi**

#### **(i) Deficiencies in e-Challan module**

In the absence of devices for issuance of e-Challan, the challans issued manually by the Inspector of Motor Vehicles during enforcement activities were scanned and the data was entered in the e-Challan module of Vahan 4.0 at the RTO/ARTO offices. Audit noticed following deficiencies in the e-Challan module:

#### **(a) Short levy of penalty**

The MV Act provides for levy of penalty for various types of offences committed against the provisions of the Act. The Central Government has notified from time to time, the rates of penalties leviable for different types of offences. The quantum of penalty is decided by the instance (first, second and subsequent offences) of violation of the particular provision of the Act.

No centralised database of e-challans issued and entered in the e-Challan module in respect of Gujarat State was provided to audit. However, four<sup>31</sup> RTO/ARTO offices had provided the database of e-Challans which revealed that out of 80,020 challans issued manually, in 2,351 challans, there was same type of offence (s) committed by the vehicle owners on different dates. The e-Challan module did not identify whether the offence was for the first or second (and subsequent) time for deciding applicability of higher rate of penalty. Hence, the penalty for second and subsequent offences was charged at the rates applicable to the first-time offence. Thus, absence of proper mapping of the penalty provisions of the MV Act resulted in short levy of penalty of ₹ 13.98 lakh as shown below:

**Table 04: Short levy of penalty due to improper mapping of business rules**

(₹ in lakh)

Sl. No.	Name of office	Total no. of challans entered in e-Challan module	No. of vehicle owners committed same second or subsequent offence	Penalty chargeable	Penalty levied	Short levy of penalty
1.	RTO Bharuch	17,648	483	4.48	2.05	2.43
2.	RTO Jamnagar	18,998	373	3.32	1.49	1.83
3.	ARTO Modasa	11,233	949	3.47	1.26	2.21
4.	RTO Surat	32,141	546	14.67	7.16	7.51
<b>Total</b>		<b>80,020</b>	<b>2,351</b>	<b>25.94</b>	<b>11.96</b>	<b>13.98</b>

On this being pointed out, the Department, while accepting the audit observation stated (May 2020) that modifications will be done in consultation with NIC in accordance with Motor Vehicle Act and notifications.

<sup>31</sup> RTO Bharuch, RTO Jamnagar, ARTO Modasa and RTO Surat

## No provision for entering penalty paid in cash

e-Challan module did not provide for entering the data in respect of the vehicles where the penalties for the offences were paid on the spot in cash. Not entering the details of such offences results in incomplete database/history of offences of an offender and makes it difficult to levy correct amount of penalty as prescribed.

### (b) Incomplete/ incorrect data in e-Challan module

- Out of the 80,020 challans, in 11,727 cases involving penalty of ₹ 53.37 lakh, the vehicle number/chassis number, vehicle class was entered as 'NA' (not applicable) in the e-Challan database. The details are given below:

**Table 05: Incomplete/ incorrect data in e-challan module**

(₹ in lakh)				
Sl. No.	Name of office	Total no. of challans entered in e-Challan module	No. of cases in which vehicle no./Chassis no. is entered as 'NA'	Penalty chargeable
1.	RTO Bharuch	17,648	4,368	32.77
2.	RTO Jamnagar	18,998	5,404	9.61
3.	ARTO Modasa	11,233	206	0.34
4.	RTO Surat	32,141	1,749	10.65
<b>Total</b>		<b>80,020</b>	<b>11,727</b>	<b>53.37</b>

In absence of the vehicle number/chassis number, unless the vehicle owner/offender turns up to pay the penalty, the Department would not be able to recover the penalty of ₹ 53.37 lakh. Further, in absence of vehicle number, second or subsequent offences committed in these cases, if any, would also not be ascertainable.

- Out of 80,020 challans in 436 cases of three<sup>32</sup> RTO/ARTO offices, the class of vehicle/ the details of offence was entered incorrectly. For example, challans had been issued for the offence of not wearing helmets or not having helmets of specific standard under Section 177 (1) of the MV Act 1988 to vehicle class other than two wheelers i.e. three wheelers, goods carrier, motor car, buses etc. Thus, the e-Challan module lacks validation control to ensure that penalty leviable correlates to the class of vehicle.

On this being pointed out, the Department (May 2020) stated that the main reason for incomplete data of engine numbers and chassis numbers is because the e-Challan is implemented on a server with different capacities on the e-Challan module. The Department stated that NIC has been intimated about the necessary validations to be made in the system.

### (ii) Short levy of registration fees due to incorrect categorisation of construction equipment vehicles in Vahan

The construction equipment vehicles have been defined under Rule 2 (ca) of the CMV Rules 1989. The MV Act 1988 and the CMV Rules 1989 do not

<sup>32</sup> RTO: Bharuch, Surat; ARTO: Modasa

categorise any vehicle as heavy motor vehicle (HMV) or medium motor vehicle (MMV). Ministry of Road Transport and Highways, vide its Notification dated 29 December 2016, prescribed fees for issue or renewal of certificate of registration and assignment of new registration mark to various categories of vehicles under Rule 81 of CMVR. The construction equipment vehicles are required to be categorised as ‘Others’ and attract fee of ₹ 3,000.

Audit noticed in the ‘fees master table’ of Vahan 4.0 that the vehicle category included MMV and HMV and fees for the same had been provided as ₹ 1,000 and ₹ 1,500 respectively. It was observed that out of 3,358 cases of registration of construction equipment vehicles falling under 13 selected RTO/ARTO offices, 1,284 vehicles were incorrectly categorized as LMV, HMV and MMV. The misclassification of construction equipment vehicles had, thus resulted in short recovery of registration fees ₹ 23.94 lakh in these 1,284 cases.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

**(iii) Non-mapping of business rules regarding levy of penalty and interest for delayed payment of tax**

Section 8 (a) of the GMVT Act prescribes for levy of interest at the rate of 18 *per cent* per annum for the delayed payment of tax. Further, the Ports and Transport Department vide its Resolution dated 28 June 2010, prescribed for levy of penalty at the rate of four *per cent* of the balance amount of tax in cases where any portion of the lump sum tax is paid after seventh day but before 30 days from the date of purchase of the vehicle and if the delay is beyond 30 days, 25 *per cent* of the balance amount of tax shall be levied as penalty. The CoT office vide Circular dated 11 December 2012, clarified that the motor vehicles tax shall be paid within seven days from the date of sale invoice by the dealer (purchase date) or the date of insurance or the date of delivery, whichever is earlier.

• **Non-levy of penalty and interest**

During data analysis of the Vahan 4.0 data for the period 2015-19, pertaining to the 13 selected RTO/ARTO offices, audit noticed in cases of newly registered vehicles liable to pay lump sum tax, that the Vahan system was not mapped with the conditions of the Circular dated 11 December 2012. It was observed that in 70,131 cases, the date of tax receipt was after a delay of seven days from the date of insurance/date of sale invoice. In these cases, the tax was calculated based on the date in the field “tax from” by the RTO office user/dealer which was not matching with the earliest of the date of the insurance, sale invoice or delivery. The penalty of ₹ 6.91 crore and interest of ₹ 2.63 crore aggregating to ₹ 9.54 crore was chargeable in these cases. However, no penalty and interest were levied in these cases due to absence of mapping of the provisions of the Departmental instructions. This has resulted in non-realisation of ₹ 9.54 crore revenue to the Government.

- **Deficiencies in the ‘Dealers Point Registration’ module**

It was observed (July 2019) that the date of reckoning tax was modified to be calculated in the system with reference to the date mentioned under the field ‘tax from’ which is auto populated from the ‘purchase date’ or ‘insurance date’, whichever is earlier. However, Audit noticed that the system adopts the ‘date of entry of data’ in the ‘Dealers Point Registration module’ as the ‘purchase date/delivery date’ which in turn is auto-populated in the system as ‘tax from’ date. Though, there is option in the ‘Dealers Point Registration module’ to edit the ‘purchase date’, the system did not prompt the dealer to enter the actual purchase date/delivery date as per the sale invoice date. As per Circular dated 11 December 2012, levy of penalty is based on ‘purchase /insurance/delivery date, whichever is earlier. Thus, in order to ensure levy of correct amount of penalty in the cases of delayed payment of tax, the system is required to be designed to prompt the dealer to enter the ‘date of purchase’ instead of adopting ‘date of data entry’ by default.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

- (iv) **Not mapping provisions for calculating penalty for registration beyond validity period**

Section 43 of the MV Act 1988 mandates the vehicle owner to get a temporary registration number (non-renewable) having a validity period of one month from the date of purchase. Within the validity period of the temporary registration number, the vehicle is required to be registered under Section 39 of the Act *ibid*. The offence of using vehicle without registration or in spite of suspension or cancellation of registration in public place under Section 192 of the Act *ibid* attract different amount of penalty for different category of vehicles<sup>33</sup>.

The analysis of Vahan database of the 13 selected RTO/ARTO offices revealed that in 13,724 cases of vehicles registered during the period 2016-18, there was delay in registration beyond one month from the date of purchase of the vehicle. Audit noticed that the penalty for delayed registration in these cases was collected by the Department under the head miscellaneous fees/fines<sup>34</sup>. However, it was noticed that due to absence of mapping of the penalty structure prescribed under Section 192 (3) of the MV Act in the Vahan system, incorrect amount of penalty was charged in these cases. The details are given in the following table:

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<sup>33</sup> Penalty slab - ₹ 500 for two wheelers, ₹ 1000 for three wheelers, ₹ 2000 for four wheelers and ₹ 5000 for others.

<sup>34</sup> No description of miscellaneous fees was given in the system.

**Table 06: Short levy of penalty for registration of vehicles beyond validity period**

Sl. No.	Category of vehicle	No. of vehicles	Penalty rate (₹ per vehicle)	Total penalty chargeable (₹ in lakh)	Total penalty levied (₹ in lakh)	Short levy of penalty (₹ in lakh)
1.	2-wheeler	9,465	500	47.33	17.89	29.44
2.	3-wheeler	400	1,000	4.00	1.85	2.15
3.	4-wheeler	2,185	2,000	43.70	10.14	33.56
4.	Others	1,674	5,000	83.70	23.70	60.00
<b>Total</b>		<b>13,724</b>				<b>125.15</b>

The non-mapping of penalty structure resulted in short realisation of penalty of ₹ 1.25 crore in these 13,724 vehicles.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

**(v) Incorrect rounding off of fraction of a rupee**

Section 4 (2) of the GMVT Act 1958 provides that in calculating the amount of tax due, the fraction of a rupee not exceeding fifty paise shall be ignored and the fraction of a rupee exceeding fifty paise shall be taken as a rupee.

It was noticed that Vahan 4.0, instead of ignoring the fraction of a rupee not exceeding fifty paise, rounds off the tax amount to the next higher rupee. Thus, the system calculates the tax payable on a higher side which necessitates modification in the application to align with the provisions of the GMVT Act.

**(vi) Irregular collection of fees on new Certificate of Registration (RC) issued due to cancellation of Hypothecation agreement**

Form 23A of the CMVR 1989 provides that the particulars be printed on the Visual Inspection Zone (VIZ) of smart card-based Registration Certificate (RC) which does not provide any field for printing of Hypothecation details<sup>35</sup>. Thus, the smart card RCs are required to be issued without mentioning Hypothecation details in the VIZ of the card though these details are available in the Machine-Readable Zone (MRZ)/ chip of the smart card RCs. Further, as per note 2 of the Notification dated 29 December 2016 issued by MoRTH, in case of smart card RCs, an additional fee of ₹ 200 shall be charged except in the case of issue of fresh certificate of registration after cancellation of hire purchase or lease or hypothecation agreement.

It was observed that the Department had issued smart card RCs to the new registered vehicles wherein details of hypothecations were printed on the smart card which was against the form prescribed for Visual Inspection Zone of the RCs. On scrutiny of the data generated from Vahan 4.0 in respect of the 13 selected RTO/ARTO offices it was observed that during the period from 2017-18 to 2018-19, 2,93,083 vehicle owners had applied for updating of RCs

<sup>35</sup> Hypothecation details includes name of financier, address of financier, hypothecation date from and hypothecation upto.

on termination/ cancellation of hypothecation. The Department had collected fees of ₹ 5.86 crore for issuance of new Smart Card RCs in these cases by charging ₹ 200 each from the respective vehicle owners. Thus, non-mapping of the provisions of the Notification dated 29 December 2016, resulted in irregular collection of fees from the vehicle owners.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

**(vii) Not uploading manufacturer's tax invoice in Vahan 4.0**

The motor vehicles tax leviable on new registrations is based on the 'cost of vehicle'<sup>36</sup> as defined under Section 2 (1A) of the GMVT Act 1958. The cost of vehicle in relation to a vehicle manufactured in India means the sale price of the vehicle shown in the invoice of the vehicle issued either by the manufacturer or the dealer of the vehicle; and a vehicle imported into India means the sum of value of vehicle as assessable under the Customs Act, 1962 and endorsed as such in the Bill of Entry under that Act including the amount of customs duty and any other duty, cess or charges payable thereon. The CoT office vide Circular dated 6 July 2017, instructed the RTO offices to verify and call for clarifications from the State Tax and Commercial Tax Department wherever the difference between the cost of vehicle mentioned in the Manufacturer's tax invoice and sale price mentioned in the Dealer's sale invoice varies noticeably.

The 'Dealers Point Registration' (DPR) module in Vahan 4.0 provides for uploading (w.e.f. 01 August 2018) of various documents<sup>37</sup> while applying for registration of new motor vehicles. It was noticed that no option was provided in the DPR module for uploading the Manufacturer's tax invoice nor was it linked to Homologation module and made accessible by the RTO offices for cross verification of the price of the vehicle while approving the new registration. Further, Audit also noticed that no option was provided for uploading the Bill of Entry as well as the manufacturer's invoice in case of registration of imported vehicle due to which, the difference if any, between the dealer's invoice and the manufacturer's invoice/bill of entry could not be ascertained. Thus, there is a need to modify the application so that the authorities could be able to implement the provisions of the Act and the circular mentioned above to safeguard the revenue. Further, there is a need to make provision in the application to generate pop-up message to ask for further clarification in cases of considerable variation in the cost of vehicle as per Manufacturer's/ Dealer's tax invoice to avoid leakage of revenue.

**(viii) Incorrect grant of Driving Licences to persons aged between 16 and 18 years**

As per Section 4 (1) of the MV Act 1988, no person under the age of 18 years shall drive a motor vehicle in any public place, provided that a motor cycle

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<sup>36</sup> 'Cost of vehicle' in relation to a vehicle manufactured in India means the sale price of the vehicle as shown in the invoice issued by the manufacturer/ the dealer of the vehicle.

<sup>37</sup> Form 20, Form 21, Form 22, Identity proof and address proof of the vehicle owner, Insurance Certificates, Sale invoice of the dealer etc.,

with engine capacity not exceeding 50 Cubic Centimetre (CC) may be driven in a public place by a person after attaining the age of 16 years.

Audit noticed that 3,69,260 Driving Licences (DLs), imprinted with the wording MCWOG (Motor cycle without gear), were issued to persons aged between 16 and 18 years though these persons were eligible for issuance of DLs imprinted with “Motor Cycle with engine capacity not exceeding 50 CC” as per the provisions of the MV Act. It was seen from the Vahan database that the minimum engine capacity of the two wheelers registered with the Department was 59.9 CC. Thus, it can be concluded that the DLs issued to the persons aged between 16 and 18 years were for the two wheelers having engine capacity more than 50CC which was against the provisions of the MV Act. Moreover, there was no system to ensure that the persons aged between 16 and 18 years use two wheelers having engine capacity up to 50 CC only while appearing in driving test in the automated driving test tracks of the RTO/ARTO offices.

Thus, the application is required to be updated/ modified to ensure that persons aged between 16 and 18 years are issued DLs for “Motorcycle with engine capacity not exceeding 50 CC” only.

**(ix) DL issued to ineligible applicants**

The CMVR 1989 prescribes eighth standard pass as minimum educational qualification for obtaining a licence to drive a transport vehicle.

During analysis of the Sarathi database, it was noticed in 12<sup>38</sup> RTO/ARTO offices that 95 driving licences for transport class of vehicles were issued (between January 2011 and March 2019) to applicants who did not possess the minimum educational qualification of eighth standard.

Thus, the application is required to be updated/ modified with proper validation controls to ensure that condition of minimum educational qualification is satisfied before issuance of driving licence for transport vehicles.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

**(x) Collection of fees in advance for driving licence and smart card against the requirements of the Rules**

MoRTH, vide Notification dated 29 December 2016, revised the fees for issue of Learner’s Licence (LL) and Driving Licences (DL). As per note 2 read with serial number 1 to 3 of the table of fees of the Notification, the fees chargeable for LL test or retest (₹ 50), issue of LL in Form 3 for each class of vehicle (₹ 150) and test or repeat test of competence to drive each class of vehicle (₹ 300) shall be charged collectively (₹ 500) at the time of submission of application for issue of LL or DL or for endorsement of another class of

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<sup>38</sup> Ahmedabad, Bharuch, Bhavnagar, Botad, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Kambhaliya, Modasa, Narmada, Surat

vehicle, as the case may be. Further, as per note 1 read with serial number 4 of the table of fees, for issuance of a DL, ₹ 200 is chargeable and where a Smartcard type driving licence is to be issued in Form 7, an additional fee of ₹ 200 shall be charged.

Audit noticed that while receiving application for new LL, the Sarathi 4.0 application automatically calculates a fees of ₹ 900 for a single class of vehicle and ₹ 1,350 for two classes of vehicles (₹ 150+ ₹ 300+ ₹ 900), which includes ₹ 400 for issuance of DL along with the smart card charges as mentioned at serial number 4 of the table of fees. The validity of the LL is for six months from the date of issuance of the licence (in case of clearance of LL test). If the applicant is unable to clear the LL test or fails to clear the DL test within the prescribed time limit or does not appear for the competency test to drive vehicle, he/she would have to apply afresh for new LL. The charges paid for issuance of DL and smart card also get lapsed and there is no provision for refund or adjustment of fees paid by the applicant previously. Hence, each time the same applicant applies for LL, he/she has to pay ₹ 400 for DL and smart card in addition to the other prescribed fees irrespective of success/failure in the LL/ DL test. Charging of this additional amount of ₹ 400, each time the applicant applies for LL, is not in consonance with the provisions of the rules. Thus, Sarathi 4.0 application is required to be modified in view of the provisions of the Notification dated 29 December 2016 to avoid undue financial burden on the applicant.

**(xi) Classification of maxi cabs as motor cabs and vice versa**

Section 2 (22) of the MV Act 1988 defines ‘maxi cab’ as any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers, excluding the driver, for hire or reward. Similarly, ‘motor cab’ is defined under Section 2 (25) as any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward. The motor cab attracts lump sum motor vehicle tax while the maxi cab attracts recurring motor vehicle tax under the GMVT Act, 1958.

Data analysis of the 13 selected RTO/ ARTO offices revealed that in 10<sup>39</sup> offices, 62 vehicles adapted to carry between seven to 12 passengers were registered (during the period from 2015-16 to 2018-19) as motor cabs instead of maxi cabs. Similarly, in six<sup>40</sup> offices, 15 vehicles adapted to carry not more than six passengers were misclassified as maxi cabs instead of motor cabs. The audit observation points to the lack of mapping of the provisions of the MV Act in classification of vehicles with reference to the number of seats.

On this being pointed out, the Department stated (May 2020) that RTO/ARTO offices have been intimated to verify the cases and initiate appropriate action.

**Audit recommends that the Department may take necessary steps in co-ordination with NIC to incorporate all the business rules and procedures in the system.**

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<sup>39</sup> Ahmedabad, Bavla, Bharuch, Bhavnagar, Botad, Chhota Udepur, Gandhinagar, Modasa, Narmada and Surat,

<sup>40</sup> Ahmedabad, Bhavnagar, Dahod, Gandhinagar, Jamnagar and Surat

### 7.2.13 Application controls

Application controls are controls over the input, processing and output functions. These controls help ensure data accuracy, completeness, validity, verifiability and consistency and thus ensure the confidentiality, integrity and availability of the application and its associated data.

Audit found that data accuracy was compromised rendering the applications viz. Vahan and Sarathi database unreliable. The findings are mentioned in the following paragraphs:

#### (i) Vehicles registered at multiple RTO/ARTO offices

Under Section 49 of the MV Act 1988, if the owner of a registered vehicle changes his place of residence or business, he has to apply for change of address in the RC to the new Registering Authority in whose jurisdiction his new address falls and after effecting the change of address, the new Registering Authority is to communicate the altered address to the original Registering Authority who then removes the registered vehicle from his database.

Data analysis of Vahan 4.0 data for the period from 2015-16 to 2018-19 pertaining to the 13 selected RTO/ARTO offices revealed that 52,474 vehicles were having active registration at two or more RTO/ARTO offices as shown below:

**Table 07: Vehicles registered at multiple RTO/ARTOs**

Sl. No.	No. of vehicles	No. of RTO/ARTOs in which vehicle registration was active
1	52,018	2
2	455	3
3	1	4
	<b>52,474</b>	

Test check of these cases revealed that No Objection Certificates (NOC) had been issued for transfer of records from one office to the other office but this fact was not captured in the system. It was further observed that these cases were of migration of data from earlier version of Vahan 1.0/ 2.0 to Vahan 4.0. Thus, there were deficiencies in data migration.

On this being pointed out, the Department replied (July 2019) that the NIC had developed a module named 'De-Duplicate Registration Number' to identify this issue. Multiple records within the State and other States can be removed by the authorised person in CoT office (State Administrator) in the module on receiving application by the concerned RTO office.

#### (ii) Lack of data authenticity in fitness module with reference to PUC

Rule 115 (7) of the CMVR 1989 provides that after the expiry of a period of one year from the date on which the motor vehicle was first registered, every such vehicle shall carry a valid "Pollution Under Control" (PUC) certificate

issued by an agency authorised for this purpose by the State Government which will be valid for six months. MoRTH issued a Notification dated 06 June 2018 for linkage of PUC certificate with Vahan database as per the directions of the Supreme Court in the matter of W.P(C) No. 13029 of 1985, M.C. Mehta V/s Union of India dated 10 August 2017. The MoRTH notified 01 April 2019 as the last date of linking the emission data with Vahan database in respect of Gujarat.

Audit observed certain deficiencies in the database related to PUCs as described below:

- At the time of approval of fitness certificate, the RTO office enters the data of fitness in the module provided for the purpose in Vahan 4.0. However, the authenticity of the PUC Certificate was not verified nor was it linked (as on 31 March 2019) by the Department with the agency approving or certifying it.
- Moreover, the application does not calculate validation period of PUC automatically based on date of issue of the certificate. Thus, the validity date is entered manually by the IMVs. In the event of incorrect entry of validity date, the validation period is reflected in the system in negative number of days or in excess of 180 days.

Thus, it is evident that there was no system to validate the authenticity of the data. As a result of which incorrect data was being entered in the fields while processing the fitness certificates.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

### **(iii) Absence of data validation in key fields**

Analysis of the Vahan and Sarathi database of the 13 selected RTO/ ARTO offices for the period from 2015-16 to 2018-19 revealed that certain key fields contained incorrect data/ values in several records due to inadequate data validation. The details are as under:

- (a) Incorrect mention of Cubic Capacity (CC) -** CC of 2,436 two-wheeler vehicles of 13 RTO/ ARTO offices was entered as 'NULL' or was ranging from 0 to 49, though, as per the make and model of the vehicle, the CC of the vehicles was much higher. Out of these, 334 vehicles were registered in Vahan 4.0 between August 2017 and March 2019.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

- (b) Incorrect data of number of seats under various category of vehicles –** In 4,104 vehicles of 12 RTO/ARTO offices<sup>41</sup>, the number of seats had been entered as ranging from 14 to 999, though these vehicles did not

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<sup>41</sup> Ahmedabad, Bharuch, Bhavnagar, Botad, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambhalia, Modasa, Narmada, Surat.

carry these many seats. Out of these, 119 vehicles were registered in Vahan 4.0 between August 2017 and March 2019. The details are given in the following table:

**Table 08: Incorrect data of number of seats under various category of vehicles**

Sl. No.	Name of RTO/ARTO offices	Period of registration between	Vehicle Class	No. of vehicles	No. of seats ranging between
1.	Bharuch, Bhavnagar, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambaliya, Modasa, Narmada, Surat	April 2015 and March 2017	 Motor Cycle/ Scooter	131	22 and 999
2.	Chhota Udepur, Khambhaliya, Modasa, Surat	May 2015 and July 2018	 Three-Wheeler (Goods)	5 (1)	435 and 999
3.	Ahmedabad, Bharuch, Botad, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambaliya, Modasa, Surat	August 2015 and March 2019	 Motor Car	45 (15)	14 and 999
4.	Ahmedabad, Bharuch, Bhavnagar, Dahod, Gandhinagar, Modasa, Surat	May 2015 and August 2018	 Goods Carrier	35 (5)	14 and 999
5.	Ahmedabad, Bavla, Bharuch, Bhavnagar, Botad, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambhaliya, Modasa, Narmada, Surat	April 2015 and March 2019	 Tractor, Trailer, Construction Equipment Vehicles and others <sup>42</sup>	3888 (98)	14 and 999

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

- (c) **Incorrect entry of tax collection period** - According to Section 3 read with Section 4 of the GMVT Act 1958, tax shall be levied and collected in advance as per the schedule of payment of tax for each category of vehicles prescribed by the Government from time to time.

Test check of the Vahan database for the period 2015-16 to 2018-19 revealed that in case of 80 tax receipts of 51 vehicles under seven<sup>43</sup> RTO/ ARTO offices, the period for which the recurring tax was paid by the vehicle owners had been entered incorrectly in the system. In these cases, tax was paid for the period 2012-13 to 2018-19, however, the database showed that the tax was paid for a future period (for the period

<sup>42</sup> Excluding buses

<sup>43</sup> Ahmedabad, Bharuch, Chhota Udepur, Gandhinagar, Jamnagar, Narmada, Surat.

between December 2018 and March 2032). Audit noticed that the system neither validates the period for which the recurring tax was last paid in respect of a particular vehicle nor does it automatically determine the period from which the tax is due to be paid.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

- (d) **Invalid registration numbers** – In case of 162 vehicles, the registration numbers were without the code of the State/Registration Authority as detailed below:

**Table 09: Invalid registration numbers**

Type of series	Number of vehicles
Registration number starting with 'XX'	160
All Numeric numbers	2
<b>Total</b>	<b>162</b>

The reason for showing such incorrect/invalid registration numbers was that inaccurate data was entered in earlier versions of Vahan 1.0/ 2.0 and was migrated to Vahan 4.0. Thus, migration of data took place without validation of the data.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

- (e) **Invalid date of registration of vehicles** – In 67 cases of migrated data of registered vehicles from Vahan 1.0/2.0 at nine<sup>44</sup> RTO/ARTO offices, the registration date of vehicle was mentioned incorrectly due to absence of validation checks during migration. For example – A vehicle (Trailer-Agricultural) purchased on 08 May 2017 was shown as registered on 08 May 0417. Further, in 1,075 vehicles (including five vehicles registered in Vahan 4.0 between January 2018 and March 2019) registered in the 13 RTO/ARTO offices during the period 2015-16 to 2018-19, the date of registration of the vehicles was prior to the date of purchase of vehicles ranging between one to 764 days.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

- (f) **Lack of data input validation** - Vahan 4.0 application does not restrict entering space and/or special characters in various fields<sup>45</sup> while filling the online application for new registration and Vahan Citizen Services. During printing of the smart card RCs, the space and/or special characters so entered are printed as question mark or unintelligible characters and data mismatch is displayed during the KMS<sup>46</sup> process. These cases are referred back by the

<sup>44</sup> Ahmedabad, Bharuch, Bhavnagar, Chhota Udepur, Dahod, Gandhinagar, Jamnagar, Khambaliya, Surat.

<sup>45</sup> Name of applicant, Insurance cover note number, Financer's name etc.

<sup>46</sup> KMS is a software developed by NIC to sanctify the pre-personalised cards. The smart cards are inserted through a KMS reader by the authorised persons for authentication of data and activation of the chip.

agency responsible for printing smart card RCs to the respective RTO/ARTO office for removal of the space and/or special characters in the database. The process of verification, approval, printing and KMS is required to be repeated after rectification of the error. Thus, due to lack of validation control for data input, there was wastage of resources and time.

On this being pointed out, the Department stated (May 2020) that the matter will be resolved in consultation with NIC.

**Audit recommends that the Department may take necessary steps to have in-built input and validation controls to prevent capturing of incorrect and incomplete data in the system.**

#### **7.2.14 Lack of documentations**

Once a system is implemented, change control should be put in place to ensure that the changes to the system are authorised, tested and documented to ensure adequate audit trail. The request for changes should be signed by the higher-level functionaries of the Department and all changes should be tested before they are put to use in the live environment.

##### **(i) Technical documents not furnished to audit**

Audit noticed that the Department did not have proper written and authenticated documentation of the modules developed by NIC. The documents such as User Requirement Specifications, System Requirement Specifications, data flow diagram etc. were called for from NIC but were not produced to audit. In the absence of such records, audit could not verify the adequacy of documentation and system support.

##### **(ii) Absence of Change Management Control**

The modifications in Vahan 4.0 and Sarathi 4.0 systems are undertaken in the system by NIC personnel on the request of the Department. The errors or deficiencies in the Vahan 4.0 and Sarathi 4.0 applications are reported to the CoT office through e-mail by the RTO/ARTO offices and the CoT office in turn forwards the e-mail to NIC, Gandhinagar for mitigation of the error or deficiencies in the system. However, the procedure for change management was neither documented nor was there any procedure for authorisation of the changes in the system at the appropriate level. In absence of change management controls, the system was fraught with the risk of undetected unauthorised changes.

##### **(iii) Absence of structured complaint management system**

Audit observed that no central register or priority list was maintained/marked separately to identify the prominent issues having revenue implications requiring immediate attention. As no register or structured complaint management system was maintained, audit could not ascertain whether all the issues reported by the RTO/ARTO offices had been forwarded timely to NIC

and were promptly responded. The actual time taken to mitigate the deficiencies was also not ascertainable due to absence of proper complaint management system.

**Audit recommends that the Department may devise a robust complaint management system in co-ordination with NIC to monitor timely mitigation of errors and deficiencies in the system.**

### **7.2.15 Deficiencies in Report Module**

Audit noticed that the Report module of Vahan 4.0 was enabled to generate reports of various activities of RTO/ARTO offices especially Pendency of cases report, Tax defaulters report etc., for a maximum period of 180 days at a time. For example, a report of pendency of cases can be generated for a period starting from 1 January 2019 to 30 March 2019 which will show only those pending applications which were applied during that period. No consolidated reports showing the status of cases on a specific date could be generated by the RTO/ARTO offices from the Report module. This hinders monitoring of various issues and taking corrective actions by the authorities. Few issues are discussed below:

#### **(i) Pendency of cases of new registration**

On receipt of an application under Rule 47 of the CMVR 1989 and after verification of the documents furnished therewith, the registering authority shall, subject to the provisions of Section 44 of the MV Act 1988, issue to the owner of the motor vehicle a certificate of registration in Form 23A within the period of 30 days from the receipt of such application.

During the course of audit, it was noticed in the Report module of Vahan 4.0 application at 13 selected RTO/ARTO offices that 11,649 applications for registration of new vehicles filed during the period from 2015-16 to 2018-19, were pending for verification and approval by the Registering Authority. In these cases, the dealer had paid fees and tax as applicable but had not produced the required documents and vehicles to RTO/ARTO offices.

The age wise pendency of cases in the 13 selected RTO/ARTO offices as of June 2019 is as follows:

**Table 10: Pendency of registration applications**

<b>Period</b>	<b>Pending at verification level</b>	<b>Pending at approval level</b>	<b>Total pendency</b>
01.04.2015 to 31.03.2016	1	17	18
01.04.2016 to 31.03.2017	66	32	98
01.04.2017 to 31.03.2018	2,813	135	2,948
01.04.2018 to 31.03.2019	7,970	615	8,585
<b>Total</b>	<b>10,850</b>	<b>799</b>	<b>11,649</b>

*(Source: Report Module of Vahan 4.0)*

Thus, 11,649 vehicles were plying on road without valid registration number against the provisions of the MV Act. Availability of consolidated reports of

pending registration cases on a particular date in the Report Module would have facilitated effective monitoring by RTO/ARTO offices.

**(ii) Tax defaulters**

Section 12 of the GMVT Act 1958 provides that no motor vehicle used or kept for use in the State shall be used on any road in the State where the tax payable in respect of such vehicle remains unpaid for more than 30 days after it has become due under the provisions of this Act, until the tax, penalty and interest, if any, due is paid. Chargeability of penalty is prescribed under Section 18 of the Act *ibid*.

Vahan 4.0 application supports generation of the list of tax defaulters as well as notices/memos for issuing to the defaulters from the Report module and the Vahan transaction module. Audit noticed certain inconsistencies in the two modules discussed below:

**(a)** The defaulters list and notices in Gujarati language could be generated from Vahan Report module only for a maximum period of 180 days at a time. This would mean that the data generated would only contain the details of the defaults happened during the said requested period of 180 days. Thus, a consolidated report of a particular defaulter could not be generated from the Report module.

**(b)** Category-wise and age-wise defaulters report can also be generated from the Vahan 4.0 transaction module but it does not provide the facility for extracting list of defaulters for any particular period. As a result, the data available does not facilitate control measures for analysing pendency of arrears year/period wise and their collection. Further, the memos here are generated in English language without a mention of the applicable provisions of the Act and the total amount due.

Audit noticed in most of the RTO/ARTO offices, the defaulters list and notices had been generated from Vahan Report module rather than the memos from the Vahan transaction module. In these offices, the notices were issued only to those defaulters who had defaulted during the report generation period of 180 days. Thus, in order to negate the probability of leakage of revenue, consolidated data of each defaulter in one place in the application is necessary for the department to effectively monitor the realization of tax dues from the defaulters.

**Audit recommends that the system may be modified to have the option of generation of notices/memos from only one source instead of multiple sources. Further, option to generate category-wise, age-wise and registration number-wise tax defaulters list and corresponding multilingual notices containing the relevant information according to the provisions of the Act and Rules, may be provided in the system.**

### 7.2.16 Deficiencies in Analytics Portal

Considering the volume and complexity of data generated through various transport services, a progressive Analytics Portal has been implemented in the project (Vahan and Sarathi) by NIC. NIC has adopted open source Business Intelligence (BI) tools such as JavaScript Libraries, Elastic Search and Text Search. An open source database Postgres is used for all the required data repositories. The portal, provisioned with an aim to enable efficient decision-making and forecasting, serves the following key purposes: (1) Business Intelligence Portal to fulfil the analytics and reporting needs related to Vahan, Sarathi and other transport related data and comprehensive dashboards for Vahan and Sarathi to analyse and monitor the important analytics Key Performance Indicators (KPIs). (2) Advanced, fast and comprehensive search utility to quickly access details of Vahan RC and Sarathi DL (3) Leveraging Advanced Analytics to forecast the occurrence of events in future, based upon the historical data.

The data of Gujarat State extracted from the Analytics Portal by audit revealed huge variations in figures of fees and tax in Analytics Portal and *Parivahan* dashboard as detailed below:

**Table 11: Mismatch in data of Analytics Portal vis-à-vis *Parivahan* Dashboard**

(₹ in lakh)

	Calendar Year	Data as per Analytics Portal			Data as per <i>Parivahan</i> Dashboard		
		Fees	Tax	Total revenue	Fees	Tax	Total revenue
Vahan	2016	54.53	1,95,275.83	1,95,330.36	27,703.74	2,06,191.64	2,33,895.38
	2017	88.48	2,48,862.31	2,48,950.79	62,038.37	2,58,144.57	3,20,182.94
	2018	17.51	2,40,439.75	2,40,457.26	64,805.07	2,81,047.25	3,45,852.32
Sarathi	2016	0.41	-	0.41	0.41	-	0.41
	2017	3,869.38	-	3,869.38	3,834.02	-	3,834.02
	2018	12,545.02	-	12,545.02	14,184.42	-	14,184.42

In addition to the above, neither the Analytics Portal nor the dashboard of *parivahan* website shows bifurcated data of vehicles paying lump sum tax, recurring tax along with the revenue generated under these categories of vehicles. Further, the option to extract financial year wise data or data pertaining to a specific period is not provided in the Analytics portal. Thus, the incorrect/insufficient representation of data defeats the purpose of the portal and also could adversely impact the monitoring and decision-making process of the management.

**Audit recommends that the Department may ensure that there is no mismatch of information available in the Analytics Portal and *Parivahan* website to facilitate dissemination of correct information to the stake holders.**

### 7.2.17 Conclusion

The Department neither prepared IT Strategy Plan nor prepared a definite timeline for implementation of both Vahan 4.0 and Sarathi 4.0. Hence, there was delay in implementation of Sarathi 4.0/ various modules of Vahan 4.0. The delayed implementation of the applications deprived the public of

the benefit of web-based services available in Sarathi 4.0 and Vahan 4.0. Non-installation of Biometric devices purchased in May 2018 not only proved infructuous expenditure but also deprived the applications of improved access controls. The Department's lack of preparedness for procuring equipment with correct configuration defeated the purpose of implementation of e-Challan module. There was inefficient contract management due to which penalty was not levied and MIS portal was not set-up in Smart Card issuance contracts of DL and RC. Due to vulnerability of backlog module, there was manipulation of records which resulted in depriving Government of its revenue. Delegation and segregation of duties was inadequate in all the RTO/ARTO offices selected for audit. Deficient mapping of rules resulted in short levy of fees, non-levy of penalty and interest etc. There was absence of validation controls due to which data accuracy, integrity and migration of the complete data was questionable. The Department needs to improve the efficiency and effectiveness of the applications in close co-ordination with NIC to achieve the purpose of computerisation.

### **7.2.18 Recommendations**

For optimum utilisation of Vahan and Sarathi and to provide service to the customer, it is recommended that the Department may:

- **coordinate with NIC for sending OTP to the RTO user of Vahan 4.0 each time he/ she logs into the system, analyse the security flaws in the system and further improve the access controls.**
- **improve input and validation controls in the backlog module of both Vahan and Sarathi applications and ensure that access to the module is limited to authorised staff only. Further, the Department may ensure that there is an audit trail in the applications to monitor the amendments made through backlog module so as to avoid data manipulation.**
- **strictly follow the principle of segregation of duties in accordance with the hierarchy of the organisation to ensure data integrity.**
- **take necessary steps in co-ordination with NIC to incorporate all the business rules and procedures in the system.**
- **take necessary steps to have in-built input and validation controls to prevent capturing of incorrect and incomplete data in the system.**
- **devise a robust complaint management system in co-ordination with NIC to monitor timely mitigation of errors and deficiencies in the system**
- **take up system modification to have the option of generation of notices/ memos from only one source instead of multiple sources. Further, option to generate category- wise, age-wise and registration number-wise tax defaulters list and corresponding multilingual notices containing the relevant information according to the provisions of the Act and Rules, may be provided in the system.**

- ensure that there is no mismatch of information available in the Analytics Portal and *Parivahan* website to facilitate dissemination of correct information to the stake holders.

### 7.3 Non-realisation of motor vehicles tax

The Gujarat Motor Vehicles Tax (GMVT) Act prescribes that transport vehicles such as contract carriage<sup>47</sup>, goods carriage vehicles and non-transport vehicles<sup>48</sup> are required to pay tax on monthly/ half yearly/ yearly basis respectively, except for the period when the vehicles are not in use. As per Section 8A (1) of the Act, in case of delay in payment, interest at the rate of eighteen *per cent* per annum and as per Section 18 and CoT office Circular<sup>49</sup>, if the delay exceeds one month, a penalty at the rate of two *per cent* per month subject to a maximum of 25 *per cent* of tax is also chargeable. Section 12 of the Act, *ibid*, authorises the Department to recover unpaid tax in the same manner as arrears of land revenue. Section 12B empowers the Department to detain and keep in custody the vehicles of those owners who defaulted in payment of Government dues.

During test check of the Demand and Collection Registers and Vahan system of five<sup>50</sup> taxation authorities, audit noticed<sup>51</sup> that the operators of 1,179 transport<sup>52</sup> vehicles (Goods vehicles, omnibuses<sup>53</sup>/ maxi cabs<sup>54</sup> etc.) and 216 non-transport<sup>55</sup> vehicles had neither paid tax nor filed non-use declarations<sup>56</sup>.

Audit noticed that in case of four<sup>57</sup> taxation authorities, no demand notices were generated in respect of 898 transport vehicles and 216 non-transport vehicles while in case of two<sup>58</sup> taxation authorities, though demand notices were said to be generated in respect of 281 transport vehicles, no records such as office copies of the notices or dispatch registers were maintained to ascertain that the same have been dispatched to the defaulters. There was no proper monitoring system to trace such vehicles in default. Lack of monitoring by the taxation authority to ensure the fact that demand notices have been issued to all the defaulters and proper action under the provisions of the Act has been initiated to enforce the recovery of motor vehicle tax, resulted in non-realisation of motor vehicles tax amounting to ₹ 6.12 crore. Besides, interest and penalty were also leviable at the rates prescribed in the Act.

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<sup>47</sup> Maxicab, Motorcab etc.

<sup>48</sup> Cranes, Compressors, Rigs, Excavators and Loaders etc.

<sup>49</sup> No. CoT/Tax Default/Comp./On/5598 dated 16 November 2009.

<sup>50</sup> Amreli, Godhra, Jamnagar, Mehsana and Rajkot.

<sup>51</sup> Between November 2017 and June 2018.

<sup>52</sup> Registered between November 1986 and May 2017.

<sup>53</sup> Any motor vehicle constructed or adapted to carry more than six persons excluding the driver.

<sup>54</sup> Any motor vehicle constructed or adapted to carry more than six persons, but not more than 12 passengers excluding the driver, for hire or reward.

<sup>55</sup> Registered between January 1987 and January 2018.

<sup>56</sup> For various periods between 2011-12 and 2017-18.

<sup>57</sup> Amreli, Jamnagar, Mehsana and Rajkot

<sup>58</sup> Godhra and Jamnagar

**Table 12: Non-Recovery of Motor Vehicles Tax**

Type of vehicles	No. of operators/ owners involved	Non-recovery of motor vehicle tax (₹ in lakh)
Transport	1,179	598.63
Non-transport	216	13.52
<b>Total</b>	<b>1,395</b>	<b>612.15</b>

On this being pointed out in audit, the taxation authorities stated that ₹ 28.60<sup>59</sup> lakh had been recovered in 118 cases while notices had been issued in 287 cases. In case of 21 non-transport vehicles it was stated that the vehicle owners had filed ‘non-use declarations’. However, these ‘non-use declarations’ were not produced to audit. Further reply and details of recoveries are awaited (July 2019).

## Industries and Mines Department

### 7.4 Non-levy of dead rent

Section 9A of the Mines and Minerals (Development and Regulation) Act, 1957, (in case of major minerals) read with Rule 21 of the Gujarat Minor Mineral Concession Rules, 2010 (in case of minor minerals) stipulates that if lease holders do not extract any mineral during the year or royalty paid/ payable on removal/ consumption of mineral extracted is less than dead rent payable, they are liable to pay dead rent or difference between dead rent payable and royalty actually paid. In case of delay in payment of dead rent, interest<sup>60</sup> is also chargeable. Further, as per Rule 28 of the Mineral Concession Rules 1960, read with Rule 42 of the GMMCR Rules, the lease shall be liable for cancellation if the lessee ceases to work on the lease/ quarry for a continuous period of two/ one year.

Audit verified the Demand and Collection Registers of the office of six<sup>61</sup> District Geologists for the period 2009-10 to 2017-18. Out of 866 mining lease/quarry leases<sup>62</sup> for major/minor minerals namely limestone, bauxite, black trap, ordinary sand and bentonite, allotted for a period ranging from three to 10 years, audit selected and checked 531 leases (61.32 *per cent* of the total leases) between November 2017 and August 2018. It was noticed in 120 leases (22.60 *per cent* of the checked cases) that there was non-levy of dead rent as detailed below:

(a) In 26 cases, the lease holder had not excavated any mineral for a continuous period of one/ two years. Thus, the leases were required to be cancelled. However, the Geologist office had not cancelled such idle leases. In these cases, the lessees were also required to pay the dead rent of ₹ 33.14 lakh.

<sup>59</sup> ₹ 25.58 lakh: 72 transport vehicles and ₹ 3.02 lakh: 46 non-transport vehicles.

<sup>60</sup> Under Rule 64A of the Mineral Concession Rules 1960 and Rule 72 of the GMMCR 2010, simple interest at the rate of 24 *per cent* per annum and 18 *per cent* per annum respectively.

<sup>61</sup> Devbhumi Dwarka, Gir Somnath, Godhra, Kutch-Bhuj, Rajpipla and Vyara (Tapi)

<sup>62</sup> Mining leases means a lease granted for the purpose of undertaking mining operation and includes a sub-lease granted for the purpose. ‘Query lease’ means a lease granted for mining and quarrying operation in respect of minor minerals.

(b) In the remaining 94 cases, the royalty payable/ paid was less than dead rent payable. Thus, the lessees were liable to pay the differential amount between dead rent and royalty payable/ paid, amounting to ₹ 1.65 crore.

The Integrated Lease Management System (ILMS), an integrated Web Portal implemented in the Department to replace the manual processes did not have the provision to compare the dead rent payable in a year with the total royalty paid in that year and levy the difference. In absence of this, the Geologist offices were required to carry out the closing of the account of the leases annually based on the scrutiny of the returns filed by the lessees and raise demand notices wherever there was non-payment/short payment of dead rent with reference to the actual royalty paid. As no closing of accounts was carried out, the Geologist offices did not notice that certain leases were liable to be cancelled and dead rent/ differential dead rent was required to be recovered. This resulted in non-levy of dead rent of ₹ 1.98 crore. Interest was also chargeable for delayed payment.

On this being pointed out, the Geologist office, Somnath, recovered the amount of ₹ 4.06 lakh in seven cases and issued notices in seven cases. Reply in remaining cases has not been received. (April 2020).

## 7.5 Short levy of Stamp duty

The State Government grants land on lease for the mining activity and the order granting mining lease stipulates for the execution of lease deed by the lessee in this regard. Section 17(d) of the Registration Act, 1908, requires that the deeds conveying leasehold rights on immovable property for any term exceeding one year should be registered compulsorily. Section 3 and 27 read with Article 30 of the Schedule I of the Gujarat Stamp Act, 1958 provide for the levy of stamp duty in case of lease of mines in which royalty or share of produce is received as rent or part of rent depending on the term of the lease and average annual rent reserved. Similarly, Rule 10(2) of the Gujarat Minor Mineral Concession Rules, 2010 stipulates that where a Quarry Lease is granted under Sub-rule 1, the requisite lease deed shall be executed within three months of the date of order sanctioning the lease. Further, as per the Circular dated 04 September 1979 of the Superintendent of Stamps, Gujarat, in case of lease of mines, stamp duty will be levied on the aggregate of the annual dead rent, estimated annual royalty payable during first year, surface rent and security deposit.

During test check of the records of mining/quarry leases granted for the purpose of excavation of lime stone, granite, bentonite, black trap and ordinary sand in five<sup>63</sup> District Geologist offices for the year 2010-11 to 2017-18, audit selected and checked (between November 2017 to August 2018) 69 leases out of total 207 leases.

Out of the 69 mining/quarry leases (33.33 per cent of total cases) test checked in audit, it was noticed in 31 leases (44.93 per cent of the selected cases) granted for a period of three to 50 years that the District Geologist offices, while furnishing the details to DC (SDVO) / Sub Registrar offices for

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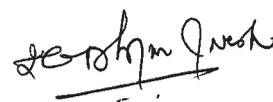
<sup>63</sup> Amreli, Bhuj (Kutch), Gir Somnath, Godhra and Vyara

calculation of stamp duty, had inadvertently mentioned the estimated first year production as stated by the leaseholders in their application instead of the estimated first year production figure mentioned in the approved mining plan. Accordingly, the DC (SDVO) / Sub Registrar offices had calculated the stamp duty leviable on the lease deeds based on the incorrect estimated first year production figures provided by the District Geologist offices. As the mining plan is prepared by a technically qualified person and is the closest possible estimate, the estimated production during the first year as mentioned in the mining plan should have been taken as base for the purpose of calculation of stamp duty.

In these cases, stamp duty of ₹ 2.52 crore was required to be levied. However, the Department levied stamp duty of ₹ 68.51 lakh. This resulted in short levy of stamp duty of ₹ 1.84 crore.

On this being pointed out, in one case, an amount of ₹ 95.81 lakh was recovered from the lease holder by the Department. The replies in remaining cases have not been received (April 2020).

**Audit recommends that the Department may consider issuing necessary instructions to the District Geologist offices to assess stamp duty leviable on the mining/quarry lease deeds based on the estimated first year production figures mentioned in the approved mining plan.**

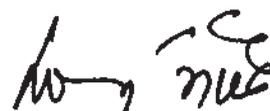


(H. K. DHARMADARSHI)

Principal Accountant General (Audit-II) Gujarat

Ahmedabad  
The

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi  
The



# APPENDICES



## APPENDIX I

(Reference: Paragraph No. 1.7.1)

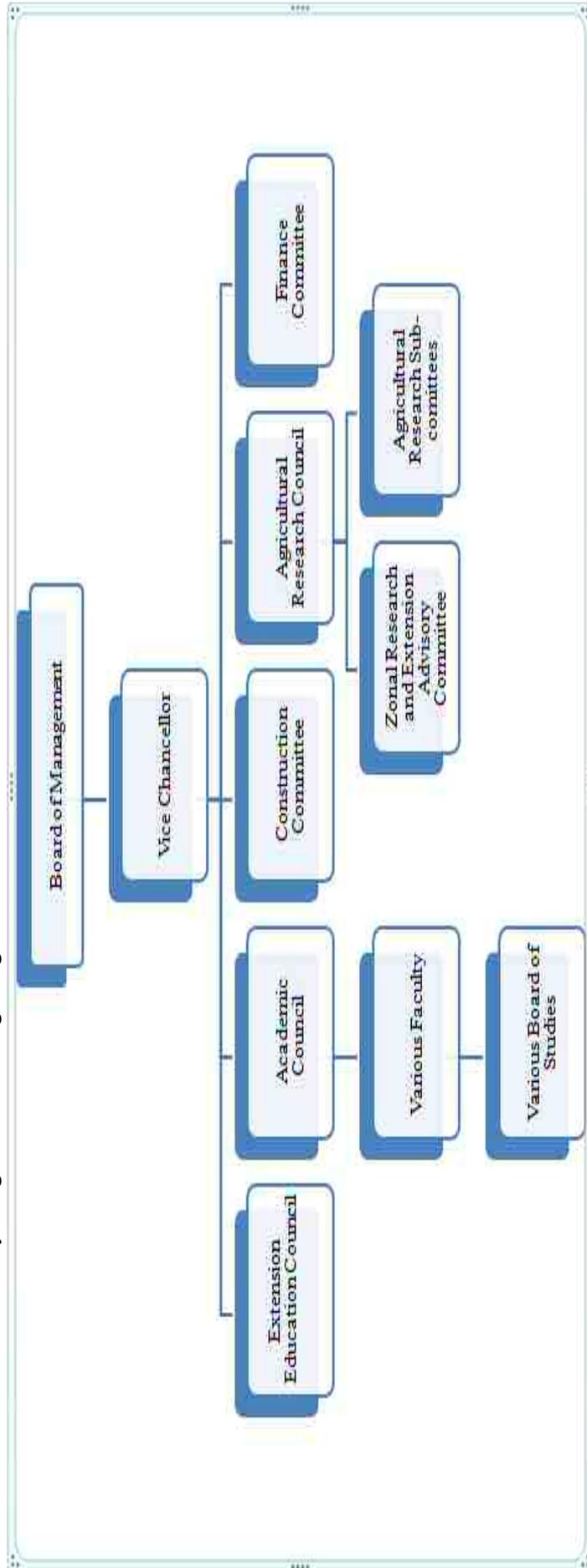
## Year-wise breakup of outstanding Inspection Reports as on 30 September 2019

Sl. No.	Department	Upto 2014-15		2015-16		2016-17		2017-18		2018-19		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1.	Agriculture & Co-operation	41	128	18	75	16	55	16	84	14	81	105	423
2.	Energy and Petrochemicals	2	8	2	9	1	6	2	7	0	0	7	30
3.	Forests and Environment	12	17	3	3	10	37	13	70	13	73	51	200
4.	Industries & Mines	30	115	13	59	13	63	15	62	19	124	90	423
5.	Narmada, Water Resources, Water Supply & Kalpsar	83	173	15	39	7	32	24	133	20	202	149	579
6.	Ports & Transport	1	3	2	5	3	8	4	13	4	11	14	40
7.	Roads & Buildings	82	221	14	32	18	86	24	163	22	168	160	670
8.	Science & Technology	3	9	0	0	1	11	2	15	3	20	9	55
9.	Climate Change	0	0	1	6	1	3	1	3	1	5	4	17
<b>Total</b>		<b>254</b>	<b>674</b>	<b>68</b>	<b>228</b>	<b>70</b>	<b>301</b>	<b>101</b>	<b>550</b>	<b>96</b>	<b>684</b>	<b>589</b>	<b>2,437</b>

**Appendix II**  
**(Reference: Paragraph No. 2.1.1)**  
**Organisational set-up of the University**

**(A) Authorities of the University**

The authorities of the University are given in the diagram given below:

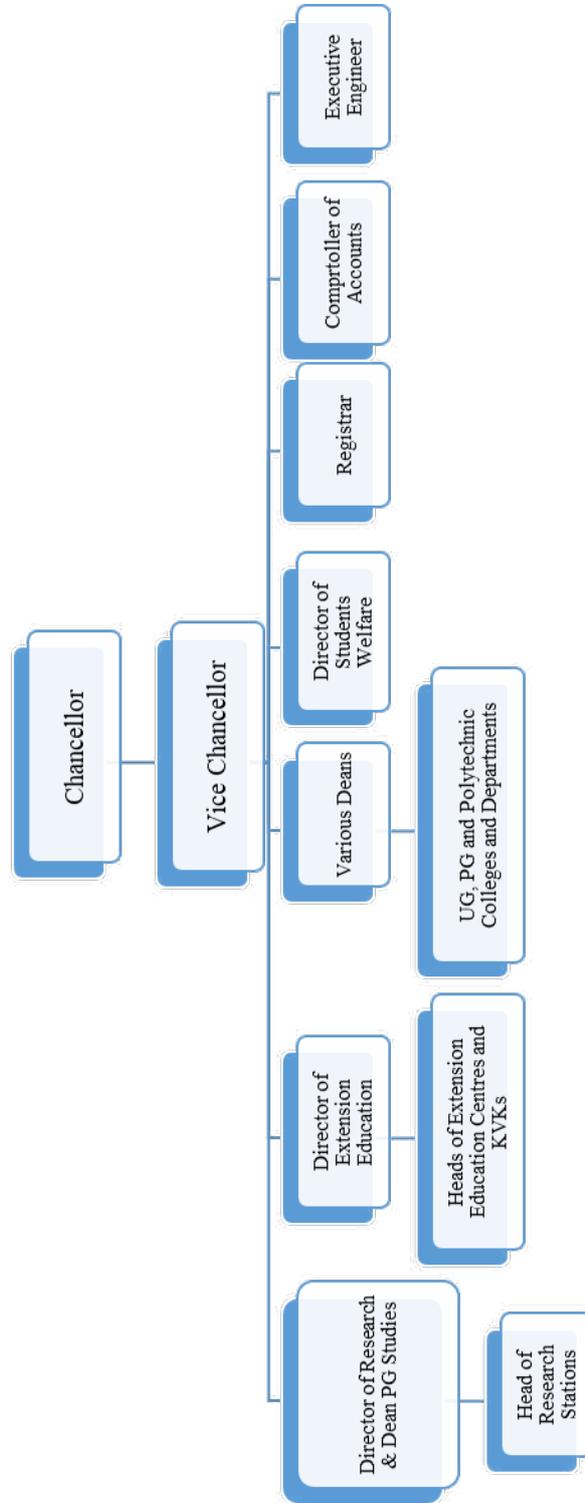


(Source: Annual Reports of the Junagadh Agriculture University)

## (B) Functions of the University

Sl. No.	Authority	Members	Main Function
1	Board of Management	The Vice-Chancellor is the ex-officio Chairman of the Board. The Secretary (ies) to the GoG, Agri & Cooperation Department, Education Department, Finance Department; the Director of Agriculture, GoG, Animal Husbandry, Horticulture, one Member of the Gujarat Legislative Assembly, two agricultural scientists having background of agricultural research or education, one farmer, one representative nominated by the Director General of ICAR.	Reviews all the financial, administrative and academic matters of the University
2	Academic Council	(i) The Vice-Chancellor, ex-officio, (ii) the Director of Research and Dean of Post-graduate Studies, (iii) the Deans of Faculties, (iv) the Director of Extension Education, (v) six members nominated by Vice-Chancellor by rotation in the prescribed manner from amongst the Heads of Departments of the Faculties and the research scientists of the University.	Responsible for maintenance of the standards of education, teaching and examinations in the University.
3	Extension Education Council	(i) the Director of Extension Education, the Head of the Organisation, (ii) extension scientists entrusted with the work of assessment, refinement and transfer of technologies of agriculture by the University, (iii) such other officers and employees appointed by the University for the purpose of Organisation.	Formulates extension education policies and reviews annual extension education programmes of the University
4	Agricultural Research Council	(i) The Director of Research and Dean of Post-graduate Studies, is the Head of the Organisation, (ii) Associate Directors of Research appointed by the University for various agro-climatic zones, (c) Scientists entrusted with the work of research on various crops, commodities or natural resources, (d) such other officers and employees appointed by the University for the purpose of the Organisation.	Determines the research priorities of the University area and reviews ongoing research programme.
5	Finance Committee	The Vice-Chancellor is the ex-officio Chairman, The Secretary (ies) to the GoG, Finance Department and Agricultural Department, two persons from Board of management (one non-official and one director rank), The registrar (ex-officio member) and the Comptroller (ex-officio member).	Assists and advises Board of Management in financial matters.
6	Construction Committee	The Vice-Chancellor is the ex-officio Chairman, Director of Research and Extension Education, Account officer, Registrar, one expert and architect (to be nominated by GoG), representative of Road and Buildings Department (superintendent engineer and above rank) and Executive Engineer of the University (ex-officio member).	Approves the design and estimates for construction work. Prepares, implements and reviews master plan and annual plan for the construction works.

(C) Officers of the University



## Appendix III

(Reference: Paragraph No. 2.1.1 and 2.1.5.3)

Crop-wise sowing area<sup>1</sup> and production in Saurashtra region and rest of Gujarat

(Sowing area in lakh hectares and production in lakh MT)

Crops	Sowing Area						Production					
	2003-04			2017-18			2003-04			2017-18		
	Saurashtra	Rest of Gujarat	Total	Saurashtra	Rest of Gujarat	Total	Saurashtra	Rest of Gujarat	Total	Saurashtra	Rest of Gujarat	Total
Cereals	5.83	26.18	32.01	3.18	25.09	28.27	14.38	45.19	59.57	10.45	57.81	68.26
Pulses	1.23	7.09	8.32	2.04	7.04	9.08	1.12	5.10	6.22	2.74	6.69	9.43
Groundnut	18.21	1.82	20.03	13.55	3.24	16.79	41.91	2.87	44.78	33.12	7.54	40.66
Oil Seed	3.11	6.51	9.62	1.10	9.65	10.75	2.77	9.01	11.78	1.76	19.28	21.04
Vegetables and other spices	1.58	4.82	6.40	2.59	6.17	8.76	16.41	31.50	47.91	17.06	63.65	80.71
Cotton	9.02	7.39	16.41	16.99	9.28	26.27	4.54	2.31	6.85	11.06	6.13	17.19
Other cash crops	0.05	2.40	2.45	0.05	3.51	3.56	0.46	13.45	13.91	3.07	118.35	121.42
<b>Total</b>	<b>39.03</b>	<b>56.21</b>	<b>95.24</b>	<b>39.5</b>	<b>63.98</b>	<b>103.48</b>	<b>81.59</b>	<b>109.43</b>	<b>191.02</b>	<b>79.26</b>	<b>279.45</b>	<b>358.71</b>

(Source: Annual Publication of Directorate of Agriculture, on District-wise Area, Production and Yield of important food and non-food crops in Gujarat State)

<sup>1</sup> The sowing area is aggregate of all the seasons viz., Rabi, Kharif and Zaid.

## Appendix IV

(Reference: Paragraph No. 2.1.1)

### Details of receipts during 2014-19

(₹ in crore)

Particulars	Receipts					Total
	2014-15	2015-16	2016-17	2017-18	2018-19	
Government Grant	161.13	169.79	153.85	185.92	183.71	854.40
Grants from ICAR	15.12	19.80	23.99	23.91	40.96	123.78
Other Agencies	9.67	6.86	14.67	9.32	21.27	61.79
University Receipts	11.73	12.57	14.12	14.15	17.85	70.42
<b>Total</b>	<b>197.65</b>	<b>209.02</b>	<b>206.63</b>	<b>233.30</b>	<b>263.79</b>	<b>1,110.39</b>

(Source: Annual accounts of JAU for the years 2014-15 to 2018-19)

### Details of expenditure incurred during 2014-19

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>(A) Expenditure incurred for education from</b>						
GoG funds	95.5	115.82	107.69	122.1	133.79	574.90
ICAR funds	4.22	3.48	8.31	8.24	12.83	37.08
Other Agencies funds	0.74	0.19	0.21	0.1	0.13	1.37
<b>Total (A)</b>	<b>100.46</b>	<b>119.49</b>	<b>116.21</b>	<b>130.44</b>	<b>146.75</b>	<b>613.35</b>
<b>(B) Expenditure incurred for research from</b>						
GoG funds	44.18	51.7	49.88	50.86	54.49	251.11
ICAR funds	9.27	10.46	11.21	11.85	11.95	54.74
Other Agencies funds	8.12	5.58	10.42	9.15	9.89	43.16
<b>Total (B)</b>	<b>61.57</b>	<b>67.74</b>	<b>71.51</b>	<b>71.86</b>	<b>76.33</b>	<b>349.01</b>
<b>(C) Expenditure incurred for extension education from</b>						
GoG funds	11.36	9.45	16.31	11.38	12.56	61.06
ICAR funds	3.55	4.1	5.48	5.29	7.92	26.34
Other Agencies funds	2.34	1.4	1.34	1.43	0.69	7.20
<b>Total (C)</b>	<b>17.25</b>	<b>14.95</b>	<b>23.13</b>	<b>18.1</b>	<b>21.17</b>	<b>94.60</b>
<b>Total (A) + (B) + (C)</b>	<b>179.28</b>	<b>202.18</b>	<b>210.85</b>	<b>220.4</b>	<b>244.25</b>	<b>1,056.96</b>

(Source: Annual accounts of JAU for the years 2014-15 to 2018-19)

## Appendix V

(Reference: Paragraph No. 2.1.4.2)

## Details of job placement of students passing out from JAU

SL No.	Name of The College	2016-17		2017-18		2018-19	
		Number of students passed out	Number of students who got placement	Number of students passed out	Number of students who got placement	Number of students passed out	Number of students who got placement
<b>Diploma Colleges</b>							
1	Polytechnic in Agriculture, J.A.U., Dhari	17	8	30	16	29	9
2	Polytechnic in Horticulture, J.A.U., Junagadh	26	8	23	6	25	6
3	Polytechnic in Agricultural Engineering, J.A.U., Targhadia	23	4	21	11	30	6
4	Polytechnic in Agro Processing, J.A.U., Junagadh	24	3	18	5	21	8
5	Polytechnic in Animal Husbandry, J.A.U., Junagadh	29	7	18	6	23	8
6	Polytechnic in Home Science, J.A.U., Amreli	16	0	21	0	9	0
	<b>TOTAL</b>	<b>135</b>	<b>30</b>	<b>131</b>	<b>44</b>	<b>137</b>	<b>37</b>
<b>Graduation and Post-Graduation Colleges</b>							
7	College of Agriculture, Junagadh	244	87	290	48	259	40
8	College of Horticulture, Junagadh	71	0	57	0	69	3
9	College of Agriculture, J.A.U., Motabhandariya	25	0	18	0	36	1
10	College of Agriculture, J.A.U., Khapat (Porbandar)	0	0	0	0	0	0

Sl. No.	Name of The College	2016-17		2017-18		2018-19	
		Number of students passed out	Number of students who got placement	Number of students passed out	Number of students who got placement	Number of students passed out	Number of students who got placement
11	College of Agricultural Engineering & Technology, J.A.U., Junagadh	129	54	110	24	119	10
12	College of Fisheries Science, J.A.U., Veraval	58	26	42	25	64	22
13	College of Veterinary Science & A.H., J.A.U., Junagadh	43	15	40	22	50	12
14	PG Institute of Agri-Business Management, J.A.U., Junagadh	34	18	52	25	37	17
	<b>Total</b>	<b>604</b>	<b>200</b>	<b>609</b>	<b>144</b>	<b>634</b>	<b>105</b>

(Source: Placement reports and Annual Reports published by JAU during 2016-19)

**Appendix VI**  
**(Reference: Paragraph No. 2.1.4.3)**  
**Enrolment details of Graduation and Post-graduation degree colleges**

Name of the Degree /course	Name of College offering the course	2013-14			2014-15			2015-16			2016-17			2017-18			2018-19		
		Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out
<b>Post-graduation Degree Colleges</b>																			
M.Sc. (Agri.)	CoA, Junagadh	116	68	12	124	82	14	148	96	09	159	137	21	146	136	28	122	114	02
Ph.D.		33	18	07	38	26	11	48	20	05	40	26	12	36	28	08	29	27	02
M.Sc. (Horti.)	CoH, Junagadh	15	12	01	18	16	02	22	20	03	26	22	03	21	20	3	20	20	04
Ph.D.		05	04	01	07	06	02	08	06	02	06	04	01	05	04	00	5	5	00
M.Tech. (Agri. Engg.)	CAET, Junagadh	28	21	05	31	24	02	31	16	01	27	27	02	30	30	04	26	24	00
Ph.D.		08	02	00	13	05	01	11	01	00	11	04	02	13	04	00	10	5	00
M.F.Sc.	CoFS, Veraval	25	07	01	24	10	00	19	06	01	17	15	00	16	13	00	15	15	00
Ph.D.		10	02	00	06	02	00	08	05	00	09	05	01	10	02	00	11	5	02
M.V.Sc.	CoVSAH, Junagadh	36	04	00	36	16	02	36	08	01	32	20	03	31	15	01	26	11	00
Ph.D.		12	00	00	12	02	00	10	06	00	08	02	01	04	02	00	5	1	01
MBA in AB	PGIABM, Junagadh	43	32	02	43	39	08	43	38	09	43	41	06	35	34	07	35	35	04
Ph.D.		00	00	00	00	00	00	02	01	00	05	02	00	03	02	00	3	3	00

**(Source: Information provided by Junagadh Agricultural University)**

CoAJ = College of Agriculture, Junagadh, CoH=College of Horticulture, Junagadh, CAET= College of Agricultural Engineering and Technology, Junagadh, CoFS= College of Fisheries Science, CoVSAH = College of Veterinary Science and Animal Husbandry, Junagadh, PGIABM = PG institute of Agri-Business Management

## Graduation Degree Colleges

Name of the Degree /course	Name of College offering the course	2013-14			2014-15			2015-16			2016-17			2017-18		
		Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out	Total Intake capacity	Admitted	Drop out
B.Sc. Hons). Agri.	CoAJ, Junagadh	139	122	06	139	118	08	139	116	08	139*	122	06	123*	115	11
B.Sc. Hons). Agri.	CoAM, Mota Bhandariya	30	25	00	30	23	00	30	25	00	51	45	01	51	45	03
B.Sc. Hons). Agri.	CoAK, Khapat	-	-	-	-	-	-	-	-	-	30	22	00	30	24	03
B.Sc. Hons.) Horti.	CoH, Junagadh	50	41	01	50	35	00	50	46	02	51	44	04	51	43	03
B.Tech. (Agril. Engg.)	CAET, Junagadh	97	92	03	97	81	01	97	89	05	97	93	03	87	85	03
B.F.Sc.	CoFS, Veraval	77	53	00	77	38	00	77	50	00	77	38	00	68	61	06
B.V.Sc. & A.H.	CoVSAH	40	30	00	40	38	02	60	56	00	60	49	03	60	57	02

(Source: Information provided by Junagadh Agricultural University)

CoAJ= College of Agriculture, Junagadh, CoAM= College of Agriculture, Mota Bhandaria, CoAK= College of Agriculture, Khapat, CoH=College of Horticulture, Junagadh, CAET= College of Agricultural Engineering and Technology, Junagadh, CoFS= College of Fisheries Science, CoVSAH = College of Veterinary Science and Animal Husbandry

\*Before 2017-18 total intake is calculated of total intake capacity + ICAR quota. However, from academic year 2017-18 onwards the total intake was calculated with SAUs intake & ICAR quota.

**Appendix VII**  
**(Reference: Paragraph No. 2.1.4.7)**  
**Compliance to the fire safety norms as on 30 April 2020**

Sl. No.	Name of College	Staircase (Out of 3)	Fire exit (Out of 4)	Escape route (Out of 6)	Emergency & Escape lighting (Out of 4)	Firefighting equipment (Out of 3)	Marks out of 20	Compliance level (in per cent)
1	Polytech Horticulture, Junagadh	2	3	4	0	0	9	45
2	Agro ITI, Mahua (Edu)	0	0	3	0	0	3	15
3	Agro ITI, Mahua (Hostel)	0	0	3	0	0	3	15
4	CAET, JUA	NA <sup>1</sup>	2	2	0	0	4	24
5	Sardar Vallabh Bhai Patel Hostel, Polytech Agro	2	0	2	0	0	4	20
6	College Building, Polytech, Agro	3	0	2	0	0	5	25
7	Polytech in Agri, Dhari, Amreli	2	4	4	0	0	10	50
8	Agro based ITI, Junagadh	2	0	1	0	0	3	15
9	CoA, Mota bhandaria	2	0	4	0	0	6	30
10	CoA, Mota bhandaria, Hostel (Kalapi)	3	0	4	0	0	7	35
11	CoA, Mota bhandaria, Hostel (sarsvati)	3	0	4	0	0	7	35
12	University Library, Junagadh	2	2	4	0	0	8	40
13	VIP Guest House, Junagadh	3	0	4	0	1	8	40
14	Community Hall, Junagadh	3	2	2	0	0	7	35
15	University Bhawan, Junagadh	1	0	1	0	1	3	15
16	Vikas Boys Hostel for UG and PG, Jungadh	3	0	2	0	0	5	25
17	Veterinary College, Junagadh	3	0	2	0	1	6	30
18	Institute of ABM, Junagadh	2	0	2	0	0	4	20
19	PG Hostel for AGM, Junagadh	2	0	2	0	1	5	25
20	Nividitta Girls Hostel, Junagadh	2	0	2	0	1	5	25
21	Second Girls Hostel Junagadh	2	0	2	0	0	4	20
22	Laboratory Entomology, Junagadh	NA	0	2	0	0	2	12

<sup>1</sup> Marked as not applicable where question is not applicable to the building, hence compliance level cannot be gauged.

Sl. No.	Name of College	Staircase (Out of 3)	Fire exit (Out of 4)	Escape route (Out of 6)	Emergency & Escape lighting (Out of 4)	Firefighting equipment (Out of 3)	Marks out of 20	Compliance level (in per cent)
23	International Hostel Building, Junagadh	NA	0	3	0	0	3	15
24	MG Boys Hostel, Junagadh	1	0	3	1	0	5	25
25	Sidhi Girls Hostel, Agri Tech College, Junagadh	3	0	2	0	0	5	25
26	Pesticides production lab, Entomology, Junagadh	NA	0	2	0	0	2	12
27	Vet College, Junagadh	2	0	2	0	1	5	25
28	Goverdhan and Gokulesh Hostel, College of Vet & AH, Junagadh	2	0	2	0	0	4	20
29	Vishwakarma Hall, CAET Junagadh	0	0	0	0	0	0	0
30	International Hostel CAET, Junagadh	0	0	0	0	0	0	0
31	Vivekanand Hall of Residence CAET, Junagadh	0	0	0	0	0	0	0
32	Kasturba Girls Hostel CAET, Junagadh	NA	0	0	0	0	0	0
33	Processing and food Engg, Junagadh	NA	0	0	0	1	1	6
34	CAET, Junagadh.	3	1	2	0	1	7	35
35	Dept of FM and PE, JAU (CAET)	NA	2	1	0	0	3	18
36	Boys Hostel, JAU Veraval	NA	0	2	0	0	2	12
37	Ladies hostel, fisheries college, Veraval	2	0	2	0	0	4	20
38	Girls hostel, fisheries college, Veraval	2	0	2	0	0	4	20
39	Fisheries college building, Veraval	3	0	2	0	0	5	25
40	Girls hostel building, polytechnic college, Targhadia	2	0	2	0	0	4	20
41	Office cum lab building for spice project, Junagadh	NA	0	2	0	0	2	12
42	Boys hostel building, polytechnic college, Targhadia	3	0	2	0	0	5	25
43	Krushikar Atithibhavan, Junagadh	2	0	3	0	0	5	25
44	Expansion facilities at Horticulture Building, Junagadh	3	0	2	0	0	5	25
	<b>Average Compliance</b>						<b>189</b>	
	<b>Buildings have zero compliance</b>	<b>5</b>	<b>37</b>	<b>5</b>	<b>43</b>	<b>36</b>		<b>22</b>

(Source: Information provided by Junagadh Agricultural University)

## Appendix VIII

(Reference: Paragraph No. 2.1.4.7)

## Compliance to the provisions for buildings used by disabled persons as on 30 April 2020

Sl. No.	Name of the building	Marks obtained for Provisions related to										Compliance level (in per cent)
		Ramps (Out of 7)	Entrances (Out of 2)	Doors and Doorways (Out of 5)	Elevators (Out of 5)	Windows (Out of 2)	Specially designed toilets (Out of 5)	Marks out of 26				
1	Polytech Horticulture, Junagadh	2	0	3	0	2	0	0	0	0	7	27
2	Agro ITI, Mahua (Edu)	0	0	2	0	2	0	0	0	0	4	15
3	Agro ITI, Mahua (Hostel)	0	0	2	0	2	0	0	0	0	4	15
4	CAET, JUA	0	0	4	NA	2	0	0	0	0	6	29
5	Sardar Vallabh Bhai Patel Hostel, Polytech Agro	0	0	3	0	2	0	0	0	0	5	19
6	College Building, Polytech, Agro	4	0	3	0	2	0	0	0	0	9	35
7	Polytech in Agri, Dhari, Amreli	2	0	3	0	2	0	0	0	0	7	27
8	Agro based ITI, Junagadh	4	0	5	0	1	0	0	0	4	14	54
9	CoA, Mota bhandaria	0	1	4	0	2	0	0	0	0	7	27
10	CoA, Mota bhandaria, Hostel (Kalapi)	0	1	3	0	2	0	0	0	0	6	23
11	CoA, Mota bhandaria, Hostel (sarasvati)	0	1	3	0	2	0	0	0	0	6	23
12	University Library, Junagadh	0	0	1	0	2	0	0	0	0	3	12
13	VIP Guest House, Junagadh	4	1	4	0	2	0	0	0	2	13	50
14	Community Hall, Junagadh	0	0	3	0	1	0	0	0	0	4	15
15	University Bhawan, Junagadh	1	2	4	4	2	0	0	0	0	13	50
16	Vikas Boys Hostel for UG and PG, Junagadh	0	0	4	0	2	0	0	0	0	6	23
17	Vet College, Junagadh	2	0	4	0	2	0	0	0	0	8	31
18	Institute of ABM, Junagadh	0	0	3	0	2	0	0	0	2	7	27
19	PG Hostel for AGM, Junagadh	0	0	4	0	2	0	0	0	0	6	23
20	Nividita Girls Hostel, Junagadh	0	0	4	0	2	0	0	0	0	6	23
21	Second Girls Hostel Junagadh	1	0	5	NA	2	0	0	0	0	8	38
22	Laboratory Entomology, Junagadh	1	1	3	NA	2	0	0	0	0	7	33

Sl. No.	Name of the building	Marks obtained for Provisions related to										Compliance level (in per cent)
		Ramps (Out of 7)	Entrances (Out of 2)	Doors and Doorways (Out of 5)	Elevators (Out of 5)	Windows (Out of 2)	Specially designed toilets (Out of 5)	Marks out of 26				
23	International Hostel Building, Junagadh	1	0	3	NA	2	0	6	29			
24	MG Boys Hostel, Junagadh	5	0	3	0	2	0	10	38			
25	Sidhi Girls Hostel, Junagadh	4	0	4	0	2	0	10	38			
26	Pesticides production lab, Junagadh	1	1	4	NA	2	0	8	38			
27	Veterinary College, Junagadh	0	0	0	0	0	0	0	0			
28	Goverdhan and Gokulesh Hostel, College of Vet & AH, Junagadh	0	0	0		0	0	0	0			
29	Vishwakarma Hall, CAET Junagadh	0	0	2	0	0	0	2	8			
30	International Hostel CAET, Junagadh	0	0	2	0	0	0	2	8			
31	Vivekanand Hall of Residence	0	0	2	0	0	0	2	8			
32	Kasturba Girls Hostel CAET, Junagadh	1	0	2	NA	0	0	3	14			
33	Processing and food Engg, Junagadh	1	0	2	NA	0	0	3	14			
34	CAET, JUNAGADH	0	1	2	0	0	0	3	12			
35	Dept of FM and PE, JAU (CAET)	1	0	0	NA	0	0	1	5			
36	Boys Hostel, JAU Veraval	1	0	5	NA	2	0	8	38			
37	Ladies hostel, fisheries college, Veraval	0	0	4	0	2	0	6	23			
38	Girls hostel, fisheries college, Veraval	4	0	4	0	2	0	10	38			
39	Fisheries college building, Veraval	5	1	4	4	2	0	16	62			
40	Girls hostel building, polytechnic college, Targhadia	4	0	4	0	2	0	10	38			
41	Office cum lab building for spice project, Junagadh	1	0	4	NA	2	0	7	33			
42	Boys hostel building, polytechnic college, Targhadia	4	0	4	0	2	0	10	38			
43	Krushikar Atithibhavan, Junagadh	5	0	4	0	2	0	11	42			
44	Expansion facilities at Horticulture Building, Junagadh	5	0	4	0	2	0	11	42			
	<b>Average Compliance</b>	<b>20</b>	<b>35</b>	<b>3</b>	<b>32</b>	<b>9</b>	<b>41</b>		<b>27</b>			
	<b>Buildings have zero compliance</b>											

(Source: Information provided by Junagadh Agricultural University)

## Appendix IX

(Reference: Paragraph No. 2.1.5.3)

**Details of crop varieties released and recommendations made for farming community by JAU during 2004-19 (Position as on 31 March 2019)**

Crop Type	Recommendation for farmers							Variety Released
	On Crop Production				On Plant Protection		Total	
	Nutrient Management	Cultural practice	Irrigation Management	Weed Management	Entomology	Plant Pathology		
Oilseed (Groundnut)	27	15	3	5	16	16	82	12
Oilseed (Others)	28	12	3	4	14	5	66	9
Cereal	24	8	2	4	9	1	48	10
Pulse	5	4	3	2	8	5	27	5
Cash (Cotton)	16	8	0	1	12	2	39	3
Cash (Sugarcane)	0	2	2	2	0	0	6	1
Fruits	0	0	0	0	9	2	11	3
Vegetable	8	1	2	2	7	4	24	19
Spices	9	3	4	4	12	6	38	5
Fodder	6	4	0	1	2	0	13	--
<b>Grand Total</b>	<b>123</b>	<b>57</b>	<b>19</b>	<b>25</b>	<b>89</b>	<b>41</b>	<b>354</b>	<b>67</b>

(Source: Annual reports and information provided by JAU)

## Appendix X

(Reference: Paragraph No. 2.1.5.5 (b))

### Details of Varieties registered only in the name of ICAR (as on 31 May 2020)

Sl. No.	Crop	Variety	Year	PPV&FRA Reg. NO
1.	GROUNDNUT	GG-8	2004-05	No. 320 of 2014, Dt. 23/06/2014
2.	GROUNDNUT	GG-16	2004-05	No. 193 of 2014, Dt. 23/05/2014
3.	GROUNDNUT	GJG-HPS-1	2007-08	No. 318 of 2014, Dt. 23/06/2014
4.	GROUNDNUT	GJG-9	2009-10	No. 317 of 2014, Dt. 23/06/2014
5.	GROUNDNUT	GJG-31	2009-10	No. 319 of 2014, Dt. 23/06/2014
6.	GROUNDNUT	GJG-17	2010-11	No. 213 of 2015, Dt. 02/09/2015
7.	GROUNDNUT	GJG-22	2010-11	No. 236 of 2015, Dt. 08/10/2015
8.	Pearl millet	GHB-538	2004-05	No. 28 of 2009, Dt. 12/02/2009
9.	Pearl millet	GHB-757	2006-07	No. 89 of 2013, Dt. 17/05/2013
10.	Pearl millet	GHB-719	2007-08	No. 27 of 2009, Dt. 12/02/2009
11.	Pearl millet	GHB-744	2007-08	No. 83 of 2011, Dt. 22/10/2011
12.	Pearl millet	GHB-732	2007-08	No. 88 of 2013, Dt. 17/05/2013
13.	Wheat	GW-366	2006-07	No. 96 of 2012, Dt. 02/08/2012

(Source: Information provided by JAU and website of PPV&FRA)

### Details of Varieties registered in the name of Junagadh Agricultural University as on 31 March 2020

Sl. No.	Crop	Variety	Seeds Act, 1966 Notification Date	PPV&FR Act, 2001 Registration Date	Due Date of Renewal
1.	Brinjal	JBGR-1	26/12/2008	13/02/2015	12/02/2021
2.	Garlic	GG-4	26/12/2008	22/12/2014	21/12/2020
3.	Okra	GJ Okra Hybrid-2	26/12/2008	10/02/2015	09/02/2021
4.	Sesame	G. Til-3	11/02/2009	06/06/2012	05/06/2018
5.	Sesame	G. Til- 10	05/11/2005	06/06/2012	05/06/2018
6.	Sesame	G. Til-4	26/07/2012	05/05/2014	04/05/2020
7.	Okra	GJ-OH 3	17/08/2015	22/10/2016	21/10/2022

(Source: Information provided by JAU and website of PPV&FRA)

### Appendix XI

(Reference: Paragraph No. 2.1.5.7 (b))

#### Comparison of recommendations made by JAU with CIB&RC approved list (as on 31 August 2019)

Sl. No.	Insecticide Formulation	Crop(s) and Pest(s) for which approved by CIB&RC	Crop(s) and Pest(s) for which recommendation made by JAU
1.	Beauveria bassiana 1.15% W.P.	Cotton, Rice, Cabbage	All Crops
		Bollworm, Rice leaf folder and Diamond back moth	Helicoverpa, Spodoptera, Diamond blackmoth, borers, white grub and sucking pests
2.	Trichoderma harzianum 1.0%	Tomato, Brinjal, Carrot and Okra	Groundnut, Castor, Cotton, Cumin, Pigeon pea, Chickpea, Sugarcane and Vegetables
		Wilt and Root Rot	Stem and Pod Rot, Root Rot, Wilt and red Rot
3.	Metarhizium Anisopliae1. 0% WP	Rice	All Crops
		Brown plant hopper (BPH)	Termite, Leaf miner, borers and sucking pests
4.	HNPV	Pigeon Pea, Gram, Cotton, Tomato and Chickpea	All Crops
		Pod Borer (Helicoverpaarmigera)	Pod Borer (Helicoverpaarmigera)
5.	SNPV	Tobacco	All Crops
		Spodoptera	Spodoptera

## Appendix XII

(Reference: Paragraph No. 2.1.5.7 (c))

### Use of non-approved Label and Leaflets for the sale of Insecticides

#### Leaflet

Particulars	Leaflet approved by CIB&RC	Leaflet printed by JAU
Recommended for disease and/ or pest	1. Wilt Disease of Tomato, Brinjal and Okra 2. Root rot of carrot 3. Root-knot nematodes of Tomato, Brinjal, Okra and Carrot	1. Effective control of White Mold in Groundnut 2. Various soilborne crop diseases (No specific crop mentioned)
Equipment used in Application	Mentioned	Not-Mentioned
Phytotoxicity	Mentioned	Not-Mentioned
Instructions for Use	Do not apply on chemically treated seeds.	Do not mix with Fungicide, Insecticide, Weedicide and Chemical Fertilizer
Handling	Mentioned	Not-Mentioned
Symptoms of Poisoning	Mentioned	Not-Mentioned
First-Aid	Mentioned	Not-Mentioned
Precautions	Mentioned	Not-Mentioned
Conditions for Storage	Mentioned	Mentioned
Disposal	Mentioned	Not-Mentioned

(Source: Leaflet collected from Junagadh Agricultural University in August 2019)

#### Label

Label approved by CIB&RC	Label printed by JAU
Wilt Disease of Tomato, Brinjal and Okra	Stem and Pod root of Groundnut
Root-knot nematodes of Tomato, Brinjal, Okra and Carrot	Wilt/Root rot in cumin, pigeon pea, chickpea and vegetables
Root rot of carrot	Root rot and wilt of castor and cotton
	Wilt and red-rot of sugarcane
	Damping-off of vegetables

(Source: Labels collected from Junagadh Agricultural University in August 2019)

## Appendix XIII

(Reference: Paragraph No. 2.1.6.1)

Crop-wise FLD undertaken for new varieties of top five crops during 2014-19  
(as on 31 March 2019)

Crop	Among Top 5 Crop in Number of Districts	FLD given in number of Districts	Variety released by JAU	FLD given on JAU variety	FLD given on other's variety
Brinjal	6	3	6	2	0
Cabbage	2	0	0	0	0
Chickpea	1	1	3	1	0
Clusterbean	2	0	0	0	0
Cotton	6	0	3	0	5
Cowpea	1	0	0	0	0
Cucurbit	4	0	0	0	0
Cumin	3	0	0	0	1
Groundnut	5	5	12	4	0
Okra	4	2	6	3	0
Onion	6	3	3	2	3
Pearl Millet	5	1	8	4	0
Sesame	4	4	5	3	0
Tomato	5	1	2	1	0
Wheat	6	5	2	2	2
<b>Total</b>	<b>60</b>	<b>25</b>	<b>50</b>	<b>22</b>	<b>11</b>

(Source: Annual Progress Reports of JAU for the years 2014 to 2019)

### Appendix XIV

(Reference: Paragraph No. 2.2.7.2)

#### Roads where condition was not good causing difficulties to MHUs in providing medical services to salt workers

District	MHU which provided medical services to salt workers in desert areas	Road condition of which was not good for providing health services through MHU as reported by Health Department	Remarks of District Panchayat Health
Patan	MHU, Madhutra	Road from (1) Garamadi Rann to Kargil Rann, (2) 9 number Rann to Anternes Rann, (3) 11 number Rann to Chhansara (4) Banas Rann to Matji nu Bedku (5) Piprala to Nandaran (6) Banas Rann to Baladna Pata Rann	For approaching salt workers in desert from Santalpur, there is no permanent road except first three kms.
Bhavnagar	MHU, Nari	Approach from Main road leading to (1) Modern Salt to Jatvistar (2) Shakti Salt, (3) Mahakali Salt, (4) Ashapura Salt, (5) Khodiyar Salt, (6) Chamunda Salt, (7) Bhagawati Salt, (8) Umiya Salt, (9) Ram Salt, (10) Naklank Salt, (11) Devraj salt, (12) Momai Salt, (13) Shiyavshakti Salt, (14) Ashok Salt, (15) Gayatri Salt, (16) Ambuja Salt, Chamunda Salt, Pavdi Salt, Sagar Salt, Nilkamal Salt, Central Salt, Nava Agar Vistar	The roads remained closed during monsoon causing deprival of medical services to salt workers and their families as reported by MHU, Nari. The audit also visited the above units along with Health officials of Nari and found that roads at there was no permanent approach road at these units or existing roads were in extremely bad condition.
Morbi	MHU, Tikar	Road from (1) Tikar to Ran ni Dhassi (8 km), (2) Tikar to Mangadh Rann (12 km) (3) Tikar to Khod Rann (13km) (4) Tikar to Jogad Rann (20 km) (5) Tikar to Kidi Rann (22 km) (6) Tikar to Ajitgadh Rann	These roads are not motorable during monsoon as reported by MHUs.
Kachchh	MHU, Samdhiyali	(1) Road from Amliyari village to Sagar Salt, Shreeji Salt, Haroon no Banno, Naran Salt, Devraj Salt, (2) From Vondh Village to Arihant Salt, Old Ganesh Salt and Shiv Shakti Salt (3) From Chhadwala village to Santram Salt, Darshan Salt, Kesri Salt, Durgesh Salt, Meraman Salt	It is difficult to approach these areas as reported by MHUs.
	MHU, Manfara	Road from Manfara to Bhachau, Bhachau to Moti Chirai, Moti Chirai to Salt workers areas	It is difficult to approach these areas as reported by MHUs.
	MHU, Bhimasar (Ch)	Mithi Rohar (38 km), Varsana (24 km), Khari Rohar (40 km) Kandla (IOC Zone) (52 km)	It is difficult to approach these areas as reported by MHUs.

## Appendix XV

(Reference: Paragraph No. 2.2.10)

## Details of meetings held and proposals received at DLECs during 2014-19

District	No of Meeting of DLEC held during 2014-19					Total No. of meeting of DLEC	Total No of work proposals received during 2014-19	Remarks of GM, DIC on less proposals
	2014-15	2015-16	2016-17	2017-18	2018-19			
Patan	0	1 held on 28.9.2015	2 held on 30.7.2016 & 8.2.2017	2 held on 18.9.2017 & 30.1.2018	1 held on 13.7.2018	6	3	The areas where the salt workers are working in Patan District fall under Wild Ass Sanctuary and the Forest Department does not allow any work in their area so that the line departments are not proposing any work for the salt workers.
Bhavnagar	0	1 held on 30.1.2016	0	1 held on 23.1.2018	2 held on 26.2.2019 & 24.9.2018	4	4	No remarks offered
Kachchh	1 held on 30.12.2014	1 held on 5.2.2016	1 held on 11.8.2016	1 held on 5.6.2017	1 held on 5.3.2019	5	18	The matter would be taken up with the line departments for submission of proposals.
Amreli	0	1 held on 23.6.2015	0	0	0	1	12	No remarks offered.
Bharuch	2 held on 16.6.2014 & 5.11.2014	3 held on 2.6.2015, 11.1.2016 &	3 held on 28.6.2016, 10.10.2016	0	0	8	5	The matter would be taken up with the line departments for submission of proposals.

District	No of Meeting of DLEC held during 2014-19						Total No. of meeting of DLEC	Total No of work proposals received during 2014-19	Remarks of GM, DIC on less proposals
	2014-15	2015-16	2016-17	2017-18	2018-19				
Morbi	0	30.3.2016 0	2 held on 30.11.2016 & 14.2.2017 & 10.3.2017	1 held on 30.1.2018	1 held on 5.2.2019	4	6	No remarks offered	
Surendranagar	2 held on 12.8.2014 & 5.1.2015	1 held on 16.12.2015	1 held on 20.2.2017	2 held on 25.9.2017 & 15.3.2018	1 held on 15.6.2018	8	25	No remarks offered	

**Appendix XVI**  
**(Reference: Paragraph No. 2.2.10)**  
**Proposals/issues without final outcome**

Sl. No.	District	Meeting Held On	Proposal for welfare work in brief	Final outcome
1		20.09.2008	Starting of shopping Centre at Santalpur	There was no progress in the matter as per the records. During site visit at Santalpur on 09.04.2019 it was seen that the Shopping centre has not been opened so far.
2		05.06.2013	Use of idle buses	There was no progress in the matter as per the records During site visit at Varahi on 09.04.2019 it was seen by audit that the bus is lying idle.
3		28.09.2015	Survey on losses, damage to salt workers during heavy rain in 2015	There was no progress as per records
4		28.09.2015	Establishment of tent shalas and trained teachers	There was no progress as per records.
5		08.02.2017	Providing 100 benches in C.L. Parikh High school, Santalpur	There was no progress as per records.
6		19.09.2017	Construction of salt pans under MGNREGA	There was no progress as per records
7	Bhavnagar	30.01.2016	Purchase of 100 rechargeable torches for salt workers in 47 salt units proposed by Bhavnagar District Salt Manufacturers Association on 23.08.2015. The cost of work was ₹ 65000(₹ 650 x 100 units)	No outcome could emerge. Also, there was no review on this proposal in any meeting of DLEC held thereafter i.e., 23.01.2018, 24.09.2018 and 26.02.2019.
8			Provision of 69 bathrooms and Toilets for salt workers in 47 salt units proposed by Bhavnagar District Salt Manufacturers Association on 23.08.2015. The cost of work was ₹ 2,96,70,000	Audit also observed during site visits of six salt units and salt pans of independent salt workers at Akwada, Ghogha, Ganeshgadh, Kumbharwada village on 3 <sup>rd</sup> and 5 <sup>th</sup> May 2019 that toilets facilities were not provided by the salt unit owners.
9			Purchase of new Mobile Van by CDHO in replacement of existing old van	No outcome could emerge.
10	Surendranagar	16.12.2015	Construction of a Prayer Hall at Visnagar Primary School, Visnagar proposed by the Principal, Visnagar Primary School, Visnagar on 11.02.2014 at a cost of ₹ 16,17,500	There was no outcome. Also, there was no review on this proposal in any meeting of DLEC held thereafter.
11		20.2.2017	Providing of 500 temporary shelter houses for salt workers during their stay in salt pans proposed by Vikas Centre of development on 09.02.2017	There was nothing on records to show that the follow up was taken up with the proposer for submission of revised

Sl. No.	District	Meeting Held On	Proposal for welfare work in brief	Final outcome
12		20.2.2017	at a cost of ₹ 60 lakh Training to salt workers at multipurpose hall proposed by Agariya Hit Rakshak Manch, Patdi on 10.02.2017 cost ₹ 4,00,000	design as instructed by DLEC. There was no outcome. There was no outcome.
13		15.6.2018	Construction of a new school building for KGS High School, Khara Ghoda proposed by Principal, KGS High School on 25.04.2018 at total cost of ₹ two crore	There was no review on this proposal in any meeting of DLEC held thereafter and there was no outcome.
14		never put up	Construction of Collage Building at Zinzuwada proposed by Zinzuwada Kelvani Trust on 7.5.2015 Cost: ₹ 1,06,45,000	There was no outcome.
15	Amreli	29.3.2012	Review of welfare works carried out for salt workers in Amreli district and survey for requirement of works for the salt workers in Rajula and Jafrabad Taluka	There was no follow up in the subsequent meetings and there was no report on works to be carried out by the various line departments in Rajula and Jafrabad Taluka.
16		29.3.2012	Making arrangement of drinking water for salt workers at salt pans	There was no follow up in the subsequent meetings. Further during site visit of villages by audit along with GM, DIC on 30.07.2019, Chairman, Gujarat Major Sangh, Chanch (member of DLEC) informed that drinking water facilities was still not available to the salt workers at salt pans in Chanch village and they have to purchase water from private suppliers.
17		25.11.2013	Construction of rooms in the schools and quarters for teachers for the schools in the villages around salt pans at Chanch village	There was no follow up in the subsequent meetings and no proposal was submitted by DPEO in the subsequent meetings.
18			Establishment of PHC at Chanch	There was no follow up of the matter in the sub sequent meeting and no outcome. During site visit of the village by audit along with the GM, DIC on 30.07.2019, Chairman, Gujarat Major Sangh, Chanch (member of DLEC) informed that there is no SC, PHC in Chanch village.
19		23.6.2015	Providing drinking water to salt workers in 36 salt units in Rajula and Jafrabad Taluka	There was no follow up of the matter in the sub sequent meeting and no outcome. During site visit of the village by audit along with GM, DIC on 30.07.2019, Chairman, Gujarat Major Sangh, Chanch (member of DLEC) informed

Sl. No.	District	Meeting Held On	Proposal for welfare work in brief	Final outcome
				that there is no water available to salt workers at Chanch village
20	Bharuch	16.6.2014	Proposal for Construction of tube well and RO plant	As per the records of SLEC, the proposal was not presented in any meeting of SLEC.
21		16.6.2014	Construction of new 11 roads in various areas in Wagra Taluka Dist Bharuch	It was not on records that the proposal and the work has been carried out.
22		10.10.2016	Purchase of new ambulance for salt worker	No final out come
23	Morbi	30.11.2016	Providing three mobile health units.	There was no final outcome.
24			Construction of 2 km road from Highway to lease plots less than 10 acres.	There was no final outcome.
25			Proposal to arrange the Ranshala for the children of salt workers	There was nothing on records that Ran shalals were started.
26			Proposal to provide storage water tank to salt workers in Ran	There was nothing on records to show that proposal was prepared by Agariya Hit Rakshak Manch.
27			Proposal to distribute dress to the children of salt workers	There was nothing on records to show that proposal was prepared by DEO.
28			Proposal to construct a road from highway to Agariya Bahuhetu Kendra (Multipurpose Centre)	There was nothing on records to show that proposal was prepared by EE.
29			Proposal to start a radio programme for salt workers	There was nothing on records to show progress.
30			Proposal for construction of 12 roads	There was nothing on records to show progress.
31		10.03.2017	Proposal for education for the children of salt workers working in big units	There was nothing on records to show progress on the proposal.
32			Construction of cyclone centre	There was nothing on records to show progress.
33		30.01.2018	Proposal made by Marine Salt Manufacturing Association to construct roads to connect 540 houses of salt workers	There was nothing on records to show progress on the proposal.
34			Provide the electricity to salt workers	There was nothing on records to show progress.
35		05.02.2018	Provide midday meal for salt workers	There was nothing on records to show progress.
36			Proposal for tent for salt workers.	There was nothing on records to show progress.

Appendix XVII

(Reference: Paragraph 2.3.3)

List of cases selected for scrutiny

Sl. No.	Subject	Area (Ha)	Date of Stage-II Approval	Division responsible for CA	Area involved for CA (Ha.)
1	Diversion of 38.20 ha. of PF land for widening of Sarkhej-Dholka-Vataman- Pipli-Bhavnagar road km. 25/0 to 39/0, 46/6 to 69/6 and 93/8 to 133/2 in favour of Executive Engineer, Road & Building Department in Ahmedabad	38.20	03.02.15	Ahmedabad SF	76.40
2	Diversion of 151.588 ha. of PF land for widening into four lane of Bagodara to Bhavnagar road km. 61/400 to 137/800 (under VGF Yojana) in Ahmedabad District	151.588	02.11.16	Ahmedabad SF	303.18
3	Diversion of 1.53 ha. PF land for laying of drinking water carrying pipeline from Pipli to Dholera in Ahmedabad district in favour of Manager Dholera Project, Larsen and Toubro Limited Ahmedabad	1.53	29.07.17	Not Applicable	0.00
4	Diversion of 96.40 ha. of PF land for widening and strengthening of SH-25 Rajkot Bhavnagar Road (km. 96/6 to 150/8 and km. 152/8 to 166/2 in favour of Executive Engineer, R&B Division in Bhavnagar District	96.40	13.08.14	Bhavnagar	192.80
5	Diversion of 5.85 ha. of PF land for construction of 10 m wide road Kalol-Masa-Vijapur km. 3/00 to 4/00 and Nardipur -Paliyad-Veda road km. 20/00 to 28/500 at Kalol range in favour of Executive Engineer, Capital Project Division No. 3, Gandhinagar	5.85	07.08.14	Gandhinagar	11.70
6	Diversion of 173.39 ha. of PF land for widening and strengthening of NH-8 Ratanpur border to Ahmedabad (km. 388/200 to 590/000) by Project Director PIU, National Highway Authority of India, Himatnagar	173.39	23.07.15	Sabarkantha S (222) Gandhinagar (125.74)	347.74
7	Diversion of 11.547 ha. RF land for construction of village Ghoghawada-Bhuvabar-Panjelav approach road project in favour of Executive Engineer, Panchayat (R&B) Division, Godhra in Panchmahal district	11.547	01.01.14	Godhra	11.55
8	Diversion of 7.65 ha. RF land for construction of Village-Ghoghawada-Bhovabar-Simalnada-Korval approach road project in favour of Executive Engineer, Panchayat (R&B) Division, Godhra in Panchmahal District	7.65	21.05.14	Godhra	7.65
9	Diversion of 7.7328 ha. of RF land for laying of 66KV Motakhanpur-Dintavas transmission line at Ta. Khanpur and Kadana in favour of Gujarat Energy Transmission Corporation Limited in Panchmahal district	7.7328	29.10.14	Godhra	16.00
10	Diversion of 7.9625 ha. of PF land for the project of road widening of Halol -Machi Road (Bodeli Halol road km. 329/5 to 336/0) to four lane in favour of Executive Engineer, R & B Division in Panchmahal District	7.9625	07.12.17	Godhra	16.00

Sl. No.	Subject	Area (Ha)	Date of Stage-II Approval	Division responsible for CA	Area involved for CA (Ha.)
11	Diversion of 6.960 ha. of PF Land for the project of road widening of Pavagadh Hill Road (km. 0/00 to 4/800) in four lane in favour of Executive Engineer, Road and Building Division Godhra in Panchmahal District	6.960	08.12.17	Godhra	14.00
12	Diversion of 1.26 ha. of PF land for road widening & strengthening of Vaodara - Halol - Godhra road under Pravasipath Yojana in favour of Chief Officer, Nagar Seva Sadan Halol Nagar Palika in Panchmahal District	1.26	10.02.14	Godhra	2.52
13	Diversion of 3.045 ha. of PF land for road widening & strengthening of Godhra-Lunawada-Shamlaji road in favour of Executive Engineer R & B Division in Panchmahal district of Gujarat	3.045	29.10.14	Godhra	6.09
14	Diversion of 38.2520 (18.33 + 19.9220) ha. of PF and RF land for SH-2 and SH-152 Lunawada - Santrampur - Khedapa road km. 130/00 to 163/874 and widening of km. 141/925 to 162/600 and km. 2/500 to 22/200 under Gujarat State Highway Project - 2, in favour of Executive Engineer R&BD in Panchmahal District	38.2520	24.10.14	Godhra (36.66) and Bhuj (20)	56.66
15	Diversion of 15.55 ha. of PF land for road widening & strengthening of Shahera - Nadavaghijipur km. 0/00 to 31/10 in favour of Executive Engineer, Panchayat R&B Division in Panchmahal District.	15.55	06.07.15	Godhra	31.10
16	Diversion of 1.98 ha. of PF land for widening and strengthening road km. 0/0 to 10/8 Baska-Rameshra-Gutal road Ta: Halol District Panchmahal in favour of Executive Engineer, R & B Division Godhra Panchmahal District	1.98	30.12.15	Godhra	3.96
17	Diversion of 36.76 ha. PF land for widening & strengthening of Dhansura-Malpur-Meghraj road (SH No-145) corridor under Gujarat State Highway Project-2, funded by World Bank in favour of Executive Engineer, State Road Project Division in Sabarkantha District of Gujarat	36.76	12.03.14	Sabarkantha S	74.00
18	Diversion of 5.6145 ha. PF land for widening of Himatnagar-Kheda Tasiya road km. 2/660 to 6/660 road in favour of Executive Engineer R & B Division in Sabarkantha District	5.6145	02.09.14	Sabarkantha South	12.00
19	Diversion of 9.095 ha. of PF land for widening and strengthening of Majara-Talod-Harsol road km. 0/0 to 23/400 (SH 143), Section 0/0 to 16/400 and 18/400 to 23/400 in favour of Executive Engineer R & B Division in Sabarkantha District	9.095	08.04.15	Sabarkantha South	19.00
20	Diversion of 14.45 ha. PF land for widening and strengthening of Jamnagar-Laipur-Porbandar road km 6/0 to 42/0 in favour of Executive Engineer, R&B Division in Jamnagar District	14.45	02.09.16	Jamnagar	30.00
21	Diversion of 60.70 ha. RF land for construction of 71.25 MW wind power project in Vachehhu and Gorinja villages in Dwarka taluka in favour of Suzlon Energy Limited in Jamnagar district of Gujarat	60.70	15.09.16	Jamnagar	60.98
22	Diversion of 7.4787 ha. of RF land for renewal for continuation of existing brine pipeline Survey No.60 village Hatumba, S.No. 290, village: Poshetra and S. No.288, village Shamalashar, in favour of Tata Chemicals Ltd. of Gujarat	7.4787	20.04.17	Not Applicable	0.00
23	Diversion of 4.7749 ha. of RF land for continuation of existing brine pipeline, sea water intake,	4.7749	30.08.17	Jamnagar	4.77

Sl. No.	Subject	Area (Ha)	Date of Stage-II Approval	Division responsible for CA	Area involved for CA (Ha.)
	electrical transmission line and approach road in favour of Tata Chemicals Ltd., Mithapur, Jamnagar district				
24	Diversion of 27.226 ha. reserved forest land for laying of 400 KV D/C Mundra-Kansari (Zerda) transmission line in favour of Executive Engineer (Construction) Gujarat Energy Transmission Corporation Ltd., Deesa in Kachchh, Banaskantha and Patan districts of Gujarat	27.226	12.06.15	Kachchh west	27.23
25	Diversion of 76.093 ha. RF land for construction of 765 KV D/C Bhuj-Banaskantha transmission line through forest area of Kachchh and Patan District in favour of AGM, Power Grid Corporation of India Ltd. in Bhachau, Gujarat	76.093	08.09.17	Aravalli Modasa	153.00
26	Diversion of 80.92 ha. of forest land in village: Bhadala, Bakhavadi, Devpara Godladhar, Kaduka, Kanesara, Khadvadi, Lilapur, Rajavadlajam, Veraval, Ta: Jasdian, Dungarpur, Ta. Rajkot District Rajkot for setting up 54.40 MW Wind Power project.	80.92	23.03.16	Bhavnagar	80.92
27	Diversion of 33.18 ha of PF land for widening and strengthening the road km. 212/0 to 245/486 of Atkot-Gondal State Highway under Gujarat State Highway Project-II (GSHP-II) in favour of Executive Engineer R & B Division, Rajkot	33.18	12.05.14	Jamnagar	66.36
28	Diversion of 7.7965 ha. of PF land for road widening SH No. 22, Tankara-Savadi-Latipur road in favour of Executive Engineer R&B division in Rajkot district	7.7965	03.07.15	Jamnagar	15.59
29	Diversion of 25.46 ha. of PF land at SH-97, Upleta-Kolki, Paneri-Jamjodhpur road km. 0 to 26/00 in favour of Executive Engineer R&B division in Rajkot district	25.46	21.12.15	Rajkot	50.92
30	Diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur-Himatnagar road km 97/740 to 163/750 under Gujarat State Highway Project-2 funded by World Bank in favour of Executive Engineer, Road and Building Department, State Road Project Division, Rajkot	96.11	21.08.14	Sabarkantha South (29) Sabarkantha (146) Gandhinagar (18.18)	193.18
31	Diversion of 6.90 ha. of PF land for widening to four lane road of SH-237, Himatnagar-Talod-Ujediya from km. 0/00 to 3/500 and km. 3/500 to 8/00 to two lane road in favour of R & B Division in Sabarkantha District	6.90	08.04.15	Sabarkantha South	14.00
32	Diversion of 25.8375 ha. of PF land for widening of Himatnagar-Ranasan-Dhansura (SH-145) km 0/00 to 34/500 road in favour of R & B Division in Sabarkantha District	25.8375	08.04.15	Sabarkantha South	52.00
33	Diversion of 18.04 ha. PF land for widening of Surat-Bardoli NH 6 and NH 8 from km. 17/4 to 35/00 in favour of EE, R&B division No. 2 in Surat district	18.04	10.03.14	Surat	36.08
34	Diversion of 4.96 ha. of PF land for widening on both sides of existing road along Surat-Dumas main road from Rund Jakatnaka to Dumas village gate in South West (Athwa) in favour of Surat Municipal Corporation in Surat district	4.96	19.05.14	Vyara	9.92
35	Diversion of 7.92 ha. PF land for widening and strengthening of Areth-Boudhan-Ghata-Karjan road (MDR) km. 0/0 to 23/55 in favour of EE, Panchayat R&B, Surat	7.92	14.07.14	Surat	16.00

Sl. No.	Subject	Area (Ha)	Date of Stage-II Approval	Division responsible for CA	Area involved for CA (Ha.)
36	Diversion of 24.525 ha. of PF land for widening to six lane with service road km. 8/400 to 17/400 Surat-Dhuliya road in favour of EE, R&B division in Surat district	24.525	26.02.14	Surat	49.05
37	Diversion of 9.40 ha. of PF land for widening to four lane Surat-Sachin-Navsari road km. 13/400 to 21/400 in favour of EE, R&B division, Surat	9.40	16.04.15	Surat	20.00
38	Diversion of 3.801 ha. of PF land for widening and strengthening of Rander-Bhesan (Nitiaben Satbhaya junction to Bhesan treatment plant) road in favour of Executive Engineer, Road Development Department, Surat Municipal Corporation in Surat district	3.801	11.06.15	Surat	8.00
39	Diversion of 2.889 ha. of PF land for construction of cement concrete road from village-Dumas to Mazarfi Desai statue in favour of Executive Engineer, Road Development Department, Surat Municipal Corporation in Surat district	2.889	07.01.16	Surat	6.00
40	Diversion of 4.785 ha. of PF land for widening and strengthening of NH-06 Surat-Hajira-Kakarapar road km. 117/200 to km. 121/500 in favour of Manager, NHAI, PIU-Surat (Expressway), Surat district	4.785	11.01.16	Surat	9.57
41	Diversion of 5.6779 ha. of PF land of Dedicated Freight Corridor of India limited in Vadodara-Bharuch-Surat-Ahmedabad-Kheda-Anand-Mehsana-Banaskantha-Gandhinagar and Valsad district of Gujarat	5.6779	23.05.17	Valsad South	12.00
42	Diversion of 1.863 ha. of PF land for laying 400KV DC KAPP (NPP) to Navsari, transmission line in favour of DGM, Power Grid Corporation of India, Surat	1.863	22.08.17	Surat	4.00
43	Diversion of 1.8816 ha. of PF land for laying of 400 KV D/C Pirana Vadodara transmission line project in Nadiad, Anand and Vadodara District in favour of Power Grid Corporation of India Ltd.	1.8816	20.02.14	Nadiad SF (2.2532) Chhotaudepur (1.5088)	3.76
44	Diversion of 4.545 ha. of PF land for road widening and strengthening S.H.161 Dabhoi - Segwa - Rajpipla road km. 0/0 to 21/0 in favour of Executive Engineer, Road & Building Division in Vadodara District of Gujarat	4.545	03.09.12	Chhotaudepur	10.24
45	Diversion of 25.85 ha. of PF land for widening to four lane of Vadodara-Dabhoi road km. 8/3 to 29/4 in favour of Project Director, PIU, GSRDC in Vadodara district of Gujarat	25.85	20.11.14	Chhotaudepur	51.70
46	Diversion of 24.12 ha. of PF land for widening of Dabhoi-Bodeli S.H. from km. 29/600 to 68/200 in favour of Executive Engineer, State Road Project Division in Vadodara district of Gujarat	24.12	12.03.14	Chhotaudepur	48.24
47	Diversion of 11.90 ha. of PF Land for widening of SH Vadodara-Savli (2 lane to 4 lane) road km. 18/0 to 32/0 and Manjusar-Savli road in favour of EE, R&B division in Vadodara District of Gujarat	11.90	30.11.15	Chhotaudepur	23.80
	<b>Sub-Total</b>	<b>1239.4509</b>			<b>2,259.05</b>
48	Diversion of 23.88 ha. of PF land for widening of SH-17 Viramgam-Bahucharaji road km. 0/00 to 43/600 in favour of Executive Engineer, R&B Division, Ahmedabad	23.88	17.08.18	Ahmedabad SF	50.00
49	Diversion of 3.078 ha. of PF Land for the project of construction of four lane R.O.B. with divided carriageway in approaches in lieu of existing L.C. No. 173/-A near village Gadkhol approach on	3.078	18.07.18	Sub division Bharuch	7.00

Sl. No.	Subject	Area (Ha)	Date of Stage-II Approval	Division responsible for CA	Area involved for CA (Ha.)
	Bharuch-Ankaleshwar Old NH-8 road km. 200/300 to 201/230 of Bharuch District in favour of Executive Engineer, Panchayat (R&B), Division Bharuch				
50	Diversion of 2.40 ha. PF land for project of four laning of branch Suwali road km. 0/0 to 3/0 of Surat district in favour of Executive Engineer, R&B division-I Surat	2.40	22.10.18	Surat	5.00
51	Diversion of 9.53 ha. of forest land for construction of Kanesara minor irrigation scheme in Rajkot District of Gujarat.	9.53	24.08.18	Rajkot	9.53
52	Diversion of 1058.5118 ha. of forest land for settlement of the affected people of Hadaf, Kabutari and Edalwada Medium Irrigation projects in Godhra Forest division in Panchmahal district of Gujarat	1,058.5118	25.04.18	Rajkot (498.8691) Bhavnagar (315) Jamnagar (283)	1,096.87
	<b>Sub-Total</b>				<b>1,168.40</b>
	<b>Grand Total</b>	<b>2,336.8507</b>			<b>3,427.45</b>

The final approval for diversion of forest land for non-forestry purposes were granted in 290 cases<sup>1</sup> involving an area of 3,022.07 ha during 2014-15 to 2018-19. Audit selected 13 divisions where more than 50 ha of aggregate forest area was approved for diversion during the period 2014-19. In these 13 divisions, there were 52 cases involving total area of 2,336.85 ha. The selected sample covers 77 per cent of the total area diverted in 2014-19 and includes individual forest area diverted ranging between 1.26 ha and 1,058.5118 ha.

<sup>1</sup> Cases of Gas pipeline, Transmission Line, OFC, Approach Road, Irrigation, Water Pipeline, Road widening, Petroleum Pipeline, Drinking, Drainage, Pipeline, Protection Wall, Railway, Wind Power.

## Appendix XVIII

## (Reference: Paragraph 2.3.3)

## List of violation cases selected for scrutiny

Sl. No.	Subject	Remarks
1	Diversion of 96.40 ha. of PF land for widening and strengthening of SH-25 Rajkot Bhavnagar Road (km. 96/6 to 150/8 and km. 152/8 to 166/2 in favour of Executive Engineer, R&B Division in Bhavnagar District of Gujarat	Final Approval accorded in August 2014
2	Diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur- Himatnagar road km 97/740 to 163/750 under Gujarat State Highway Project-2 funded by World Bank in favour of Executive Engineer, Road and Building Department, State Road Project Division, Rajkot	
3	Diversion of 36.18 ha PF land for the project of widening 10 m to four lane of SH No.7 Viramgam-Bechraji road km 1/800 to km 42/000 Ta. Viramgam & Mandal in favour of Executive Engineer, Ahmedabad (R&B) Division in Ahmedabad district of Gujarat.	In-principle approval is accorded. Final Approval is pending
4	Diversion of 1.193 ha. of PF land for grant of permission of laying optical fibre cable on (1) Nagaka- Nagaka Km. 16/00 to 18/00 on SH-96 total 2.00 km. (2) Nagaka- Khambodar Km. 00/00 to Km. 7/00 on total 7 Km. (3) Khambodar-Porbandar Km. 19/00 to Km. 5/00 on SH-28, total 14.00 Kms (4) Porbandar-Porbandar Km. 372/50 to Km. 376/00 on NH-8E, total 3.50 Km. of Porbandar District in favour of Idea Cellular Ltd., Ahmedabad.	
5	Diversion of 0.0990 ha. of PF land for laying for grant permission for crossing Pipe-line under Chhaya Urban Water Supply Project for Bordi to Chhaya town, Village Bordi, Ranavav, Paliya, Vanana, Ta. Ranavav of Porbandar District in favour of Executive Engineer, GWSSB, Porbandar.	General Approval accorded by the SFD in March 2018
6	Diversion of 2.8575 ha. of Protected Forest land for laying of Optical Fiber Cable along (1) SH-7 from Bahucharaji-Modhera 43/500 Km. to 59/500 Km. (2) SH-134 from Modhera-Mahesana 25/500 Km. to 0/00 Km. (3) SH-133 from Chhatral-Kadi 0/000 Km. to 11/000 Km. (4) SH-133 From Kadi-Detroj 0/000 Km. to 11/000 Km. of Mahesana District in favour of AGM (Network-Operations) Vodafone West Limited, Ahmedabad	General Approval accorded by the SFD in July 2018
7	Diversion of 0.2250 ha. of Reserve Forest land for the construction of road to get better connectivity to the property of Rajendra Industries Ltd., Mumbai, bearing in Umargam taluka, Valsad district of Gujarat in favour of Rajendra Industries Ltd., Mumbai.	In-principle approval is accorded. Final Approval is pending
8	Diversion of 20.76 ha. Forest land for construction of housing accommodation and allied infrastructure facilities for employees of Essar.	In-principle approval is accorded. Final Approval is pending
9	Diversion of 1.9080 ha. Reserved forest land for Construction of Village. Vanaj-Badarkha. Jaleti approach road, Ta- Vijaynagar in favour of Executive Engineer Panchayat (R & B) division in Bananaskantha district of Gujarat	In-principle approval is accorded. Final Approval is pending
10	Diversion of 0.8325 (0.2008 ha+0.3720 ha+2597 ha) of PF land and Section-4 forest land for laying underground water pipeline at District Rajkot and Surendranagar in favour of Executive Engineer, Sardar Sarovar Narmada Nigam Ltd. Morbi and Surendranagar districts of Gujarat.	Final Approval accorded in February 2016

Sl. No. 1 and 2 are also included in Annexure XVII

Appendix XIX

(Reference: Paragraph 2.3.7)

Short recovery of Net Present Value (NPV)

Sl. No.	Name of the proposal	Area diverted (in hectare)	No. of trees to be cut	Average No. of trees cut per hectare	Rate of NPV to be leviable per hectare (in ₹)	Rate of NPV levied per hectare (in ₹)	NPV leviable (in ₹)	NPV levied (in ₹)	Short recovery of NPV (in ₹)
1	Diversion of 9.095 ha of PF land for widening and strengthening of Majara-Talod-Harsol road km 0/0 to 23/400 (SH 143), Section 0/0 to 16/400 and 18/400 to 23/400 in favour of Executive Engineer R & B Division in Sabarkantha District of Gujarat	9.095	756	83.12	5.63,000	4,63,000	51,20,485	42,10,985	9,09,500
2	Diversion of 36.76 ha PF land for widening & strengthening of Dhansura-Malpur-Meghraj road (SH No-145) corridor under Gujarat State Highway Project-2, funded by World Bank in favour of Executive Engineer, State Road Project Division in Sabarkantha District of Gujarat. (km 38/500 to 64/100 and 67/700 to 85/150)	36.76	4,016	109.25	5.63,000	4,63,000	2,06,95,880	1,70,19,880	36,76,000
3	Diversion of 6.90 ha of PF land for widening of SH-237, Himatnagar-Talod-Ujediya from km 0/00 to 8/00 in favour of R & B Division in Sabarkantha District of Gujarat	6.90	970	140.58	5.63,000	4,63,000	38,84,700	31,94,700	6,90,000
4	Diversion of 25.8375 ha of PF land for widening of Himatnagar-Ranasan-Dhansura (SH-145) km 0/00 to 34/500 road in favour of R & B Division in Sabarkantha District of Gujarat.	25.8375	1,849	71.56	5.63,000	4,63,000	1,45,46,513	11,962,763	25,83,750
5	Diversion of 7.7965 ha of protected forest land for road widening SH No. 22, Tankara-Savadi-Latipur road in favour of Executive Engineer R&B division in Rajkot district of Gujarat	7.7965	749	96	5.63,000	4,38,000	43,89,430	34,14,867	9,74,563
6	Diversion of 25.85 ha. of PF land for widening to four lane of Vadodara-Dabhoi road km. 8/3 to 29/4 in favour of Project Director, PIU, GSRDC in Vadodara district of Gujarat	25.85	4,830	186	5.63,000	5,36,000	1,45,53,550	13,855,600	6,97,950
7	Diversion of 38.20 ha. of PF land for widening of Sarkhej-Dholka-Vataman- Pipli-Bhavnagar road km. 25/0 to 39/0, 46/6 to 69/6 and 93/8 to 133/2 in favour of Executive Engineer, Road & Building Department in Ahmedabad	38.20	1,942	51	5.63,000	4,38,000	2,15,06,600	1,67,31,600	47,75,000
8	Diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur-Himatnagar road km. 97/740 to 163/750 under Gujarat State Highway Project-2 funded by World Bank in favour of Executive Engineer, R & B Department, State Road Project Division, Rajkot	96.11	10,175	106	5.63,000	4,38,000 (Himatnagar and Mehsana) and 5,63,000 (Gandhinagar)	5,41,09,930	4,32,28,050	1,08,81,880
	<b>TOTAL</b>								<b>2,51,88,643</b>

**APPENDIX XXVI****{Reference paragraph no.7.2.10 (ii)}****Case Study 1**

The vehicles registered in the name of Government and its undertakings are exempted from levy of motor vehicles tax as per provisions of the Gujarat Motor Vehicles Tax Act 1958.

Audit noticed that 40,915 backlog records were entered in the selected 13 units, out of which 1,677 records are of vehicles which had registration date post April 2015 to March 2019. Out of these 1,677 vehicles, audit found in 20 vehicles that the receipt number entered in the records did not match with the receipt year and month as per the logical design of receipt numbers. In these cases, the date of receipt was prior to date of purchase/ registration which pointed to probable data manipulation. On detailed scrutiny, it was found that the application for registration was first entered as Government Undertaking in Vehicle Registration module, exemption from payment of motor vehicles tax was claimed and new registration transaction was approved by the system. Subsequently, the vehicle category had been changed in the data from 'Government Undertaking' to 'Individual' and fake tax receipt number and amount was entered through backlog module. Further, Form 20/E was not made available to audit to check the veracity of the documents produced at the time of registration of the vehicle as these forms were not traceable in the office. This indicates both (i) lacunae in the design of the Vahan 4.0 application and (ii) inadequate restriction and validation controls in backlog module, which resulted in data manipulation and depriving Government of revenue of ₹ 56.26 lakh.

**Case Study 2**

Section 11 of MV Act, 1988 provides for the addition of another class of motor vehicle to any driving licence on application made by the holder of the licence. As per CMVR 1989, the minimum educational qualification of eighth standard is required for obtaining a licence to drive a transport vehicle.

The authorities at RTO Ahmedabad noticed (28 January 2019) illegal/ wrong entries in respect of 84 driving licences made through backlog module of Sarathi 4.0 by hacking the system on 25 December 2018 and 26 December 2018, both days were holidays. In these cases, additional class of vehicle was entered in the driving licences which included category of transport vehicles also. It was further noticed that the system allowed to add transport vehicles class in the DLs where the holder did not possess the prescribed minimum educational qualification. This indicated both weak access controls as well as poor input restriction and validation controls.

**APPENDIX XXVII**

**{Reference paragraph no.7.2.11 (i)}**

The following table shows the approvals granted in Vahan 4.0 by supervisor and non-supervisor cadre officials in 12 RTO/ARTOs:

**Approvals granted to various services by the officials of the RTO/ ARTOs**

Sl. No.	Designation of staff	Name of RTO/ARTOs	Nature of services and total number of approvals granted in the system				
			New Registration (Transport and Non-Transport)	Issuance of permits	Backlog	Tax Clearance	Vahan Citizen Services (Post Registration Services)
<b>Supervisory staff</b>							
1.	RTO /ARTO	Botad, Gandhinagar	51,284	-	-	-	-
2.	IMV / Assistant IMV	Bavla, Botad, Chhotaudepur, Dahod, Jamkhambaliya	25,438	12	-	-	9,518
3.	Public Relations Officer (PRO)	Bhavnagar	12,786	-	-	-	8,598
<b>Non-Supervisory staff</b>							
4.	Operator / Assistant Programmer	Jamkhambaliya	12,381	-	-	405	8,312
5.	Junior Clerk	Dahod, Gandhinagar, Jamkhambaliya, Jamnagar, Modasa, Surat	2,18,657	8,065	19,200	5,155	2,22,781
6.	Senior Clerk	Bhavnagar, Botad, Chhotaudepur, Dahod, Gandhinagar	1,36,686	53,675	22,853	25,950	6,25,451
7.	Head Clerk	Bavla, Bhavnagar Bharuch, Botad, Chhotaudepur, Dahod, Gandhinagar, Jamkhambaliya, Jamnagar, Rajpipla (Narmada), Surat,	5,70,622	29,741	51,714	10,886	4,93,847

It can be seen from the above table that:

- In the case of new registration of transport/non-transport vehicles, 9,38,346 approvals were granted by the non-supervisory cadre staff as against 89,508 (8.71 per cent) approvals granted by the Supervisory staff.
- In the case of issuance of permits, 91,481 approvals were granted for issuance of permits by the non-supervisory staff while only 12 approvals (0.01 per cent) were granted by the supervisory staff.
- In backlog and tax clearance, no approvals were granted in the system by the supervisory staff as against 1,36,163 approvals granted by the non-supervisory staff.
- As far as Vahan Citizen Services is concerned, as against 13,50,391 approvals granted by the non-supervisory staff, only 18,116 approvals (1.32 per cent) were granted in the system by the supervisory staff.

## APPENDIX XXVIII

## {Reference paragraph no.7.2.11 (ii) (a)}

The following table shows the approvals granted in Vahan 4.0 by supervisor and non-supervisor cadre officials in 12 RTO/ARTOs:

## Various levels of authorisation carried out by the same official

Sl. No.	Designation of the staff	Particulars	Nature of service and number of applications					Vahan Citizen Services (Post Registration Services)
			New Registration (Transport and Non-Transport)	Issuance of permits	Back-log	Issuance of Fitness Certificate	Tax clearance	
<b>Name of RTO/ARTO:</b> Dahod, Gandhinagar, Jamkhambalia								
1.	Junior Clerk	Entry, Verification and approval by the same staff	49,562	7,210	8,338	-	4,016	90,370
		Verification and approval by the same staff	-	-	-	-	906	-
<b>Name of RTO/ARTO:</b> Bhavnagar, Botad, Dahod, Gandhinagar, Surat								
2.	Senior Clerk	Entry, Verification and approval by the same staff	11,923	45,393	-	-	7,470	92,674
		Verification and approval by the same staff	1,10,002	4,329	22,047	-	13,285	4,19,912
<b>Name of RTO/ARTO:</b> Bharuch, Bhavnagar, Dahod, Gandhinagar, Jamkhambaliya								
3.	Head Clerk	Entry, Verification and approval by the same staff	-	2,199	-	-	34	18,194
		Verification and approval by the same staff	21,371	11,041	758	-	-	1,52,118
<b>Name of RTO/ARTO:</b> Bhavnagar								
4.	PRO	Entry, Verification and approval by the same staff	-	-	-	-	-	-
		Verification and approval by the same staff	12,786	-	-	-	-	-
<b>Name of RTO/ARTO:</b> Bharuch, Bhavnagar, Botad, Chhotaudepur, Dahod, Gandhinagar and Jamnagar								
5.	Inspector of MV / Asst. Inspector of MV	Entry, Verification and approval by the same staff	-	-	-	82,835	-	3,876
		Verification and approval by the same staff	50,704	-	-	42,726	-	-

**APPENDIX XXIX**

**{Reference paragraph no.7.2.11 (ii) (a)}**

**Case study 3**

The invoice value of 80 Royal Enfield Motor Cycles was reduced between 01 April 2018 to 14 August 2018 from the Login IDs of the Sr. Clerks of RTO, Bhavnagar prior to verification and approval of registration of these vehicles in Vahan 4.0 application. The verification and approval in the system in all these cases was done from the login ID of PRO and Senior Clerks of the office. It was further observed that in 28 cases the rectification entry, verification and approval of the data entered in the system was done from the same login ID of two Senior Clerks. The amount of tax involved in these 80 vehicles was ₹ 7.03 lakh including interest and penalty. Thus, improper segregation of duties and lack of monitoring by the RTO on approvals granted through Vahan 4.0 resulted in defrauding of the Government.

Audit noticed that there was no check of the data entered in the system by the RTOs. Further, Form 20/E was not made available to audit to check the veracity of the documents produced at the time of registration of the vehicle as these forms were not traceable in the office. Though, the Government revenue had been recovered and the staff involved in the case have been suspended, Audit noticed that the corrective action such as segregation of duties and granting of approval by the RTO since the detection of the cases was not done in the system.

## Appendix XX

(Reference: Paragraph 2.3.7)

## Short recovery of Net Present Value in violation cases

(₹ in lakh)

Sl. No.	Name of the proposal	Area diverted (in hectare)	Rate of NPV applied	Rate of NPV applicable	NPV recovered	NPV recoverable	Short recovery
1	Diversion of 36.18 ha of PF land for widening 10 m to four lane of Sh-7 Viramgam – Becharaji road km 1/800 to 42/00 Ta: Viramgam and Mandal in Ahmedabad district in favour of Executive Engineer, Ahmedabad R&B Division	36.18	4.38	5.63	158.47	203.69	45.22
2	Diversion of 1.193 ha of PF land for laying of underground OFC length 26.500 km (1) Nagaka on SH-96, 2 km (2) Nagaka-Khambhodar on MDR Road 7 km (3) Khambhodar-Porbandar on Sh-28, 14 km (4) Porbandar on NH-8E, 3.50 km in Porbandar District of Gujarat	1.193+ 0.054 (penal NPV recoverable @ 20 per cent of the applicable rate of NPV per year till date of deposit)	4.38	5.63	5.37  (5.23 + 0.14 (penal NPV))	6.90  (6.72 + 0.18 (penal NPV))	1.53
3	Diversion of 0.099 ha of PF land for grant of permission for crossing pipeline under Chhaya Urban Water Supply Project for Bordi to Chhaya Town, Village Bordi Ranavav Pipaliya Vanana Ta. Ranavav of Porbandar district in favour of executive Engineer GWSSB, Porbandar	0.099	4.38	5.63	0.43	0.56	0.13
4	Diversion of 2.8575 ha of PF land for laying OFC along (1) SH-7 From Bahucharaji-Modhera (km 43/500 to 59/500) (2) SH-134 From Modhera-Mehsana (km 25/500 to 0/000) (3) SH-133 From Chhatral-Kadi (0/00 kms to 11/000 kms) (4) SH-133 from Kadi-Detroj Km 0/000 to 11/000 of Mehsana District in favour of AGM (Network Operations) Vodafone West Limited, Ahmedabad	2.8575 + 1 (penal NPV)	4.38	5.63	16.90	21.72	4.82
	<b>TOTAL</b>				<b>181.17</b>	<b>232.87</b>	<b>51.70</b>

**Appendix XXI**

**(Reference: Paragraph 2.3.7)**

**Short recovery of Compensatory Afforestation**

(₹ in lakh)

Sl. No.	Name of the proposal	In-principle approval	CA Recoverable	CA recovered	Short recovery
		Formal Approval			
1	Diversion of 3.078 ha. PF Land for the project of construction of four lane R.O.B. with divided carriageway in approaches in lieu of existing L.C. No. 173/- A near village Gadkhol approach on Bharuch-Ankaleshwar Old NH-8 road km. 200/300 to 201/230 of Bharuch District in favour of Executive Engineer, Panchayat (R&B), Division Bharuch	01 June 2017	24.16	19.00	5.16
		18 July 2018			
2	Diversion of 96.40 ha. of PF land for widening and strengthening of SH-25 Rajkot Bhavnagar Road (km. 96/6 to 150/8 and km. 152/8 to 166/2 in favour of Executive Engineer, R&B Division in Bhavnagar District of Gujarat	12 March 2014	455.23	369.06	86.17
		13 August 2014			
		Penal CA	25.22	20.51	4.71
3	Diversion of 173.39 ha. of PF land for widening and strengthening of NH-8 Ratanpur border to Ahmedabad (km. 388/200 to 590/000) by Project Director PIU, National Highway Authority of India, Himatnagar	April 2013	655.19	642.24	12.95
		23 July 2015			
4	Diversion of 1,058.5118 ha. of forest land for settlement of the affected people of Hadaf, Kabutari and Edalwada Medium Irrigation projects in Godhra Forest division in Panchmahal	26 August 2011	3,948.38	3,741.90	206.48
		25 April 2018			
5	Diversion of 15.55 ha. of PF land for road widening & strengthening of Shahera - Nadavaghjipur km. 0/00 to 31/10 in favour of Executive Engineer, Panchayat R&B Division in Panchmahal District of Gujarat	11 March 2014	78.33	54.74	23.59
		6 July 2015			

Sl. No.	Name of the proposal	In-principle approval	CA Recoverable	CA recovered	Short recovery
		Formal Approval			
6	Diversion of 7.9625 ha. of PF land for the project of road widening of Halol -Machi Road (BodeliHalol road km. 329/5 to 336/0) to four lane in favour of Executive Engineer, R & B Division in Panchmahal District of Gujarat	10 July 2017	56.71	55.14	1.57
		07 December 2017			
7	Diversion of 6.960 ha. of PF Land for the project of road widening of Pavagadh Hill Road (km. 0/00 to 4/800) in four lane in favour of Executive Engineer, Road and Building Division Godhra in Panchmahal District of Gujarat	10 July 2017	49.62	48.24	1.38
		08 December 2017			
8	Diversion of 4.7749 ha. of RF land for continuation of existing brine pipeline, sea water intake, electrical transmission line and approach road in favour of Tata Chemicals Limited, Mithapur, Jamnagar district of Gujarat	9 October 2012	19.57	7.71	11.86
		30 August 2017	32.76	15.41	17.35
		Penal CA			
9	Diversion of 76.093 ha. RF land for construction of 765 KV D/C Bhuj-Banaskantha transmission line through forest area of Kachchh and Patan District in favour of AGM, Power Grid Corporation of India Ltd. in Bhachau, Gujarat	21 April 2017	528.10	512.12	15.98
		08 September 2017			
10	Diversion of 9.53 ha. of forest land for construction of Kanesara minor irrigation scheme in Rajkot District of Gujarat	20 August 2003	40.17	11.13	29.04
		24 August 2018			
11	Diversion of 25.46 ha. of PF land at SH-97, Upleta-Kolki, Paneri-Jamjodhpur road km. 0 to 26/00 in favour of Executive Engineer R&B division in Rajkot district of Gujarat	18 February 2015	129.34	123.50	5.84
		21 December 2015			
12	Diversion of 24.12 ha. of PF land for widening of Dabhoi-Bodeli S.H. from km. 29/600 to 68/200 in favour of Executive Engineer, State Road Project Division in Vadodara district of Gujarat	06 September 2013	90.89	68.45	22.44
		12 March 2014			

Sl. No.	Name of the proposal	In-principle approval	CA Recoverable	CA recovered	Short recovery
		Formal Approval			
13	Diversion of 60.70 ha. RF land for construction of 71.25 MW wind power project in Vachchhu and Gorinja villages in Dwarka taluka in favour of Suzlon Energy Limited in Jamnagar district of Gujarat	26 December 2008	144.00	136.06	7.94
		15 September 2016			
14	Diversion of 2.889 ha. PF land for construction of cement concrete road from village-Dumas to Mazarfi Desai statue in favour of Executive Engineer, Road Development Department, Surat Municipal Corporation in Surat district of Gujarat	28 May 2015	19.37	15.24	4.13
		07 January 2016			
<b>Sub-Total</b>			<b>6,297.04</b>	<b>5,840.45</b>	<b>456.59</b>
<b>Violation Case</b>					
1	Diversion of 1.9080 ha. of RF land for construction of village Vanat-Badarkaga-Jaleti approach road Ta. Vijaynagar in favour of Executive Engineer, Panchayat R&B Division in Banaskantha District of Gujarat	14 July 2014	7.36	4.04	3.32
		Pending			
		Penal CA	12.32	8.09	4.23
<b>Sub-Total</b>			<b>19.68</b>	<b>12.13</b>	<b>7.55</b>
<b>Grand Total</b>			<b>6,316.72</b>	<b>5,852.58</b>	<b>464.14</b>

## Appendix XXII

(Reference: Paragraph 2.3.8)

**Cases in which cost-benefit analysis were not carried out as per specified parameters in Guidelines**

Sl. No.	Name of the proposal	Remarks
1	Diversion of 38.20 ha. of PF land for widening of Sarkhej-Dholka-Vataman-Pipli-Bhavnagar road km. 25/0 to 39/0, 46/6 to 69/6 and 93/8 to 133/2 in favour of Executive Engineer, Road & Building Department in Ahmedabad	The cost benefit has not been carried out as per prescribed parameters and only a general statement is attached.
2	Diversion of 151.588 ha. of PF land for widening into four lane of Bagodara to Bhavnagar road km. 61/400 to 137/800 (under VGF Yojana) in Ahmedabad District	
3	Diversion of 23.88 ha. of PF land for widening of SH-17 Viramgam-Bahucharaji road km. 0/00 to 43/600 in favour of Executive Engineer, R&B Division, Ahmedabad	
4	Diversion of 96.40 ha. of PF land for widening and strengthening of SH-25 Rajkot Bhavnagar Road (km. 96/6 to 150/8 and km. 152/8 to 166/2 in favour of Executive Engineer, R&B Division in Bhavnagar	
5	Diversion of 173.39 ha. of PF land for widening and strengthening of NH-8 Ratanpur border to Ahmedabad (km. 388/200 to 590/000) by Project Director PIU, National Highway Authority of India, Himatnagar	Only the evaluation of benefit was submitted. There was no statement for evaluation for losses. Hence the cost benefit analysis was not carried out.
6	Diversion of 36.76 ha. PF land for widening & strengthening of Dhansura-Malpur-Meghraj road (SH No-145) corridor under Gujarat State Highway Project-2, funded by World Bank in favour of Executive Engineer, State Road Project Division in Sabarkantha District of Gujarat	
7	Diversion of 27.226 ha. reserved forest land for laying of 400 KV D/C Mundra-Kansari (Zerda) transmission line in favour of Executive Engineer (Construction) Gujarat Energy Transmission Corporation Ltd., Deesa in Kachchh, Banaskantha and Patan districts of Gujarat	The cost benefit analysis was not carried out as per prescribed parameters of the MoEF. The cost benefit analysis submitted by the user agency on different parameters were accepted
8	Diversion of 76.093 ha. RF land for construction of 765 KV D/C Bhuj-Banaskantha transmission line through forest area of Kachchh and Patan District in favour of AGM, Power Grid Corporation of India Ltd. in Bhachau, Gujarat	
9	Diversion of 80.92 ha. of forest land in village: Bhadala, Bakhalvad, Devpara Godladhar, Kaduka, Kanesara, Khadvavdi, Lilapur, Rajavadlajam, Veraval, Ta: Jasdan, Dungarpur, Ta. Rajkot District Rajkot for setting up 54.40 MW Wind Power project.	Only the evaluation of benefit was submitted. There was no statement for evaluation for losses. Hence the cost benefit analysis was not carried out.
10	Diversion of 33.18 ha of PF land for widening and strengthening the road km. 212/0 to 245/486 of Atkot-Gondal State Highway under Gujarat State Highway Project-II (GSHP-II) in favour of Executive Engineer R & B Division, Rajkot	The cost benefit has not been carried out as prescribed and only a general statement is attached.
11	Diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur- Himatnagar road km 97/740 to 163/750 under Gujarat State Highway Project-2 funded by World Bank in favour of Executive Engineer, Road and Building Department, State Road Project Division,	Only the evaluation of benefit was submitted. There was no statement for evaluation for losses.

<b>Sl. No.</b>	<b>Name of the proposal</b>	<b>Remarks</b>
	Rajkot	Hence the cost benefit analysis was not carried out.
12	Diversion of 25.8375 ha. of PF land for widening of Himatnagar-Ranasan-Dhansura (SH-145) km 0/00 to 34/500 road in favour of R & B Division in Sabarkantha District of Gujarat	Only the evaluation of benefit was submitted. There was no statement for evaluation for losses.
13	Diversion of 24.525 ha. PF land for widening to six lane with service road km. 8/400 to 17/400 Surat-Dhuliya road in favour of EE, R&B division in Surat district Gujarat	Hence the cost benefit analysis was not carried out.
14	Diversion of 25.85 ha. of PF land for widening to four lane of Vadodara-Dabhoi road km. 8/3 to 29/4 in favour of Project Director, PIU, GSRDC in Vadodara district	The cost benefit has not been carried out as prescribed and only a general statement is attached.
15	Diversion of 24.12 ha. of PF land for widening of Dabhoi-Bodeli S.H. from km. 29/600 to 68/200 in favour of Executive Engineer, State Road Project Division in Vadodara district	

## Appendix XXIII

(Reference: Paragraph 2.3.9)

## Cases where amounts were recovered by the Department in compliance to additional conditions

Sl. No.	Name of the Diversion case	Category	Amount recovered/recoverable (in Lakh)
1	Diversion of 1.98 ha. of PF land for widening and strengthening road km. 0/0 to 10/8 Baska-Rameshra-Gutal road Ta: Halol District Panchmahal in favour of Executive Engineer, R & B Division Godhra Panchmahal District	Road	5.05
2	Diversion of 7.65 ha. RF land for construction of Village-Ghoghawada-Bhovabar-Simalnada-Korval approach road project in favour of Executive Engineer, Panchayat (R&B) Division, Godhra in Panchmahal District	Road	2.66
3	Diversion of 11.547 ha. RF land for construction of village Ghoghawada-Bhuvabar-Panjelav approach road project in favour of Executive Engineer, Panchayat (R&B) Division, Godhra in Panchmahal district	Road	19.11
4	Diversion of 24.525 ha. PF land for widening to six lane with service road km. 8/400 to 17/400 Surat-Dhuliya road in favour of EE, R&B division in Surat	Road	4.49
5	Diversion of 9.40 ha. of PF land for widening to four lane Surat-Sachin-Navsari road km. 13/400 to 21/400 in favour of EE, R&B division, Surat	Road	5.03
6	Diversion of 18.04 ha. PF land for widening of Surat-Bardoli NH 6 and NH 8 from km. 17/4 to 35/00 in favour of EE, R&B division No. 2 in Surat district	Road	5.86
7	Diversion of 4.96 ha. of PF land for widening on both sides of existing road along Surat-Dumas main road from RundJakatnaka to Dumas village gate in South West (Athwa) in favour of Surat Municipal Corporation in Surat	Road	1.09
8	Diversion of 4.545 ha. of PF land for road widening and strengthening S.H.161 Dabhoi - Segwa - Rajpipla road km. 0/0 to 21/0 in favour of Executive Engineer, Road & Building Division in Vadodara District	Road	30.33
9	Diversion of 96.11 ha. of PF land for widening and strengthening of Mehsana-Vijapur- Himatnagar road km 97/740 to 163/750 under Gujarat State Highway Project-2 funded by World Bank in favour of Executive Engineer, Road and Building Department, State Road Project Division, Rajkot	Road	84.38 (recoverable)
10	Diversion of 1.863 ha. PF land for laying 400KV DC KAPP (NPP) to Navsari, transmission line in favour of DGM, Power Grid Corporation of India, Surat	Transmission Line	23.99.
11	Diversion of 27.226 ha. reserved forest land for laying of 400 KV D/C Mundra-Kansari (Zerda) transmission line in favour of Executive Engineer (Construction) Gujarat Energy Transmission corporation Ltd. Deesa in Kachchh, Banaskantha and Patan districts	Transmission Line	43.75
12	Diversion of 76.093 ha RF land for construction of 765 KV D/C BhujBanaskantha Transmission line through forest area of Kachchh and Patan District in favour of AGM, Power Grid Corporation of India Ltd. in Bhachau	Transmission Line	450.90
13	Diversion of 7.7328 ha. of RF land for laying of 66KV Motakhanpur-Dintavas transmission line at Ta. Khanpur and Kadana in favour of Gujarat Energy Transmission Corporation Limited in Panchmahal	Transmission Line	24.09
14	Diversion of 60.70 ha. RF land for construction of 71.25 MW wind power project in Vachchhu and Gorinja villages in	Wind Power	21.38

<b>Sl. No.</b>	<b>Name of the Diversion case</b>	<b>Category</b>	<b>Amount recovered/ recoverable (in Lakh)</b>
	Dwarka taluka in favour of Suzlon Energy Limited in Jamnagar district of Gujarat		
15	Diversion of 80.92 ha. of forest land in village: Bhadala, Bakhalvad, Devpara Godladhar, Kaduka, Kanesara, Khadvavdi, Lilapur, Rajavadlajam, Veraval, Ta: Jasdhan, Dungarpur, Ta. Rajkot District Rajkot for setting up 54.40 MW Wind Power project	Wind Power	16.32
		TOTAL	654.05

## Appendix XXIV

(Reference: Paragraph 2.3.11)

## Details of irregular and inadmissible activities

APO Year	Name of the activity	Amount disbursed (₹ in lakh)	Remarks
2014-15 and 2015-16	Chartered Accountants for preparation of accounts	2.81	<ul style="list-style-type: none"> <li>As per instructions of <i>Ad-hoc</i> CAMPA (2014-15), the expenditure was to be incurred out of the interest generated from CAMPA funds. However, it was incurred from CAMPA funds.</li> </ul>
2017-18	Purchase of Jeep	487.21	<ul style="list-style-type: none"> <li>The State CAMPA disbursed ₹ 4.87 crore against the provision of ₹ 1.40 crore for purchase of Jeep in the APO. Since the purchase of jeep was kept under the category of 15 per cent for items on which the States were dissuaded to incur expenditure, the vehicles were purchased for use by officers. However, the release order disallowed any expenditure on purchase of new vehicles for officers.</li> <li>These are either new items or not related to maintenance works.</li> </ul>
	Eco-park Gandhinagar	100	
	Biodiversity park	50	
	Botanical garden	50	
	Rubble wall with cement pointing	553.75	
	Check dam	250	
	Van <i>talavadi</i>	126	
	Butterfly park	60	
	Boundary pillar	150	
	Assessment of tree cover in municipal corporations of Gujarat	19	
	Salary to technical staff on contractual basis	68.50	
Maintenance of <i>Sanskrutik Van</i>	400		
2018-19	Purchase of Jeep	140.23	<ul style="list-style-type: none"> <li>The expenditure on purchase of new vehicles for officers, repairs and maintenance of rest houses and eco-tourism was not allowed. Against the provision of ₹ 1.75 crore the State CAMPA disbursed ₹ 1.40 crore for purchase of jeep.</li> <li>Safari Park falls under the category of eco-tourism activities and is not a core activity.</li> </ul>
	Safari Park	100	
<b>TOTAL</b>		<b>2,557.50</b>	

(Source: Information provided by the Department)

**Appendix XXV**  
**(Reference: Paragraph 2.3.14)**

**Cases where additional plantation was suggested by Forest Department/  
Other Department of GoG and Central Government**

Sl. No.	Name of the Proposal	No. of trees cut	Additional Plantation
1	Diversion of 7.92 ha. PF land for widening and strengthening of Areth-Boudhan-Ghata-Karjan road (MDR) km. 0/0 to 23/55 in favour of EE, Panchayat R&B, Surat	1,441	The Joint Secretary to the GoG stated that considering the huge number of trees required to be felled additional condition of 10 times the trees to be cut ( <i>i.e.</i> , 14,410) would be planted in the forest land for which the amount would be deposited by user agency.
2	Diversion of 25.85 ha. of PF land for widening to four lane of Vadodara-Dabhoi road km. 8/3 to 29/4 in favour of Project Director, PIU, GSRDC in Vadodara district of Gujarat	4,830	The approval was granted with the condition that additionally 10 times (48,300) the number of trees to be cut <i>i.e.</i> , 4830 is required to be planted. The division recovered ₹ 252.67 lakh for plantation of 48,300 trees.
3	Diversion of 5.85 ha. of PF land for construction of 10 m wide road Kalol-Masa-Vijapur km. 3/00 to 4/00 and Nardipur –Paliyad-Veda road km. 20/00 to 28/500 at Kalol range in favour of Executive Engineer, Capital Project Division No. 3, Gandhinagar	341	In the interest of conservation twice the no. of trees to be cut <i>i.e.</i> 682 trees would be planted would be planted by the Forest Department for which ₹ 1.77 lakh has been recovered from the user agency.
4	Diversion of 151.588 ha. of PF land for widening into four lane of Bagodara to Bhavnagar road km. 61/400 to 137/800 (under VGF Yojana) in Ahmedabad District	3,935	The State level Environment Impact Assessment authority, GoG, accorded clearance (2009), which <i>inter alia</i> included plantation of ten times the number of trees to be cut in the project. However, no such condition was kept by GoG which according forest clearance under FCA, 1980.



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