

## 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)**