Report of the
Comptroller and Auditor General of India
on Revenue Sector

for the year ended March 2018

Government of Karnataka

Report No.1 of the year 2019

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PREFACE

This Report for the year ended March 2018 has been prepared for submission to the Governor of Karnataka under Article 151(2) of the Constitution of India for being placed in the State Legislature.

The Report contains significant results of the Performance Audit and Compliance Audit of the Departments of Government of Karnataka under Revenue Sector, including Commercial Taxes Department, Department of Stamps and Registration and Department of Mines and Geology.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2017-18 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports. The instances relating to the period subsequent to 2017-18 have also been included wherever found necessary.

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

OVERVIEW

OVERVIEW

This Report contains 15 paragraphs including two Performance Audits. Observations relating to non/short-levy of tax, interest, penalty, revenue foregone, etc. amounted to ₹ 595.66 crore. Some of the major findings are mentioned below:

I General

Total revenue receipts of the State Government for the year 2017-18 amounted to ₹ 1,46,999.65 crore against ₹ 1,33,213.79 crore for the previous year. 64 *per cent* of this was raised by the State through tax revenue (₹ 87,130.38 crore) and non-tax revenue (₹ 6,476.53 crore). The balance 36 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 31,751.96 crore) and grants-in-aid (₹ 21,640.78 crore).

(Paragraph 1.1)

A total of 1,385 Inspection Reports, containing 4,099 observations, involving money value of ₹ 1,467.14 crore, were pending with the Departments for settlement at the end of June 2018.

(Paragraph 1.5)

Test-check of the records of 386 units of Value Added Tax, State Excise, Taxes on Motor Vehicles, Stamp Duty and Registration Fee, Land Revenue and other Departmental Offices conducted during the year 2017-18 showed under-assessment/short-levy/loss of revenue aggregating ₹ 750.43 crore in cases pointed out through 847 paragraphs.

(Paragraph 1.8)

II Taxes/VAT on Sales, Trade, etc.

Paragraphs

Non-levy of penalty under Section 72(1) of the KVAT Act, for delay in payment of tax by 169 assessees, amounted to ₹ 14.46 crore.

(Paragraph 2.6)

Short-levy of tax on sale of liquor by 94 Bars and Restaurants situated in urban areas for the period from March 2014 to March 2016 amounted to ₹ 10.89 crore.

(Paragraph 2.7)

Tax of ₹ 6.42 crore declared in the returns by 152 assessees, was not paid.

(Paragraph 2.8)

Additional tax of ₹ 4.37 crore, determined by the Auditors in the audited statement of accounts, was not paid by 43 dealers.

(Paragraph 2.9)

Suppression of turnover, application of incorrect rate of tax and incorrect allowance of gross profit resulted in short-levy of tax of ₹ 7.74 crore in respect of three works contractors.

(Paragraph 2.10)

Works contract consideration of ₹ 74.51 crore, received by 35 dealers from the Karnataka Residential Educational Institutions Society during 2016-17, was not declared by these dealers in their returns, which resulted in non-levy of tax of ₹ 6.73 crore.

(Paragraph 2.11)

Short-levy of tax due to incorrect allowance of sub-contractor payments, by 14 dealers, amounted to ₹ 2.50 crore.

(Paragraph 2.12)

III Stamp Duty and Registration Fee

Performance Audit on "Assessment and Implementation of Guidance Market Value" in Karnataka

The time schedule in estimating and notifying the Guidance Market Values (GMVs) was not adhered to by the Central Valuation Committee (CVC) and the Valuation Sub-Committees (VSCs). Consequent to the delay, outdated values were notified in 2016-17 which continued till 2018-19. Notification of values which did not match the prevailing market trends adversely impacted revenue.

(Paragraph 3.4.9.2)

Market trends observed by the VSCs were not captured by the CVC in the majority of the cases. Instead, the final values were being notified by the CVC following a pattern of uniform increase (mostly 10 *per cent*) which were below market trends observed by the VSCs.

(Paragraph 3.4.9.3)

Indicators of Market Value like Sale-Agreements, Deposit of Title Deeds, base price quoted by the Developers, loans sanctioned by Banks and Income Tax deducted at source were not considered appropriately in estimating GMV. Cross-verification of 3,335 Sale-Deeds revealed suppression of ₹ 2,232.40 crore and consequent loss of Stamp Duty and Registration Fee at ₹ 149.01 crore.

(Paragraph 3.4.10)

Errors in estimation of GMV led to developed lands getting valued lower than the undeveloped lands in the same village/area. Consequent undervaluation of sites/apartments in 13,533 cases worked out to ₹ 3,167.52 crore. The Revenue forgone by way of Stamp Duty and Registration Fee amounted to ₹ 189.82 crore.

(Paragraph 3.4.11 and 3.4.12)

Deletion of specific entries with higher GMV in 17 villages during 2017-18 led to undervaluation of properties to the extent of ₹ 33.51 crore in 227 Sale-Deeds with short-levy of Stamp Duty and Registration Fee at ₹ 2.21 crore.

(Paragraph 3.4.14.3)

3,237 apartments in 57 projects, were registered at general rates lesser than the base price quoted by the Developers. This resulted in under valuation of the apartments by ₹ 735.78 crore and consequent loss of revenue of ₹ 48.56 crore. The SROs failed to refer these projects to CVC for notifying GMV, inspite of specific instructions.

(Paragraph 3.4.16)

Non-stipulation of specific names for different projects led to undervaluation and consequent short-levy of Stamp Duty and Registration Fee of ₹ 20.37 crore.

(Paragraph 3.4.17)

Paragraphs

Adoption of incorrect guidance values, incorrect classification of documents, non-adherence to special instructions, etc. in seven SROs led to undervaluation of documents in 80 cases resulting in short-levy of Stamp Duty and Registration Fee of ₹ 4.35 crore.

(Paragraph 3.5)

Suppression of facts like existence of building, facts of development and deemed possession in seven documents in four SROs led to short-levy of Stamp Duty and Registration Fee of ₹ 2.29 crore.

(Paragraph 3.6)

Adoption of incorrect rates, incorrect levy on share of lesser value, etc. in 36 Joint Development Agreements in seven SROs led to short-levy of Stamp Duty and Registration Fee of ₹ 2.10 crore.

(Paragraph 3.7)

IV Mineral Receipts

Performance Audit on "Systematic and Scientific Mining and Protection of Environment in respect of Quarry Leases of Minor Minerals"

Preparedness of the Department of Mines and Geology to introduce the new provisions relating to systematic and scientific mining was not adequate. Inventory of quarries was not comprehensive, relevant modern technologies like satellite imagery, GPS coordinates, etc. were either not used or used insufficiently and the mechanism to monitor transportation of minerals remained weak.

(Paragraph 4.4.9)

Joint Physical Verification conducted by Audit with the Department revealed:

- quarrying in 52 expired leases spanning over 29,800 square meters;
- quarrying outside the legal boundaries of 33 quarries spanning over 46,000 square meters; and
- quarrying in 109 illegal sites spanning over 1.07 lakh square meters.

Illegal extraction from such sites was quantified at 9.94 lakh cubic metres which implied a revenue of ₹191.96 crore including royalty and penalty.

(Paragraph 4.4.9.4)

With the help of satellite imagery through the Technical Consultant (Indian Institute of Science, Bengaluru), Audit detected:

- 532 locations of illegal quarrying sites spanning over 11.45 lakh square meters in Chikkaballapura Taluk. Volume of illegal extraction was estimated at 11.12 crore MT;
- 146 locations of quarrying beyond the legal boundaries spanning over 8.90 lakh square meters. Volume of illegal extraction was estimated at 27.68 crore MT.

(Paragraph 4.4.9.5)

Parameters in the Quarry Plan were not independently evaluated by the DMG and guidelines were not prescribed for fixation of annual target of production in the quarries. Claims of buffer zones left in the quarry areas were found fictitious in 244 out of 260 cases checked.

(Paragraph 4.4.11)

Assessment of production of minerals by the DMG in the quarries was inaccurate. An analysis (with satellite imagery) of production through the Technical Consultant revealed a production of 39.81 crore MTs in 183 building stone quarries in Chikkaballapura Taluk as against 1.07 crore MTs assessed by the DMG.

(Paragraph 4.4.14 and 4.4.15)

Non-compliance to the conditions relating to scientific and systematic mining was high, ranging from 96 to 100 *per cent* in five out of the seven conditions test-checked.

(Paragraph 4.4.16.2)

Implementation of conditions under Environmental Clearance (EC) was deficient due to non-coordination among the different agencies involved. Non-compliance to conditions envisaged under EC was high, ranging from 75 to 100 *per cent*.

(Paragraph 4.4.9.7 and 4.4.17.1)

The Environment Impact Assessment Authorities (EIAAs) concerned had issued ECs to the individual leases without a cumulative impact assessment or cumulative environment management plan as envisaged in the GoI notification of January 2016.

(Paragraph 4.4.19.2)

Paragraph

Penalty for transportation of minor minerals without obtaining Mineral Dispatch Permits amounting to ₹ 131.01 crore was not demanded from the quarry lease holders.

(Paragraph 4.5)

Chapter-I

General

Chapter–I
General

1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Karnataka during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year together with the corresponding figures for the preceding four years are mentioned in **Table 1.1.1**.

Table 1.1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	**Revenue raised by the State Government**					
	• **Tax revenue**	62,603.53	70,180.21	75,550.18	82,956.13	**87,130.38**
	• **Non-tax revenue**	4,031.90	4,688.24	5,355.04	5,794.53	**6,476.53**
	Total	**66,635.43**	**74,868.45**	**80,905.22**	**88,750.66**	**93,606.91**
2.	**Receipts from the Government of India**					
	• **Share of net proceeds of divisible Union taxes and duties**[1]	13,808.28	14,654.25	23,983.34	28,759.94	31,751.96
	• **Grants-in-aid**	9,098.82	14,619.45	13,928.75	15,703.19	21,640.78
	Total	**22,907.10**	**29,273.70**	**37,912.09**	**44,463.13**	**53,392.74**
3.	**Total revenue receipts of the State Government (1 and 2)**	**89,542.53**	**1,04,142.15**	**1,18,817.31**	**1,33,213.79**	**1,46,999.65**
4.	**Percentage of total revenue raised by the State Government to total revenue receipts (1 to 3)**	**74**	**72**	**68**	**67**	**64**

The above table indicates that during the year 2017-18, the revenue raised by the State Government (₹ 93,606.91 crore) was 64 *per cent* of the total revenue receipts. The balance 36 *per cent* of the receipts during 2017-18 came from the Government of India.

[1] Figures under the major heads of account 0005-Central Goods and Service Tax, 0008-Integrated Goods and Services Tax, 0020-Corporation Tax, 0021-Taxes on Income other than Corporation Tax, 0028-Other Taxes on Income and Expenditure-Minor head-901, 0032-Taxes on Wealth, 0037-Customs, 0038-Union Excise Duties, 0044-Service Tax and 0045-Other taxes and Duties on Commodities and Services - Minor head-901, as share of net proceeds assigned to States booked in the Finance Accounts of the Government of Karnataka for 2017-18, under 'A-Tax Revenue' have been excluded from the revenue raised by the State Government and included in the State's share of divisible Union taxes.

1.1.2 The details of the tax revenue raised during the period 2013-14 to 2017-18 are given in **Table 1.1.2**.

Table 1.1.2
Details of Tax Revenue

(₹ in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase (+)/decrease (-) in 2017-18 over 2016-17	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE/RE*	Actual	BE	Actual
1.	Taxes on sales, trade etc.	33,590.00	33,719.35	37,250.00	38,286.03	41,329.00	40,448.63	46,504.10	46,105.17	24,485.68	25,093.16	4.45	6.88
2.	State Goods and Services Tax (SGST)	---	---	---	---	---	---	---	---	24,087.53	24,182.18[2]		
3.	State Excise	12,600.00	12,828.36	14,430.00	13,801.08	15,200.00	15,332.88	16,510.00	16,483.75	18,050.00	17,948.51	9.33	8.89
4.	Stamp Duty and Registration Fee	6,500.00	6,188.76	7,450.00	7,025.85	8,200.00	8,214.71	9,100.00	7,805.98	9,000.00	9,023.68	(-)1.10	15.60
5.	Taxes on Vehicles	4,120.00	3,911.50	4,350.00	4,541.57	4,800.00	5,001.69	5,160.00	5,594.39	6,006.00	6,208.57	16.40	10.98
6.	Others	5,653.99	5,955.56	6,389.75	6,525.68	6,916.39	6,552.27	6,590.34	6,966.84	4,300.55	4,674.28	(-)34.74	(-)32.91
Total		**62,463.99**	**62,603.53**	**69,869.75**	**70,180.21**	**76,445.39**	**75,550.18**	**83,864.44**	**82,956.13**	**85,929.76**	**87,130.38**	**2.46**	**5.03**

BE = Budget Estimates
RE = Revised Estimates
*Budget Estimates for 2017-18 were prepared considering Karnataka Value Added Tax (KVAT) only. From 1 July 2017, Goods and Services Tax (GST) was introduced replacing KVAT. State Goods and Services Tax (SGST) was accounted in the Revised Estimates and KVAT was adjusted accordingly. Due to this, Revised Estimates have been adopted for Sl. No. 1 and 2.

The dip in estimation and realisation of revenue under "Others" (Sl. No. 6) of the table above was due to reduction under the heads 0042 (Taxes on Goods and Passengers) and 0045 (Other Taxes and Duties on Commodities and Services) which were to be subsumed in Goods and Services Tax.

1.1.3 The details of the non-tax revenue raised during the period 2013-14 to 2017-18 are indicated in **Table 1.1.3**.

Table 1.1.3
Details of Non-Tax Revenue

(₹ in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase (+)/decrease (-) in 2017-18 over 2016-17	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1.	Non–ferrous mining and metallurgical Industries	1,750.00	1,474.49	1,750.00	1,931.10	2,048.15	2,003.80	2,402.83	2,419.43	2,667.65	2,746.80	11.02	13.53
2.	Other Non-tax receipts	2,288.28	2,557.41	2,723.43	2,757.14	3,158.02	3,351.24	3,817.62	3,375.10	4,276.97	3,729.73	12.03	10.51
Total		**4,038.28**	**4,031.90**	**4,473.43**	**4,688.24**	**5,206.17**	**5,355.04**	**6,220.45**	**5,794.53**	**6,944.62**	**6,476.53**	**11.64**	**11.77**

[2] Includes interest (₹ 6.61 crore), penalty (₹ 2.99 crore), fee (₹ 35.25 crore), input tax credit cross-utilisation of SGST and IGST (₹ 7,062.87 crore), apportionment of IGST-transfer-in of tax component to SGST (₹ 964.64 crore) and advance apportionment from IGST (₹ 1,582.00 crore).

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2018 on some principal heads of revenue amounted to ₹17,740.31 crore as detailed in **Table 1.2**.

Table 1.2
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2018	Replies of Department
1.	0039 (State Excise)	816.65	Out of the total arrears, ₹ 83.88 crore was stayed by courts, ₹ 376.28 crore was covered by Revenue Recovery Certificates and recovery is in progress in the remaining ₹ 356.49 crore.
2.	0040 (Taxes on sales, trade, etc.)	15,399.84	Out of the total arrears, ₹ 3,686.45 crore was stayed by courts, ₹ 142.41 crore was before BIFR[3], ₹ 289.89 crore was under liquidation process, ₹ 216.51crore was covered by Revenue Recovery Certificates, ₹ 10,873.18 crore was under Court and Departmental recovery, write- off proposals were made for ₹ 67.51 crore and payments of ₹ 123.89 crore received were under verification.
3.	0853 (Non-ferrous mining and metallurgical Industries)	1,402.08	Not Furnished
4.	0030 (Stamp Duty and Registration Fees)	121.74	Not Furnished
Total		**17,740.31**	

Details of arrears of revenue, if any, of Energy, Transport and Revenue Departments, though called for (June 2018) were not received (December 2018).

1.3 Evasion of tax detected by the Departments

The details of cases of evasion of tax detected by the State Excise Department, Commercial Taxes Department (CTD) and Department of Stamps and Registration are given in **Table 1.3**.

[3] Board for Industrial and Financial Reconstruction.

Table 1.3
Evasion of tax

(₹ in crore)

Sl. No.	Head of revenue	Cases pending as on 31 March 2017	Cases detected during 2017-18	Total	Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2018
					Number of cases	Amount of demand	
1.	0039 (State Excise)	02	0	02	0	0	02
2.	0040 (Taxes on sales, trade, etc.)	7,070	6,513	13,583	9,660	144.42	3,923
3.	0030 (Stamp Duty and Registration Fees)	04	0	04	01	0.73	03

The above cases are shown as pending by the State Excise Department even before the year 2014-15. Early action may be taken to settle these cases in the interest of revenue. Though a majority of cases detected have been settled in CTD, a significant number of cases are still outstanding at the end of the year. Early action may be taken by CTD to settle these cases in the interest of revenue.

Details of frauds and evasions detected, if any, by the Transport, Energy and Revenue Departments, though called for (June 2018) had not been received (December 2018). The Department of Mines and Geology reported that no such cases were detected.

1.4 Pendency of refund cases

The number of refund cases pending at the beginning of the year, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2017-18 as reported by the Commercial Taxes and State Excise Departments are given in **Table 1.4**.

Table 1.4
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,849	835.90	0	0
2.	Claims received during the year	5,991	5,214.10	Not Furnished	10.44
3.	Refunds made during the year	5,922	5,736.19	Not Furnished	10.44
4.	Balance outstanding at the end of the year	1,918	313.81	0	0

Though the details were furnished by the Stamps and Registration Department, these are not brought out in the paragraph due to mismatch of figures.

Details of pendency of refunds cases, if any, in the Energy, Transport and Revenue Departments, though called for (June 2018), were not received (December 2018). The Mines and Geology Department reported that no refund cases were pending.

1.5 Response of the Government/Departments towards Audit

Principal Accountant General (Economic and Revenue Sector Audit) 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 inspections, and those not settled on the spot are issued to the heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through an initial reply to the Principal Accountant General within one month from the date of issue of IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

4,099 paragraphs involving ₹ 1,467.14 crore contained in 1,385 IRs (issued upto December 2017), remained outstanding at the end of June 2018. The details along with the corresponding figures for the preceding two years are given in **Table 1.5**.

Table 1.5
Details of pending Inspection Reports

	As of June 2016	As of June 2017	As of June 2018
Number of IRs pending for settlement	4,443	2,282	1,385
Number of outstanding audit observations	9,305	5,527	4,099
Amount of revenue involved (₹ in crore)	2,162.61	2,010.14	1,467.14

1.5.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2018 and the amounts involved are given in **Table 1.5.1**.

Table 1.5.1

Department-wise details of IRs

(₹ in crore)

<table>
<tr><th>Sl. No</th><th>Name of the Department</th><th>Nature of receipts</th><th>Number of outstanding IRs</th><th>Numbers of outstanding audit observations</th><th>Money value involved</th></tr>
<tr><td>1.</td><td rowspan="2">Finance</td><td>Commercial Taxes</td><td>584</td><td>2,272</td><td>397.48</td></tr>
<tr><td>2.</td><td>State Excise</td><td>70</td><td>116</td><td>25.92</td></tr>
<tr><td>3.</td><td rowspan="2">Revenue</td><td>Land Revenue</td><td>177</td><td>395</td><td>243.20</td></tr>
<tr><td>4.</td><td>Stamp Duty and Registration Fees</td><td>355</td><td>873</td><td>117.28</td></tr>
<tr><td>5.</td><td>Transport</td><td>Taxes on motor vehicles</td><td>131</td><td>277</td><td>16.33</td></tr>
<tr><td>6.</td><td>Commerce and Industries</td><td>Non-ferrous mining and metallurgical industries</td><td>61</td><td>155</td><td>665.74</td></tr>
<tr><td>7.</td><td>Energy</td><td>Electricity Tax</td><td>7</td><td>11</td><td>1.19</td></tr>
<tr><td colspan="3">Total</td><td>1,385</td><td>4,099</td><td>1,467.14</td></tr>
</table>

Audit did not receive even the first replies (required to be received from the heads of Offices within one month from the date of issue of the IRs) for 259 IRs issued during 2017-18. This large pendency of the IRs due to non-receipt of the replies indicated that the heads of Offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Principal Accountant General in the IRs.

1.5.2 Departmental Audit Committee meetings

The Government issued (March 1968) instructions to constitute 'Adhoc Committees' in the Secretariat of all the Departments to expedite the clearance of audit observations contained in the Inspection Reports (IRs). These Committees are to be headed by the Secretaries of the Administrative Departments concerned and attended by the designated Officers of the State Government and a nominee of the Principal Accountant General. These Committees are to meet periodically and, in any case, at least once in a quarter. The Department-wise number of adhoc committee meetings held and paragraphs settled during the year 2017-18 were as under **Table 1.5.2**.

Table 1.5.2
Departmental Audit Committee meetings

(₹ in lakh)

Department	No. of meetings held	No. of paragraphs settled	Money value
State Excise	1	108	2,945.84
Transport	1	40	167.32
Stamps and Registration	1	158	278.98
Total	**3**	**306**	**3,392.14**

The number of meetings held and progress of settlement of paragraphs were negligible as compared to the huge pendency of the IRs and paragraphs. Adhoc committee meetings were not convened by four Departments viz. the Department of Mines and Geology, Commercial Taxes Department, Land Revenue and Energy Department.

1.5.3 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 to the Offices, usually one month before the commencement of audit, to enable them to keep the relevant records ready for audit scrutiny.

During the year 2017-18, out of 386 Offices under Finance, Revenue, Transport Commerce and Industries and Energy Departments, ten Offices did not produce 35 records/files for audit in various Offices under Finance, Revenue Departments. Hence, the correctness of the assessments made and taxes levied or revenue collected could not be ensured in those cases mentioned below in **Table 1.5.3**.

Table 1.5.3
Details of non-production of records

Sl.No.	Name of the Office/Department	Number of records not produced to audit
1.	Department of Stamps and Registration	01
2.	Commercial Taxes Department	02
3.	Department of Land Revenue	13
4.	State Excise Department	19
	Total	**35**

1.5.4 Response of the Departments to the Draft Audit Paragraphs

Draft Paragraphs/Performance Audit Reports proposed for inclusion in the Audit Report are forwarded by the Principal Accountant General to the Additional Chief Secretary/Principal Secretaries/Secretaries of the Departments concerned through demi-official letters. According to the instructions issued (April 1952) by the Government, all Departments are required to furnish their remarks on the Draft Paragraphs/Performance Audit Reports within six weeks of their receipt. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Fifteen Draft Paragraphs (including two Performance Audits) proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Sector) for the year ended 31 March 2018 were forwarded to the Additional Chief Secretary/Principal Secretaries/Secretaries to the Government and copies endorsed to the heads of Departments concerned between March and October 2018.

Replies for 12 Draft Paragraphs relating to Commercial Taxes and Stamp Duty and Registration Fee have been received from the Government. In respect of Two Performance Audits, Exit Conferences were held with the Government during October and November 2018.

Reply to the remaining one Draft Paragraph pertaining to Department of Mines and Geology, has not been received from the Government (December 2018).

1.5.5 Follow-up on the Audit Reports - Summarised position

According to the Rules of Procedure (Internal Working) of the Committee of Public Accounts (PAC), the Departments of Government are to furnish detailed explanations (Departmental Notes) on the audit paragraphs to the Karnataka Legislative Assembly Secretariat within four months of an Audit Report being laid on the Table of the Legislature. The Rules further require that before such submission, Departmental Notes are to be vetted by the Principal Accountant General.

120 paragraphs (including Performance Audits) were included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Karnataka for the years ended 31 March 2013, 2014, 2015, 2016 and 2017 which got placed before the State Legislature Assembly between February 2014 and February 2018.

As of October 2018, out of 120 paragraphs, Departmental Notes have been received for 99 paragraphs. The Departmental Notes for 98 of these paragraphs included in Audit Reports for the years 2012-13 to 2015-16 were received belatedly, with an average delay of ten months. Only one note was received within the due date. However, Departmental Notes on the remaining 21 paragraphs from five Departments (Commercial Taxes, Land Revenue, Stamps and Registration, State Excise and Mines and Geology) have not been received (December 2018).

This indicates that more proactive action is required from the Executive to pursue the important issues highlighted in the Audit Reports, which would also aid in collection of unrealised revenue.

1.6 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of compliance by the Department/Government to the issues highlighted in the Inspection Reports/Audit Reports action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.6.1 and 1.6.2 discuss the performance of the Commercial Taxes Department [4] in respect of the cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2008-09 to 2016-17.

1.6.1 Position of Inspection Reports

The summarised position of the Inspection Reports (IRs) issued during the last ten years, paragraphs included in these reports and their status as on 31 March 2018 are tabulated below in **Table 1.6.1**.

Table 1.6.1
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the Year			Clearance during the Year			Closing Balance		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2008-09	1,239	3,674	266.22	218	921	230.50	78	838	70.58	1,379	3,757	426.13
2.	2009-10	1,379	3,757	426.13	103	579	103.68	36	355	108.34	1,446	3,981	421.48
3.	2010-11	1,446	3,981	421.48	71	459	81.56	63	476	47.22	1,454	3,964	455.82
4.	2011-12	1,454	3,964	455.82	121	528	82.52	8	211	26.03	1,567	4,281	512.31
5.	2012-13	1,567	4,281	512.31	237	764	70.25	72	443	99.87	1,732	4,602	482.69
6.	2013-14	1,732	4,602	482.69	205	632	72.06	21	391	58.32	1,916	4,843	496.43
7.	2014-15	1,916	4,843	496.43	185	865	80.69	4	600	124.76	2,097	5,108	452.36
8.	2015-16	2,097	5,108	452.36	176	926	70.77	63	627	71.45	2,210	5,407	451.68
9.	2016-17	2,210	5,407	451.68	165	778	102.22	19	335	37.61	2,356	5,850	516.29
10.	2017-18	2,356	5,850	516.29	134	596	172.22	1891	4133	331.80	599	2,313	356.71

[4] Under Revenue heads 0028, 0040.

During the year 2017-18, no Adhoc Committee meetings were held by the Commercial Taxes Department for settlement of IRs/paragraphs.

During regular inspection of Offices, the pending IRs/paragraphs are reviewed on the spot after obtaining compliance. Settlements of IRs/paragraphs are also made on receipt of compliance from the Department.

1.6.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table 1.6.2**.

Table 1.6.2
Recovery in accepted cases

(₹ in crore)

Sl. No.	Year of Audit Report	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year 2017-18	Cumulative position of recovery of accepted cases as of 31-03-2018
1.	2007-08	20	78.28	15	25.99	0	8.15
2.	2008-09	11	8.01	8	3.73	0	2.81
3.	2009-10	9	15.29	9	10.79	0	4.48
4.	2010-11	10	79.26	6	0.90	0	1.17
5.	2011-12	9	82.12	6	15.76	0	4.05
6.	2012-13	14	155.51	9	2.45	0	2.31
7.	2013-14	10	104.72	9	7.56	0	4.08
8.	2014-15	11	16.07	8	6.72	0.18	5.61
9.	2015-16	6	281.59	6	24.12	1.38	16.62
10.	2016-17	6	57.72	6	5.68	0	1.62

As seen from the table above, the percentage of recovery by the Commercial Taxes Department in accepted cases for the years 2007-08 to 2016-17 was only 49.08 *per cent*. Therefore, the Department must take immediate action to pursue recovery of the dues involved in accepted cases.

1.7 Audit Planning

The Auditable Units under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the 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, the budget speech, white paper on state finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years, etc.

During the year 2017-18, there were 1,250 auditable units, of which 366 units were planned and 386 units had been audited, which was 30.88 *per cent* of the total auditable units. The details are shown in **Table 1.7.1**.

Table 1.7.1
Details of units audited

Sl. No.	Department	Number of units		
		Auditable Units during the year 2017-18	Units planned for audit during 2017-18	Units audited during 2017-18
1.	Commercial Taxes	430	118	123
2.	Stamp Duty and Registration	283	56	63
3.	Transport	81	39	41
4.	Land Revenue	259	62	64
5.	State Excise	129	67	67
6.	Mines and Geology	34	12	16
7.	Energy	34	12	12
	Total	**1,250**	**366**	**386**

Besides the audit of units mentioned above, Two Performance Audits on the "Assessment and Implementation of Guidance Market Value in Karnataka" and "Systematic and Scientific Mining and Protection of Environment in respect of Quarry Leases of Minor Minerals" were also taken up during the year.

1.8 Results of Audit

Position of local audit conducted during the year

Test-check of the records of 386 units of Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Stamps and Registration Fee, Land Revenue and other Departmental Offices conducted during the year 2017-18 showed under-assessment/short-levy/loss of revenue aggregating ₹ 750.43 crore in respect of cases pointed out through 847 paragraphs. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 20.84 crore raised through 146 paragraphs during 2017-18. The Departments collected ₹ 89.74 crore pointed out in 758 paragraphs pertaining to the audit findings of previous years during 2017-18.

1.9 Coverage of this Report

This Report contains 15 paragraphs selected from the audit observations made during the local audit referred to above and during earlier years, (which could not be included in earlier reports) including two Performance Audits involving financial effect of ₹ 595.66 crore.

The Departments/Government had accepted audit observations in 608 cases relating to 12 paragraphs involving ₹ 20.03 crore, out of which ₹ 4.57 crore had been recovered in 248 cases. The replies in the remaining cases had not been received (December 2018). These are discussed in succeeding Chapters II to IV.

Chapter-II

Taxes/VAT on Sales, Trade, etc.

Chapter–II
Taxes/VAT on Sales, Trade, etc.

2.1 Tax Administration

Sales Tax/Value Added Tax (VAT) laws and Rules framed thereunder are administered at the Government level by the Additional Chief Secretary, Finance Department. The Commissioner of Commercial Taxes (CCT) is the head of the Commercial Taxes Department (CTD) who is assisted by 14 Additional Commissioners. There are 13 Divisional VAT Offices (DVO), 13 Appeal Offices, 13 Enforcement/Vigilance Offices and one Minor Acts Division in the State managed by 42 Joint Commissioners (JCCTs). There are 123 Deputy Commissioners (DCCT), 321 Assistant Commissioners (ACCT) and 526 Commercial Tax Officers (CTO) in the State. At the field level, VAT is being administered through 118 Local VAT Offices (LVOs) and VAT Sub Offices (VSOs) headed by ACCTs and CTOs respectively. The DCCTs, ACCTs and CTOs head 266 Audit Offices where assessments/re-assessments are finalised by the Department.

2.2 Internal Audit

As per the information furnished by the Department, the Internal Audit Wing (IAW) is functioning from the year 2011-12. During the year 2017-18, 378 Offices were due for audit, of which, 351 Offices were audited. The shortfall in coverage of Offices was due to the preparation for implementation of Goods and Services Tax. Year-wise details of the number of objections raised, settled and pending along with tax effect, as furnished by the Department, are given in **Table 2.1**.

Table 2.1
Year-wise details of observations raised by IAW

(₹ in crore)

Year	Observations raised		Observations settled		Observations pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
2013-14	9,841	227.31	4,231	72.46	5,610	154.85
2014-15	3,043	23.31	1,007	8.34	2,036	14.97
2015-16	1,814	35.65	146	3.32	1,668	32.33
2016-17	1,599	105.02	21	1.84	1,578	103.18
2017-18	1,305	2.31	39	0.36	1,266	1.95
Total	**17,602**	393.60	5,444	**86.32**	12,158	**307.28**

As seen from the table, 12,158 observations involving ₹ 307.28 crore were pending for settlement as on 31 March 2018. Early action may be taken to settle pending observations.

2.3 Goods and Services Tax (GST)

The Goods and Service Tax Act was passed in the Parliament on 29 March 2017. The GST Act came into effect on 1 July 2017 and GST Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

The Central and State taxes that are subsumed into the GST are listed below:

Central taxes subsumed in the GST	State taxes subsumed in the GST
• Central Excise Duty • Additional duties of Excise • Excise Duty levied under Medicinal and Toilet Preparations Act • Service Tax • Additional Customs Duty (countervailing duty) and • Special Additional Duty of Customs • Surcharge and Cess related to supply of goods/services	• VAT (including CST and Purchase Tax) • Entertainment tax (other than the tax levied by Local Bodies) • Entry Taxes • Luxury Tax, Taxes on lottery, betting and gambling, and all Cesses and Surcharges by the States

Components of GST: Three taxes are applicable under this system viz. Central GST (CGST), State GST (SGST) and Integrated GST (IGST).

- **CGST:** Collected by the Central Government on an intra-State sale
- **SGST:** Collected by the State Government on an intra-State sale
- **IGST:** Collected by the Central Government for inter-State sale

Advantages of GST: GST will mainly remove the cascading effect on the sale of goods and services. Removal of cascading effect will directly impact the cost of goods. Since tax on tax is eliminated in this regime, the cost of goods decreases.

GST is mainly technologically driven and the activities like registration, return filing, application for refund and response to notices need to be done online on the GST Portal.

GST Registration: In the GST regime, businesses whose turnover exceeds ₹ 20 lakh in a year (₹ 10 lakh for North Eastern (NE) and hilly States) are required to register as a normal taxable person. The number of registered dealers under pre-GST regime (VAT) in Commercial Taxes Department was 5,84,775.

Division of taxpayers between the Central Government and the State Government of Karnataka:

As per the guidelines[5] issued by the GST Council Secretariat, with respect to the division of taxpayer base between the Central Government and State Governments, the taxpayers registered in the State of Karnataka have been allocated in the following manner:

- Taxpayers whose turnover is ₹ 1.5 crore and above - 50 *per cent* to the Centre and 50 *per cent* to the State; and
- Taxpayers whose turnover is less than ₹ 1.5 crore - 10 *per cent* to the Centre and 90 *per cent* to the State.

According to the criteria mentioned above, dealers in the State have been divided between the Centre and State as shown in **Table 2.2**.

5 Vide Circular No.01/2017, issued vide F.No.166/Cross Empowerment/GSTC/2017 dated 20.09.2017.

Table 2.2
Number of dealers coming under the jurisdiction of State and Centre

Annual Turnover of Dealers	Number of dealers		Total
	State	Centre	
₹ 1.5 crore and above	43,829	43,829	87,658
Less than ₹ 1.5 crore	4,08,750	45,418	4,54,168
Total	4,52,579	89,247	5,41,826

Transitional Credit: Provisions have been made for the smooth transition of Input Tax Credit (ITC) available under VAT, Excise Duty or Service Tax to GST in the form of Transitional Credit. A registered dealer opting for Composition Scheme will not be eligible to carry forward ITC available in the previous regime.

2.4 Trend of Revenue under Pre-GST and GST regimes

A comparison of revenue earned under pre-GST and GST regime is as presented in **Table 2.3**.

Table 2.3
Revenue earned under Pre-GST and GST regime

(₹ in crore)

Year	Budget estimates	Receipts under Pre-GST taxes	Receipt under GST		Total receipts under Pre-GST and GST	Percentage of increase	Compensation received	Protected Revenue
			SGST	IGST Apportionment				
2013-14	33,590.00	33,719.35	Not applicable		33,719.35	-	-	-
2014-15	37,250.00	38,286.03	Not applicable		38,286.03	13.54	-	-
2015-16	41,329.00	40,448.63	Not applicable		40,448.63	05.64	-	-
2016-17	46,504.10	46,105.17	Not applicable		46,105.17	13.98	-	-
2017-18	24,485.68	25,093.16	14,572.67	9,609.51	49,275.34	06.87	7,535.00*	35,229.69

*including ₹ 1,289 crore for March 2018 sanctioned vide Order F.No.31011/3/2014-SO(ST) dated 29 May 2018.

Protected revenue for nine months' period from July 2017 to March 2018 was ₹ 35,229.69 crore while the actual revenue received was ₹ 27,560.12 crore, which pegged the eligible compensation at ₹ 7,669.57 crore. After considering compensation of ₹ 7,535 crore, received for the year deficit of compensation to be received stood at ₹ 134.57 crore.

During the year, Audit has commenced the checking of migration of dealers from VAT to GST, Transitional Credit and Refunds under GST and the Compensation allotted to the State by the Central Government. The comments on these will appear in the subsequent Audit Reports.

2.5 Results of Audit

There are 430 auditable units in the Commercial Taxes Department. Out of these, audit selected 104 units for test-check wherein 1.87 lakh assessments were finalised. Out of these, audit test-checked records of 42,998 dealers (23.00 *per cent*) during the year 2017-18 and noticed 2,620 cases (6.09 *per cent* of audited sample) of non/short-levy of tax, non/short-payment of tax as per VAT 240, non-levy of tax on sale of liquor, non/short-levy of tax on works contract receipts, non/short-levy of penalties and interest, non-follow-up on payments, incorrect/excess allowance of input tax credit and non-observance of provisions of Acts/Rules etc. involving an amount of ₹ 196.74 crore. These cases are illustrative only as these are based on test-check of records. The observations broadly fell under the following categories as detailed in **Table 2.4**.

Table 2.4
Results of Audit

(₹ in crore)

Sl. No.	Category	No. of Paragraphs	Amount
	Value Added Tax		
1.	Non/short-payment of tax as per VAT- 240	31	8.89
2.	Non/short-levy of tax	46	104.29
3.	Non-levy of tax on sale of liquor	39	26.88
4.	Non/short levy of penalties (under Sections 72 (1), 72(2), and 74(4))	145	24.65
5.	Non/short-levy of interest	53	1.81
6.	Not-Acknowledged returns	29	8.13
7.	Non/short-levy of tax on purchases from un-Registered Dealers	15	1.54
8.	Incorrect/excess allowance of input tax credit	46	4.40
9.	Non-levy of tax on works contract receipts from KREIS	35	6.73
10.	Other irregularities	48	5.98
	Total	**487**	**193.30**
	Entry Tax		
11.	Non-levy of Entry Tax /interest	16	0.76
	Entertainment Tax (KET)		
12.	Short-collection of security deposit/non-levy of interest	6	1.76
	Profession Tax (PT)		
13.	Short-demand of Professions Tax/interest	7	0.16
	Luxury Tax (LT)		
14.	Non-collection of Luxury Tax/interest	2	0.06
	Expenditure Audit		
15.	Undue benefit of payment towards PF, ESI and Service Tax contribution to Contract Agency providing DEOs/Attenders in the absence of documentary proof whether remitted or not, non-deduction of TDS under Income Tax Act, Irregular drawal of charge allowance, Excess pay drawn due to incorrect fixation, etc.	13	0.70
	Grand Total	**531**	**196.74**

During the course of the year, the Department had accepted under-assessment and other deficiencies involving ₹ 18.71 crore in 75 paragraphs. An amount of ₹ 9.18 crore was recovered in 193 paragraphs that were pointed out in the earlier years.

A few illustrative cases of non/short-realisation of VAT, penalty and interest involving ₹ 74.30 crore are discussed in the following paragraphs.

2.6 Non-levy of penalty under section 72(1) of the KVAT Act

According to Section 35 (1) of the Karnataka Value Added Tax Act, 2003, every registered dealer shall furnish a return and shall pay tax due on such return within twenty days (or fifteen days[6]) after the end of the preceding month or any other tax period as may be prescribed.

[6] In case of dealers opted for paying tax under Composition Scheme.

Section 72(1) of KVAT Act, 2003, states that a dealer who fails to furnish a return or who fails to pay the tax due on any return furnished as required under the Act shall be liable to pay together with any tax or interest due, a penalty equal to:

a) five *per cent* of the amount of tax due or ₹ 50 whichever is higher, if the default is not for more than 10 days; and

b) ten *per cent* of the tax due, if the default is for more than 10 days.

Audit test-checked returns of 5,768 assessees out of 1,62,352 (3.55 *per cent*) in 26 LVOs/VSOs in nine[7] Districts (out of 35 LVOs/VSOs in 13 Districts) between January 2017 and October 2017. In 169 cases (2.93 *per cent* of the audited sample) it was noticed that the assessees had filed returns for the years 2012-13 to 2015-16 and paid tax of ₹ 248.72 crore belatedly, i.e. beyond 20 days/15 days as the case may be, after the expiry of the applicable tax period. Though all these cases attracted penalty under Section 72(1) of the Act, they were neither paid by the assessees nor any effort made by the Officers concerned to impose the same. This has resulted in non-levy of penalty of ₹ 14.46 crore[8].

It is pertinent to note here that basic checks on the returns filed by the dealers were not exercised by the Department and hence the belated payments went unnoticed, escaping levy of penalty.

After these cases were brought to the notice of the Department and the Government between January 2018 and May 2018, an amount of ₹ 2.59 crore was recovered in 49 cases, notices were issued in eight cases, and orders were passed levying penalty in 14 cases. Reply is awaited in the remaining 98 cases (December 2018).

Audit had pointed out similar lapses on non-levy of penalty under Section 72(1) of the KVAT Act worth ₹ 23.98 crore in 651 cases in the previous four Audit Reports[9]. However, the Department failed to devise suitable checks to prevent the recurrence of the same.

2.7 Short-levy of tax on sale of liquor

According to Section 4 (1) (a) (ii) of the KVAT Act, 2003, every registered dealer shall be liable to pay tax on his taxable turnover at the rate of five and one half *per cent* on sale of goods mentioned in the Third Schedule of the Act. Under Section 5 (1) of the KVAT Act, 2003, tax shall be exempt for the sale of goods specified in First Schedule of the said Act. As per First Schedule of the KVAT Act, 2003, tax payable on sale of liquor including beer, fenny, liqueur and wine was exempted.

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7 Bengaluru, Belagavi, Bidar, Chamarajanagara, Dharwad, Kolar, Koppal, Tumakuru and Vijayapura.

8 Includes penalty on ₹ 207.72 crore @ five *per cent* and on ₹ 41.00 crore @ 10 *per cent*, on which ₹ 0.02 crore was already paid.

9 Paragraph Nos. 2.9, 2.5, 2.6 and 2.6 of Audit Reports for the year ended 31 March 2014 (Report No.7 of 2014), 31 March 2015 (Report No.3 of the year 2015), 31 March 2016 (Report No.5 of the year 2016) and 31 March 2017 (Report No.7 of the year 2017) respectively.

The Government vide Notification[10] of 28 February 2014 removed exemption of tax payable on sale of liquor and introduced VAT at the rate of five and one half *per cent* on sale of liquor by CL-9 licences[11] i.e. Bar and Restaurants situated in areas coming under Bruhat Bengaluru Mahanagara Palike, City Municipal Corporation, City Municipal Council and Town Municipal Council or Town Panchayat with effect from 1 March 2014. The aforesaid Notification was amended on 21 April 2014[12], where tax on sale of liquor by CL-9 licences situated in rural areas was exempted.

Audit checked the returns of all the 706 assessees (100 *per cent*) (Bar and Restaurants situated in urban areas) in 26 LVOs in 13[13] Districts (out of 35 LVOs/VSOs in 13 Districts) between February 2017 and December 2017. In respect of 94 assessees out of the 706 checked (13.31 *per cent* of the audited sample), tax was not fully paid on the turnover of ₹ 226.19 crore on sale of liquor for the period from March 2014 to March 2016. Tax payable at the rate of five and one half *per cent* amounted to ₹ 12.43 crore, of which only ₹ 1.54 crore was paid. This resulted in non-payment of tax of ₹ 10.89 crore. Further penalty and interest under Sections 72(2) and 36 of KVAT Act, 2003, amounted to ₹ 1.09 crore and ₹ 3.40 crore respectively.

Thus, total non-payment of tax including penalty and interest worked out to ₹ 15.38 crore. Though the tax on sale of liquor by bars and restaurants situated in urban areas was to be levied with effect from 1 March 2014, the Department did not take effective action in raising timely demands for collection of tax.

After these cases were brought to the notice of the Department and the Government between January 2018 and February 2018, an amount of ₹ 0.05 crore was recovered in three cases. Orders were passed levying tax and penalty in seven cases. Replies were awaited in the remaining 84 cases (December 2018).

2.8 Non-follow-up of pending tax liabilities declared in the returns

Under Section 35(1) of the KVAT Act 2003, every registered dealer shall furnish a return in the prescribed form and shall pay the tax due on such return within 20 days (or 15 days in the case of dealers assessed under composition of tax) after the end of the tax period.

Audit checked the returns of all the 1,116 assessees (100 *per cent*) which showed a status of 'Not acknowledged' in the e-VARADI system, in 20 LVOs in eight[14] Districts (out of 35 LVOs/VSOs in 13 Districts) between May 2017 and January 2018. In respect of 491 returns filed by 152 assessees (13.62 *per cent* of the audited sample) pertaining to tax periods between April 2011 and March 2016, the respective tax liabilities amounting to ₹ 6.42 crore were not discharged. Penalty and interest, as applicable, worked out to ₹ 0.64 crore and ₹ 2.77 crore respectively. Total amount realisable worked out to ₹ 9.83 crore.

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[10] Notification No.FD 21 CSL 2014 (II) dated 28 February 2014.

[11] CL-9 licence is given by the Excise Department for sale of liquor in Bar and Restaurants.

[12] Notification No.FD 41 CSL 2017, Bengaluru dated 21 April 2014.

[13] Bagalkote, Ballari, Bengaluru, Belagavi, Dharwad, Haveri, Kolar, Koppal, Mysuru, Ramanagara, Tumakuru, Udupi and Vijayapura.

[14] Bagalkote, Belagavi, Bengaluru, Dharwad, Haveri, Kolar, Mangaluru and Tumakuru.

Even though the 'e-VARADI' system for online filing of returns clearly indicates a status of '***Not acknowledged***' against all returns where the tax liability is not discharged in full, the Officers concerned failed to follow up these cases and ensure timely recovery.

After these cases were brought to the notice of the Department and the Government between January 2018 and March 2018, an amount of ₹ 0.18 crore was recovered in 16 cases. Orders were passed levying tax and penalty in five cases. Reply is awaited in the remaining 131 cases (December 2018).

2.9 Non/short-payment of differential tax liability declared in audited statement of accounts

According to Section 31(4) of the KVAT Act 2003, every dealer whose total turnover in a year exceeds a prescribed amount[15] shall have the accounts audited by a Chartered Accountant or a Cost Accountant or a Tax Practitioner (Auditor) and shall submit to the prescribed authority a copy of the audited statement of accounts in Form VAT-240 and other documents as prescribed in the Act.

Form VAT-240 provides for the auditor to file a comparative statement of dealer's liability to tax and his entitlements for input tax/refund as declared in the tax returns, and the corresponding correct amount determined on audit. In case of a difference between them, the dealer has to pay the differential tax together with the penalty and interest, if any, or to claim refund due to him, as the case may be.

During test-check of returns of 3,824 dealers out of 23,515 (16.26 *per cent*) in 20 LVOs in six[16] Districts (out of 35 LVOs/VSOs in 13 Districts) between January 2017 and December 2017, Audit noticed that 43 dealers (1.12 *per cent* of the audited sample) in their audited accounts in Form VAT 240 had declared additional tax liability of ₹ 5.09 crore over and above the tax liability declared in the monthly returns for the years from 2014-15 to 2015-16. Out of the additional tax liability declared, only ₹ 0.72 crore was paid by 12 dealers. The remaining amount of ₹ 4.37 crore was neither paid by the dealers concerned on their own while filing the audited accounts, nor were the dues demanded by the LVOs concerned. Further, penalty (at 10 *per cent*) and interest (at 1.5 *per cent* per month) leviable amounted to ₹ 0.43 crore and ₹ 1.40 crore respectively. Total non/short-payment thus worked out to ₹ 6.20 crore.

The Department has failed to identify the cases of non-payment of additional tax declared by the dealers in the audited statement of accounts. The Offices concerned were not watching the unacknowledged status[17] of Form 240 in eFS, which prevented detection of non-payment cases. Mismatch between the digital data sheet depicting summary of Form-240 and PDF files uploaded[18] has added to the problem as in such cases, identification needs to be taken up case-wise. Thus, lack of a system for scrutinising the audited statement of accounts in the

[15] ₹ 40 lakh till 31 March 2010, ₹ 60 lakh from 1 April 2010 to 31 March 2011 and ₹ 100 lakh thereafter.

[16] Bagalkote, Bengaluru, Belagavi, Hubbali (Dharwad), Tumakuru and Udupi.

[17] "Unacknowledged" status indicates non-payment of additional tax.

[18] PDF formats of Form 240, Profit and Loss Account and Balance Sheet.

returns filed by the dealers resulted in non-collection of taxes declared by them as payable.

After these cases were brought to the notice of the Department and the Government between January 2018 and May 2018, an amount of ₹ 0.62 crore was recovered in nine cases and notices were issued in three cases. Orders were passed levying tax and penalty in other two cases while one case was referred to audit. Reply was awaited in the remaining 28 cases (December 2018).

Audit had pointed out similar lapses on non-collection of additional tax worth ₹ 22.62 crore, declared by 157 dealers in their audited statement of accounts, in the previous six Audit reports[19]. However, the Department failed to devise suitable checks to prevent the recurrence of the same.

2.10 Short-levy of tax in respect of works contractors

According to Section 4 (1) (c) of the KVAT Act, 2003, every registered dealer shall be liable to pay tax on his taxable turnover in respect of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract specified in the Sixth Schedule, subject to Section 14 and 15 of Central Sales Tax Act 1956, at the rates specified in the said Schedule to the Act.

Test-check of re-assessment[20] Orders in respect of works contractors in three[21]Audit Offices (out of 69 Audit Offices) of the Commercial Tax Department revealed the following deficiencies which resulted in short-levy of tax, penalty and interest of ₹ 7.74 crore due to suppression of turnover, application of incorrect rate of tax and incorrect allowance of Gross Profit. Details of the cases are as below:

a. Suppression of turnover under works contract receipts

As per the re-assessment Order passed by the Deputy Commissioner of Commercial Taxes (Audit)- 2.1, Divisional VAT Office-2, Bengaluru, under Section 39(1) of the KVAT Act, 2003, for the year 2014-15 in respect of M/s.Good Earth Eco Development Private Limited (TIN[22]-29640621624), (the purchaser), the assessee had made purchases worth ₹ 34.41 crore from M/s.Good Earth Eco Futures Private Limited (TIN-29260808170) (the seller) and was allowed input tax credit of ₹ 4.99 crore. However, on cross-verification by Audit of VAT 240 (audited statement of accounts)/VAT Returns of the seller, it was found that the assessee had declared taxable turnover of only ₹ 26.56 crore and paid output tax of ₹ 3.85 crore. Thus, it was evident that the seller had

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19 Paragraph Nos 2.9.1, 2.10.7, 2.4.4.5, 2.4, 2.7 and 2.7 of Audit Reports for the year ended 31 March 2012 (Report No.3 of 2013), 31 March 2013 (Report No.1 of the year 2014), 31 March 2014 (Report No.7 of the year 2014), 31 March 2015 (Report No.3 of the year 2015), 31 March 2016 (Report No.5 of the year 2016) and 31 March 2017 (Report No.7 of the year 2017) respectively.

20 Reassessment is the process of verification conducted by the Department in which the correctness of returns filed by the dealers are checked with respect to the books of accounts and other related documents maintained by the dealer.

21 Deputy Commissioner of Commercial Taxes, (Audit)- 2.1, Divisional VAT Office-2, Bengaluru, Assistant Commissioner of Commercial Taxes (Audit)- 3-Hubballi and Assistant Commissioner of Commercial Taxes (Audit)- 1-Vijayapura.

22 TIN is Tax Payers Identification Number.

suppressed contract receipts to the extent of ₹ 7.85 crore. The consequent short-levy of tax works out to ₹ 1.14 crore[23]. Besides, penalty of ₹ 0.11 crore[24] and interest of ₹ 51.25 lakh[25] were also leviable for short-declaration of tax. The total liability thus worked out to ₹ 1.76 crore.

In this connection, it appears that the Officer concerned had failed to cross-verify the input tax claim made by the purchaser vis-a-vis the taxable turnover declared by the seller and the tax paid by him in the returns filed by him. This had resulted in non-detection of suppression of turnover by the seller and non-protection of Government revenue by way of possible leakage of revenue in the form of input tax credit without realising corresponding output tax.

After the case was brought out by Audit to the notice of the Department during October 2017 and April 2018, the Department conducted a re-assessment of the seller (M/s Good Earth Eco Futures Pvt. Ltd) and passed a re-assessment Order under section 39(1) of the KVAT Act rectifying the suppression of turnover and raising a demand of ₹ 1.76 crore for the short-levy of tax (April 2018).

b. Application of incorrect rate of tax for Ductile Iron Pipes under works contract receipts

Component materials consumed under a works contract are levied tax at the rate prescribed under Sixth Schedule appended to the KVAT Act, except the declared goods[26], for which the rate of tax[27] is prescribed under Section 15 of the Central Sales Tax Act,1956.

The Commissioner of Commercial Taxes (CCT), Karnataka vide two clarifications[28] in May 2013 and January 2016 had clarified that the goods, Ductile Iron Pipes (D I Pipes), are covered under Entry No.70 of III Schedule to the KVAT Act. Hence, DI pipes were not classified as declared goods and the rate of tax applicable for DI pipes was the rate prescribed under the Sixth Schedule and not the rate applicable for declared goods.

M/s.Pragati Constructions (TIN: 29230787574) as a civil works contractor had, during the years 2012-13 and 2013-14, undertaken works contract of pipeline work of multi-village water supply projects in various Gram Panchayats and Municipal Corporations. Audit checked the re-assessment records of M/s.Pragati Constructions in the Office of ACCT (Audit)-1-Vijayapura, in October 2017 and noticed that the Assessing Officer had levied tax at five *per cent* on the turnover of DI pipes, considering them as Steel Pipes (declared goods), for the years 2012-13 and 2013-14 vide re-assessment Order dated 28 May 2016.

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23 At the rate of 14.50 *per cent* on ₹ 7.85 crore.

24 10 *per cent* of ₹ 1.14 crore.

25 Calculated at 1.5 *per cent* per month for 30 months from May 2015 to October 2017, i.e. till date of Audit.

26 Goods declared under Section 14 of the Central Sales Tax Act, 1956, as goods of special importance in inter-state trade or commerce.

27 Five *per cent* from 01.04.2011.

28 Clarification No. CLR.CR.236/12-13 dated 24 May 2013 and Clarification No. CLR.CR.85/2014-15 dated 23 January 2016.

Incorrect adoption of a lesser rate of tax applicable to declared goods instead of the applicable rate of 14.50 *per cent* vide Entry no.23 of the Sixth Schedule to the KVAT Act, 2003, resulted in short-levy of tax (₹ 1.49 crore), penalty (₹ 0.14 crore) and interest (₹ 0.72 crore) aggregating to ₹ 2.35 crore[29].

After the case was pointed out to the Department and the Government between October 2017 and May 2018, rectification orders were passed and an amount of ₹ 2.35 crore was demanded.

c. Inadmissible apportionment of Gross Profit towards labour charges and other like charges

Rule 3(2) (l) of KVAT Rules, 2005, provides for deduction, from the total work contract receipts, of all amounts actually expended towards labour charges and other like charges in connection with the execution of works contract. Besides, when labour and like charges are not ascertainable from the books of accounts maintained by the dealer, Rule 3(2) (m) of KVAT Rules provides for deduction of such charges as a percentage of the value of the contract. The table included under the Rule ibid prescribes different percentages, ranging from 10 to 40 *per cent*, for labour and other like charges for different types of contracts.

Further, gross profit margin earned by a dealer shall be apportionable[30] to the labour and other like charges involved in the execution of works contract only if labour and like charges were ascertainable from the books of accounts maintained by the dealer. In other cases, when it is allowed as percentage of the value of the contract, no further deduction could be claimed towards profit margin.

Audit checked re-assessment records of M/s.Megha Engineering and Infrastructures Limited (TIN: 29670757747) in the Office of the ACCT (Audit)-3-Hubballi, in February 2018, for the tax period 2013-14. In the re-assessment Order dated 18 May 2015 passed under Section 39(1) of the KVAT Act, labour charges and other like charges aggregating to ₹ 154.97 crore were allowed at standard rate of 25 *per cent* of the value of the contract as per Rule 3(2) (m) of KVAT Rules, 2005. In addition, gross profit of ₹ 34.87 crore was also allowed

29

Description	2012-13 (₹ in crore)	2013-14 (₹ in crore)	Total (₹ in crore)	Remarks	
Turnover of Ductile Iron (D I) pipes (including Gross Profit) used in the works contract as declared in P & L Accounts	9.50	6.10	15.60	*37 months from May 2013 to May 2016, i.e. date of Order.	**25 months from May 2014 to May 2016, i.e. date of Order.
Tax leviable at 14.5 *per cent* as applicable under entry no. 23 of sixth schedule	1.38	0.88	2.26		
Less: Tax levied at 5 *per cent* as applicable to declared goods	0.47	0.30	0.77		
Short-levy of tax (difference in rate of tax at 9.5 *per cent*)	0.91	0.58	1.49		
Add: penalty leviable at 10 *per cent* under Section 72(2)	0.09	0.05	0.14		
Add: Interest leviable under Section 36(2)	0.50*	0.22**	0.72		
Total tax, penalty and interest	**1.50**	**0.85**	**2.35**		

30 As per the Explanation III under the Rule 3 of the KVAT Rules read with the instructions of the Commissioner of Commercial Taxes vide Circular No. 11/2009-10 dated 07 December 2009.

as apportionment towards labour charges and other like charges which was incorrect. Thus, incorrect allowance of gross profit on labour charges and other like charges has resulted in short-determination of taxable turnover to the extent of ₹ 34.87 crore and consequent short-levy of tax of ₹ 2.40 crore. Besides interest of ₹ 1.23 crore was leviable under Section 36(2) of KVAT Act and the total liability aggregated ₹ 3.63 crore[31].

After this case was brought to the notice of the Department and the Government between February 2018 and May 2018, the Government replied that gross profit was allowable as per the Judgement of Hon'ble High Court of Karnataka in the case of M/s Sobha Developers Private Ltd Vs. the Additional Commissioner of Commercial Taxes[32].

The reply is not acceptable as the Judgement relates to the assessment years 2003-04 and 2004-05, when the Karnataka Sales Tax (KST) Act was in force. As per the Judgement, gross profit could be apportioned to labour charges under the KST Act even when it was not ascertainable from the books of accounts. The Judgement stated that Explanation II under Rule 6(4) of KST Act covered both the versions (ascertainable and non-ascertainable from books of accounts) of claim of labour charges. However, under KVAT Act, the position has changed and gross profit was allowable only in cases where it was ascertainable from the books of accounts.

2.11 Non-levy of tax due to non-declaration of works contract receipts from the Karnataka Residential Educational Institutions Society

According to Section 4 (1) (c) of the KVAT Act, 2003, tax shall be levied in respect of transfer of property (whether as goods or in some other form) involved in the execution of works contract at the rates specified in the Sixth Schedule of the Act. Section 15 (1) (b) of the KVAT Act, 2003, provides that a dealer who executes a works contract may elect to pay in lieu of the net amount of tax payable by him under this Act, by way of composition an amount specified at such rates on the total consideration for the works contract executed.

31

Description	Turnover (₹ in crore)	Short-levy of tax (₹ in crore)	Remarks
Short-determination of turnover due to incorrect admission of apportionment of GP	34.87	-	* For 34 months
Percentage of declared goods to other goods as worked out in the Re-assessment order	80:20	-	
Component of declared goods in the turnover short-determined **(34.87*80/100)**, which attracts tax at the rate of five *per cent*	27.90	1.39	
Component of other goods in the turnover short-determined **(34.87*20/100)**, which attracts tax at the rate of 14.5 *per cent*	6.97	1.01	
Total short-levy of tax		**2.41**	
Add: Interest leviable under Section 36(2) of KVAT Act	34 months	1.23*	
Total liability (tax and interest)	**--**	**3.63**	

32 STA. No. 4/2011 C/W STA. No. 3/2016 dated 2 April 2014.

Rate of tax on works contract for composition and regular dealer is four *per cent* and 14.50 *per cent* respectively for the year 2016-17. Further, Section 9-A of the KVAT Act, 2003, provides for deduction of tax at source (TDS) from the amounts payable to a dealer in respect of any works contract executed for the Central Government or State Government or an industrial, commercial or trading undertaking of the Central or State Government or local authority or a statutory body, etc.

The Karnataka Residential Educational Institutions Society (KREIS) was constituted by the Government of Karnataka in the year 2000[33] to establish, maintain, control and manage all residential educational institutions in the State. Since then, KREIS has been awarding works contracts to construct Schools/Colleges. As per the clarification[34] of the Commercial Taxes Department, KREIS being a "Society" is not authorised/required to deduct tax at source and hence, KREIS has not been deducting tax from payments made to the contractors in respect of the works executed.

During the year 2016-17, KREIS made payments towards works contracts worth ₹ 140.14 crore to 115 dealers. Cross-check of such payments (during May 2017 and March 2018) in all the 115 cases (100 *per cent*) by Audit with returns filed by the dealers revealed short/non-declaration of turnover in the returns filed in 24 LVOs/VSOs in 12 Districts[35] as mentioned below.

(a) In respect of 23 dealers (under composition scheme) (20 *per cent* of the audited sample), consideration of works contracts received during 2016-17 from KREIS was ₹ 101.52 crore, of which only an amount of ₹ 64.85 crore was declared by these dealers, resulting in understatement of turnover of ₹ 36.67 crore. Non-levy of tax at the rate of four *per cent* on the turnover of ₹ 36.67 crore amounted to ₹ 1.47 crore. Besides, penalty of ₹ 0.14 crore and interest of ₹ 0.25 crore were leviable. Total liability worked out to ₹ 1.86 crore.

(b) In respect of 12 dealers (under regular VAT) (10.43 *per cent* of the audited sample), the works contract consideration received from KREIS was ₹ 38.62 crore, of which only an amount of ₹ 0.78 crore was declared by these dealers, resulting in understatement of turnover of ₹ 37.84 crore. This resulted in non-levy of tax at 14.5 *per cent* (after allowing deduction of labour charges and other like charges at 30 *per cent*) of ₹ 3.84 crore. Besides, penalty of ₹ 0.38 crore and interest of ₹ 0.65 crore were leviable. Total liability worked out to ₹ 4.87 crore.

The total non-levy of tax including penalty and interest on works contract receipts from KREIS worked out to ₹ 6.73 crore. The Commercial Tax Department's action of not authorising KREIS to deduct tax at source, though being a work executing agency like Public Works Department, Karnataka

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33 Government Order No. Saka E 532 S.E.W 96 dated 6 October 1999 and KRIES started its activities from 3 February 2000.

34 Commercial Tax Department Letter No. KSA.CR.45/2007-08 dated 7 June 2007.

35 Ballari, Belagavi, Bengaluru, Bidar, Dharwad, Hassan, Kolar, Koppal, Shivamogga, Tumakuru, Udupi and Vijayapura.

Housing Board, National Highway Authority of India, etc. resulted in non-levy of tax on the works contract receipts not declared by the assessees in the returns.

After these cases were brought to the notice of the Department and the Government between March 2018 and May 2018, re-assessment orders were passed in two cases levying tax, penalty and interest. Reply is awaited in the remaining 33 cases (December 2018).

2.12 Short-levy of tax due to incorrect allowance of sub-contractor payments

According to Section 4 (1) (c) of the KVAT Act, 2003, tax shall be levied in respect of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contracts at the rates specified in the Sixth Schedule of the Act. Section 15(1) of the KVAT Act, 2003, provides that a dealer who executes works contract may elect to pay, in lieu of the net amount of tax payable by him under this Act, by way of composition at the specified rate on the total consideration for the works contracts executed.

As per Rule 3(2) of KVAT Rules, 2005, the taxable turnover shall be determined by allowing the deductions from the total turnover as prescribed in clauses (a) to (m). Rule 3 (2) (i-1) of the KVAT Rules provides for deduction of all amounts paid or payable to sub-contractors as the consideration for execution of works contract whether wholly or partly, provided that no such deduction shall be allowed unless the dealer claiming deduction produces document in proof that the sub-contractor is a registered dealer liable to pay tax under the Act and that the turnover of the such amounts is included in the return filed by such sub-contractor.

During test-check of returns filed by 164 dealers out of 3,227 (5.08 *per cent*) in nine LVOs/Audit Offices in Bengaluru and Ballari Districts (out of 35 LVOs/VSOs in 13 Districts) between April 2016 to January 2018, Audit noticed 14 cases (8.54 *per cent* of the audited sample) in which the civil works contractors had claimed deduction of ₹ 49.86 crore in turnover towards sub-contractor payments for the period 2012-13 to 2014-15. Of these, 13 works contractors had opted for composition of tax (COT) while the remaining one had filed regular VAT returns.

On cross-verification of returns filed by the works contractors with those filed by related sub-contractors, it was noticed that a turnover aggregating ₹ 11.32 crore only was declared in the returns filed by the sub-contractors as against ₹ 49.86 crore claimed by the works contractors in their returns. This resulted in excess allowance of sub-contractor turnover of ₹ 38.54 crore and consequent short-levy of tax of ₹ 1.83 crore. Besides penalty of ₹ 0.14 crore and interest of ₹ 0.53 crore were also leviable. Total liability worked out to ₹ 2.50 crore. It appears that absence of a system for verification of returns of the works contractors vis-à-vis the sub-contractors was responsible for the excess allowance of sub-contractor turnover.

After these cases were brought to the notice of the Department and the Government between March 2018 and May 2018, an amount of ₹ 0.19 crore was recovered in one case. Reply was awaited in the remaining 13 cases (December 2018).

2.13 Non-levy of penalty under Section 74(4) of KVAT Act for non-filing of VAT-240

According to Section 31(4) of the KVAT Act, 2003, read with Rule 34(3) of KVAT Rules, 2005, every dealer whose total turnover in a year exceeds one hundred lakh rupees shall have his accounts audited by a Chartered Accountant or a Cost Accountant or a Tax Practitioner and submit a copy of the audited statement of accounts in Form VAT-240 and prescribed documents within nine months after the end of the relevant year.

Further, under Section 74(4) of the KVAT Act, any dealer who fails to submit within the time prescribed a copy of the audited statement of accounts, shall be liable to pay a penalty of five thousand rupees and, a further penalty of fifty rupees per day for so long as the failure to submit a copy of the audited statement of accounts continues.

Test-check of returns of 29,586 dealers out of 34,805 (85 *per cent*) in 38 LVOs/VAT Sub Offices (VSOs) in 14 Districts[36] (out of 38 LVOs/VSOs in 15 Districts)[37] between April 2016 and February 2018 revealed that 2,607 assessees (8.81 *per cent* of the audited sample) did not file Form VAT-240 for the years 2012-13 to 2015-16. Non-submission of Form VAT-240 implies that the assessees have not got their accounts audited by the authority concerned. Audit noticed that the Department had not taken any action to enforce compliance in this regard, either by issue of notice or by levy of mandatory penalty under Section 74(4). Consequently, the Department was not ensuring the audit of books of accounts maintained by those assessees and thereby the correctness of tax paid by such assessees. As monthly returns filed by the assessees are deemed to be assessed, failure to enforce such controls built into the system will result in leakage of revenue. Non-levy of penalty under Section 74(4) of the KVAT Act in respect of the above assessees worked out to ₹ 8.23 crore.

After these cases were brought to the notice of the Department and the Government between May 2018 and June 2018, an amount of ₹ 0.36 crore was recovered in 157 cases and notices were issued in 86 cases. Orders were passed in 81 cases levying penalty and interest and 25 other cases were referred to audit. Reply was awaited in the remaining 2,258 cases (December 2018). Further, on a check of eFS, Audit found that filing of form-240 was not ensured by the Department in 119 cases out of the 157 cases where penalty was recovered, which defeats the very purpose of levy of penalty.

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[36] Ballari, Belagavi, Bengaluru, Bidar, Chamarajanagara, Dharwad, Kalaburagi, Kodagu, Koppal, Mandya, Mysuru, Raichuru, Tumakuru and Udupi.

[37] Includes the cases audited during the year 2016-17 also.

2.14 Loss of revenue in the form of input tax credit

Under Section 10 (3) of the KVAT Act 2003, a dealer is liable to pay the net tax after adjustment of input tax. Re-assessment of returns filed is concluded under Section 39 of the KVAT Act after detailed scrutiny of the books of accounts of the dealer concerned.

Test-check of 360 re-assessments out of 6,541 (5.50 *per cent*) concluded in 18 Audit Offices in five Districts[38] (out of 69 Audit Offices in 13 Districts) between February 2016 and January 2018 revealed that 35 assessees (9.72 *per cent* of the audited sample) were allowed input tax credit aggregating ₹ 2.11 crore for the years 2009-10 to 2014-15.

On a verification of the purchase registers of such assessees, Audit noticed that there were 77 corresponding sellers for the input tax claimed. Cross-verification of the details of the sellers in eFS[39] revealed that 24 of them were de-registered at the time of purchase, three were from outside the State and the remaining 50 dealers were registered at the time of purchase. The de-registered dealers had not filed returns or paid the corresponding output tax while interstate purchases were not eligible for input tax credit. The remaining 50 dealers filed returns but had paid lesser output tax than the input tax claimed. Consequently, as against the input tax of ₹ 2.11 crore allowed by the Department, the corresponding output tax paid was only ₹ 0.16 crore. Thus, allowing input tax credit without realising the corresponding output tax resulted in loss of revenue of ₹ 1.95 crore. Penalty of ₹ 0.20 crore and interest of ₹ 1.08 crore was also applicable in this regard. Total dues worked out to ₹ 3.23 crore.

A Performance Audit[40] conducted on "Input Tax Credit under KVAT Act, 2003" for the period 2010-2012 had pointed out similar cases with money value of ₹ 97.53 crore. However, the Department appears to have failed to devise suitable checks to prevent recurrence of the same.

After these cases were brought to the notice of the Department and the Government between May 2018 and June 2018 an amount of ₹ 0.40 crore was recovered in 11 cases and orders were passed in three cases levying tax, penalty and interest. Reply was awaited in the remaining 21 cases (December 2018).

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[38] Bagalkote, Bengaluru, Dharwad, Kalaburgi, and Shivamogga.

[39] Electronic Filing System - Used for filing of returns in Commercial Taxes Department of Karnataka.

[40] Paragraph No. 2.9 of the Audit Report for the year ending 31 March 2013 (Report No. 1 of the year 2014).

Chapter-III

Stamp Duty and Registration Fee

Chapter–III
Stamp Duty and Registration Fee

3.1 Tax administration

Receipts from Stamp Duty and Registration Fee are regulated by the Indian Stamp Act (IS Act), 1899, the Karnataka Stamp Act (KS Act), 1957, the Registration Act, 1908 and the Rules made thereunder. In Karnataka, the levy and collection of Stamp Duty and Registration Fee is administered at the Government level by the Principal Secretary, Revenue Department. The Department of Stamps and Registration (DSR) under the administrative control of the Revenue Department regulates the levy and collection of Stamp Duty and Registration Fee.

3.2 Internal Audit

The Department stated that though an Internal Audit Cell was constituted in December 2012, it was still not functional (December 2018) due to lack of manpower. But, the Department has in place a mechanism where the District Registrars are in charge of circle-wise periodic audits. The results of such audit are reported to the Inspector General of Registration and Commissioner of Stamps (IGR&CS). The position of observations are given in **Table 3.1**.

Table 3.1
Year-wise details of observations

(₹ in crore)

Year	Observations raised		Observations settled		Observations pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Upto 2013-14	781	16.39	247	10.71	534	5.68
2014-15	230	4.12	103	0.21	127	3.91
2015-16	207	2.55	83	0.44	124	2.11
2016-17	791	4.62	106	0.41	685	4.21
2017-18	644	6.43	52	0.08	592	6.35
Total	**2,653**	**34.11**	**591**	**11.85**	**2,062**	**22.26**

As seen from the above, 2,062 observations involving ₹ 22.26 crore were pending settlement as on 31 March 2018. Early action may be taken to settle the pending observations.

3.3 Results of Audit

There are 282 auditable units in the Department of Stamps and Registration. Out of these, audit selected 63 units for test check wherein 11.73 lakh documents were registered. Out of these, Audit test checked 2.12 lakh documents (18.07 *per cent*) during the year 2017-18 and noticed 535 cases (0.25 *per cent* of audited sample) of short-levy of Stamp Duty and Registration Fee due to undervaluation and suppression of facts and non-observance of provisions of Acts/Rules, etc. involving an amount of ₹ 25.54 crore. These cases are illustrative only as these are based on test check of records. The observations broadly fell under the following categories as given in **Table 3.2**.

Table 3.2
Results of Audit

(₹ in crore)

Sl. No.	Category	No. of Paragraphs	Amount
1.	Short-levy of Stamp Duty and Registration Fee due to undervaluation	79	17.97
2.	Short-levy of Stamp Duty and Registration Fees due to suppression of facts	36	5.45
3.	Other irregularities	21	2.12
	Total	**136**	**25.54**

Of the above, the Department accepted the observation of ₹ 1.23 lakh in one case. During the year an amount of ₹ 3.99 crore was also recovered in 166 paragraphs pointed out in earlier years.

In addition to the audit of the selected units above, Audit undertook a Performance Audit on "Assessment and Implementation of Guidance Market Value" in Karnataka. The audit findings involving ₹ 158.36 crore pertaining to the Performance Audit and also a few illustrative cases of non/short-realisation of Stamp Duty and Registration Fee mentioned in Table 3.2, involving ₹ 8.74 crore are discussed in the following paragraphs.

3.4 Performance Audit on "Assessment and Implementation of Guidance Market Value" in Karnataka

Highlights

The time schedule in estimating and notifying the Guidance Market Values (GMVs) was not adhered to, by the Central Valuation Committee (CVC) and the Valuation Sub-Committees (VSCs). Consequent to the delay, outdated values were notified in 2016-17 which continued till 2018-19. Notification of values which did not match the prevailing market trends adversely impacted revenue.

(Paragraph 3.4.9.2)

Market trends observed by the VSCs were not captured by the CVC in the majority of the cases. Instead, the final values were being notified by the CVC following a pattern of uniform increase (mostly 10 *per cent*) which were below market trends observed by the VSCs.

(Paragraph 3.4.9.3)

Indicators of Market Value like Sale-Agreements, Deposit of Title Deeds, base price quoted by the Developers, loans sanctioned by Banks and Income Tax deducted at source were not considered appropriately in estimating GMV. Cross-verification of 3,335 Sale-Deeds revealed suppression of ₹ 2,232.40 crore and consequent loss of Stamp Duty and Registration Fee at ₹ 149.01 crore.

(Paragraph 3.4.10)

Errors in estimation of GMV led to developed lands getting valued lower than the undeveloped lands in the same village/area. Consequent undervaluation of sites/apartments in 13,533 cases worked out to ₹ 3,167.52 crore. The Revenue forgone by way of Stamp Duty and Registration Fee amounted to ₹ 189.82 crore.

(Paragraph 3.4.11 and 3.4.12)

Deletion of specific entries with higher GMV in 17 villages during 2017-18 led to undervaluation of properties to the extent of ₹ 33.51 crore in 227 Sale-Deeds with short-levy of Stamp Duty and Registration Fee at ₹ 2.21 crore.

(Paragraph 3.4.14.3)

3,237 apartments in 57 projects, were registered at general rates lesser than the base price quoted by the Developers. This resulted in undervaluation of the apartments by ₹ 735.78 crore and consequent loss of revenue of ₹ 48.56 crore. The SROs failed to refer these projects to CVC for notifying GMV, inspite of specific instructions.

(Paragraph 3.4.16)

Non-stipulation of specific names for different projects led to undervaluation and consequent short-levy of Stamp Duty and Registration Fee of ₹ 20.37 crore.

(Paragraph 3.4.17)

3.4.1 Introduction

Stamp Duty is a tax levied on instruments recording transactions such as Sale, Exchange, Mortgage with possession, etc. *ad valorem* on the market value of the property.

Market Value is defined in the Karnataka Stamp Act, 1957, as the price a property would have fetched, in the opinion of the Deputy Commissioner of Stamps or the Appellate Authority or the Chief Controlling Revenue Authority, if sold in the open market on the date of execution of such instrument or the consideration stated in the instrument, whichever is higher.

The instruments stated above are registered in a Sub-Registrar's Office (SRO), which is the unit Office of the Department of Stamps and Registration. It is under the charge of a Sub-Registrar (SR), who is responsible for registration of documents and for collection of Stamp Duty on the instruments so registered. In order to assist the SR in determining the market value of the property and collection of proper Stamp Duty, market value guidelines are prescribed for the immovable properties under the jurisdiction of the SR concerned.

The Department of Stamps and Registration is the third highest in terms of revenue collection for the State. The annual revenue collection from Stamps and Registration during the period from 2013-14 to 2017-18 ranged from ₹ 6,188.76 crore to ₹ 9,023.68 crore and 70 *per cent* of the Stamp Duty collected is dependent on the instruments registered based on the market value. Hence, the revenue of the Department is directly related to the determination of appropriate market value.

3.4.2 Organisational Set-up

The Department of Stamps and Registration (DSR) is under the administrative control of the Principal Secretary to the Government of Karnataka, Revenue Department. DSR is headed by the Inspector General of Registration and Commissioner of Stamps (IGR&CS), who is also the Chief Controlling Revenue Authority in the State. The IGR&CS is assisted by five Deputy Inspectors General of Registration (DIGR). At the field level, there are 34 District Registrars (DR), who are also the Deputy Commissioners of Stamps.

At the Sub-District level, there are 250 Sub-Registrar Offices, each headed by a Sub-Registrar (SR), where the instruments are presented for registration.

Central Valuation Committee

As per Section 45-B of the KS Act, a Central Valuation Committee (CVC) is constituted under the Chairmanship of the Inspector General of Registration and Commissioner of Stamps for estimation, publication and revision of Guidance Market Value (GMV) of properties in any area in the State at such intervals and in such manner as prescribed by the State Government. The CVC is the final authority for formulation of policy, methodology and administration of the market value guidelines in the State. For Districts other than Bengaluru (Urban and Rural), there are Valuation Sub-Committees

(VSCs) which estimate the values and submit them to the CVC for consideration.

3.4.3 Audit Objectives

Guidance Market Value is an important control which determines the revenue of the Government. Therefore, keeping it updated and close to the market value is essential. The Performance Audit set out to examine whether the assessment and implementation of GMV in the State are optimal, through an assessment of whether:

(1) The GMV were revised timely, as per the procedures prescribed, to ensure optimum revenue realisation;

(2) The assessment criteria, valuation methods and addressing of public opinion adopted by the CVC were adequate to capture values reasonably close to the actual transaction values that prevailed in the market; and

(3) The system devised in the Department to ensure proper implementation of Guidance Value, vis-a-vis the prescribed Rules and Regulations, was effective in optimising revenue collection.

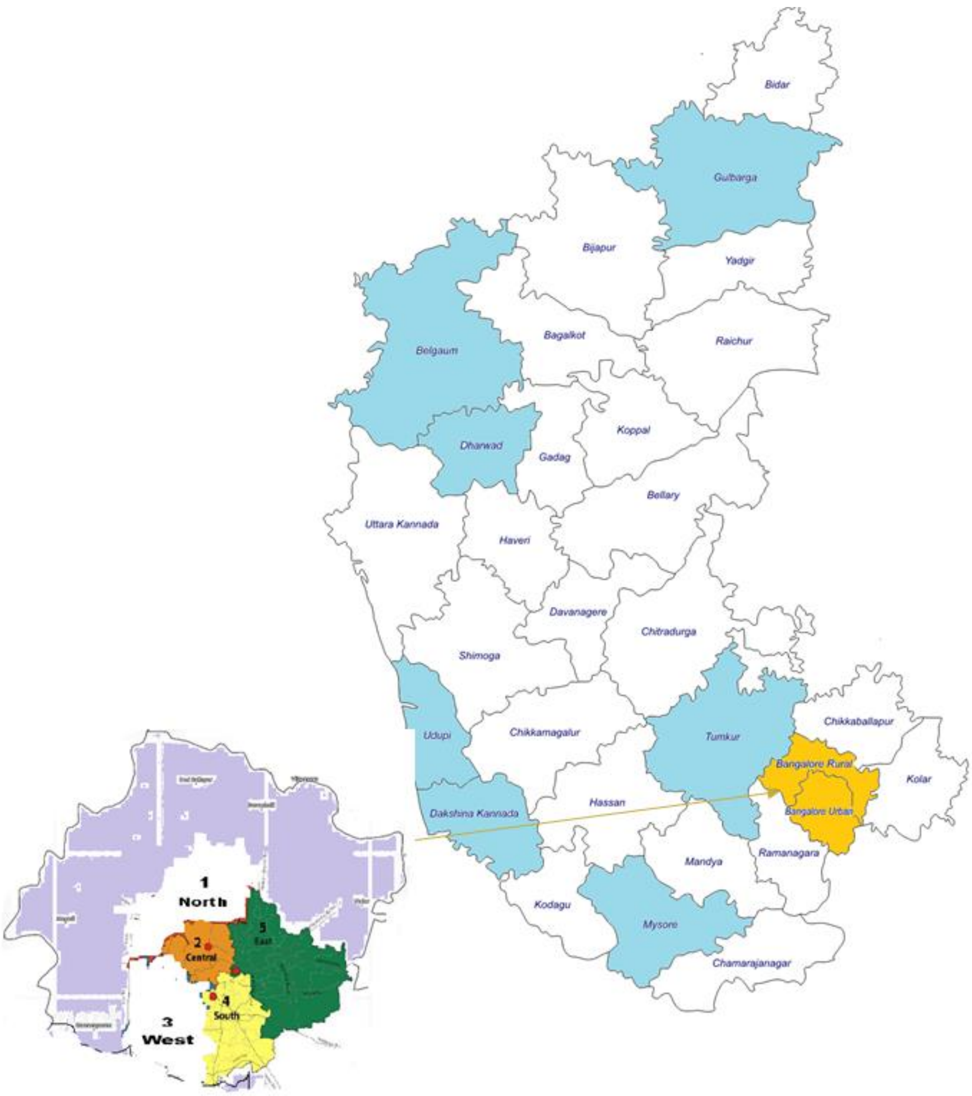
3.4.4 Audit Criteria

The Audit Objective was examined with reference to the criteria from the following sources:

i. The Karnataka Stamp Act, 1957;
ii. The Karnataka Stamp Rules, 1958;
iii. The Karnataka Stamp (Prevention of undervaluation of instruments) Rules, 1977;
iv. The Karnataka Stamp (Constitution of Central Valuation Committee) Rules 2003;
v. Notifications and Circulars issued by IGR&CS; and
vi. Valuation by Other Government Departments/Undertakings.

3.4.5 Scope of Audit and Methodology

The Performance Audit covered the period 2013-18. In order to assess the controls with respect to ensuring timely estimation/revision of properties and the appropriateness of the valuation methods adopted, 11 out of 34 DRs in the State were selected. Out of the 11 DRs, four were selected within Bengaluru, including Bengaluru (Rural), since these account for around 75 *per cent* of the revenue collected and the CVC is directly in-charge of estimation in Bengaluru. Two SROs each of the sampled 11 DRs in the State were selected.



The records maintained by the CVC and the VSCs for arriving at the estimated values were test-checked. Besides, information gathered from other sources, such as Land Revenue Department, Local Bodies, Banks and other Financial Institutions were collated and cross-verified. Also, the Sale-Agreements, Deposit of Title Deeds (DTD), Mortgage Deeds and Joint Development Agreements (JDA), which provide indication of the prevailing market values in any area/village were analysed with reference to the revision of GMV from time to time. In addition, the recommendations of the VSCs vis-a-vis the final GMV approved by the CVC were also analysed.

3.4.6 Acknowledgement

Audit acknowledges the co-operation extended by the Department of Stamps and Registration in providing the necessary records and information for the conduct of this Performance Audit.

Audit Findings

The system of prescribing GMVs by the CVC is an important control to ensure that the documents are not registered below a minimum value. For this control to be effective and to remain relevant throughout the financial year, the

CVC has to function methodically in a timely manner as prescribed, in order to determine GMV as close to the market value as possible. To verify the effectiveness in achieving the goal of the CVC, Audit verified the process of constitution and working of the CVC, as well as the procedures for estimation, publication and revision of GMVs. Findings in this respect are detailed below.

3.4.7 Constitution and Working of CVC

The Karnataka Stamp (Constitution of Central Valuation Committee for Estimation, Publication and Revision of Market Value Guidelines of Properties) Rules, 2003, (KS(CCVC) Rules) stipulate the structure, procedures and time-frame for the constitution of the CVC and VSCs, methods to be adopted for estimation of market value by VSCs, processing of information at the CVC, revision and rectification of anomalies and the final notification of approved market values.

Composition of CVC

The KS(CCVC) Rules, stipulate that in addition to the Chairman, the CVC shall comprise one representative each from (i) Directorate of Town Planning, (ii) Directorate of Survey and Settlement, (iii) Bangalore City Corporation, (iv) Bangalore Development Authority, (v) Income-tax Department, (vi) Karnataka Public Works Department, (vii) Karnataka Irrigation Department, (viii) Department of Stamps and Registration, (ix) Institute of Chartered Valuers, (x) Federation of Karnataka Chamber of Commerce and Industries, and (xi) any other person having expertise in the subject, with the number of total members not exceeding 20.

Formation of Valuation Sub-Committees

The KS (CCVC) Rules stipulate that the CVC may constitute Market Valuation Sub-Committees in each District and Sub-District with members drawn from the Departments of Revenue, Survey and Settlement, Public Works and the Municipal Council or Town Panchayats. The Tahsildar and the Sub-Registrar of the Taluk concerned shall be the Head and the Member Secretary of the VSCs respectively. The VSCs function under the administrative control of DRs, who shall be under the supervisory control of the CVC.

In Bengaluru (Urban) and (Rural), there are no Sub-Committees and the CVC itself has the responsibility of estimation, preparation and final approval of GMVs.

3.4.8 Rationalisation measures adopted by the Central Valuation Committee

A comparative study of Guidance Market Value Notifications of different periods for the different regions showed that there were huge discrepancies in valuation of similar kinds of properties in different regions during April 2013 (the GMV notification of 2011-12 was applicable at that point of time). However, rationalisation measures introduced over the last four revisions reduced the discrimination in valuation of the same kinds of properties in different regions. A few examples are given in the **Table 3.3**.

Table 3.3
Details of rationalisation measures adopted by the CVC

Sl. No.	Nature of property	Discrepancies in valuation among different regions	Rationalisation measure adopted
1.	Land/Site for commercial purposes	At different rates of GMVs notified for residential sites in different SROs' jurisdictions.	Uniformly 140 *per cent* of residential property value in the respective area made applicable throughout the State.
2.	Rate for land abutting NH and SH	By enhancing the GMV at different rates in different jurisdiction.	All the VSCs were directed to identify the survey numbers in each village which are abutting the National Highway (NH) or State Highways (SH) and notify the value of different kinds of properties in those survey numbers. Besides, a common Special Instruction was issued to enhance the value of respective kinds of properties by 25 *per cent* for SH and 50 *per cent* for NH or Ring Roads where separate classification is not provided.
3.	Agricultural land measuring less than 10 guntas	At different rates of GMVs notified for residential sites in different SROs jurisdiction.	GMVs for only two types of residential land were notified with effect from 1.4.2016 with a stipulation that the value calculated by applying GMV of sites to be compared with GMV of agricultural land and whichever is higher to be adopted.

The rationalisation measures were adopted for the State as a whole. Details of such measures taken by the CVC for different kinds of properties are shown in detail with respect to GMVs for the year 2013-14 to 2017-18 for Mysuru District as an instance, in ***Appendix-I***.

Also, the CVC/VSCs made efforts to classify the properties in any area/village taking into consideration the developmental activities, types of road on which they are situated (such as Main Road or Cross Road or based on the width of the road), whether properties were situated in residential, commercial or industrial zones, new layouts, apartments, etc. These measures aided the CVC/VSC to consider properties for estimation of their GMVs at micro level.

Despite these rationalisation measures, there were several deficiencies which led to underestimation of the market values of properties, which are mentioned in detail in the following paragraphs.

3.4.9 Deficiencies in the working of the Committee and Sub-Committees

The KS (CCVC) Rules stipulate the general composition of the Valuation Committees, procedure and timelines to be followed. It also prescribes that the Committees shall meet as often as required to discuss and decide on the estimation of market value rates for the guidelines. It requires the VSCs to prepare a statement showing the average rates of different classifications of land within their jurisdiction. Though the CVC is the final authority either to accept or to reject the rates suggested by the VSCs, all such decisions are to be recorded in the proceedings of the meetings of the Committee.

It was noticed that during the period 2013-14 to 2017-18, the total members in CVC varied from 19 to 20, including expert members, while the VSCs consisted of five members.

3.4.9.1 Insufficient meetings

There were 38 meetings held by the CVC between February 2013 and December 2017. These meetings included meetings held to discuss the proposals for revision of GMVs in the Districts that are under the exclusive jurisdiction of CVC, i.e. Bengaluru (Urban) and (Rural), as also to examine the proposals sent by different VSCs in the State.

Review of the minutes of the meetings of the CVC/VSCs by Audit did not show any analysis made, methodologies followed, criteria adopted, opinions gathered, etc. in arriving at the final values. They showed only the outcomes of the meetings in a summarised form. No details regarding opinion expressed by individual members were available and the role of experts in the Committees remained unascertainable. Hence, Audit could not examine the justifications, if any, for the rates proposed as well as the guidance values finalised, from the documents maintained.

The year-wise number of meetings held by the CVC and VSCs in the selected nine Districts and 67 Sub-Districts for the years 2013-14 to 2017-18 are given in **Table 3.4**.

Table 3.4

Details of Number of meetings held by VSC and CVC for the years 2013-14 to 2017-18

Sl. No.	Taluk and District	No. of meetings held for the years									
		2013-14		2014-15		2015-16		2016-17		2017-18	
		CVC	VSC	CVC	VSC	CVC	VSC	CVC	VSC	CVC	VSC
1.	Bengaluru (Rural) and (Urban)	1	NA	2	NA	4	NA	4	NA	9	NA
2.	Belagavi Taluk, Belagavi	1	2	2	2	2	2	1	0	4	2
3.	Dharwad Taluk, Dharwad	1	2	2	3	2	2	1	0	2	1
4.	Hubballi Taluk, Dharwad	1	2	2	4	2	3	1	0	2	1
5.	Mangaluru Taluk, Dakshina Kannada	1	3	2	1	1	3	2	4	4	2
6.	Mulki Taluk, Dakshina Kannada	1	1	2	2	1	5	2	4	4	1
7.	Nanjanagudu Taluk, Mysuru	1	2	2	1	1	2	2	2	4	1
8.	Shira Taluk, Tumakuru	1	1	2	3	2	3	1	0	4	2
9.	Tumakuru Taluk, Tumakuru	1	1	2	3	2	2	1	0	4	2
10.	Brahmavara Taluk, Udupi	1	3	2	3	1	1	2	5	4	2
11.	Udupi Taluk, Udupi	1	0	2	3	1	1	2	5	4	2

NA: Not Applicable.

Audit examination of the conduct of meetings by the CVC and 10 VSCs as above for the five years of 2013-2018 with regard to the volume of work handled by them revealed the following:

a) Meetings conducted by VSCs

In the above 10 VSCs selected for Audit, the number of individual areas within each VSC ranged from 401 to 1,887. Within each of these areas, values of five to eight segments of properties were to be proposed. Considering the above volume of work assigned to the VSCs, the performance of the VSCs is summarised as below.

Out of the total 50 proposals to be made by the VSCs for the period 2013-14 to 2017-18, it was seen that:

- six draft proposals were finalised without conducting any meetings;
- 28 draft proposals were finalised by VSCs in just one or two meetings; and
- 16 draft proposals were finalised by VSCs in three to five meetings.

Besides, the CVC considered draft GMVs received from VSCs across the State for properties in about 18,000 villages/areas for the period 2013-14 to 2017-18 by conducting just 38 meetings.

b) Meetings conducted by CVC

In case of Bengaluru (Urban and Rural) whose exclusive jurisdiction was with CVC, there were 16,915 individual areas with five segments of properties within each area. Hence, the minimum estimations to be proposed worked out to 85,000 entries each year. It was seen that CVC had finalised values during 2013-14 to 2016-17 by conducting 1 to 4 meetings, whereas it conducted 9 meetings to finalise values for 2017-18.

The process of estimation involves analysis of past trends from data available within the Department, coupled with gathering and utilisation of information on present trends based on development in each area. Audit opines that when proposals for several jurisdictions are discussed together in a short time the possibilities of not covering all relevant factors is high, and due values arrived at may not reflect the correct picture.

3.4.9.2 Non-adherence to the time schedule in respect of revision of GMVs and consequent notification of outdated GMVs

Time-frame for assessment and publication

The KS (CCVC) Rules stipulate that the revision of GMVs shall be done on a yearly basis, thereby ensuring reflection of actual market value of the time. The process shall commence during the first week of October each year and shall conclude by the second week of March of the next year as per the prescribed time schedule. As per this time schedule, the CVC circulates general policy guidelines, for the estimation of GMVs, to the Sub-Committees in the first week of October. Thereafter, the VSCs shall commence the process of estimation and preparation of GMVs and finally submit the estimated values to the District Registrar, who in turn forwards them to the CVC after verification. The CVC shall then discuss and take a final decision on the estimation. The publication of the final estimated values is due on 1st of April every year. The activity-wise time-frame is given in ***Appendix-II***.

Audit verified the process of estimation of value and the timing of publication of the estimated values during the five-year period from 2013 to 2018 and found delay with respect to the time-schedule in two years. In one year no estimation was done due to the delay in the previous year. Details are given in **Table 3.5**.

Table 3.5
Delay in notifying annual GMVs

Year	Due date for revision	Remarks/Audit Observations
2013-14	01.04.2013	Delayed by 133 days in Bengaluru (Rural) and Bengaluru (Urban) (issued on 12 August 2013) and between 61 to 122 days in DRs outside Bengaluru (between June and August 2013).
2014-15	01.04.2014	Delayed by 226 days in Bengaluru (Rural) and Bengaluru (Urban) (issued on 13 November 2014) and 244 days in DRs outside Bengaluru (issued on 1 December 2014).
2015-16	01.04.2015	No revision. CVC attributed the non-estimation of GMV during the year 2015-16 to the delay in revising GMV during 2014-15.
2016-17	01.04.2016	There was no delay; however, it was noticed by Audit in test-checked cases that GMVs were decided based on the proposals made for the previous year, for which there was no revision.
2017-18	01.04.2017	Though the GMVs were published without delay, it was noticed by Audit that the revision was only limited to an additional entry in Special Instruction No.1, besides notifying GMVs for certain properties newly identified.

In this connection, Audit analysis further revealed the following:

- The GMVs for 2011-12 had come into force from September 2011 with a delay of 178 days; CVC therefore had not estimated GMVs for the year 2012-13 and the values of 2011-12 were kept in force during 2012-13 also;
- Though there was no estimation during 2012-13, the CVC did not ensure timely revision during 2013-14 and the same was delayed by 133 days, till August 2013. Hence, the values estimated for 2011-12 continued till August 2013;
- Similar to the above, as already pointed out in table 3.5, the values estimated belatedly for 2014-15 continued till 2015-16 and values estimated for 2015-16 got implemented only in 2016-17 and continued unchanged, till 2017-18 and with very minor modifications till date (September 2018).
- In Belagavi, Dharwad and Tumakuru, the rates proposed for 2015-16 by the VSCs were implemented in 2016-17 by the CVC. Similarly, in Bengaluru (Urban), it was noticed that the GMVs proposed by the jurisdictional SROs for the year 2015-16 were implemented in 2016-17. The same rates continued for 2017-18 and for 2018-19 as well.

Thus, outdated values were notified during 2016-17 and the same rates continued without revision.

After these cases were pointed out (May 2018), the CVC stated that the delays were due to postponement of GMV revisions at the Government level (December 2018).

Audit opines that the inordinate delay in finalisation and implementation of GMVs not only leads to notification of values which do not match the prevailing market trends but also adversely impacts the revenue due to the Government.

3.4.9.3 Lack of transparency in evaluation and finalisation of Sub-Committees' proposals by the CVC

The CVC in its Circulars directed[41] the VSCs that revisions in GMVs should not be relegated to mere increases in percentages over the previous GMV, but should be a result of a thorough process and should reflect the actual values of the properties prevailing in the market at that point of time.

Audit noticed that contrary to its own suggestion to the VSCs, and irrespective of the quantum of increase suggested by the VSCs, the CVC, as a matter of routine, was resorting to just 8 to 10 *per cent* increase over the previous GMVs. Records at the CVC or the VSCs did not reveal any reason or justification for the modifications made by the CVC. It appears that unilateral decision was being taken by the CVC without ascertaining and deliberating on the genuineness of the values estimated by the VSCs. Besides, as mentioned in paragraph 3.4.9.1, the number of meetings conducted by the CVC seemed insufficient to discuss all the important aspects with respect to each and every area under consideration. Thus, final values notified by the CVC did not appear to be very well thought out based on the required intense deliberations and were far below the market trends observed by the VSCs in majority of the cases. Over all, the procedures lacked transparency and documentation.

An illustration-VSC of Tumakuru Taluk:

The VSC of Tumakuru Taluk estimated GMV and sent (December 2014) the proposal to the CVC for the purpose of revision for the year 2015-16 for the properties under its jurisdiction. Proposed increase in GMV of the properties under its jurisdiction ranged between 0 and 50 *per cent* of the then existing GMV. These proposals were, however, not accepted by the CVC, who raised GMV only by 10 to 12 *per cent* for 12 cases out of 16 cases test-checked and implemented for the year 2016-17. In three cases where VSCs did not recommend a hike, the CVC raised GMV by 12 to 30 *per cent*. But in one case the increase was 111 *per cent*, due to merger of two entries of a village by the CVC though the VSC had recommended to keep both the entries and recommended no hike in that case. The details are given in **Table 3.6**.

[41] Circulars being issued at the beginning of each cycle, to all the VSCs concerned.

Table 3.6

Comparison of GMV approved by the CVC with the proposals of VSC

(Value in ₹)

Sl. No.	Place/Area	Pre-revised GMV per sq. mtr/Acre	Values proposed by the VSC per sq. mtr/Acre (Percentage increase)	Values approved by the CVC per sq. mtr/Acre (Percentage difference with pre-revised GMV)
For properties in square meters				
1.	Ashoka Road	25834	32300 (25%)	28500 (10%)
2.	Arale Pete	11840	11900 (1%)	13100 (10%)
3.	BH Road (Vidya Nagara)	16146	21600 (34%)	17800 (10%)
4.	BH Road (Ashoka Nagara)	18837	27000 (43%)	20800 (10%)
5.	BH Road (K.R. Badavane)	21528	32300 (50%)	23700 (10%)
6.	Baddi Halli (both right and left sides of 60 ft. Road)	9688	9700 (0%)	10700 (10%)
7.	Dibbur Badavane	5382	5400 (0%)	6200 (15%)
8.	J.C.R. Colony	5382	5400 (0%)	6000 (10%)
9.	Siddaganga Badavane	13455	16200 (20%)	14800 (10%)
10.	Siddaganga Badavane (Backside of Railway Station (South side)	6997	7000 (0%)	14800 (111%) Due to deletion of this entry and merging with the village at Sl.No.9.
11.	Sathyamangala Badavane	5382	5400 (0%)	6700 (24%)
Agricultural properties. In the Order of type of agricultural lands - Khushki, Tari and Bhagaytu (Value in ₹ per acre)				
12.	Amani Hosakere	200000 350000 500000	300000 (50%) 350000 (0%) 500000 (0%)	220000 (10%) 385000 (10%) 550000 (10%)
13.	Arali Halli	200000 250000 500000	300000 (50%) 350000 (40%) 500000 (0%)	220000 (10%) 275000 (10%) 550000 (10%)
14.	Harona halli	200000 300000 400000	200000 (0%) 300000 (0%) 400000 (0%)	206000 (30%) 390000 (30%) 520000 (30%)
15.	Ahobala Agrahara	200000 250000 300000	300000 (50%) 350000 (40%) 400000 (33%)	224000 (12%) 280000 (12%) 336000 (12%)
16.	Badan Chikkana Halli	200000 200000 300000	300000 (50%) 300000 (50%) 350000 (17%)	220000 (10%) 385000 (10%) 550000 (10%)

In these cases, there were no records of any clarification sought by the CVC from the VSCs concerned before modifying the proposals. The uniform increase of 10 *per cent* or the increase in a few cases by a bigger margin without specific and verified inputs did not seem well thought out and was not the result of any intense deliberations or exchange of correspondence.

Conclusion: The CVC/VSCs have neither been able to adhere to the time schedule prescribed under the Rules nor to hold sufficient number of meetings for estimation of the values. The VSCs meetings were just sufficient to readout instructions by the CVC, adopt an already prepared draft proposal statement by SROs and convey approval to notify the same for public opinion and finally to give approval for gazette notification for the GMVs approved by the CVC. The CVC meetings on the other hand considered several Districts in one meeting and the deliberations were generally in broader terms discussing and approving hikes in percentages over pre-existing GMVs than on capturing actual trends/values prevailing in the market.

Recommendation 1: The Department needs to re-look at the feasibility of the existing practice of revising the GMVs annually. In this regard, Audit suggests that the Government/Department may consider increasing the periodicity of revision to, say, three or five years, as may be feasible, for the CVC to gather information from all the sources, discuss, deliberate and finalise, the values after considering all the aspects related to valuation. The Government/Department may consider establishing a system of indexation of property values in the State and update GMVs based on the index factor for quarterly or half yearly period.

The CVC stated (November 2018) that adoption of index factor in other States would be examined and appropriate action would be taken after consultations amongst its members and other stakeholders. In the Exit Conference held in October 2018, the Principal Secretary to Government of Karnataka, Revenue Department welcomed the Audit Recommendation.

3.4.10 Estimation of GMVs

Estimation of GMV is a vital exercise as the revenue due to the Government as Stamp Duty is dependent on the GMV published. The CVC should determine GMV as close to the actual market value as possible, so as to ensure dynamic revenue collection proportional to the movement of the market prices. To achieve accurate information and match the on-going value of the properties, details of transactions regarding properties have to be gathered from all possible sources to make the methodology adopted in arriving at the values effective.

3.4.10.1 Trend in valuation of documents registered

Audit made an analysis of the Sale-Deeds registered between April 2013 and March 2018 in the 11 selected DRs (out of the 34 DRs) to ascertain the trends in the valuation of properties set forth in the documents getting registered in the State. The observation is shown in **Table 3.7**.

Table 3.7
Trend in the declaration of property values in the registered documents

Year	Total No. of documents registered	Out of column (2)		
		Where consideration was less than GMV[42]/ (percentage)	Where consideration was same as GMV/ (percentage)	Where consideration was more than GMV/ (percentage)
(1)	(2)	(3)	(4)	(5)
2013-14	3,89,986	37,737 (9.68)	3,07,168 (78.76)	45,081 (11.56)
2014-15	3,72,219	42,783 (11.49)	2,85,267 (76.64)	44,169 (11.87)
2015-16	3,65,954	47,240 (12.91)	2,64,736 (72.34)	53,978 (14.75)
2016-17	3,03,737	48,552 (15.98)	2,11,679 (69.69)	43,506 (14.32)
2017-18	3,26,346	59,553 (18.25)	2,15,310 (65.98)	51,483 (15.77)
Total	**17,58,242**	**2,35,865 (13.41)**	**12,84,160 (73.03)**	**2,38,217 (13.55)**

Source: Details of documents registered during 2013-14 to 2017-18 furnished by the Department of Stamps and Registration.

[42] If the transaction value is less than GMV, such cases are referred to DR under Sec.45A before registration.

This shows that in general (in 66 to 79 *per cent* of the cases), the public tends to register the properties at the existing GMV.

In respect of cases where consideration stated in the documents is less than the GMV (in about 14 *per cent* of the cases), the parties concerned have the option to pay SD and RF on the GMV or to appeal to the DR concerned. The DR concerned, after due procedure prescribed under Section 45-A of the KS Act, may grant relief to the parties. When CVC estimates property values for any area or village based on the amenities available and market conditions, there is a possibility that some properties in that village may not fetch that value due to absence of access to the amenities or due to other disadvantages. For such cases, a recourse under Section 45-A has been provided under the Act.

Therefore, among the Sale-Deeds, only about 12 to 16 *per cent* of the cases, where the consideration shown was more than the GMVs, serve as indicators for revision by the CVC.

Hence, a realistic estimation of GMV through a detailed analysis of the documents available from all possible sources becomes necessary to capture transaction values close to the market value. In this context, Audit explored the possibilities of certain such sources and analysed the effectiveness of their utilisation by the CVC in arriving at GMV.

Some likely Indicators of market value

To evaluate GMV realistically, the Department needs to consider sources of information, both internal and external, which can reveal the actual transaction value. Internal information already available with the Department are Sale-Agreements and Deposit of Title Deeds, which tend to disclose market values existing at that time. External information primarily relates to information from other Departments and agencies, like Land Revenue Department (Valuation made for lease/grant of Government Lands), Banks and other Financial institutions (loan documents, Sale/Construction Agreements, Bank Valuation, etc.) and Developers and Builders themselves (Advertisements and Brochures).

The findings are in the succeeding paragraphs.

3.4.10.2 Sale-Agreements

A Sale-Agreement is entered into between an owner and a prospective buyer and it generally tends to disclose the actual value of the transaction, since it acts as a guarantee for the consideration passed on, until the transaction is finalised.

During the period from April 2013 to March 2018, 17.58 lakh Sale-Deeds and 2.11 lakh Sale-Agreements were registered in the 11 DRs (out of the 34 DRs) selected for Audit.

Audit analysed 484 Sale-Deeds which were registered subsequent to Sale-Agreements between the same parties, during the period from April 2013 to March 2018 under the jurisdiction of four[43] District Registrars. Out of the 484,

[43] Bengaluru (Rural), Dharwad, Kalaburgi and Shivajinagar.

in 405 Sale-Deeds, the GMVs were found to be less than the consideration stated in the Sale-Agreements (84 *per cent*). Details are given in **Table 3.8**.

Table 3.8
Difference between GMV and Sale Agreement in percentage

1.	No. of cases in which GMVs were lesser by 76 *per cent to* 92 *per cent*	**51**
2.	No. of cases in which GMVs were lesser by 51 *per cent to* 75 *per cent*	**164**
3.	No. of cases in which GMVs were lesser by 26 *per cent to* 50 *per cent*	**138**
4.	No. of cases in which GMVs were lesser by 1 *per cent to* 25 *per cent*	**52**
	Total	**405**

Out of the 405 above, 62 Sale-Deeds were registered for the same consideration shown in the Sale-Agreements, whereas the remaining 343 Sale-Deeds were registered at rates as per the prevailing GMVs. The difference between the consideration stated in the Sale-Agreements and that of the Sale-Deeds in respect of these 343 Sale-Deeds was ₹ 61.10 crore, on which Stamp Duty and Registration Fee of ₹ 4.06 crore could have been realised.

This shows that parties tend to register the Sale-Deeds as per the GMV instead of the actual consideration depicted in the Sale-Agreements. Since the Sale-Agreements were instruments enforceable in the Court of Law and had high possibility of capturing the real market value, the Sale-Agreements may be considered for utilisation as the indicators of GMVs on par with Sale-Deeds.

3.4.10.3 Deposit of Title Deeds with Banks and other financial institutions

The banks and other financial institutions disburse loans to purchasers of properties based on the amount required for the purchase. This loan is sanctioned on the security of the property and the purchaser enters into an Agreement for Deposit of Title Deeds (DTD) with the bank. Such DTDs also have a corresponding Sale-Deed registered with SROs. There were 5.69 lakh DTDs registered between April 2013 and March 2018 under the 11 selected DRs (out of the 34 DRs).

The value of the property declared in DTDs tends to be more realistic. However, the value declared in the corresponding Sale-Deeds usually tends to be the value prescribed as per GMV. Audit verified the value of the property declared in 339 DTDs with the value declared in its corresponding Sale-Deeds and noticed a drop of 12.61 *per cent to* 57.51 *per cent* in the values stated in the Sale-Deed, vis-a-vis the values as per DTD. The undervaluation in Sale-Deeds in these cases amounted to ₹ 57.46 crore with a consequent revenue impact by way of loss of Stamp Duty and Registration Fee of ₹ 3.79 crore (Registration Fee at 1 *per cent* + Stamp Duty including cess at 5.60 *per cent*). Two illustrative cases are shown **Table 3.9**.

Table 3.9
Deposit of Title Deeds revealing the transaction values

Sl. No.	Document Number/Date	DTD Document. Number/ Date	Loan amount sanctioned vide DTD (in ₹)	GMV/ Sq. ft. (in ₹)	Consideration shown in the Sale -Deed (in ₹)	Drop of value in Sale- Deed compared to DTD (%)
1.	JNR-1-6117/15-16/ 20.10.2015 SUAVITYOTIUM[44]	JNR-1-6138/15-16/ 20.10.2015	90,00,000	2,150	49,23,000	45.30
2.	MGC-1-05684/15-16 /16.11.2015 PROXIMUS[45]	MGC-1-5685/15-16/ 16.11.2015	44,80,000	2,000	27,52,000	38.57

Financial institutions/banks sanction loan up to 80 *per cent* of the value of the property. Hence, the differences shown above could be higher and depicts that GMVs estimated in these cases were not realistic.

Though DTDs were good indicators of market value, the CVC did not seem to have considered them as a criterion while estimating GMV.

3.4.10.4 Cross-verification with Banks and other Financial Institutions

Banks and other financial institutions, which lend loans to buyers for immoveable properties have a system of estimating the value of the properties against which the loans are sanctioned. Loan amount sanctioned by banks would generally be at 80 *per cent* of the value of the property estimated by them. Hence, the banking sector constitutes an important source of information on the prevailing market value of properties in any area.

Loans availed by purchasers from Banks for the purchase of flats/apartments are generally split into two components. The first component is sanctioned for purchase of semi-finished flat/apartment and/or un-divided share in the land on which the apartment is constructed, termed as 'Sale-Agreement'. The second component is sanctioned for construction or completion of the apartment, termed as 'Construction-Agreement'. Thus, very conservatively, the aggregate of these two components constitutes the consideration paid by the buyers in these cases and this represents the actual market value, which the properties could fetch when sold in the open market. However, the parties concerned tend to suppress the actual transaction value and register the properties either for GMV or slightly higher than the GMV depending on their need to secure loans from banks. This is illustrated below:

In respect of one residential apartment in Bengaluru (Urban), the CVC notified GMV of ₹ 38,800 per sq.mtr. for the year 2016-17. Information collected from a Bank revealed that the aggregate consideration passed on from buyer to the developer in this case was much higher and hence the GMV notified was atleast 35 to 40 *per cent* less than the market value. The details of this residential apartment is given in **Table 3.10**.

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[44] Apartment situated in Yelenahalli village, Begur Hobli, Bengaluru (South). SBA measuring 2,150 sq.ft.

[45] Apartment situated in Boloor village, Derebail ward, Mangaluru city. SBA measuring 1,280 sq.ft.

Table 3.10
Details pertaining to one illustrative case in Bengaluru Urban

Name of the Apartment/locality	Green age
Year of Registration	2016-17
GMV notified for the Apartment per sq.mtr.	₹ 38,800
Area (SBA) in sq.mtr.	170.57 (1,836 sq.ft.)
Value of the flat at GMV	66.18 lakh
Value for which Sale-Deed was registered	69.91 lakh
Consideration paid on Sale-Agreement	57.83 lakh
Consideration paid on Construction Agreement	49.57 lakh
Total Consideration paid for the flat	107.40 lakh
Market Value per sq.mtr. of SBA (Total Consideration ÷ Area in sq.mtr.)	₹ 63,000
GMV as a percentage of Consideration paid	61.59
Underestimated GMV (Percentage)	38.41

Considering the fact that the financial institutions/banks sanction loan up to 80 *per cent* of the value of property/documents, the consideration received from the buyer could be even higher.

Such institutions are not within the purview of audit of the Indian Audit and Accounts Department. However, four Banks on the request made by Audit, furnished information in respect of 58 projects relating to residential/ commercial apartments.

In order to assess the impact of the above on revenue, Audit collected and test-checked details of loans[46] sanctioned for these 58 projects and compared the value of the loans with the GMVs prescribed for the respective projects. It was noticed that the GMV stipulated for the projects were undervalued by ₹ 853.30 crore with a consequent revenue impact by way of loss of Stamp Duty and Registration Fee of ₹ 56.58 crore ***(Appendix-III)***.

There were no records/statements in the CVC or the VSCs to show that the above agreements were considered as possible inputs for estimation. The final values notified by the CVC also did not reflect the projections derived from the above documents.

After these cases were pointed out between May and October 2018, the CVC stated (October 2018) that as per the modifications made with effect from 2017-18, SROs were allowed to apply ready reckoner values in respect of apartments constructed in sites up to 500 sq.mtr. only. In respect of all other apartments, the valuation shall be referred to CVC for estimating and notifying the GMVs. During estimation of such GMVs, CVC takes into account all the relevant factors, like the road, site rate, ready reckoner rate for the site rate, agreements between the owners and the prospective buyers, price quoted by the owners in the websites, value of similar apartments in the vicinity, rate ascertained from marketing managers appointed by the developers, rate proposed by DRs after site visit and luxuries in the apartment.

However, the steps taken by the CVC appear to be inadequate as they failed to estimate GMV close to the consideration passed on from buyer to the developers/owners in these cases. This was mainly due to the following:

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46 As per RBI norms, loans constitute only 80 *per cent* of the value of the property.

(i) Underestimation of value of sites as the ready reckoner rate is dependent on the GMV of sites;

(ii) Splitting-up of the consideration and availing two different loans i.e. one on Sale-Agreement and another on Construction-Agreement for the same property were not reckoned by the CVC; and

(iii) The CVC, in general, was very conservative in estimating the values.

3.4.10.5 Higher values furnished by Land Revenue Department

During estimation of values by the CVC/VSCs for the respective jurisdictions, the values furnished by the Land Revenue Department[47] also form one of the inputs for valuation.

Audit verified the information furnished by the Revenue Department and compared the same with the GMVs notified for those periods. It was noticed that the GMVs notified by the CVC were far less than the values furnished by the Revenue Department. The details of valuation furnished by the Revenue Department and the corresponding GMVs for five villages (where it was made available to Audit) in two Districts are shown in **Table 3.11**.

Table 3.11

Comparison between valuation by Revenue Authorities and CVC

Sl. No.	Name of the village	Nature of property	Value reported by Revenue Authorities/ Year of estimation (in ₹)	GMV notified (in ₹)	Difference (Percentage variation)	GMV notified for the year 2017-18 (in ₹)
1.	Gunjur (Bengaluru)	Converted	2 Crore per acre/2012-13	1 crore per acre during 2013-14	50	1.85 crore/ acre
2.	Chitrapady (Udupi)	Residential Abutting NH	2 lakh per unit (Cent) 2013-14	40,000 per unit (Cent)	80	1,13,300
		Abutting PWD Road	60,000 per unit (Cent) 2013-14	35,000 per unit (Cent)	42	76,900
		Interior	60,000 per unit (Cent) 2013-14	30,000 per unit (Cent)	50	60,700
3.	Gundmi (Udupi)	Residential Abutting NH	2.5 lakh per unit (Cent) 2013-14	40,000 per unit (Cent)	84	1,01,200
		Abutting PWD Road	1.5 lakh per unit (Cent) 2013-14	35,000 per unit (Cent)	77	60,700
		Interior	60,000 per unit (Cent) 2013-14	30,000 per unit (Cent)	50	48,600
4.	Moodahadu (Udupi)	Residential Abutting NH	2 lakh per unit (Cent) 2013-14	25,000 per unit (Cent)	88	72,850
		Interior	40,000 per unit (Cent) 2013-14	15,000 per unit (Cent)	62.5	40,500
5.	Giliyaru (Udupi)	Residential Abutting NH	3 lakh per unit (Cent) 2013-14	25,000 per unit (Cent)	92	72,850
		Abutting PWD Road	60,000 per unit (Cent) 2013-14	20,000 per unit (Cent)	66.7	48,600
		Interior	40,000 per unit (Cent) 2013-14	15,000 per unit (Cent)	62.5	24,300

[47] Values are tabulated for each village by the Village Accountant concerned and forwarded to the VSCs concerned.

Illustration of revenue impact due to undervaluation by the CVC when compared to valuation by Revenue Authorities in respect of Gunjur village is shown below:

There were 51 Sale-Deeds of properties in Gunjur village during 2013-14 to 2015-16. Of these, in 36 cases, the properties were registered for consideration ranging from ₹ 2.03 crore to ₹ 3.44 crore per acre. However, in the remaining 15 cases, the considerations shown in the Sale-Deeds registered (during 2013-14 and 2014-15) ranged between ₹ 1 crore and ₹ 1.75 crore per acre as against the value of ₹ 2 crore per acre estimated by the Tahsildar in 2012-13 itself. This resulted in undervaluation of properties by ₹ 9.70 crore and the consequent impact on Stamp Duty and Registration Fee was ₹ 64.02 lakh.

Similarly, 204 documents relating to properties situated at Chitrapady, Giliyaru, Gundmi and Moodahadu villages under the jurisdiction of SRO, Brahmavar, registered during 2015-16 were test-checked. During the same period, 159 documents (77.94 *per cent* of the audited sample) were registered at the prescribed GMV which were lesser than the values furnished by the Village Accountants. On comparison of the values as furnished by the Village Accountants, the impact on Stamp Duty and Registration Fee was ₹ 1.40 crore.

3.4.10.6 Higher values declared under TDS

As per Section 194 IA of the Income Tax Act, any person buying immovable property for consideration exceeding ₹ 50 lakh has to deduct tax at source (TDS) at 1 *per cent* of the sale consideration if the PAN of the seller is provided, otherwise at 20 *per cent* of the sale consideration at the time of payment. There were 1.22 lakh Sale-Deeds registered between April 2013 and March 2018 in which the consideration shown in the document was ₹ 50 lakh or more.

Audit noticed that the TDS and PAN details of the parties concerned were not being captured by the Department in their application software KAVERI used for registration of documents at SROs. Only hard copies of TDS certificate and PAN cards were kept in the files maintained at SROs.

On verification of the TDS certificates in all the 30 cases (where evidence for TDS deduction was found), Audit noticed five cases (16.66 *per cent* of the audited sample) wherein the sale consideration showed in the documents was lesser than the consideration on which one *per cent* was deducted and paid to the Income Tax Department by the purchaser. This had resulted in undervaluation of properties by ₹ 285.33 crore and consequent short-levy of Stamp Duty and Registration Fee of ₹ 18.82 crore as shown **Table 3.12**.

Table 3.12

Comparison between TDS and registered value of the documents

Sl. No.	Doc. No. Details of properties	TDS @ 1% of consideration (₹ in lakh)	Value based on TDS (₹ in crore)	Value as per GMV (₹ in crore)	Short-levy of SD and RF (₹ in crore)
1.	4857/16-17 40,059 sq.mtr of land alongwith 23,887.80 sq.mtr of building at EPIP phase II, Whitefield Industrial Area, Hoodi	3.3101	331.01	293.75	2.46
2.	6453/15-16 57.79 cents of residentially converted land, Attavara village, Mangaluru Taluk	0.7327	73.27	44.45	1.90
3.	2424/17-18 24 cents of non-agricultural land with 4000 sq.ft. of building situated in Attavara village of Mangaluru Taluk	0.5010	50.10	6.00	2.91
4.	8451/16-17 26 cents of non-agricultural land with residential building situated in Boloor A village of Mangaluru Taluk	0.9308	93.08	7.54	5.64
5.	3866/15-16 46 cents of non-agricultural land situated in Kodialbail village of Mangaluru Taluk	1.0293	102.93	13.32	5.91
	Total	**6.5039**	**650.39**	**365.06**	**18.82**

Though this information was available on records, the SROs, who check the documents before registration, failed to take this into cognizance and demand Stamp Duty and Registration Fee accordingly.

This kind of omission from SROs at the time of registration could be addressed if the KAVERI software is modified to capture this information so as to cross-check the TDS amount with the consideration declared.

3.4.10.7 Advertisements and Brochures published by Builders/Developers

The prices quoted by Builders/Developers are arrived at after factoring all components of pricing and depict the values based on prevalent market conditions. Also, the CVC, in its instructions, had directed the SROs/VSCs to consider the prices quoted by the Builders/Developers in their advertisements as one of the factors during estimation. Though an element of bargain may have to be allowed in respect of such instruments, prices quoted by the

Builders/Developers serve as near realistic sources for capturing the current market trends.

Audit verified the GMVs estimated by the Department and compared them with the brochure price (base price) quoted by the builders in respect of 35 projects. Of these, it was noticed in 27 projects (77.14 *per cent* of the audit sample) in three[48] Districts that the GMVs notified were far less and were only between 30 and 62 *per cent* of the base price quoted by the developers as detailed in the ***Appendix-IV.*** There were 2,169 residential/commercial flats measuring 3.30 lakh sq.mtr. registered for a consideration of ₹ 1,634.68 crore between 2015-16 and 2017-18, in these 27 projects. The value of these properties as per the base price quoted by the developers was ₹ 2,600.14 crore. The consequent undervaluation in these cases amounted to ₹ 965.46 crore and loss of Stamp Duty and Registration Fee was ₹ 63.72 crore.

Thus, it could be seen that the CVC neither utilised such information available in the DSR to the optimum level nor explored the identified external sources as the indicators of actual market value of the properties. Consequently, the GMVs determined were far less than the actual market value.

Recommendation No.2

The CVC may consider:

- **Getting the KAVERI software modified to capture the details of PAN and TDS information and cross-check that information with the consideration declared by the parties for the purpose of payment of Stamp Duty and Registration Fee;**
- **Notifying GMVs on each revision as close as possible to the market values revealed by the indicators; and**
- **Establishing regular channels for receiving inputs from external sources like Banks and other Government Departments.**

After these cases were pointed out between May and October 2018, the CVC stated (November 2018) that action has been initiated to capture TDS details in the software. Further, it was stated that letters would be addressed to Banks to share the information on cases relating to loans.

3.4.11 Underestimation of value of sites

Transactions involving land development happen at various stages. Initially the status of land would be agricultural, then the first stage would be to change the status to non-agricultural purposes known as 'converted land' and finally the change to residential or non-residential sites. Hence, ideally the values assigned should be consistently incremental with the phases of development from agricultural to residential or other uses.

Formation of residential or non-residential sites involves construction of roads, drainages, water supply networks, electricity supply networks, marking of sites, plots, etc. and public parks as per the approved plan. The rights over the civic amenity areas like roads, public parks, etc. are relinquished to the local municipal body concerned. As per Karnataka Town and Country Planning Act,

[48] Bengaluru, Dakshina Kannada and Udupi.

1961 (KTCP Act) and the Rules made thereunder, the extent of area to be relinquished for civic amenities is to be at least 50 *per cent*[49] (2,023 sq.mtr.) per acre of the land on which the layout is formed. Hence, only 2,023 sq.mtr. per acre would be available to the developers for formation of residential sites.

For the purpose of conservative estimation of market value land available for sites was considered at 2,225 sq.mtr.[49]per acre.

3.4.11.1 It was noticed in many cases that the values of residential sites determined during estimation by the CVC were less than the GMVs fixed for converted lands which were not developed. An illustration of this with respect to one village (Kattigenahalli) in Bengaluru Urban, for the year 2016-17, is given in **Table 3.13**.

Table 3.13

Details of GMV notified for Kattigenahalli village for the year 2016-17

Type of land	Extent of land available for transactions per acre (in Sq. Mtr)	Value per Sq. mtr. (₹)	Value per Acre (₹ in crore)
Agricultural	4,046.8	5,436	2.20
Converted for residential purpose (but not developed- valued at 1.65 times[50] of agricultural land)	4,046.8	8,971	3.63
Residential sites	2,225	14,300	3.18

It may be seen from the above that the GMV notified for the fully developed sites did not capture even the value of converted land which was yet to be developed, but was less by about 12 *per cent*.

Further, the CVC in its meeting held on 30 January 2017 decided to value undeveloped converted land at 55 *per cent* of the value estimated for the residential sites. This meant that the remaining 45 *per cent* of the value represented the value-addition for transformation of undeveloped converted land into sites. Thus the value of converted land in this village which was ₹ 3.63 crore represented only 55 *per cent* of the value of the sites. Hence, the actual value of sites formed in one acre of land, in this village, should be ₹ 6.60 crore[51] i.e. ₹ 29,662 per sq.mtr.[52]

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49 One Acre = 4,046.8 sq. mtr. 15 *per cent* of the total land shall be relinquished first for the purpose of playground and public park which would be 607 sq. mtr. per acre. In the remaining land sites, roads and drainage are to be formed. The road width shall be a minimum of 20 mtr. and it shall be equal to the width of the site facing the road. For example, the width of the road in which 40 X 60 ft. sites are formed the minimum width of the road shall be 40 ft. In general, the roads are expected to consume about 40 to 45 *per cent* of the total land which would be 1,619 sq.mtr. per acre (at 40 *per cent*). This leaves only 1,820.8 sq.mtr. of land for the purpose of site. The KTCP Act provides some relief to the developers only when the land consumption for roads exceeds 45 *per cent*. Thus, when more land is relinquished or consumed for civic amenities, the value of the site increases. Therefore, to ensure that estimation of market value by Audit is on the conservative side, as against 1,821 sq.mtr. per acre to 2,023 sq.mtr. per acre available for sites, 2,225 sq.mtr. per acre was considered by Audit.

50 Value of converted land (which is not a developed land) was prescribed as 65 *per cent* above the value of agricultural land till 2016-17.

51 ₹ 363 lakh X 100 ÷ 55 = ₹ 660 lakh.

Thus, the GMV was only 48 *per cent* (₹ 14,300/29,662 x 100 *per cent*) leading to underestimation to the extent of 52 *per cent*.

In this village, there were 109 Sale-Deeds of residential sites registered between April 2013 and March 2018. Of these, in 23 cases, the consideration shown per sq.mtr. ranged between ₹ 26,000 and ₹ 41,000 which was very close to the value estimated by Audit. Of the remaining 86 cases, in 64 cases, the registered value of the properties was close to the GMV stipulated, which ranged from ₹ 14,500 to ₹ 18,000 and in the remaining 22 cases, the registered value of properties was between ₹ 19,000 per sq.mtr. and ₹ 24,000 per sq.mtr.

Thus, GMVs prescribed from time to time for residential sites were highly underestimated and had led to loss of revenue to the State.

After this was pointed out in July 2018, the CVC stated (October 2018) that in accordance with the Urban Development Departments' Zonal Regulations, when land for roads, drainage canals and other civic amenities are reserved, the balance land available for formation of sites would be only 45 to 50 *per cent* of the total land; it was also stated that action is being taken to find 'land to site' and 'site to land' values and determine GMVs close to the market value for the year 2018-19 and that discrepancies are getting rectified progressively.

3.4.11.2 An analysis in the same manner as explained in paragraph 3.4.11.1 above was carried out for 121 villages in Bengaluru (Urban and Rural) for the years 2016-17 and 2017-18.

This analysis showed that the values of residential sites in these villages were underestimated by 12 to 78 *per cent*. The details are shown in ***Appendix-V***.

It was also noticed that in 106 out of the 121 villages (87.60 *per cent* of the audited sample) analysed, there were 4,577 Sale-Deeds registered involving 5.23 lakh sq.mtr. of residential site and the consideration stated in these documents aggregated ₹ 1,494.55 crore. As against this, the equivalent value of these sites, worked out based on the GMVs of land converted (undeveloped) for residential purposes, amounted to ₹ 2,698.13 crore. The revenue impact on the underestimated value of ₹ 1,203.58 crore worked out to ₹ 79.40 crore.

3.4.12 Underestimation of value of Apartments

The CVC was using a Ready Reckoner which specified the area-wise value of apartments per sq.mtr. of Super Built-up Area (SBA). Such values were listed in the GMV against the respective areas. In the Guidance Values notified with effect from 1 April 2017, the Ready Reckoner used by the CVC was incorporated as a part of the GMV notification. As per the SBA Ready Reckoner, values of apartments were based on the value of sites in that area. Each sital value had a corresponding apartment value[53].

52 ₹ 660 lakh ÷ 2,225 sq.mtr. (total area of sites per acre of land).

53 Factors considered by the CVC for arriving at the value of the apartment - Value of site, floor area ratio (FAR) at 1.75 and taking the common area spaces in the apartment/project at 25 *per cent* of the constructed area.

Since the value of apartments was dependent on the value of sites, the under-estimation of value of sites as mentioned in paragraph 3.4.11 resulted in corresponding short-computation of SBA rates for apartments, both residential and commercial.

Based on the value of sites estimated by Audit in respect of 101 villages in Bengaluru, the underestimation of value of SBA ranged between 11 *per cent* and 61 *per cent* for the year 2016-17 and between four and 60 *per cent* for the year 2017-18. The details are given in ***Appendix-VI***.

Audit also cross-checked the fairness of its estimations of SBA made for 2016-17 and 2017-18 by analysing the trends of registration of apartments in these villages. An analysis of trend in the registration of apartments up to 31 March 2018 showed that in 3,824 cases, the considerations declared were on par or higher than the SBA values estimated by Audit for the year 2017-18.

To indicate the impact on revenue due to the underestimation of SBA, Audit collected the details of registration of apartments during 2016-17 and 2017-18. As per the index reports generated from KAVERI software, there were 8,956 registrations of apartments during 2016-17 and 2017-18 in 83 out of those 101 villages where consideration/market value declared was less than the value of SBA estimated by Audit during 2016-17 and 2017-18. This resulted in undervaluation of apartments by ₹ 1,672.97 crore with a revenue impact of ₹ 110.42 crore of Stamp Duty and Registration Fee at 6.60 *per cent*. The year -wise details are given in **Table 3.14**.

Table 3.14

Year-wise break-up of number of residential flats registered for lesser value

(₹ in crore)

Year	No. of documents	Registered Value	Estimated Value of SBA	Differential Value	Loss of SD and RF at 6.6 *per cent* on Differential Value
2016-17	4,280	1,762.73	2,676.48	913.75	60.31
2017-18	4,676	2,168.21	2,927.44	759.22	50.11
Total	**8,956**	**3,930.94**	**5,603.92**	**1,672.97**	**110.42**

Hence, the undervaluation of sites impacted the valuation of apartments which significantly impacted the revenue realised.

3.4.13 Deficiency in valuation leading to urban lands getting priced lesser than corresponding rural lands

The KS (CCVC) Rules prescribe general guidelines that value for such converted lands[54] near or in the vicinity of town/city may be estimated on sital basis (i.e. per sq.ft.), and those in villages at multiples of rates for agricultural land.

Until 31 March 2017 as per the Special Instructions of the CVC, in respect of the converted lands, the GMVs were to be arrived at, by enhancing the GMV

[54] Development of agricultural land involves conversion of land from agricultural to non-agricultural usage. The converted land has to undergo a series of developmental stages like clearances and approvals by various agencies and actual formation of layout with roads and other civic amenities, before it can be transacted as sites.

stipulated in the respective village/locality by 55 *per cent* for industrial use, 65 *per cent* for residential use and 80 *per cent* for commercial use.

From 1 April 2017, the CVC revised the Special Instruction and fixed the rates for converted land within municipal limits by assigning values as percentage of sital rates, as below:

Upto 5 Guntas	Sital rates **or** agricultural rates pertaining to the locality, whichever is higher.
5 to 7.5 Guntas	70% of sital rates **or** 100% agricultural rates, whichever is higher.
7.5 to 10 Guntas	60% of sital rates **or** 100% agricultural rates, whichever is higher.
10 to 20 Guntas	40% of sital rates **or** 100% agricultural rates, whichever is higher.
20 to 40 Guntas	35% of sital rates **or** 100% agricultural rates, whichever is higher.
Above 1 Acre	30% of sital rates **or** 100% agricultural rates, whichever is higher.

The modified Special Instruction was *prima facie* defective as it expected that the value of the converted land arrived from the revised formula could fall below the GMV of agricultural land. Further, the Special Instruction was applicable only to town/city properties but the converted properties in Rural areas were still valued at 1.65 times of GMV of agricultural lands. In effect, the introduction of this Special Instruction reduced the value of converted lands in towns/cities when compared to such properties in the rural areas.

During the year 2017-18 there were 937 Sale-Deeds relating to lands converted for residential purposes registered in Bengaluru (Urban). It was noticed in nine cases (0.96 *per cent* of the audited sample), the converted lands in Bengaluru (Urban) were registered during 2017-18 for a total consideration of ₹ 66.29 crore. The GMVs of the same properties prior to March 2017 were at ₹ 95.49 crore. Thus the modification in the method of valuation resulted in undervaluation of properties in these cases by ₹ 29.20 crore. Consequent loss of revenue was ₹ 1.93 crore in 2017-18. Details are given in ***Appendix-VII***.

After these cases were pointed out (May 2018), the CVC stated (November 2018) that all the DRs and SROs have been directed to rectify the discrepancies in the revision of GMVs for the year 2018-19.

3.4.14 Deficiencies in the estimated values

After considering all likely and possible records which indicate the current market trend, the CVC begins the task of fixing the values of GMV. With a view to checking the appropriateness of the values fixed, Audit verified GMVs prescribed for DRs in the sample Districts selected. Observations in this respect are detailed below.

3.4.14.1 Discrepancy in the method of valuation of lands transacted in small pieces

Due to rapid development and ever-growing need for residential properties, several instances were noticed where land which retained its classification as agricultural was being transacted in very small parcels (land up to five guntas). Since the Sale-Deeds concerned depicted these properties as agricultural itself, Stamp Duty was to be levied at agricultural rates, which was minimum, even though subsequently the lands were used for residential purposes.

To mitigate the above situation and to bring the rates of such small parcels of land in proportion to the residential sites in the area, Special Instruction No.1 of GMV stipulated (September 2011) that agricultural/converted lands were to be valued at different percentages of sital[55] rates, as shown below:

Agricultural or converted un-developed land	
Upto 5 Guntas[56]	Sital rates pertaining to the locality.
5 to 10 Guntas	50% of sital rates pertaining to the locality.

From April 2016, this was modified as follows:

Agricultural or converted un-developed land	
Upto 5 Guntas	Sital rates **or** agricultural rates pertaining to the locality, whichever is higher.
5 to 7.5 Guntas	70% of sital rates **or** 100% agricultural rates pertaining to the locality, whichever is higher.
7.5 to 10 Guntas	50% of sital rates **or** 100% agricultural rates pertaining to the locality, whichever is higher.

In order to evaluate the effectiveness of this control, Audit checked 30 cases in four villages of Bengaluru (Rural). GMV of Bengaluru (Rural) contained two separate bifurcations for residential sites as (i) those within panchayat limits (*Gramathana*), and (ii) those approved by local planning authorities concerned. The GMVs notified for *Gramathana* sites were less than the GMVs stipulated for local planning authority approved sites in each village. However, the Special Instruction No. 1 was silent as to which type of sital rate was to be applied.

Out of the test-checked 30 cases (out of 305 cases) of conveyance of converted un-developed land measuring less than five guntas, it was seen that in 14 cases (46.67 *per cent* of the audited sample), the SROs had applied the sital rates pertaining to *Gramathana*. Audit, however, noticed that the GMVs of *Gramathana* sites were lesser than that of agricultural lands by 25 and 52 *per cent* in two villages. Therefore, application of GMV of local planning authority approved sites was essential to achieve the intended goals.

The comparison of rates and impact on revenue is shown in the **Table 3.15**.

Table 3.15

Undervaluation due to GMV of *Gramathana* sites being less than the GMV of agricultural lands

(₹ in lakh)

Sl. No.	**Village (No. of Documents)**	**Total extent of land in guntas**	**GMV as per *Gramathana* Site applied by SROs**	**GMV for agricultural land**	**Difference between *Gramathana* and agricultural rates**	**GMV for sites in approved layouts**	**Difference between rates for approved layout and *Gramathana* rates**
1.	Avathi (7)	21	68.62	144.37	75.75	182.95	114.33
2.	Akkupete (2)	6	26.15	35.10	8.95	78.40	52.25
3.	Kempa-thimmanahalli (2)	4.25	28.10	13.61	0	42.57	14.47
4.	Kodagurki (3)	11.25	30.63	28.12	0	98.01	67.38
	Total (14)	**42.50**	**153.50**	**221.20**	**84.70**	**401.93**	**248.43**

55 Sital rate – rate per square feet.

56 Gunta – a measurement unit of land (1 Acre = 40 Guntas and 1 Gunta = 1,089 sq.ft.).

The loss of revenue on total undervaluation of 14 cases mentioned above worked out to ₹ 16.52 lakh.

Thus, introduction of the Special Instruction to bring the rates of small parcels of agricultural land on par with the valuation for sites was defeated due to the lower GMVs notified for *Gramathana* sites and by CVC not ensuring that higher of the two sital GMVs were applied for such transactions.

3.4.14.2 Assignment of lower GMVs for residential areas with the same survey numbers

The GMV generally contains separate rates for specific areas within the jurisdiction of SROs. These areas are depicted either by their survey numbers or the name of the locality or by their roads.

In respect of Saneguruvanahalli, GMVs of different kinds of properties in survey numbers[57] near Magadi Road were notified by the CVC. The GMV of agricultural lands was kept at ₹ 5 crore per acre from 2013-14 to 2017-18. The value of residential sites per sq.mtr. under these survey numbers was ₹ 54,000 during 2013-14, ₹ 64,600 during 2014-16 and ₹ 71,000 with effect from April 2016.

However, five residential layouts[58] formed in these survey numbers were notified GMVs ranging from ₹ 11,000 to ₹ 41,500 per sq.mtr. While estimating the GMVs for these areas, the CVC failed to take into cognisance the GMV stipulated for that place under a different entry in the same Notification. The under-estimation of value of sites in these cases ranged between 42 and 82 *per cent* as shown in **Table 3.16**.

Table 3.16
Assignment of lower GMVs for residential sites

Period	GMV in general for the whole area	Specific GMVs				
		Kaveripura	Maruthi Nagara	Meenakshi nagara	Ranganatha pura	Sannaki bayalu
2013-14	53,800	16,140	16,140	32,280	21,520	10,760
		(70)	(70)	(40)	(60)	(80)
2014-16	64,560	23,680	19,375	37,675	23,680	11,840
		(63)	(70)	(42)	(63)	(82)
2016-18	71,000	26,000	21,500	41,500	26,000	13,500
		(63)	(70)	(42)	(63)	(81)

Note: the difference of specific GMVs and general GMVs is depicted in percentage.

During the period from 2013-14 to 2017-18, 337 Sale-Deeds of residential sites were registered in these five residential layouts. As per the GMV stipulated in general for the area, the sites were to be registered at ₹ 188.56 crore. Against this, the properties were registered as per the lower GMVs assigned to the same location for consideration aggregating ₹ 84.97 crore.

[57] Saneguruvanahalli Near Magadi Road, Sy. No. 50, 51, 52, 53, 57, 58, 59, 61, 62, 63, 64, 65, 66, 67, 68, 69, 132, 133, 134, 135, 136 and 137.

[58] Kaveripura, Maruthinagara, Meenakshinagara, Ranganathapura and Sannakkibayalu.

This resulted in short-levy of Stamp Duty and Registration Fee of ₹ 6.84 crore at 6.60 *per cent* on differential market value of ₹ 103.59 crore.

After these cases were pointed out (September 2018), the CVC stated (November 2018) that most of the areas in this village were slums, resided by backward/middle class population. The properties situated in the main roads have been identified by property index numbers and stipulated separate GMV. Besides, it was stated that all discrepancies were getting rectified for the year 2018-19.

The reply is not acceptable as the CVC had bifurcated the village into two parts. One having lower GMV and another part with higher GMV which was clearly identified by specified survey numbers which are abutting the Magadi main road. Therefore, all the layouts formed in the second part of the village should have GMVs reasonably close to the general GMV notified for that part. Also, the properties were situated either in BDA approved layouts or in roads formed by BDA. Hence, slums in this part of the village, if any, were required to be identified clearly with specific survey numbers, to assign lower GMVs.

Recommendation No.3

The value addition for each stage of development may be factored-in while determining the GMV of sites, so that residential sites are not valued lower than the converted land.

3.4.14.3 Deletion of specific rates during subsequent revisions

GMV has a separate instruction for valuation of properties abutting National Highway (NH), State Highway (SH), Ring Road and other Main Roads. In line with this, agricultural land and other sites are identified and assigned separate values higher than the values of other properties in the vicinity. In cases where such higher values are not assigned, there is an instruction to enhance the base rates by 50 *per cent* or 25 *per cent*, as the case may be.

As per the above instructions, agricultural land and other sites abutting NH, SH or Ring Roads in the jurisdiction of Bengaluru (Urban) and Bengaluru (Rural) were assigned higher rates till 2016-17. With effect from April 2017, though the specific higher values continued for the agricultural properties, the entries pertaining to residential properties were deleted. Thus, the specific higher GMV prescribed during the previous year in the survey numbers attached to NH, SH or Ring Road got reduced to the general village rate specified under GMV during 2017-18.

A comparative study of GMV Notification under three DRs in Bengaluru (Urban) and Bengaluru (Rural) revealed that this decision of the CVC affected 315 villages. The resultant undervaluation of properties during 2017-18 when compared to their value during 2016-17 ranged from 10 to 140 *per cent*.

Impact of this deletion in one[59] village is shown below:

During 2016-17, in eight Sale-Deeds, the parties concerned had declared considerations between ₹ 52,144 per sq.mtr. and ₹ 78,488 per sq.mtr. against the existing GMV of ₹ 52,140 per sq.mtr.

During 2017-18, however, nine Sale-Deeds were registered for considerations ranging from ₹ 22,000 to ₹ 44,000 per sq.mtr in the same area. The aggregate of undervaluation of these properties compared to their GMV during 2016-17 worked out to ₹ 3.64 crore and the consequent loss of SD and RF at 6.60 *per cent* worked out to ₹ 24 lakh.

Similarly, in 16 other villages, 218 Sale-Deeds involving 31,070 sq.mtr. of sites and lands on which sital GMVs were applicable were registered during 2017-18. The total registered value of those properties was ₹ 18.03 crore. The GMV applicable to those properties during 2016-17 was ₹ 47.90 crore. Thus deletion of entries during 2017-18 had resulted in undervaluation of properties by ₹ 29.87 crore and the consequent loss of revenue was ₹ 1.97 crore.

After these cases were pointed out between May and October 2018, the CVC stated (November 2018) that higher GMV stipulated for properties in certain survey numbers of certain villages were dropped from the year 2017-18 onwards so that unauthorised registrations could be checked and GMV close to the market value could be notified by the CVC.

However, Audit found that the CVC's intentions did not actually work out fully as in the absence of specific GMVs for the properties in the specified survey numbers, the SROs concerned registered the properties for the general GMV applicable to the respective village resulting in significant loss of revenue. Consequently, intended checks/valuation could also not be done by the CVC.

3.4.15 Omissions to mark specific areas requiring enhancement of rates

The values assessed by the CVC have to be close to the prevailing market value. In order to achieve this, among others, it is important to identify special areas of enhancements within a jurisdiction, like NH, Ring Road, new Residential Projects, etc. and assign values to properties in the vicinity of the same.

During test-check of the GMVs notified for Bengaluru (Urban) and Bengaluru (Rural), Audit found certain omissions by the CVC in specifying certain areas which merited enhanced rates. Though there was a Special Instruction No.12 in the notified GMVs for the year 2016-17 in this regard to refer such cases to the CVC, Audit noticed that this instruction was not being followed scrupulously. A few cases illustrating such omissions in the GMV are brought out below:

[59] Horamavu Village, Bengaluru (Urban) District.

3.4.15.1 Non-inclusion of survey numbers to properties abutting Ring Roads

Identification and indication of all the survey numbers abutting the main or important roads in the GMV is important to capture higher transaction value commanded by these sites due to their proximity to the important roads. The CVC issued guidelines to all VSCs for estimation of GMV duly identifying the surveys attached to Ring Roads/National Highways/State Highways. The information was ascertainable from the authorities concerned who constructed these roads or from the jurisdictional SROs of the Department who have registered the relinquishment deeds executed in favour of those authorities.

In Bengaluru (Urban), the CVC identified survey numbers attached to Ring Roads in 70 villages. In these cases, the CVC notified GMVs higher than those applicable to properties in other survey numbers in the respective villages for the period 2013-14 to 2017-18.

However, cross-verification of the survey numbers in each of these 70 villages with the 917 relinquishment deeds executed in favour of BBMP for Ring Roads revealed that around 500 survey numbers for which relinquishment deeds had been executed in these villages were not indicated as attached to the Ring Roads in the subsequent GMVs. As seen from the deeds of relinquishment, a portion of the properties in the survey numbers were relinquished for the road and hence the remaining portion clearly abutted the road. However, these were omitted to be indicated as attached to the Ring Roads and hence would not get mandatorily registered at the premium value intended for such properties. The village-wise details of different survey numbers attached to the Ring Roads as per the relinquishment deeds and the survey numbers missing in the entries relating to the Ring Roads in respect of these 70 villages are given in ***Appendix-VIII***.

Test-check of all the 1,084 Sale-Deeds (where such survey numbers were identified by Audit) in these villages revealed that in 230 cases (21.22 *per cent* of the audited sample), the properties were situated in the survey numbers which were omitted to be indicated as attached to the Ring Road in 56 villages and Stamp Duty and Registration Fee were levied at a lower rate. Details are given in ***Appendix-IX***.

The registered value of the properties in these cases amounted to ₹ 451.09 crore as against ₹ 874.59 crore applicable for properties abutting the Ring Roads. This had resulted in undervaluation of properties by ₹ 423.50 crore and consequent short-levy of Stamp Duty and Registration Fee of ₹ 10.48 crore.

After these cases were pointed out between May and October 2018, the CVC stated (November 2018) that relevant information relating to survey numbers of properties abutting Ring Roads have been obtained and updated for the purpose of notifying GMV for the year 2018-19.

Compliance deficiencies

Effective implementation of the values estimated by the CVC is crucial in revenue realisation and the accountability lies with the SRO, who is responsible for registration of documents and collection of Stamp Duty on the instruments so registered. The SRO estimates market value based on GMV or the consideration stated in the document, whichever is higher. Audit verified the registered documents in the Sub Registrar Offices and observations in this regard are shown in paragraphs 3.4.16 and 3.4.17 below.

3.4.16 Absence of specific GMV for new projects

New projects coming up in the jurisdictions of the SROs/VSCs need to be brought to the notice of the CVC so that specific GMVs are notified for the same. In the absence of specific GMV, Special Instruction No. 12 appended to the notified GMV during November 2014 stipulates that when any new project is brought for registration, the same has to be referred to the CVC for determination of GMV except for those properties covered under Annexure-III[60] of the GMV notification.

It was noticed in three[61] Districts (out of 30 Districts) that 4,002 flats in 76 residential/commercial apartments were registered between 2015-16 and 2017-18. In these cases, the SROs concerned did not refer the cases to the CVC to notify the project specific GMVs but registered for the general GMVs of the respective villages. The CVC also failed to identify these projects in time, but in 2017-18 identified 19 apartments and notified GMVs for them. By that time 81[62] *per cent* of the flats in those apartments were sold. Hence, the GMVs notified for the specified projects by the CVC could be applied only on the remaining 19[63] *per cent* flats.

The non-notifying of project specific GMVs in these cases, even for the subsequent years proves that there was no mechanism to ensure that all new projects were considered by the CVC while estimating rates for each year.

Of these, in 57 apartments, the registered value of 3,237 flats was ₹ 1,176.09 crore. This was lesser than the base price quoted by the Developers by a significant margin (between 20 *per cent* and 61 *per cent*). With respect to the base price quoted by the Developers, the market value of the apartments worked out to ₹ 1,911.88 crore. Thus, omissions on the part of SROs to refer these projects to CVC for notifying GMV had resulted in loss of revenue of ₹ 48.56 crore on the differential value of ₹ 735.78 crore. Details are in ***Appendix-X***.

After these cases were pointed out between May and October 2018, the CVC stated (November 2018) that in respect of projects approved by the Real Estate Regulatory Authority (RERA), certain criteria have been adopted to notify GMV close to the market value.

The action taken by the CVC is not adequate as it covers RERA approved projects only. Identifying and prescribing GMVs for new projects can be done by the CVC utilising the information available within the Department like Joint Development Agreements apart from information on plan sanction, commencement certificate, etc. which was ascertainable from BBMP. Diligent

[60] Annexure III covers all un-identified multi-storied buildings/flats/villaments in the jurisdiction of all the SROs in the State.
[61] Bengaluru (Urban), Dakshina Kannada and Udupi.
[62] 3,242 flats got registered during 2015-16 and 2016-17.
[63] 760 flats sold during 2017-18.

use of such information can easily avert non-estimation or delay in estimation of GMVs and work more comprehensively than the CVC's current attempt.

3.4.17 Incorrect application of GMV for specific projects

As per the GMVs in SRO, Banaswadi jurisdiction, a project with a general name as 'Sobha Developers' under Nagareshwara Nagenahalli village was assigned a rate of ₹ 40,600 per sq.mtr. and ₹ 42,000 per sq.mtr. for the years 2016-17 and 2017-18 respectively. Another project under the general name 'Sobha Apartments' in Tanisandra village, was assigned rates of ₹ 63,000 per sq.mtr. and ₹ 65,520 per sq.mtr. for the years 2016-17 and 2017-18 respectively.

On a check of registered documents in this jurisdiction, Audit noticed that 669 Apartments specifically named as 'Sobha City' having 1.23 lakh sq.mtr. Super Built-up Area and 719 car-parking spaces were registered during the period 2016-17 and 2017-18. Boundaries of this project as per the schedule of the documents were shown as Tanisandra Main Road, Nagareshwara Nagenahalli village and the two other boundaries as Tanisandra village. These documents were valued at ₹ 500.96 crore based on the rates pertaining to Nagareshwara Nagenahalli, whereas the value worked out to ₹ 810.11 crore when valued at rates pertaining to Tanisandra.

On verification of the projects in the said areas, Audit noticed that there were three projects by Sobha Developers in the aforesaid areas, with brochure rates quoted by the Developers between ₹ 75.52 lakh to ₹ 1.38 crore which works out to ₹ 68,179 per sq.mtr. to ₹ 76,682 per sq.mtr.

In the interest of revenue, the SRO concerned should have levied the higher rate assigned in the GMV. However, due to existence of two entries in the GMV without specific names of the projects and in the absence of clarity as to the exact location of the apartments, the SRO concerned had levied Stamp Duty on valuation at lesser GMV. Thus, assigning GMVs based on general names instead of specific names of the projects led to short-levy of Stamp Duty and Registration Fee of ₹ 20.37 crore.

The Department failed to ensure compliance to the Special Instruction No.12 requiring SROs to refer the properties in new projects to the CVC for valuation before registration. The SROs preferred to apply the village GMVs readily available than referring them to CVC.

Also, the ambiguities such as notifying multiple GMVs for projects having a single name but without being clearly identified or classified led to properties getting registered at lesser GMV.

Recommendation No.4

The CVC may consider setting up a system to:

- **Periodically analyse the KAVERI database to identify the potential new projects and to ascertain the information on different stages of those projects; (through its members representing Municipal Bodies) so that GMVs could be updated and notified before commencement of registration at SROs; and**
- **Estimate and notify the values for new projects, so that they may be pursued even if an indexation system is introduced, since such properties require initial valuation.**

The CVC stated (November 2018) that information on new projects have been sought from the municipal bodies and GMVs for the year 2018-19 are getting notified after identifying the PID numbers. Also, RERA has been requested to provide access to their database so that upcoming projects in different DR jurisdictions could be identified in advance and GMV notified on time.

3.4.18 Conclusion

The system of prescribing GMVs by the CVC is an important control devised by the Department to ensure collection of revenue at least as per the values prescribed. In order to make this control effective and relevant throughout the financial year, the CVC has to determine the GMV as close to the market value as possible. To ascertain the effectiveness in achieving the goal of the CVC, Audit verified the process of constitution and working of the CVC, as well as the procedures for estimation, publication and revision of GMVs.

The CVC over the past five years had taken some important initiatives to rationalise the methods of estimation of the market value of properties. However, the CVC/VSCs have not been able to adhere to the time-schedule prescribed under the Rules in revising the GMV. The final values notified by the CVC appeared to be lacking deliberations on the important aspects of the areas under consideration, which was evident from the few meetings being held by the CVC in this regard, when compared to the volume of data/material that were to be deliberated upon in those meetings. Thus, the final values notified by the CVC were far below the market trends observed by the VSCs in the majority of the cases. Besides, there were no reasons documented for deviating from the trends reported by the VSCs or for the values approved finally. Overall, the procedures lacked transparency and reflected the non-co-ordination between the CVC and VSCs.

Audit verified various indicators of actual transaction value, such as previous Sale-Deeds, Sale-Agreements, Deposit of Title Deeds, price quoted by developers, Tax Deduction at Source, etc. to ascertain the closeness of the GMV to the existing market value. The GMVs were found to be underestimated by 12 to 91 *per cent* than even the conservative values ascertained by Audit from both internal and external sources. Further, estimation of lower value for developed properties over the undeveloped land in the same village/locality not only bucked the trends in the market but also revealed lack of internal checks in the CVC prior to notifying the GMVs. Besides, deletion/reduction of specific GMVs for certain places, omission to identify the properties which commanded higher value, etc. resulted in valuing properties at lesser rates than their existing market values.

Implementation of the GMV through the SROs revealed glitches in notifying specific values for new projects and ambiguities in notifying GMVs for specific projects which led to properties getting registered at lesser GMV.

In short, the working of the CVC was found wanting in respect of meeting the prescribed timelines and systematically arriving at the values approved. Documentation was found to be lacking and the whole process needs a more transparent outlook. Indicators of market value have to be utilised effectively by the CVC to estimate values closer to the actual market value. Discrepancies and inconsistencies in the values estimated need to be looked into before publishing of the values. The CVC has assured that several issues pointed out by Audit have already been taken cognizance of and will be addressed in the GMVs of 2018-19 which, however, are yet to be issued (December 2018).

The Audit observations involving ₹ 158.36 crore revenue forgone/short-levied pointed out in this Performance Audit Report are based on the test-checked unit Offices; however, similar errors/omissions may exist in other unit Offices as well, which are not covered in this Audit. The Department may, therefore, internally examine similar issues in other Offices so as to ensure that they are functioning as per set procedures and requirements.

3.5 Short-levy of Stamp Duty and Registration Fee due to Undervaluation

According to Section 3 of the KS Act 1957, Stamp Duty is levied on instruments chargeable with duty as prescribed under various Articles in the Schedule of the Act, ibid. Under Article 20, for instruments of conveyance, Stamp Duty is charged as a percentage of the consideration or of the market value of the property, whichever is higher. GMV are prescribed for properties situated in the State by the Central Valuation Committee under Section 45-B of the Act. This forms the basis for estimation of market value by the Registering Officer while registering documents chargeable with Stamp Duty. A set of Special Instructions is also appended as Annexure-I to the statement of estimated values to deal with specific enhancements in the nature of the property. These values are to be correctly applied during valuation to arrive at the proper market value of the property.

During audit of seven[64] Sub-Registrar (SR) Offices (out of 48 SROs) between May 2017 and January 2018, Audit test checked 5,072 documents out of 6,517 documents (77.83 *per cent*) and noticed 80 Sale-Deeds (1.58 *per cent* of the audited sample), where Stamp Duty and Registration Fee amounting to ₹ 4.35 crore were levied short due to adoption of incorrect guidance values, incorrect classification of the nature of the document, non-adherence to Special Instructions, etc. as mentioned below:

a. Non-application of enhanced rates

The GMV mentioned above contains specific higher rates for properties abutting National Highways (NH), State Highways (SH), Ring Roads (RR) and other important roads. The market value guidelines also provide for enhancement of value by 50 *per cent* and 25 *per cent* for properties abutting NH/RR and SH respectively, when specific rates are not assigned already.

During test check of records in four[65] SROs, Audit noticed 16 cases wherein properties abutting NH/RR, SH and other important roads were conveyed. In 11 cases, market value guidelines prescribed specific higher values to the survey numbers conveyed. In the remaining five cases, 50 *per cent* enhancement in value was warranted as specific higher values were not assigned in the GMV.

However, it was noticed that the SROs concerned neither applied the specific higher rates where already assigned, nor enhanced the value in the remaining cases. This resulted in short-levy of Stamp Duty and Registration Fee of ₹ 2.45 crore.

[64] SROs– Dasanapura, Doddaballapura, Nagarabhavi, Rajajinagar, Sindhanur, Vijayanagar and Yeshwanthpur.

[65] Doddaballapura, Dasanapura, Vijayanagar and Yeshwanthpura.

b. Application of residential rates for non-residential and commercial properties

As per Special Instructions, properties which are non-residential or commercial in nature have to be valued at enhanced rate of 40 *per cent* (when valued as land with building) and 30 *per cent* (when valued as properties in the nature of apartments).

During test-check of records of SROs, Dasanapura, Rajajinagar and Vijayanagar, Audit noticed four cases where the properties were valued at residential rates even though it was evident from the recitals of the document and the copy of the *khata* extract that the properties were of commercial nature. In another case in SRO, Doddaballapura, an industrial property was valued without enhancing the rates, though the GMV prescribed for such enhancement. These resulted in short-levy of Stamp Duty and Registration Fee of ₹ 38.73 lakh.

c. Incorrect method of valuation

The GMV prescribe separate methods of valuation for sites with buildings thereon and for properties classified as apartment/flats. While the former is valued at rate per square feet of land and building separately, the latter is valued at rates prescribed for super-built-up area, which is generally higher than the former.

During test-check of records of SROs, Vijayanagar and Yeshwanthpur, Audit noticed three cases where properties in the nature of apartments were valued as land and building separately instead of adopting rates for super-built up area. This resulted in short-levy of Stamp Duty and Registration Fee of ₹ 43.55 lakh.

d. Adoption of incorrect guidance values

The GMV prescribed higher rates for properties situated within town municipal limits of Sindhanur. During Audit of SRO, Sindhanur, Audit noticed 39 Sale-Deeds where properties conveyed were situated within the town municipal limits. However, in all these cases the SR did not apply the higher rates, which resulted in short-levy of Stamp Duty and Registration Fee of ₹ 29.41 lakh.

e. Non-application of sital rates

When agricultural land or converted un-developed land upto 5 guntas are conveyed, it has to be valued at full sital rates[66] and when lands conveyed are from 5 guntas to 10 guntas, they have to be valued at 50 *per cent* of the sital rates. Further, lands converted for non-agricultural use, but remaining un-developed, have to be valued at multiples of agricultural rates depending on the nature of conversion[67].

During test-check of records of SROs, Nagarabhavi, and Dasanapura, Audit noticed 15 cases of conveyance of lands measuring less than 10 guntas, wherein agricultural rates were adopted for valuation instead of sital rates.

66 Special instruction No.1 under GMV.
67 Special instruction No.2 under GMV.

Audit also noticed one case each in SROs, Yeshwanthpur and Doddaballapur, wherein lands converted for industrial purposes were treated as un-developed and valued at multiples of agricultural rates. In these cases, check of the documents alongwith the conversion orders, revealed that in one case[68], the land was converted 50 years back, out of which a portion of the land with a separate *khata* number was conveyed. In the other case[69], an industry was already established in the land conveyed. Hence, these were to be treated as developed lands and sital rates were to have been applied.

In the above cases, non-adherence to Special Instructions led to short-levy of Stamp Duty and Registration Fee of ₹ 78.41 lakh.

These cases were brought to the notice of the Department and the Government between February 2018 and May 2018. The Department stated that recovery of ₹ 0.16 crore has been done in one case and that in the remaining cases, the District Registrars concerned have taken up the cases under Section 45(A)(3) and 46(A) of the KS Act, 1957, and issued notices. The Government reply was awaited (December 2018).

3.6 Short-levy of Stamp Duty and Registration Fee due to suppression of facts

Section 28(1) of the (KS) Act, 1957, stipulates that the consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which an instrument is chargeable, shall be fully and truly set forth therein.

Further, according to Section 3(3) of the Karnataka (Prevention of Undervaluation) Rules, 1977, the Registering Officer, when presented with a document for registration, may make such enquiries as he may deem fit and elicit from the parties concerned any information bearing on the subject and also call for and examine any records kept with any Public Officer or authority, for the purpose of determining the proper market value of the properties set forth in the instrument.

During Audit of four (SROs) (out of 48 SROs), Audit test-checked 124 documents out of 608 documents (20.39 *per cent*) and noticed seven cases (5.65 *per cent* of the audited sample), where facts determining the amount of Stamp Duty chargeable on instruments presented for registration were not clearly brought out in the instruments. In these cases, the Sub-Registrars concerned, also did not consider the information available at their disposal to determine the proper Stamp Duty. Details of the cases are as below:

a) Non-disclosure of facts

During test-check of records in (SROs), Vijayanagar and Peenya in September and October 2017 respectively, Audit noticed two Sale-Deeds wherein facts such as existence of building, actual usage of property, classification of the property as layout, etc. were not brought out in the instruments. The Registering Officers concerned also did not examine the information available

[68] SRO, Yeshwanthpur.
[69] SRO, Doddaballapura.

at their disposal like the *e-khata*[70] in the *e-swathu*[71] module accessible in the registration office to identify such suppression and to determine the proper market value. This resulted in short-levy of Stamp Duty and Registration Fees amounting to ₹ 1.11 crore as detailed in the **Table 3.17**.

Table 3.17

Short levy of Stamp Duty and Registration Fees due to non-disclosure of facts

Sl. No.	Document No. and Date	Consideration set forth in the document (₹)	Market Value (₹)	Stamp Duty and Registration Fee		
				Leviable (₹)	Levied (₹)	Short-levy (₹)
1.	4299/2016-17 *dtd.* 16.09.2016	6,79,00,000	19,26,09,583	1,28,08,537	45,17,000	**82,91,537**
	Sy.No.53/2A, Madanayakanahalli, Dasanapura. The land being conveyed was considered as un-developed and valued at multiples of agricultural rates, whereas the *e-khata* of the property revealed that the land was already approved as a layout and also that there existed a building. Hence it was to be valued at sital rates.					
2.	3542/2016-17 *dtd.* 22.09.2016	7,61,71,000	12,01,28,000	79,28,448	50,65,400	**28,63,048**
	Sy.No.14/2 (40,000 sq.ft.) and 47/2 (24,000 sq.ft.), Gidadakonenahalli. The Sale-Deed contained two parcels of land. The first parcel of land in Sy.No.47/2 had a BBMP *khata* and area was depicted in sq.ft. and valued at sital rate. The second parcel of land (Sy.No.14/2), adjacent to the first parcel was stated to be undeveloped and valued at multiples of agricultural rates, which was lesser than sital rates. But as could be ascertained from the confirmation deed (3423/2016-17) registered in the same Office, which preceded this Sale-Deed, the second parcel also had a BBMP *Khata* and hence had to be valued at sital rates.					
	Total Short-levy			**2,07,36,985**	**95,82,400**	**1,11,54,585**

b) Suppression of the fact of deemed possession

As per Explanation-I under Article 5(e), the possession of the property is deemed to have been delivered when a reference of a Power of Attorney granted separately by the seller to the purchaser in respect of the same property as in the agreement, is made in the agreement. Hence Stamp Duty would be levied at the rate of conveyance.

During test-check of records in SROs, Davanagere and Yelahanka in August and October 2017 respectively, Audit noticed five Sale-Agreements registered along with five corresponding Powers of Attorney, on the same day, between the same parties and in respect of the same properties. Hence as per Explanation-I below Article 5(e) these instruments attracted Stamp Duty at the rate of conveyance.

In all these cases, the reference of the Powers of Attorney was neither made in the Sale-Agreements by the parties nor did the Sub-Registrar correlate the agreement with the Powers of Attorney. Hence, these properties though deemed to have been granted possession, were registered individually and Stamp Duty levied at rates prescribed in the Article concerned, lower than the applicable conveyance rates. This led to short-levy of Stamp Duty of ₹ 1.18 crore as detailed in the **Table 3.18**.

[70] Document of ownership of a property.
[71] Application used in the panchayat offices for registration of properties.

Table 3.18
Short levy of Stamp Duty and Registration Fee due to suppression of facts

Sl. No.	Document No. and Date	Consideration set forth in the Sale-Agreement (₹)	Stamp Duty (Sale-Agreement and Power of Attorney)		
			Leviable (₹)	Levied (₹)	Short-levy (₹)
1.	SA-5984/2014-15 and GPA-156/2014-15 Dt: 5.11.2014	70,00,000	3,50,000	1,82,000	1,68,000
	Sy.No.41, 20 guntas situated at Amanimarasandra Village, Hessarghatta Hobli, Bengaluru North. (Registered in SRO, Yelahanka)				
2.	SA-625/2016-17 and GPA-28/2016-17 Dt: 2.5.2016	19,55,45,000	97,77,250	20,200	97,57,050
	Sy.No.3, 2 Acres 2 guntas situated at Sampigehalli, Yelahanka Hobli, Bengaluru North.				
3.	SA-7620/2015-16 and GPA-272/2015-16 Dt: 17.8.2015	2,64,00,000	13,20,000	26,600	12,93,400
	Sy.Nos.312/1,2,3 measuring 8 acres and 33 guntas situated at Avaragere Village, Kasaba Hobli, Davanagere				
4.	SA-7671/2015-16 and GPA-273/ 2015-16 Dt: 18.8.2015	71,25,000	3,56,250	7,130	3,49,120
	Sy.No.211/4 measuring 10 guntas and Sy.No.212/2P1 measuring 2 acres and 8 guntas at Avaragere Village, Kasaba Hobli, Davanagere				
5.	SA-7107/2015-16 and GPA-254/2015-16 Dt: 6.8.2015	56,00,000	2,80,000	5,800	2,74,200
	Sy.No.257/1 measuring 1 acre and 36 guntas at Avaragere Village, Kasaba Hobli, Davanagere				
	Total		**1,20,83,500**	**2,41,730**	**1,18,41,770**

These cases were reported to the Department and the Government between January 2018 and March 2018. The Department stated that the District Registrars concerned have taken up the cases under Section 45(A)(3) and 46(A) of the KS Act, 1957 and issued notices. The Government reply was awaited (December 2018).

3.7 Short-levy of Stamp Duty and Registration Fee on Joint Development Agreements

Joint Development is an arrangement between a Developer and a Land Owner, where the Developer forms a layout or builds apartments on the land belonging to the Owner. As per the arrangement, a portion of the developed layout or the apartments is transferred to the Owner, after development.

As per Article 5(f) and 41(ea) of the KS Act, 1957, Joint Development Agreements (JDA) for a property are to be levied Stamp Duty at two *per cent* on the market value of the share of the developer in the land transferred for development or the market value of the developed property transferred to the owner, whichever is higher, including money advanced, if any. Registration Fee[72] is also leviable at one *per cent* ad-valorem.

During audit of seven[73] (SROs) (out of 48 SROs), between June 2016 and March 2018, Audit test-checked 136 JDAs out of 176 JDAs (77.27 *per cent*) and noticed 36 JDAs (26.47 *per cent* of the audited sample) wherein either the share of the property on which duty was to be levied was not identified correctly or the market value was not assessed correctly. It was noticed that 13 JDAs pertained to development of layouts and 23 JDAs pertained to construction of apartments. In all these cases the market value of the developed property transferred to the owner was higher and hence Stamp Duty and Registration Fee were to be levied on the share of the owner. However, out of the aforesaid 36 documents, in 10 cases, Stamp Duty and Registration Fee were levied on the Developer's share which was lower in market value than the owner's share. In the remaining cases, though the owner's share were adopted for valuation, either the rates applied to compute the market value was not correct or the percentage of share transferred to the owner was adopted incorrectly resulting in short-computation of market value. Consequent short-levy of Stamp Duty and Registration Fee worked out to ₹ 2.10 crore.

These cases were brought to the notice of the Department and the Government between February 2018 and May 2018. The Department stated that recovery of ₹ 0.02 crore has been done in one case and that the District Registrars concerned have taken up the cases under Section 45(A)(3) and 46(A) of the KS Act, 1957, in 24 cases. In one case the parties concerned have filed a petition in the Hon'ble High Court. Replies for the remaining 10 cases were awaited. The Government reply was also awaited (December 2018).

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72 Registration Fee limited to ₹ 1.50 lakh.

73 Doddaballapura, Gandhinagar, Halasur, Hunsuru, Kalaburgi, K.R.Nagar and Rajajinagar.

Chapter-IV

Mineral Receipts

Chapter-IV
Mineral Receipts

4.1 Tax administration

The responsibility for the management of mineral resources is shared between the Central and State Governments[74]. The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, enacted by the Central Government, lays down the legal framework for regulation of mines and development of minerals[75]. The Mineral Concession (MC) Rules, 1960, the Mineral Conservation and Development (MCD) Rules, 1988, and the Granite Conservation and Development Rules, 1999, have been framed for conservation and systematic development of minerals and for regulating grant of permits, licences and leases.

Legislations for exploitation of minor minerals have been delegated to the States. Accordingly, Karnataka Minor Mineral Concession (KMMC) Rules, 1994, were framed by the State Government.

4.2 Internal Audit

The Internal Audit Wing (IAW) is functional in the Department of Mines and Geology (DMG) since 1985. It is headed by an Accounts Officer on deputation from the State Accounts Department under the overall control of the Director of Mines and Geology.

As per the information furnished by the Department, Internal Audit has not been conducted since 2015-16, due to non-deputation of staff from the State Accounts Department. The year-wise details of the number of objections raised, settled and pending along with tax effect, as furnished by the Department, are given in **Table 4.1**.

Table 4.1
Year wise details of observations raised by IAW

(₹ in crore)

Year	Observations raised		Observations settled		Observations pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Upto 2013-14	1,642	337.17	1,403	295.67	239	41.50
2014-15	02	-	-	-	02	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-

As seen from the above, it is clear that there were no activities of the IAW in the Department in the previous four-year period. This indicates that the Department is not according due importance to Internal Audit. Internal Audit has a deterrent and reforming effect by pointing out mistakes and ensuring remedies without loss of time, and non-conduct of Internal Audit leaves the Department vulnerable to the risk of control failure.

[74] Entry 54 of the Union list (list I) and entry 23 and 50 of the State list (list II) of the Seventh Schedule of the Constitution of India.

[75] Other than petroleum and natural gas and atomic minerals.

4.3 Results of Audit

There are 34 auditable units in the Department of Mines and Geology. Out of these, Audit selected 16 units for test check wherein there were 3,401 leases. Out of these, Audit test checked records of 340 leases (10 *per cent*) during the year 2017-18 and noticed 13 cases (3.82 *per cent* of audited sample) of non-levy of penalty for transporting minor minerals without obtaining mineral dispatch permits, non/short-levy of royalty and non-observance of provisions of Acts/Rules etc. involving an amount of ₹ 134.68 crore. These cases are illustrative only as these are based on test check of records. The details of these paragraphs are given in **Table 4.2**.

Table 4.2
Results of Audit

(₹ in crore)

Sl. No.	Category	Number of Paragraphs	Amount
1.	Non-levy of penalty for transporting minor minerals without obtaining MDP	6	132.33
2.	Non/short-levy of royalty	4	2.32
3.	Other irregularities	3	0.03
	Total	**13**	**134.68**

During the year, an amount of ₹ 20.13 crore was realised in eight paragraphs pointed out in earlier years.

In addition to the audit of the selected units above, Audit undertook a Performance Audit on "Systematic and Scientific Mining and Protection of Environment in respect of Quarry Leases of Minor Minerals" in Karnataka. The audit findings involving ₹ 223.25 crore pertaining to the Performance Audit and an illustrative case relating to non-levy of royalty and penalty mentioned in Table 4.2, involving ₹ 131.01 crore are discussed in the following paragraphs.

4.4 Performance Audit on "Systematic and Scientific Mining and Protection of Environment in respect of Quarry Leases[76] of Minor Minerals"

Highlights

Preparedness of the Department of Mines and Geology (DMG) to introduce the new provisions relating to systematic and scientific mining was not adequate. Inventory of quarries was not comprehensive, relevant modern technologies like satellite imagery, GPS coordinates, etc. were either not used or used insufficiently and the mechanism to monitor transportation of minerals remained weak.

(Paragraph 4.4.9)

Joint Physical Verification conducted by Audit with the Department revealed:

- quarrying in 52 expired leases spanning over 29,800 square meters;
- quarrying outside the legal boundaries of 33 quarries spanning over 46,000 square meters; and
- quarrying in 109 illegal sites spanning over 1.07 lakh square meter.

Illegal extraction from such sites was quantified at 9.94 lakh cubic metres which implied a revenue of ₹ 191.96 crore including royalty and penalty.

(Paragraph 4.4.9.4)

With the help of satellite imagery through the Technical Consultant (Indian Institute of Science, Bengaluru), Audit detected:

- 532 locations of illegal quarrying sites spanning over 11.45 lakh square meters in Chikkaballapura Taluk. Volume of illegal extraction was estimated at 11.12 crore MT;
- 146 locations of quarrying beyond the legal boundaries spanning over 8.90 lakh square meters. Volume of illegal extraction was estimated at 27.68 crore MT.

(Paragraph 4.4.9.5)

Parameters in the Quarry Plan were not independently evaluated by the DMG and guidelines were not prescribed for fixation of annual target of production in the quarries. Claims of buffer zones left in the quarry areas were found fictitious in 244 out of 260 cases checked.

(Paragraph 4.4.11)

Assessment of production of minerals by the DMG in the quarries was inaccurate. An analysis (with satellite imagery) of production through the Technical Consultant revealed a production of 39.81 crore MT in 183 building stone quarries in Chikkaballapura Taluk as against 1.07 crore MT assessed by the DMG.

(Paragraph 4.4.14 and 4.4.15)

[76] Quarry Lease –means a lease granted to quarry minor mineral under the Karnataka Minor Mineral Concession Rules, 1994.

Non-compliance to the conditions relating to scientific and systematic mining was high, ranging from 96 to 100 *per cent* in five out of the seven conditions test-checked.

(Paragraph 4.4.16.2)

Implementation of conditions under Environmental Clearance (EC) was deficient due to non-coordination among the different agencies involved. Non-compliance to conditions envisaged under EC was high, ranging from 75 to 100 *per cent*.

(Paragraph 4.4.9.7 and 4.4.17.1)

The Environment Impact Assessment Authorities (EIAAs) concerned had issued ECs to the individual leases without a cumulative impact assessment or cumulative environment management plan as envisaged in the GoI notification of January 2016.

(Paragraph 4.4.19.2)

4.4.1 Introduction

4.4.1.1 Back ground

The Hon'ble Supreme Court in the case of Deepak Kumar Vs. State of Haryana ordered (27 February 2012) that the State Government should frame rules for environment management even for quarrying minor minerals, and further ordered that grant and renewal of all minor mineral leases, including those for an extent of less than five hectares[77], should be allowed only after obtaining Environmental Clearance (EC). The Hon'ble Supreme Court also directed the Government of India to implement the recommendations made in March 2010 by the Ministry of Environment, Forests and Climate Change (MoEFCC) regarding mining of minor minerals without causing environmental damage and to draw model guidelines for all the States to amend the Minor Mineral Concession Rules. Accordingly, the Government of India circulated (May 2011) 'Model Guidelines for Environment Management of Mining of Minor Minerals' to all the States.

The Government of Karnataka (Department of Mines and Geology), in consultation with various other Departments[78] involved in monitoring mining/quarrying activities, formulated the Karnataka Minor Mineral Concession (KMMC) (Amendment) Rules, 2013, which came into effect from 16 December 2013.

4.4.1.2 Highlights of the KMMC (Amendment) Rules 2013

The new provisions of Chapter IIA for 'Systematic, Scientific Mining and Protection of Environment' mandated that:

a) Quarry Plan (QP)[79] is a pre-requisite to the grant and renewal of lease/license[80]/working permission for quarrying any minor mineral;
b) Quarrying operations shall be carried out only as per approved QP;
c) Every QP should have a Mine Closure Plan[81], which includes Progressive Mine Closure Plan and Final Mine Closure Plan;
d) Every quarry lease holder shall prepare an Environment Management Plan (EMP) and submit the same to the State/District Environment Impact Assessment Authority/MoEFCC for approval. Every quarry lease holder shall implement environmental safeguard measures as committed in the EMP. The Environmental Clearance from the State Environment Impact Assessment Authority (SEIAA)/District Environment Impact Assessment Authority (DEIAA) was compulsory for quarrying operations.

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77 Initially, Ministry of Forests, Environment and Ecology had held that mining leases below five hectares did not need Environmental Clearance.

78 Finance, Transport, Forest, Ecology and Environment and Department of Law, Justice and Human Rights.

79 QP contains details viz. area of mineral deposit, excavation spots, cross-section of the excavation, tentative scheme of quarrying, natural resources, geology and lithology of the area, use of machinery and mechanical devices, etc.

80 License – permission given to Patta (private) land owners to quarry minor mineral in their lands.

81 Progressive Closure Plan is for implementation during the period for quarrying whereas Final Mine Closure is to be submitted one year before intended date of final mine closure.

4.4.2 Organisational Set-up

The administrative control of the Department of Mines and Geology (DMG), headed by the Director, is with the Secretary to the Government of Karnataka, Micro, Small and Medium Enterprises (MSME), Mines and textiles under the Commerce and Industries Department. There are two Joint Directors, one each for North Zone in Ballari and South Zone in Mysuru, under the DMG who have administrative control of all 31 Offices in 30 Districts (one Office in each District except Ballari, in which there are two Offices). A Deputy Director/Senior Geologist oversees each District Office.

The DMG grants mining and quarry leases/licenses/working permissions and conducts inspection of mines and quarries, besides implementation of Rules and Regulations vested with it under the Mines and Minerals (Development & Regulation) Act, 1957, the Minerals Concession Rules, 1960, the Karnataka Minor Mineral Concession (KMMC) Rules, 1994, as amended in 2013, and 2016. The DMG is also responsible for collection of royalty on both major and minor minerals and prevention of illegal mining/quarrying and unauthorised transport of minerals.

4.4.3 Administration of Quarry leases/licenses

The process of implementation of Systematic, Scientific Mining and Protection of Environment involves inter-Departmental co-ordination as given below:

- Approval for grant of Lease/ License by the DMG;
- Approval of Quarry Plan by the DMG;
- Grant of EC by State/District Level Environment Impact Assessment Authority for minor quarry areas upto 50 hectares (ha) and by MoEFCC, Government of India for quarry areas greater than 50 ha ;
- Execution of Lease/Deed by the DMG;
- Monitoring of leases by all Departments[82] in the District Task Force Committee[83];
- Grant of Consent for Establishment [84] (CFE) and Consent for Opertions[85] (CFO) to Stone Crusher Units/m-Sand[86] Units by Karnataka State Pollution Control Board (KSPCB);
- Monitoring of the conditions stipulated in the EC by the Regional Office, MoEFCC, GoI, the Regional Director (Environment),

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82 Forest, Mines and Geology, Police, Pollution Control Board, Revenue and Transport.

83 District Task Force comprising of Forest, Mines and Geology, Police, Pollution Control Board, Revenue and Transport Department representatives at District level was created vide Notification dated 13 November 2000 to prevent illegal mining activities. As per proceedings of Government of Karnataka dated 30 June 2011, the District Task Force headed by the Deputy Commissioner concerned was a single window agency for decisions on grant/renewal of minor mineral quarry leases.

84 Consent for Establishment: This consent is to be obtained prior to establishing any industry or process.

85 Consent for Operations: Once the industry or process plant is established along with the required pollution control systems, the entrepreneur is required to obtain Consent for Operations for the unit. This consent is given for a particular period, which needs to be renewed regularly subject to inspection and compliance to pollution control activities stipulated.

86 Manufactured Sand units – Sand manufactured by crushing ordinary building stone.

Department of Forest, Government of Karnataka and the Karnataka State Pollution Control Board.

4.4.4 Audit Objectives

This Performance Audit on 'Systematic and Scientific Mining and Protection of Environment in respect of Quarry Leases of Minor Minerals' seeks to examine whether:

- The DMG was adequately prepared, in terms of infrastructure, human and financial resources, and technical know-how, for implementation of the new provisions relating to systematic and scientific mining;
- Processes and controls within the DMG and other related agencies were effective in the approval of the Quarry Plans, grant of Environmental Clearance and monitoring the implementation of the QP/EC conditions; and
- The new provisions relating to systematic and scientific quarrying were adequate for protection of the environment.

4.4.5 Audit Criteria

The Audit Criteria have been derived from the following sources:

1. The Mines and Minerals (Regulation and Development) Act,1957;
2. The Karnataka Mineral Policy 2008 and Karnataka Sand Policy, 2011 and 2016;
3. The Karnataka Minor Mineral Concession Rules, 1994;
4. The Granite Conservation and Development Rules, 1999;
5. The Metalliferous Mining Regulations, 1961;
6. United Nations Framework Classification of minerals is prescribed in Guidelines under Mineral Conservation and Development Rules, 1988;
7. Environment Impact Assessment Notifications of September 2006 and allied circulars/instructions;
8. Proceedings of the District Task Force Committees;
9. The Karnataka Regulation of Stone Crushers Act, 2011 and Rules, 2012;
10. Karnataka Minor Mineral Concession (KMMC) (Amendment) Rules, 2013 with effect from December 2013.
11. Proceedings of the State Level Environment Impact Assessment Authority/District Level Environment Impact Assessment Authority; and
12. Various judicial decisions, Circulars, Guidelines issued by the relevant authorities.

4.4.6 Scope of Audit

The Performance Audit covers the period from 2014-15 to 2017-18 and was conducted during January to November 2018 to evaluate the preparedness of the DMG to implement the new provisions, systems and controls for approval of the Quarry Plan, transition of the existing leases to the new provisions, grant of new leases under the new provisions, and monitoring, with emphasis on co-ordination between different agencies involved in the monitoring environment safeguards as envisaged in the Environment Management Plan.

Out of the 31 District Offices in the State, nine[87] were selected for Audit. Chikkaballapura District was chosen on random basis for the Pilot Study and the remaining eight Districts[88] were selected using stratified[89] random sampling in IDEA package. There were 1,107 current quarry leases in the selected nine districts, comprising of 1,046 Ordinary Building Stone/Granite and 61 sand quarry leases. Audit selected all the 61 (100 *per cent*) sand leases and 524 (50.09 *per cent*) out of 1,046 current Ordinary Building Stone/Granite quarry leases). Audit also checked files/records/information of 201 out of 481 (41.79 *per cent*) stone crusher units in the nine selected Districts. Revenue from minor minerals in respect of these nine selected Districts accounted for 29 *per cent* of the total revenue from minor minerals for the State.

4.4.7 Audit Methodology

The Audit Objectives, Audit Criteria, Audit Scope and Methodology were discussed in the Entry Conference held on 7 February 2018 with the Secretary, MSME and Mines.

In addition to the Department of Mines and Geology and selected DMG field Offices, Audit also verified records obtained information from the State District Level Environment Impact Assessment Authority (SEIAA/DEIAA) and District-level Offices of the Department of Revenue and Regional Offices of the Karnataka State Pollution Control Board (KSPCB) in the selected nine districts.

Joint physical verifications (JPV) with DMG officials were conducted on random basis in respect of 260 out of 524 (49.62 *per cent*) current quarry lease records test-checked, 14 out of 61 (22.95 *per cent*) sand leases checked and 101 out of 201 (50.25 *per cent*) stone crusher units for checking compliance of conditions mentioned in the Quarry Plan, Environmental Clearance and Consent for Establishment / Operations and the effectiveness of monitoring by District Offices of DMG and various agencies such as SEIAA/DEIAA, Regional Director (Environment), MoEFCC, GoI and Regional Offices of KSPCB concerned.

The Indian Institute of Science (IISc), Bengaluru, was engaged as a Technical Consultant for the Performance Audit for estimating the volume of extraction from the quarries in Chikkaballapura Taluk of Chikkaballapura District.

Map source[90] files of the GPS co-ordinates[91] of the leases as furnished by the DMG were imposed on the topography[92] image of Chikkaballapura Taluk

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87 Bengaluru (Rural), Belagavi, Chamarajanagara, Chikkaballapura, Dakshina Kannada, Gadag, Hassan, Koppal and Vijayapura.

88 The input of State Level Environment Impact Assessment Authority was also considered in selection of the Districts. Consequently, Shivamogga selected through IDEA package, was replaced with Chamarajanagara District.

89 Stratified on risk score of number of leases for Ordinary Building Stone, Granite and Sand, m-Sand units and Stone Crushing Units.

90 Software from Garmin for viewing map, way points routes, and transferring them to or from Garmin GPS Device.

91 Unique identifier of a precise geographical location on the Earth, usually expressed in alphanumeric characters. GPS Co-ordinates are usually expressed as the combination of Latitude and Longitude.

92 Topographic map is a detailed and accurate two dimensional representation of nature and human-made features on Earth Surface.

obtained from National Remote Sensing Centre (NRSC). Areas found to be extracted other than those covered by GIS co-ordinates furnished by DMG were identified as unauthorised quarry sites. Field verification was carried out for measuring vertical angles[93] using Clinometer[94] and GPS co-ordinates for field area measurement. Thereafter, regression analysis[95] was used to estimate the area of the quarry sites, depth and the volume extracted.

The Audit findings were discussed with the Secretary, MSME and Mines, in an Exit Conference conducted on 9 November 2018 and remarks of the Government have been appropriately incorporated in the relevant paragraphs.

4.4.8 Acknowledgement

Audit acknowledges the co-operation extended by the Department of Mines and Geology in providing the necessary records and information for the conduct of this Performance Audit.

Audit also acknowledges the co-operation extended by the Centre for Ecological Sciences in arranging the consultancy from the Energy and Wetlands Research Group, Indian Institute of Science (IISc), Bengaluru.

Audit Findings

4.4.9 Preparedness of the DMG to administer the new provisions

Introduction of new provisions, relating to systematic and scientific mining and protection of environment, meant putting in place systems and processes facilitating the administration of the provisions. Preparation with respect to adequate infrastructure, human and financial resources, technical knowhow and monitoring systems was imperative to ensure adherence to the new provisions introduced in 2013.

Audit analysed the status of the preparedness of the Department in this respect and found inadequate infrastructure, non-adoption of advanced technology and gaps in co-ordination as discussed in the following paragraphs:

4.4.9.1 Absence of Comprehensive inventory of quarry sites

As per Rule 13 of the KMMC Rules, 1994, the Offices shall maintain separate registers of all Quarry leases and Quarry licences issued. An accurate inventory of all quarry sites, currently working or otherwise, is necessary to identify and assess the areas already broken-up for quarrying and to contemplate measures in respect of environmental damages which may have already taken place.

The categorisation of leases in DMG is:

- **Current** – Leases whose periods are valid. These Leases may be Working or Idle;
- **Expired** – Leases whose periods have expired and whose renewal applications are pending. On finalisation of renewal applications, such leases become Current;

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[93] Each of the pairs of opposite angles made by two intersecting lines.

[94] An instrument used to measure the angles of elevation or angle from the ground in a right angled triangle.

[95] Statistical method to examine relationship between two or more variables of interest.

- **Lapsed** – Leases whose periods have expired and for which no renewal applications have been filed;
- **Determined** – Leases which have been cancelled by the DMG for violation of lease conditions and other environmental factors; and
- **Surrendered** - Leases which have been surrendered by the lessee to the DMG, although the lease period has not expired i.e. during the live currency of the lease period.

Out of the leases mentioned above, the DMG possessed complete details only in respect of Current Leases. Details of the number of current quarry leases as on March 2017 vis-à-vis March 2014 are shown in **Table 4.3**.

Table 4.3
Details of current leases

Mineral	As of March 2014		As of March, 2017	
	In the State of Karnataka	In the test-checked Districts	In the State of Karnataka	In the test-checked Districts
Ordinary Building Stone	3,200	1,142	2,042	665
Granite	361	196	424	381

Source: Department of Mines and Geology.

In respect of leases other than current leases, the DMG did not have a comprehensive database, such as their status indicating date of lease expiry, details of renewal application filed, pendency at various stages, etc.

Due to the absence of a comprehensive database of quarries, the DMG was not in a position to monitor the quarries which were not current. Chances of such leases carrying on quarrying activities without permission cannot be ruled out in the absence of proper monitoring. Cases of continued quarrying operations in expired leases detected by Audit through joint inspection with the staff of the DMG are mentioned in paragraph 4.4.9.4 **(Table 4.4)**.

Minerals are national resources and are finite in nature. Hence, a systematic extraction of mineral resources is not only essential to conserve the finite resources but also to ensure optimum revenue to the Government. A systematic mechanism to assess whether a quarry area had been fully exploited and was fit for closure/reclamation, or, if otherwise, initiate action for re-grant of the area to other interested parties, is therefore very essential. However, DMG was not monitoring lease areas as sources of very finite resources to ensure optimum extraction. Expired/lapsed/determined/ surrendered leases were monitored only if they had arrears of revenue.

Recommendation 1: **The Government may direct the DMG to prepare a comprehensive inventory of all kinds of quarry sites in the State, on priority, as the initial step to facilitate effective implementation of the amended provisions.**

During the Exit Conference held in November 2018, the Government accepted the audit recommendation that the DMG should on priority prepare a comprehensive inventory of all quarry areas in the State. The Government stated that the DMG had initiated recording GPS co-ordinates through Differential Global Positioning System (DGPS) for better accuracy and it was ongoing for current leases at present. The Government added that the DMG was committed to fixing DGPS boundaries for all leases including expired, lapsed and abandoned quarry sites within the next year.

4.4.9.2 Preparedness with respect to assessment of revised job responsibilities and staff requirements

The Senior Geologists/Geologists and the Assistant Engineers/Junior Engineers of the DMG are the technical staff entrusted, at the field level, with administration of all lease areas and survey and demarcation of the lease areas respectively. Audit reviewed the staff position of these cadres in DMG and noticed that the vacancy position both in respect of Senior Geologists/ Geologists and Assistant Engineers/Junior Engineers was 66 *per cent*.

The DMG did not have a separate Enforcement and Intelligence Wing. The District Task Force Committee constituted vide Government of India notification in November 2005 under the Mines and Minerals (Regulation and Development) Act was responsible to prevent illegal mining activities at the District level.

Even after introduction of the new provisions in December 2013, the DMG had neither revised the duty allocation among the staff nor reviewed the staff requirements vis-a-vis the additional job responsibilities such as approval of the Quarry Plan, implementation of QP and co-ordination with the various agencies for monitoring conditions stipulated in the EC.

4.4.9.3 Preparedness with respect to usage of modern technologies

Rule 17 of the KMMC Rules stipulates that after the grant of a quarrying lease is notified, the Competent Authority shall make arrangements for survey and demarcation of the area.

Non-adoption of modern technologies to monitor the leases

DMG had instituted[96] a mechanism of joint survey with the Revenue Department to mark the boundaries of the lease area. At the time of introduction of the new provisions, marking out the area of leases was done in a revenue sketch drawn to scale. Geographical co-ordinates were not recorded and the Department was not in a position to detect infringements, if any, in the absence of modern technologies like satellite imagery.

Current position of the mapping of leases:

Since 2011, the Department has started mapping of geographic co-ordinates of the boundaries of the leased areas, and the status of recording as of March 2018 was as follows:

- Recording of geographic co-ordinates was complete in respect of current leases; in all 585 current leases test-checked, GPS co-ordinates had been recorded;
- Geographic co-ordinates of expired leases were recorded only on approval of renewal; and

[96] Circular No. DMG/EST-A95/2007-08 dated 12 July 2007.

- Geographic co-ordinates of lapsed, surrendered and abandoned leases were not recorded in any of the Districts.

Audit opines that with the help of satellite images, this geographic data could be a powerful tool for monitoring the leases and identification of unauthorised quarrying activities. Merely mapping of the GPS co-ordinates without use of GIS[97] will not enable detection of infringements by lease holders, unauthorised quarry areas, etc.

4.4.9.4 Spot inspections of quarries conducted by Audit

a. Cases of extractions in expired leases and outside the legal boundaries

In the absence of a comprehensive inventory, frequent monitoring and usage of modern technologies to detect illegal activities including extension of boundaries beyond leased area, the chances of incidences of unauthorised quarrying are high. During spot inspections with the staff of DMG, Audit noticed 85 cases of unauthorised quarrying of Ordinary Building Stone (OBS), sand, clay, murram and Granite; 52 of them in expired leases and 33 outside the lease area, which had not been detected by the Department. Details are given in **Table 4.4**.

Table 4.4
Illegal quarrying in expired leases/outside leased area detected during joint spot inspections

Sl. No.	District	Taluks	No. of cases of illegal quarrying	Mineral	Area of illegal extraction in square meters	Measured quantity of mineral extracted in cum
A. Quarrying in expired leases undetected by DMG						
1.	Dakshina Kannada	Bantwal, Mangalore	4	OBS	3,884.00	12,484.00
2.	Vijayapura	B.Bagewadi, Vijayapura	5	OBS	2,751.00	7,529.00
3.	Belagavi	Chikkodi, Savadatti, Belagavi, Gokak	9	OBS	2,575.00	7,025.00
4.	Bengaluru (Rural)	Devanahalli, Hoskote	13	OBS	9,783.18	22,228.74
			3	Granite	170.10	567.27
5.	Chamarajanagara	Chamarajanagara, Gundlupete	18	OBS	10,703.00	50,777.50
Total (A)			**49**	**OBS**	**29,696.18**	**1,00,044.24**
			3	**Granite**	**170.10**	**567.27**
B. Quarrying outside the leased area by the lessees of DMG						
1.	Dakshina Kannada	Bantwal, Mangaluru	3	OBS	400.00	1,157.98
2.	Vijayapura	B.Bagewadi, Vijayapura	3	OBS	484.00	1,044.00
3.	Belagavi	Chikkodi, Gokak, Savadatti	5	OBS	540.00	9,315.00
4.	Bengaluru (Rural)	Dodaballapura, Hoskote	5	OBS	1,746.00	19,508.00
		Nelamangala	1	Murram	138.00	552.00
5.	Chamarajanagara	Chamarajanagara, Gundlupete	3	Granite	2,351.00	25,530.00
			13	OBS	40,368.90	3,69,257.00
Total (B)			**29**	**OBS**	**43,538.90**	**4,00,281.98**
			3	**Granite**	**2,351.00**	**25,530.00**
			1	**Murram**	**138.00**	**552.00**

Source: Joint Inspection Reports with staff of DMG.

[97] GIS – Geographic Information System – is the usage of GPS data through a computer software to convert the GPS data into useful information.

b. Cases of illegal quarrying sites found in JPV

In addition to the above, Audit found 109 illegal quarrying sites spread over 1,07,418.70 square meters (10.74 ha) while traveling for the spot inspections of the current and expired quarry sites. These illegal quarrying sites were not detected by the Department except those in Gundlupete Taluk of Chamarajanagara District. Details in this respect are given in **Table 4.5**.

Table 4.5
Illegal quarrying in areas with no lease/license from DMG

Sl. No.	District	Taluks	Mineral	No. of cases of illegal quarrying	Area of illegal extraction in square meters	Measured quantity of mineral extracted in cum
1.	Hassan	Arsikere, Channarayapatna, Hassan	OBS	10	11,502.70	65,042.27
		Sakleshpura	Sand	2	1,060.00	212.00
		Hassan, Sakleshpura, Arsikere, Channarayapatna	Murram/Clay	9	3,808.50	12,216.40
2.	Dakshina Kannada	Mangaluru	Sand	11	--(*)	1,190.00
			OBS	2	4,225.00	47,150.00
			Granite	1	140.00	700.00
			Laterite	9	9,417.00	25,972.00
			Clay	1	832.00	6,656.00
3.	Vijayapura	B. Bagewadi	Murram	1	360.00	360.00
		B. Bagewadi, Vijayapura	OBS	4	2,070.00	4,704.00
4.	Belagavi	Hukkeri, Gokak, Savadatti, Belagavi	OBS	21	19,666.50	49,093.00
		Hukkeri, Chikkodi, Khanapura	Murram	6	---(*)	1,237.50
5.	Bengaluru (Rural)	Dodaballapura, Hoskote, Nelamangala, Devanahalli	OBS	8	28,840.00	96,013.00
6.	Chamarajanagara	Chamarajanagara Gundlupete	OBS	23	25,497.00	1,56,296.75
		Kollegala	Sand	1	---	70.00
Total			**OBS**	**68**	**1,07,418.70**	**4,18,299.02**
			Sand	**14**		**1472.00**
			Murram/Clay	**17**		**20,469.90**
			Granite	**1**		**700.00**
			Laterite	**9**		**25,972.00**

Source: Joint Inspection Reports with staff of DMG.
(*) – Heaps of sand/murram found at unauthorised sites were measured during spot inspections.

Quarrying detected in expired lease in Ainapura village in Vijayapura Taluk.

Quarrying at illegal site in Yereborekaval village, Hassan Taluk.

The royalty and the value[98] of the mineral in respect of all the above cases worked out to ₹ 83.55 crore. Besides, penalty of ₹ 108.41 crore was also leviable.

In respect of Chamarajanagara District, it was intimated by the DMG that for OBS, the extraction outside leased area had been surveyed (February 2018) and notices issued (July 2018). Details of quantity for which notices were already issued vis-à-vis the quantity estimated during spot inspection (October 2018) with Audit were not furnished (December 2018).

Working of these and similar quarries needs to be investigated by DMG and the value of the mineral extracted in all these cases needs to be recovered from the persons concerned, besides initiating action for illegal mining.

Such incidents of illegal quarrying bring to light the shortcomings in the monitoring activities of the Department. If Audit could, through joint physical

98 Computed at the PWD Schedule of Rates.

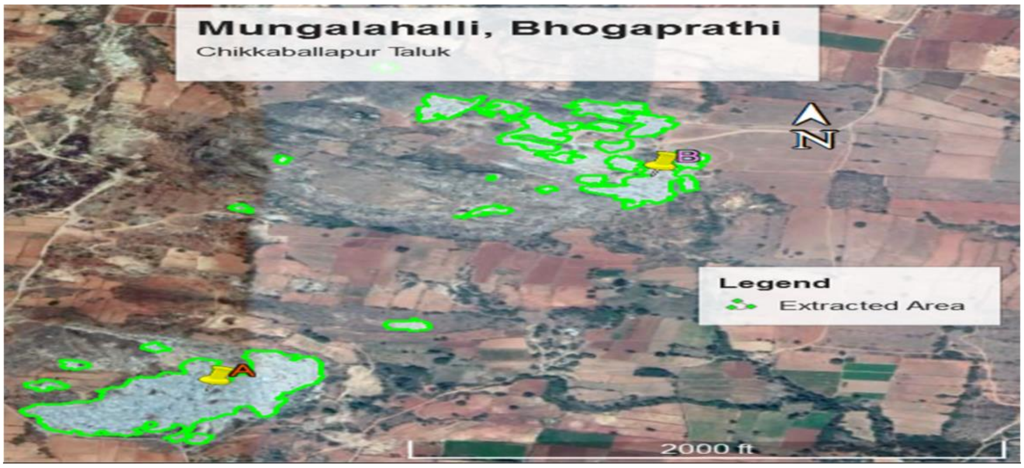
inspections with the staff of the DMG, identify 194 incidents of un-authorised quarrying in 21 Taluks of six Districts over 29 days of inspection, it is certain that the magnitude of the illegal quarrying activities will be much higher and requires immediate attention from the Departments concerned.

However, as mentioned in the paragraph the DMG did not have the requisite manpower. With the leases spread over different Taluks of a District and with staff of only 1-3 Geologists at the District level, it is extremely difficult to have periodical monitoring to prevent illegal quarrying activities. This can be possible only through the use of advanced technology, such as satellite images.

4.4.9.5 Unauthorised quarrying detected by Audit through usage of geospatial data and satellite images

(a) Quarrying at non-licenced locations

Audit, through the Technical Consultant (IISc, Bengaluru) engaged for the Performance Audit, used satellite images to study the quarrying activities in Chikkaballapura Taluk. The IISc obtained the image of the topography of Chikkaballapura Taluk from the National Remote Sensing Centre (NRSC), Hyderabad. The Office of the Senior Geologist, Chikkaballapura (Office) furnished the GPS co-ordinates of the 292 quarry leases in Chikkaballapura and the same were given to IISc for imposing the GPS co-ordinates over the topography of Chikkaballapura Taluk. Areas other than those covered by the GPS co-ordinates furnished by the Office were identified as unauthorised quarry sites as these areas were not granted as leases by DMG. Such unauthorised quarrying sites were identified in 532 locations over 11.45 lakh square meters (115 hectares) and the volume extracted was estimated as 11.12 crore[99] MT.



Satellite image of illegal quarrying sites at Mungalahalli village, Chikkaballapura Taluk.

[99] The potential revenue impact as royalty ranged between ₹ 166.80 crore and ₹ 667.20 crore, estimated based on the rates of ₹ 15 per MT from 2003 to 2007, ₹ 30 per MT from 2007 to 2014 and ₹ 60 per MT from 2014 till date.

(A) 8.15 acres illegally quarried.

(B) 1.44 acres illegally quarried.

During the period 2008-18, the Office had detected illegal mining activities in only 63 locations out of which FIRs were filed in 114 cases during the period 2016-18. The Office had not recorded the GPS co-ordinates of the illegal areas identified and hence Audit could not match the same against the 532 locations identified through satellite imagery. Transportation of the stone quarried in these illegal locations would have entailed movement of 65.40 lakh vehicles of 17 MT capacity, whereas the number of vehicles caught on road without a Mineral Despatch Permit[100] and on whom penalty was levied by the Office during 2007-08 to 2016-17 was only 250 and penalty collected was ₹ 42.92 lakh.

(b) Quarrying beyond the lease boundaries

Further, the satellite images have also shown quarrying in the areas adjacent to quarry leases. The quarrying beyond the lease area extended over 8.90 lakh square meters (89 ha) in all the 146 locations identified in which 101 leases were granted and the quantity extracted was estimated as 27.68 crore[101] MT. The Office did not have a database of illegal extraction beyond lease boundaries noticed during the annual inspections and penalty levied. The deviations noticed and the penalty levied were recorded in the individual files. The coordinates of the encroached area were not recorded and the area was not periodically inspected to detect furtherance of illegal quarrying.

The use of geo-spatial images showed that illegal mining in the Taluk was rampant and the enforcement activities undertaken by the Department remained largely ineffective.

Recommendation 2: **The Government may direct the DMG to adopt advanced technology such as satellite imagery for surveillance activities and for detection of unauthorised quarrying and extractions beyond lease boundaries.**

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[100] Mineral Despatch Permit is a permit generated in electronic form for a vehicle to transport minerals on payment of royalty.

[101] The potential revenue impact as royalty ranged between ₹ 415.20 crore and ₹ 1,660.80 crore, estimated based on the rates of ₹ 15 per MT from 2003 to 2007, ₹ 30 per MT from 2007 to 2014 and ₹ 60 per MT from 2014 till date.

During the Exit Conference (November 2018), the Government agreed to the recommendation and directed the DMG to adopt mine surveillance system which uses satellite images for detecting illegal quarrying activities.

4.4.9.6. Preparedness with respect to monitoring of transportation of minerals

As per the KMMC Rules, 1994, it is mandatory for all vehicles to transport the minerals with a valid MDP issued by the DMG. Any vehicle caught on road without the MDP is liable to be seized, and penalty at five times the royalty is to be levied. Authorised Officers of the member Departments of the District Task Force Committee are empowered to inspect vehicles transporting minerals and seize those without valid MDP.

In 2011, the DMG introduced the e-permit system through a software called Integrated Lease Management System (ILMS). The lessee is required to enter his production details into the ILMS and apply online for a Mineral Despatch Release Order (MDRO). On approval of the MDRO, the lessee can generate online MDPs (also called trip sheets) for each individual vehicle carrying the mineral.

A critical analysis of the monitoring on illegal transportation based on the spot inspections conducted by Audit:

Transportation of the illegally quarried minerals mentioned in the paragraph 4.4.9.4 implies movement of large number of vehicles and consequent damage to roads. For example, in respect of the four illegal quarry locations noticed in Hassan District (Sl.No.1 in Table 4.5), 9,947[102] vehicles would have plied for transporting 65,042 cum of Ordinary Building Stone without MDP. As against 9,947 vehicles, the number of vehicles caught on road without permits transporting mineral other than sand during 2015-16 to 2017-18 in the entire Hassan District was only 469[103]. This indicated that transportation of illegally quarried minerals remained largely undetected and the monitoring by all the Departments of the District Task Force Committee, was inadequate.

During spot inspection along with DMG staff of a stone crusher unit in Hassan District, four gate passes for 57.05 MT of stone were shown to Audit based on which material had been received from a lease holder, without corresponding MDPs. This indicated that illegal transportation of minerals without MDP was resorted to by the lease holders.

During the Exit Conference (November 2018), the Government opined that adoption of advanced technology for assessment of the volume of mineral extracted from the lease areas, and mine surveillance system to detect illegal quarrying will slowly reduce and finally eliminate the necessity of stringent physical monitoring of vehicles transporting minerals. Adoption of advanced technology for both these activities was envisaged and would be implemented in a phased manner.

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[102] 65,042 cum x 2.6 (specific gravity of stone) = 1,69,109 MT. At 17 MT per vehicle, 9,947 vehicles are required to transport 1,69,109 MT of stone.

[103] Details of enforcement activities, i.e. vehicles without MDP and penalty levied for earlier periods though called for (August 2018) is not furnished (December 2018) by the Office of the Senior Geologist, Hassan.

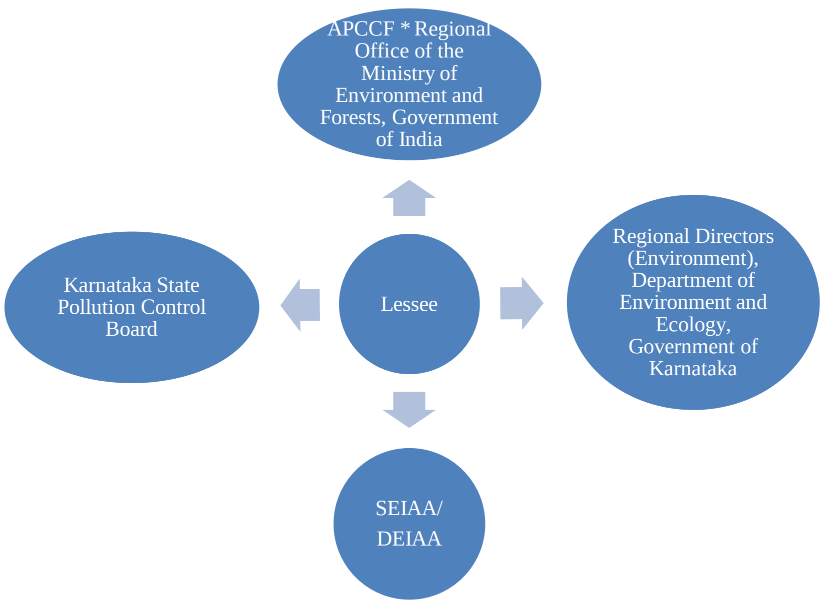
Though adoption of advanced technology may take care of the activities related to production, control on transportation cannot be done away with till actual implementation and also in view of interstate movement of minerals.

4.4.9.7 Absence of co-ordination between DMG and related agencies

As per the Circular issued in July 2009, by MoEFCC, Government of India, under the EIA Notification 2006, the Regional Office, MoEFCC, GoI in the State is responsible for monitoring the Environment Clearance Conditions. However, ECs for minor mineral quarry leases, categorised under B2[104] as per EIA Notification, are granted by SEIAA or DEIAA. As per EIA notification, the lessees are to submit half yearly compliance report on fulfilment of EC conditions.

In the ECs issued by SEIAA/DEIAA, the lease holders were directed to submit half yearly compliance reports to multiple agencies including the SEIAA/DEIAA, Regional Office, MoEFCC, GoI, Regional Director (Environment), Department of Ecology and Environment, GoK, Central Pollution Control Board and the State Pollution Control Board. The ECs also stipulated periodic returns on ambient air quality, ground water, health check-up of workers in quarries, etc.

In the ECs issued by SEIAA/DEIAA, the following agencies were empowered to visit and monitor the conditions under EC:



(*) APCCF – Additional Principal Chief Conservator of Forests.

[104] Under the EIA Notification, all projects and activities are broadly categorised in to two categories - Category A and Category B, based on the spatial extent of potential impacts and potential impacts on human health and natural and man-made resources. Further, 'B' Category projects were classified as B1 and B2. The projects categorised as B1 will require Environment Impact Assessment Report for appraisal and to undergo public consultation process (as applicable). Projects categorised as B2 will be appraised based on the application in Form-1 accompanied with the Pre-Feasibility Report environment management plan and any other documents.

A clear demarcation of duties and responsibilities between these Agencies was a pre-requisite to streamline the monitoring procedure and to fix responsibility on the Departments concerned. However, the Government had not issued clear instructions resulting in too many monitoring agencies. Audit verified the roles of these different Agencies involved in the process of monitoring compliance to the EC conditions and observed as below:

- **Non-recording of baseline parameters**-Neither the DMG nor the monitoring agencies had instituted a mechanism for compilation of the baseline parameters like measurement of pits in the existing leases, ambient air quality parameters, etc. Effective monitoring of future working and the quality of environment was not possible without baseline parameters.
- **Non-monitoring of submission of half-yearly compliance reports**-Multiple agencies were involved in the monitoring activities; however, there were no clear directions to the lessee to whom the six monthly compliance report was to be submitted. The DMG did not have information about submission of the compliance reports.

Though Audit requested for copies of the required six-monthly compliance reports to be filed by lessees, none of the monitoring agencies, viz. SEIAA, KSPCB, APCCF, Regional Office, MoEFCC, GoI or the Regional Director (Environment), GoK, furnished the same.

The Regional Director (Environment), Department of Environment and Ecology, GoK, Mangaluru stated that his Office was not aware of ECs granted and hence was not monitoring EC conditions of quarry leases. The reply was not acceptable as copies of all ECs granted to the quarry lease holders coming under the jurisdiction of Mangaluru Circle were marked to the Regional Director (Environment) which clearly mentioned the Office as a monitoring agency.

The Regional Offices of the Karnataka State Pollution Control Board in the test-checked Districts informed that the Board only monitored conditions stipulated in the Consent for Establishment/Consent for Operations granted to stone crushers and not EC conditions of quarry leases. The KSPCB had by a Circular[105] clarified to its Regional Offices that the quarry leases were not in the ambit of monitoring by KSPCB. However, Rule 8-X of the KMMC (Amendment) Rules, 2013, clearly stipulates that KSPCB should monitor the air and noise pollution in respect of the leases. Audit noticed that DMG had not co-ordinated with KSPCB to ensure that such arrangements were instituted to monitor the leases.

SEIAA intimated in December 2018 that none of the quarry leases had submitted the compliance reports to SEIAA. However, non-submission of the compliance reports was not reported to DMG.

Thus, it is clear that roles and responsibilities were not clearly segregated which resulted in lack of accountability of the lessee to any of the monitoring agencies.

[105] Circular No.6416 dated 12 February 2014.

Therefore, it can be concluded that the overall preparedness of DMG for administering the new provisions of the KMMC Rules, 1994, was inadequate. The Department had not made any active efforts or taken any new steps to ensure that the new provisions were enforced. Segregation of duties among the different Agencies involved was absent which ultimately resulted in none of the Agencies taking the responsibility.

Recommendation 3: Roles and responsibilities of the monitoring agencies should be delineated and submission of compliance reports by lessees should be only to one specified agency.

During the Exit Conference (November 2018), the Government informed that there were instances of cancellation of leases for violation of EC norms. However, on Audit pointing out that there was no system for periodic receipt of information on compliance to EC conditions from the monitoring agencies, the Government directed the DMG to examine and institute a system for co-ordination with the related agencies.

4.4.10 Submission of Quarry Plan and Environmental Clearance

After the Amendment of KMMC Rules during 2013, quarrying of minor minerals is not permitted without a Quarry Plan (QP) and Environment Clearance (EC). A QP shows the entire workings of quarrying operations with accurate details of mineral deposits, spots of extraction, nature of extraction, impact of quarrying on the related environment, etc. EC is granted on the basis of the Environment Management Plan prepared and submitted by the lease holder or the prospective lessee.

As per Rule 8-I of the KMMC Rules, the holder of an existing quarry lease/licence/working permission/sand lease, shall submit a Quarry Plan within six months from the date of commencement of the KMMC (Amendment) Rules, 2013. Similarly, as per Rule 8-Q, the Environment Management Plan was to be submitted within one year from the date of commencement of the KMMC (Amendment) Rules, 2013, based on which the Environment Clearance was given. In respect of leases sanctioned/renewed after the KMMC (Amendment) Rules, 2013, the lease deed is executed only after submission of QP and EC.

Audit test-checked the compliance in submission of the QP and EC for the leases which were sanctioned prior to the KMMC (Amendment) Rules and were current as of March 2017[106] in the nine Districts. Details are given in **Table 4.6**.

[106] Some of the leases which existed at the time of introduction of the provisions in December 2013 expired during 2014-17 and would have to go through the process of submission of QP/EC along with other requirements for renewal. Hence, leases which were granted before December 2013 and whose validity existed as of March 2017 were checked in Audit.

Table 4.6
Details of submission of QP/EC by current leases existing on the date of introduction of new provisions

Sl. No.	Mineral	Number of leases test-checked	Number of leases which submitted QP beyond due dates	Period of delay	Number of leases which submitted EC (All belated)	Period of delay
1.	Ordinary Building Stone	160	105	1 to 34 months	93	2 to 30 months
2.	Granite	80	22	1 to 26 months	28	1 to 31 months

Majority of the current lessees got the QPs approved during 2015 and 2016. Seventy-five *per cent* (155 cases) of the test-checked lessees had submitted their applications for grant of EC between January 2015 and April 2016.

4.4.10.1 Extraction of mineral without QP/EC

Eighty-six leases in six [107] Districts (out of nine Districts) extracted 18,13,220.66 MT of stone and 12,782.38 cum of granite during the period April 2014 to March 2017 either without submitting QP/EC (in 20 cases) or before approval of QP/EC (in 66 cases).

Audit observed that the field Offices had insisted on submission of QP/EC for approving MDPs for transportation of mineral. This has expedited the submission of QP/EC, after 2015-16. However, four out of the 20 cases mentioned above had continued operations without QP and EC and had despatched ordinary building stone (OBS) without permits even in 2016-17.

In general, DMG was successful in ensuring that current leases complied with the submission of QP/EC. However, there was no mechanism to ensure that leases which had not submitted QP/EC did not continue operations.

4.4.11 Approval of Quarry Plan

Process of approval

- The authority to approve the Quarry Plan for ordinary building stone and sand mining was with the District-level Offices.
- Approval for Quarry Plans of Granite was given by the Director, Mines and Geology (till July 2015) which was delegated to the District-level Offices with effect from July 2015.
- As per Rule 8-I of the KMMC Rules, the competent authority shall approve the Quarry Plan submitted by the leaseholder within a period of sixty days from the date of receipt of the Quarry Plan.

Out of 1,107 current leases, Audit scrutinised 436 Quarry Plans (39.38 *per cent*) approved during 2014-2018 (Ordinary Building Stone -281, Granite - 98 and Sand- 57) in the nine District Offices selected for the Audit.

Audit noticed that all the QPs submitted were complete as per mandated requirements. 377 QPs (86.47 *per cent* of the audited sample) were approved within the period of 60 days while 59 QPs (13.53 *per cent* of the audited sample) were approved after delays ranging from 61 to 420 days.

[107] Bengaluru (Rural), Belagavi, Chamarajanagara, Dakshina Kannada, Hassan and Vijayapura.

The following areas warranted improvement in the approval process.

4.4.11.1 Assessment of the mineral reserve and Recovery Factor[108] in Quarry Plan and inconsistencies in fixation of annual targets

Quarry Plan is prepared by a Recognised Qualified Person[109] (RQP) hired by the lessee. Each Quarry Plan indicates details of the mineral reserve in the lease area and the Recovery Factor. There was no mechanism in the DMG to independently evaluate the mineral reserves or the Recovery Factor before the grant of lease. In addition, the annual targets proposed by the lessees are dependent on these factors and hence the DMG was also unable to verify the correctness of the annual targets of production.

The DMG had not formulated parameters for fixing annual targets. Audit opines that targets could be based on (a) mineral reserve, (b) extent of area under exploitation in the five-year period, (c) machine and men capacity employed, (d) demand and supply, etc. In the absence of prescription of fixed parameters and acceptance of targets proposed by the lessees themselves, there were instances of fixation of higher annual targets for smaller lease extents with lesser mineral reserve and lower annual targets for larger lease extents with higher mineral reserve. Illustrative cases in this respect are detailed in ***Appendix -XI.***

As per United Nations Framework Classification (UNFC) Guidelines, mineral reserves in an area are classified as Proved[110], Probable.[111] and Possible[112]. Proved and Probable reserves could be considered in the initial scheme of mining for fixing annual targets of extraction as the existence of such reserves and recoverability are reasonably assured.

The lessees had considered all the three reserves, i.e. Proved, Probable and Possible, for working out their annual targets in certain cases, while in other cases, annual targets were fixed based on Proved and Probable reserves only. Such inconsistencies were not corrected by the DMG while approving the QPs. Fixation of annual targets is a key area in the quarrying activity as the scientific working out of the same is based on the actual potential of a quarry.

Recommendation 4: The Government may direct the DMG to formulate criteria for fixing annual targets considering essential factors such as the mineable reserves, extent of area exploited, machine and personnel to be employed and other factors, if any.

During the Exit Conference (November 2018), DMG informed that the guidelines for approval of QP for all minor minerals was under finalisation. The

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108 Recovery Factor is the key parameter for estimating extraction of saleable mineral and generation of waste rocks. Estimation of waste rock is a pre-requisite to plan its storage, disposal and protection of environment.

109 Recognised Qualified Person is licensed by the Indian Bureau of Mines and shall possess either a Mining Degree or Post Graduation in Geology with two years working experience or a Diploma in mining with five years' work experience.

110 **Proved reserves** denote the amount of mineral that can be recovered from the deposits with a reasonable level of certainty.

111 **Probable reserves** denote estimated quantity of mineral that can reasonably be expected to exist and recoverable with presently available technology at an economically viable cost.

112 **Possible reserves** are an estimate of the amount of mineral that may be available for extraction in an area.

Government directed the DMG to finalise the Standard Operating Procedure (SOP) for approval of Quarry Plan soon.

4.4.11.2 Non-detection of fictitious buffer zones

The new provisions envisaged a buffer zone of 7.5 meters around the lease area as one of the conditions in the QP/EC. Allowance of a buffer zone meant reduction in the net mineable area of the lease and resultant reduction in geological reserves since mineral in the buffer zone cannot be mined. As this was a new provision, the compliance to this condition was difficult for the leases which had commenced operations before the new provisions.

Audit noticed that the DMG had not surveyed the existing leases and recorded feasibility of buffer zones in the already worked lease areas, nor technically evaluated lesser buffer zone allowance based on ground conditions. Audit test-checked 504 QPs out of 1,107 leases (45.53 *per cent*) which included 280 leases which had commenced operations before the new provisions came into effect and noticed that all the QPs indicated maintenance of buffer zones along the boundary of the lease. The same was approved by the Offices concerned.

On spot inspection in 260 of them, it was found that 244 (93.85 *per cent* of the audited sample) did not maintain buffer zones. Spot inspections revealed that extraction in such cases has been carried out in the intended buffer zone. As per the Quarry Plans, the mineral reserve under the buffer zone of 59 of these leases worked out to 84,71,247 MT. Royalty on the mineral quantity stated to be in the buffer zone in the QP and not actually available in the field would amount to ₹ 50.83 crore, not to mention the environmental impacts that would occur on account of non-maintenance of the buffer zone.

Regular inspection of the leases after approval of the QPs would have ensured the maintenance of buffer zones provided in the QPs. As this was not done, this has not only resulted in continuing of quarrying operations without the safeguards envisaged in the new provisions but raised serious concerns on the quantity of mineral reserve available in the lease area and quantity extracted. Audit points out that spot inspection by the DMG before approval of QP would have prevented this omission and fixed accountability for wrong disclosure of compliance and mineral reserves. Hence, Audit concludes that the Quarry Plans were approved without verification of ground realities.

Recommendation 5: The Government may direct the DMG to inspect all quarries to ensure maintenance of buffer zones and mineral reserves have been extracted from the buffer zone.

During the Exit Conference (November 2018), the Government stated that the volume extraction would be assessed after completion of marking of boundaries of lease areas through DGPS. Audit reiterates that fictitious buffer zones were not only a concern in accounting for the mineral extracted but posed a much higher risk as the environment protection envisaged in the new provisions is non-existent. The ECs granted based on approved Quarry Plans with fictitious buffer zones are to be reviewed in the light of environment protection measures.

4.4.12 Non-collection and failure to attribute purpose of Performance Guarantee

Annual targets of production are fixed as per the QP submitted by the lessee and the lessee cannot extract mineral in excess of this during that year.

Rule 36(5) of the KMMC Rules, 1994, introduced with effect from 12 August 2016, stipulated that the grantee of quarry lease or licence shall pay in advance one-tenth of the royalty amount (one-fourth from 12 August 2016 to 17 July 2017) of the highest permitted annual production quantity mentioned in the EC validity period as performance guarantee in the form of Bank Guarantee, Fixed Deposit Receipts, Demand Draft or in any other manner as may be specified by the Government from time to time. Audit noticed that Rule 36(5) did not specify if the intention of the Performance Guarantee was to use it as security for royalty arrears, if any or enforce achievement of targets, by forfeiture in case of non-achievement.

In respect of leases obtained in auction, Rule 31-J(i) of the KMMC Rules 1994, provides for 10 *per cent* of royalty to be deposited as Performance Guarantee. Rule 31-J(iv) of the said Rules stipulates that such lessees are bound to produce and despatch fifty *per cent* of the permitted annual production quantity. If they fail to achieve the same, they shall be liable to pay royalty and premium for fifty *per cent* of the permitted annual production. Similar provision has not been prescribed for all existing leases granted without auction.

Audit observed that in five[113] Districts (out of nine Districts), DMG Offices had not collected the Performance Guarantee amount of ₹ 7.68 crore in 196 out of 585 (33.50 *per cent*) test-checked cases (out of the total of 1,107 leases). In cases where collected, the field Offices had retained the Bank Guarantees as such without linking to the achievement of targets in the absence of the intent of the Rule being communicated clearly.

An analysis of the production details for 2016-17 in the nine selected Districts revealed that 297 out of 876 current leases were idle during 2016-17. Further, Audit analysis of the achievement of production targets revealed that majority of the leases under-achieved QP production commitments as discussed in paragraph 4.4.13.

Recommendation 6: The Government may clarify the intent of the Performance Guarantee amount and consider fixing the minimum limits of production targets to be achieved by all leases.

During the Exit Conference (November 2018), the Government directed DMG to examine the issues pointed out and initiate further necessary action.

4.4.13 Non-adherence to the Annual Target Fixed in the QP

Audit analysis of the achievement of annual targets in respect of the 524 test-checked leases out of 1,046 leases (50.09 *per cent*) vis-à-vis the targets approved in the QP/EC revealed the following:

- During the period of 2013-14 to 2016-17, 21 leases had extracted mineral in excess of the annual production targets fixed in the approved

[113] Bengaluru (Rural), Chamarajanagara, Hassan, Gadag and Vijayapura.

Quarry Plans during the period. As against the total annual target of 12.40 lakh MT, 19 lessees of building stone had extracted 31.23 lakh MT and two granite lessees had extracted 15,416.11 cum as against the target of 12,300 cum (Details are given in ***Appendix-XII)***. The DMG had merely estimated the extraction according to the annual field measurements and collected royalty. No action was initiated for violation of production of mineral in excess of the QP targets.

- Further, during 2015-16 and 2016-17 the DMG had detected 3,15,496 MT of building stone/murram extracted outside the leased area in eight leases in Bengaluru (Rural), Belagavi, Dakshina Kannada, Hassan and Gadag Districts. The production figures of five out of these eight leases in the lease area for the corresponding years was 6,97,718 MT with the remaining three leases having nil production in the lease area. The Offices (other than Hassan and Gadag) concerned had levied penalty of ₹ 6.43 crore. However, ₹ 84.00 lakh due towards royalty and value of mineral was not levied. In Gadag and Hassan Districts, the amount of ₹ 7.33 crore towards royalty, value of mineral and penalty was not demanded. Illegal extraction outside the lease area due to non-adherence to lease boundaries coupled with reporting of non-achievement of approved QP targets should be treated as an offence and stringent punitive actions initiated.
- Besides, on an analysis of the achievement of the production targets fixed in the QPs for the year 2016-17, Audit noticed that 450 leases (85.88 *per cent* of 524 leases) had not achieved even 50 *per cent* of their targets.

The trend of under-production against the targets fixed when read with the illegal extraction outside lease area and transportation of minerals without MDPs indicated systemic deficiencies in accounting the production of minerals.

4.4.14 Absence of infrastructure to assess production accurately by DMG

Audit observed that the production quantity was estimated by computing the volume of the pit based on the manual measurement of the excavated pit area and height. Bengaluru (Rural), Belagavi and Vijayapura Districts had not recorded the pit measurements in any of the cases up to the assessment for the year 2016-17. The manual measurement method was not only fraught with measurement errors but also was not definitive of the area measured since no GIS co-ordinates of the area measured were recorded.

Even after introduction of the new provisions of the QP, the DMG had not initiated more technical and accurate pit measurement mechanisms like Total Station Survey or Drone Survey, etc. In the absence of base pit measurements and subsequent measurements being recorded, Audit could not evaluate how the DMG ensured implementation of the QP in terms of areas of extraction and quantity extracted.

During Audit, the field Offices intimated orally that marking of lease area boundaries through DGPS was commenced from June 2018 and that further action would be initiated after completion of the DGPS marking of lease areas.

Audit noticed prima-facie deficiencies in assessment of the quantity of building stone/granite extracted in nine out of 524 (1.72 *per cent*) test-checked cases (out of the total of 1,046 leases) as given below:

- In respect of two leases for extraction of building stone in Dakshina Kannada District, the quantity of building stone extracted was 24,149 MTs as per MDP obtained and also assessment finalised by the Office. However, during spot inspection of Audit along with the office staff the quantity of stone extracted from these two leases was calculated based on the measurement of the pit recorded using GPS device for area and tape for measuring the depth of the pit and come to 1,72,528 MT. The royalty on the differential quantity worked out to ₹ 89.03 lakh.
- In Gadag District, in respect of seven leases checked, as against 25,239 MT of wastage generation estimated in the QPs, wastage of 1,33,512 MT was allowed in the annual assessment for the years 2015-16 and 2016-17. This was more than the total 1,04,422 MT of waste generation projected in the QPs for the five year period of these seven leases. Reasons for the same were not recorded. The higher wastage indicates either the deficiency of approval of the QPs or the claim of more wastage than actually generated. In the former case, the higher wastage obtained in actual field operations would require better planning of waste dump to avoid damage to surrounding lands and necessitates revision of QP/EC already granted. In the latter case, excess claim of wastage indicates loss of royalty revenue on the excess wastage allowed amounting to ₹ 64.96 lakh at the rate of royalty applicable for OBS. The Office had however allowed the wastage without probing the cause and initiating action either for levy of royalty or revision of QP/EC as applicable.

4.4.15 Estimation of production in the quarries by Audit through IISc, Bengaluru

Assessment of the volume of stone extracted from the lease area has a direct bearing on the revenue realisation of the State. The royalty collection on mining minerals accounted for 47 *per cent* of the non-tax receipts of the State in 2016-17.

As stated in paragraph 4.4.14, the DMG had not adopted advanced technology for assessment of the volume of stone extracted, Audit engaged the Technical Consultant (IISc, Bengaluru) to scientifically assess the volume of stone extracted from the lease areas in Chikkaballapura Taluk of Chikkaballapura District. The methodology adopted by the Consultant is detailed in ***Appendix XIII***. The volume extraction of stone was done using current satellite images of lease areas, the topography contours of the Taluk and field visits in sample cases to corroborate the findings from the satellite images. The resultant difference between the volume of extraction assessed manually by the Department and that estimated with modern technology was very high and reiterates the immediate necessity for DMG to adopt modern technology like satellite images or total station survey or drone survey or a combination of the modern technologies to assess the volume correctly.

The volume of extraction in respect of OBS arrived at by the Consultant and the Office is given in **Table 4.7**.

Table 4.7
Estimation of volume of OBS extracted in quarry leases in Chikkaballapura Taluk

Sl. No	Period	Number of leases	Volume estimated by DMG in crore MT	Volume estimated by the Consultant in crore MT
1.	Leases granted prior to 2013	173	0.96	38.42
2.	Leases granted after December 2013	10	0.11	1.39

In respect of the 10 leases, which were granted during 2015-16, the volume estimation by DMG was only eight *per cent* of the quantity assessed by the Consultant. Audit noticed that in respect of five out of these 10 leases, the DGPS survey undertaken by the DMG was completed. However, the volumetric quantification was not furnished by the DMG though requested by Audit (December 2018).

The above indicates that the system of assessment of production followed by DMG is inadequate. If the quantification issues in respect of even new leases (fresh lands where prior extraction had not taken place) cannot be addressed, DMG needs to evaluate the complexity of implementation of the QP prescriptions and their monitoring in respect of already existing leases.

In one Taluk of the State, the difference in assessment of the volume of stone worked out to 38.74 crore[114] MT. If considered for all the minor minerals for all the leases across the State, the loss of revenue would be a huge figure. The Government needs to take immediate action to stop this revenue leakage.

During the Exit Conference (November 2018), the Government intimated that after fixation of lease boundaries using DGPS technology, assessment of volume of stone extracted would be carried out using total station survey and/or drone survey to assess production volumes scientifically and accurately.

4.4.16 Conditions under the Quarry Plan

As per Rule 8 of the KMMC Rules, the Quarry Plan should specifically indicate the following:

- Exact areas of extraction of minerals during each of the five years for which the Scheme of Quarrying is approved;
- Quarries are to be worked in Benches; the height of the bench is to be increased up to 7.5 metres, [115] in case the ore-body consists of comparatively hard and compact rock;
- Men and Machine to be employed;
- Employment of Qualified Person to oversee quarrying operations;

[114] The potential revenue impact as royalty ranged between ₹ 638.70 crore and ₹ 2,324.40 crore, estimated based on the rates of ₹ 15 per MT from 2003 to 2007, ₹ 30 per MT from 2007 to 2014 and ₹ 60 per MT from 2014 till date.

[115] The Metalliferous Mining Regulations, 1961, (Regulation 106 (2) (a)) prescribes safety standards for working of open cast mines which is the working manner of minor mineral extraction.

- Exact location of storage of extracted mineral, over burden and waste rocks.

4.4.16.1 Deficiencies in monitoring compliance under the Quarry Plan

Audit verified the monitoring mechanism in DMG and found the following:

- **No self-reporting framework or inspections for verification:** DMG had neither instituted a mechanism of self-reporting by the lessees nor an inspection and verification process for monitoring compliance to the conditions of the Quarry Plan. DMG had not revised the Annual Inspection Reports of the Quarries to include verification of the Quarry Plan conditions.
- **Non-verification of extraction of mineral as per approved Quarry Plan:** DMG neither marked the exact area for extraction of mineral at the beginning of the year nor verified if extraction was done in the exact area/extent of depth specified in the QP. The mineral extracted was estimated on the available pit measurements without verifying the specific prescriptions in the Quarry Plan.
- **Non-working of the benches:** Audit test-check of 129 quarry plan approvals (out of 248 Quarry Leases) for ordinary building stone accorded in 2014-15 and 2015-16 in Belagavi and Bengaluru (Rural) Districts revealed that 30 (23.25 *per cent* of the audited sample), did not prescribe formation of benches, and 18 proposed bench heights ranging from nine to 27 meters as against the maximum allowable height of 7.5 meters. DMG had approved these Quarry Plans without evaluating the safety aspects of the absence of bench working/increased benches proposed.
- **Non-verification of machinery and manpower:** DMG had not collected details of machines employed at site vis-à-vis those indicated in the Quarry Plans. Employment of more machinery and manpower would translate to more production and hence needed to be monitored by DMG. Though the KMMC (Amendment) Rules, 2013, mandated employment of Qualified Person by leases to oversee the implementation of the provisions relating to systematic and scientific quarrying, DMG did not have details of Qualified Persons employed by the Quarries.
- **Non-verification of waste disposal:** Monitoring of waste disposal is important for protection of the surrounding lands from damage. However, DMG had not collected volumetric details of overburden removed and waste rock generated. During spot inspections of leases with the staff of DMG, it was noticed that in 97 *per cent* of the leases visited, the waste rock was not dumped in the location indicated in the Quarry Plan.
- **Unauthorised sub-contracts in respect of quarry leases:** Rule 19-A of the KMMC Rules, 1994, states that the lessee shall not enter into any agreement, arrangement or understanding with any person whereby lessee is directly or indirectly financed to a substantial extent by such

person and quarrying operation and other activities connected therewith are substantially controlled by such person.

Audit noticed that in respect of four quarry leases in Bengaluru Rural and Vijayapura Districts, the quarry lease holders had entered into Agreements/Memorandum of Understanding/Lease Agreements with other parties during the years 2013-14 to 2015-16, wherein the entire quarry activities were handed over to the other parties. Lease holders had given permission to the other parties to operate the quarries and dispose/sell the building stone extracted. As per the agreements, the other party would bear all the expenses for conducting quarry operations, shall pay royalty/permit fees/taxes, etc. and had paid consideration of ₹ 1.5 crore in one case and agreed to pay a consideration ranging from ₹ 20 to ₹ 25 per MT extracted to the lease holders in the remaining cases. However, no permission from the DMG was obtained. It was noticed that in one case in Bengaluru (Rural), the other party had extracted OBS in excess of the QP/EC targets. A quantity of 60,000 MT, 1,42,000 MT and 1,00,000 MT had been extracted for the years 2015-16 to 2017-18 respectively against an annual target of only 30,015 MT. DMG had only collected royalty on the excess production and neither initiated any action for excess production nor detected the sub-contracts and cancelled the same.

Thus, the conditions stipulated for systematic and scientific quarrying remained only prescriptions without actually being implemented in the quarrying operations.

4.4.16.2 Non-compliance to the conditions of QP

As per Rule 8-K (2), if the quarrying operations are not carried out in accordance with the approved Quarry Plan, the Deputy Director/Senior Geologist concerned may pass an order for suspension of all or any of the operations and permit continuance of only such operations as may be necessary to restore the conditions of the quarry area as envisaged in the Quarry Plan. Audit conducted JPV of 260 out of 524 (49.62 *per cent*) test-checked current leases (out of 1,046 leases) to verify the compliance to the conditions of the Quarry Plan. The outcome/results of JPV is depicted in **Table 4.8**.

Table 4.8
Verification of QP conditions in spot inspection of lease areas along with staff of DMG

Sl. No.	Conditions as per approved QP	Percentage of non-compliance
1.	Erection of Boundary pillar	30
2.	Indication of Latitude-Longitude Co-ordinates on boundary pillars	72
3.	Working of quarries in Benches	98
4.	Storage of Waste Rocks in designated areas	97
5.	Allowance of Buffer Zone around the lease area	94
6.	Storage of Overburden in designated area	96
7.	Construction of Retention Wall along waste rock dump	100
8.	Stagnation of water in quarry areas	42

From the above, it can be seen that other than erecting boundary pillars and marking geographic co-ordinates on the boundary pillars, none of the major prescriptions towards systematic and scientific mining in QPs were complied with. Thus, the QP remained just a document and compliance to the execution of the same was deficient, indicating failure in implementation of scientific and systematic mining.

Audit points out that the field Offices had neither recorded the non-compliances nor initiated action for remedy.

Recommendation 7: **The Government may direct DMG to clearly define criteria for monitoring compliance during annual inspections to conditions stipulated in the Quarry Plan and institute a periodic self-reporting mechanism.**

During the Exit Conference (November 2018), the Government directed DMG to revise the format of the annual inspection report to verify all conditions stipulated in the QP for systematic and scientific quarrying.

4.4.17 Approval of Environmental Clearance

Process of approval

- The lessee shall prepare an Environment Management Plan and submit it to SEIAA/DEIAA for approval along with application in Form 1 and approved Quarry Plan.
- DEIAA[116] at the District was empowered to grant ECs for quarrying activities up to 5 hectares.
- SEIAA was competent to grant EC for area exceeding 5 hectares.

Audit analysis of the approval of EC revealed that the time taken to grant EC ranged from 27 to 433 days.

Audit verified the process of monitoring compliance to the conditions stipulated under of Environmental Clearance and noticed the following:

4.4.17.1 Compliance to EC Conditions

EC is issued to lessees subject to general and specific conditions. The conditions stipulated in EC include maintenance of buffer zone, storage of waste in designated areas, submission of periodical returns on health of workers, air and noise pollution levels, ground water levels, etc. The compliance to the conditions mentioned ibid are discussed in paragraphs 4.4.9.7 and 4.4.16.2.

Audit conducted JPV of 260 out of 524 (49.62 *per cent*) current leases test-checked (out of 1,046 leases) to check the implementation of other EC conditions by the lessees. The outcome of JPV is depicted in **Table 4.9**.

[116] Formed at the District level vide Notification dated February 2016.

Table 4.9
JPV for checking compliance to EC conditions

Sl. No.	Conditions as per approved EC	Percentage of non-compliance
1.	Display of Conditions at Quarry site	100
2.	Maintenance of Link Road from lease to main road and black topped	97
3.	Periodic Water Sprinkling on approach roads to suppress dust	75
4.	Afforestation Programme	83
5.	Provision of safety gear to labourers working in quarry areas	Could not be assessed since most of the quarries were non-functional on the day of JPV.

From the Table 4.9, it can be seen that the level of non-compliance was high for all the conditions.

Even though all the lease holders had in their EMP committed to Corporate Social Responsibility funding of activities beneficial to villages in and around the quarry, neither DMG nor SEIAA/DEIAA obtained any information on the activities as per commitment.

As already discussed, compliance reporting to many authorities and absence of co-ordination between the designated authorities had resulted in non-implementation of EC conditions at the ground level. This defeated the very purpose of introduction of the new provisions.

4.4.17.2 Inconsistencies between EC and QP

While granting EC, permission for the quantity of mineral to be extracted annually is fixed after considering all factors affecting the Environment. Annual production target in the approved Quarry Plan is one of the factors considered while fixing the annual production targets for EC.

In five out of 19 sand leases (26.31 *per cent*) in Gadag District, the depth of quarrying was reduced to 1.5 mtr in the EC from 3 mtr approved in the QP. Consequently, the quantity of sand to be extracted was reduced to 3.92 lakh MT in the EC from 6.36 lakh MT approved in QP. However, in the EC issued, the reduction in quantity of sand to be quarried was not mentioned. This resulted in non-intimation of reduction of quantity of 2.44 lakh MT to the lessees. Further, in 12 sand leases in Hassan and Dakshina Kannada Districts, the depth of quarrying was increased in EC from that of the approved QP without any change in the quantity to be extracted. This was not possible as the increase in depth would naturally increase the quantity of mineral to be extracted.

Reasons for such discrepancies though called for (May 2018), were not furnished (December 2018). Alterations in depth of quarrying/annual targets, if not clearly intimated to the lessee, provide an opportunity for unauthorised excessive quarrying.

As the lessees submit a copy of the EC granted by the Authority concerned to the DMG Office, it is the responsibility of the DMG to verify the annual targets approved in the EC vis-à-vis those in the approved Quarry Plan and initiate remedial action in cases of discrepancy and/or officially record the reduction/increase in annual targets of the lessees leaving no room for ambiguity.

4.4.18 Functioning of sand leases

As per the Government of India Policy for Sustainable Sand Mining notified in 2016, the rate of replenishment of minor mineral is a factor to be considered for grant of sand leases. In order to facilitate monitoring of sand leases, various conditions are stipulated on sand lease holders such as installation of CCTV cameras, usage of GPRS fitted vehicles, etc. Audit verified the grant and monitoring of sand leases in the test-checked Districts and found the following:

4.4.18.1 Identification of sand blocks

- In the identification of sand blocks for auction, the District Sand Monitoring Committees had not factored the replenishment rate in arriving at the reserves available. Only in Belagavi District, the rate of replenishment was worked out on the directive of SEIAA to approve modified Quarry Plan. The other Districts had identified sand blocks below five ha and consequently ECs were granted by the respective DEIAA without insisting for replenishment rate.
- As per GoI Notification dated 8 September 2011, Temporary Permits for sand removal were to be given to traditional coastal communities. There was no mechanism to identify traditional coastal communities. A review of all the 427 Temporary Permits granted during 2016-17 revealed that 182 Temporary Permits (42.62 *per cent*) had been given to persons engaging in sand lifting for the first time. There was no proof to establish that they belonged to traditional sand lifters' families.

4.4.18.2 Monitoring of sand leases by the DMG

- **Installation of surveillance system:** As per the EC conditions, sand leases of more than five ha were to install CCTV in the lease area. However, DMG did not prescribe submission of the CCTV footage to it for test-check of the footage to detect irregularities, if any. This made the surveillance system ineffective. A fallout of this is illustrated below:

> The ECs issued for sand mining specifically prohibit usage of suction pumps to drain water from the sand lease areas. During the joint physical inspection of sand lease areas, it was noticed that suction pumps were fitted in various places in five out of 10 leases. The violation of stipulation to not use suction pumps could have been detected if the CCTV footage had been monitored.

- **Payment of Average Additional Periodic Payment:** Rule 31-ZA (3) of the KMMC Rules, 1994, states that the licence holder for extraction of sand in patta land shall pay, in addition to royalty, an amount which shall be equal to the Average Additional Periodic Payment (AAPP)[117]. In Gadag District, all four licence holders for sand extraction in patta

[117] Average Additional Periodic Payment (AAPP) is the amount payable by the holders of quarry lease or licence granted through auction within the Taluk, if such average is available for the Taluk, or within the District if such average is not available for the Taluk, or within the neighbouring Districts if such average is not available for the District, and if such average is not available within the neighbouring District, such Average Additional Periodic Payment shall be deemed to be 50 *per cent* of royalty.

land had extracted and despatched 1,35,902 MT of sand. However, an amount of ₹ 12.33 crore payable towards AAPP by sand lease holders of auction was not demanded.

- **Extraction beyond specified depth:** The EC/QP specifies the depth upto which the sand extraction could be carried out. However, as sand replenishment happens with the flow of water in the rivers, it is difficult to monitor exact depths up to which sand has been extracted. The DMG did not periodically conduct total station survey of the sand lease areas especially during the pre-monsoon and post-monsoon periods to monitor the approximate depths of sand extraction. This can lead to extraction beyond the allowed depths as illustrated below:

In Gadag District, during spot inspection (March 2018) of three[118] sand licence areas in patta lands, Audit observed that sand had been extracted upto a depth of 5.8, 7.5 and 10 metres slope from the ground level as against 3.75, 3 and 1.5 metres depth respectively approved in the EC. Even after allowance of top soil and over burden of about 1 to 3 metres as specified in the QP, the licensees had extracted sand beyond the specified depth. However, the permits generated by them were well within their annual targets. Audit called for the actual quantity of sand extracted with reference to the area of extraction and the depth noted during spot inspection. The same is awaited (December 2018).

In Dakshina Kannada District, though the Technical Reports and EC granted by SEIAA specified the depth upto which sand could be removed from the sand bars, the same was not intimated to the Temporary Permit holders.

4.4.19 Impact of the new provisions on safeguards for protection of environment

The introduction of the Prior Environment Clearance for minor mineral quarrying was to mitigate the impacts of extensive quarrying on the surrounding environment. The new provisions envisaged adherence to all mitigation measures proposed by the lessee in the Environment Management Plan and conditions incorporated in the QP/EC. The measures for environment protection include those to be implemented by the Department/related agencies and individually by the lessees in their specific areas. The measures are as below:

1. Preparation of District Survey Report to enable grant of EC to leases – By DEIAA.
2. Cumulative impact assessment and cluster association – By EIAA/DMG.
3. Mine Closure Activities – By lessees and monitoring by DMG.
4. Monitoring of stone crushers for air and noise pollution – By DMG/DSPCB.
5. Periodical submission of reports by lessees on health of workforce, ground water levels, air and noise pollution - By lessees.
6. Maintenance of Buffer zone, storage of waste in designated areas, safety equipment to labourers, etc. – By lessees and monitoring by DMG.

[118] QL 44, 48 and 55.

Audit reviewed the implementation of the safety measures to be implemented by the lease holders and found that there was no maintenance of envisaged buffer zone (Paragraph 4.4.11.2) storage of waste in designated area (Paragraph 4.4.16.1) and monitoring submission of the requisite returns from the lessees (Paragraph 4.4.9.7). The non-compliance to QP/EC conditions and non-verification of the same by DMG has already been discussed in paragraphs 4.4.16.2 and 4.4.17.1. Other major measures envisaged to be carried out by the Department and issues involved in them are discussed in the succeeding paragraphs.

4.4.19.1 In-adequate information in District Survey Report (DSR)

As per Notification issued in January 2016 by the MoEFCC, a District Survey Report (DSR) should be prepared separately for each minor mineral by the DEIAA taking into cognizance land use patterns, sources of water, agricultural activity, industrial developments and mining/quarrying activities in the District. The District Survey Report is the basis for applying for Environmental Clearance, preparation of assessment reports and grant of Environmental Clearance. DSR is to be updated every five years.

Out of the nine test-checked Districts, the District Survey Report was prepared in three Districts, viz. Belagavi, Chikkaballapura and Gadag. The remaining Districts did not furnish the DSR though called for. In the absence of the District Survey Report, it was not clear as to how decisions on EC were considered.

As per GoI Notification of January 2016, the DSR was to contain an introduction of the District along with an overview of the mining activity and the list of the mining leases in the District, details of royalty or revenue received in the last three years, details of production of minor minerals in the last three years, process of deposition of sediments in the rivers of the Districts, land utilization pattern viz. Forest, Agriculture, Horticulture, Mining in the District. Physiography of the District, month-wise rainfall, Geology and mineral wealth, etc.

Scrutiny of the contents of the three DSRs revealed that the general information as stipulated in the DSR format was compiled except that relating to mineral wealth. Potential mining/quarry areas, areas already under mining and their impacts were not collated. Besides, Audit found the following deficiencies on the DSRs.

- The Report merely compiled the statistics of the mining/quarrying leases (current and working) and extraction of minerals over a three years period and royalty recovered;
- The land use patterns were generic and did not indicate change in land use around quarry areas;
- Ground water levels compiled were based on general test-wells of the Ground Water Department, with no specific analysis of ground water levels in and around quarry areas;
- Potential areas of quarry sites were not identified and environmental factors specific in those areas were not analysed;

- Areas already under exploitation through grant of leases vis-à-vis total potential of the mineral resource in each Taluk were not assessed;
- DSR did not indicate the annual rate of replenishment which was a crucial factor to be considered for sand quarrying as per the Sustainable Sand Quarrying Policy of the Government of India; and
- Sensitive areas like eco-sensitive zones, heritage zones, critically polluted zones, forest buffer zones, etc. were not marked out.

Hence, DSR, which was meant to serve the purpose of facilitating EC was not prepared in the majority of the Districts even after two years and in the Districts where it was prepared, it did not serve the purpose due to non-compilation of the relevant details.

Recommendation 8: **The Government may direct the EIAA/DMG to commission and undertake a detailed environment impact assessment, specifically in and around the quarry areas, to be used as key parameters for granting EC.**

During the Exit Conference (November 2018), the Government accepted the Audit observations and stated that suitable instructions would be furnished to the concerned.

4.4.19.2 Non-formation of Cluster Associations and absence of Cumulative Impact Assessment

The major environmental and social management challenges are all the result of cumulative impacts from a large number of activities. Though they are, for the most part, individually insignificant, they collectively have significant impacts, mostly adverse. Keeping this in view, cumulative impact assessment and cluster associations were introduced as part of the new amendments.

Cumulative impact assessment:

As per the notification issued in January 2016 by MoEFCC, as the mining of minor minerals is mostly in clusters, the Environment Management Plan or Environment Impact Assessment (if needed) shall be prepared by the State or State nominated agency for the entire cluster in order to capture all the possible externalities. Environmental Clearance shall be applied for and issued to the individual leases who can use the common Environment Management Plan for application for EC. The cluster Environment Management Plan shall be updated as per need keeping in view any significant change. It shall be ensured that the mitigative measures emanating from the common Environment Management Plan are fully reflected as environment clearance conditions in the environment clearance of individual leases in that cluster.

As per paragraph 9 of Appendix I (Form I) of the EIA Notification 2006, the Project Proponent has to provide information regarding the factors which should be considered (such as, consequential development) which could lead to environmental effects or the potential for cumulative impacts with other existing or planned activities in the locality. As per paragraph 9.4, the Project Proponent has to provide the cumulative effects due to proximity to other existing or planned projects with similar effects.

Illustrative cases of concentration of quarries in specific villages are given in **Table 4.10**.

Table 4.10
Details of quarries in specific villages

Sl. No.	District	Taluk	Village	Number of Quarry Leases
1.	Bangalore (Rural)	Devenahalli	Tylagere	13
2.		Nelamangala	Maakenahalli	11
3.	Belagavi	Gokak	Dhupadal	15
4.	Vijayapura	Basavana Bagewadi	Kolhar	08
5.	Chikkaballapura	Chikkaballapura	Kanive Narayanapura	16
6.	Dakshina Kannada	Mangaluru	Aikala	14
7.	Gadag	Gadag	Gadag	20
8.	Koppal	Koppal	Hooligere	19

Source: Register of Leases and Demand, Collection and Balance Register of DMG Offices.

Cluster Association:

Rule 15 of the KMMC Rules, 1994, stipulates the minimum area of a quarry lease. If the lease areas are less than the stipulated extent, Rule 15-A read with 8-Q and 8-R provide for formation of clusters of lease areas. Such leases shall form a cluster association and submit a collective Environment Management Plan.

Illustrative cases of quarries in a single survey number are as shown in **Table 4.11**.

Table 4.11
Details of quarries in the same survey number

Sl.No.	District	Taluk/Village	Survey number	Number of Quarry Leases
1.	Chikkaballapura	Chikkaballapura/ Kanive Narayanapura	43	16
2.		Janalakunte	11	09
3.	Dakshina Kannada	Mangaluru/Aikala	41/1	08
4.	Gadag	Gadag/Sheetalahari	58/a	05
5.		Gadag/Chinchali	67	04
6.	Koppal	Koppal/Hussainpur	4	24
7.	Belagavi	Gokak/Dhupadal	73/1A/1	13

Source: Register of Leases and Demand, Collection and Balance Register of DMG Offices.

Audit noticed that:

- The DMG had not declared Cluster Zones[119] based on the GoI criteria of 500 meters gap between the boundaries for combined Environment Management Plan.

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[119] In respect of leases where the area fell below the minimum requirement for a quarry lease, the Department had facilitated the working of such quarries by declaring them under Cluster Zones. Such quarries were with contiguous boundaries or were within the criteria of 500 meters fixed by the GoI.

- As per EIA Notification, quarry leases (categorised as B2) do not require an Environment Impact Assessment. In the test-checked cases, the Quarry lease holders had not furnished specific details of other quarries near their location in their Form I. ECs were issued by SEIAA/DEIAA without obtaining the information from the DMG and without conducting a cumulative impact assessment. Grant of EC was considered case-wise and no cumulative impact effects were considered by SEIAA/DEIAA before approval of EC;
- There was no system to measure noise, air and particulate dust levels around a cluster of quarries when all quarries/stone crushers in the cluster are working. Hence, environmental parameters required for granting clearance was not available.

Audit observed that assessment of impact from an individual quarry is not an appropriate method of estimating adverse effects on environment in such cases where the quarries are very close to each other. Quarries as single units may not impact the environment significantly. However, the cumulative effect will definitely have serious adverse impact on the surroundings. Hence, such cases warranted an environmental assessment on a cluster or cumulative scale rather than on an individual scale. Besides, the DMG's failure to notify clusters resulted in grant of individual ECs which required case-wise monitoring. A common EMP would have been easier to implement and monitor.

Recommendation 9: The Government may direct the DMG to compile information on all quarry leases within a pre-determined radius of the quarry in order to facilitate preparation of a cumulative environment impact assessment of the quarrying activities in a specific area.

During the Exit Conference (November 2018), the Government stated that environment issues around quarry leases were being considered in recent times and the cumulative impact assessment would be taken up in future in consultation with the Department of Environment.

4.4.19.3 Non-implementation of Progressive Mine Closure

As per Rule 8 H, every quarry shall have a Mine Closure Plan which shall be of two types, viz. Progressive Mine Closure Plan and Final Mine Closure Plan. Progressive Mine Closure is periodically carried out from the start of the mining cycle and the Final Mine Closure activities are carried out at the end of the cycle. The lessee shall submit a Final Mine Closure Plan for approval one year prior to the proposed closure of the quarry.

Environment Management Plans of the quarry leases test-checked had indicated that the Progressive Mine Closure was not practical due to non-exhaustion of mineral deposits, which was accepted and approved by the DMG. This pushed all the closure activities to the end of the life-cycle of the mine. In such a scenario, the final mine closure would involve substantial expenditure for fencing, backfilling and vegetation activities. Absence of progressive mine closure is, in effect a failure to plan the Final Mine Closure activities right at the beginning of the lease cycle with periodic review of the estimated expenditure, where the risk of default at the end of business cycle of the lessee cannot be ruled out.

4.4.19.4 Inadequacy of Financial Assurance for the Final Mine Closure

As per Rule 8-L of the KMMC Rules, every quarrying lease holder shall furnish Financial Assurance in the form of Fixed Deposit Receipts from any Scheduled Bank. The amount so collected is an assurance for carrying out protective, reclamation and rehabilitation measures stipulated in the Mine Closure Plan[120] submitted by the lease holder. The rate fixed was ₹ 10,000 per acre for specified minor minerals[121] and ₹ 5000 per acre for non-specified minor minerals. The parameters considered while fixing rates of Financial Assurance were not on record.

Audit tried to assess the adequacy of the Financial Assurance collected and compared the funds collected and the actual minimum expenditure required for the activities planned in the Final Mine Closure Plan, which is detailed below:

Estimation of expenditure on fencing:

Expenditure estimated by the DMG- As per the records of the Office of the Senior Geologist, Hassan, an expenditure of ₹ 2.32 crore was estimated for construction of rubble wall around eight abandoned quarries with a circumference of 3,503 mtr, which works out to ₹ 6,662 per mtr. Hence, the expenditure required for rubble wall around a quarry works out to **₹ 13.32 lakh**[122] **per acre.**
Minimum expenditure estimated- Even excluding the expenditure of ₹ 13.32 lakh per acre incurred by DMG, a minimum expenditure on barbed wire fencing around the quarry area at the rates in the Schedule of Rates of the Forest Department amounts to ₹ **18,000 per acre**.
Amount collected as Financial Assurance- The amount of ₹ 5,000 per acre compounded quarterly at 7.5 *per cent* interest submitted by the lessees would amount to **₹ 22,000 per acre** over a twenty-year lease period.

Audit points out the comparison made above was based on just one of the items of expenditure involved in Final Mine Closure but the actual planned activities include other items, like back filling of the pits, vegetation to restore the landscape, etc. Audit estimates that waste of about 60 *per cent* generated in the granite leases would be available for the backfilling while the ordinary stone leases which have a waste generation of 5 *per cent* would need extra expenses for backfilling.

In the absence of a clear estimation of the probable expenditure on all the activities involved in mine closure, and provision for the same, the Financial Assurance prescribed at present is highly insufficient and will become a liability for the Government to provide for.

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120 **Mine closure planning** involves planning effectively for the after-mining landscape– all activities required before, during, and after the operating life of a mine that are needed to produce an acceptable landscape economically.

121 **Specified minor mineral** means minor minerals specified by the State Government from time to time.

122 Considering 230 mtr. as the average perimeter of a quarry of one acre, the calculation works out to ₹ 6,662 per mtr.*230 mtr .=₹ 13.32 lakh.

4.4.19.5 Non-collection of Financial Assurance

Bengaluru (Rural), Belagavi, Chamarajanagar, Dakshina Kannada and Koppal Districts had not collected the Financial Assurance from any of the leases. The non-collection of Financial Assurance amounted to ₹ 1.57 crore for an extent of about 2,472 acres in respect of 556 out of the 1,107 current leases (50.22 *per cent*) in the seven[123] Districts.

Recommendation 10: The Government may institute a mechanism to prepare the final mine closure plan at the beginning of the lease itself with periodic review of the estimated expenditure for the same.

4.4.19.6 Protection of already abandoned quarry sites

The concept of Progressive Mine Closure and Final Mine Closure was introduced in the amendment provisions of 2013 along with the provision of providing Financial Assurance by the lessees. Hence, the Government did not have any financial security for reclamation and safety measures in respect of leases sanctioned earlier to 2013 and not renewed thereafter/lapsed/ abandoned, etc. Safety measures and reclamation works in determined, lapsed, surrendered and expired leases which have not been renewed are the responsibility of the DMG.

Due to lack of a database, the Department could not assess the safety, reclamation and other related measures to be undertaken in respect of determined, lapsed, surrendered and expired leases. Further, DMG had not formulated an Action Plan for identification and prioritisation of such leases for reclamation works. No budget estimates for the same were envisaged. This was even after the Hon'ble High Court had directed DMG (June 2015) to ensure fencing of abandoned quarry pits for safety of human life and cattle life.

Audit noticed that three out of the nine Districts had identified abandoned quarry pits for protective works. In Mangaluru, the District Task Force Committee had identified 406 pits for fencing and released a sum of ₹ 22 lakh in June 2015 to the Taluk Panchayats concerned for fencing/filling works. However, the District Task Force Committee had not followed up the completion of the works and could not furnish any information in this regard (May 2018). Gadag District had identified 21 abandoned quarries and released an amount of ₹ 2 crore, out of the estimated ₹ 2.90 crore to M/s KRIDL[124] in March 2016 for construction of rubble wall around the quarry pits. However, even as of March 2017, the work had not commenced and further status of the work as of June 2018 was not available on record. In Hassan, the District Office had forwarded proposals for ₹ 2.32 crore for construction of rubble wall around eight abandoned quarry pits. However, there was no follow-up for release of funds and implementation of the protective measures.

Identification and monitoring of such leases were necessary in implementing protective measures impacting environment and to avoid accidents. However, this was not done, which left the sites unguarded and open for unscientific and unauthorised quarrying activities. Unauthorised usage of such sites has been

[123] Belagavi, Bengaluru Rural, Chamarajanagara, Dakshina Kannada, Hassan, Gadag and Vijayapura.

[124] Karnataka Rural Infrastructure Development Limited.

found out by Audit during joint inspection with the Department. Details of such fresh workings in 52 expired leases are detailed under paragraph 4.4.9.4.

4.4.19.7 Non-compliance to norms prescribed for Stone Crushers

At the District level, the Stone Crusher Licensing Authority headed by the Deputy Commissioner (DC) concerned and representatives of both the DMG and KSPCB along with the Revenue and the Police Departments is the regulatory Authority. The Karnataka Stone Crushers Act and Rules prescribe registration of the stone crushers with DMG.

On obtaining permission from DMG (Form B), the licensee has to obtain Consent for Establishment (CFE) and Consent for Operations (CFO) from the Karnataka State Pollution Control Board. Initially, CFO is granted for a period of one year and on grant of CFO, the Stone Crusher Licensing Authority issues permission in Form C which is valid for a period of five years for the stone crusher. Thereafter, the stone crusher unit has to obtain the CFO for a period co-terminus with the validity of Form C license. Both Form C and CFO are renewable at periodic intervals. Further, the stone crushers have to operate by obtaining permits from ILMS for input of stone boulders and output of crushed stone though no royalty is payable.

- Audit noticed that in seven[125] Districts (out of nine Districts), 47 out of 201 (23.38 *per cent* of the audited sample) stone crushers test-checked (out of the total of 481) operated either without Form C or a valid CFO. In 26 cases, though CFO had expired between June 2015 and September 2017, the stone crushers continued their operations and DMG granted Mineral Dispatch Permits to these stone crusher units. Similarly, KSPCB had during their inspections of the Stone Crusher units, detected 21 units which were functioning without Form C. However, KSPCB had not intimated these details to DMG for necessary action. Thus, both DMG and KSPCB though being part of the Stone Crusher Licensing Authority, worked in isolation without a system for periodic exchange of information on the licenses (Form C) granted and validity of CFOs.
- 63 out of 201 (31.34 *per cent* of the audited sample) test-checked stone crushers (out of the total of 481) were not registered in ILMS and were not obtaining permits.
- Besides, though the Karnataka Stone Crushers Act and Rules require maintenance of accounts by stone crushers, no inspection/audit of such accounts by DMG is envisaged.

Hence, lack of coordination between KSPCB and DMG led to stone crushers operating without CFOs. Further, due to non-registration of stone crushers in ILMS, DMG failed to ensure that the royalty was paid on the inputs to stone crushers. Hence, the opportunity to identify illegally quarried mineral at the final point before consumption was not effectively utilised.

[125] Bengaluru (Rural), Belagavi, Chamarajanagara, Dakshina Kannada, Gadag, Hassan and Vijayapura.

Recommendation 11: DMG may conduct annual inspection/audit of the accounts of the Stone Crushers to ensure royalty suffered inputs to the stone crushers.

4.4.19.8 Non-measuring of vibrations due to blasting

As per the Explosives Act, lease holders are to obtain permission of Deputy Commissioners for use of explosives for use in quarries and to undertake prescribed safeguards. The effects of usage of explosives are ground vibrations, fly rock and air blast/noise. Peak particle velocity[126] (PPV) is considered as the criterion for evaluating blast vibrations in terms of their potential to cause damage. The Directorate General of Mines Safety had in its Circular[127] prescribed the permissible PPV limits so as to not cause damage to surrounding structures.

Quarry Plans clearly specified the amount of explosives to be used for blasting in the quarry areas and stated that all precautions would be taken for controlled blasting. The ECs were issued based on the blasting information provided by individual quarry leases. However, no schedule of blasting activity quarry-wise was prescribed in cluster areas so as to minimise ground vibrations. Field Offices of the DMG did not have the required equipment to measure the blast vibrations periodically for monitoring purposes. Consequently, DMG could not assess the blast vibrations and effectively address the complaints received regarding damages caused due to blasting.

In Gadag District, there were complaints on two lessees for damage of property from neighbouring land owners and one court case filed against one lessee. Tahsildar, Arsikere Taluk, Hassan District had also forwarded complaints of cracks to residences and loss to agricultural crop to Senior Geologist, Hassan for further follow-up.

4.4.19.9 Non-obtaining of NOC for blasting

Audit observed that even though grant/renewal of lease was under the supervision of the District Task Force Committee headed by the Deputy Commissioner concerned, there was no co-ordination between the DMG and DC Office to ensure that all leases obtained NOC for blasting from the Office of the DC. Cross-verification of 250 leases (out of the 1,046 leases) by Audit with the records of the DCs concerned in seven[128] Districts revealed that 209 leases (83.60 *per cent* of the audited sample) had not obtained permission for blasting activities in the quarry sites. As per the Quarry Plans approved in the sample cases, one kg of explosive was required for extraction of six tonnes of building stone on an average. Hence, a total of 21,27,257 kgs of explosives would have been used for extracting 127.64 lakh MT of building stone during 2014-15 to 2016-17 in the test-checked Districts. However, the Offices of the Deputy Commissioners concerned, DMG, the monitoring agencies and

[126] The speed or velocity of a particle during displacement caused by explosives is called the particle velocity, having units metres/second. PPV is the greatest instantaneous particle velocity during a given time interval.

[127] DGMS (Tech) (S&T) Circular No.7 of 1997.

[128] Bengaluru (Rural), Belagavi, Chamarajanagara, Dakshina Kannada, Gadag, Hassan and Vijayapura.

Director, Mines Safety had no information on procurement and usage of explosives in the stone quarry leases.

4.4.20 Conclusion

The provisions relating to systematic and scientific mining and protection of environment were designed to ensure optimum extraction of minerals with adequate safeguards against critically damaging the environment. However, it was seen that DMG did not possess an exhaustive inventory of all kinds of quarries. Consequently, DMG could not ensure optimum extraction of minerals from the already identified sources or initiate environment protection measures in the quarry sites that had exhausted all mineral reserves. Though illegal quarrying was prevalent, DMG had not made use of modern technologies like satellite imagery to detect the illegalities. Roles and responsibilities of the different Agencies remained ambiguous and the related areas of compliance monitoring remained weak from the beginning.

There were deficiencies in the approval of Quarry Plans and Environmental Clearances. Fixing of annual targets of extraction was found unsystematic and basic document (District Survey Report) for Environmental Clearance was either not prepared or was incomplete in all the test-checked Districts. There was no system in place for the monitoring of the systematic and scientific extraction committed to in the Quarry Plans or for the protection of environment which was committed in the Environment Management Plan. Hence, non-compliance to the conditions envisaged under Quarry Plan and Environmental Clearance remained high.

Progressive Mine Closure was not being done and planning a Final Mine Closure just one year prior to proposed closure entailed a high risk of default. Besides the Financial Assurance prescribed in this respect was insufficient and could lead to the Government incurring the liability of protective and reclamation expenditure to close the mined out areas.

Penal action for violation of prescriptions in respect of Quarry Plan/Mine Closure/Environment Clearance remained largely non-executable as prescriptions like progressive closure were non-operational and information on non-compliance with DMG remained unavailable due to non-coordination among different Agencies. Hence, deterrent influence of penal action envisaged on lease holders for violation of laid down conditions remained ineffective.

Analysis of Audit, with the help of satellite imagery through the Technical Consultant, in Chikkaballapura Taluk revealed instances of extensive illegal quarrying. Besides, analysis of production in quarries on the same lines, revealed inadequacy of DMG in assessing production in the quarries which varied from the actual production estimated by 38.74 crore MT. As accurate assessment of production and prevention of illegal quarrying assumes paramount importance in augmenting revenue, the deficiency in the techniques employed by DMG has a direct bearing on the revenue of the State.

The Government may consider the recommendations made in the Performance Audit and define benchmarks over the years to evaluate the implementation and monitoring capabilities of DMG.

Revenue Implication of ₹ 223.25 crore brought out in this Report was a result of the spot inspections and test-check conducted by Audit in 585 out of 1,107 quarry leases/licenses (52.84 *per cent*) in the selected nine Districts. The State has a total of 2,466 quarry leases and the Department has to look into similar issues in all other leases in the State. Further, the existence of 532 illegal quarrying locations and huge difference of 38.74 crore MT in assessment of production in respect of 183 leases in Chikkaballapura Taluk only emphasises the need for DMG to aggressively adopt advanced technology for mine surveillance activities and production assessment to plug the leakage of revenue across the State. DMG has to assess all the other relevant Taluks of the State to identify such issues of illegal quarry sites and disproportionate extractions.

4.5 Non/Short-levy of penalty for unauthorised transportation of minor minerals

Rule 42(1) of the Karnataka Minor Mineral Concession (KMMC) Rules, 1994, requires that no person shall transport, or cause to be transported, any minor mineral, except under or in accordance with a computerised Mineral Despatch Permit (MDP) generated in electronic form (*e-permit or m-permit*). Additionally, as per Part-V, Clause-4 of the quarrying lease deed, the lease holder will be liable for penalty at five times of the royalty for transporting a minor mineral without obtaining MDP.

During test-check of records in the two[129] Deputy Director (DD) and four[130] Senior Geologist (SG) Offices of the Department of Mines and Geology (out of 19 Offices) between October 2017 and January 2018, Audit found that 0.62 crore metric tonnes (MT) of building stone out of 1.21 crore MT (51.24 *per cent*) were transported without obtaining MDPs during the years from 2013-14 to 2016-17. Penalty at five times of the royalty amounting to ₹ 145.43 crore was to have been levied on such transportation as per provisions under the lease agreement. However, Audit noticed that one[131] Office had not levied any penalty while the other five[132] Offices had levied penalty of ₹ 14.42 crore only during the period from 2013-14 to 2016-17. This resulted in non/short-levy of penalty amounting to ₹ 131.01 crore.

Audit had pointed out similar lapses on earlier occasions[133] too and the Department had consistently maintained that the provisions of Rule 42(1) of KMMC Rules, 1994, were not applicable to non-specified minor minerals. Audit had not accepted the contention and pointed out that the issue of MDP was a regulatory measure which was essential to control the transportation of minerals. Eventually, the Director of Mines and Geology acceded to the view of Audit and issued a Circular[134] (May 2016) emphasising the levy of penalty at five times of the royalty for transportation of minerals without MDP.

When these cases were brought to the notice of the Director, Mines and Geology (October 2017 and January 2018), it was again stated by the Department (March 2018) that the provisions of Rule 42 (1) of KMMC Rules, as well as clause 4 of Part V of the lease deed, are not applicable in respect of non-specified minor minerals by virtue of Rule 31 of the said Rules. Further, it was stated that after the amendment of the Rules on 12 August 2016, Rule 42 is applicable for all the minor minerals and that the same would be implemented by the Department.

Audit points out that the reply of the Department not only contradicts the Circular (May 2016) issued by the Director of the Department but also its own action to levy penalty in the cases of transportation without MDP. Audit maintains its position that penalty was applicable for all minor minerals even

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129 Chamarajanagara and Ramanagara.
130 Chikkaballapura, Mysuru, Tumakuru and Udupi.
131 Mysuru.
132 Chamarajanagara, Chikkaballapura, Ramanagara, Tumakuru and Udupi.
133 Paragraph No.6.4 of the Audit Report 2015-2016 (Report No.5 of 2016) and Paragraph No.5.6 of the Audit Report 2016-2017 (Report No.7 of 2017).
134 Circular No. M&G: DCB/SQL-1/22/DCB Section/2016-2017 dated 3 May 2016.

before the amendment on 12 August 2016, as is evident from the Rules applicable.

Audit reported these cases to the Government during April 2018. Reply was awaited (December 2018).

Bengaluru **(E. P. Nivedita)**
The **Principal Accountant General**
(Economic and Revenue Sector Audit)
Karnataka

Countersigned

New Delhi **(Rajiv Mehrishi)**
The **Comptroller and Auditor General of India**

Appendix

APPENDIX – I
Rationalisation measures adopted by the CVC
(Paragraph 3.4.8)

	Instructions in the GMV w.e.f 01-07-2013	Rate of residentially converted undeveloped land	Rate for industrially converted undeveloped land	Rate for commercially converted land	Rate for commercial site	Rate for land abetted to NH and SH	Rate for less than 5, 10 and 20 guntas of agriculture land	Rate for commercial apartment	Rate for well and tube well	Land abetting to road	Site abetting to 2 sides road	Industrial Site
01.07.2013 to 30.11.2014	**SRO, Mysuru South**	150% of the agriculture land rate	125% of the agriculture land rate	300% of the agriculture land rate	140% of the residential site rate	150% and 125% of the Agriculture land rate	50% of the residential site rate	Nil	Nil	Nil	10%	Nil
	SRO, Mysuru North	200% of the agriculture land rate	150% of the agriculture land rate	300% of the agriculture land rate	130% of the residential site rate	140% and 120% of the Agriculture land rate	Less than 3 guntas:100% of the residential site rate 3 to 6 guntas: 50% of the residential site rate 6 to 10 guntas: 150% of agriculture land rate	120% of the residential apartment rate	Nil	Nil	10%	Nil
	SRO, Mysuru East	200% of the agriculture land rate	150% of the agriculture land rate	300% of the agriculture land rate	Separate rates given in main pages of GMV	140% and 120% of the Agriculture land rate	Less than 3 guntas:100% of the residential site rate 3 to 6 guntas: 50% of the residential site rate 6 to 10 guntas: 150% of agriculture land rate	120% of the residential apartment rate	Nil	Nil	10%	Nil
	SRO, Mysuru West	200% of the agriculture land rate	150% of the agriculture land rate	300% of the agriculture land rate	Separate rates given in main pages of GMV	140% and 120% of the Agriculture land rate	Less than 3 guntas:100% of the residential site rate 3 to 6 guntas : 50% of the residential site rate 6 to 10 guntas : 150% of agriculture land rate	120% of the residential apartment rate	Nil	Nil	10%	Nil
	SRO, Nanjanagudu	200% of the agriculture land rate	150% of the agriculture land rate	Nil	Separate rates given in main pages of GMV	140% of the Agriculture land rate	Less than 3 guntas:100% of the residential site rate3 to 6 guntas : 50% of the residential site rate 6 to 10 guntas : 150% of agriculture land rate	Nil	5 HP - ₹ 25,000 7.5 HP-₹ 30,000 10 HP - ₹ 35,000 open well or tube well - ₹ 15,000	Nil	10%	Nil
	SRO, Hunsuru	200% of the agriculture land rate	150% of the agriculture land rate	300% of the agriculture land rate	Separate rates given in main pages of GMV	150% of the Agriculture land rate	1 to 5 guntas :50% of the residential site rate 5 to 10 guntas :150% of agriculture land rate	Nil	5 HP - ₹ 30,000 7 HP - ₹ 35,000 10 HP ₹ 40,000 open well-₹20,000	Nil	10%	Nil
	SRO, T.Narasipura	Nil	Nil	Nil	Separate rates given in main pages of GMV	Nil	Nil	Nil	Nil	Nil	10%	Nil
	SRO, K.R.Nagara	300% of the agriculture land rate	150% of the agriculture land rate	Nil	Separate rates given in main pages of GMV	150% of the Agriculture land rate	1 to 5 guntas :50% of the residential site rate 6 to 20 guntas:150% of agriculture land rate	Nil	5 HP - ₹37,500 7.5 HP - ₹45,000 10 HP - ₹53,000 open well-₹23,000 Tube well-₹30,000	Nil	10%	Nil

	Instructions in the GMV w.e.f 01-07-2013	Rate of residentially converted undeveloped land	Rate for industrially converted undeveloped land	Rate for commercially converted land	Rate for commercial site	Rate for land abetted to NH and SH	Rate for less than 5, 10 and 20 guntas of agriculture land	Rate for commercial apartment	Rate for well and tube well	Land abetting to road	Site abetting to 2 sides road	Industrial Site
01.07.2013 to 30.11.2014	**SRO, H.D.Kote**	300% of the agriculture land rate	150% of the agriculture land rate	Nil	Separate rates given in main pages of GMV	150% and 125% of the Agriculture land rate	Less than 3 guntas:100% of the residential site rate 3 to 5 guntas : 75% of the residential site rate 5 to 10 guntas : 200% of agriculture land rate. More than 10 guntas : Agriculture land rate	Nil	5 HP - ₹ 25,000 7 HP - ₹ 30,000 10 HP -₹ 45,000 open well-₹20,000 Tube well - Nil	5%	10%	Nil
	SRO, Periyapattana	200% of the agriculture land rate	150% of the agriculture land rate	300% of the agriculture land rate	Separate rates given in main pages of GMV	150% and 125% of the Agriculture land rate	1 to 5 guntas 50% of the residential site rate	Nil	5 HP - ₹ 25,000 7 HP - ₹ 30,000 10 HP - 35,000 open well-₹20,000 Tube well- Nil	Nil	10%	Nil
	SRO, Bannur	150% of the agriculture land rate	125% of the agriculture land rate	Nil	Separate rates given in main pages of GMV	150% and 125% of the Agriculture land rate	1 to 5 guntas 50% of the residential site rate	Nil	Nil	Nil	10%	Nil
	SRO, Mirle	500% of the agriculture land rate	300% of the agriculture land rate	Nil	Separate rates given in main pages of GMV	Nil	Less than 5 guntas: 100% of the residential site rate 5 to 10 guntas : 200% of the agriculture land rate 10 to 20 guntas : 150% of agriculture land rate	Nil	Tubewell: 3 HP - ₹ 30,000 5 HP - ₹ 35,000 7.5 HP ₹ 40,000 10 HP -₹ 45,000 open well: 3 HP - ₹ 25,000 5 HP - ₹ 30,000 7.5 HP - 35,000 10 HP ₹ 40,000	Nil	25%	Nil
01.12.2014 to 31.03.2016	**SRO, Mysore South, North, East, West, Hunsuru, K.R.Nagara, Bannuru, Mirle, T.Narasipura**	More than 10 guntas :160% of the agriculture land rate	More than 10 guntas :150% of the agriculture land rate	More than 10 guntas :175% of the agriculture land rate	140% of the residential site rate	150% and 125% of the land rate	.Less than 5 guntas : 100% of the site rate 5 to 10 guntas : 50% of the site rate	130% of the residential apartment rate	5 HP - ₹ 30,000 7.5 HP ₹ 35,000 10 HP -₹ 40,000	Nil	10%	Nil

	Instructions in the GMV w.e.f 01-07-2013	Rate of residentially converted undeveloped land	Rate for industrially converted undeveloped land	Rate for commercially converted land	Rate for commercial site	Rate for land abetted to NH and SH	Rate for less than 5, 10 and 20 guntas of agriculture land	Rate for commercial apartment	Rate for well and tube well	Land abetting to road	Site abetting to 2 sides road	Industrial Site
01.12.2014 to 31.03.2016	**SRO, Nanjanagudu**	More than 10 guntas :160% of the agriculture land rate	More than 10 guntas :150% of the agriculture land rate	More than 10 guntas :175% of the agriculture rate land	140% of the residential site rate	150% and 125% of the land rate	Less than 5 guntas : 100% of the site rate 5 to 10 guntas : 50% of the site rate	130% of the residential apartment rate	Open / tube well: ₹ 30,000 5 HP - ₹ 40,000 7.5 HP ₹ 45,000 10 HP ₹ 50,000.	Nil	10%	Nil
	SRO, H.D.Kote	More than 10 guntas :160% of the agriculture rate land	More than 10 guntas :150% of the agriculture land rate	More than 10 guntas :175% of the agriculture rate land	140% of the residential site rate	150% and 125% of the land rate	Less than 5 guntas : 100% of the site rate 5 to 10 guntas : 50% of the site rate	130% of the residential apartment rate	Nil	Nil	10%	Nil
	SRO, Periyapattana	More than 10 guntas :160% of the agriculture land rate	More than 10 guntas :150% of the agriculture land rate	More than 10 guntas :175% of the agriculture rate land	140% of the residential site rate	150% and 125% of the land rate	Less than 5 guntas : 100% of the site rate 5 to 10 Guntas : 50% of the site rate	130% of the residential apartment rate	Open well : Rs. 25000.- Tube well:.- 5 HP Rs. 30000.- 7.5 HRs.35000.- 10 HP Rs.40000.	Nil	10%	Nil
2016-17	**SROs under the Jurisdiction of DR Mysuru (Instructions in the GMV w.e.f 1.4.2016)**	165% of the agriculture land rate	155% of the agriculture land rate	180% of the agriculture land rate	140% of the residential site rate	150% and 125% of the Agriculture land rate	1 to 5 guntas:100% of the site rate5 to 7.5 guntas : 70% of site rate. 7.5 to 10 Guntas :50% of the site rate	130% of residential apartments	Nil	Nil	10%	100% of residential site rate

	Instructions in the GMV w.e.f 01-07-2013	Rate of residentially converted undeveloped land	Rate for industrially converted undeveloped land	Rate for commercially converted land	Rate for commercial site	Rate for land abetted to NH and SH	Rate for less than 5, 10 and 20 guntas of agriculture land	Rate for commercial apartment	Rate for well and tube well	Land abetting to road	Site abetting to 2 sides road	Industrial Site
2017-18	**Instructions in the GMV w.e.f 01-04-2017 applicable to all SROs under DR Mysuru**	5 to 10 guntas: 160% of the agriculture land rate. Above 10 guntas : 165% of Agriculture land rate. 5 to 7.5 guntas: 70% of the site rate or 100% of agriculture land rate whichever is higher. 7.5 to 10 guntas : 60% of the site rate or 100% of agriculture land rate whichever is higher. 10 to 20 guntas : 40% of the site rate or 100% of agriculture land rate whichever is higher. 20 to 40 guntas : 35% of the site rate or 100% of agriculture land rate whichever is higher. Above 40 guntas : 30% of the site rate or 100% of agriculture land rate whichever is higher.	5 to 10 guntas: 160% of the agriculture land rate. Above 10 guntas: 155% of Agriculture land rate. 5 to 7.5 guntas: 70% of the site rate or 100% of agriculture land rate whichever is higher. 7.5 to 10 guntas : 60% of the site rate or 100% of agriculture land rate whichever is higher. 10 to 20 guntas : 40% of the site rate or 100% of agriculture land rate whichever is higher. 20 to 40 guntas : 35% of the site rate or 100% of agriculture land rate whichever is higher. Above 40 guntas: 30% of the site rate or 100% of agriculture land rate whichever is higher.	5 to 10 guntas: 160% of the agriculture land rate. Above 10 guntas : 180% of Agriculture land rate. 5 to 7.5 guntas: 70% of the site rate or 100% of agriculture land rate whichever is higher. 7.5 to 10 guntas: 60% of the site rate or 100% of agriculture land rate whichever is higher. 10 to 20 guntas: 40% of the site rate or 100% of agriculture land rate whichever is higher. 20 to 40 guntas: 35% of the site rate or 100% of agriculture land rate whichever is higher. Above 40 guntas : 30% of the site rate or 100% of agriculture land rate whichever is higher.	140% of the residential site rate	150% and 125% of the Agriculture land rate	Less than 5 guntas : 100% of the site rate.	130% of residential apartments	Nil	Nil	10%	up to 10 guntas: 100% of the residential site rate. Above 10 guntas 50% of the residential site rate

Appendix-II
Time frame for assessment and publication
(Paragraph 3.4.9.2)

Sl. No.	Task	Authority/body responsible for the task	Time prescribed
1.	Sending instructions along with general policy guidelines to all the Sub-Committees in the State for estimation of market value for the next calendar year. ***(The time frame prescribed under these Rules is from first week of October to second week of March of the next calendar year. Hence, the revised market value could only be implemented for 'next financial year' than the 'next calendar year').***	CVC	First week of October.
2.	Publish the intention of such estimation or revision in the local newspapers and on the notice board of important offices.	Sub-Committees	Immediately on receipt of instructions at (1) above from CVC.
3.	Allow 15 days for objections and suggestions, process all the suggestions and objection and place them before the Sub-Committees.	Sub-Registrar (Member Secretary of the Sub-Committee)	As soon as possible after expiry of 15 days' time allowed for receipt of objections/ suggestions.
4.	The Sub-Committee shall meet as often as required to discuss and decide on market value rates for guidelines and prepare the average rates for different kinds of immovable properties.	Sub-Committees	After placing of report on objections/ suggestions by the Member Secretary but before the last week of December every calendar year.
5.	The data shall be arranged - Village and Local Body wise and the statement sent to DR concerned.	Chairman and Secretary of the Sub-Committee.	By last week of December of every year.
6.	Statement received from Sub-Committee shall be verified. In case of any discrepancy or omission, may remit back to the Sub-Committee immediately for reconciliation or supply of the omission.	DR	Immediate on receipt of statements from the Sub-Committees.
7.	The information sought by DRs shall be attended to and the statement re-submitted to the DRs.	By the Sub-Committees	Within 15 days from the date of reference from the DR.
8.	Finally examining the data, recording the views for any improvement or change, and sending the booklets and softcopies for each sub-district to CVC.	DRs	In the first week of January of next calendar year. (This target fixed under the KS (CCVC) Rules is incorrect. The procedures to be followed under steps in Sl.Nos. 5 to 7 against the due date for receipt of final information by DRs from Sub-Committees itself go beyond first week of January).
9.	Placing of the statements received from DRs before the CVC.	Secretary of CVC	By third week of January.

Sl. No.	Task	Authority/body responsible for the task	Time prescribed
10.	Discussing the estimation of market value after considering suggestions made by the Sub-Committees and Registrars.	CVC	Before the end of February.
11.	Forwarding the attested approved estimation of each sub-district/district to the DRs concerned.	Secretary of CVC	By first week of March.
12.	Forwarding the approved statements to the Sub-Committees.	DRs	Within one week from the date of receipt of the same from the CVC.

NB: As explained above, there were some errors in the time-schedule prescribed for certain activities. However, within the overall time-frame from October to March, sufficient time is allowed to the CVC to estimate and prescribe the GMV for the next Financial Year.

APPENDIX- III
Cross verification with Banks and other financial institutions
(Paragraph 3.4.10.4)

Sl No.	Name of the Apartment	DR/SRO	Village	Bank Valuation Per SQM (₹)	Year of valuation by Bank	GMV prescribed (for the period at col.(6) to 2017-18) (₹)	Registered value per SQM		No of documents registered (for the period at col.(6) to 2017-18)	Total Undervaluation (₹ in lakh)	Short realisation of SD & RF (₹ in lakh)
							From (₹)	To (₹)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9,)	(10)	(11)	(12)
1.	77 Degree Place	Shivajinagar/ Mahadevapura	Amani Bellanduru Khane	82,172	2017-18	62,700	58,352	68,104	17	865.11	57.53
2.	Abhee Lakeview	Shivajinagar/ Varthur	Kaikondarahalli	50,968	2015-16	34,200 to 40,600	31,775	64,240	71	1,287.12	85.59
3.	Alpine Viva	Shivajinagar/ Shivajinagar	Sheegehalli	45,747	2013-14	26,587 to 34,900	10,872	53,034	131	3,609.74	240.05
4.	Arun Patios	Gandhinagar/ Yelahanka	Kenchenahalli	33,358	2012-13	10,441 to 27,100	17,190	43,885	89	1,033.41	68.72
5.	ASN Galaxy	Shivajinagar/ Mahadevapura	Horamavu	42,959	2017-18	30,200	30,182	31,678	35	432.55	28.76
6.	Asset Aura	Shivajinagar/ Indiranagar	Gunjuru	53,013	2016-17	36,100	24,671	38,826	123	3,445.27	229.11
7.	Blue Malibu	Jayanagara/ Bommanahalli	Rupena Agrahara	41,775	2014-15	26,200 to 33,900	26,049	44,391	67	1,189.89	79.13
8.	Bon Viveur Heights	Jayanagar/ Bommanahalli	Bilekahalli	47,400	2013-14	28,000 to 37,600	28,040	40,800	3	45.02	2.97
9.	BR Enclave	Jayanagar/ Begur	Singasandra	37,965	2014-15	21,600 to 29,700	27,384	45,359	3	40.73	2.71
10.	Brigade Northridge	Gandhinagar/ Gandhinagar	Kogilu	57,135	2017-18	26,400	27,265	58,728	71	2,774.69	184.52
11.	DS-Max Sandalwood	Rajajinagar/ Srirampura	Nagasandra	38,535	2016-17	25,100 to 27,700	26,189	42,733	60	678.91	45.15
12.	DS-Max Signature	Gandhinagar/ Kacharakanahalli	Kodigehalli	47,943	2016-17	26,600 to 32,900	27,717	52,033	74	1,132.82	74.77
13.	DSR Sunrise	Shivajinagar/	Channasandra	55,456	2014-15	26,200	24,833	50,376	171	6,834.80	451.10

Sl No.	Name of the Apartment	DR/SRO	Village	Bank Valuation Per SQM (₹)	Year of valuation by Bank	GMV prescribed (for the period at col.(6) to 2017-18) (₹)	Registered value per SQM		No of documents registered (for the period at col.(6) to 2017-18)	Total Undervaluation (₹ in lakh)	Short realisation of SD & RF (₹ in lakh)
							From (₹)	To (₹)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9,)	(10)	(11)	(12)
	Towers	Banasawadi				to 30,700					
14.	DSR Wood Winds	Shivajinagar/ Banasawadi	Doddakannelli	61,700	2014-15	34,500 to 48,000	35,050	58,250	159	4,737.76	312.69
15.	Eternity Serene	Jayanagar/ Jayanagar	Kodichikanahalli	37,825	2014-15	21,500 to 29,700	19,946	24,284	31	527.27	35.06
16.	GK Golden City	Basavanagudi/ Sarjapura	Kudlu	43,100	2014-15	20,250 to 41,400	41,100	42,000	13	28.88	1.91
17.	Greenage	Jayanagara/ Bommanahalli	Hongasandra	62,969	2016-17	37,400	37,868	89,696	218	7,030.18	467.51
18.	IJ-Kumbha Woods	Jayanagara/ Bommanahalli	Kammanahalli	46,899	2015-16	22,900 to 33,900	23,831	43,153	58	1,099.65	73.13
19.	Janhavi Enclave	Jayanagara/ Begur	Kodichikanahalli	45,725	2015-16	21,500 to 28,000	28,901	37,007	48	1,112.60	73.99
20.	JRK Gardens	Shivajinagar/ KR Pura	Sannathammana-halli	44,000	2015-16	18,800 to 43,800	19,900	20,300	67	1,506.65	100.19
21.	Koncept Nakshatra	Rajajinagar/ Nagarabhavi	Sriganda-kaval	39,800	2015-16	23,000 to 43,800	24,300	35,000	6	78.34	5.17
22.	Legend Ornate	Jayanagar/ Bommanahalli	Hongasandra	36,700	2013-14	18,000 to 36,000	18,100	33,700	108	2,120.99	139.99
23.	Mahaveer Clover	Gandhinagar/ Yelahanka	Kogilu (MaruthiNagara)	37,200	2014-15	19,000 to 28,700	20,500	34,500	59	876.49	57.85
24.	Mahaveer Desire	Rajajinagar/ Peenya	Chikkasandra	33,379	2015-16	24,219 to 38,000	20,592	41,861	111	1,140.53	75.85
25.	Mahaveer Oberon	Jayanagar/ JP Nagar	Sarakki Agrahara	55,370	2015-16	34,200 to 40,800	35,327	59,977	29	531.92	35.11
26.	MJR Pearl	Shivajinagar/ Halasoor	Kadugodi	43,800	2017-18	28,100 to 33,400	32,300	37,600	92	855.76	56.48
27.	Mythri Adithya	Basavanagudi/ Banashankari	Arehalli	46,285	2017-18	40,800	38,557	51,463	30	179.48	11.94

Sl No.	Name of the Apartment	DR/SRO	Village	Bank Valuation Per SQM (₹)	Year of valuation by Bank	GMV prescribed (for the period at col.(6) to 2017-18) (₹)	Registered value per SQM		No of documents registered (for the period at col.(6) to 2017-18)	Total Undervaluation (₹ in lakh)	Short realisation of SD & RF (₹ in lakh)
							From (₹)	To (₹)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9,)	(10)	(11)	(12)
28.	Navcar PV Enclave	Shivajinagar/ Indiranagar	Vignana Nagar Vibhuthipura Dhakale	50,731	2013-14	24,650 to 33,900	18,320	26,716	11	328.39	21.84
29.	NCN Classic	Shivajinagar/ Halasoor	Haralur	39,300	2014-15	18,500 to 34,500	19,600	32,600	36	800.29	52.82
30.	Nikko Homes	Gandhinagar/ Gandhinagar	Chokkanahalli	45,403	2017-18	41,300	42,410	49,837	649	1,027.35	68.32
31.	NSR Brindavan Annex	Shivajinagar/ Halasoor	Haralur	43,100	2014-15	19,900 to 33,60	19,900	43,600	41	790.06	52.14
32.	Platinum Lifestyle	Jayanagar/ JP Nagar	Kothanur	47,534	2017-18	37,500	38,352	49,514	66	542.82	36.10
33.	Prabhavathi Windsor	Jayanagar/ Begur	Devarachikkana-halli	36,490	2015-16	21,500 to 29,700	16,534	38,363	47	643.02	42.76
34.	Prakruthi Krishna	Gandhinagara/ Bytarayanapura	Jarakbande Kaval	39,461	2015-16	22,927 to 34,180	23,864	34,208	16	249.85	16.49
35.	President Leon	Gandhinagar/ Yelahanka	Anantapura	42,100	2015-16	33,400 to 35,800	33,400	37,200	52	534.88	35.30
36.	Provident Harmony	Gandhinagar/ Kacharakanahalli	Chokkanahalli	44,681	2016-17	33,500 to 34,900	34,682	54,283	98	1,001.12	66.57
37.	Pruthvi Paradise	Jayanagar/ Begur	Begur	44,111	2013-14	17,545 to 33,400	15,974	23,455	9	214.15	14.24
38.	Purnima Elite	Basavanagudi/ Banashankari	Kammasandra	33,864	2016-17	16,000 to 19,700	17,373	39,246	97	2,279.54	151.59
39.	Sai Nivas	Jayanagar/ BTM Layout	2nd Cross, Shanthiniketan Layout, Arekere	58,621	2017-18	38,700	38,912	40,204	6	151.68	10.09
40.	Sapthagiri Splendor	Jayanagar/ BTM Layout	Devarachikkana-halli	51,000	2015-16	26,500 to 34,600	31,000	46,800	127	3,528.88	232.91

Sl No.	Name of the Apartment	DR/SRO	Village	Bank Valuation Per SQM (₹)	Year of valuation by Bank	GMV prescribed (for the period at col.(6) to 2017-18) (₹)	Registered value per SQM		No of documents registered (for the period at col.(6) to 2017-18)	Total Undervaluation (₹ in lakh)	Short realisation of SD & RF (₹ in lakh)
							From (₹)	To (₹)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9,)	(10)	(11)	(12)
41.	Shakti Sprinkle	Jayanagar/ BTM Layout	Begur	32,400	2013-14	15,100 to 33,400	15,600	22,100	33	500.75	33.05
42.	Shriram Suhaana Residential Complex	Gandhinagar/ Yelahanka	Harohalli	41,441	2015-16	23,250 to 27,400	20,473	55,865	223	4,722.93	311.71
43.	Silicon Valley	Shivajinagar/ Mahadevapura	Nallurhalli	29,536	2013-14	22,927 to 37,000	19,720	28,051	31	313.54	20.85
44.	Silver Crown	Basavanagudi/ Banashankari	Kudlu	34,509	2013-14	18,837 to 30,200	18,299	37,028	172	2,866.34	190.61
45.	SLN Residency	Shivajinagar/ Varthur	R. Narayanapura	34,348	2016-17	26,600 to 36,300	30,408	37,792	20	78.78	5.20
46.	SONESTAA IWOODS	Shivajinagar/ Varthur	Bellandur	54,337	2015-16	38,200 to 51,000	39,256	53,002	92	986.64	65.61
47.	Sri Lakshmi Homes	Shivajinagar/ Mahadevapura	Nagappa Reddy Layout, Kaggadasapura	40,526	2015-16	24,600 to 27,700	26,070	26,070	6	92.02	6.12
48.	Sri Sai Acropolis	Jayanagar/ Begur	Naganathapura	38,395	2014-15	18,000 to 30,800	14,833	38,395	134	3,362.81	221.95
49.	Sumadhura Pranavam MTB	Shivajinagar/ Mahadevapura	Hoodi	58,696	2017-18	39,700	40,946	62,431	134	1,909.04	126.95
50.	Surabhi	Jayanagar/ Jayanagar	Bilekahalli	54,186	2016-17	33,200 to 34,600	40,613	58,642	5	65.53	4.36
51.	Suraksha Landmark	Jayanagar/ Bommanahalli	Arakere	59,900	2017-18	35,000	36,000	59,600	53	1,305.53	86.16
52.	Suraksha Marvella	Jayanagar/ BTM Layout	Nayanapanahalli	59,428	2017-18	28,100	29,127	52,582	65	2,030.68	135.04
53.	SVS Patel's Callisto	Gandhinagara/ Bytarayanapura	Amruthahalli	58,115	2014-15	28,955 to 35,700	27,373	51,969	118	4,263.44	283.52

Sl No.	Name of the Apartment	DR/SRO	Village	Bank Valuation Per SQM (₹)	Year of valuation by Bank	GMV prescribed (for the period at col.(6) to 2017-18) (₹)	Registered value per SQM		No of documents registered (for the period at col.(6) to 2017-18)	Total Undervaluation (₹ in lakh)	Short realisation of SD & RF (₹ in lakh)
							From (₹)	To (₹)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9,)	(10)	(11)	(12)
54.	TG Aabhushan	Jayanagar/ Begur	Begur	33,207	2016-17	28,500 to 33,400	18,536	35,855	44	643.73	42.81
55.	Tirumala Sunidhi Desire	Jayanagar/ Begur	Begur	57,006	2016-17	29,300 to 30,700	26,458	56,350	52	1,452.41	96.58
56.	Trifecta Esplande	Shivajinagar/ Mahadevapura	Belathur	37,104	2016-17	31,800 to 33,200	32,841	50,429	106	454.54	30.23
57.	United Elysium	Shivajinagar/ Mahadevapura	Sheegehalli	42,206	2016-17	32,100 to 33,400	28,212	41,915	131	1,319.66	87.76
58.	Vaastu Greens	Jayanagar/ JP Nagar	Kodipalya	39,698	2016-17	30,600 to 32,000	24,187	44,735	144	1,673.14	111.26
TOTAL									**4762**	**85,330.10**	**5,657.92**

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APPENDIX- IV
Advertisements and Brochures published by Builders/Developers
(Paragraph 3.4.10.7)

Sl. No.	Apartment Name	Village Name	No of Documents Registered	Total SBA	Rate/ Sft. as per GMV (₹)	Rate/ Sft. quoted by Developer (₹)	Market Value as per Document (₹)	Market Value as per Developer (₹)	Differential MV (₹)	S/L of SD & RF @ 6.6% (₹)	% (col.7 to col.6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Amrutha Heights	Nallurahalli	42	53532	3067	5293	173182804	283344876	110162072	7270697	42
2.	Prestige Park View	Pattandur Agrahara	2	3678	4414	6279	17323000	23094162	5771162	380897	30
3.	Prestige Kingfisher Tower	Vittal Mallya Road	27	224667	13780	35000	3095911280	7863345000	4767433740	314650626	61
4.	Republic of Whitefield	Kundalahalli	263	306109	4832	8027	1561753468	2457136943	895383475	59095309	40
5.	Shilpitha Sunflower	Nallurahalli	170	228679	3438	5299	828851372	1211770021	382918649	25272631	35
6.	Sindhu Amazon	Bellanduru	37	56002	4730	7274	282261892	407358548	125096656	8256379	35
7.	SLS Signature	Panathuru	186	227574	3633	5158	869475638	1173826692	304351054	20087170	30
8.	Sobha Habitech	Pattandur Agrahara	146	269379	4526	6674	1294194406	1797835446	503641040	33240309	32
9.	Sumadhura's Pranavam MTB	Hoodi	156	196405	3689	5698	893026474	1119115690	226089216	14921888	35
10.	Sumadhura's Silver Ripples	Nallurahalli	186	325030	3438	5398	1279212552	1754511940	475299388	31369760	36
11.	Windmills of Your Mind	Hoodi	9	50692	6505	10500	370431764	532266000	161834236	10681060	38
12.	Prestige Tranquility	Bommenahalli	305	418941	3476	5195	1549596552	1946606306	397009754	26202644	33
13.	Rohan Bellissima	Kadri Temple Road (Mallikatta to Kadri Temple)	8	14668	3253	6000	62343650	88008000	25664350	1693847	46
14.	Citadel Jade	Vas Lane Road	36	58605	3253	5000	202371766	293025000	90653234	5983113	35
15.	Brigade Pinacle	Derebailu Village	86	129323	2788	4750	488626362	614285010	125658648	8293471	41
16.	Kambla Heights	Kadri Kambla Road	35	60175	2137	4500	163428350	270787500	107359150	7085704	53
17.	Planet SKS	Kadri Village Non Agriculture Land (Not falling under any of the above Categories)	92	353296	3067	5030	1482590991	1777077069	294486078	19436081	39

Sl. No.	Apartment Name	Village Name	No of Documents Registered	Total SBA	Rate/ Sft. as per GMV (₹)	Rate/ Sft. quoted by Developer (₹)	Market Value as per Document (₹)	Market Value as per Developer (₹)	Differential MV (₹)	S/L of SD & RF @ 6.6% (₹)	% (col.7 to col.6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
18.	Shalimar Liverpool	Kadri Village Non Agriculture Land (Not falling under any of the above Categories)	16	29234	3253	4949	105789005	144679066	38890061	2566744	34
19.	Marian Promenade	Kadri Village Non Agriculture Land (Not falling under any of the above Categories)	43	62955	2788	4600	237811250	289591712	51780462	3417510	39
20.	Maurishka Palace	Kadri Village Non Agriculture Land (Not falling under any of the above Categories)	14	25471	2788	7242	95274000	184461561	89187561	5886379	62
21.	Plama Grande	Padavu Village (Kulashekar Chowky Road) (See Managalore Karkala Road)	36	46920	2138	3300	126729600	154836000	28106400	1855022	35
22.	Royal Palms	Kodiyal Bail Village Non Agricultural Land (Not Falling under any of the above categories)	19	24730	2230	5000	85654725	123650000	37995275	2507688	55
23.	Sai Ameya Ark	Kodiyal Bail Village Non Agricultural Land (Not Falling under any of the above categories)	21	27965	2788	5000	100878000	139826200	38948200	2570581	44
24.	Mak the Address	Srurruck road	10	17065	3253	5217	65750000	89028105	23278105	1536355	38
25.	Shambhavi Sovereign	Mooduperampalli ward	19	36885	1887	3680	82947000	135737830	52790830	3484195	49

Sl. No.	Apartment Name	Village Name	No of Documents Registered	Total SBA	Rate/ Sft. as per GMV (₹)	Rate/ Sft. quoted by Developer (₹)	Market Value as per Document (₹)	Market Value as per Developer (₹)	Differential MV (₹)	S/L of SD & RF @ 6.6% (₹)	% (col.7 to col.6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
26.	Blue Berry Woods	Indrali	105	172071	2175	3500	458548000	602248080	143700080	9484205	38
27.	Mandavi Acropolis	Ajjirakadu Ward	100	136091	2565	3850	372809669	523951120	151141451	9975336	33
	TOTAL		**2169**	**3556142**			**16346773570**	**26001403878**	**9654630328**	**637205601**	

Appendix-V
Underestimation of value of sites
(Paragraph 3.4.11.2)

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Allalasandra	26106	23000	59700000	98505000	44272	80494	57494	71.43
2.	Amani Byrathi Kane	28172	19580	24500000	40425000	18169	33034	13454	40.73
3.	Amruthahalli	26140	33600	55500000	91575000	41157	74831	41231	55.10
4.	Ananthapura (Yelahanka)	26104	24000	26400000	43560000	19578	35596	11596	32.58
5.	Anjanapura Village	27961	28600	33000000	54450000	24472	44494	15894	35.72
6.	Arakere Village	28535	30800	36300000	59895000	26919	48944	18144	37.07
7.	Avalahalli	26145	13500	19800000	32670000	14683	26697	13197	49.43
8.	B.Channasandra	28407	35600	48500000	80025000	35966	65393	29793	45.56
9.	B.Narayanapura	28373	49700	55000000	90750000	40787	74157	24457	32.98
10.	Babasahebara Palya	32284	23690	33000000	54450000	24472	44494	20804	46.76
11.	Banasawadi	28233	26100	49000000	80850000	36337	66067	39967	60.49
12.	Begur	28539	28000	34000000	56100000	25213	45843	17843	38.92
13.	Bellahalli	26559	13000	13700000	22605000	10160	18472	5472	29.62
14.	Bilekahalli	28541	35550	44000000	72600000	32629	59326	23776	40.08
15.	Bommanahalli	28544	26100	42400000	69960000	31443	57169	31069	54.35
16.	Byatarayanapura	26550	37700	55500000	91575000	41157	74831	37131	49.62
17.	Byrathi Khane	28235	19600	24500000	40425000	18169	33034	13434	40.67
18.	CD Hosakote	29178	3600	5060000	8349000	3752	6822	3222	47.23
19.	Channasandra	28307	16600	18700000	30855000	13867	25213	8613	34.16

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
20.	Chikkabettahalli	26311	27000	44500000	73425000	33000	60000	33000	55.00
21.	Chikkabommasandra	32441	38000	52800000	87120000	39155	71191	33191	46.62
22.	Chikkasanne		18000	35000000	57750000	25955	47191	29191	61.86
23.	Chinnappanahalli	28201	49700	55000000	90750000	40787	74157	24457	32.98
24.	Chokkanahalli	26284	20400	22200000	36630000	16463	29933	9533	31.85
25.	Dasarahalli	28210	19600	24500000	40425000	18169	33034	13434	40.67
26.	Deevatige Ramanahalli	32271	35530	44000000	72600000	32629	59326	23796	40.11
27.	Devarachikkanahalli	28615	20150	24800000	40920000	18391	33438	13288	39.74
28.	Devarajeevanahalli	14347	13000	20000000	33000000	14831	26966	13966	51.79
29.	Doddabettahalli	26507	14800	22200000	36630000	16463	29933	15133	50.56
30.	Doddabommasandra	26501	26900	55500000	91575000	41157	74831	47931	64.05
31.	Gasthikempanahalli	26267	10700	13200000	21780000	9789	17798	7098	39.88
32.	Geddalahalli	28195	19600	24500000	40425000	18169	33034	13434	40.67
33.	Govindapura	26279	14000	13200000	21780000	9789	17798	3798	21.34
34.	Guddadahalli	14299	20100	45000000	74250000	33371	60674	40574	66.87
35.	Gulika Male	28029	13000	14500000	23925000	10753	19551	6551	33.51
36.	Harohalli	26733	20000	21200000	34980000	15721	28584	8584	30.03
37.	Hebbal	14589	41500	110000000	181500000	81573	148315	106815	72.02
38.	Hebbal Amanikere	14609	42000	110000000	181500000	81573	148315	106315	71.68
39.	Hennuru	14601	44900	55000000	90750000	40787	74157	29257	39.45
40.	Hongasandra	28637	20150	30300000	49995000	22470	40854	20704	50.68
41.	Honnenahalli	26749	12800	19800000	32670000	14683	26697	13897	52.05

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
42.	Hoodi	28269	47400	60000000	99000000	44494	80899	33499	41.41
43.	Horamavu	28267	22000	36500000	60225000	27067	49213	27213	55.30
44.	Horamavu Agara	28268	22000	27500000	45375000	20393	37079	15079	40.67
45.	Hosahalli Gollarapalya	28780	14800	20000000	33000000	14831	26966	12166	45.12
46.	Hunasamaranahalli	29066	14300	24200000	39930000	17946	32629	18329	56.17
47.	Huthanahalli	29069	9500	12100000	19965000	8973	16315	6815	41.77
48.	Ibbalur	28652	36750	44000000	72600000	32629	59326	22576	38.05
49.	Jakkasandra	28654	36750	48400000	79860000	35892	65258	28508	43.69
50.	Jakkuru	26359	29400	55500000	91575000	41157	74831	45431	60.71
51.	K. Narayanapura	28182	19600	22000000	36300000	16315	29663	10063	33.92
52.	Kacharakanahalli	14255	47400	75000000	123750000	55618	101124	53724	53.13
53.	Kadiganahalli	28991	14300	21500000	35475000	15944	28989	14689	50.67
54.	Kadirenahalli	14752	9500	12100000	19965000	8973	16315	6815	41.77
55.	Kaggadasapura	28189	30800	38500000	63525000	28551	51910	21110	40.67
56.	Kalena Agrahara	28680	23500	33000000	54450000	24472	44494	20994	47.18
57.	Kalkere	28187	17800	24500000	40425000	18169	33034	15234	46.12
58.	Kattigenahalli (Bbmp)	28994	14300	22000000	36300000	16315	29663	15363	51.79
59.	Kempapura	26157	34300	89000000	146850000	66000	120000	85700	71.42
60.	Kenchenahalli (Rajarajeshwarinagar)	28252	41440	35200000	58080000	26103	47461	6021	12.69
61.	Kodichikkanahalli	28659	20150	27500000	45375000	20393	37079	16929	45.66
62.	Kodigehalli	26175	27000	50000000	82500000	37079	67416	40416	59.95

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
63.	Kogilu	26096	20000	26400000	43560000	19578	35596	15596	43.81
64.	Koramangala Village	28671	41500	55000000	90750000	40787	74157	32657	44.04
65.	Kothanuru	28193	19600	24500000	40425000	18169	33034	13434	40.67
66.	Kothi Hosahalli	26201	27000	44500000	73425000	33000	60000	33000	55.00
67.	Lingadhiranahalli	14806	14300	20000000	33000000	14831	26966	12666	46.97
68.	Madiwala (Anekal)	29137	7200	8250000	13612500	6118	11124	3924	35.27
69.	Mahadevapura	28245	50900	65000000	107250000	48202	87640	36740	41.92
70.	Mallasandra	28095	29100	33000000	54450000	24472	44494	15394	34.60
71.	Manchenahalli	26563	14000	13900000	22935000	10308	18742	4742	25.30
72.	Mandalakunte	26127	47000	66000000	108900000	48944	88989	41989	47.18
73.	Manganahalli	14771	11900	16500000	27225000	12236	22247	10347	46.51
74.	Maranayakanahalli	29045	8500	12200000	20130000	9047	16449	7949	48.33
75.	Maratha Halli	28704	53300	68200000	112530000	50575	91955	38655	42.04
76.	Meenukunte	29046	16000	23100000	38115000	17130	31146	15146	48.63
77.	Meesaganahalli	29049	13000	14300000	23595000	10604	19281	6281	32.58
78.	Nagareshwara Nagenahalli	28217	17700	24500000	40425000	18169	33034	15334	46.42
79.	Nagavara	14385	35600	55000000	90750000	40787	74157	38557	51.99
80.	Nagenahalli (Harohalli)	26733	17800	27500000	45375000	20393	37079	19279	51.99
81.	Nagondanahalli	28220	23700	40000000	66000000	29663	53933	30233	56.06
82.	Narasipura (Vidyaranyapura)	26529	35600	55500000	91575000	41157	74831	39231	52.43
83.	Navarathna Agrahara	29018	15000	19000000	31350000	14090	25618	10618	41.45

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
84.	Nayandahalli	32275	30140	44000000	72600000	32629	59326	29186	49.20
85.	New Thippasandra	28410	48600	58000000	95700000	43011	78202	29602	37.85
86.	Old Thippasandra	28203	49400	58000000	95700000	43011	78202	28802	36.83
87.	Palanahalli	29021	13100	22000000	36300000	16315	29663	16563	55.84
88.	Puttenahalli	26125	25000	52800000	87120000	39155	71191	46191	64.88
89.	Rachenahalli	28246	19600	36500000	60225000	27067	49213	29613	60.17
90.	Ramachandrapura	26604	24200	44500000	73425000	33000	60000	35800	59.67
91.	Ramagondanahalli	26596	12800	19800000	32670000	14683	26697	13897	52.05
92.	Rupena Agrahara	28701	28400	44000000	72600000	32629	59326	30926	52.13
93.	Sampigehalli	26713	26900	44500000	73425000	33000	60000	33100	55.17
94.	Sarakki Agrahara	28714	41500	54500000	89925000	40416	73483	31983	43.52
95.	Shampura	14529	35600	65000000	107250000	48202	87640	52040	59.38
96.	Shettigere	29056	11900	18000000	29700000	13348	24270	12370	50.97
97.	Shrinivasapura	26675	13000	18500000	30525000	13719	24944	11944	47.88
98.	Shrirampura	26669	26900	50000000	82500000	37079	67416	40516	60.10
99.	Shyamarajapura	26720	11500	13300000	21945000	9863	17933	6433	35.87
100.	Singanayakanahalli	26697	12800	21200000	34980000	15721	28584	15784	55.22
101.	Singanayakanahalli Amanikere	26706	10000	13200000	21780000	9789	17798	7798	43.81
102.	Singapura	26726	16200	22200000	36630000	16463	29933	13733	45.88
103.	Singasandra	28705	20700	36300000	59895000	26919	48944	28244	57.71
104.	Sonnappanahalli	29058	18000	23200000	38280000	17204	31281	13281	42.46

Sl. No.	Village	Village code	Residential Site GMV (per sq.mtr) (₹)	GMV of Agricultural land (per Acre) (₹)	GMV of Residentially Converted land (2016-17) (₹)	Value per sq.mtr after relinquishment of 45% land (₹)	Value of Residentially converted Site (₹)	Differential value (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
105.	Subbaianpalya	36932	23700	33000000	54450000	24472	44494	20794	46.73
106.	Tarabanahalli	29007	9500	11000000	18150000	8157	14831	5331	35.95
107.	Thanisandra	28209	23700	36500000	60225000	27067	49213	25513	51.84
108.	Thindlu	26479	26900	55500000	91575000	41157	74831	47931	64.05
109.	Thirumenahalli	26492	18000	21200000	34980000	15721	28584	10584	37.03
110.	Vaderahalli	26641	13200	22200000	36630000	16463	29933	16733	55.90
111.	Valagerahalli	32293	26910	33000000	54450000	24472	44494	17584	39.52
112.	Venkatapura	28734	35550	42400000	69960000	31443	57169	21619	37.82
113.	Venkateshapura	26645	27300	50000000	82500000	37079	67416	40116	59.51
114.	Venkoji Rao Khane	28732	26100	36300000	59895000	26919	48944	22844	46.67
115.	Vibhutipura	28250	45000	60000000	99000000	44494	80899	35899	44.38
116.	Vijinapura	28253	28400	33000000	54450000	24472	44494	16094	36.17
117.	Vishwanathanagenahalli	14521	47400	60000000	99000000	44494	80899	33499	41.41
118.	White Field Main Road	28435	49700	75000000	123750000	55618	101124	51424	50.85
119.	Whitefield	28255	55700	60000000	99000000	44494	80899	25199	31.15
120.	Yelahanka Amanikere	26138	20000	66000000	108900000	48944	88989	68989	77.53
121.	Yellukunte	28740	22550	36300000	59895000	26919	48944	26394	53.93

Appendix VI
Underestimation of value of Apartments
(Paragraph 3.4.12)

		2016-17						2017-18			
Sl. No.	Village Name	Residential site GMV (₹)	Estimated Value of Sites (₹)	GMV of SBA (as per Ready Reckoner) (₹)	Value as per ready reckoner corresponding to Col.(4) (₹)	Under-valuation of SBA (₹)	Percentage of under-valuation	GMV of SBA (₹)	Value as per ready reckoner corresponding to Col.(9) (₹)	Under Valuation of SBA (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Allalasandra	21400	80000	24400	62500	38100	61	29700	63400	33700	53
2.	Amani Byrathi Khane	19580	33000	23400	33200	9800	30	28700	36000	7300	20
3.	Amrutahalli	33600	74000	33400	58800	25400	43	36000	60100	24100	40
4.	Anjanapur	28600	44000	30100	40700	10600	26	33400	41800	8400	20
5.	Arakere	30800	48000	31100	43000	11900	28	34500	43900	9400	21
6.	Avalahalli	13500	26000	19400	27600	8200	30	25500	32300	6800	21
7.	B.Narayanapura Udayapura	33100	78000	33400	61400	28000	46	36000	62300	26300	42
8.	Babasabarapallya	23690	44000	26500	40700	14200	35	30800	41800	11000	26
9.	Banasawadi	26100	66000	27600	54400	26800	49	32300	55700	23400	42
10.	Begur	28000	45000	29900	41300	11400	28	33400	42300	8900	21
11.	Bellahalli	11400	18000	18600	22600	4000	18	24500	28100	3600	13
12.	Bilekahalli	35530	59000	34600	50300	15700	31	37100	51900	14800	29
13.	Byatarayanapura	37700	74000	35700	58800	23100	39	38100	60100	22000	37
14.	Byrathikhane	19600	33000	23700	33200	9500	29	28700	36000	7300	20
15.	Channasandra	35600	65000	34600	53900	19300	36	37100	55100	18000	33
16.	Channasandra	16600	25000	22200	27200	5000	18	27100	31800	4700	15
17.	Chikka Bettahalli	27000	59000	28000	50300	22300	44	32900	51900	19000	37
18.	Chinnappanahalli	49700	74000	45000	58800	13800	23	44400	60100	15700	26

		2016-17						2017-18			
Sl. No.	**Village Name**	**Residential site GMV (₹)**	**Estimated Value of Sites (₹)**	**GMV of SBA (as per Ready Reckoner) (₹)**	**Value as per ready reckoner corresponding to Col.(4) (₹)**	**Under-valuation of SBA (₹)**	**Percentage of under-valuation**	**GMV of SBA (₹)**	**Value as per ready reckoner corresponding to Col.(9) (₹)**	**Under Valuation of SBA (₹)**	**Percentage of under-valuation**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
19.	Chokkanahalli	20400	29000	23800	30400	6600	22	29200	33900	4700	14
20.	Dasarahalli	19600	33000	23700	33200	9500	29	28700	36000	7300	20
21.	Devarajeevanahalli	13000	26000	19200	27600	8400	30	25500	32300	6800	21
22.	Divitige Ramanahalli	35530	59000	34600	50300	15700	31	37100	51900	14800	29
23.	Dodda Bettahalli	14800	29000	20000	30400	10400	34	26000	33900	7900	23
24.	Dodda Bommasandra	26900	74000	28000	58800	30800	52	32300	60100	27800	46
25.	Geddalahalli	19600	33000	23700	33200	9500	29	28700	36000	7300	20
26.	Guddadahalli	20100	60000	23700	51200	27500	54	29200	52400	23200	44
27.	Gulika Male	13000	19000	19000	23100	4100	18	25500	28700	3200	11
28.	Harohalli	17100	28000	20300	29900	9600	32	27600	33400	5800	17
29.	Hebbala	41500	148000	38800	100700	61900	61	40200	100700	60500	60
30.	Hebbala Amanikere	42000	148000	39100	100700	61600	61	40800	100700	59900	59
31.	Hennuru	44900	74000	46100	58800	12700	22	41800	60100	18300	30
32.	Hongasandra	20130	40000	23800	37900	14100	37	29200	39700	10500	26
33.	Honnenahalli	12800	26000	19200	27600	8400	30	25000	32300	7300	23
34.	Hoodi	47400	80000	42900	62500	19600	31	43400	63400	20000	32
35.	Horamavu	22000	49000	26100	44800	18700	42	30200	44400	14200	32
36.	Horamavu Agara	22000	37000	26100	35000	8900	25	30200	38100	7900	21
37.	Hosahalli Gollarapalya	14800	26000	22000	27600	5600	20	26000	32300	6300	20
38.	Ibbaluru	36740	59000	35000	50300	15300	30	37600	51900	14300	28
39.	Jakkasandra	36740	65000	35000	53900	18900	35	37600	55100	17500	32

Sl. No.	Village Name	2016-17 Residential site GMV (₹)	Estimated Value of Sites (₹)	GMV of SBA (as per Ready Reckoner) (₹)	Value as per ready reckoner corresponding to Col.(4) (₹)	Under-valuation of SBA (₹)	Percentage of under-valuation	2017-18 GMV of SBA (₹)	Value as per ready reckoner corresponding to Col.(9) (₹)	Under Valuation of SBA (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
40.	Jakkuru	29400	74000	30700	58800	28100	48	33900	60100	26200	44
41.	Judicial Layout (Allalasandra Chikkabommasandra, Jakkur plantation)	54000	80000	48500	62500	14000	22	49100	63400	14300	23
42.	K.Narayanapura	19600	29000	23700	30400	6700	22	28700	33900	5200	15
43.	Kacharakanahalli	47400	101000	42900	74000	31100	42	43400	74900	31500	42
44.	Kadiganahalli	14300	28000	19400	29900	10500	35	26000	33400	7400	22
45.	Kaggadasapura	30800	51000	30800	45800	15000	33	34500	47500	13000	27
46.	Kalena Agrahara	23500	44000	26500	40700	14200	35	30800	41800	11000	26
47.	Kalkere	17800	33000	22600	33200	10600	32	27600	36000	8400	23
48.	Kattigenahalli	14300	29000	19600	30400	10800	36	26000	33900	7900	23
49.	Kempapura	34300	119000	34100	83900	49800	59	36600	84800	48200	57
50.	Kenchenahalli	10000	12000	16500	18600	2100	11	23900	25000	1100	4
51.	Kodi Chikkanahalli	20130	37000	23800	35000	11200	32	29200	38100	8900	23
52.	Kodigehalli	27000	67000	28000	55000	27000	49	32900	56200	23300	41
53.	Kogilu	17100	35000	23000	34300	11300	33	27600	37100	9500	26
54.	Koramangala	41470	74000	38800	58800	20000	34	40200	60100	19900	33
55.	Kothanuru	19600	33000	23700	33200	9500	29	28700	36000	7300	20
56.	Lingadheeranahalli	14300	26000	21350	27600	6250	23	26000	32300	6300	20
57.	Mahadevapura	50900	87000	45800	66000	20200	31	45000	67200	22200	33
58.	Mallasanadra	29100	44000	30400	40700	10300	25	33900	41800	7900	19
59.	Mandalakunte	46200	88000	42100	67000	24900	37	42900	67800	24900	37

		2016-17						2017-18			
Sl. No.	Village Name	Residential site GMV (₹)	Estimated Value of Sites (₹)	GMV of SBA (as per Ready Reckoner) (₹)	Value as per ready reckoner corresponding to Col.(4) (₹)	Under-valuation of SBA (₹)	Percentage of under-valuation	GMV of SBA (₹)	Value as per ready reckoner corresponding to Col.(9) (₹)	Under Valuation of SBA (₹)	Percentage of under-valuation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
60.	Manganahalli	11900	22000	18600	25800	7200	28	24500	30200	5700	19
61.	Maratha Halli	35600	91000	34900	68600	33700	49	37100	69400	32300	47
62.	Misaganahalli	13000	19000	19000	23100	4100	18	25500	28700	3200	11
63.	Nagareshwara Nagenahalli	17700	33000	22600	33200	10600	32	27600	36000	8400	23
64.	Nagavara	35600	74000	34600	58800	24200	41	37100	60100	23000	38
65	Nagondanahalli	23700	53000	26500	46900	20400	43	30800	48600	17800	37
66.	Narasipura	35600	74000	34600	58800	24200	41	37100	60100	23000	38
67.	Navaratna Agrahara	15000	25000	20000	27200	7200	26	26600	31800	5200	16
68.	Nayandanahalli	30140	59000	30800	50300	19500	39	34500	51900	17400	34
69.	Puttenahalli	21400	71000	24400	57400	33000	57	29700	58400	28700	49
70.	Rachenahalli	19600	49000	23700	44800	21100	47	28700	44400	15700	35
71.	Ramachandra pura	24200	59000	26800	50300	23500	47	31300	51900	20600	40
72.	Ramagondanahalli	12800	26000	19200	27600	8400	30	25000	32300	7300	23
73.	Rupena Agrahara	28380	59000	29900	50300	20400	41	33400	51900	18500	36
74.	Sampigehalli	26900	59000	28000	50300	22300	44	32300	51900	19600	38
75.	Sarakki Agrahara	41470	73000	38800	58300	19500	33	40200	59500	19300	32
76.	Shamarajapura	11500	17000	18600	22200	3600	16	24500	27600	3100	11
77.	Shettygere	11900	24000	18600	26500	7900	30	24500	31300	6800	22
78.	Shyampura	35600	87000	34600	66000	31400	48	37100	67200	30100	45
79.	Singanayakanahalli	12800	28000	19200	29900	10700	36	25000	33400	8400	25
80.	Singanayakanahalli Amanikere	10000	17000	16500	22200	5700	26	23900	27600	3700	13

		2016-17						2017-18			
Sl. No.	**Village Name**	**Residential site GMV (₹)**	**Estimated Value of Sites (₹)**	**GMV of SBA (as per Ready Reckoner) (₹)**	**Value as per ready reckoner corresponding to Col.(4) (₹)**	**Under-valuation of SBA (₹)**	**Percentage of under-valuation**	**GMV of SBA (₹)**	**Value as per ready reckoner corresponding to Col.(9) (₹)**	**Under Valuation of SBA (₹)**	**Percentage of under-valuation**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
81.	Singapura	16200	29000	20300	30400	10100	33	27100	33900	6800	20
82.	Singasandra	20680	48000	23800	43000	19200	45	29200	43900	14700	33
83.	Sonappanahalli	18000	31000	23000	31100	8100	26	28100	35000	6900	20
84.	Sri Ramapur	26900	67000	28000	55000	27000	49	32300	56200	23900	43
85.	Srinivasapura	11400	24000	18600	26500	7900	30	24500	31300	6800	22
86.	Subbaiahnapalya	23700	44000	26800	40700	13900	34	30800	41800	11000	26
87.	Thanisandra	23700	49000	26800	44800	18000	40	30800	44400	13600	31
88.	Thindlu	26900	74000	28000	58800	30800	52	32300	60100	27800	46
89.	Thippasandra	49400	78000	43400	61400	18000	29	44400	62300	17900	29
90.	Thippasandra New	48600	78000	43400	61400	18000	29	43900	62300	18400	30
91.	Tirumenahalli	15700	28000	20100	29900	9800	33	26600	33400	6800	20
92.	Vaderahalli	13200	29000	19000	30400	11400	38	25500	33900	8400	25
93.	Valagerehalli	26910	44000	28000	40700	12700	31	32300	41800	9500	23
94.	Venkatapura	35530	57000	34600	49400	14800	30	37100	50800	13700	27
95.	Venkateshpura	27300	67000	29500	55000	25500	46	32900	56200	23300	41
96.	Venkojirao Khane	26070	48000	27600	43000	15400	36	32300	43900	11600	26
97.	Vibhuthipura	45000	80000	41600	62500	20900	33	42300	63400	21100	33
98.	Vijinapura	36800	74000	35700	58800	23100	39	37600	60100	22500	37
99.	Vishwanatha Nagenahalli	47400	80000	42900	62500	19600	31	43400	63400	20000	32
100.	White Field	55700	80000	48700	62500	13800	22	49700	63400	13700	22
101.	Yellukunte	22550	48000	26100	43000	16900	39	30200	43900	13700	31

Appendix VII
Deficiency in valuation of Urban lands priced lesser than Rural lands
(Paragraph 3.4.13)

Sl. No.	Doc. No.	Village/ Taluk	Details of the Property	Extent of Converted Land (in Acres)	Value of Agricultural Land in the area/ village (per acre) (₹ in lakh)	Consideration or GMV on which SD & RF Levied (₹ in lakh)	Residential Site Value (Per Sq.mtr)	Market Value At 30% Residential Site Value(₹ in lakh)	Value Of Converted Land At 1.65 times the Agricultural Land Per Acre(₹ in lakh)	Differential Value (₹ in lakh) (col.10 – col.7)	Revenue Impact at 6.6% of Differential Value(₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	BDH-1-01992-2017-18/ 29.07.2017	Mahadevapura/ Krishnarajapura Hobli/ Bangalore East Taluk	Residentially converted undeveloped Property Measuring 38 1/2 Guntas in Sy No 154/1 (Old No 154) at Mahadevapura , K R Puram Hobli, Bengaluru East Taluk Vide Conversion Order No. ALN(E)SR21/2014-15, Dated 12/5/2015 by the Deputy Commissioner, Bengaluru, now coming under the jurisdiction of BBMP Ward No 81.	0.96	650.00	626.00	50900	594.77	1032.28	406.28	26.81
2.	BNS-1-02099-2017-18/ 18.05.2017	Kalkere/ Krishnarajapura Hobli/ Bangalore East Taluk	Converted land bearing Survey Number 298/2 (Old SyNo.298) Measuring 0 Acre 35 Gunts in Extent, Converted for Non-Agricultural Residential Purpose vide Official Memorandum Dated 18/2/2011, bearing No.ALN. (E) S.R.(KH) 69/2010-11, issued by the DC, Bengaluru District, situated at Kalkere Village, KR.Puram Hobli, Bengaluru East Taluk (formerly Bengaluru South Taluk).	0.88	245.00	221.00	17800	189.08	353.72	132.72	8.75
3.	KRI-1-00862-2017-18/ 04.05.2017	Kalkere/ Krishnarajapura Hobli/ Bangalore East Taluk	Undeveloped Residential Converted Land in Sy.No. 262, Situated at Kalkere Village, K.R.Puram Hobli, Bengaluru East Taluk. (vide Conversion Order No. ALN (KRPH) SR 38/2014-15, Dt: 18.12.2014, Passed by Deputy Commissioner, Bengaluru District), measuring 34 Guntas.	0.85	245.00	214.40	17800	183.68	343.61	129.21	8.53
4.	BNS-1-03414-2017-18/ 13.06.2017	Kylasanahalli/ Krishnarajapura Hobli/ Bangalore East Taluk	Undeveloped Converted land property bearing Sy No.47/2A, measuring an Extent of 30 guntas, (Converted for non-Agricultural Residential purpose as per Official Memorandum bearing No. ALN (KRPH) SR/65/16-17, Dt. 10/4/2017, issued by the DC, of Bengaluru District), situated at Kylasanahalli Village K.R.puram Hobli, Bengaluru East Taluk, now under the Limits of BBMP.	0.75	185.00	208.08	17800	162.07	228.94	20.86	1.38

Sl. No.	Doc. No.	Village/ Taluk	Details of the Property	Extent of Converted Land (in Acres)	Value of Agricultural Land in the area/ village (per acre) (₹ in lakh)	Consideration or GMV on which SD & RF Levied (₹ in lakh)	Residential Site Value (Per Sq.mtr)	Market Value At 30% Residential Site Value(₹ in lakh)	Value Of Converted Land At 1.65 times the Agricultural Land Per Acre(₹ in lakh)	Differential Value (₹ in lakh) (col.10 – col.7)	Revenue Impact at 6.6% of Differential Value(₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
5.	BNS-1-05991-2017-18/ 31.07.2017	Kylasanahalli/ Krishnarajapura Hobli/ Bangalore East Taluk	Undeveloped converted Land bearing Sy No. 50/5, measuring 27.1/2 Guntas, situated at Kyalasanahalli Village, K.R.Puram Hobli, Bengaluru East Taluk, converted for Non-Agricultural Residential purpose vide ALN(KRPH)SR/67/16-17 Dt: 23-05-2017 by the Deputy Commissioner, Bengaluru Urban District.	0.69	185.00	200.16	17800	148.56	209.86	9.70	0.64
6.	BNS-1-15457-2017-18	Kylasanahalli/ Krishnarajapura Hobli/ Bangalore East Taluk	Residential converted undeveloped land measuring 2 acres, in Sy No. 24/1 situated at Kylasanahalli Village, KR Puram Hobli, converted vide SLN(KRPH)SR81/ 2016-17 dated 11.04.2017	2.00	185.00	500.00	17800	432.19	610.50	110.50	7.29
7.	MDP-1-02033-2017-18/ 01.06.2017	Kundalahalli/ Krishnarajapura Hobli	Undeveloped Converted Sy No. 93, Measuring 2 Acre 34 Guntas (converted form Agricultural Purpose to Non-Agricultural Residential purpose vide the Order dated 25/09/1993 is B.DIS.ALN (S)415/92-93 passed by Special Deputy Commissioner, Bengaluru District. and on 11/04/2017 in ALN (EKHW)SR 40/2016-17 passed by Deputy Commissioner, Bengaluru, at Kundalahalli Village, K.R. Puram Hobli, Bengaluru East Taluk.	2.85	650.00	2408.25	71100	2460.07	3056.62	648.37	42.79
8.	BNS-1-18369-2017-18/ 12.07.2017	Thanisandra/ Krishnarajapura Hobli	Residential converted land bearing Sy No. 80/2B, measuring 2 acres 16 Guntas, converted vide official memorandum No. ALN(KRPH)SR/25/16-17 dated 09/05/2017 at Thanisandra, KR Puram Hobli, Bengaluru East Taluk	2.40	365.00	876.00	23700	690.54	1445.40	569.40	37.58
9.	JAY-1-05456-2017-18/ 14.09.2017	Chudenapura/ Kengeri Hobli/ Bangalore South Taluk	Undeveloped converted land (converted from agricultural use to non-agricultural residential purpose by means of Official Memorandum No.B.Dis./ALN-(S)/SR-(KT)-34/2004-05, dated 23/06/2004, issued by the Special Deputy Commissioner, Bengaluru District), bearing Sy No.13/3, (New Sy No.39), in Chudenapura Village, Kengeri Hobli, BSTQ, (now coming within jurisdiction of BBMP), totally measuring 5-00 Acres	5.00	275.00	1375.00	23690	1438.03	2268.75	893.75	58.99
	Total					**6628.89**			**9549.68**	**2920.79**	**192.76**

Appendix-VIII
Non-inclusion of Sy. Nos. of properties abutting Ring Roads
(Paragraph 3.4.15.1)

Sl. No.	Name of the Village	List of Survey Nos relinquished to Ring road /main road	List of Survey Nos Not found in GMV
1.	Aduru	Sy Nos 21/1, 27/2, 26/1, 15/3, 55, 33, 15/5C, 25/1, 25/3A, 12, 15/51, 12, 6	Sy Nos 55, 33, 15/5C, 25/1, 25/3A, 12, 6
2.	Amani Bellanduru Khane	Sy No 8	Sy No 8
3.	Ambalipura	Sy No 6/2	Sy No 6/2
4.	Avalahalli	Sy Nos 20/2C, 21/2	
5.	Bairathi	Sy Nos 133, 125, 74/2, 36/3, 80/2, 82/8, 82/6, 82/4, 82/7, 45, 80/1, 75/3, 28P2, 334, 82/3, 13, 14, 83/2, 142/1, 44/2, 152, 32/3	Sy Nos 80/2, 81/1, 75/3, 142/1, 152
6.	Balagere	Sy Nos 6/3, 71/4, 55, 30/P, 32/12P	Sy Nos 6/3, 71/4, 55, 30/P, 32/12P
7.	Basavanapura	Sy No 2/1	Sy No 2/1
8.	Basavanapura	Sy Nos 5, 26/2, 26/3	Sy Nos 5, 26/2, 26/3
9.	Bellanduru	Sy Nos 88/5, 70/5, 70/4, 67	Sy Nos 70/5, 70/4, 67
10.	Benniganahalli	Sy No 148	Sy No 148
11.	Bhattarahalli	sy Nos 61, 36/1, 49/1, 32, 60	sy Nos 61, 36/1, 49/1, 32, 60
12.	Bhoganahalli	Sy Nos 135, 134/1, 128/4, 133/2, 112/3	Sy Nos 135, 134/1, 128/4, 133/2, 112/3
13.	Bidarahalli	Sy Nos 146/3, 168/1, 144, 34, 112/3, 112/5, 112/6, 112/7, 168/1, 42,	Sy Nos 146/3, 168/1, 144, 34, 112/3, 112/5, 112/6, 112/7, 168/1, 42,
14.	Bilishivale	Sy Nos 92/10, 92/6, 35/1, 84/1, 361/4-11/C, 361/4-11/B, 361/4-11/A, 124, 120/5, 120/4, 88/1, 9/P1, 137/2, 7/3, 125/2, 119, 113/1B	Sy Nos 92/10, 361/4-11/C, 361/4-11/B, 361/4-11/A, 124, 88/1, 9/P1, 137/2, 7/3, 125/2, 113/1B
15.	Bommenahalli	Sy Nos 93/3, 97/1, 96/1, 88/1, 88/2, 91/1, 95/1, 98, 87, 100	Sy Nos 93/3, 97/1, 96/1, 98, 87
16.	Byrasandra	Sy No 6/3	Sy No 6/3
17.	Channasandra	Sy Nos 8/1, 135/1, 9/1, 139, 56, 53, 120/9, 120/3, 120/5, 29/4, 32/2A, 34/1, 106, 60, 98/1, 135/1, 135/2, 137/2	Sy Nos 8/1, 135/1, 9/1, 139, 56, 53, 120/9, 120/3, 120/5, 29/4, 34/1, 106, 98/1, 135/1, 135/2, 137/2
18.	Chikkabellanduru	Sy Nos 8/1, 24/1, 26/3, 29, 30, 28/2	Sy Nos 8/1, 24/1, 26/3, 29, 30, 28/2
19.	Dasarahalli	Sy No 19/2	Sy No 19/2
20.	Devasandra	Sy Nos 1/12, 43, 40/9	Sy Nos 1/12, 43, 40/9
21.	Doddakannelli	Sy Nos 7, 14/1A, 14/2A, 60/2, 17/9, 12/2, 46/1, 46/2, 46/3, 100/1, 143/2, 19/13, 143/2, 100, 94/1A, 24/4, 25/6, 24/2, 25/4, 94/5, 94/6, 86/2	Sy Nos 7, 14/1A, 14/2A, 60/2, 17/9, 12/2, 46/1, 46/2, 46/3, 100/1, 143/2, 19/13, 143/2, 100, 94/1A, 24/4, 25/6, 24/2, 25/4, 94/5, 94/6, 86/2
22.	Doddanekkundi	Sy Nos 12/2, 7, 212, 216	Sy Nos 12/2, 7, 212, 216
23.	Geddalahalli	Sy Nos 12/1A, 12/2, 13, 36/7, 36/8, 39/1B	Sy Nos 12/1A, 12/2, 13, 36/7, 36/8, 39/1B

Sl. No.	Name of the Village	List of Survey Nos relinquished to Ring road /main road	List of Survey Nos Not found in GMV
24.	Gunjuru	Sy Nos 9/2, 66/1, 219/4, 237/9, 80, 87, 90, 91, 302/3B, 304/4, 306/16, 166, 114/4, 114/1, 234/1, 136, 225/2, 225/1, 171/2, 221/2, 37/1, 36, 11/1	Sy Nos 9/2, 66/1, 219/4, 237/9, 80, 87, 90, 91, 302/3B, 304/4, 306/16, 166, 114/4, 114/1, 234/1, 136, 225/2, 225/1, 171/2, 221/2, 37/1, 36, 11/1
25.	Halehalli	Sy Nos 53/4, 11, 67, 51/1B, 8/4, 27, 67, 51/2, 51/1A	Sy Nos 67, 8/4, 27, 67
26.	Haralur	Sy Nos 102/1, 30/8B, 33/1P, 33/2, 35, 30/8B	Sy Nos 102/1, 30/8B, 33/1P, 33/2, 35, 30/8B
27.	Hirandahalli	Sy Nos 146, 21/1, 61/1, 85/18, 62/19, 112/7, 68/1, 60/1, 155/2, 83, 60/4, 112/9, 61/1, 112/1, 75, 85/2, 74/2, 59, 155/2, 84/1	Sy Nos 146, 21/1, 61/1, 74/2, 84/1
28.	Hoodi	Sy Nos 116/6, 116/2, 85, 64/1, 190, 192/3, 192/4, 111/1, 108, 174/1A2, 88/5, 93, 105/5, 132/1	Sy Nos 116/6, 116/2, 85, 64/1, 190, 192/3, 192/4, 111/1, 108, 174/1A2, 88/5, 93, 105/5, 132/1
29.	Hoovina Ane	Sy No 2/1	Sy No 2/1
30.	Horamavu	Sy Nos 84/3, 84/4, 84/6, 126, 72, 88/5, 77/3, 88/2, 36/2, 45, 50, 133/3B, 133/3C, 124/2A, 123, 133/2A2, 28/1, 118, 130/2B3, 74/2, 27	Sy Nos 84/3, 84/4, 84/6, 126, 72, 88/5, 77/3, 88/2, 36/2, 45, 50, 133/3B, 133/3C, 124/2A, 123, 133/2A2, 28/1, 118, 130/2B3, 74/2, 27
31.	Horamavu Agara	Sy No 66	Sy No 66
32.	K.Narayanapura	Sy No 4/1	Sy No 4/1
33.	Kadubeesanahalli	Sy Nos 39, 40, 42, 20/4	Sy Nos 39, 40, 42, 20/4
34.	Kadugodi	Sy Nos 231/2, 234/2, 218, 256/1, 256/2, 256/3, 257, 258/2, 223, 241, 191, 233	Sy Nos 231/2, 234/2, 218, 256/1, 256/2, 256/3, 257, 258/2, 223, 241, 191, 233
35.	Kadugodi	Sy Nos 191, 233	Sy Nos 191, 233
36.	Kadusannappanahalli	Sy Nos 43/3, 44/4, 49/1, 68/1	
37.	Kaikondara Halli	Sy No 14	Sy No 14
38.	Kalkere	Sy Nos 576/3P1, 44/2, 579, 506, 30/1, 59/1, 45, 333/1, 568, 107/2, 583/1, 165/2, 582/2, 71, 502/2, 64/3, 64/2, 168, 334, 485, 466, 64/16, 36/3, 63/2, 107/1, 107/2K, 60, 56, 167, 183, 468/P1P, 153, 161/1, 183, 469, 486, 1/3, 2, 59/1, 537, 107/1, 40, 576, 333, 1/2, 327, 167, 537, 161/2, 50, 51, 52, 411, 485, 44/2, 257, 152	Sy Nos 576/3P1, 44/2, 579, 506, 30/1, 59/1, 45, 333/1, 568, 107/2, 583/1, 165/2, 582/2, 71, 502/2, 64/3, 64/2, 168, 334, 485, 466, 64/16, 36/3, 63/2, 107/1, 107/2K, 60, 56, 167, 183, 468/P1P, 153, 161/1, 183, 469, 486, 1/3, 2, 59/1, 537, 107/1, 40, 576, 333, 1/2, 327, 167, 537, 161/2, 50, 51, 52, 411, 485, 44/2, 257, 152
39.	Kannuru	Sy Nos 112/11, 112/10, 108/3, 119/3, 66, 119/2, 25/3, 1/1, 48/135, 112/1, 50, 112/2, 24/1, 23/2, 29/3	Sy Nos 119/3, 66, 119/2, 25/3, 1/1, 48/135, 50,
40.	Kasavanahalli	Sy Nos 85, 86, 54, 53/1, 15/3, 185/15/3C	Sy Nos 85, 86, 54, 53/1, 15/3, 185/15/3C
41.	Kithaganuru	Sy No 216/2	Sy No 216/2
42.	Kithaganuru	Sy Nos 4/3, 216/1, 215/2, 81/p9, 80/P4, 25/9, 123, 44/2, 224/4, 96/1, 25/8, 31/2, 31/3, 31/4	Sy Nos 4/3, 216/1, 215/2, 81/p9, 80/P4, 25/9, 123, 44/2, 224/4, 96/1, 25/8, 31/2, 31/3, 31/4
43.	Kodihalli	Sy Nos 18/3, 18, 5/1, ,18/4, 52	Sy Nos 18/3, 18, 5/1, ,18/4, 52
44.	Kothanuru	Sy Nos 30/1, 78/7, 30/5, 19/5, 33/3, 33/4, 49/1B, 49/11B, 58, 48/4B, 25, 117/1, 117/2, 117/3, 117/4, 117/5, 118, 32/2, 51/1, 51/2	Sy Nos 30/1, 78/7, 30/5, 19/5, 33/3, 33/4, 49/1B, 49/11B, 58, 48/4B, 25, 117/1, 117/2, 117/3, 117/4, 117/5, 118, 32/2, 51/1, 51/2

Sl. No.	Name of the Village	List of Survey Nos relinquished to Ring road /main road	List of Survey Nos Not found in GMV
45.	Kowdenahalli	Sy Nos 9, 11/2, 7, 132, 11/1, 130/2, 130/5, 136/3, 1/4, 6, 1/5, 4/2	Sy Nos 9, 11/2, 7, 132, 11/1, 130/2, 130/5, 136/3, 1/4, 6, 1/5, 4/2
46.	Kundalahalli	Sy No 123/1	Sy No 123/1
47.	Kurudusonnenahalli	Sy Nos 25/1, 25/4, 61/4	Sy No 61/4
48.	Kylasanahalli	Sy Nos 51, 23/8, 49/5, 24/3, 24/2, 49/2, 24/4, 49/4, 19, 28, 80/3, 133/P1, 2/9A, 2/9B	Sy Nos 51, 23/8, 49/5, 24/3, 24/2, 49/2, 24/4, 49/4, 19, 28, 80/3, 133/P1, 2/9A, 2/9B
49.	Maragondanahalli	Sy Nos 65/1, 32/2, 23/2, 21/1, 24/3, 21, 21/3, 45/1, 46/1, 52/1, 24/1, 35/P9, 24/2, 35/P16, 35/P7K, 35/P7, 20/1, 62/1, 63	Sy Nos 65/1, 23/2, 21/1, 24/3, 21, 21/3, 52/1, 35/P9, 35/P16, 35/P7K, 35/P7, 20/1, 62/1, 63
50.	Medahalli	Sy Nos 82/1, 16/1, 16/2, 65/3	Sy Nos 82/1, 16/1, 16/2, 65/3
51.	Nagareshwara Nagenahalli	Sy Nos 11/3, 2, 15/7,	Sy Nos 11/3, 2, 15/7,
52.	Nagavarapalya	Sy Nos 88, 89, 143/1B	Sy Nos 88, 89, 143/1B
53.	Nagondanahalli	Sy Nos 110/2, 92/1, 110/3, 111/2C, 129, 123	Sy Nos 110/2, 92/1, 110/3, 111/2C, 129, 123
54.	Nallurahalli	Sy Nos 1/4, 64/39, 35/3, 1/1, 25/2, 29/1, 29/2, 30/1, 34/4	Sy Nos 1/4, 64/39, 35/3, 1/1, 25/2, 29/1, 29/2, 30/1, 34/4
55.	Panathuru	Sy Nos 12/2, 12/3, 12/4, 44/1, 44/2, 82/1B, 82/1AB, 85/7, 73/4, 70/1, 70/3, 147	Sy Nos 12/2, 12/3, 12/4, 44/1, 44/2, 82/1B, 82/1AB, 85/7, 73/4, 70/1, 70/3, 147
56.	Pattandur Agrahara	Sy Nos 84/4, 84/5, 87/5, 42, 38, 70/2, 45, 72, 143/1A, 49/3, 39/1B, 34/1, 157, 12/2, 147/2, 60/2, 43/2, 43/1, 70/2, 148/1	Sy Nos 84/4, 84/5, 87/5, 42, 38, 70/2, 45, 72, 143/1A, 49/3, 39/1B, 34/1, 157, 12/2, 147/2, 60/2, 43/2, 43/1, 70/2, 148/1
57.	R.Narayanapura	Sy Nos 4, 9	Sy Nos 4, 9
58.	Rachenahalli	Sy Nos 83/2, 43/6, 99/3, 46/2,	Sy Nos 83/2, 43/6, 99/3, 46/2,
59.	Rampura	Sy Nos 93/3, 4/4, 114, 84/2, 3, 4, 5, 4/5, 49/1, 149, 112/2, 99, 50/1, 21/1A, 35/1, 26, 21/3A, 21/2B	Sy Nos 4/4, 114, 3, 4, 5, 149, 112/2, 99, 50/1, 21/1A, 26, 21/3A, 21/2B
60.	Sadaramangala	Sy Nos 21/A3, 3/4, 29/2, 24/1, 25/1, 24/2A, 26/2, 84/1, 84/2, 48	Sy Nos 21/A3, 3/4, 29/2, 24/1, 25/1, 24/2A, 26/2, 84/1, 84/2, 48
61.	Sannathammanahalli	Sy Nos 1/1, 2/3, 37/2	Sy Nos 1/1, 2/3, 37/2
62.	Sheegehalli	Sy Nos 45/1A, 43/1, 45/1B, 9, 8, 51/1, 50, 30/A3, 27/2, 30/1A1, 13/2, 10/1A3, 4/1	Sy Nos 45/1A, 43/1, 45/1B, 9, 8, 51/1, 50, 30/A3, 27/2, 30/1A1, 13/2, 10/1A3, 4/1
63.	Siddapura	Sy Nos 66/1, 667, 10, 11/6, 12/2B, 20/1, 20/2, 20/3, 20/4, 20/5, 20/6, 20/7, 20/8, 20/10, 20/11, 21/1, 21/2, 22, 66/7, 10, 11/6, 12/2B	Sy Nos 66/1, 667, 10, 11/6, 12/2B, 20/1, 20/2, 20/3, 20/4, 20/5, 20/6, 20/7, 20/8, 20/10, 20/11, 21/1, 21/2, 22, 66/7, 10, 11/6, 12/2B
64.	Sonnenahalli	Sy Nos 50, 51/5	
65.	Thanisandra	Sy Nos 6/1, 6/2, 86/2, 72/3, 46/3, 103/2, 80/1, 94/6, 71/6B	Sy No 6/1, 6/2, 86/2, 72/3, 46/3, 103/2, 80/1, 94/6, 71/6B
66.	Thubarahalli	Sy Nos 61/1, 37/P(P), 38(P), 62	Sy Nos 61/1, 37/P(P), 38(P), 62
67.	Varanasi Alias Jinke Thimmanahalli	Sy Nos 43/7, 1/2, 2, 29/1, 48/7, 55, 25, 83	Sy Nos 43/7, 1/2, 2, 29/1, 48/7, 55, 25, 83
68.	Varthur	Sy Nos 193/4 (old Sy No 193/1), 93/4, 1, 196/3, 180, 7/3, 183/1, 183/1B, 183/10, 204/2B	Sy Nos 193/4 (old Sy No 193/1), 93/4, 1, 196/3, 180, 7/3, 183/1, 183/1B, 183/10, 204/2B
69.	White Field	Sy Nos 14/3A3, 5/4, 12/3, 49/3, 6/2	Sy Nos 14/3A3, 5/4, 12/3, 49/3, 6/2
70.	Yamalur	Sy No 4/P1	Sy No 4/P1

Appendix-IX
Non-inclusion of Survey Number of properties abutting Ring Roads
(Paragraph 3.4.15.1)

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	HBB-1-00381-2015-16	Sale	2937	1800	Anantapura	3532000	5287464	1755464	37216
2.	GNR-1-01327-2013-14	Sale	9019	1425	Avalahalli	8568192	12852075	4283883	90818
3.	MLS-1-00033-2014-15	Sale	9019	1425	Avalahalli	8568192	12852075	4283883	90818
4.	BYP-1-04196-2013-14	Sale	77343	1100	Bagalur	38686000	85077168	46391168	983493
5.	BYP-1-04693-2013-14	Sale	8145	1100	Bagalur	4483600	8959852	4476252	94897
6.	BYP-1-05065-2013-14	Sale	1020	1100	Bagalur	510000	1122000	612000	12974
7.	BYP-1-06699-2013-14	Sale	2141	1100	Bagalur	1605000	2355364	750364	15908
8.	BYP-1-06770-2013-14	Sale	1700	1100	Bagalur	1377540	1870088	492548	10442
9.	GNR-1-02934-2013-14	Sale	3034	1100	Bagalur	2410000	3337752	927752	19668
10.	HBB-1-04110-2013-14	Sale	1765	1100	Bagalur	882600	1941500	1058900	22449
11.	KCH-1-03369-2013-14	Sale	2825	1100	Bagalur	1700000	3107500	1407500	29839
12.	MLS-4-00282-2014-15	Sale	2550	1100	Bagalur	2042000	2805132	763132	16178
13.	JAL-1-02888-2014-15	Sale	1410	1000	Bandikodigehalli	1000000	1409560	409560	8683
14.	JAL-1-02889-2014-15	Sale	2399	1000	Bandikodigehalli	1600000	2399480	799480	16949
15.	YAN-1-03115-2014-15	Sale	3734	1000	Bandikodigehalli	1495000	3733720	2238720	47461
16.	BYP-1-01629-2015-16	Sale	13439	1500	Bellahalli	12902000	20158860	7256860	153845
17.	BYP-1-01630-2015-16	Sale	8554	1500	Bellahalli	8214000	12831300	4617300	97887
18.	HBB-1-04902-2013-14	Sale	5961	1500	Bellahalli	4935000	8941560	4006560	84939
19.	YAN-1-04872-2013-14	Sale	12999	4500	Byatarayanapura	28600000	58495500	29895500	633785
20.	KCH-1-00293-2013-14	Sale	2399	2500	Chokkanahalli	2400053	5998700	3598647	76291
21.	KCH-1-05490-2013-14	Sale	10491	2500	Chokkanahalli	6923400	26227500	19304100	409247
22.	HBB-1-01756-2014-15	Sale	10614	6000	Hebbala	10100000	63684000	53584000	1135981
23.	YAN-1-00408-2014-15	Sale	10614	6000	Hebbala	9575000	63684000	54109000	1147111

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
24.	BYP-1-01585-2013-14	Sale	578	6000	Hebbala Amanikere	1040400	3468000	2427600	51465
25.	KCH-1-00635-2013-14	Sale	176	6000	Hebbala Amanikere	317500	1056000	738500	15656
26.	KCH-1-01838-2013-14	Sale	722	6000	Hebbala Amanikere	1300000	4332000	3032000	64278
27.	HBB-1-03251-2015-16	Sale	13870	8000	Hennuru	62437100	110957120	48520020	1028624
28.	KCH-1-03990-2014-15	Sale	14289	6500	Hennuru	64333000	92880320	28547320	605203
29.	BYP-1-00274-2015-16	Sale	2593	1800	Kattigenahalli	2857000	4667688	1810688	38387
30.	BYP-1-00282-2015-16	Sale	2464	1800	Kattigenahalli	2708400	4435272	1726872	36610
31.	HBB-1-04326-2013-14	Sale	2507	1500	Kattigenahalli	2258100	3760620	1502520	31853
32.	HBB-1-05488-2013-14	Sale	10706	1500	Kattigenahalli	9635400	16059300	6423900	136187
33.	HBB-1-05493-2013-14	Sale	4282	1500	Kattigenahalli	3851872	6423720	2571848	54523
34.	HBB-1-05797-2013-14	Sale	2593	1500	Kattigenahalli	2337630	3889740	1552110	32905
35.	JAL-1-04081-2013-14	Sale	9189	1500	Kattigenahalli	8271900	13783560	5511660	116847
36.	JAL-1-04112-2013-14	Sale	6858	1500	Kattigenahalli	6172200	10287000	4114800	87234
37.	YAN-1-03415-2015-16	Sale	7736	1800	Kattigenahalli	8511500	13925592	5414092	114779
38.	BYP-1-00064-2013-14	Sale	2250	1500	Kogilu	2025500	3375000	1349500	28609
39.	BYP-1-01530-2013-14	Sale	7089	1500	Kogilu	6380100	10633500	4253400	90172
40.	BYP-1-03469-2013-14	Sale	1860	1500	Kogilu	1674000	2790000	1116000	23659
41.	BYP-1-03708-2013-14	Sale	21703	1500	Kogilu	19542000	32554380	13012380	275862
42.	BYP-1-04381-2013-14	Sale	7035	1500	Kogilu	8442000	10552500	2110500	44743
43.	GNR-1-01338-2013-14	Sale	2163	1500	Kogilu	2592990	3244140	651150	13804
44.	HBB-1-01342-2015-16	Sale	5617	1800	Kogilu	8092085	10110096	2018011	42782
45.	KCH-1-00634-2013-14	Sale	500	1500	Kogilu	450000	750000	300000	6360
46.	KCH-1-01447-2016-17	Sale	2898	1989	Kogilu	4700000	5764122	1064122	22559
47.	KCH-1-01450-2016-17	Sale	4702	1989	Kogilu	7500000	9352278	1852278	39268
48.	KCH-1-01452-2016-17	Sale	7712	1989	Kogilu	12300000	15339168	3039168	64430
49.	YAN-1-05122-2014-15	Sale	1799	1500	Kogilu	2160000	2698500	538500	11416
50.	GNR-1-01156-2015-16	Sale	89828	14000	Malleshwaram	1167779184	1257592000	89812816	1904032

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
51.	BYP-1-05393-2013-14	Sale	5843	2250	Maruthi Nagara	8775000	13146030	4371030	92666
52.	BYP-1-05826-2013-14	Sale	1173	2250	Maruthi Nagara	1755000	2638890	883890	18738
53.	BYP-1-04351-2017-18	Sale	2044	4925	Maruthi Nagara	4059000	10068670	6009670	127405
54.	KCH-1-00479-2013-14	Sale	2006	6000	Nagavara	2809000	12036000	9227000	195612
55.	HBB-1-01208-2013-14	Sale	1496	2500	Rajiv Gandhi Nagara (N.T.I. Layout) Kodigehalli Kothihosahalli Byatarayanapura	1950000	3739100	1789100	37929
56.	HBB-1-02733-2014-15	Sale	7293	2500	Sampigehalli	13127040	18232500	5105460	108236
57.	KCH-1-03315-2014-15	Sale	4500	2000	Shamarajapura	4050000	9000000	4950000	104940
58.	BYP-1-01628-2015-16	Sale	3917	2700	Sri Ramapur	7830000	10574928	2744928	58192
59.	BYP-1-06404-2013-14	Sale	3837	1200	Srinivasapura	3070000	4604400	1534400	32529
60.	GNR-1-01268-2013-14	Sale	24307	1200	Srinivasapura	12155000	29168208	17013208	360680
61.	HBB-1-02215-2013-14	Sale	52520	1200	Srinivasapura	42029672	63023472	20993800	445069
62.	HBB-1-02606-2013-14	Sale	2061	1200	Srinivasapura	1380997	2473200	1092203	23155
63.	HBB-1-04198-2013-14	Sale	3837	1200	Srinivasapura	3070000	4604400	1534400	32529
64.	HBB-1-03739-2014-15	Sale	10426	1200	Srinivasapura	8400000	12511728	4111728	87169
65.	KCH-1-01839-2013-14	Sale	540	1200	Srinivasapura	270000	648000	378000	8014
66.	GNR-1-02940-2013-14	Sale	1141	5000	Yalahanka	1139500	5702800	4563300	96742
67.	GNR-1-02941-2013-14	Sale	1108	5000	Yalahanka	1110000	5541400	4431400	93946
68.	BNS-1-01790-2014-15	Transfer	3746	900	Aduru	2622110	3371400	749290	15885
69.	BNS-1-03575-2017-18	Sale	1280	7928	Ambedkar Road	7932570	10147840	2215270	46964
70.	BNS-1-03938-2013-14	Sale	2422	1500	Bairathi	2179900	3633000	1453100	30806
71.	BNS-1-05234-2013-14	Sale	7780	1500	Bairathi	5836000	11670000	5834000	123681
72.	BNS-1-07127-2013-14	Sale	6210	1500	Bairathi	4658000	9315000	4657000	98728
73.	BNS-1-07457-2014-15	Transfer	45660	1500	Bairathi	45744000	68490000	22746000	482215

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
74.	BNS-1-07924-2013-14	Sale	48560	1500	Bairathi	43725000	72840000	29115000	617238
75.	BNS-1-12156-2014-15	Transfer	2191	1500	Bairathi	1950000	3286500	1336500	28334
76.	BNS-1-15352-2015-16	Sale	52554	1500	Bairathi	35100000	78831000	43731000	927097
77.	INR-1-04740-2013-14	Transfer	1404	1500	Bairathi	1013491	2106000	1092509	23161
78.	INR-1-04742-2013-14	Transfer	1812	1500	Bairathi	1307363	2718000	1410637	29906
79.	INR-1-04743-2013-14	Transfer	1288	1500	Bairathi	929614	1932000	1002386	21251
80.	INR-1-05983-2013-14	Transfer	28492	1500	Bairathi	31209924	42738000	11528076	244395
81.	BNS-1-07690-2014-15	Sale	10105	1200	Bidarahalli	10609977	12126000	1516023	32140
82.	INR-1-01692-2013-14	Transfer	28792	1200	Bidarahalli	18427072	34550400	16123328	341815
83.	BNS-1-02485-2013-14	Transfer	16777	1200	Bilishivale	10905317	20132400	9227083	195614
84.	BNS-1-02500-2013-14	Transfer	12450	1200	Bilishivale	8092825	14940000	6847175	145160
85.	BNS-1-13558-2013-14	Sale	7740	1200	Bilishivale	7740390	9288000	1547610	32809
86.	INR-1-05178-2013-14	Transfer	5208	1200	Bilishivale	2151250	6249600	4098350	86885
87.	INR-1-05180-2013-14	Transfer	7855	1200	Bilishivale	3241700	9426000	6184300	131107
88.	INR-1-05181-2013-14	Transfer	3895	1200	Bilishivale	1608000	4674000	3066000	64999
89.	INR-1-06540-2014-15	Transfer	12148	1200	Bilishivale	7800000	14577600	6777600	143685
90.	SHV-1-02370-2015-16	Sale	9881	1650	Bilishivale	12851684	16303650	3451966	73182
91.	INR-1-00576-2013-14	Sale	2454	900	Bommasandra (Dommasandra)	1570682	2208600	637918	13524
92.	INR-1-00577-2013-14	Sale	2451	900	Bommasandra (Dommasandra)	1568614	2205900	637286	13510
93.	INR-1-01833-2013-14	Transfer	2454	900	Bommasandra (Dommasandra)	859000	2208600	1349600	28612
94.	INR-1-05115-2013-14	Transfer	2443	900	Bommasandra (Dommasandra)	1710800	2198700	487900	10343
95.	INR-1-10114-2014-15	Transfer	15882	1800	Chikkabellanduru	25413888	28587600	3173712	67283
96.	BNS-1-13392-2014-15	Transfer	49023	1800	Devasandra	53943000	88241400	34298400	727126
97.	KRI-1-02746-2015-16	Sale	20444	5800	Doddanekkundi	47576000	118575200	70999200	1505183

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
98.	BNS-1-01422-2013-14	Sale	16796	3500	Geddalahalli	13440560	58786000	45345440	961323
99.	HLS-1-02032-2014-15	Sale	382	3500	Geddalahalli	573500	1337000	763500	16186
100.	INR-1-00915-2013-14	Transfer	1606	3500	Geddalahalli	1285200	5621000	4335800	91919
101.	INR-1-06971-2015-16	Transfer	1051	3850	Geddalahalli	1734150	4046350	2312200	49019
102.	BNS-1-02234-2013-14	Sale	7788	2000	Gunjuru	4672560	15576000	10903440	231153
103.	BNS-1-02235-2013-14	Sale	11810	2000	Gunjuru	11692710	23620000	11927290	252859
104.	BNS-1-09672-2014-15	Transfer	26674	2000	Gunjuru	21347500	53348000	32000500	678411
105.	BNS-1-09675-2014-15	Transfer	2582	2000	Gunjuru	2067000	5164000	3097000	65656
106.	BNS-1-09678-2014-15	Transfer	54639	2000	Gunjuru	43726500	109278000	65551500	1389692
107.	BNS-1-13385-2014-15	Transfer	54639	2000	Gunjuru	55455400	109278000	53822600	1141039
108.	HLS-1-00836-2013-14	Sale	6219	2000	Gunjuru	3735000	12438000	8703000	184504
109.	MDP-1-02891-2015-16	Sale	6047	2000	Gunjuru	9082125	12094000	3011875	63852
110.	MDP-1-02892-2015-16	Sale	5767	2000	Gunjuru	8646200	11534000	2887800	61221
111.	MDP-1-02894-2015-16	Sale	5843	2000	Gunjuru	8762440	11686000	2923560	61979
112.	BNS-1-15557-2014-15	Sale	2066	2000	Halehalli	2373844	4132000	1758156	37273
113.	BDH-1-00997-2013-14	Transfer	5013	1200	Hirandahalli	3258666	6015600	2756934	58447
114.	BDH-1-02327-2013-14	Sale	1244	1200	Hirandahalli	946500	1492800	546300	11582
115.	BNS-1-00414-2013-14	Sale	1047	1200	Hirandahalli	293233	1256400	963167	20419
116.	BNS-1-00415-2013-14	Sale	2521	1200	Hirandahalli	705880	3025200	2319320	49170
117.	BNS-1-06572-2013-14	Sale	2745	1200	Hirandahalli	700000	3294000	2594000	54993
118.	BNS-1-09683-2014-15	Transfer	3024	1200	Hirandahalli	1211000	3628800	2417800	51257
119.	HLS-1-00073-2014-15	Sale	3741	1200	Hirandahalli	3226098	4489200	1263102	26778
120.	HLS-1-00073-2014-15	Sale	1636	1200	Hirandahalli	981612	1963200	981588	20810
121.	HLS-1-01020-2014-15	Sale	72686	1200	Hirandahalli	72685840	87223200	14537360	308192
122.	INR-1-02345-2013-14	Transfer	3814	1200	Hirandahalli	1979775	4576800	2597025	55057

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
123.	INR-1-04298-2014-15	Transfer	15000	1200	Hirandahalli	2775000	18000000	15225000	322770
124.	INR-1-05586-2013-14	Transfer	5856	1200	Hirandahalli	2635267	7027200	4391933	93109
125.	INR-1-06613-2013-14	Transfer	3863	1200	Hirandahalli	2575000	4635600	2060600	43685
126.	INR-1-06614-2013-14	Transfer	13310	1200	Hirandahalli	5661000	15972000	10311000	218593
127.	KRI-1-02717-2015-16	Sale	4390	1200	Hirandahalli	3957600	5268000	1310400	27780
128.	KRI-1-02719-2015-16	Sale	4390	1200	Hirandahalli	3957600	5268000	1310400	27780
129.	KRI-1-02722-2015-16	Sale	4390	1200	Hirandahalli	3957600	5268000	1310400	27780
130.	SHV-1-01635-2013-14	Transfer	3342	1200	Hirandahalli	1509516	4010400	2500884	53019
131.	BNS-1-00844-2013-14	Sale	12977	3500	Horamavu	15579940	45419500	29839560	632599
132.	BNS-1-06689-2014-15	Transfer	2482	3500	Horamavu	1548800	8687000	7138200	151330
133.	BNS-1-06690-2014-15	Transfer	8800	3500	Horamavu	4950000	30800000	25850000	548020
134.	BNS-1-07701-2015-16	Sale	5633	3850	Horamavu	13942500	21687050	7744550	164184
135.	BNS-1-08096-2013-14	Sale	1222	3500	Horamavu	3459760	4277000	817240	17325
136.	BNS-1-11740-2013-14	Sale	7548	3500	Horamavu	11322400	26418000	15095600	320027
137.	BNS-1-14179-2014-15	Sale	3466	3500	Horamavu	5732000	12131000	6399000	135659
138.	BNS-1-20286-2014-15	Transfer	8683	3500	Horamavu	6514063	30390500	23876437	506180
139.	INR-1-01679-2014-15	Transfer	1954	3500	Horamavu	4396000	6839000	2443000	51792
140.	KRI-1-10800-2015-16	Sale	1829	3850	Horamavu	4833000	7041650	2208650	46823
141.	INR-1-02452-2014-15	Transfer	42222	800	Kadusannappanahalli	23315000	33777600	10462600	221807
142.	BNS-1-03505-2013-14	Sale	2282	3000	Kalkere	2738400	6846000	4107600	87081
143.	BNS-1-03516-2013-14	Sale	2411	3000	Kalkere	2893400	7233000	4339600	92000
144.	BNS-1-07287-2014-15	Sale	5652	3000	Kalkere	7384800	16956000	9571200	202909
145.	BNS-1-09433-2014-15	Transfer	52727	3000	Kalkere	63272160	158181000	94908840	2012067
146.	BNS-1-11782-2013-14	Sale	7350	3000	Kalkere	13229500	22050000	8820500	186995
147.	BNS-1-12995-2014-15	Transfer	26028	3000	Kalkere	52074000	78084000	26010000	551412
148.	BNS-1-13559-2013-14	Sale	5432	3000	Kalkere	8147430	16296000	8148570	172750

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
149.	BNS-1-15711-2014-15	Transfer	14515	3000	Kalkere	21774000	43545000	21771000	461545
150.	BNS-1-15712-2014-15	Transfer	2055	3000	Kalkere	3088000	6165000	3077000	65232
151.	BNS-1-15716-2014-15	Sale	9792	3000	Kalkere	14657440	29376000	14718560	312033
152.	BNS-1-15718-2014-15	Transfer	1646	3000	Kalkere	2718000	4938000	2220000	47064
153.	BNS-1-15719-2014-15	Sale	4465	3000	Kalkere	6678119	13395000	6716881	142398
154.	BNS-1-15882-2014-15	Transfer	4575	3000	Kalkere	6870000	13725000	6855000	145326
155.	BNS-1-20302-2014-15	Transfer	6370	3000	Kalkere	4782284	19110000	14327716	303748
156.	INR-1-01398-2013-14	Transfer	2461	3000	Kalkere	2585500	7383000	4797500	101707
157.	INR-1-02694-2014-15	Transfer	13138	3000	Kalkere	19704000	39414000	19710000	417852
158.	INR-1-04332-2013-14	Transfer	12132	3000	Kalkere	6500000	36396000	29896000	633795
159.	BNS-1-00115-2013-14	Sale	2399	3000	Kannuru	1500000	7197000	5697000	120776
160.	BNS-1-05355-2015-16	Sale	7874	3300	Kannuru	10629900	25984200	15354300	325511
161.	BNS-1-06981-2013-14	Sale	11360	1000	Kannuru	4644100	11360000	6715900	142377
162.	BNS-1-07814-2013-14	Sale	2604	1000	Kannuru	1562400	2604000	1041600	22082
163.	BNS-1-09327-2015-16	Sale	10276	1350	Kannuru	8940000	13872600	4932600	104571
164.	BNS-1-13746-2014-15	Sale	2109	1000	Kannuru	1276000	2109000	833000	17660
165.	BNS-1-18631-2013-14	Sale	2965	1000	Kannuru	1500000	2965000	1465000	31058
166.	HLS-1-03087-2013-14	Sale	8340	1000	Kannuru	5004000	8340000	3336000	70723
167.	SHV-1-03121-2015-16	Sale	1905	1350	Kannuru	1520800	2571750	1050950	22280
168.	INR-1-02742-2013-14	Transfer	103382	3000	Kasavanahalli	36195295	310146000	273950705	5807755
169.	INR-1-04206-2013-14	Transfer	37000	3000	Kasavanahalli	24050000	111000000	86950000	1843340
170.	INR-1-06556-2014-15	Transfer	1200	3000	Kasavanahalli	2400000	3600000	1200000	25440
171.	INR-1-09085-2014-15	Transfer	2600	3000	Kasavanahalli	6500000	7800000	1300000	27560
172.	BDH-1-00719-2014-15	Sale	3382	1000	Kithaganuru	0	3382000	3382000	71698
173.	HLS-1-01449-2014-15	Sale	88185	1000	Kithaganuru	70548000	88185000	17637000	373904
174.	INR-1-01607-2014-15	Transfer	76633	1000	Kithaganuru	34444800	76633000	42188200	894390

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
175.	INR-1-04193-2014-15	Transfer	33593	1000	Kithaganuru	26880000	33593000	6713000	142316
176.	BNS-1-05547-2017-18	Sale	2806	4182	Kodigehalli	7430000	11734692	4304692	91259
177.	BNS-1-21957-2014-15	Sale	7841	1200	Kodigehalli	2100000	9409200	7309200	154955
178.	MDP-1-02197-2015-16	Sale	7844	3800	Kodigehalli	4000000	29807200	25807200	547113
179.	BNS-1-02711-2013-14	Sale	1500	3500	Kothanuru	1200030	5250000	4049970	85859
180.	BNS-1-07536-2013-14	Sale	603	3500	Kothanuru	1485000	2110500	625500	13261
181.	BNS-1-08846-2015-16	Sale	8274	3850	Kothanuru	13689000	31854900	18165900	385117
182.	BNS-1-17729-2013-14	Sale	1496	3500	Kothanuru	2474940	5236000	2761060	58534
183.	HLS-1-04433-2013-14	Sale	1346	3500	Kothanuru	2018250	4711000	2692750	57086
184.	INR-1-03795-2014-15	Transfer	1500	3500	Kothanuru	600000	5250000	4650000	98580
185.	INR-1-06936-2013-14	Transfer	124924	3500	Kothanuru	1874400	437234000	435359600	9229624
186.	SHV-1-01855-2015-16	Transfer	8490	3850	Kothanuru	14047760	32686500	18638740	395141
187.	BNS-1-07112-2014-15	Transfer	5918	3500	Kowdenahalli	3372182	20713000	17340818	367625
188.	HLS-1-05773-2014-15	Sale	65122	2000	Kowdenahalli	30933045	130244000	99310955	2105392
189.	INR-1-01358-2014-15	Transfer	114831	2000	Kowdenahalli	172260000	229662000	57402000	1216922
190.	INR-1-03427-2015-16	Sale	134823	3850	Kowdenahalli	236036500	519068550	283032050	6000279
191.	INR-1-03434-2014-15	Transfer	14000	2000	Kowdenahalli	2100000	28000000	25900000	549080
192.	INR-1-04150-2014-15	Transfer	28000	2000	Kowdenahalli	4200000	56000000	51800000	1098160
193.	INR-1-04237-2014-15	Transfer	26480	2000	Kowdenahalli	39750000	52960000	13210000	280052
194.	INR-1-04688-2014-15	Transfer	2600	2000	Kowdenahalli	3900000	5200000	1300000	27560
195.	INR-1-05231-2014-15	Transfer	60365	2000	Kowdenahalli	28673375	120730000	92056625	1951600
196.	INR-1-06567-2014-15	Transfer	33991	2000	Kowdenahalli	5100000	67982000	62882000	1333098
197.	INR-1-06835-2012-13	Transfer	13861	2000	Kowdenahalli	12475800	27722000	15246200	323219
198.	INR-1-07383-2014-15	Transfer	2508	2000	Kowdenahalli	438900	5016000	4577100	97035
199.	INR-1-08176-2014-15	Transfer	58287	2000	Kowdenahalli	102002250	116574000	14571750	308921

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
200.	INR-1-04336-2013-14	Transfer	8920	1200	Kumbena Agrahara	5800925	10704000	4903075	103945
201.	HLS-1-04407-2016-17	Transfer	12385	1320	Kurudusonnenahalli	2378020	16348200	13970180	296168
202.	INR-1-00899-2014-15	Transfer	33850	1800	Kylasanahalli	40620000	60930000	20310000	430572
203.	BNS-1-06595-2014-15	Transfer	21036	1000	Maragondanahalli	11222976	21036000	9813024	208036
204.	HLS-1-01019-2014-15	Sale	32473	1000	Maragondanahalli	25978010	32473000	6494990	137694
205.	BNS-1-01523-2014-15	Transfer	15880	3500	Nagareshwara Nagenahalli	19056000	55580000	36524000	774309
206.	HLS-1-01447-2014-15	Sale	23820	3500	Nagareshwara Nagenahalli	28584000	83370000	54786000	1161463
207.	BNS-1-09846-2015-16	Sale	24845	2400	Nagondanahalli	39772800	59628000	19855200	420930
208.	KRI-1-10185-2013-14	Sale	1248	2700	Panathuru	2238000	3369600	1131600	23990
209.	INR-1-04166-2014-15	Transfer	6000	800	Rampura	3600000	4800000	1200000	25440
210.	INR-1-05148-2014-15	Transfer	4659	800	Rampura	2800000	3727200	927200	19657
211.	INR-1-05638-2013-14	Transfer	173851	800	Rampura	69540560	139080800	69540240	1474253
212.	INR-1-10091-2014-15	Transfer	4836	800	Rampura	3385200	3868800	483600	10252
213.	BNS-1-11527-2014-15	Sale	29730	2000	Sannathammanahalli	20109582	59460000	39350418	834229
214.	BNS-1-20306-2014-15	Transfer	36240	2000	Sannathammanahalli	27190187	72480000	45289813	960144
215.	BNS-1-20738-2014-15	Sale	9038	2000	Sannathammana-halli	16953300	18076000	1122700	23801
216.	BNS-1-18048-2013-14	Transfer	86995	1500	Seegehalli	87031500	130492500	43461000	921373
217.	BNS-1-12605-2013-14	Sale	3766	3500	Thanisandra	4904280	13181000	8276720	175466
218.	BNS-1-12609-2013-14	Sale	3766	3500	Thanisandra	4904300	13181000	8276700	175466
219.	BNS-1-17602-2013-14	Sale	1218	3500	Thanisandra	1584110	4263000	2678890	56792
220.	INR-1-07659-2013-14	Transfer	3994	3500	Thanisandra	2755860	13979000	11223140	237931
221.	INR-1-07661-2013-14	Transfer	2976	3500	Thanisandra	2053440	10416000	8362560	177286
222.	BNS-1-00841-2013-14	Sale	12492	1800	Varanasi Alias Jinke Thimmanahalli	7495272	22485600	14990328	317795
223.	BNS-1-00944-2013-14	Sale	5480	1800	Varanasi Alias Jinke Thimmanahalli	2192000	9864000	7672000	162646

Sl. No.	Registration Number	Article Name	unit/ sft	Rate/ Sft (₹)	Village Name	Market Value on which SD&RF collected (₹)	Market Value on which SD&RF leviable (₹)	Difference (₹)	Short levy of Stamp Duty and Registration Fee (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
224.	BNS-1-05127-2013-14	Sale	10137	1800	Varanasi Alias Jinke Thimmanahalli	8311000	18246600	9935600	210635
225.	BNS-1-08075-2013-14	Sale	3615	1800	Varanasi Alias Jinke Thimmanahalli	2893500	6507000	3613500	76606
226.	INR-1-06840-2013-14	Transfer	31064	1800	Varanasi Alias Jinke Thimmanahalli	25000000	55915200	30915200	655402
227.	INR-1-09277-2013-14	Transfer	87360	1800	Varanasi Alias Jinke Thimmanahalli	69912000	157248000	87336000	1851523
228.	BNS 387/14-15	Sale (guntas)	17	2000000	Hirandahalli	4250000	34000000	29750000	1963500
229.	BNS 2767/16-17	sale	136192	4232	Thanisandra	287365200	576364544	288999344	19073957
230.	BNS 3703/17-18	Sale (guntas)	17	1961875	Thanisandra	16000000	32370938	16370938	1080482
		TOTAL				**4510978939**	**8745958006**	**4234979067**	**104794945**

Appendix X
Absence of specific GMV for new projects
(Paragraph 3.4.16)

SL. No.	Apartment Name	Village Name	No of Documents Registered in			Total SBA	Whether rate fix by CVC			Market Value as per Document (₹)	Regd. Value per sft (₹)	Market Value as per Net Website (Per Sft) (₹)	Rate quoted by Developer (₹)	Differential MV (₹)	S/L of SD & RF @ 6.6% (₹)	%
			2015-16	2016-17	2017-18		2015-16	2016-17	2017-18							
1.	Vibha Highfield	Mahadevapura	13	1	0	15160	No	No	Yes	45995392	3034	3800	57608000	11612608	766432	20
2.	Vibha Samruddhi	Benniganahalli	6	15	4	33696	No	No	No	89303190	2650	4100	138153600	48850410	3224127	35
3.	Vigneshwara Cedarwoods	K.Narayanapura	43	5	1	76104	No	No	No	282218377	3708	4950	376714800	94496423	6236764	25
4.	Vikas Paradigm	Dasarahalli	13	0	1	16845	No	No	No	37926000	2251	4300	72433500	34507500	2277495	48
5.	Vikyath Citadel	Kodigehalli	0	17	11	30723	No	No	Yes	41238753	1342	3300	101385900	60147147	3969712	59
6.	Vikyath ICON	Kodigehalli	1	31	0	39705	No	No	Yes	87115950	2194	3900	154849500	67733550	4470414	44
7.	Vikyath Spring	Kodigehalli	20	1	0	25429	No	No	No	55046997	2165	3750	95358750	40311753	2660576	42
8.	Vinayaka Residency	Kasavanahalli	5	3	1	11246	No	No	No	30062300	2673	4000	44984000	14921700	984832	33
9.	Viveks Aroma	Panathuru	14	1	1	21495	No	No	No	65845000	3063	5930	127465350	61620350	4066943	48
10.	Vivek's Sanskaar	Belathuru	0	22	6	33760	No	No	No	71417500	2115	4190	141454400	70036900	4622435	50
11.	VS SaiAshraya	Belathuru	46	35	45	151326	No	No	No	208684325	1379	3575	540990450	332306125	21932204	61
12.	Whistling Winds	Gunjuru	19	6	1	29755	No	No	30000	62967105	2116	3075	91496625	28529520	1882948	31
13.	White Orchids	Nallurahalli	0	17	10	34375	No	No	No	58672230	1707	3857	132584375	73912145	4878202	56
14.	White Petals	PattandurAgrahara	14	30	16	50831	No	No	No	120929955	2379	3650	185533150	64603195	4263811	35
15.	Whitestone Veroso	Bommasandra (Dommasandra)	0	20	24	25586	No	No	No	52941500	2069	3500	89551000	36609500	2416227	41
16.	Y D Sai Grand	Horamavu	9	8	0	19495	No	No	No	43871035	2250	3600	70182000	26310965	1736524	37
17.	Mindcomp Tech Park	Hoodi		1	0	108750	No	No	No	537272000	4940	7453	810513750	273241750	18033956	34
18.	Shravanthi Paramount	Nayanappanahalli	106	18	0	152025	No	No	0	299613330	1971	3500	532087500	232474170	15343295	44
19.	SLV Splendour	Kothanur	0	152	0	201884	No	No	Yes	731637402	3624	5300	1069985200	338347798	22330955	32

SL. No.	Apartment Name	Village Name	No of Documents Registered in			Total SBA	Whether rate fix by CVC			Market Value as per	Regd. Value	Market Value as	Rate quoted by Developer	Differential MV	S/L of SD & RF @ 6.6%	%
20.	Shivaganga Silver Line	Raguvanahalli	90	32	0	148100	No	No	0	393222976	2655	3400	503540000	110317024	7280924	22
21.	Mahaveer Zephyr	Kodi Chikkanahalli	0	40	81	150156	0	No	No	459031931	3057	5400	810842400	351810469	23219491	43
22.	Vishwendra	Kothanur	104	12	4	148710	No	No	No	530723500	3569	5000	743550000	212826500	14046549	29
23.	Greenaly Signature	Hulli Mavu	0	46	58	143900	No	No	No	402091009	2794	4500	647550000	245458991	16200293	38
24.	Mahaveer Rhyolite	Nayanappanahalli	85	0	2	106176	No	No	No	215719513	2032	4200	445939200	230219687	15194499	52
25.	AMG Conclave	Yelenahalli	24	44	16	105420	No	No	No	269522200	2557	3400	358428000	88905800	5867783	25
26.	Vijetha Gardenia	Hongasandra	0	0	74	90540	No	No	No	275003500	3037	4598	416302920	141299420	9325762	34
27.	Vasundara Skyscape	Doddakallsandra	15	30	0	55714	No	No	Yes	167385000	3004	4500	250713000	83328000	5499648	33
28.	SAF Snowdrops	Konanakunte	32	8	10	70570	No	No	No	191270100	2710	4500	317565000	126294900	8335463	40
29.	Global Meadows	Myalasandra	0	40	21	71768	No	No	No	244353680	3405	5282	379078576	134724896	8891843	36
30.	V2 Nirvik	Venkatapura	46	24	0	79878	No	No	0	245272364	3071	5500	439329000	194056636	12807738	44
31.	Eshwari Oak Dale	Kothanur	30	6	0	44700	No	No	Yes	158594848	3548	5141	229802700	71207852	4699718	31
32.	Suraksha Marvella	Nayanappanahalli	4	74	28	141508	No	No	No	341575576	2414	4500	636786000	295210424	19483888	46
33.	Commanders' Glory	Singapura	124	8	2	130890	No	No	No	290592448	2220	3600	471204000	180611552	11920362	38
34.	Veracious Vanivilas	Puttenahalli	82	41	0	185401	No	No	No	444612643	2398	5000	927005000	482392357	31837896	52
35.	Fortuna Center Park	Kodigehalli	64	33	22	144866	No	No	Yes	514993586	3555	4700	680872268	165878682	10947993	24
36.	Elegant Pride	Sri Ramapur	24	23	27	91245	No	No	No	251030131	2751	3700	337606500	86576369	5714040	26
37.	Creative Elegance	Nagavara	27	29	17	72274	No	No	Yes	213014353	2947	4000	289096320	76081967	5021410	26
38.	BML Palms	Jarakabande Kaval	45	13	10	73992	No	No	Yes	186215740	2517	5549	410581608	224365868	14808147	55
39.	Nagarjuna Meadows -II	Puttenahalli	58	7	0	98528	No	No	No	364767250	3702	5389	530967392	166200142	10969209	31
40.	Ultimate Signature	Harohalli	0	26	16	30955	No	No	Yes	68214922	2204	4127	127751285	59536363	3929400	47

SL. No.	Apartment Name	Village Name	No of Documents Registered in			Total SBA	Whether rate fix by CVC			Market Value as per	Regd. Value	Market Value as	Rate quoted by Developer	Differential MV	S/L of SD & RF @ 6.6%	%
41.	SLV RK Signature	Hennuru	13	23	5	41562	No	No	Yes	112068925	2696	3900	162091800	50022875	3301510	31
42.	Amigo Lakeview	Tirumenahalli	0	15	23	21400	No	No	Yes	43485000	2032	4000	85600000	42115000	2779590	49
43.	Gravity Temple Bell	Singapura	0	11	27	44650	No	No	No	103635060	2321	3913	174715450	71080390	4691306	41
44.	Sai Shakthi Avhni	Sri Ramapur	22	7	7	39500	No	No	Yes	100973000	2556	3750	148125000	47152000	3112032	32
45.	Balaji Krupa	Shivanahalli	8	15	12	28000	No	No	Yes	73275000	2617	4228	118384000	45109000	2977194	38
46.	SLV Pearl	Hennuru	13	17	4	29679	No	No	Yes	76840400	2589	3599	106814721	29974321	1978305	28
47.	Renaissance HVV Woods 2	JarakabandeKaval	7	6	20	22346	No	No	Yes	57187000	2559	4800	107260111	50073111	3304825	47
48.	Hoysala Samruddhi	Amrutahalli	20	8	4	46910	No	No	No	167413794	3569	7185	337048350	169634556	11195881	50
49.	SSVR Fairy Bells	Byatarayanapura	0	10	19	13261	No	No	Yes	46690000	3521	4800	63653399	16963399	1119584	27
50.	Sruthika Springfields	Singapura	19	3	6	34829	No	No	No	72660000	2086	3499	121866671	49206671	3247640	40
51.	Celestial Stars	Nagavara	6	14	4	31818	No	No	No	115231858	3622	5320	169273829	54041971	3566770	32
52.	Sai Meadows	Kattigenahalli	3	6	2	14370	No	No	No	27095000	1886	3180	45696600	18601600	1227706	41
53.	Sobha Grandeur Phase-II	Byarasandra	0	0	46	121177	No	No	No	911263920	7520	11154	1351608258	440344338	29062726	33
54.	Provident Welworth City	Kadathanamale	17	1	5	18995	No	No	Yes	53747700	2830	4063	77176685	23428985	1546313	30
55.	Mariam Proximus	Ashok Nagar Church Road (Kodikal Road/Ashok Nagar Road)	0	0	33	47575	No	No	No	114852664	2414	4100	195057500	80204836	5293519	41
56.	Poonam Galleria	Attavara Contonment Cross Road	0	0	23	27300	No	No	No	86173000	3157	4600	125580000	39407000	2600862	31
57.	Vishwas Sahara Heights	Pandeshwar Road	0	0	142	184501	No	No	No	448385820	2430	5100	940955100	492569280	32509572	52
	Total		**1291**	**1055**	**891**	**4031355**				**11760943752**	**2917**		**19118750493**	**7357806741**	**485615245**	

Appendix-XI
Absence of parameters for fixing annual targets.
(Paragraph 4.4.11.1)

Office.	QL No.	Lease area (Acre-Gunta)	Mineable reserves in Metric Tons	Extent of area under extraction during the QP period (Acre-Gunta)	Five year production target in Metric Tons	Annual target fixed in Metric Tons	Anticipated life of lease with respect to mineral reserve and annual target
Chikkaballapura	233	1-20	85763	0-30	85755	16294	5
	230	1-10	259126	0-27	37240	7448	35
Dakshina Kannada	158	1-0	249460	0-20	42661	8532	29
Hassan	469	1-0	77531	0-14	10920	2184	35
Gadag	23	1-0	48017	0-21	47988	9598	5
	27	1-0	132475	0-37	131580	26316	5
Koppal	327	1-0	1008000	0-20	3100	620	1626

Appendix-XII
Production of minerals in excess of the annual production targets
(Paragraph 4.4.13)

Sl.No.	QL No.	Office	Year	Quantity approved in QP (MT/CBM)	Quantity actually extracted (MT/CBM)
Ordinary Building Stone					
1.	2625	Bangalore Rural	2015-16	30,015.00	60,000
			2016-17	30,015.00	1,42,000
			2017-18	30,015.00	1,00,000
2.	2551		2015-16	2,00,138.00	2,42,447
3.	2634		2015-16	51,300.00	1,04,000
4.	2609		2015-16	1,05,123.00	1,62,700
5.	2608		2016-17	87,882.00	91,671.17
6.	2684		2017-18	27,624.30	35,000
7.	1602	Belagavi	2016-17	1,60,110.72	2,433,60
8.	275	Chamarajanagar	2014-15	3,813.00	8,000
			2015-16	4,158.00	10,000
9.	276		2014-15	4,535.00	80,00
			2015-16	4,535.00	13,000
10.	277		2014-15	1,125.00	5,000
			2015-16	1,125.00	10,000
			2016-17	1,350.00	5,121
11.	258		2015-16	2,00,000.00	900,000
12.	49	Dakshina Kannada	2015-16	11,239.00	3,24,482
13.	361		2016-17	6,113.00	24,960
14.	100		2015-16	8,368.00	57,726
15.	351		2015-16	3,910.00	27,446
16.	2977		2015-16	9,878.00	99,517

Sl.No.	QL No.	Office	Year	Quantity approved in QP (MT/CBM)	Quantity actually extracted (MT/CBM)
17.	17		2015-16	8,550.00	1,91,637
18.	133		2016-17	2,47,490.00	2,53,333
19.	483	Hassan	2013-14	670.00	760
			2014-15	670.00	1,805
			2015-16	670.00	1,343
Total				**12,40,422.02**	**31,23,308.17**
Granite					
20.	456	Hassan	2014-15	1,500.00	1,667.085
21.	464	Bangalore Rural	2013-14	3,600.00	4,661.84
			2014-15	3,600.00	4,181.61
			2015-16	3,600.00	4,905.579
Total				**12,300.00**	**15,416.11**

Appendix- XIII
Methodology adopted by the Consultant – Indian Institute of Science, Bengaluru
(Paragraphs 4.4.9.5. and 4.4.15.)

VOLUME ESTIMATION IN OPENCAST MINES

The method involved in quantifying the volume of the material extracted from the open cast mines involved - (i) collecting baseline data, (ii) field data collection, (iii) volume estimation and (iv) verification.

Baseline data collection: Baseline data included location data of mines and topographic details in Chikkaballapura Taluk. Topographic details were collated from the Survey of India (SOI) topographic maps (1:50000 scale) (http://www.surveyofindia.gov.in/) and Radar data of Shuttle Radar Topographic Mission (SRTM) from the United States Geological Survey (USGS) (https://earthexplorer.usgs.gov). The topographic data were used to understand the elevation variability across the terrain. Elevation in the Taluk ranges between 728 m to 1473m AMSL. Locations of opencast mines were compiled from the Government records (DMG) that indicated spatial extent of permitted mines for extraction of materials, boundaries, lease details, survey numbers, area, mine type, etc.

High resolution satellite images (https://www.google.com/intl/en_in/earth/) were used to understand the current spatial extent. Mapped mines as per high resolution satellite data were compared with the government records that indicated the deviations from the permitted spatial extent.

Field data collection: Field visits were carried out in the month of August 2018 and September 2018 to i) verify the spatial extent and volume of the materiel extracted, ii) operational expired leases, iii) verification of the mine details derived from high resolution remote sensing data and ground conditions are true, iv) collect spatial extent and depth related information at select mines using Compass Clinometer and high accuracy GPS, to quantify mined volumes. Field visits also revealed irregularities in mining, such as (i) mining beyond the permitted spatial extent, (ii) irregularities in the quantity extracted, (iii) mining in non-permitted areas and at expired mine leases either by means of mechanised methods or through classical burning and cutting techniques.

Vertical angles (top and bottom) from a temporary benchmark (TBM) were measured at every possible edge of the quarry pit using clinometer. Distances between the TBM and edge were measured by using GPS. Depth of cut at each measured point was quantified using trigonometric equations as described in Figure below:

Volume estimation and verification: Based on the field work carried out at various stations, depths were quantified at every point of measurement in a mining site. Based on in-situ measurements, average depth of each pit was determined. Area obtained from the baseline data was used to calculate the volume at each mining site as given in equation below.

Volume (kilo. cum) = Area (sq. m) $*$ Depth (m) 1000

Radar data and the Survey of India Topographic maps (1:50000) were used to extract 20 m contour, which were used to create 5 meter contours through spatial interpolation. These contours were overlaid on the mine to identify the maximum and minimum levels. The probable relationship among the volume with the spatial extent and elevation levels were determined through the regression analyses. This helped in quantifying at locations where the spatial extent of mine was determined through high resolution remote sensing data and elevation difference from contours derived from topographic analysis. The probable relationship of volume with the elevation difference (ΔZ) and spatial extent (A) is:

$$V = 198.9 * A + 9.04 * \Delta Z - 280.631$$

Where A - area in hectares ΔZ - difference between maximum and minimum contour levels V - volume in kilo.cum

Regression coefficient (coefficient of determination) is about 0.94, and this equation was used to quantify volumes at other mines in the Taluk (with a spatial extent > 1 hectare). Field observations showed that the average depth of mine is about 3 ± 1.5 meter for areas smaller than 1 hectare. Hence, volumes were determined considering an average depth of cut about 3 meters for mines less than 1 hectare.

Stereo satellite data were used to determine the spatial extents and depths at each mine using photogrammetry technique. This output was compared with the topographic data obtained from topographic sheet and Radar data to obtain the volume extracted for all mines in Chikkaballapura Taluk