

CHAPTER - V LAND REVENUE

5.1 Results of audit

Test check of the records of 92 units relating to land revenue revealed loss of revenue and other irregularities involving ₹ 314.60 crore in one case which fall under the following categories:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	"Land Revenue receipts in Madhya Pradesh" (A Review).	1	314.60
Total		1	314.60

A review of "Land Revenue receipts in Madhya Pradesh" with financial impact of ₹ 314.60 crore is mentioned in the following paragraphs.

5.2 Land revenue receipts in Madhya Pradesh

Highlights

Absence of cross verification between Tahsil and Collectorate records in diversion cases, resulted in non-raising/short raising of demand and consequential non-realisation of revenue of ₹ 82 crore.

(Paragraph 5.2.7)

Non-realisation of revenue of ₹ 66.09 crore due to absence of time limit for instituting RRCs after demands have been established.

(Paragraph 5.2.8)

Non-realisation of lease rent of ₹ 1.51 crore due to lack of provision of time limit for execution of lease deed after allotment of *nazul* land.

(Paragraph 5.2.9)

Non realisation of revenue of ₹ 6.63 crore due to non-recovery of provisional premium and ground rent and non-finalisation of the cases of allotment of land.

(Paragraph 5.2.10)

Non-existence of monitoring mechanism for execution of sanctions resulted in loss of ground rent of ₹ 6.89 lakh.

(Paragraph 5.2.11)

Absence of any monitoring mechanism at Collectorate level resulted in non-realisation of process expense of ₹ 5.03 crore.

(Paragraph 5.2.13)

There was loss of revenue of ₹ 59.13 crore due to allotment of land at throw away prices in contravention of Revenue Code guidelines.

(Paragraph 5.2.16)

Non-raising of demand of installment of premium resulted in non-realisation of ₹ 132.50 crore.

(Paragraph 5.2.17)

Non-levy of interest resulted in non-realisation of ₹ 2.70 crore.

(Paragraph 5.2.18)

Land diverted for commercial purposes was treated as residential resulting in short realisation of rent/premium of ₹ 1.38 crore.

(Paragraph 5.2.20)

The exchequer was deprived of revenue of ₹ 28.09 crore due to non-levy/deposit of service charge and interest.

(Paragraph 5.2.26)

5.2.1 Introduction

Land revenue includes all money payable to the Government for land, notwithstanding that such moneys may be described as premium, rent and lease money. Where the land assessed for use of one purpose is diverted for any other purpose, the land revenue payable on such land is liable to

be charged and assessed in accordance with the purpose to which it has been diverted. Diversion rent and premium is assessed by the Sub Divisional Officers (SDO) in such cases. Ground rent, premium and interest is levied on Government land allotted on lease. Moreover, *Panchayat Upkar* is also levied on land revenue in respect of land situated in *Panchayat* areas. Levy and collection of land revenue, *Upkar*, fine, penalty, process fee and interest are regulated under Madhya Pradesh Land Revenue Code (MPLRC), 1959, *Panchayat Raj Adhinyam* (PRA), 1993, Madhya Pradesh *Lokdhan (Shodhya Rashiyon ki Vasuli) Adhinyam* (MPLA), 1987 and rules made thereunder, Revenue Book Circular (RBC) and notifications/executive instructions. Land revenue receipts are deposited under Major Head (MH) 0029.

We decided to review the system of assessment, levy and collection of land revenue receipts in the state which revealed a number of system and compliance deficiencies.

5.2.2 Organisational setup

The Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Record (CSLR). Commissioners of divisions exercise administrative and fiscal control over the districts included in the division. In each district, Collectors administer the activities of the department. It is entrusted upon the Collector of a District to place one or more Assistant Collector or Joint Collector or Deputy Collector in charge of a sub-division of a district. The officers so placed in charge of a sub-division are called SDOs. They have to exercise such powers of the Collector as are directed by the State Government by notification. Superintendent/Assistant Superintendent, Land Record (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. Tahsildars/Additional Tahsildars are deployed in the Tahsils as representative of the revenue department. There are ten revenue divisions, each headed by a Commissioner, 50 districts, each headed by a Collector and 318 Tahsils in the State.

5.2.3 Scope of audit

The records of the years from 2005-06 to 2009-10 of 11¹ out of 50 Collectorates and 78² out of 318 Tahsil offices were test checked between May 2009 and March 2010. The selection of units was done through simple random sampling without replacement method.

5.2.4 Audit objectives

We conducted the review with a view to:

- assess the efficiency and effectiveness of the system for assessment, levy and collection of land revenue, premium, ground rent, diversion rent, penalty and cess; and

¹ Bhopal, Dhar, Gwalior, Hoshangabad, Indore, Jabalpur, Khargone, Mandasaur, Ratlam, Sagar and Ujjain.

² Details given at annexure- A.

- assess whether an adequate internal control mechanism existed to ensure proper and timely realisation of revenue.

5.2.5 Acknowledgement

We acknowledge the co-operation of the Revenue Department and its field offices for providing information to audit. An entry conference to discuss the objectives, scope and methodology of audit was held with the Additional Secretary of the department in March 2010. The exit conference was held in November 2010 in which the Principal Secretary, Secretary and two additional Secretaries of Land Revenue Department participated.

5.2.6 Trend of revenue

The Budget Manual provides that the estimates should take into account only such receipts as the estimating officer expects to be actually realised or made during the budget year. The Budget Manual clearly states that if the test of accuracy is to be satisfied, not merely should all items that could have been foreseen be provided for, but also only so much, and no more should be provided for as is necessary.

The trend of revenue for the last five years ending 31 March 2010 is as below:

(₹ in crore)

Year	Revised Estimates	Actual Receipts	Percentage increase (+) decrease (-) over revised budget estimates
2005-06	85.55	77.16	(-) 09.81
2006-07	125.00	132.21	(+) 05.77
2007-08	122.45	129.15	(+) 05.47
2008-09	156.01	338.84	(+) 117.19
2009-10	161.81	180.03	(+) 11.26

We observed that while preparing the budget estimates, the department did not account for the actual receipts during the previous year. Reasons for sharp increase in actual receipts in 2008-09 were not furnished despite requests in January, April, and May 2010 followed by demi official reminder in June 2010.

Contribution of receipts from land revenue to total tax revenue

(₹ in crore)

Year	Total tax revenue	Land revenue	Percentage contribution of (3) to (2)
(1)	(2)	(3)	(4)
2005-06	9,114.70	77.16	0.85
2006-07	10,473.13	132.21	1.26
2007-08	12,017.64	129.15	1.07
2008-09	13,613.50	338.84	2.49
2009-10	17,272.77	180.03	1.04
Total	62,491.74	857.39	

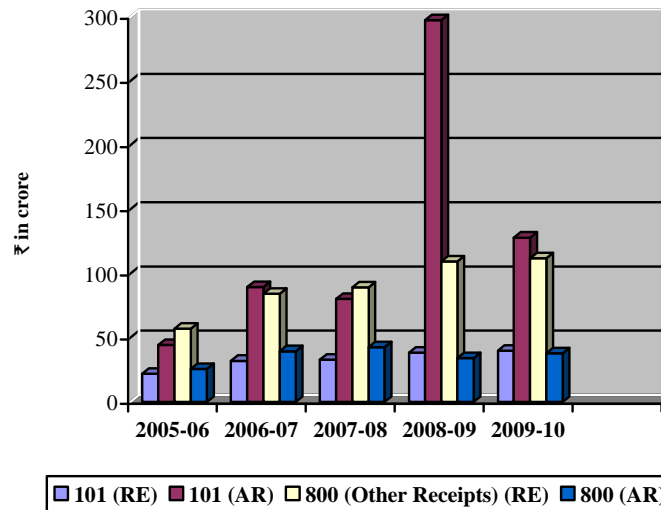
The percentage contribution of the receipts under Land Revenue to the total tax receipts in the state registered a sharp increase during 2008-09. The reasons for increase were not furnished by the department despite requests in January, April and May 2010 followed by demi official reminder in June 2010.

Minor head wise analysis of receipts under MH 0029 during five years

Minor head 101 comprises land revenue/ tax while Minor head 800 (other receipts) includes premium and rent from *Nazul* land, premium from diverted land and penalty. These two minor heads constituted an average of 95.63 per cent of the total receipts under MH 0029 during the last five years.

(₹ in crore)

Year	Minor head-101		Minor head- 800		Total Minor Head 101 & 800 Actual Receipts	Percentage of total of these minor Head receipts to land revenue receipts
	Revised Estimates	Actual Receipts	Revised Estimates	Actual Receipts		
2005-06	22.02	44.29	57.16	25.75	70.04	90.77
2006-07	32.02	89.66	84.28	39.56	129.22	97.74
2007-08	33.02	80.26	89.43	42.67	122.93	95.18
2008-09	38.41	297.43	109.60	34.28	331.71	97.90
2009-10	39.91	128.04	111.90	37.99	166.03	92.22
Total	165.38	639.68	452.37	180.25	819.93	95.63



During preparation of the budget estimates, the aim is to achieve as close an approximation to the probable actual, as possible. We observed that the actual receipts under minor head 101 was more than 100 *per cent* of the budget estimates in all the five years under review while we noticed a reverse trend under minor head 800. The department needs to review the process of framing budget estimates to make it more realistic.

Actual receipts under minor head-800 (Other receipts) during the last five years is only 39.85 *per cent* of the revised estimates which is indicative of deficiencies in assessment/ realisation of premium and rent from *Nazul* land, premium from diverted land and penalty which are discussed in the succeeding paragraphs.

Audit findings

System deficiencies

5.2.7 Non-realisation of revenue in diversion cases

As per Section 58 and 59 of MPLRC and Para 14 of RBC, when land is diverted for use of any other purpose, the revenue officer would prepare land holder wise *khatauni* in **form B-I** containing therein the details of the diversion cases assessed during the year and send it to the Tahsildar for updating his records and recovery of diversion rent and premium. **We observed that there was no provision in the MPLRC or RBC to cross verify the records of Tahsil and the Collectorate to ascertain proper and timely recovery of diversion rent and premium.** In the absence of any reconciliation statement containing the number of diversion cases received from the SDO and the action taken for recovery in these cases by the Tahsildar, the Collector is in no position to ascertain instances of loss of revenue due to non-raising/short raising of demand in diversion cases.

We noticed in four Collectorates³ and 14 Tahsils⁴/SDO offices that 2,342 cases of diversion were decided by the SDOs between October 2004 to October 2009 which involved recovery of diversion rent, premium, *Panchayat Upkar* and fine of ₹ 81.84 crore. Out of these, statement in form B-1 was not prepared in respect of 73 cases for onward transmission to Tahsildar for raising the demand; in 416 cases, B-1 statement was prepared between October 2005 and October 2009 but not sent to the respective Tahsildars for recovery while in the remaining 1,853 cases, though B-I statements were sent between October 2006 and November 2009 to the

respective Tahsildars but action for raising the demand was not taken by the latter. Besides, in two diversion cases of Ujjain and 10 cases of

³ Bhopal, Gwalior, Hoshangabad and Indore.

⁴ Ater (Bhind), Baldeogarh (Tikamgarh), Gwalior, Huzur (Bhopal), Itarsi (Hoshangabad), Jabalpur, Jawad (Neemuch), Khargone, Mandsaur, Neemuch, Ratlam, Sardarpur (Dhar), Singrauli and Shajapur.

Hoshangabad, demand noted in B-I was short by ₹ eight lakh while in 143 cases of Khargone, demand of ₹ 10.90 lakh as against ₹ 19.52 lakh was raised. Non raising/short raising of demand resulted in non- realisation of revenue of ₹ 82 crore.

After we pointed out, nine Tahsildars⁵ stated (between June 2009 and March 2010) that demand would be raised. Further, four SLRs (diversion) and five Tahsildars⁶ stated (between November 2009 and March 2010) that necessary action would be taken. Further reports have not been received (December 2010).

The Government may consider prescribing a mechanism for correlating the cases of assessment of diversion rent with the records of the monthly statement of demand and collection submitted by the Tahsildar to the Collector.

5.2.8 Non-realisation of revenue due to absence of time limit for initiation of recovery proceedings

Section 155 of MPLRC provides for recovery of dues not paid on or before due date as arrears of land revenue by attachment and sale of movable or immovable property of the defaulters. **However, no time limit has been prescribed in the MPLRC for initiation of recovery proceedings for recovery of dues as arrears of land revenue.**

5.2.8.1 We observed in nine Collectorates⁷ (*Nazul*)⁸ and three Tahsil⁹ offices (between June 2009 and March 2010) that premium, ground rent and diversion rent of ₹ 51.79 crore due for the period falling between 2005-06 and 2009-10 in 4,975 cases was not paid by the assesseees. Recovery proceedings for recovery of dues as arrears of land revenue were not

initiated by the respective assessing officers even after considerable efflux of time. Besides, in 13 Tahsil¹⁰ offices, as per village wise demand and collection register and monthly statements, outstanding arrear on account of land revenue, *Upkar* and *Shala kar* was ₹ 13.04 crore. We noticed that in these cases even details of defaulters were not available and in the absence of the same, the Tahsildars were not in a position to initiate recovery proceedings. This resulted in non-realisation of revenue of ₹ 64.83 crore.

After we pointed out, the Tahsildar (*Nazul*) Ujjain stated (November 2009) that recovery of dues is done in the Tahsil office. Reply is factually incorrect because recovery of dues in respect of *Nazul* land is to be done

⁵ Ater (Bhind), Baldeogarh (Tikamgarh), Itarsi (Hoshangabad), Jabalpur, Jawad (Neemuch),Mandsaur, Sardarpur (Dhar), Singrauli and Shajapur.

⁶ Gwalior, Huzur (Bhopal), Khargone, Neemuch and Ratlam.

⁷ Bhopal, Dhar, Gwalior, Hoshangabad, Indore, Mandsaur, Ratlam, Sagar and Ujjain.

⁸ Government land which is used for construction or public utility purpose *viz* bazar or entertainment places. This land has site value and not agricultural importance.

⁹ Bina (Sagar), Dharampuri (Dhar) and Ujjain.

¹⁰ Huzur (Bhopal), Indore, Issagarh (Ashoknagar), Maiher (Satna), Mandsaur, Mungawali (Ashoknagar), Neemuch, Ratlam, Sagar, Sewda (Datia), Singrauli, Sironj (Vidisha) and Tikamgarh.

by Tahsildar (*Nazul*). Six Tahsildars¹¹ stated (between June 2009 and March 2010) that action would be taken after obtaining the list of defaulters from *Patwaris*. Remaining revenue officers stated (between June 2009 and March 2010) that necessary action would be taken.

5.2.8.2 We observed in three Collectorates¹² (*Nazul*), *Rajdhani Pariyojana* (*Nazul*) Bhopal and 48 Tahsil offices¹³ that fine of ₹ 1.26 crore was imposed between October 2005 and September 2009 in 18,636 cases of encroachment. However, this was not paid by the defaulters and also not recovered by the respective Tahsildars as arrears of land revenue. After we pointed out, respective revenue officers stated between May 2009 and March 2010 that necessary action would be taken.

The Government may consider insertion of a time limit in the Act/Rules for initiation of recovery proceedings.

5.2.9 Non-realisation of lease rent, stamp duty and registration fee due to absence of time limit for execution of lease deed

Para 28 of the RBC provides for execution and registration of lease deed within “reasonable time” after allotment of the *Nazul* land. Further, a lease deed for more than 12 months is a compulsorily registerable document under the Registration Act, 1908. **However, no time limit is prescribed in the RBC or MPLRC for execution of lease deed and registration thereof.**

We noticed in Collectorate Bhopal and Gwalior and Tahsil Huzur (Bhopal) that 1271 acres of *Nazul* land was allotted in 51 cases (between June 2007 and June 2009) to various allottees. However, in 11 cases lease deeds were not executed till the date of audit. This led to non-realisation of lease rent, stamp duty and registration fee of ₹ 1.51 crore.

After we pointed out, the *Nazul* officer, Bhopal stated (January 2010) in respect of one case that registered copy of the agreement would be obtained while in respect of another case he stated that agreement had been registered. *Nazul* officer, Gwalior and *Rajdhani Pariyojana*, Bhopal and Tahsildar, Bhopal stated (between October 2009 and January 2010) that necessary action would be taken.

The Government may consider insertion of a time limit in the MPLRC/RBC for execution of lease deed.

¹¹ Huzur (Bhopal), Mandsaur, Mungawali (Ashoknagar), Neemuch, Sewda (Datia) and Tikamgarh.

¹² Bhopal, Indore and Jabalpur.

¹³ Details given at annexure- B.

5.2.10 Non-realisation of revenue due to non-recovery of provisional premium and ground rent in case of advance possession

As per provision of Paragraph 29 of the RBC, whenever advance possession of Government land is given to the applicant in anticipation of the final sanction, the provisional premium and ground rent should be recovered on the basis of estimated premium and ground rent. In the mean time, the applicant should provide an undertaking that he will pay premium and ground rent, which the Government finally decides. **We noticed that no time limit for submission of the case for final allotment is fixed.**

We observed in Collectorate (*Nazul*) Bhopal and Ratlam that advance possession of Government land measuring 5.15 acre and 35.05 acre respectively was given to Madhya Pradesh Housing Board (MPHB) (between October 2006 and June 2007). In case of Bhopal collectorate, the provisional premium and annual ground rent

of ₹ 4.50 crore and ₹ 22.52 lakh respectively was not recovered. In case of Ratlam Collectorate ₹ 20 lakh against provisional premium of ₹ 1.24 crore was recovered leaving the balance of premium of ₹ 1.04 crore and annual ground rent of ₹ 6.18 lakh unrecovered. In both the cases the amount payable on account of provisional premium and annual ground rent upto the year 2009-10 worked out to ₹ 6.63 crore. However, the Collectorates (*Nazul*) did not take any action to recover the dues nor the cases were submitted to the Government for final allotment even after a lapse of more than three years. Thus, the cases have been pending for want of final sanction from the Government.

After we pointed out, the respective *Nazul* officers stated (between November 2009 and January 2010) that necessary action would be taken.

The Government may consider prescribing time limit for submission of cases of advance possession for final allotment.

5.2.11 Loss of revenue due to non-existence of monitoring mechanism for execution of sanctions

As per standard condition embedded in the sanction orders issued by the Government for allotment of Government land, if premium and ground rent is not paid within six months of the issue of sanction, the sanction order would be cancelled. This requires that in such cases the premium and ground rent should be assessed and demand be raised by the revenue officer in due expedition immediately after issue of the sanction by the Government to safeguard revenue.

We noticed in *Rajdhani Pariyojana Bhopal* and Collectorate (*Nazul*), Indore that sanction for allotment of 12.68 acres of *Nazul* land in two cases were issued between April and September 2008. In these cases the demand notice for premium and ground rent was issued by

the revenue authorities after lapse of six months of the issue of sanction.

As a result, these sanctions could not be executed and government was deprived of revenue of ₹ 6.89 lakh on account of ground rent during 2008-09.

After we pointed out, the *Nazul* officer, *Rajdhani Pariyojana*, Bhopal stated (January 2010) that necessary action would be taken, while *Nazul* officer Indore stated (February 2010) that necessary guidance would be obtained from the Government.

The Government may consider fixing responsibility for failure in timely execution of sanctions.

5.2.12 Loss of revenue due to non-inclusion of soyabean in the list of commercial crops

According to Section 3 of M.P. *Vanijya Fasal (Bhoomi par kar) Adhiniyam* 1966, tax on land under commercial crops for each agriculture year is leviable at the rates specified therein. These rates have not been revised nor any new crop added to the list since 1970. Madhya Pradesh is the biggest producer of soyabean in the country and Soyabean is also taxable under the M.P Commercial tax Act/VAT Act as oilseeds.

We observed in seven Collectorates¹⁴ and 29 Tahsil¹⁵ offices (between November 2009 to March 2010) that soyabean was produced in 220.94 lakh acre during 2004-05 to 2008-09. In Dhar, Indore and Ratlam Collectorates soyabean was produced in an area of 63.95 lakh

acres compared to ₹ 14.64 lakh acres under the other commercial crops. Non inclusion of soyabean in the list of commercial crops resulted in loss of revenue of ₹ 4.42 crore at the minimum rate¹⁶ of ₹ two per acre.

After we pointed out, respective Revenue Officers stated (between November 2009 and March 2010) that action would be taken after receipt of instructions from the Government.

The Government may consider revising the rates of *Vanijya Fasal Kar* and including soyabean in the list of commercial crops.

¹⁴ Dhar, Hoshangabad, Indore, Khargone, Mandsaur, Ratlam and Sagar.

¹⁵ Details given at Annexure- C.

¹⁶ The rate of ₹ 2 per acre is leviable on land under commercial crops of cotton and ground nut while in respect of crops of opium, sugar cane, tobacco, mesta and sun hemp the rate is ₹ 4 per acre.

5.2.13 Non-realisation of process expenses due to lack of monitoring mechanism in the Collectorates

M.P. Lokdhan (*Shodhya Rashiyon Ki Vasuli*) *Adhiniyam*, 1987 (MPLA) and MPLRC provides that the recovery officer will register the revenue case in his Revenue case Register after receipt of Revenue Recovery Certificate (RRC) and issue demand notice within 15 days. As per *Adhiniyam* and rules made thereunder, process expense at the rate of three *per cent* of principal amount is leviable. In order to monitor the correctness and timeliness of recovery of process expenses, it is appropriate that the Collector receives a monthly statement from the Tahsildars containing amount due for collection and that which is actually collected as process expenses. **However, we noticed that no such monitoring mechanism was prescribed.**

We observed in 67 Tahsil offices¹⁷ (between May 2009 and March 2010) that ₹ 167.55 crore was recovered between April 2005 and September 2009 against the RRCs of banks and other departments on which process expense of ₹ 5.03 crore was recoverable. However, the details of demand and collection of process expense were not on record in the Tahsil offices. Thus, absence of any monitoring mechanism in the Collectorates to assess the correctness and timeliness of collection of process expenses resulted in non-

realisation of process expense of ₹ 5.03 crore. In Huzur (Bhopal) and Hoshangabad Tahsil offices, we observed that process expense of ₹ 8.47 lakh was recovered by the Revenue officer under 84 challans (between July 2007 and March 2009), but the details of demand against which recovery made was not available in the Tahsil except in five cases of Hoshangabad involving recovery of ₹ 1.21 lakh.

After we pointed out, the officer in-charge Collectorate Bhopal stated (January 2010) that the record relating to recovery of process expense is not maintained. Tahsildar, Khargone stated in March 2010 that process expense is not applicable to co-operative banks. The reply is not acceptable because it is not in conformity with the rules. Tahsildar Indore and Mhow stated (January and February 2010) that bank is responsible for recovery. The reply is not acceptable because Tahsildar is responsible for demand and collection of the process expenses. Officer in charge of Collectorate Indore and the remaining Tahsildars stated (between June 2009 and March 2010) that necessary action would be taken.

The Government may consider prescribing appropriate monitoring mechanism in the Collectorates for timely realisation of process expense.

¹⁷ Details given at annexure- D.

5.2.14 Non-levy of *Panchayat Upkar* on premium collected in *gram panchayat* area

As per section 58(2) of MPLRC the term "Land revenue", includes all moneys payable to the State Government for land in the form of premium, rent, lease money, quit-rent etc. Further, Section-74 of M.P. *Panchayat Raj Adhiniyam*, 1993 provides for levy of *Panchayat Upkar* at specified rates in each revenue year in *gram panchayat* area. Thus, *Panchayat Upkar* is leviable on diversion rent as well as on premium collected in *gram panchayat* area because premium is also land revenue as per section 58 (2) of MPLRC.

We noticed in Collectorate Jabalpur and Tahsil offices of Huzur (Bhopal) and Mandasaur (between December 2009 and February 2010) that *Panchayat Upkar* was not assessed and levied on the premium in 837 diversion cases of *gram panchayat* area decided between October 2005 and September 2009. Besides, in Collectorate (diversion) Bhopal and 13 Tahsil offices¹⁸, we noticed that

Panchayat Upkar was not assessed in 1452 cases of diversion of *gram panchayat* area decided between October 2005 and September 2009. This resulted in non-levy/realisation of *Panchayat Upkar* of ₹ 1.55 crore.

After we pointed out, the Tahsildar Huzur (Bhopal) stated (December 2009) that there is no rule for levy of *Panchayat Upkar* on premium. The reply is factually incorrect because as per section 58(2) of MPLRC, premium as well as diversion rent are land revenue and *Panchayat upkar* should be assessed on such revenue.

The Government may consider issuing instructions for levy of *Panchayat Upkar* on premium in the Gram *Panchayat* area.

5.2.15 Internal control mechanism

5.2.15.1 Internal audit

The internal audit wing of a department is a vital component of its internal control mechanism. We observed that though internal audit wings were in operation at the divisional level but information on the organisational structure, existence of audit plan, staff strength, follow up action on reports etc. was not furnished by the department. Our test check further revealed that internal audit of *Rajdhani Pariyojana (Nazul)* Bhopal, Collector (SLR) Bhopal, Collector (SWBN) Indore and Collector (Diversion) Gwalior was conducted once in the last five years, while no internal audit of the remaining sections of the 11 selected Collectorates was conducted during this period. No internal audit was conducted by the department in 61¹⁹ out of 78 Tahsils during the last five years. The details of inspection reports issued,

¹⁸ Burhanpur, Huzur (Rewa), Jhabua, Kailaras (Morena), Khategaon (Dewas), Mandasaur, Mhow (Indore), Neemuch, Pandurna (Chhindwara), Ratlam, Sheopur, Tikamgarh, and Vijaypur (Sheopur).

¹⁹ Details given at annexure -E.

number of objections raised, amount involved etc. have not been furnished by the Department despite request.

5.2.15.2 Departmental inspection

RBC provides that the Commissioner of the division should inspect revenue courts of each Collectorate and Tahsil in two and three years respectively while the Collector should inspect each Tahsil of his district every year.

We observed that the Commissioners conducted 52 and 112 inspections as against 88 and 156 inspections of Collectorates and Tahsils respectively during the period under review. The Collectors had to conduct 390 inspections

of Tahsils but they conducted only 117 inspections. The details of inspections conducted and points raised/included in inspection notes/memorandums etc. have not been furnished by the Department despite request.

Compliance deficiencies

5.2.16 Loss of revenue due to allotment of Government land on throw away prices

Commercial Purpose

As per circular no. F-6-47/7/Nuzul/37 dated 7.11.2002 of Revenue Department, in case of allotment of Government land on lease basis otherwise than through auction, the land shall be allotted at the rate of ₹ 60 per sq. ft. in case of towns/cities having population of 10 lakh or above.

5.2.16.1 We observed in *Rajdhani Pariyojana* Bhopal that *Nazul* land measuring 20.53 hectare (situated within Bhopal city municipal limits) was leased (January 2008) to M/s Essel Infra projects Limited for setting up of a water park. During scrutiny of the case we observed that the

land was leased in January 2008 on the rates of agricultural land prevailing in 2005-06 at ₹ 17.66 per sq. ft. approx. as against the minimum rate of ₹ 60 per sq.ft. prescribed vide order dated 7.11.2002 under Para 23 of RBC. This resulted in short realisation of ₹ 11.46 crore and undue benefit to the company.

After we pointed out, the *Nazul* officer stated (January 2010) that premium and land rent was levied in accordance with the sanction of Government and the points raised by audit would be brought to the notice of the Government. Further reply has not been received (December 2010).

5.2.16.2 We noticed in Jhabua that *Nazul* land measuring 149 sq. m. was allotted to *Nagrik Sahkari* Bank at premium and ground rent of ₹ 2.40 lakh by

RBC-IV-I read with Government circular dated 4 April 1997 provides that allotment of land to commercial co-operative institutions (other than agriculture based institutions) shall be made at the rate prescribed in the market value guidelines applicable for registration of documents.

applying non-commercial rate of land of ₹ 1,500 per sq. mt. This led to loss of revenue of ₹ 17.31 lakh based on commercial rate of ₹ 11,600 per sq. mt. Further reply has not been received (December 2010).

After we pointed out, the Tahsildar stated (January 2010) that necessary action would be taken. Further reply has not been received (December 2010).

Housing Purpose

5.2.16.3 We observed in the office of *Rajdhani Pariyojana*, Bhopal that 10 acre land situated in ward 30 of the city was allotted in August 2007 to

RBC-IV-I provides for allotment of land for housing purposes to Madhya Pradesh Housing Board (MPHB) and Cooperative Housing Society (Society) on payment of premium at 60 per cent of market value of land and annual ground rent at five per cent of the premium.

MPHB for building houses for MLAs and MPs at the rate of ₹ 3,200 per sq. mt. and annual ground rent at five per cent of the premium. As per this rate, the premium was fixed as ₹ 12.96 crore and ground rent as ₹ 64.77 lakh. However, we noticed that the *Nazul* officer issued demand notice of ₹ 7.77 crore as

premium and ₹ 32.38 lakh as rent to MPHB in October 2007 and this amount was deposited by the Board in January 2008. This resulted in short realisation of revenue of ₹ 5.52 crore.

After we pointed out, the *Nazul* officer stated (January 2010) that the issue of application of incorrect rate would be brought to the notice of Government. He further accepted that the *Nazul* officer had issued incorrect demand notice in October 2007 and agreed to raise demand. Further report has not been received (December 2010).

5.2.16.4 We observed in Collectorate (*Nazul*) office, Bhopal that the Collector submitted a proposal to the Government for allotment of 11.68 acre land of village Nevri in Tahsil Huzur, Bhopal on 11 August 2008 to *Rajdhani Patrakar Griha Nirman Sahkari Samiti Maryadit*. In this proposal the Collector mentioned that the rate of ₹ 2500 per sq. mt. was appropriate as the Bhopal Police *Karmachari Griha Nirman Samiti*, located adjacent to the above land, was allotted at the rate of ₹ 2,500 per sq. mt. However, this land was allotted by the Government at the rate of ₹ 60 per sq. ft (₹ 645.60 per sq. mt.) on 25 August 2008 as per orders of the Council of ministers. As per this order, the land was allotted at a premium and annual rent of ₹ 3.21 crore. When we requested for the minutes of the meeting/file noting in this case,

no reply was given by the Government despite demi official request. Allotment of residential land at such throw away prices by the Government was contravention of the provisions contained in Para 26 of RBC-IV-I and consequent loss of premium and ground rent of ₹ 4.24 crore. It is worthwhile to mention that the Collector had suggested in his report of 11 August 2008 that even if this land is auctioned under Para 21 of RBC-IV-I, it would fetch more than ₹ 7.09 crore.

After we pointed out, the Tahsildar stated (January 2010) that the allotment was done by the Government.

5.2.16.5 We observed in *Rajdhani Pariyojana*, Bhopal that the Collector

RBC-IV-I provides for allotment of *nazul* land to the caste based societies on payment of premium at 75 per cent of market value of land and 50 per cent of normal ground rent.

proposed allotment of 5,000 sq. ft. of land to *Akhil Bhartiya Pal Mahasabha* at premium and rent of ₹ 33.46 lakh as per para 26 of RBC-IV-I in August 2008. However, we noticed that this land was allotted to the

society at nil premium and annual rent of Rupee one by the Government through its orders dated 11.09.2008.

Similarly, in another case of Tahsil Huzur, Bhopal we noticed that the Collector submitted a proposal in August 2008 to the Government for allotment of 5,000 sq.ft. land to *Meena Samaj Sewa Sangathan* at premium and rent of ₹ 8.93 lakh. However, we noticed in this case also that this land was allotted to the society at nil premium and annual rent of Rupee one by the Government through its orders dated 9 January 2009.

When we requested for the minutes of the meeting/file noting in these cases, no reply was given by the Government despite demi official request. Such free of cost allotment of Government land was contrary to Para 26 of RBC-IV-I and also resulted in loss of revenue of ₹ 42.39 lakh.

After we pointed out, the *Nazul* officer *Rajdhani Pariyojana (Nazul)* Bhopal and Tahsildar Huzur (Bhopal) stated (December 2009 and January 2010) that the sanction for allotment was granted by the Government and the issue raised by audit would be brought to the notice of Government. Further report has not been received (December 2010).

5.2.16.6 Allotment of land for construction of *Dharamshala*

We observed in the Office of Collector (*Nazul*) Sagar that *Nazul* land (24,642 sq. ft.) was allotted by the department (June 1999) to

RBC-IV-I provides for allotment of land for religious or social purpose to any trust on payment of premium at 75 per cent of market value of land and ground rent at 50 per cent of normal rent.

Shree Jhulelal Mandir Trust for construction of *dharamshala* on payment of premium and additional premium of ₹ 73.92 lakh and annual ground rent of ₹ 92,407. As per conditions

of the sanction, premium and rent was to be paid by the trust within six months of the issue of sanction, failing which the sanction was to be deemed as cancelled. However, the trust failed to comply with this condition

and the sanction lapsed. After nine years, the department again issued (June 2008) a sanction for allotment of the same land to the same trust without any premium and on token annual ground rent of Rupee one. The revised allotment order of June 2008 did not specify any reason for allotment of Government land at such concessional rate, except that it was a 'special case'. When we requested for the minutes of the meeting/file noting in this case, no reply was given by the Government despite demi official request.

Such order was a repudiation of RBC-IV-I and led to loss of revenue of ₹ 2.52 crore.

After we pointed out, the *Nazul* officer stated (February 2010) that the land was leased out in accordance with the sanction issued by the Government and necessary action would be taken after receiving instructions from the Government. Further report has not been received (December 2010).

5.2.16.7 We observed in three collectorates²⁰ and Tahsil Huzur (Bhopal)

RBC-IV-I provides for allotment of *Nazul* land for educational purpose on payment of premium at 50 *per cent* value of land on the basis of minimum rates prescribed therein and annual ground rent at two *per cent* of premium. Further, premium is not chargeable if the land is allotted for establishing a medical college.

that due to non-observance of the provisions of RBC-IV-I the Government was deprived of revenue of ₹ 34.74 crore as per details given below:

Sl. No	Name of the Society (Purpose)	Land Area (in hectare)/ place	Date of proposal of Collector Premium Rent (₹)	Date of Government sanction Premium Rent (₹)	Audit Observation
(1)	(2)	(3)	(4)	(5)	(6)
1	Shri Digambar Jain Museum Shodh Sansthan Samiti (Educational)	2.024 (Kanadiya) Indore	6 July 2006 2,45,025 4,901	28 March 2008 2,45,025 4,901	Village Kanadiya is in periphery of Indore city and the applicable rate should have been ₹ 60 per sq feet as per RBC. However, the land was allotted at the rate of ₹ 2.25 per sq ft. This resulted in loss of premium and annual ground rent of ₹ 66.66 lakh.

²⁰ Bhopal, Hoshangabad and Indore

(1)	(2)	(3)	(4)	(5)	(6)
2	<i>Gram Bharti Shiksha Samiti Madhya Bharat</i> (Educational)	<u>8.375</u> (Shahpura) Bhopal	June <u>2008</u> <u>61,56,257</u> 1,23,125	22 August <u>2008</u> <u>6,15,626</u> 12,313	The Government sanctioned the premium at five <i>per cent</i> , against the Collector's proposal of 50 <i>per cent</i> as per RBC. This resulted in loss of premium and annual ground rent of ₹ 56.51 lakh.
3	<i>Man Reva Shiksha Samiti</i> (Educational)	<u>0.809</u> (Jalalabad) Hoshangabad	Not available in the file	17 April <u>2008</u> <u>Nil</u> 1.00	As per RBC, premium of ₹ 5,88,060 and annual ground rent of ₹ 11,762 was leviable. Non-observance of the provisions of RBC resulted in loss of premium and annual ground rent of ₹ 6.12 lakh.
4	<i>Jagaran Social Welfare Society</i> (Educational)	<u>78.661</u> (Mugaliya Chhap) Bhopal	14 May <u>2008</u> <u>5,71,27,086</u> 11,42,553	28 August <u>2008</u> <u>Four crore</u> 8,00,000	Mugaliya Chhap is in Bhopal city planning area and rate of ₹ 60 per sq. ft. was applicable. Incorrect application of rate by Collector and undue concession by the Government resulted in loss of premium and ground rent of ₹ 21.82 crore.
5	<i>Dhirubhai Ambani Memorial Trust</i> (Educational)	<u>44.53</u> (Acharpura) Bhopal	March <u>2008</u> <u>3,23,43,300</u> 6,46,866	September <u>2008</u> <u>3.23 crore</u> 6,46,866	Acharpura is situated in Bhopal city planning area and rate of ₹ 60 per sq. ft. was applicable but rate of ₹ 13.50 per sq. ft. was applied by the Collector. This resulted in loss of premium and ground rent of ₹ 11.36 crore.

(1)	(2)	(3)	(4)	(5)	(6)
6	Digamber Jain Sarvodaya Gyan Vidyapeeth (Medical College)	10.121 (Badwai) Bhopal	30 January 2008 Nil (as per RBC-IV) 6,53,400	24 December 2008 Nil(as per RBC-IV) 1.00	Contrary to the provisions of RBC read with circular of Government (October 2002) undue concession granted by the Government resulted in loss of annual ground rent of ₹ 26.14 lakh. Further as per condition of allotment, a 300 bedded hospital was required to be established up to June 2009 which was not done till the date of audit. The Collector (<i>Nazul</i>) did not take any action for revoking the sanction.

After we pointed out, the Tahsildar Huzur (Bhopal), *Nazul* officer, Indore and SDO, Huzur stated (between December 2009 and February 2010) that appropriate action would be taken after scrutiny of the cases, while SDO, Hoshangabad stated in March 2010 that the matter would be brought to notice of the Government. Tahsildar (*Nazul*), Bairagarh (Bhopal) stated that allotment of land was done at Government level. He did not furnish any reply about the inaction against the allottee for breach of conditions of allotment.

5.2.16.8 We observed in the office of Collector (*Nazul*) Hoshangabad

RBC-IV-I provides for allotment of land up to 4,000 sq ft to a political party for construction of office on payment of premium at 10 per cent of market value of land and ground rent at five per cent of the premium. In case of allotment of land to MPEB, premium at 50 per cent of the market value and annual ground rent at 7.5 per cent of premium is chargeable.

and Mandasaur that *Nazul* land measuring 3999 sq ft and 12000 sq ft was allotted to a political party for construction of office at Hoshangabad and MPEB for construction of grid at Arniyadeo (Mandasaur) in June 2008 and February 2009 respectively. The premium and annual ground rent was to be paid within six months of

the issue of the sanction. We noticed in Hoshangabad that the allottee failed to deposit the dues in time. The department in their order (January 2010) instructed that interest at the rate of 15 per cent may be charged after the relaxation period. Accordingly, the payable premium and annual ground rent in both the cases along with interest in one case worked out to ₹ 8.35 lakh. It was, however, observed that the *Nazul* officers assessed and demanded ₹ 3.32 lakh by applying incorrect rates. Thus, premium, annual ground rent and interest was assessed short by ₹ 5.03 lakh.

After we pointed out, the *Nazul* officer, Hoshangabad stated (March 2010) that demand would be revised while the *Nazul* Officer, Mandsaur stated (January 2010) that action would be taken as per rule after scrutiny of the case. Further reply is awaited (December 2010).

5.2.17 Non-recovery of installment of premium

As per MPLRC and RBC, Government land can be allotted by conducting auction or under tender system. The tender/auction amount is recoverable from allottee in the manner prescribed in the allotment/tender order.

We observed in *Rajdhani Pariyojana (Nazul)* Bhopal that *Nazul* land measuring 15 acre was allotted in April 2008 to Gammon India Limited under tender system for ₹ 338 crore. The consideration was payable in three installments²¹ and to be revised according to actual measurement of land handed over to

the allottee. Two installments of ₹ 101.40 crore each were paid by the company and the last installment was due in April 2009. As the possession of 14.88 acres against 15 acres was handed over to the company, the third installment amounting ₹ 132.50 crore was due for recovery. This was not demanded and recovered by the *Nazul* officer. This resulted in non-realisation of revenue of ₹ 132.50 crore.

After we pointed out, the *Nazul* Officer stated in January 2010 that demand note would be issued and lease deed would be executed after recovery. The fact, however, remains that the recovery as well as lease deed has not been made/executed till date (December 2010).

5.2.18 Non-levy/realisation of premium, ground rent and interest

Premium, annual ground rent and interest on belated payment of Government dues is leviable in accordance with sanction of allotment, provisions of RBC-IV-I and Government order issued from time to time.

We observed in the office of *Rajdhani Pariyojana*, Bhopal (January 2010) that allotment of land was sanctioned in three cases in favour of Bhopal Development Authority (BDA) by Government between June 1986 and March 1994. The advance possession of the land was given between August 1979 and

May 1983 in these cases. According to the sanction orders, interest at the rate of 14 *per cent* in one case and at 15 *per cent* in two cases on payment of arrears from the date of possession was recoverable. The BDA paid the arrears of ₹ 75.12 lakh between August 2007 and October 2009 on which interest of ₹ 2.65 crore was recoverable which was not levied by the department. Besides, in Collectorate (*Nazul*) Hoshangabad, we noticed that interest of ₹ 2.09 lakh as against ₹ 6.92 lakh was levied in one case due to

²¹ 30 *per cent* was payable at the time of execution of development agreement, 30 *per cent* after one month of the agreement, last installment of balance amount and execution of lease deed within one year of the agreement. The development agreement was executed in April 2008.

computation mistake. The non/short levy of interest resulted in non-realisation of interest of ₹ 2.70 crore.

After we pointed out, respective *Nazul* officers stated (January and March 2010) that necessary action would be taken.

5.2.19 Short raising of demand

We observed in Rajdhani *Pariyojana* Bhopal that land measuring 7.39 acre was allotted to *Nyayadhish Griha Nirman Samiti* (May 2006) on premium of ₹1.93 crore and annual ground rent of ₹ 9.66 lakh. Accordingly ₹ 2.22 crore was recoverable on account of premium and ground rent upto 2009-10. The lessee paid ₹ 1.22 crore leaving the unpaid balance of ₹ one crore. It was, however, observed that demand of ₹ 84.98 lakh only was raised by the department (June 2009). This resulted in short raising of demand by ₹ 15.02 lakh. It was further seen that no amount was paid by the lessee since the issue of demand letter (June 2009) but no action was taken by the department to recover the dues of ₹ one crore.

After we pointed out, the *Nazul* officer accepted the observation and stated (January 2010) that the amount would be recovered. Further progress has not been received (December 2010).

5.2.20 Under assessment of diversion rent, premium and *Upkar*

Under the provisions of MPLRC, where land assessed for one purpose is diverted for any other purpose, the land revenue payable on such land shall be revised and reassessed in accordance with the purpose for which it has been diverted from the date of such diversion at the rates fixed by the Government. Further, *Panchayat Upkar* at the rate of 50 paise per one rupee of diversion rent is also leviable in *gram panchayat* area.

We observed in five Collectorates²² and eight Tahsil offices²³ that there was under assessment of diversion rent, premium and *Upkar* in 156 cases of diversion decided between May 2005 and November 2009. We noticed that diversion for commercial/partly commercial purpose was treated as residential or assessment was done on reduced area. This resulted in

short realisation of premium, diversion rent and *Upkar* of ₹ 1.38 crore as detailed below:

²² Bhopal, Dhar, Hoshangabad, Indore and Jabalpur.

²³ Ashoknagar, Dhar, Itarsi (Hoshangabad), Jaora (Ratlam), Mhow (Indore), Seoni, Sironj (Vidisha) and Tikamgarh.

(₹ in lakh)

Sl. No.	Unit Period	No. of cases	Area involved	Audit observations	Premium, Diversion rent & upkar leviable/levied/short assessment	Reply of the Department/ further observation
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Collector (Diversion) <u>Bhopal</u> 10/07 to 09/09	13	156.10 Acres	Out of 156.10 acres, 57.45 acres of land was diverted for commercial purpose but treated as residential.	<u>105.47</u> <u>79.50</u> 25.97	In six cases of Huzur circle it has been stated that necessary action would be taken. In remaining cases of Gobindpura Circle it has been stated that the purpose was residential. Reply is contrary to the facts on record.
		3	4.66 Acres	Assessment was done for 2.18 acres instead of 4.66 acres of land.	<u>4.16</u> <u>1.30</u> 2.86	In one case of City Circle it has been stated that necessary action would be taken. Of the remaining two cases, assessment was done in one case for area falling under M P Nagar Circle and remaining area falls under another Circle. In case of Gobindpura Circle it has been stated that diversion was sought for one acre only. We do not agree as in the case of M P Nagar the matter has not been referred to the concerned Circle and reply is contrary to the facts on record in case of Gobindpura.
2.	Collector (Diversion) <u>Indore</u> 10/07 to 9/09	29	385.82 Hec.	In 25 cases, out of 33,09,479.59 sq. mt. area, 2,02,708.08 sq. mt. area of land was diverted for commercial purpose but treated as residential. In four cases, assessment was done for 5,26,103.53 sq. mt instead of 5,48,731 sq. mt. of land.	<u>1267.13</u> <u>1198.57</u> 68.56	In one case, SDO Indore stated that the area involved was 35.789 hec. and not 36.304 hec. Reply is contrary to the facts on record. In the remaining cases it has been stated that necessary action would be taken.
3.	Collector (Diversion) <u>Hoshangabad</u> 10/07 to 9/09	1	3.237 Hec.	Assessment was done for 5 acres instead of 8 acres of land	<u>4.52</u> <u>2.83</u> 1.69	Necessary action would be taken. Further reply has not been received (December 2010).

(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	Collector (Diver-sion) <u>Dhar</u> 10/2006 to 9/2009	1	0.439 Hec.	Assessment was done for 0.1 hec. instead of 0.439 hec. acres of land.	<u>21.37</u>	Necessary action would be taken after examination. Further reply has not been received (December 2010)
		49	29.91 Hec.		<u>11.31</u> 10.06	
5.	Collector (Diver-sion) <u>Jabalpur</u> 10/2007 to 3/2009	6	1.008 Hec.	The rates were revised from 21.01.2009. Assessment was done at old rates for cases decided between March and September 2009.	<u>1.17</u> <u>0.30</u> 0.87	Necessary action would be taken after examination.
6.	Tahsil <u>Sironj</u> 10/06 to 9/08	1	0.253 Hec.	Instead of commercial rates, residential rates were applied and that too of 2006-07 instead of 2007-08.	<u>0.30</u> <u>0.15</u> 0.15	Case will be reviewed.
7.	Tahsil Mhow (<u>Indore</u>) 10/06 to 9/09	1	9.275 Hec.	Out of 93,730 sq. mt. 3,205 sq. mt. of land was diverted for commercial purpose and 90,525 sq. mt. for residential purpose but whole area treated as residential.	<u>12.31</u> <u>11.93</u> 0.38	Necessary action would be taken after examination.
		1	2.44 Hec.	Assessment was done at incorrect rates.	<u>1.90</u> <u>0.71</u> 1.19	
		1	0.675 Hec.	Land diverted for commercial purpose was treated as residential.	<u>2.07</u> <u>1.02</u> 1.05	
8.	Tahsil Itarsi <u>Hoshangabad</u> 10/07 to 9/09	5	1.45 Hec.	The rates were revised from 21.01.2009. Assessment was done at old rates for cases decided between February and September 2009.	<u>2.65</u> <u>0.44</u> 2.21	Necessary action would be taken to reassess these cases at revised rates. Further reply has not been received (December 2010).
9.	Tahsil Jaora <u>Ratlam</u> 10/06 to 9/09	13	11.725 Hec.	In seven cases residential rates were applied instead of commercial rates. Assessment was done in six cases at old rates for cases decided between February and May 2009.	<u>6.48</u> <u>2.75</u> 3.73	Necessary action would be taken after examination. Further reply has not been received (December 2010).
10.	Tahsil <u>Dhar</u> 10/08 to 9/09	15	16.223 Hec.	Assessment was done at incorrect rates.	<u>14.62</u> <u>8.10</u> 6.52	Necessary action would be taken after examination. Further reply has not been received (December 2010).
11.	Tahsil <u>Ashok-nagar</u> 10/07 to 9/09	9	9.852 Hec.	Assessment was made at incorrect rates.	<u>8.04</u> <u>2.14</u> 5.90	Necessary action would be taken after examination. Further reply has not been received (December 2010).

(1)	(2)	(3)	(4)	(5)	(6)	(7)
12.	Tahsil <u>Seoni</u> 10/07 to 9/09	6	13.96 Hec.	Assessment was made at incorrect rates.	<u>12.94</u> <u>6.49</u> 6.45	Necessary action would be taken after examination. Further reply has not been received (December 2010).
13.	Tahsil <u>Tikam- garh</u> 10/07 to 9/09	2	1.993 Hec.	Assessment was made at incorrect rates.	<u>1.67</u> <u>1.17</u> 0.50	Necessary action would be taken after examination. Further reply has not been received (December 2010).

5.2.21 Non-availability of reports on vacation of unauthorised possession of land

Section 248 of MPLRC provides that any person who unauthorisedly remains in possession of any Government land may be summarily ejected by order of the Tahsildar. Such person shall also be liable, at the discretion of the Tahsildar, to pay the rent of the land and penalty for the period of unauthorised occupation at prescribed rates.

We observed in 17 Tahsil offices²⁴ that 948 cases of encroachment on Government land measuring 257.404 hectares were decided between October 2006 and September 2009, but the relevant details/ reports of vacation of land duly signed by the appropriate officer were not on record. Yet, the respective Tahsildars did not take any action to obtain the requisite details/

reports. In the absence of such reports there was continuous unauthorised occupation of the land for which fine/penalty was recoverable.

After we pointed out, Tahsildar, Ater stated (March 2010) that the Government land was got vacated. The reply is not acceptable because vacation report was not on record. Remaining Tahsildars stated between October 2009 and March 2010 that necessary action would be taken. Further progress has not been received (December 2010).

²⁴ Ater (Bhind), Biaora (Rajgarh), Dewas, Dhar, Guna, Gwalior, Hoshangabad, Jabalpur, Jawara (Ratlam), Khargone, Mandsaur, Raisen, Rajgarh, Ratlam, Sagar, Ujjain and Vidisha

5.2.22 Non-preparation of monthly *tauzi* and verification from treasury

As per RBC and MP Financial Code, statement of demand and collection for every month should be compiled by each head of the office in the monthly *tauzi* and verified from the treasury. This verified monthly *tauzi* is required to be submitted to higher authorities and is an important control in the Tahsil and Collectorate to obviate risk of misclassification and receipt of fraudulent challans.

We observed in 11 Collectorates²⁵, *Rajdhani Pariyojana* Bhopal and 30 Tahsil offices²⁶ that monthly *tauzis* were not being prepared by any of them. Thus, the correctness of the figures of collection shown in the monthly statements could not be verified by us. In Collectorate (Diversion) Indore the outstanding arrear of diversion rent amounting ₹ 8.09 crore against Indore

Development Authority (IDA) and the MPHB was treated as recovered (February 2009) without depositing it in the treasury.

After we pointed out, the office in charge of the Collectorate stated in January 2010 that this was shown to have been recovered in lieu of flats/plots obtained from IDA/MPHB. The reply is not acceptable because sanction for this adjustment was not obtained from the Government. As per the accounting procedure, the amount should have been drawn from proper expenditure head and simultaneously challan of equal amount deposited in the receipt head of account. The *Nazul* Officer, *Rajdhani Pariyojana* Bhopal stated in January 2010 that challan wise verification from treasury was conducted. Reply is not acceptable because records in support of the reply were not shown to us. Remaining Revenue Officers stated between October 2009 and March 2010 that necessary action would be taken.

The Government may consider prescribing a periodic return by the Tahsil offices to the Collector on the completion of *tauzi*.

5.2.23 Non-receipt of premium/ground rent from MPHB for rehabilitation of slum-dwellers

We observed in Collectorate (*Nazul*), city circle, Bhopal that 5.90 acre *Nazul* land was allotted to the MPHB for commercial purpose (October 2006). Condition 5 of the sanction provided that 5000 slum-dwellers shall be rehabilitated by the MPHB under the direction of the Collector Bhopal and the expenditure will be borne by the MPHB.

²⁵ Bhopal, Dhar, Gwalior, Hoshangabad, Indore, Jabalpur, Khargone, Mandasaur, Ratlam, Sagar and Ujjain.

²⁶ Ashoknagar, Ater (Bhind), Balaghat, Biora (Rajgarh), Burhanpur, Dewas, Gohad (Bhind), Guna, Gwalior, Harda, Hoshangabad, Huzur (Bhopal), Huzur (Rewa), Indore, Itarsi (Hoshangabad), Jabera (Damoh), Jawad (Neemuch), Jhabua, Kasrawad (Khargone), Mhow (Indore), Pandurna (Chhindwara), Ratlam, Sagar, Sanver (Indore), Seoni, Sheopur, Sohagpur (Shahdol), Tikamgarh, Ujjain and Vidisha.

The MPHB further subleased this land to D.B. Mall Pvt. Ltd., on which the MPHB received an additional amount of premium and rent of ₹ 19.77 crore and ₹ 1.48 crore per annum respectively. As per condition of sanction, the MPHB was required to deposit this differential premium and ground rent in a joint bank account of the MPHB and the Collector, Bhopal and this amount was to be utilised in the rehabilitation of slum-dwellers. However, we noticed that such account has not been opened by the MPHB so far and the whole amount has been retained by the MPHB. The slum-dwellers were also not rehabilitated by the MPHB even after a lapse of more than three years of the allotment of land. No action was taken by the Collector (*Nazul*) for breach of this condition.

After we pointed out, the *Naib* Tahsildar stated in January 2010 that a letter to open the bank account is being issued to the MPHB. No reply was given for inaction on violation of the condition for sanction. Further reply is awaited (December 2010).

5.2.24 Non-renewal of permanent leases of Nazul land

According to the MPLRC read with RBC-IV-I, rent payable for a *Nazul* plot in an urban area held on lease shall be deemed to be due for revision when the lease becomes due for revision. The revised rent is to be fixed at six times the rent payable immediately before the revision, provided the use of the land continues to be the same as it was immediately before the revision. The revised assessment is applicable from the financial year following the year in which the assessment is made or from the date of expiry of the earlier lease, whichever is later.

We observed in four *Nazul* offices²⁷ that 25 permanent leases granted for 30 years which fell due for renewal between 2005-06 and 2009-10, were not taken up by the department for renewal. This resulted in loss of revenue of ₹ 16.92 lakh.

After we pointed out, the ASLR (LR), Dhar stated (November 2009) that action was being taken by SDO, Dhar. *Nazul* Officer, Mandsaur and Sagar stated (January and February 2010) that action for renewal of

lease would be taken. Tahsildar (*Nazul*), Ratlam stated (November 2009) that necessary action to renew the permanent lease was being taken. Further progress has not been received (December 2010).

²⁷ Dhar, Mandsaur, Ratlam and Sagar.

5.2.25 Short payment of security by colonisers

Explanation 3 and 4 below Rule 4 of the rules framed under section 172 of the MPLRC provide that a coloniser shall deposit one fifth of estimated development expenditure of the land and attach the challan with the application submitted to the SDO for diversion of any land, failing which the application shall not be entertained.

5.2.25.1 We observed in Tahsil Burhanpur and Mhow (Indore) that two diversion cases were decided by respective SDOs between October 2007 and September 2008. In these cases, security deposit of ₹ 36.29 lakh was required to be submitted by the colonisers at the time of submission of the application. We however, noticed that in

case of Burhanpur, security deposit of ₹ 61,800 as against ₹ 6.18 lakh was submitted by the coloniser and in Mhow, ₹ 3.11 lakh in cash and Bank guarantee of ₹ 27 lakh was submitted. We noticed that the bank guarantee was valid upto 10 September 2009 only which was not revalidated till the date of audit. This led to short realisation of security of ₹ 32.56 lakh as well as irregular admission of applications and granting of permission for diversion.

After we pointed out, Tahsildar Burhanpur and Mhow stated (January-February 2010) that necessary action for recovery would be taken. Further developments have not been received (December 2010).

5.2.25.2 We further observed in five Tahsil offices²⁸ that in nine cases of diversion submitted by the colonisers, neither the amount of estimated development expenditure was mentioned in their applications, nor did they deposit any security. The applications were not only entertained by the respective SDOs but also decided between May 2008 and July 2009 and diversion was permitted. This resulted in irregular admission of applications for diversion as well as irregular granting of permission for diversion.

After we pointed out, the respective SDOs stated between January and March 2010 that necessary action would be taken. Further report has not been received (December 2010).

²⁸ Alirajpur, Ashoknagar, Balaghat, Seoni and Tikamgarh.

5.2.26 Non-levy/deposit of service charges

In order to grant incentives to the officers and staff engaged in land acquisition work and reimburse the expenditure on such survey, Government decided in July 1991 to levy service charge at the rate of ten *per cent* of the land acquisition award. It was to be recovered from concerned department/ undertaking/local body in advance on anticipated value of the land to be acquired by them. The amount so recovered is to be remitted to the Government account under major head 0029-(Land Revenue). **Mention was made in paragraph 3.12 of Audit Report (Civil) for the year ended 31 March 2000 regarding non-levy of service charges of ₹ 40.03 lakh by Collector Dewas, Raisen and Ratlam. The Public Accounts Committee in its report number 369 laid on the table of Vidhan Sabha on 28 November 2007 also directed the department to effect the recovery in a time bound manner.**

We observed in ten Collector Offices²⁹ between September 2006 and December 2008 and further information collected in August and September 2009, that service charges of ₹ 27.79 crore were due for recovery from various departments on account of land acquired for them between March 1979 and August 2009. Of this amount, ₹ 15.03 crore was recovered leaving the balance of ₹ 12.76 crore as un-recovered. Further, ₹ 29.72 lakh was also earned as interest on recovered amount in Jabalpur and Indore districts. However, we noticed that the recovered amount of ₹ 15.03 crore and interest of ₹ 29.72 lakh were not deposited in the

Government account even after specific orders of the Government. Thus, the exchequer was deprived of revenue of ₹ 28.09 crore due to non-levy/deposit of service charge and interest earned thereon.

After we pointed out the cases, the concerned Collectors stated (August-September 2009) that efforts were being made to recover the balance amount of service charge from the concerned departments and the amount recovered and interest earned but not remitted to the Government would be remitted into treasury. The Land Acquisition Officer, Dhar intimated in June 2010 that service charges of ₹ 1.06 crore out of ₹ 12.84 crore had been deposited in the treasury. Progress of recovery of the remaining amount has not been received (December 2010).

5.2.27 Conclusion

We noticed that the system for levy and collection of land revenue in the state was beset with deficiencies. There was substantial loss of land revenue and stamp duty and registration fee due to absence of adequate monitoring mechanism in the Collectorates and deficiencies in the RBC and MPLRC. We observed that a huge amount of revenue remained unrealized due to lack of any time limit in the Act/Rules for initiation of recovery proceedings,

²⁹ Betul, Bhopal, Dewas, Dhar, Harda, Indore, Jabalpur, Khandwa, Panna and Shahdol.

execution of lease deed, assessment of premium and rent after issue of sanctions. We also saw shortfall in departmental inspection and internal audit. Substantial revenue was lost due to allotment of the Government land to private parties at throw away rates and in violation of the provisions of RBC. Besides, the department suffered loss of revenue on account of non and short recovery of premium, rent, *Upkar*, non renewal of lease, interest and penalty. We noticed that land revenue was not deposited under proper head of account and the maintenance of *tauzis* received scant attention in the Collectorates and the Tahsils.

5.2.28 Recommendations

The Government may consider implementation of the following recommendations.

- While preparing the estimates, the department should reckon the actual receipts of the previous year;
- prescribing a mechanism for correlating the cases of assessment of diversion rent with the records of demand and collection submitted by Tahsildar to the Collector;
- consider insertion of a time limit in the Act/Rules for initiation of recovery proceedings, execution of lease deed;
- prescribing time limit for submission of cases of advance possession for final allotment and finalisation thereof;
- fixing responsibilities for failure in timely execution of sanctions;
- issue instructions for levy of *Panchayat Upkar* on premium collected in the *Gram Panchayat* area ; and
- prescribe a periodic return by the Tahsil officers to the Collector on the completion of *tauzis*.