

CHAPTER III

LAND REVENUE

3.1 Tax administration

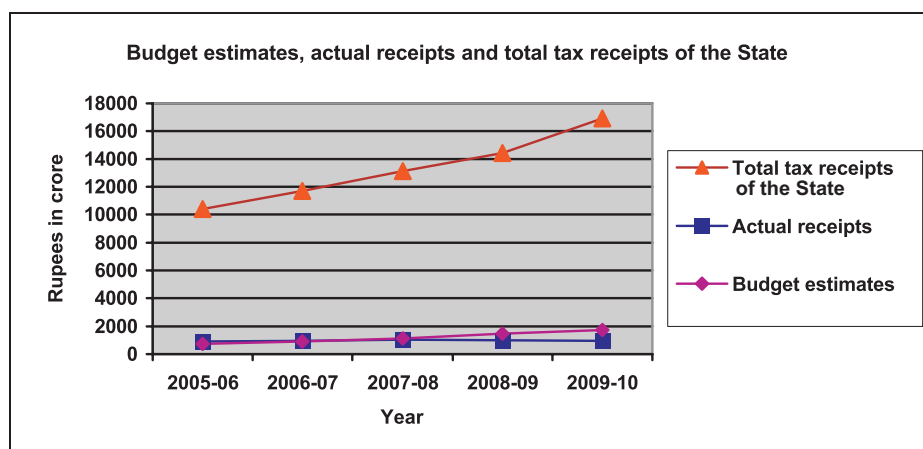
Land revenue consists of receipts from land rent, rates and cess, management of ex-*Zamindari* estates, survey and settlement operations etc. The assessment and collection of land revenue is governed by the West Bengal Land Reforms Act, 1955, West Bengal Land Reforms Rules, 1965, West Bengal Land Acquisition Manual, 1991, West Bengal Land and Land Reforms Manual, 1991 and Land Transfer Rules contained in the Bengal Land Acquisition Act, 1917. Land Revenue is administered by the Land and Land Reforms Department headed by the Principal Secretary who is assisted by the Director of Land Records and Survey, 19 District Land and Land Reforms officers (DL and LRO), 59 Sub-divisional Land and Land Reforms officers and 698 Block Land and Land Reforms officers (BL and LRO).

3.2 Trend of receipts

Actual receipts from land revenue during the years 2005-06 to 2009-10 along with the budget estimates and total tax receipts of the State during the same period is exhibited in the following table and graph.

(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2005-06	742.42	917.11	(+) 174.69	(+) 23.53	10,388.38	8.83
2006-07	894.51	952.69	(+) 58.18	(+) 6.51	11,694.77	8.15
2007-08	1,109.64	1,039.58	(-) 70.06	(-) 6.32	13,126.33	7.92
2008-09	1,488.58	983.78	(-) 504.80	(-) 33.92	14,419.15	6.83
2009-10	1,711.87	928.92	(-) 782.95	(-) 45.74	16,899.98	5.50



A study of the budget estimates vis-à-vis actual receipts shows that in 2005-06, the actual receipt was higher than the budget estimate by 23.53 per cent and contribution to the total receipt was 8.83 per cent. Thereafter, the actual receipts showed a declining trend and the variation between the budget estimate and the actual receipt was highest in 2009-10 i.e. (-) 45.74 per cent and contribution towards total revenue came down to 5.50 per cent. The reasons for this variation though called in September 2010 have not been received.

The huge variation between the budget estimates and the actuals indicates that the budget estimates are not realistic. **It is recommended that the Government may consider issuing instructions to the department for framing the budget estimates on a realistic basis to ensure that the actuals are close to the budget estimates.**

3.3 Cost of collection

The gross collection of land revenue and the expenditure incurred on collection during the years 2007-08 to 2009-10 are given in the following table:

(Rupees in crore)				
Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection
Land revenue	2007-08	1,039.58	332.84	32.01
	2008-09	983.78	353.89	35.97
	2009-10	928.92	536.29	57.73

The percentage of expenditure on collection of land revenue showed an increasing trend. Thus, there is considerable scope for the Government to improve the efficiency in collection of land revenue.

3.4 Revenue impact of audit reports

During the last five years (including the current year's report), we pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc., with revenue implication of ₹1,015.49 crore in 24 paragraphs. Of these, the

department/Government had accepted audit observations in 20 paragraphs involving ₹ 312.48 crore and had since recovered ₹14.24 crore. The details are shown in the following table:

(Rupees in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted by the department		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2005-06	4	13.22	1	0.02	Nil	Nil
2006-07	6	962.50	6	273.93	Nil	Nil
2007-08	5	0.70	4 ¹	0.40	Nil	Nil
2008-09	5	37.34	5 ²	37.03	1	14.20
2009-10	4	1.73	4 ³	1.10	2 ⁴	0.04
Total	24	1,015.49	20	312.48	3	14.24

Thus, against the accepted cases involving ₹312.48 crore, the department/Government has recovered an amount of ₹14.24 crore which is only 4.5 *per cent*.

We recommend that the department revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

3.5 Working of internal audit wing

The internal audit wing of an organisation is a vital component of its internal control mechanism and is generally defined as the control of all controls to enable the organisation to assure itself that the prescribed system is functioning reasonably well.

The internal audit wing of the Land and Land Reforms Department has been re-introduced in the year 2007-08 with the objective of fulfilling accountability obligation, complying with applicable laws and regulations, executing orderly, ethical, economic, efficient and effective operations and safeguarding resources against loss. The wing is headed by the Audit Officer cum Ex-officio Deputy Secretary who is assisted by three Internal Audit Officers and three Assistant Auditors. Though the manual of the wing has been drafted, it has not yet been published. The wing planned and audited only six DL and LROs, three LA Collectors, one Rent Controller and one Controller of Thika Tenancy out of 18 DL and LROs, 19 LA Collectors, 66 Rent Controllers and two Controllers of Thika Tenancy during the year 2009-10 which is only 10.48 *per cent* of units auditable. Thus, the coverage of the Internal Audit Wing needs to be widened.

3.6 Results of audit

In 2009-10 we test checked the records of 10 units relating to receipts from Land Revenue and found non-realisation/blocking of revenue and other

¹ Partly accepted.

² Four paragraphs partly accepted.

³ Partly accepted.

⁴ Partly recovered.

irregularities involving ₹ 21.46 crore in 207 cases which fall under the following categories:

(Rupees in crore)

Sl. no.	Categories	No. of cases	Amount
1.	Loss/non-realisation of revenue due to non-settlement of land	12	6.51
2.	Non-levy/realisation of rent and <i>salami</i>	108	6.08
3.	Blocking/loss of revenue due to non-leasing of <i>sairat</i> sources	21	0.80
4.	Other cases	66	8.07
Total		207	21.46

During the course of the year, the department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 8.83 crore in 117 cases, of which 113 cases involving ₹ 8.77 crore were pointed out in audit during the year 2009-10 and the rest in earlier years. An amount of ₹ 18.44 lakh was realised in 14 cases at the instance of audit.

After we issued the draft paragraphs the Land and Land Reforms Department recovered ₹ 4.29 lakh during the year 2009-10.

A few illustrative cases involving ₹ 1.73 crore are mentioned in the following paragraphs.

3.7 Audit observations

Scrutiny of the records of the DL and LR offices indicated several cases of non-compliance with the provisions of the West Bengal Land Reforms (WBLR) Act, 1955, West Bengal Land and Land Reforms (WBL and LR) Manual 1991 and the Cess Act, 1880 as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test check carried out in audit. Although such omissions are pointed out in audit every year but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such cases can be avoided.

3.8 Non-settlement of land with unauthorised occupiers

Rule 238 of the West Bengal Land and Land Reforms (WBL and LR) Manual, 1991, provides that Government land remaining in possession of a person(s) without any lease, may be offered to such person(s) on long term settlement of land for non-agricultural purpose on realisation of rent and *salami* at the prescribed rates. The occupiers are to pay in addition to the lease rent, interest at the rate of 6.25 per cent per annum on the amount of lease rent in arrear.

We found in two⁵ DL and LROs in June 2009 that in seven cases 18.45 acres of Government land remained unauthorisedly occupied by four firms, one municipality (two cases) and one individual since 1988. The occupiers between September 2001 and June 2007 applied for long term settlement of land for 30 years in six cases and for 99 years in one case. However, the department did not finalise the long term

settlements even after lapse of 23 to 92 months. Of these, two cases were pending with the Government, three cases were pending with DL and LRO while one case was pending with BL & LRO. The stage at which the remaining case was pending was not made available to audit. Thus, failure of the department to settle the land with unauthorised occupiers resulted in non-realisation of revenue of ₹ 79.56 lakh (Rent : ₹ 23.99 lakh, *Salami* : ₹ 52.57 lakh and Interest: ₹ 3 lakh).

After we reported the cases, the DL and LRO, Paschim Medinipur admitted in June 2009 audit observations in five cases involving ₹ 71.38 lakh and stated that action would be taken to realise the dues. The DL and LRO, Coochbehar in the remaining two cases involving ₹ 8.18 lakh did not furnish any specific reply.

We forwarded the cases to the Government in July 2009 followed by reminders issued upto July 2010; they did not furnish any reply (October 2010).

The Act and Rules framed thereunder do not provide a time limit for settlement of land with the unauthorised occupants. As such, for speedy settlement of the cases, **it is recommended that the Government may**

⁵ Coochbehar and Paschim Medinipur.

consider framing a time limit for eviction/settlement of land with the unauthorised occupants.

3.9 Non-realisation of rent and interest

Rule 235 of the WBL and LR Manual, 1991 prescribes that a lessee is liable to pay lease rent yearly according to the Bengali calendar. The rent falls due on the last day of the year in respect of which it is paid. In case of default in payment of rent, he is to pay, in addition to the arrear of rent, interest at the rate of 6.25 *per cent* per annum on the amount of rent in arrear.

The WBL and LR Manual provides for maintenance of lease registers to watch the payment of lease rent by each DL and LR Office.

We found during the test check of lease registers in three⁶ DL and LR offices between August 2008 and June 2009 that in 24 cases involving 36.50 acres of land, the lessees did not pay the annual lease rent of ₹ 39.78 lakh and interest of ₹ 2.78 lakh for the period between 1411 BS⁷ and 1415 BS (2004-05 to 2008-09). The DL and LROs did not initiate any action to realise the lease rent and interest even

after a lapse of 2 to 50 months from the due date. Further, *salami* of ₹ 4.11 lakh due from six lessees was also not realised. Thus, inaction of the department resulted in non-realisation of rent, interest and *salami* of ₹ 46.67 lakh. We also noticed that the lease registers were not periodically reviewed by the DL and LROs.

After we reported the cases, two⁸ DL and LROs in 21 cases involving ₹ 34.77 lakh admitted between August 2008 and June 2009 the audit observations and stated that action would be taken to realise the dues. A report on realisation and reply from the DL and LRO, Hooghly in the remaining cases involving ₹ 11.90 lakh has not been received (October 2010).

The Government stated in October 2010 that an amount of ₹ 26.85 lakh has been realised by the DL & LRO, Paschim Medinipur in one case. Report on realisation of the balance amount and reply in respect of other DL and LROs has not been received.

The department may consider issuing directions for periodical review of the lease register for ensuring realisation of lease rent.

⁶ Bankura, Hooghly and Paschim Medinipur.

⁷ Bengali calendar year commencing from 15 April to 14 April of the following year.

⁸ Bankura and Paschim Medinipur.

3.10 Non/short realisation of rent, cess and surcharge on land used for commercial purposes

Section 23 of the West Bengal Land Reforms (WBLR) Act, 1955, provides that *raiyats* using land for commercial purposes are liable to pay land rent, different kinds of cess and surcharge at the prescribed rates.

We found in four⁹ DL and LR offices between May 2008 and August 2009 that 118 *raiyats*¹⁰ under 19 BL and LR offices used 385.69 acres of land for commercial purposes during the period between 1411 BS (2004-05) and 1415 BS (2008-09), of which 101 *raiyats* did not pay land rent

and cess of ₹27.76 lakh for using 308.76 acres of land whereas 17 *raiyats* using 76.93 acres of land paid rent and cess of ₹1.71 lakh instead of ₹3.46 lakh. The DL and LROs did not initiate any action to realise the dues even after lapse of 28 to 37 months. This resulted in non/short realisation of rent, cess and surcharge of ₹29.51 lakh.

As per West Bengal Land and Land Reforms Manual, 1991 tenant's ledger was required to be maintained by each block office. However, we noticed that it was not maintained in any of the block offices. In absence of this, the BL and LROs could not monitor realisation of rent, cess and surcharge.

The DL and LROs admitted the audit observations between May 2008 and August 2009 and stated that action would be taken to realise the dues.

The Government stated in August 2010 that out of ₹6.86 lakh realisable, an amount of ₹84,242 has been realised by DL and LRO, Nadia. Report on realisation of the balance amount and reply in respect of other DL and LROs has not been received (October 2010).

3.11 Non-realisation of land revenue from *raiyats*

Section 23 of the WBLR Act, 1955 provides that *raiyats* using land are liable to pay land rent and cess yearly at the prescribed rates which falls due on the last day of the Bengali year. In case of default in payment of rent, the *raiyats* are to pay interest, in addition to the arrears of rent, at the rate of 6.25 *per cent* per annum on the amount of the rent in arrear.

We found in two¹¹ DL and LR offices between June and August 2009 that 1,161 *raiyats* under 19 Block Land and Land Reforms (BL and LR) offices did not pay land rent of 12,295.67 acres of land for the period between 1411 BS (2004-05) and 1415 BS (2008-09). The DL and LROs did not raise demand to realise the land rent, cess and interest. This resulted in non-realisation of land revenue

of ₹17.54 lakh.

The DL and LROs admitted the audit observations in August 2009 and stated that action would be taken to realise the dues.

⁹ Howrah, Nadia, Paschim Medinipur and Purba Medinipur.

¹⁰ *Raiyat* means a person or an institution holding land for any purpose.

¹¹ Coochbehar and Nadia.

The Government stated in August 2010 that out of ₹ 4.45 lakh realisable, an amount of ₹ 3.45 lakh has been realised by DL and LRO, Nadia. Report on realisation of the balance amount and reply in respect of DL and LRO, Coochbehar has not been received (October 2010).