

CHAPTER V: LAND REVENUE

5.1 Introduction

All land, to whatever purpose applied and wherever situated, is liable to payment of revenue to the State Government, except such land as has been wholly exempted from such liability by special grant of or contract with the State Government is liable to payment of revenue to the state Government or under the provisions of any law or rule for the time being in force. Such revenue is called “Land Revenue”; and that term includes all moneys payable to the State Government for land, notwithstanding that such moneys may be described as premium, rent lease money, quit-rent or in any other manner, in any enactment, rule, contract or deed. Agriculture land is subject to land revenue at rates determined at the time of settlement. When agriculture land is diverted to residential/commercial purposes, diversion rent and premium are assessed by the Sub Divisional Officers (SDO). *Nazul* rent, premium and interest are levied on the *Nazul*/Government land allotted on permanent and temporary leases in the State. Land development tax, *Gramin Vikas* tax, Infrastructure development and Environment cess are levied and collected by the Department. *Panchayat* cess is also levied on land revenue in respect of land situated in *Panchayat* areas. Fines, penalties, process fee and interest are also levied under provisions of Chhattisgarh Land Revenue Code 1959, Revenue Book Circular (RBC) and executive instructions issued from time to time.

5.2 Organisational set up

The Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Record (CSLR) and four Divisional Commissioners (DC). The DCs exercise administrative and fiscal control over the districts included in the divisions. In each district, Collector administers the activities of the Department. It is entrusted upon the Collector of the district to place one or more Assistant Collectors or Joint Collectors or Deputy Collectors 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 Collectors 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. The Sub-Divisional Magistrate (SDM)/ *Tahsildars*/ Additional *Tahsildars* are deployed in the *Tahsils* as representatives of the Revenue Department. There are four revenue divisions, each headed by a DC, 18 districts, each headed by a Collector and 149 *Tahsils* in the State.

5.3 Analysis of budget preparation

Budget is prepared as per Chhattisgarh Budgetary Manual. The budget procedures provide that the estimates of receipts should show the amount expected to be raised within the year. While estimating the revenue, the calculation should be based on the actual demand including any arrears due for the past years and probability of their realisation during the year. The Controlling Officer is required

to examine the budget proposals received from the concerned field offices by obtaining the information of receipts during the year for consolidation and submits to Finance Department for approval. The Finance Department after discussion with the Revenue Department approves the Budget.

5.4 Trend of revenue receipts

Actual receipts from Land Revenue during the years 2006-07 to 2010-11 along with the total tax receipts during the period is exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/ Shortfall(-)	Percentage of variation	Total tax receipts of the state	Percentage of actual receipt vis-à-vis total tax receipts
2006-07	73.86	60.86	(-) 13.00	(-) 17.60	5,045.70	1.20
2007-08	96.76	88.12	(-) 8.64	(-) 8.93	5,618.10	1.57
2008-09	100.00	359.50	(+) 259.5	(+) 259.5	6,593.72	5.45
2009-10	120.36	159.69	(+) 39.33	(+) 32.68	7,123.25	2.24
2010-11	170.00	247.37	(+) 77.37	(+) 45.51	9,005.14	2.75

(Source:- Finance Accounts 2010-11)

The land revenue receipt to the total tax revenue of the State during the last five years ranged between 1.20 and 5.45 per cent. It may be observed from the above table that while the actual receipts exceeded the budget estimates by 259.50 per cent, 32.68 per cent and 45.51 per cent in the years 2008-09, 2009-10 and 2010-11 respectively, but the same was less than the budget estimates by 18 per cent and nine per cent during 2006-07 and 2007-08 respectively. The reasons for huge variation were mainly due to excess realisation on land revenue and other receipts during the year 2008-09. Similarly, there was excess realisation of arrears on account of land revenue, *Adhosanrachana vikas cess*, *Paryavaran cess* and *Panchayat cess* during the year 2010-11. It was also noticed that during the year 2006-07, there was short realisation of revenue on account of *Adhosanrachana vikas cess*, *Paryavaran cess* and *Panchayat cess*.

5.5 Analysis of arrears of revenue

The arrears of revenue during the period from 2006-07 to 2010-11 as detailed below:

(₹ in crore)

Year	Opening balance of arrears	Demand raised during the year	Collections during the year	Closing balance of arrears
2006-07	10.16	30.54	26.01	14.69
2007-08	14.69	35.80	40.97	9.52
2008-09	9.52	37.75	35.42	11.85
2009-10	11.85	56.06	30.54	37.37
2010-11	37.37	115.88	114.95	38.30

(Source: Office of the Commissioner, Land Record, Raipur)

The foregoing table indicates that the recovery was ranging between 45 and 81 *per cent*. Though the Department made substantial recovery of revenue, but ₹ 38.30 crore were still pending for recovery as on March 2011.

Impact of audit

5.6 Position of Inspection Report

During the last five years, Audit through its Local Audit Inspection Reports had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 122.68 crore in 10593 cases. Of these, the Department/Government had accepted audit observations in 8,566 cases involving ₹ 99.13 crore but recovered only ₹ 0.12 crore. The details are shown in the following table:

(₹ in lakh)

Year	No. of units audited	Objections made		Objections accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2006-07	16	219	931.13	201	539.13	2	0.85
2007-08	24	2,721	2,570.00	2,700	2,516.00	1	0.36
2008-09	24	3,616	6,023.00	2,566	4,147.92	2	4.96
2009-10	20	4037	2,744.00	3,099	2,710.00	360	5.77
Total	84	10,593	12,268.13	8,566	9,913.05	365	11.94

Though the Department had accepted the revenue recovery of ₹ 99.13 crore pointed out by audit during the period of review but recovered less than one *per cent* (₹ 0.12 crore) only. This indicates that Government had not given any priority to recovery of the amount pointed out by audit and accepted by the Department by initiating effective steps.

The Government, may in the interest of revenue, consider instructing the Department for taking prompt and effective steps for affecting recoveries at least in those cases which have already been accepted by the Department.

5.7 Position of Audit Reports

In the Audit Reports 2007-08 to 2009-10, the cases of underassessment of cess, processing fees, premium and penalty involving ₹ 3.01 crore were indicated. The Department accepted observations of ₹ 0.65 crore and recovered ₹ 0.05 crore as of March 2011 as shown in the following table:

(₹ in crore)

Sl. No.	Year of the Audit Report	Total Money value	Amount Accepted	Recovery made up to March 2011
1.	2007-08	0.07	Nil	Nil
2.	2008-09	2.23	Nil	0.05
3.	2009-10	0.71	0.65	Nil
Total		3.01	0.65	0.05

It is clear from the above that the Department had not taken any concrete steps to recover the amount pointed by audit and accepted by the Department.

5.7.1 Results of Audit

We conducted a performance audit on **“Levy and collection of land revenue”** relating to assessment and collection of land revenue during the period April 2011 to June 2011. This revealed a number of deficiencies relating to non-assessment/underassessment of revenue and non-raising of demand etc. involving financial effect of ₹ 10.86 crore as mentioned in succeeding paragraphs.

5.8 Performance Audit on “Levy and Collection of land revenue”

We test checked the records relating to Assessment and Collection of Land Revenue during the period April 2011 to June 2011. It revealed a number of deficiencies relating to non-assessment/underassessment of revenue and non-raising of demand etc. involving financial effect of ₹ 10.86 crore. Some of the important audit findings are highlighted as follows:

We noticed that though 36 permanent lease deeds were finalised by the Collector Durg, these lease deeds were executed but not registered.

(Paragraph 5.8.7)

In four Collectors and six *Tahsils*, though the Department had recovered ₹ 24.76 crore on account of revenue recovery certificates (RRC), process expenses of ₹ 74.27 lakh though recoverable was not recovered by the concerned *Tahsildars*.

(Paragraph 5.8.8)

No proposal for revision of rent rates was sent by the concerned SDOs/Collectors of six districts to the Government, though a period of ten years had elapsed, except for Dhamtari where proposal was sent after a lapse of more than three years.

(Paragraph 5.8.9)

Panchayat cess of ₹ 1.30 crore was not assessed and levied on premium of ₹ 2.60 crore in 642 diversion cases between April 2006 and March 2011.

(Paragraph 5.8.10)

We noticed in ten offices that 1843 permanent leases due for renewal had not been renewed in absence of a monitoring system resulting in non-realisation of *nazul* rent of ₹ 62.79 lakh.

(Paragraph 5.8.11)

We noticed in the office of the Collector, Durg that out of 186 leases rent amounting to ₹ 3.73 lakh was not paid by the lessees since 1987 in eight cases. Further, in Korba that the *Nazul* officer had not raised demand of ₹ 90.66 lakh in 32 cases.

(Paragraph 5.8.11.1)

In Jagdalpur that on land admeasuring 19,286 sq.ft. handed over to Municipal Corporation Jagdalpur in March, 2003, premium and ground rent amounting to ₹ 94.09 lakh and ₹ 7.05 lakh respectively were not levied/recovered by the Collector.

(Paragraph 5.8.11.2)

We saw that the *Tahsildars* did not take action for eviction in 377 cases of encroachment of Government land during the period July 2004 to April 2010. Besides, penalty of ₹ 60.18 lakh was not levied for unauthorised possession of land.

(Paragraph 5.8.14)

We saw that the Collector Durg had in 122 cases assessed the cost of diverted land at pre-revised rates resulting in short assessment of diversion of rent of ₹ 7.85 lakh. Besides, demand of ₹ 89.14 lakh in respect of diversion rent and premium were not raised by the Sub-divisional Officers Janjgir and two *Tahsildars*.

(Paragraph 5.8.15 and 5.8.16)

There was non-recovery of premium and ground rent of ₹ 86.73 lakh from Municipal Corporation of Mahasamund and Surajpur and *Krishi Upaj Mandi* Champa. Besides interest of ₹ 1.60 crore for belated payments was also leviable.

(Paragraph 5.8.17)

Infrastructure development and environment cess were not levied on diversion rent, lease rent and other land revenues during the period from 2006-07 to 2010-11 resulting in non-realisation of Government revenue by ₹ 1.02 crore in six Collectorates and nine *Tahsils*.

(Paragraph 5.8.18)

Undue favour extended to school in allotment of land led to short levy of premium and ground rent amounting to ₹ 54.87 lakh.

(Paragraph 5.8.19)

5.8.1 Audit Scope and methodology

With a view to evaluate the efficiency and effectiveness of the system and procedures relating to assessment and collection of rent, premium, fees and penalties under the Land Revenue Code (LRC), records of Collectors, SDOs, *Tahsildars* and information collected from Divisional Commissioners and Commissioner (Land Revenue) and Settlement for the period 2006-07 to 2010-11 were examined by us. The units were selected on the basis of their high and low revenue collection based on random sampling. The performance audit was conducted between February and July 2011 covering offices of 10 out of 18 Collectors and 28 out of 149 *Tahsildars*. The audit methodology included scrutiny of demands raised by the selected units during the period 2006-07 to 2010-11.

5.8.2 Audit Criteria

The Department follows Acts, Circulars, Code etc. as mentioned below:-

- Chhattisgarh Land Revenue Code (CGLRC), 1959.
- Revenue Book Circular (RBC), Volume I to VI.
- Chhattisgarh *Adhosanrachana Vikas Evam Paryavaran cess Adhiniyam*, 2005
- Chhattisgarh *Panchayati Raj Adhiniyam*, 1993.
- Chhattisgarh *Lok Dhan (Shodhya Rashiyon ki Vasuli) Adhiniyam* 1987 and *Niyam* 1988.

5.8.3 Audit Objectives

The performance audit was conducted 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 in conformity with the provisions of the Act/Rules.
- Ascertain whether an adequate and effective system existed for ensuring timely collection for rent/cess and these were remitted into the treasuries/banks.
- Ensure that an effective internal control system existed and was working efficiently to ensure timely assessment and realisation of rent and cess.

5.8.4 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Revenue Department for providing necessary information and records to audit. The scope and methodology of audit was discussed with the Principal Secretary of the Department in an entry conference held on 10 June 2011. The draft performance Audit Report was forwarded in August 2011 to the State Government.

The findings of the Performance Audit were discussed in an exit conference held in October, 2011. The Government side was represented by the Principal Secretary, Department of Revenue and Disaster Management, Government of Chhattisgarh. The contention of the audit was accepted almost in all cases and action to rectify the defects and recover the amounts pointed out by us was assured. The replies received during the Exit conference and at other point of time have been appropriately commented in the relevant paragraphs.

Audit findings

The performance audit revealed a number of system and compliance deficiencies which are discussed in the subsequent paragraphs.

System deficiencies

5.8.5 Internal Audit

The internal audit wing of a Department is a vital component of its internal control mechanism. However, there is no Internal Audit Wing (IAW) in the Department. In the absence of IAW, the Department failed to ensure effective controls on recoveries of arrears, to raise regular demands, to rectify misclassification of receipts, etc.

The Government may consider setting up of the IAW in the Department so as to ensure proper and timely realisation of revenue.

5.8.6 Non-preparation of Departmental Manual

The Land Revenue Department did not have any Departmental Manual detailing the functions and responsibilities of the staff of all categories in accordance with instruction issued by the Government/Department. In the absence of such Manuals, various checks and balances to be exercised by various functionaries of the Department for assessment levy and collection of taxes etc. could not be ensured and this could lead to manipulation of figures, embezzlement of Government money, incorrect deposit of Government receipts, lack of control on recoveries of arrears and failure to raise regular demand etc.

5.8.7 Non-registration of Lease deeds

Para 28 of RBC Vol. IV (1) 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 CGLRC for execution of lease deed and registration thereof.

We noticed from the lease register maintained in *Nazul* office (Collector Durg), between April 2006 and September 2010 that 36 permanent lease deeds were executed. However, the lease deeds were not registered. This resulted in non-realisation of revenue to the extent of ₹ 20.50 lakh in the shape of stamp duty and registration fee.

After being pointed out by us the *Nazul* Officer replied that letters have been issued to the lessees for

executing the lease deed registration.

The Government may consider framing a provision in the Act for compulsory execution of lease deeds before operation of the leases may also be made in the relevant Rules/Act.

5.8.8 Non-realisation of process expenses due to lack of monitoring mechanism

Chhattisgarh Lokdhan (Shodhya Rashiyani ki Vasuli) Adhinyam, 1987 and CGLRC and Rules made thereunder, process expense at the rate of three per cent of principal amount is leviable.

Our Scrutiny of Revenue Recovery case registers of four¹ Collectors and six² *Tahsils* (between 2005-06 and 2010-11) revealed that ₹ 24.76 crore was recovered against the RRC of Banks and other

department on which process expenses ₹ 74.27 lakh though recoverable was not recovered by the concerned *Tahsildars*. The Department had not monitored the recovery of process expenses; this resulted in non-realisation of process expenses of ₹ 74.27 lakh.

¹ Ambikapur, Jagdalpur, Janjgir, Mahasamund

² Balod (Durg), Dhamtari, Gurur (Durg), Kharsiya (Raigarh), Patan (Durg), Raigarh

In order to monitor the correctness and timely recovery of process expenses, it is appropriate that the Collector receives monthly statement from the *Tahsildars* containing amount due for collection and that which is actually collected as process expenses. **It is recommended that the Government may consider prescribing a monthly return for monitoring timely realisation of process expenses.**

5.8.9 Non-revision of diversion rates

According to section 97 of CGLRC and provision of Revenue Book Circular, the Collector shall, with the approval of the State Government, fix in accordance with the provisions of Section 98, the standard rate of assessment per one hundred square feet of land in the case of non-agricultural land and per acre of land in the case of agricultural land and such standard rates shall be published in such manner as may be prescribed. The rates are called the diversion rates. These are published and remain in force for ten years.

We observed from the diversion records of SDOs that the rates of diversion rent in 862 cases were due for revision between 2004-05 and 2007-08, but were not taken up by the SDOs for revision as detailed below:

Sl. No.	Name of the District	Number of cases	Date of old rates	Due date of new rates	Proposal sent or not sent	Approved proposal received or not
1.	Bilaspur	493	03.07.98	03.10.08	Not sent	N.A.
2.	Dhamtari	174	05.01.94	05.04.04	20.02.08	Not received
3.	Mahasamund	111	20.01.98	20.01.08	Not sent	N.A.
4.	Raigarh	1	09.09.98	09.09.08	-do-	-do-
5.	Raipur	1	03.07.98	03.07.08	-do-	-do-
6.	Saraipali (Mahasamund)	82	20.01.98	20.01.08	-do-	-do-
	Total	862				

It is clear from the above table that though a period of ten years had elapsed no proposal for revision was sent by the concerned SDOs/Collectors to the Government except for Dhamtari where proposal was sent after a lapse of more than three years. We further noticed that this aspect was not watched at any level. Thus, lack of monitoring resulted in delay in revision of diversion rates by State Government resulting in loss of revenue.

After this was pointed out by us, the SDOs replied that the proposal for revision of the diversion rates would be sent to the Government for approval.

The Government may consider framing a provision in the relevant Rules/Act, for automatic revision of rates after a prescribed period and frame norms/defined criteria on which revision of the rates should be done.

Compliance deficiencies

5.8.10 Non Levy of *Panchayat* Cess on premium in *Gram Panchayat* area

As per section 58(2) of CGLRC 1959, 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. *Panchyat Raj Adhiniyam, 1993* provides for levy of *Panchyat Upkar* at specified rates in each revenue year in *Gram Panchyat* area. Thus, *Panchyat Upkar* is leviable on diversion rent as well as on premium collected in *Gram Panchyat* area because premium is also land revenue as per section 58(2) of CGLRC.

We observed from the diversion records (April 2006 to March 2011) of 11³ SDOs that *Panchayat* Cess of ₹ 1.30 crore was not assessed and levied on premium of ₹ 2.60 crore in 642 diversion cases of *Gram Panchayat* areas, decided between April 2006 and March 2011. Despite annual inspections conducted by the Collectorate office, the non-assessment cases could not be detected by the SDOs. This resulted in non-levy of *Panchayat* cess of ₹ 1.30 crore.

After being pointed out by us the SDO Janjgir and Champa

(Janjgir) replied that as per Section 58A of LRC, premium on this land are exempted from payment of Land Revenue.

The reply of SDO was not correct because, as per section 58A, exemption will be given to those lands which are uneconomic holdings and are used exclusively for the purpose of agriculture for more than five years. In this case, lands were for non-agricultural purpose as such *Panchayat* cess was leviable. The SDO, Durg stated that as per section 74 of the *Panchayat Adhiniyam 1993*, there is no provision for levying *Panchayat cess* on premium. The reply of SDO, Durg is incorrect because premium and diversion rent are land revenue. However, remaining SDOs replied that action would be taken as per rule.

³ Ambikapur, Champa (Janjgir), Durg, Janjgir, Katghora (Korba), Korba, Raipur, Rajpur (Ambikapur), Shakti (Janjgir), Sitapur, Surajpur (Ambikapur)

5.8.11 Non-renewal of Permanent leases of *Nazul* land

As per para-35 volume IV(1) of RBC, *Nazul* officers are responsible for renewal of *Nazul* leases and if lessee does not submit his application for renewal for the lease deed, the lease shall be treated as cancelled (Para 28 of the RBC).

According to RBC IV(1) of CGLRC, 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 renewal.

We observed from the lease register of 10⁴ *Nazul* offices that 1,843 permanent leases granted for 30 years were due for renewal during the period 1960-61 to 2010-11. However, these cases were not taken up by the *Nazul* Officer for renewal. Some of the cases are furnished below:-

- C.G. Exhibitors (Satyam Talkies) Bilaspur lease was due for renewal since 30th June 1960.
- Badrisingh (Chandrika lodge) Bilaspur lease was due for renewal since 31st March 1990.

We observed that though the *Nazul* Officers were maintaining the lease registers they had not kept close watch/monitored the cases due for renewal. No notice for cancellation of the lease was also found on record. Thus non-renewal of the leases resulted in non-realisation of *nazul* rent amounting to ₹ 62.79 lakh in these cases.

After this was being pointed out by us, the *Nazul* Officers stated that action for renewal of lease would be taken after scrutiny of cases.

5.8.11.1 Non-realisation of lease rent of *Nazul* lands

As per Para 39 of serial no. 1 C.G. Revenue Book Circular part IV, a demand and recovery register of permanent lease holder in form "O" will be prepared by the city surveyor. The process for realisation of *Nazul* rent shall be started by the *Tahsildar* after completion of each year. As per the provision of para 38 of RBC (IV), the *Nazul* officers are required to send a monthly statement in respect of lease rent to concerned *Tahsildar* for onward transmission to the Collectors.

We noticed from demand and recovery register of *Nazul* land, in the office of the Collector, Durg (during April 2006 to March 2011) that 186 lease cases were proposed for sanctioned since 1982. Out of these, 133 cases were pending for finalisation with the Secretary, Government of Madhya Pradesh

from 1982 to 2001. In 52 cases, lease was sanctioned but lease rent was recovered only in nine cases. Out of the remaining 43 cases, only eight cases were

⁴ Ambikapur, Bilaspur, Bhatapara(Raipur), Champa(Janjgir), Durg, Jagdalpur, Mahasamund, Raigarh, Sitapur and Surajpur (Ambikapur)

scrutinised in which rent amounting to ₹ 3.73 lakh was found not recovered since 1987. One case was stated to be pending in the Civil Court of Durg. Further, it was noticed in Korba that the *Nazul* Officer had not raised demand of lease rent amounting to ₹ 90.66 lakh in 32 cases.

Though the returns were being recorded by the office of the Collector but no instructions for recovery of the arrears were found to have been issued. Besides, reasons for not getting the cases back from the Government of Madhya Pradesh after the bifurcation of erstwhile state of Madhya Pradesh were not found on record produced to audit. The above facts indicate that though the system exists for monitoring the recovery of the revenue, but this was not followed.

After the case was pointed out by us, the *Nazul* Officers stated (June 2011) that action for realisation of lease rent would be taken.

5.8.11.2 Non-levy of premium and ground rent on *Nazul* land from urban local bodies

As per 10th entry of table concessions under Para 26 of RBC part (iv)(i), *Nazul* land can be allotted to Municipal Corporation on payment of 50 per cent of premium on market value of land and land revenue at the rate of five per cent for residential purpose and 7.5 per cent of such premium for commercial purpose. Rent is recoverable every year on or before commencement of financial year.

We found from the *Nazul* records of office of Collector Jagdalpur that land admeasuring 19,286 sq. ft. was handed over to Municipal Corporation Jagdalpur in March, 2003. Out of this, land measuring 13,151 sq. ft. was meant for commercial purpose. Despite this, premium and ground rent amounting to ₹ 94.09 lakh and ₹ 7.05 lakh respectively were not levied and collected.

After being pointed out by us, the *Nazul* Officer Jagdalpur accepted

the audit observation and issued instructions to the Commissioner, Nagar Nigam, Jagdalpur to deposit the amount of ₹ 1.01 crore towards utilization of land for commercial purpose.

5.8.12 Incorrect deposit of Government receipts

As per provisions of CGLRC, 1959 and RBC, all the receipts of Land Revenue as Land Revenue tax and other miscellaneous receipts (premium, ground Rent and penalty/ fines etc.) should be deposited under MH 0029 Land Revenue.

We observed in the revenue branch⁵, Collector Jagdalpur and from the records made available in *Tahsil* Office, Jagdalpur that ₹ 16.53 lakh were realised on account of premium, diversion rent and cess by the concerned *Tahsil* Office from September 2003 to April 2011 but were not deposited

⁵ From the diversion cases Register received from *Tahsil* Office and Jagdalpur

in the Consolidated fund of the state and *Tahsil* office incorrectly remitted it into *Panchayati Nidhi*. Keeping the money outside the Government account was in contravention of the Financial Rules and resulted in understatement of Government revenue to that extent.

After these cases were pointed out by us, the *Nazul* Officer, and *Tahsildar* (Jagdalpur) stated that the matter would be examined and communicated to audit.

5.8.13 Short deposit of diversion rent by a land holder

According to Chhattisgarh RBC Vol. I Part II para no. 7 and 14, every *Tahsildar* should prepare and forward a monthly *Tauzy* (recovery statement) in form A-5 and C-3 to office of the Collector for watching the recoveries.

Our test check of the records of the Collector (Diversion), Raipur revealed that demand notice of ₹ 2.22 lakh was raised in a diversion case in the month April 2010 against which the land owner deposited ₹ 21,819 only vide Challan no. 611 dated 22 April 2010 and on the basis of the copy

of the Challan submitted by the land owner, the SDO issued diversion certificate in favour of the party in April 2010. Thus, issue of diversion certificate without verifying the realisation of the diversion rent due led to short realisation of the diversion rent amounting to ₹ 2.00 lakh. The above short realisation of the rent could have been avoided, had the SDO verified the actual amount paid by the land owner from the demand notice prior to issue of the certificate.

After being pointed out by us, the Department while accepting the audit observation asked the land owner to deposit the differential amount of ₹ 2.00 lakh. Further it was intimated in September 2011 that the money was deposited by the land owner in September 2011. SDO, Raipur, stated that this happened due to the mistake in checking.

5.8.14 Non-levy of penalty/ fine on unauthorised possession of land

Section 248 of CGLRC provides that any person who unauthorisedly remains in possession of any Government land may be summarily evicted by order of the *Tahsildar*, such person shall also be liable, at the discretion of the *Tahsildar*, to pay the rent of land at the rate double the prescribed rate and penalty for the period of unauthorised possession of land at prescribed rates (₹ 20 per day).

We observed that in three⁶ *Tahsils*, 377 cases of encroachment of Government land during the period July 2004 to April 2010 were brought to the notice of the respective *Tahsildars*. Though these encroachments were in the knowledge of the *Tahsildars*, but no action was taken by the respective

⁶ Champa(Janjgir), Janjgir and Saraipali (Mahasamund)

Tahsildars for eviction from the Government land, as required under section 248 of CGLRC. Apart from that, penalty of ₹ 60.18 lakh was not levied for unauthorised possession of land.

After this was pointed out by us the *Tahsildars* accepted the audit observation and replied that action would be taken as per rule.

5.8.15 Short assessment of diversion rent

According to the section 59(2) of the CGLRC, where the 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 diversions at the prevailing rates fixed/ prescribed by the Government from time to time as per available in Gazette .Government of Chhattisgarh vide Gazette notification dated 10 March 2006 revised the rates for diversion.

Our test check of records of Collector, Durg for the period April 2006 to March 2011 revealed that in 122 cases (2006-07), land measuring 1.98 hectare was diverted and the cost of the diverted land was assessed at ₹ 0.40 lakh on the basis of the pre-revised rates. Since the Chhattisgarh Government had already revised the rates vide Gazette Notification dated 10 March 2006, the diversion cost of the land should have been calculated as ₹ 1.96 lakh instead of ₹ 0.40 lakh. Thus, failure on the part of the SDO to apply the revised diversion rate, led to

short assessment of ₹ 7.85lakh for five years (2006-11) against the diversion rent.

After this was pointed out by us, the SDO replied that the notification for revised rates was received from the Department on 01.10.2007. Thus, delay in circulation of gazette notification by Department and non-obtaining of revised orders resulted in short assessment of diversion rent.

5.8.16 Non- raising of demand of diversion rent, premium and fines

As per section 58 and 59 of CGLRC and para 14 of RBC, when land is diverted for use of any other purpose, the revenue officer would propose landholder-wise *khatauni* in form B-1 containing therein, the details of the diversion cases assessed during the year and forward it to the *Tahsildar* for updating his records and recovery of diversion rent and premium.

Our test check of records of Diversion section of Collector, Janjgir and two⁷ *Tahsils* revealed that demand of ₹ 89.14 lakh in respect of diversion rent and premium were not raised by the concerning Sub-divisional Officers. The details are given in

⁷ Bilaspur, Mungeli(Bilaspur)

the following table:

(₹ in lakh)

Sl. No.	Name of Unit	Period of demand not raised	No. of items involved	Amount involved
1.	Tahsildar Mungeli	2008-09 to 2010-11	238	4.23
2.	Collector Janjgir	2010-2011	536	66.96
3.	Tahsildar Bilaspur	2009-10 to 2010-11	429	17.95
Total			1203	89.14

We noticed that the Collectors received statement containing the number of diversion cases from *Tahsildars* and a statement indicating total demands raised through the SDO, however these were not reconciled by the Collector. Thus indicating lack of monitoring system in raising the demand in diversion cases was not adhered to.

After we pointed out, SDOs/*Tahsildar* stated that action would be taken after verification of cases.

5.8.17 Non recovery of premium and ground rent and interest

According to the provisions of RBC (Vol. IV(I)) and instructions issued (December 1991) by the Government, the anticipated premium and ground rent on Nazul lands allotted to lessees is required to be paid within stipulated period, failing which interest at the rates ranging from 12 to 18 per cent per annum is leviable for belated payments.

Our test check of records of *Nazul* office, Mahasamund and two⁸ *Tahsils* revealed that three local bodies were allotted *Nazul* land between 1987-88 to 1999-2000 on fixed premium of ₹ 63.48 lakh and annual ground rent of ₹ 57.89 lakh (arrear). Out of this, premium of only ₹ 15.00 lakh was realised whereas ₹ 19.64 lakh

ground rent was recovered. As such, premium and ground rent amounting to ₹ 86.73 lakh remained unpaid. In addition, interest at the rate of 12 to 18 per cent per annum was also to be levied on the unpaid amount, which worked out to ₹ 1.60 crore as per the details shown in the following table:

⁸ Champa (Janjgir), Surajpur (Ambikapur)

(₹ in lakh)

Sl. No.	Name of office	Details of local bodies to which land was transferred	Recoverable amount		Recovered amount	Outstanding amount
1	Collectorate Mahasamund	Municipal Corpn. Of Mahasamund (Shops) 23140 Sqft. Land Premium ₹ 46.17 Rent ₹ 3.46 P.A. From 24-06-2000	Premium	46.17	15.00	31.17
			Rent	34.63	Nil	34.63
			Interest	117.17	Nil	117.17
			Total	197.97	15.00	182.97
2	Tahsil Champa	Krishi Upaj Mandi Champa 17.08 Acre Premium ₹ 3.46. Rent ₹ 0.10 P.A. From 1987-88	Premium	3.46	Nil	3.46
			Rent	2.49	Nil	2.49
			Interest	14.62	Nil.	14.62
			Total	20.57	Nil	20.57
3	Tahsil Surajpur (Ambikapur)	Municipal Corpn. Surajpur, Bus stand 3.95 acre Premium ₹ 13.85 Rent ₹ 2.08 P.A. From 23.5.2000	Premium	13.85	Nil	13.85
			Rent	20.77	19.64	1.13
			Interest	27.76	Nil	27.76
			Total	62.38	19.64	42.74
Grand Total				280.92	34.64	246.28

Thus, it would be seen from above that the amounts are outstanding against the local bodies for a pretty long time and no measures were instituted by the Department for their recovery. This resulted in non-recovery of the revenue amounting to ₹ 2.46 crore.

After we pointed this out, the *Nazul* Officer, Mahasamund stated that the action for recovery would be taken while *Tahsildars* stated that proceedings of recovery of premium and ground rent is in progress and regarding interest, the action would be taken as per the rules.

5.8.18 Non- levy of *AdhoSanrachana Vikas* and *Paryavaran* cess

As per schedule II of C.G. *Adhosanrachana Vikas* cess and *Paryavaran* Cess Adhiniyam-2005, the *Adhosanrachana Vikas* cess and *Paryavaran* cess is to be levied and collected at the rate of five per cent each on land on which the land revenue or land rent is to be collected. According to instructions issued thereon (December 2005) Collector shall be responsible for collection of the above cess.

Our test check of records of six⁹ Collectorates and nine¹⁰ *Tahsils* revealed that infrastructure development and environment cess were neither levied nor collected on diversion rent, lease rent and other land revenues during the period from 2006-07 to 2010-11 by the respective SDOs/*Tahsildars* in total

⁹ Ambikpur, Janjgir, Jagdalpur, Korba, Raigarh, Raipur

¹⁰ Champa(Janjgir), Gurur(Durg), Janjgir, Katghora(Korba), Kharsiya(Raigarh), Mngeli(Bilaspur), Sarangarh(Raigarh), Saraipali(Mahasamund), Sakti(Janjgir)

disregard to the provisions of notification and instructions issued by the Government of Chhattisgarh. This led to non-levy of the *Adhosanrachana Vikas* and *Paryavaran* Cess amounting to ₹ 1.02 crore.

After we pointed this out, the *Nazul* Officer replied that action would be taken after verification.

5.8.18.1 Short realisation of *Adhosanrachana Vikas & Paryavaran* Cess

Our test check of diversion records of *Tahsildar*, Raipur revealed that Diversion rent amounting to ₹ 3.74 crore was realised during the period 2006-07 to 2010-11 on which *Adhosanrachana Vikas* and *Paryavaran* cess at the rate of five *per cent* each amounting to ₹ 37.37 lakh was leviable. As against this, the *Tahsildar* collected only ₹ 13.09 lakh resulting in short realisation of cess amounting to ₹ 24.28 lakh.

On being pointed out, the *Tahsildar*, Raipur accepted the audit observation and stated that action would be taken for realisation of balance cess.

5.8.19 Extension of undue favour to educational institution

According to the provisions of RBC, part IV, Para 26 as amended in January 1992, the premium at the rate of 50 *per cent* of the cost of land allotted to be worked out as per rates mentioned in the prevailing guideline of properties or as per revised minimum Government rates whichever is more in respect of land allotted to educational institutions. Besides, the land rent will be levied annually at the rate of two *per cent* of premium so fixed.

Our test check of the records of the Collector, Durg (*Nazul*) for the period April 2006 to March 2011 revealed that land admeasuring 87,120 sq. ft was allotted to K.D. Public school in September 2008 and the value of the land was ₹ 1.04 crore. As per the RBC rules, premium amounting to ₹ 52.26 lakh at the rate of 50 *per cent* of the cost of the land and ground rent amounting to ₹ 10.45 lakh at the rate of two *per cent* of the premium were leviable. Against this, the Collector levied and

collected premium amounting to ₹ 5.23 lakh and ground rent of ₹ 2.61 lakh. The levy of the premium and ground rent at a rate lower than the prescribed rate by the Collector resulted in short levy of premium and ground rent amounting to ₹ 47.03 lakh and ₹ 7.84 lakh, respectively.

After this being pointed out, the *Nazul* Officer replied that the rate of premium and ground rent was fixed as per the order of the Government. However, our scrutiny revealed that the land was allotted to three other schools and the Collector had levied premium and ground rent at the prescribed rates. The reason for not levying premium and ground rent at the prescribed rate in one only case of was not furnished. The favour extended to a school in allotment of land led to short levy of premium and ground rent amounting to ₹ 54.87 lakh.

The matter was referred to the Government in July 2011 their reply has not been received (October 2011).

5.8.20 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 due to absence of adequate monitoring mechanism in the Collectorates and deficiencies in the implementation of RBC and CGLRC. Huge amount of revenue remained unrealised due to lack of any time limit prescribed in the Act/ Rules for initiation of recovery proceedings, execution of lease deeds, assessment of premium and rent after issue of sanctions. There was short and non-recovery of premium, rent, cess, interest and penalty, non-renewal of lease, etc. Revenue was not deposited under proper head of account and the maintenance of *tauzis* received scant attention in the Collectorates and the *Tahsils*. A separate IAW was not established in the Department.

5.8.21 Summary of recommendations

The Government may consider implementing the following recommendations:

- strengthen the established IAW and prescribe a time frame for taking remedial measures on its observations;
- consider issuing necessary orders for depositing land revenue under proper head of account;
- issue instructions for levy of *Panchayat Upkar* on premium collected in the *Gram Panchayat* area;
- consider insertion of time limit in the Act/Rules for initiation of recovery proceedings, execution of lease deed; and fix responsibilities for failure in timely execution of sanctions;
- issue necessary instruction for realisation of the arrears in a time bound manner;
- prescribed a mechanism for correlating the cases of assessment of diversion rent with the records of demand and collection submitted by *Tahsildar* to the Collector;
- issue necessary instructions to the Collector and *Tahsildar* to ensure compliance to the provision relating to proper realisation and timely deposit of revenue into the Government accounts;
- issue instructions for levy of *Adhosanrachna Vikas* and *Paryavaran* cess on all type of land on which the land revenue or rent is to be collected.