

CHAPTER-IV: LAND REVENUE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	In this Chapter we present illustrative cases of ₹ 1.04 crore selected from observations noticed during our test check of records relating to short levy of premium and ground rent on <i>Nazul</i> land on an urban local body and short levy of premium and ground rent.
Increase in tax collection	Actual receipts exceeded the Budget Estimates by 259.49 <i>per cent</i> , 32.67 <i>per cent</i> , 45.51 <i>per cent</i> and 8.22 <i>per cent</i> in the years 2008-09, 2009-10, 2010-11 and 2011-12 respectively.
Absence of internal audit	There is no Internal Audit Wing (IAW) in the Department. In the absence of IAW, the Department failed to ensure effective control on recoveries of arrears, to raise regular demands etc.
Our conclusion	The Department needs to strengthen the internal control system including creating an internal audit wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.

4.1 Tax administration

The Land Revenue Department collects revenue in the form of taxes on agriculture and commercial crops, land development tax, *Gramin Vikas* tax, environmental and development cess, school building cess, premium and rent, tax on diversion of land, ground rent and penalties, etc. The Government dues are recovered from the defaulters by issuing Revenue Recovery Certificates (RRC). *Tahsildars* have a vital role to play in the recovery of Government dues from the defaulters.

The Department follows the undermentioned Acts, Rules, Circulars and Code:-

- Land Revenue Code, 1959;
- Chhattisgarh *Lok Dhan (Shodhya Rashiyon Ki Vasuli) Niyam*, 1988;
- Revenue Book Circular (RBC), Volume I to VI; and
- Chhattisgarh *Adhosanranchna Vikas Evam Paryavaran Upkar Adhiniyam*, 2005.

The Land Revenue Department is headed by the Principal Secretary at the Government level. He is assisted by the Commissioner, Settlement and Land Records (CSLR) and four Divisional Commissioners (DCs). The DCs exercise administrative and fiscal control over the districts included in the divisions. In each district, the Collector administers the activities of the Department. The Collector is assisted by one or more Assistant Collectors/Joint Collectors/Deputy Collectors in charge of a sub-division of a district.

4.2 Trend of receipts from Land Revenue

Actual receipts from Land Revenue during the years 2007-08 to 2011-12 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 receipts vis-à-vis total tax receipts
2007-08	96.76	88.12	(-) 8.64	(-) 8.93	5,618.08	1.57
2008-09	100.00	359.49	(+) 259.49	259.49	6,593.72	5.45
2009-10	120.36	159.68	(+) 39.32	32.67	7,123.25	2.24
2010-11	170.00	247.37	(+) 77.37	45.51	9,005.14	2.75
2011-12	250.00	270.56	(+) 20.56	8.22	10,712.25	2.53

(Source: Finance Accounts of Government of Chhattisgarh)

The receipts from land revenue to the total tax revenue of the State during the last five years ranged between 1.57 and 5.45 per cent. It may be seen from the above table that though there was a decrease of 8.93 per cent of the actual receipts over the budget estimate during the year 2007-08, the same was exceeded by 259.49 per cent, 32.67 per cent and 45.51 per cent in the years

2008-09, 2009-10 and 2010-11 respectively, reflecting inaccurate budgeting. During 2011-12, the Finance Department had approved the budget estimate of ₹ 250 crore as proposed by the Department. The actual receipts of the Department were ₹ 270.56 crore during the year, which was an increase of 8.22 per cent over the budget estimates.

The Department did not furnish the reason for variation between the budget estimates and actual receipts during the year 2011-12 despite our request (September 2012).

4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012, as furnished by the Department, amounting to ₹ 23.17 crore of which ₹ 14.69 crore was outstanding for more than five years. The following table depicts the position of arrears of revenue during the period from 2007-08 to 2011-12:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2007-08	14.69	9.52
2008-09	9.52	11.85
2009-10	11.85	37.37
2010-11	37.37	34.52
2011-12	34.52	23.17*

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

* Information furnished only in respect of 14 districts¹ out of 27 districts in the state.

4.4 Internal Audit

The Internal Audit Wing (IAW) of an organisation is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organisation to assure itself that the prescribed systems are functioning reasonably well. Due to shortage of staff no IAW was established in the Department and thus no internal audit was conducted in 2011-12.

We recommend that the Government should consider establishment of an IAW in the Department in order to prevent leakage, short/non-recovery of revenue etc.

4.5 Impact of audit

4.5.1 Position of Inspection Reports

During the period 2006-07 to 2010-11, through our Inspection Reports (IRs) we had pointed out non-recovery of processing fee, premium, penalty etc. with revenue implication of ₹ 135.13 crore in 14,635 cases. Of these, the

¹ Bijapur, Bilaspur, Dantewada, Dhamtari, Durg, Jagdalpur, Janjgir-Champa, Kabirdham, Kanker, Narayanpur, Raigarh, Raipur, Sarguja and Sukma

Department/ Government had accepted audit observations in 10,726 cases involving ₹ 105.23 crore. The details are shown in the following table:

(₹ in lakh)

Year of IR	No. of units audited	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	16	219	931.13	201	539.13
2007-08	24	2,721	2,570.00	2,700	2,516.00
2008-09	24	3,616	6,023.00	2,566	4,147.92
2009-10	20	4,037	2,744.00	3,099	2,710.00
2010-11	19	4,042	1,244.41	2,160	610.13
Total		14,635	13,512.54	10,726	10,523.18

4.5.2 Position of Audit Reports

During the period 2007-08 to 2010-11, through our Audit Reports we had pointed out cases of non/short levy of tax, penalty, etc. with revenue implication of ₹ 13.87 crore. The Department accepted observations of ₹ 2.78 crore and had since recovered ₹ 2.63 crore 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 2012
1	2007-08	0.07	Nil	Nil
2	2008-09	2.23	0.05	2.23
3	2009-10	0.71	0.65	0.40
4	2010-11	10.86	2.08	Nil
Total		13.87	2.78	2.63

4.6 Results of audit²

We conducted test check of the records of 38 units of the Land Revenue Department during the year 2011-12 and found non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in issue of RRC etc. amounting to ₹ 47.55 crore in 11,962 cases. The observations broadly fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Non-recovery of ground rent and premium	7,659	18.35
2.	Non levy/realisation of cess	656	2.50
3.	Non/short levy of process fee	770	2.18
4.	Delay in issue of RRC	658	5.21
5.	Other irregularities	2,219	19.31
Total		11,962	47.55

² The findings from the 38 units audited during the year were covered in the Performance Audit on "Levy and collection of land revenue" featured in Audit Report 2010-11

During the year, the Department accepted non-recovery of ground rent and premium, non/short levy of process fee, non levy/realisation of cess, delay in issue of RRC etc. of ₹ 26 crore in 2,981 cases pointed out by us in 2011-12. Against these, the Department could recover only ₹ 0.29 lakh in one case.

A few illustrative cases involving ₹ 1.04 crore are mentioned in the following paragraphs.

4.7 Audit observations

We scrutinised the records relating to assessment and collection of Land Revenue which revealed short levy of premium and ground rent as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Though such omissions are pointed out by us repeatedly, but not only do the irregularities persist, these remain undetected till audit is conducted by us. There is need for the Government to improve the internal control system including setting up the internal audit wing so that these omissions can be avoided, detected and corrected.

4.8 Short levy of premium and ground rent on *Nazul*³ land on urban local body

As per Para 26 of Revenue Book Circular (RBC) Volume (IV) serial (2), premium at the rate of 50 *per cent* of the market value of land and ground rent at the rate of 7.5 *per cent* of such premium is leviable on *Nazul* land which is under the possession of a local body and is used for commercial purposes.

We found from test check of *Nazul* records in the office of the Collector, Kanker (January 2009) that land admeasuring 46,784 sq. m. was in possession of Municipal Corporation, Kanker. Out of this, Municipal Corporation, Kanker constructed a

commercial complex on land admeasuring 1,913.45 sq. m. in 2007-08 and received regular income from it. Since the above land was used for commercial purposes, premium of ₹ 51.94 lakh and ground rent of ₹ 7.79 lakh was leviable for the period from April 2007 to March 2009 (*as shown in Appendix-4.1*).

After we pointed out the case to the Department and Government (June 2012), the Collector, Kanker stated (December 2012) that premium and ground rent was levied as per the rates applicable for diversion of agricultural land and the lessee had deposited premium amounting to ₹ 11,481 and ground rent amounting to ₹ 4,210 for the period April 2007 to March 2009 in May 2010.

The reply is not in consonance with the above provisions of the RBC because the rates applied by the Department are applicable for diversion of agricultural land and not for *Nazul* land. Thus, there was short levy of premium of ₹ 51.83 lakh and ground rent of ₹ 7.75 lakh.

³

Nazul land means such land which has no importance for agriculture

4.9 Short levy of premium and ground rent

As per Para 23 of Revenue Book Circular Volume (IV) for *Nazul* land, the determination of cost of land shall be done as per the guidelines rate approved for registration or revised minimum rate, whichever is higher.

As per Chhattisgarh Government order⁴ dated 25.02.2009 land admeasuring 30.63 hectare in villages Lakholi, Gujra and Dewada was allotted to a lessee, Indian Oil Tenikin Limited, for an Oil Container depot on the condition that full premium

equal to the cost of land and annual ground rent at the rate of 7.5 *per cent* of premium so fixed would be paid. We found (May 2010) from the test check of land allotment case files of Tahsildar Aarang that land admeasuring 10.66 hectare was allotted (February 2009) to the lessee in Dewada village. As the above land was located adjacent to the main road, the cost of the land as per guidelines rates of 2008-09 was ₹ eight lakh per hectare for land adjacent to the main road. Accordingly, premium amounting to ₹ 85.28 lakh⁵ equal to the cost of land and ground rent amounting to ₹ 6.40 lakh at the rate of 7.5 *per cent* of the premium was leviable. Against this the Collector incorrectly treated the land as being located off the road and accordingly valued the land at the rate of ₹ 4.10 lakh per hectare and collected premium of ₹ 43.71 lakh⁶ and ground rent of ₹ 3.28 lakh. This resulted in short levy of premium and ground rent amounting to ₹ 41.57 lakh and ₹ 3.12 lakh respectively.

We reported (June 2012) this to the Government/Department for their comments; we have not received their reply (January 2013).

⁴ No.-F-4-136/7-1/08

⁵ 10.66 hectare * ₹ 8 lakh per hectare

⁶ 10.66 hectare * ₹ 4.10 lakh per hectare