

CHAPTER-V

LAND REVENUE

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter we present illustrative cases of ₹ 14.99 crore selected from observations noticed during our test check of records relating to <i>Khas Mahal</i> land and transfer of Government land in the office of the DCLR-<i>Khas-Mahal</i> and <i>Anchal</i> office, where we found that the provisions of the Acts/Rules were not observed.</p> <p>It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action.</p>
Decrease in tax collection and wide variation from the budget estimate	<p>In 2011-12, the collection of taxes from Land Revenue decreased by 59.48 <i>per cent</i> over the previous year but the Department did not assign any reason for this. Further, revenue collection during 2011-12 was 36.59 <i>per cent</i> less than the revised estimate.</p>
Internal Audit not conducted	<p>No Internal Audit Wing has been set up in the Department. The Internal Audit is conducted by the Finance Department from time to time. However, information regarding conduct of audit during 2011-12 by the Finance Department was not furnished. Non-conducting of internal audit had its impact in terms of weak internal controls in the Department leading to substantial leakage of revenue. It also led to the omissions on the part of the Circle Officer/<i>Anchal Adhikari</i> and Deputy Collector Land Reforms (DCLR) remaining undetected till we conducted our audit.</p>
Recovery not reported by the Department of observations pointed out by us in earlier years	<p>During the period 2006-07 to 2009-10 we had pointed out non-realisation of revenue due to non-renewal of leases, encroachment of land etc., with revenue implication of ₹ 1,762.89 crore in 5,708 cases. Of these, the Department/Government accepted audit observations in 808 cases involving ₹ 351.13 crore but did not intimate recovery against the cases accepted by them.</p>
Results of audit conducted by us in 2011-12	<p>In 2011-12 we test checked the records of 30 units relating to Land Revenue and found non-realisation of revenue in respect of <i>Khas Mahal</i> land, non-removal/settlement of encroached public land, etc. of ₹ 36.64 crore in 68 cases.</p>
Our conclusion	<p>The Revenue and Land Reforms Department needs to improve the internal control system including strengthening the internal audit mechanism so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p> <p>It also needs to initiate action to recover the non-realisation, undercharge of tax, etc., pointed out by us, more so in those cases where it has accepted our contention.</p>

CHAPTER-V: LAND REVENUE

5.1 Tax administration

The laws¹ governing Land revenue in Jharkhand are administered by the Secretary/Commissioner of the Revenue and Land Reforms Department. All important cases of settlement, framing of policies and sanction of alienation of Government land are decided at the Government level. The State is divided into five divisions² each headed by a Divisional Commissioner and 24 districts³ each headed by a Deputy Commissioner. At the district level the Deputy Commissioner is assisted by the Additional Collector/Additional Deputy Commissioner (AC/ADC). Each district is divided into sub-divisions headed by a Sub-Divisional Officer (SDO) who is assisted by a Deputy Collector Land Reforms (DCLR). The sub-divisions are divided into circles/*Anchals* each headed by a Circle Officer (CO)/*Anchal Adhikari* (AA).

The various receipts under 'Land Revenue' are land rent (including cess), *Sairat*⁴, *Salami*⁵, commercial/residential rent etc.

5.2 Trend of receipts

According to the provisions of the Bihar Financial Rules, Vol. I (adopted by the Government of Jharkhand) the responsibility for preparation of budget estimates of revenue receipts is vested in the Finance Department. However, the material for the budget estimates is obtained from the concerned Administrative Department which is responsible for the correctness of the material. In case of fluctuating revenue the estimates should be based on a comparison of the last three years' receipts.

The revised estimates (REs) and actual receipts from Land Revenue during the period 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table and chart:

¹ 1. Bihar Tenancy Act, 1885, 2. Chotanagpur Tenancy Act, 1908, 3. Santhal Parganas Act, 1949, 4. Bihar Land Reforms Act, 1950, 5. Bihar Land Reforms (Fixation of Ceiling Area and Acquisition of Surplus Land) Act, 1961, 6. Bihar Bhoodan Act, 1954, 7. Bihar Government Estate (*Khas Mahal*) Manual, 1953, 8. Bihar Public Encroachment Act, 1950, 9. Bengal Cess 1880, 10. Executive orders issued by the Revenue and Land Reforms Department, Government of Jharkhand from time to time.

² South Chotanagpur (Ranchi), North Chotanagpur (Hazaribag), Santhal Parganas (Dumka), Palamu (Medininagar) and Kolhan (Chaibasa).

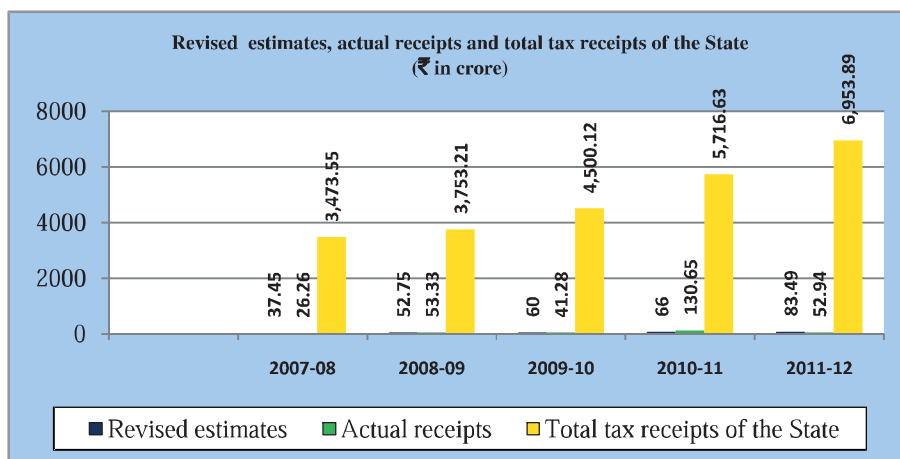
³ Bokaro, Chatra, Dhanbad, Dumka, Deoghar, East Singhbhum, Garhwa, Godda, Giridih, Gumla, Hazaribag, Jamtara, Koderma, Khunti, Latehar, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi, Sahebganj, Saraikela, Simdega and West Singhbhum.

⁴ *Sairat*: The right and interest in respect of revenue earning *hat*, *bazaar*, *mela*, trees, ferries etc.

⁵ *Salami* is the market value of the land. It is a share in the increase of value anticipated during the period of lease.

(₹ in crore)						
Year	Revised estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual Land Revenue receipts vis-à-vis total tax receipts
2007-08	37.45	26.26	(-) 11.19	(-) 29.88	3,473.55	0.76
2008-09	52.75	53.33	(+) 0.58	(+) 1.10	3,753.21	1.42
2009-10	60.00	41.28	(-) 18.72	(-) 31.20	4,500.12	0.92
2010-11	66.00	130.65	(+) 64.65	(+) 97.95	5,716.63	2.29
2011-12	83.49	52.94	(-) 30.55	(-)36.59	6,953.89	0.76

Source: Finance Accounts and revised estimates as per the Statement of Revenue and Receipts 2012-13 of the Government of Jharkhand.



It would be seen from the above that there was wide variation between the REs and the actual receipts. The receipts were as high as 98 per cent above the RE in 2010-11 and as low as 37 per cent in 2011-12. In response to our query, the Finance Department stated (October 2012) that the budget is fixed after detailed discussion with the concerned Administrative Department and on the basis of the average of the last three years' realisation of revenue. However, we observed that the revised estimate in 2011-12 was as high as 11 per cent when compared to the average of the last three years' actual receipts. This indicates that the BEs were not prepared on a realistic basis as per provisions of the Budget Manual.

We recommend that the Government may issue suitable instructions for preparing the BEs on a realistic and scientific basis to ensure that these are close to the actual receipts.

5.3 Working of Internal Audit Wing

There is no Internal Audit Wing in the Revenue and Land Reforms Department. The internal audit is conducted by the Finance Department from time to time. Information regarding conduct of audit by the Finance Department during 2011-12 was not furnished to us (February 2013).

5.4 Impact of Audit

Revenue impact

During the period 2006-07 to 2009-10 we had pointed out cases of non-renewal of leases of *Khas Mahal* land, encroachment of public land, etc., with revenue implication of ₹1,762.89 crore in 5,708 cases. Of these, the Department/Government accepted audit observations in 808 cases involving ₹ 351.13 crore, as shown in the following table:

Year	No. of units audited ⁷	Amount objected		Amount accepted	
		No. of cases	Amount	No. of cases	Amount
2006-07	13	63	22.53	41	7.89
2007-08	12	3,231	588.50	694	5.17
2008-09	9	2,395	1,151.31	55	338.04
2009-10	22	19	0.55	18	0.03
Total	56	5,708	1,762.89	808	351.13

The Department did not report recovery against these cases, though called for (June 2012).

5.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2011 were ₹ 10.52 crore. The year-wise position of arrears of revenue during the period 2007-08 to 2010-11 is depicted below:

Year	Opening balance	Addition	Clearance	Closing balance
2007-08	2.35	8.69	9.19	1.85
2008-09	1.85	6.85	7.72	0.98
2009-10	0.98	21.60	13.58	9.00
2010-11	9.00	16.03	14.51	10.52
2011-12	The Department did not furnish the position of arrears.			

Source: Revenue and Land Reforms Department, Government of Jharkhand.

The Department has not furnished the stages at which action on the arrears of revenue is pending.

⁶ *Khas Mahal*: Estates under the direct possession/management of the Government.

⁷ Audit was not conducted in 2010-11 as a performance audit on "Working of Revenue and Land Reforms Department" was featured in the Audit Report 2009-10 covering units audited upto May 2011.

5.6 Results of Audit

During 2011-12 our test check of the records of 30 units relating to Land Revenue revealed short/non-realisation and loss of revenue and other irregularities involving ₹ 36.64 crore in 68 cases which fall under the following categories:

Sl. No.	Categories	Number of cases	(₹ in crore)
			Amount
1.	Non-levy and short levy of cesses and/ or interest on arrears of cesses	3	11.54
2.	Non-settlement of vested lands	5	0.02
3.	Non-settlement of <i>sairats</i>	5	0.06
4.	Non-realisation of revenue due to non renewal of leases	1	10.28
5.	Other cases	54	14.74
Total		68	36.64

In this chapter we present a few illustrative cases having recoverable financial implication of ₹ 14.99 crore which are discussed in the following paragraphs.

5.7 Audit observations

Our scrutiny of records in the offices of the Revenue and Land Reforms Department relating to revenue received from land rent, sairat, salami etc. indicated cases of non-observation of the provisions of the Acts/Rules resulting in non/short levy of land rent/salami as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. Such omissions are pointed out by us each year, but not only do the irregularities persist, they remain undetected till an audit is conducted.

5.8 Non-observance of the provisions of Acts/Rules

The Bihar Government Estates (Khas Mahal) Manual, 1953 and Rules framed thereunder and instructions issued from time to time (as adopted by the Government of Jharkhand) provide for:

- (i) Levy of salami on fresh leases for residential and commercial purposes, at the current market value of the land besides annual rent at the rate of two and five per cent respectively of such salami; and*
- (ii) levy of arrears of double the annual rent at the rate proposed in fresh leases from the date of expiry of the earlier lease, as penal rent*

The Revenue and Land Reforms Department did not observe some of the provisions of the Acts/Rules which resulted in non-realisation of Government revenue as mentioned in the succeeding paragraphs:

5.9 Non-realisation of revenue due to non-renewal of leases

Under the provisions of the Bihar Government Estates (*Khas Mahal*) Manual and Rules framed thereunder (as adopted by the Government of Jharkhand) for grant of lease, the State Government is to issue notices to the lessee six months prior to the expiry of the lease to apply for renewal of such lease, whereas a lessee is required to apply three months prior to expiry of his lease for renewal thereof. A lessee continuing to occupy leasehold property without payment of rent and without renewal of lease is to be treated as a trespasser and has no claim for renewal on past terms and conditions. Further, on fresh leases for residential and commercial purposes, *salami* at the current market value of land besides annual rental at the rate of two *per cent* and five *per cent* respectively for residential and commercial purposes of such *salami* is leviable. As per instructions issued in April 1999 and April 2011 by the Government, the lessees are liable to pay penal rent and interest at the rate of 10 *per cent* on the differential of proposed rent and rent already paid by the lessees. Further, if the lessee is not willing to take the land on lease, the lessee will be evicted.

We test checked (July 2011) the *Khas Mahal* register/ *Khas Mahal* lease records of the Land Reforms Deputy Collector-cum-*Khas Mahal* office, Medininagar and noticed that a total of 155 leases involving 21.40 acres of land had expired between 2004-05 to 2010-11. Neither did the lessees apply for renewal of the lease either before or after the date of expiry nor did the Department review the *Khas Mahal* register and issue notices to the lessees to apply for renewal.

Thus, failure on the part of the Department to review

the concerned records periodically and take action for renewal of expired leases resulted in non-realisation of Government revenue of ₹ 10.28 crore for the period 2004-05 to 2010-11 in the shape of *salami*, penal rent and interest.

After we pointed out the matter in July 2011, the *Khas Mahal* Officer, Medininagar stated (March 2012) that applications for fresh leases are being called for and after acceptance of the cases, action will be taken to settle the fresh leases. In case of non-acceptance of the application, the lessee will be evicted. The fact remains the Department failed to issue notices to the lessees prior to the expiry of the leases as required under the codal provisions.

We reported the matter to the Department and the Government in June 2012 followed by a reminder issued in August 2012; their reply has not been received (February 2013).

5.10 Non-realisation/short computation of *salami* and capitalised value

By a *Rajyadesh* (Ordinance) issued by the Government of Jharkhand between October 2010 and January 2011 under the provisions of the Bihar Estates (*Khas Mahal*) Manual, in case of transfer of Government land (*Gair Mazrua Khas/Aam* Land) for commercial purposes, *salami* at the prevailing market value of such land and 25 times of the commercial rent as capitalised value is realisable before transfer of such land.

We noticed (March 2012) during scrutiny of records relating to transfer of Government land in the Anchal Office, Mandu that in six cases 4.82 acres of *Gair Mazrua* (GM) *Khas* land/*Aam*⁸ land was to be transferred to the National Highway Authority of India, for commercial purposes for widening of

National Highway (NH) 33 during 2010-11, subject to payment of *salami* and capitalised value at current market rates which worked out to ₹ 2.09 crore and ₹ 2.62 crore respectively. However, we noticed that the aforesaid land was transferred in 2010-11 without realisation of *salami* and capitalised value, which was in violation of the *Rajyadesh* issued by the Government. This resulted in non-realisation of land revenue of ₹ 4.71 crore (*Salami* ₹ 2.09 crore and capitalised value ₹ 2.62 crore).

After we pointed out the matter in March 2012, the *Anchal Adhikari*, Mandu raised (August 2012) demand for the entire amount pointed out by us. However, a report on realisation has not been received (February 2013).

We reported the matter to the Government in June 2012 followed by a reminder issued in August 2012; their reply has not been received (February 2013).

⁸ *Gair Mazrua Khas* land means land retained by ex-intermediaries and not settled with *rai-yats* which subsequently vested in the State under the Bihar Land Reforms Act, 1950.

Gair Mazrua Aam land means uncultivated land for public use such as grazing ground, playground, burial ground, graveyards, religious places, village roads etc.