

CHAPTER-IV

EXECUTIVE SUMMARY

Trend of revenue	The revenue collection under Land Revenue increased by 88.16 <i>per cent</i> in 2011-12 as compared to 2007-08.
Revenue Impact of Audit Reports	During the last five years, 2006-07 to 2010-11, we had pointed out in our Audit Reports cases of under-assessments/non/short levy/loss of revenue of land revenue, etc., interest and other irregularities with revenue implication of ₹ 511.47 crore in 225 cases. Of these, the Department had accepted audit observations in 160 cases involving ₹ 13.14 crore and had recovered ₹ 7.51 crore in 67 cases. No recoveries have been made from 2008-09.
Results of audit	<p>We reported under assessment, short levy, non-levy of Land Revenue, loss of revenue etc., amounting to ₹ 157.49 crore in 216 cases on the basis of test check of records relating to land revenue conducted during the year 2011-12.</p> <p>The Department accepted and recovered under assessments and other deficiencies involving ₹ 28.47 crore in 258 cases, of which 24 cases involving ₹ 0.46 crore were pointed out during 2011-12 and rest during earlier years.</p>
What we have highlighted in this Chapter	<p>The Department had not taken into account estimates of land improvement and construction cost as estimated by PWD for revision of unearned income resulted in short levy of unearned income at ₹ 42.36 crore.</p> <p style="text-align: right;">(Paragraph 4.2.2.1)</p> <p>Non-consideration of market value as on date of order while granting permission for change in use of Government land resulted in short levy of unearned income of ₹ 23.64 lakh.</p> <p style="text-align: right;">(Paragraph 4.2.2.2)</p> <p>Non-application of GR issued in April 2008 prescribing various slabs of concession for valuation of bulk land resulted in short levy of unearned income of ₹ 7.73 lakh.</p> <p style="text-align: right;">(Paragraph 4.2.2.3)</p> <p>Government was put to a loss of ₹ 50.04 lakh towards unearned income due to incorrect order passed by Revenue Minister despite the fact that the scheme of construction of house for economically weaker section sanctioned in 1994 was already cancelled and original allottee was allowed to sell the plots in open market by developing the layout.</p> <p style="text-align: right;">(Paragraph 4.2.2.5)</p>

Delay in determining and intimating final occupancy price resulted in loss of interest at ₹ 5.01 crore at Prime Lending Rate (PLR).

(Paragraph 4.2.3.1)

Levy of occupancy price at agricultural rate instead of non agricultural rate in respect of land allotted for schools, colleges, renewable energy projects, power projects, sugar factory and other commercial purposes resulted in short levy of occupancy price of ₹ 32.11 crore.

(Paragraph 4.2.3.2)

Levy of occupancy price considering market rate of Annual Statement of Rates (ASR) of earlier year than the year of allotment resulted in short levy of occupancy price of ₹ 5.97 lakh.

(Paragraph 4.2.3.3)

Occupancy price amounting to ₹ 1.46 crore was not recovered as Collector had not issued allotment order.

(Paragraph 4.2.3.4)

Occupancy price was short levied at ₹ 11.13 lakh as occupancy price in respect of eight additional member inducted in the society was not demanded by Collector.

(Paragraph 4.2.3.5)

Lease rent at ₹ 28.29 lakh was non/ short levied as Prime Lending Rate (PLR) was taken as 10.25 *per cent* instead of 11.50 *per cent* applicable to that year.

(Paragraph 4.2.4)

Non-adherence to Government norm of registering the agreement with the allottees in ten collectorates resulted in loss of revenue on account of stamp duty and registration fees at ₹ 6.61 crore.

(Paragraph 4.2.5)

CHAPTER - IV : LAND REVENUE

4.1 Introduction

4.1.1 Tax administration

The administration of Land Revenue Department vests with the Principal Secretary, Revenue Department. For the purpose of administration, the State has been divided into six divisions and each division is headed by the Divisional Commissioner who is assisted by district Collectors. There are 35 district Collectors, 110 revenue sub divisions, 370 Talukas headed by the Tahsildar. The Revenue Inspector and Village Officers (*Talathi*) are responsible at the grass root level for collecting the land revenue and dues recoverable as arrears of land revenue.

4.1.2 Trend of receipts

Actual receipts from Land Revenue during the years 2007-08 to 2011-12 along with the total tax receipts during the same 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	690.00	512.22	(-) 177.78	(-) 25.77	47,528.41	1.08
2008-09	700.00	546.22	(-) 153.78	(-) 21.97	52,029.94	1.05
2009-10	770.00	714.04	(-) 55.96	(-) 7.27	59,106.33	1.21
2010-11	1,647.74	1,094.98	(-) 552.76	(-) 33.54	75,027.10	1.46
2011-12	1,497.13	963.81	(-) 533.32	(-) 35.62	87,608.46	1.10

As can be seen from the above table, the revenue collection under Land Revenue increased by 88.16 *per cent* in 2011-12 as compared to 2007-08.

4.1.3 Impact of Audit Reports

Revenue impact

During the last five years, 2006-07 to 2010-11, we had pointed out in our Audit Reports cases of under-assessments/non/short levy/loss of revenue of land revenue, etc., interest and other irregularities with revenue implication of ₹ 511.47 crore in 225 cases. Of these, the Department had accepted audit observations in 160 cases involving ₹ 13.14 crore and had recovered ₹ 7.51 crore in 67 cases. The details are shown in the following table:

(₹ in crore)

Year	Amount objected		Amount accepted		Amount recovered	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
2006-07	44	0.91	44	0.91	13	0.50
2007-08	141	365.68	84	9.51	54	7.01
2008-09	26	140.51	25	1.57	Nil	Nil
2009-10	1	2.80	Nil	Nil	Nil	Nil
2010-11	13	1.57	7	1.15	Nil	Nil
Total	225	511.47	160	13.14	67	7.51

It would be seen from the above that no recoveries have been made from 2008-09.

The Government may consider issuing instructions to the Department to recover the amounts particularly in those cases which have been accepted by the Department.

4.1.4 Results of audit

We reported under assessment, short levy, non-levy of Land Revenue, loss of revenue etc., amounting to ₹ 157.49 crore in 216 cases on the basis of test check of records relating to land revenue conducted during the year 2011-12 as shown below:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non-levy/short levy of measurement fees, sanad fees, license fee etc.	8	0.12
2	Non-levy/short levy of fine, non-auction/short recovery of surface rent on account of sand ghats, royalty etc.	34	3.54
3	Non-levy/short levy/incorrect levy of Non-Agriculture Assessment (NAA), ZP/VP cess and conversion tax.	106	5.07
4	Non-levy/short levy of occupancy price, lease rent, unearned income etc.	45	148.14
5	Non-levy/short levy/incorrect levy of increase of land revenue	8	0.15
6	Other irregularities	15	0.47
	Total	216	157.49

The Department accepted and recovered under assessments and other deficiencies involving ₹ 28.47 crore in 258 cases, of which 24 cases involving ₹ 0.46 crore were pointed out during 2011-12 and rest during earlier years.

A few audit observations involving ₹ 89.09 crore are mentioned in the succeeding paragraphs.

4.2 Audit observations

During scrutiny of records of the various land records and land revenue offices we noticed several cases of non-compliance of the provisions of the Maharashtra Land Revenue Code, 1966 (MLR code), Government notifications/instructions as mentioned in the succeeding paragraphs of this chapter. These are illustrative cases and are based on the test check carried out by us. As such cases are pointed out by us repeatedly, there is need on the part of the Government to improve the internal control system so that recurrence of such cases can be avoided.

4.2.1 Non-observance of the provisions of Act/Rules

The provisions of the Maharashtra Land Revenue Code, 1966 (MLR code), Government notifications/instructions provide for:

- (i) Levy of unearned income on market value as on date of order granting permission to sell Government land or price realised by way of sale, whichever is higher.*
- (ii) Levy of occupancy price as per rates prescribed in Annual Statement of Rates with reference to purpose for which the land was allotted.*

4.2.2 Short levy of unearned income

Collector, Mumbai Suburban District and Collector Jalgaon

4.2.2.1 During the test check of land grant cases and other related records we

As per the provisions of Disposal of Government land Rules 1971, on disposal of government land along with factory, plant structures and other installations by way of sale, the State Government shall be entitled to half the unearned income. For the purpose of this rule, unearned income means amount equal to the difference between price realised by way of sale and the occupancy price paid to Government at the time of grant.

noticed that land admeasuring 1,25,029.90 sq m situated at village of Nahur of Tahsil Kurla, Mumbai was allotted to Merind Limited Company for industrial use in March 1961 and sanad agreement was executed

in December 1972. The terms and condition of sanad agreement *inter alia* stated that in the event of sale of land, Government will be entitled to receive unearned income from the said land excluding any structure erected thereon by the company. The unearned income shall be half the difference between the net sale proceeds realised on such sale and the cost of acquisition paid by the company to the Government and after making allowances for all outgoing, capital gains and other taxes. Further, written permission of the Government shall be obtained before confirming such sale or executing conveyance after furnishing name and address of purchaser along with the amount of sale price and other particulars necessary for ascertaining the share of Government in the unearned income.

Merind Limited company requested (July 2009) for granting permission to sell an area of 87,532.42 sq m out of the total area of 1,25,029.90 sq m. Collector MSD sent the proposal (November 2009) to the Government by working out

the provisional unearned income of ₹ 27.03 crore after allowing capital gain, land improvement cost and occupancy price paid earlier from market value of ₹ 128.35 crore. Government granted permission for sale in November 2009 and directed Collector to get the land improvement and construction cost again verified from Public Works Department (PWD)/Town Planning Department. Merind limited intimated the Collector MSD that conveyance has been executed in favour of Runwal Homes Private Limited.

We noticed from the conveyance deeds executed between December 2009 and March 2010 furnished by the Merind Company that the sale price realised on sale of land was ₹ 203.19 crore. After allowing deduction¹ of ₹ 64.41 crore from sale price realised of ₹ 203.19 crore, the unearned income (at 50 per cent of net amount) works out to ₹ 69.39 crore. However, the Collector MSD did not raise the demand for the additional amount of unearned income. This resulted in short levy of unearned income of ₹ 42.36 crore.

After we pointed out (September 2011), the Collector MSD accepted the omission (September 2011). However a report on recovery has not been received.

The matter was reported to the Government in June 2012; their reply has not been received (January 2013).

4.2.2.2 During the test check of cases of granting permission for change in

As per Government Resolution (GR) of April 2009, on granting permission for non-agriculture use of Government land, the occupant of land shall pay unearned income at 50 per cent of market value of land as on date of order granting permission.

use of Government land in Collector Jalgaon, we noticed that an occupant of Vatan/Inami agriculture land applied for granting permission for changing the use of land to

non-agriculture. The Collector directed (16 October 2006), the occupant to pay unearned income of ₹ 29.86 lakh based on 50 per cent of market value so that further action in the matter could be taken. The occupant filed appeal against this with the Commissioner, Nasik Division. Commissioner decided appeal in April 2009 cancelling Collector's order of 16 October 2006 and directed to re-verify the case. The Joint District Registrar (JDR) re-verified and intimated (December 2009) market value of ₹ 48.80 lakh as per ready reckoner rates of 2006. JDR had also stated that the market value of the land was ₹ 96.08 lakh as per the ready recknor rates of 2010.

The Collector granted the permission in June 2010 on payment of unearned income of ₹ 24.40 lakh.

Since the permission was granted in June 2010, the unearned income of ₹ 48.04 lakh should have been levied being the 50 per cent of market value as applicable on June 2010. The Collector did not apply the rate of 2010 which resulted in short levy of unearned income of ₹ 23.64 lakh.

¹ Capital gain tax ₹ 40.66 crore, land improvement and construction cost of ₹ 23.66 crore and occupancy price of ₹ 0.09 crore.

After we pointed out (February 2012), the Commissioner, Nasik Division accepted the observation in May 2012 and directed the Collector to recover the amount.

The matter was reported to the Government in June 2012; their reply has not been received (January 2013).

4.2.2.3 Tahsildar Bhiwandi, District Thane

During the test check of cases of permission for change in use of land and

As per Government Resolution (GR) of July 2002, on granting permission for non-agriculture use of Government land or for converting the class of occupancy from class-II to class-I, the occupant of land shall pay unearned income at the rate of 50 per cent of market value of land. Further, as per GR issued in May 2006, the market value shall be determined as per ready reckoner as on the date of order granting such permission. The ready reckoner prescribes various slabs of concession for valuation of bulk land. However, for the Government issued a GR in April 2008 for the purpose of valuation of all Government land which replaced the slabs prescribed in the ready reckoner.

other related records in December 2008, we noticed that Tahsildar Bhiwandi granted permission in June 2008 for change in use of land to industrial purpose and converting the class of occupancy from class-II² to class-I³ of two lands having an area of 0.52 hectare and 2.99 hectare situated at Lakhivali village of

Bhiwandi, Thane. The Tahsildar determined the market value of land at ₹ 39.77 lakh on the basis of ready reckoner and levied unearned income of ₹ 19.89 lakh of which ₹ 15.79 lakh was recovered. The correct market value of land as per GR of April 2008 works out to ₹ 47.04 lakh on which unearned income of ₹ 23.52 lakh was leviable. Thus, non-application of the GR issued in April 2008 resulted in short levy of unearned income of ₹ 7.73 lakh.

After we pointed out in January 2009, Collector Thane accepted the audit observation (November 2009) and stated that Tahsildar, Bhiwandi has been instructed to initiate recovery in 0.52 hectare land. In case of 2.99 hectare land, appeal is pending with Deputy Collector (Appeals), Thane and compliance will be submitted after the appeal is decided.

We reported (June 2012) the matter to Government; their reply is awaited (January 2013).

4.2.2.4 Short recovery of unearned income on encroached land

R&FD regularised (December 2007) encroachment on Government land admeasuring 4,600 sq m situated in *mouza* Valiv of Vasai in favour of the encroacher on the condition that the encroacher shall make payment of two and half times of occupancy price along with penalty. Accordingly, the

² Class-II: The land can in these cases only be transferred on the permission of the Collector.

³ Class-I: Persons classified in this class are free to transfer the agricultural land without permission of collector in favour of another agriculturist.

Collector, Thane issued order (December 2007) to make payment of occupancy price of ₹ 35.60 lakh which was paid in January 2008.

We noticed that the encroacher intimated (February 2008) Collector, Thane that payment of unearned income was made from money received on executing an agreement in January, 2008 for development with the developers and requested to record their name in the mutation register. Our cross verification of register of mutation in Tahsil, Vasai revealed that a sale deed for transfer of land was executed in June 2010 and the occupancy of land was transferred in the name of developers and the price realised by way of sale was ₹ 71.87 lakh. The unearned income leviable works out to ₹ 27.20 lakh (being 75 per cent of ₹ 36.27 lakh) after adjusting the occupancy price paid earlier. Though information was available with the Department it did not take any action to work out and recover the correct amount of unearned income. This resulted in short levy of unearned income of ₹ 27.20 lakh. Besides, the transfer of the Government land to the developer was also irregular.

After we pointed out, Collector stated (May 2012) that as there was breach of condition, the Sub Divisional Officer, Bhiwandi will be asked to take appropriate action after obtaining report from the Tahsildar and take action accordingly.

4.2.2.5 Short/non-levy of unearned income

During the test check of cases of granting permission to sell Government land

As per R&FD GR dated 8 September 1983, permission to sell agriculture land held as class-II occupant shall be granted subject to payment of 50 per cent of net unearned income. In case of permission to sell agriculture land for non-agriculture purpose unearned income shall be 75 per cent. Unearned income means the difference between current market value or the price realised by way of sale, whichever is higher, and the occupancy price paid at the time of allotment plus cost of improvement. Further, as per GR dated 29 May 2006, the rate of ASR as on date on which the permission to sell is granted shall be considered for valuation of market price for recovery of unearned income on transfer of land.

in Commissionerate, Nashik, we noticed that the permission was granted (February 2007) to transfer the land, having an area of 3900 sq m held as Class-II⁴ occupant situated in Nashik, for non-agriculture purpose. As per the orders, unearned income at the rate of 75 per cent of the market value was to be levied. The Collector, Nashik issued a notice (March 2007) for depositing unearned income of ₹ 58.08 lakh being 75 per cent of the market value of

₹ 77.44 lakh for the year 2007. However, the land owner appealed to the Revenue Minister against the said notice. The Revenue Minister cancelled the order issued by the Collector and ordered to levy the unearned income at 75 per cent of the market value applicable for the year 1996 in accordance with a

⁴ Class II occupant means persons holding unalienated land in perpetuity subject to restrictions on the right to transfer.

scheme "Construction of Houses for economically weaker section". The scheme was in operation in 1994. The Collector revised the unearned income to ₹ 8.04 lakh.

Scrutiny of records further revealed that the scheme of 1994 on the basis of which revised unearned income was levied, was cancelled in February 2004 by the Additional Collector (Urban Land Ceiling), Nashik. Thus, it was no more in operation and due its incorrect application, the Government was put to a loss of ₹ 50.04 lakh towards unearned income.

Matter was referred (August 2012) to the Government; their reply is awaited (January 2013).

4.2.3 Incorrect levy of occupancy price due to application of agriculture rate instead of non-agricultural rate

Collector, Ahmednagar

4.2.3.1 During the test check of land grant cases and related records we

As per the provisions of Maharashtra Land Revenue (MLR) Code 1966, State Government is empowered to dispose of its property on such terms and conditions as it deems fit. As per Government Resolution of July 8, 1999 interest shall be levied at prime lending rate (PLR) from the date of intimating the final occupancy price till the date of payment. Further, the final occupancy price is to be determined within maximum of 12 months from the date of order allotting the land.

noticed that Padmashri Dr. Vithalrao Vikhe Patil Foundation was given (January 1987) advance possession of land admeasuring 30.6174 hectares situated at Vadgoangupta, Tahsil Ahmadnagar for education purpose. The Government granted sanction (July 2005) for

allotment of land on payment of provisional occupancy price of ₹ 40.09 lakh till the final occupancy price based on current market value was determined by Collector. Collector levied and recovered ₹ 1.19 crore towards the occupancy price along with interest of ₹ 85.64 lakh and issued final order of allotment in July 2010 by applying agricultural rates.

The market value of land at non-agriculture rate for the year 2005 was ₹ 6.20 crore and should have been levied as the land allotted was for non-agriculture purpose. The JDR Ahmednagar had also intimated the value of property as ₹ 6.20 crore but this was not considered by the Collector. This resulted in short levy of occupancy price of ₹ 5.01 crore.

After we pointed out (September 2011), the Department and the Government accepted that the occupancy price should have been levied considering the rate applicable for non-agriculture purpose.

4.2.3.2 During the test check of cases of land allotment in five⁵ Collectorates, we noticed that in 11 out of

As per GR issued in May 2006, for allotment of Government land on occupancy basis or on lease basis and in all cases where valuation of government land is to be done, valuation shall be determined as per rates prescribed in Annual Statement of Rates (ASR) as on date on which order for allotment of government land is passed or other orders consisting of valuation is passed. As per instructions of ASR, if Government land situated in rural area is allotted for non-agriculture purpose, market value shall be determined at 50 *per cent* of non-agriculture rate prescribed in the ASR for that zone.

77 cases, Government land was allotted for non-agriculture purposes like school, colleges, renewable energy projects, power project, sugar factory and other commercial purposes between January 2007 and June 2010 and the total occupancy price levied was ₹ 7.65 crore on the basis of the agriculture rate prescribed in ASR as on the date of allotment order

instead of applying the non-agriculture rate. The occupancy price by applying non-agriculture rate works out to ₹ 39.76 crore. Thus, non-following of the instruction resulted in short levy of occupancy price of ₹ 32.11 crore.

After we pointed out, three⁶ Collectors stated that the matter would be verified and two⁷ Collectors stated that the occupancy price was recovered correctly as per the market value was got checked by the allottees from the Sub Registrars before levy of occupancy price. The reply is not correct as the rates intimated by SRs were less than the ASR rates and occupancy price should have levied on the rates mentioned in ASR and rates intimated by Sub Registrars should have been rechecked again with ASR.

We reported the matter to the Government in August 2012; Government stated (October 2012) that in two cases of Nashik district, recovery notice has been issued. In remaining cases, their reply is awaited (January 2013).

4.2.3.3 Incorrect levy of occupancy price due to incorrect application of market rate

Test check of land allotment cases in Collectorate, Akola revealed that in one case land was allotted by Revenue and Forest Department (August 2009) for agriculture purpose to Executive Engineer, Akola Irrigation Corporation for a scheme "Sukali Sangrahaak Minor Irrigation Scheme" on occupancy basis. As per allotment order, occupancy price was to be recovered at prevailing market rate prescribed in ASR 2008 applicable to 2009. The occupancy price of ₹ 33.83 lakh was levied on the basis of market value intimated by Sub-Registrar. However, we noticed that the market value was worked out by applying the rate applicable for the year 2007 instead of the rate applicable for the year 2009 being the allotment year. The correct occupancy price, by

⁵ Jalna, Nagpur, Nashik, Pune and Thane.

⁶ Nagpur, Nashik and Pune.

⁷ Jalna and Thane.

adopting the agriculture rate of ASR for the year 2009, works out to ₹ 39.80 lakh. This resulted in short levy of occupancy price of ₹ 5.97 lakh.

After we pointed out, Collector stated (June 2012) that the matter would be verified and amount recovered, if required. Further action taken report has not been received (January 2013).

4.2.3.4 Non-recovery of occupancy price due to non issue of final allotment order

During the test check of records in Collector's office, Pune, we noticed that R&FD vide memorandum dated 10 March 2010 allotted land admeasuring 8,000 sq m situated at *mouza* Dighi, Pune to Pimpri Chinchwad Municipal Corporation (PCMC) for octroi post on occupancy right on prevailing market value. As per terms and condition of the sanctioned order, Collector was required to collect the occupancy price from the PCMC on the basis of prevailing market rate prescribed in ASR. However, the Collector neither issued allotment order nor occupancy price was recovered.

As per a report submitted by Talathi, Dighi to Collector in March 2011, the land was already being used by PCMC for octroi post. The occupancy price leviable on market value as per ASR of 2010 works out to ₹ 1.46 crore. Thus, non-issue of allotment order resulted in non-recovery of occupancy price of ₹ 1.46 crore.

After we pointed out, Collector, Pune stated (June 2012) that the matter would be verified and appropriate action would be taken.

4.2.3.5 Short levy of occupancy price from Co-operative Housing Society

Government of Maharashtra in R&FD in May 2007 has framed the policy for allotment of land to the Co-operative Housing Societies. As per the policy, occupancy price as on date of allotment shall be recovered from Co-operative Housing Society on market value determined as per carpet area admissible to the members on the basis of their monthly income in case of non-government employee and in case of Government employee, on the basis of their designation as per fifth pay commission.

During the test check of records in Collector, Mumbai Suburban District (MSD), we noticed that R&FD vide memorandum dated 14 March 2008 sanctioned allotment of land admeasuring 1,317.85 square meters (sq m) situated at Charkop, Kandivali,

Mumbai suburb to a Co-operative Housing Society. The Collector issued allotment order on 25 March, 2008 to the Society. The occupancy price of ₹ 14.33 lakh was determined as per ASR for the year 2008 on the basis of carpet area of 729.27 sq.m. admissible to 15 members initially registered with the Society at the time of grant of land. An undertaking was taken from the Society that on completion of full membership of the Society for the balance area of 588.58 sq m, occupancy price on the basis of carpet area admissible to additional members will be paid. Meanwhile, out of 15 members of the Society, eight members resigned their membership. Collector granted (May

2010) permission to induct eight new members in place of outgoing members as well as eight additional members. However, occupancy price of ₹ 11.13 lakh worked out on the basis of carpet area admissible to eight additional members was not demanded by the Collector.

After we pointed out, Collector, MSD accepted (April 2012) the omission and stated that the occupancy price would be recovered from the said Society.

4.2.4 Incorrect determination and non-raising of demand of lease rent

During the test check of cases of land allotment in Collector, Nagpur, we noticed that land

As per GR of July 1999, the annual lease rent shall be calculated at Prime Lending Rate (PLR) declared by the State Bank of India from time to time on full market value of land. Further, as per GR issued in May, 2006 where any Government land is allotted on lease basis, lease rent shall be levied on market value determined as per rates prescribed in Annual Statement of Rates (ASR) as on date on which order is passed. The PLR for the year 2007 was 11.50 per cent.

admeasuring 1,800 sq m situated in *mouza* Bhankheda in Nagpur was sanctioned (February 2007) for allotment on lease to Mayo Hospital Compound General Merchant Association, Nagpur for construction of 90 shops. The lease rent

worked out to ₹ 6.21⁸ lakh annually. The Collector, levied the lease rent at ₹ 2.76 lakh⁹ annually only on 900 sq m on which shops were constructed instead of ₹ 6.21 lakh on the entire piece of land of 1800 sq m allotted to the hospital. Besides, PLR declared by State Bank of India was 11.50 per cent instead of 10.25 per cent applied by the Collector. Thus, incorrect determination of lease rent resulted in short recovery of lease rent of ₹ 3.45 lakh for the first year. Further, lease rent of ₹ 24.84 lakh for subsequent four years i.e. from 2007 to 2011 were also not demanded by the Department till date.

4.2.5 Loss of revenue due to non-adherence to Government norm of registering the agreement

As per GR dated 31 October 2006, in all cases of allotment of Government land to institutions, local bodies, individuals etc. on occupancy rights or on lease, an agreement shall be executed with the allottee and shall be registered under Mumbai Stamp Act 1958 by levying proper stamp duty and registration fee so that Government could earn revenue. It was also intimated that the possession of land shall not be given unless the agreement is executed and registered.

During the scrutiny of land grant cases in seven¹⁰ Collectorates, we noticed that in 48 cases Government land was allotted on occupancy rights between February 2006 and October

⁸ Area of land x rate of land x PLR i.e. 1,800 sq m x ₹ 3,000 x 11.50% = ₹ 6.21 lakh.

⁹ 900 sq m x ₹ 3000 x 10.25% = ₹ 2.76 lakh.

¹⁰ Akola, Jalna, Mumbai Suburban, Nagpur, Nashik, Pune and Thane.

2010. Though the possession was given, the Collectors did not execute and register the agreements with the allottees. The revenue on account of stamp duty and registration fee payable by the allottees works out to ₹ 5.24 crore.

Similarly, in three¹¹ Collectorates, we noticed that in five cases, Government land was allotted on lease basis between September 2006 and December 2007. There leases were not registered resulting in non-realisation of stamp duty and registration fee of ₹ 1.37 crore.

Thus, non-adherence of Government instructions resulted in loss of revenue amounting to ₹ 6.61 crore.

After we pointed out, five¹² Collectorates stated (May 2012) that process of execution of agreement will be initiated. Collector, Pune stated that after verification, necessary action will be taken. Collector, Thane stated that out of eight cases, in three cases agreements were executed and registered and action will be taken in remaining cases. However, no evidence of registration of three cases as stated was furnished to us.

¹¹ Mumbai Suburban District, Nagpur and Pune.

¹² Akola, Jalna, Nagpur, Nashik and Mumbai Suburban District.