

CHAPTER-III

Land Revenue

EXECUTIVE SUMMARY	
Tax administration	In 2012-13, collection in respect of land revenue increased by 8.09 <i>per cent</i> over the previous year which was attributed by the Department to higher receipts on Land Revenue tax, rates and cesses on land, miscellaneous receipts other than government estates, collection of royalties from mines and minerals, surcharge on Land Revenue under rural employment, interest on arrears of Land Revenue, education cess on coal mines and recoveries on account of Land Acquisition Establishment.
Low recovery by the department against observations pointed out by audit	During the period from 2008-09 to 2012-13, audit had pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc. with revenue implication of ₹ 135.97 crore in 18 paragraphs. Of these, the department/Government had accepted audit observations in 17 paragraphs involving ₹ 127.68 crore and had since recovered ₹ 15.17 crore which is only 11.88 <i>per cent</i> .
Audit coverage by internal audit wing	The Internal Audit Wing (IAW) planned to audit 18 District Land and Land Reforms Officers (DL&LROs), 10 Land Acquisition (LA) Collectors, one First Land Acquisition (FLA) Collector, one Rent Controller and two Controllers of Thika Tenancy during the year 2012-13, whereas audit was conducted in respect of 17 DL&LROs, four LA Collectors, one Rent Controller and two Controllers of Thika Tenancy during the period which was 75 <i>per cent</i> of the units planned for audit.
Results of audit conducted in 2012-13	In 2012-13, test check of the records of nine units relating to receipts from Land Revenue indicated non-realisation/blocking of revenue and other irregularities involving ₹ 49.04 crore in 171 cases. During the year, the department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 50.28 crore in 154 cases, of which 151 cases involving ₹ 47.38 crore were pointed out during the year 2012-13 and the rest in the earlier years. An amount of ₹ 67.70 lakh was realised in three cases at the instance of audit.

<p>What has been highlighted in this Chapter</p>	<p>In this Chapter are presented illustrative cases of ₹ 6.39 crore selected from observations noticed during test check of records of the office of the DL&LROs and Block Land and Land Reforms Officers (BL&LROs) where Audit found that the provisions of the West Bengal Land Reforms Act, 1955 and West Bengal Land and Land Reforms Manual, 1991 were not complied with.</p> <p>Similar omissions on the part of DL&LROs and BL&LROs were pointed out by audit in earlier years also, but not only do the irregularities persist, these remain undetected by them till they were detected once again by audit.</p>
<p>Conclusion</p>	<p>The Department needs to initiate immediate action to rectify its procedures regarding non-realisation/ blocking of revenue and other irregularities etc. pointed out by audit, especially in those cases where it has accepted Audit's contention and to effect the necessary recoveries.</p>

CHAPTER III: LAND REVENUE

3.1 Tax administration

Land Revenue consists of receipts from land rent, rates and cess, management of Ex-Zamindari Estates, survey and settlement operations etc. Assessment and collection of land revenue are governed by the West Bengal Land Reforms Act, 1955, West Bengal Land Reforms Rules, 1965, West Bengal Land Acquisition Manual, 1991, West Bengal Land and Land Reforms Manual, 1991 and Land Transfer Rules contained in the Bengal Land Acquisition Act, 1917. Land Revenue is administered by the Land and Land Reforms (L&LR) Department headed by the Land and Land Reforms Commissioner (LRC) and Additional Chief Secretary, assisted by the Director of Land Records and Surveys (DLR&S) and Joint LRC, Additional District Magistrate (ADM) and District Land and Land Reforms officers (DL&LROs), Sub-divisional Land and Land Reforms officers (SDL&LROs), Block Land and Land Reforms officers (BL&LROs) and Revenue Inspectors.

3.2 Trend of revenue

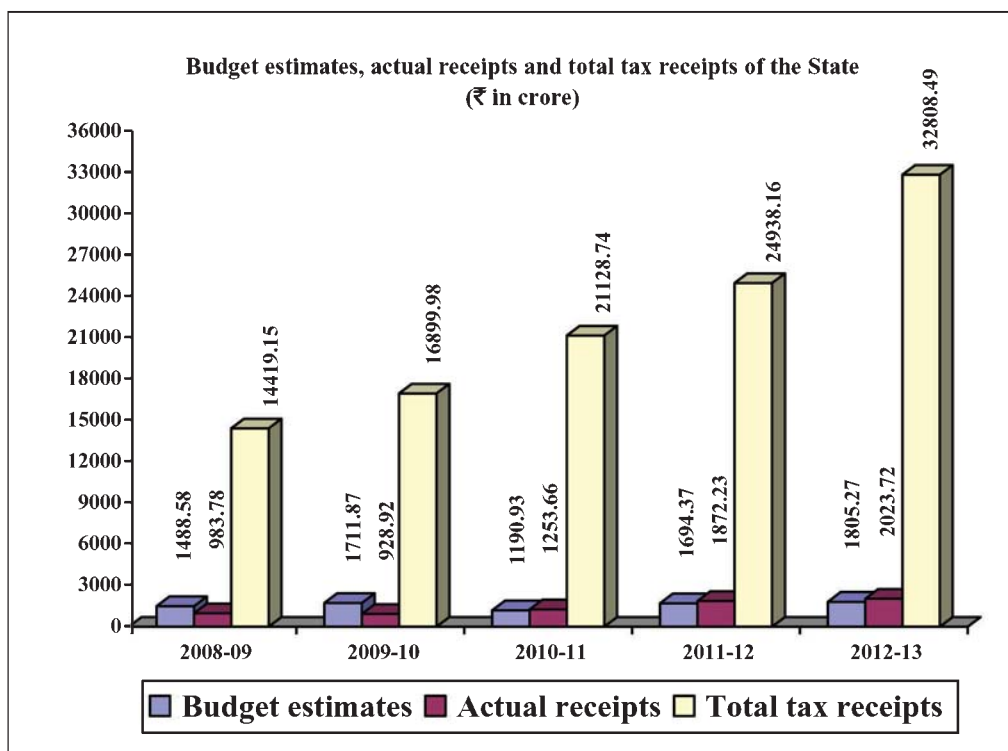
Actual receipts from land revenue during the years 2008-09 to 2012-13 along with the total tax receipts of the year during the same period is exhibited in the following table and chart:

Table 3.1 - Trend of revenue

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
2008-09	1,488.58	983.78	(-) 504.80	(-) 33.91	14,419.15	6.82
2009-10	1,711.87	928.92	(-) 782.95	(-) 45.74	16,899.98	5.50
2010-11	1,190.93	1,253.66	(+) 62.73	(+) 5.27	21,128.74	5.93
2011-12	1,694.37	1,872.23	(+) 177.86	(+) 10.50	24,938.16	7.51
2012-13	1,805.27	2,023.72	(+) 218.45	(+) 12.10	32,808.49	6.17

Source : Finance Accounts and Budget Publications of the Government of West Bengal.

Chart 3.1 – Trend of revenue



In 2012-13, collection in respect of land revenue increased by 8.09 per cent over the previous year which was attributed by the Department to higher receipts on Land Revenue tax, rates and cesses on land, miscellaneous receipts other than Government estates, collection of royalties from mines and minerals, surcharge on Land Revenue under rural employment, interest on arrears of Land Revenue, education cess on coal mines and recoveries on account of Land Acquisition Establishment. However, the percentage of variation in budget estimates and actual receipts ranged between (-) 45.74 and (+) 12.10 per cent during the last five years, except in 2010-11 where the variation was (+) 5.27 per cent. This shows that the budget estimates failed to project the prospective collection properly.

3.3 Cost of collection

The gross collection of land revenue and the expenditure incurred on collection during the years 2010-11 to 2012-13 are given in the following table:

Table 3.2 – Cost of collection

(₹ in crore)				
Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection
Land Revenue	2010-11	1,253.66	576.57	45.99
	2011-12	1,872.23	565.64	30.21
	2012-13	2,023.72	579.72	28.65

Source: Finance Accounts.

The percentage of expenditure on collection of land revenue decreased gradually from 2010-11 to 2012-13 which shows improved tax administration by the department.

3.4 Revenue impact of audit reports

During the last five years (including the current year's report), Audit pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc with revenue implication of ₹ 135.97 crore in 18 paragraphs. Of these, the department/Government had accepted audit observations in 17 paragraphs involving ₹ 127.68 crore and had since recovered ₹ 15.17 crore. The details are shown in the following table:

Table 3.3 – Revenue impact of audit reports

(₹ in crore)

Year of audit report	Paragraphs included		Paragraphs accepted by the department		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2008-09	5	37.34	5 ¹	37.03	4	14.22
2009-10	4	1.73	4 ²	1.10	3	0.18
2010-11	5	1.27	4 ³	1.25	4	0.21
2011-12	1	89.24	1 ⁴	82.47	1	0.43
2012-13	3	6.39	3 ⁵	5.83	1	0.13
Total	18	135.97	17	127.68	13	15.17

Thus, against the accepted cases of ₹ 127.68 crore, the department/Government has recovered ₹ 15.17 crore which is only 11.88 per cent.

It is recommended that the Government may revamp the recovery mechanism to ensure that the amount involved in accepted cases is promptly recovered.

3.5 Working of internal audit wing

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

The internal audit wing of the L&LR Department was re-introduced in the year 2007-08 with the objective of fulfilling accountability, obligations, complying with applicable rules and regulations, executing orderly and effective operations and safeguarding resources against loss. The wing is headed by the Audit Officer cum Ex-officio Joint Secretary who is assisted by Internal Audit Officers and Assistant Auditors. No Internal Audit Officer was posted in the IAW against sanctioned strength of 16 whereas the existing

¹ Four paragraphs partly accepted.

² Partly accepted.

³ One paragraph partly accepted.

⁴ Partly accepted.

⁵ One paragraph partly accepted.

strength of Assistant Auditors was 11 against the sanctioned strength of 14. Though a manual of the wing has been drafted, it has not yet been published. The wing planned to audit 18 DL&LROs, 10 Land Acquisition (LA) Collectors, one First Land Acquisition (FLA) Collector, one Rent Controller and two Controllers of Thika Tenancy during the year 2012-13, whereas audit was conducted in respect of 17 DL&LROs, four LA Collectors, one Rent Controller and two Controllers of Thika Tenancy during the period which was 75 per cent of the units planned for audit.

3.6 Results of audit

In the year 2012-13 Audit test checked the records of nine units relating to receipts from Land Revenue and found non-realisation/blocking of revenue and other irregularities involving ₹ 49.04 crore in 171 cases which fall under the following categories:

Table 3.4 – Results of audit

(₹ in crore)			
Sl. no.	Categories	No. of cases	Amount
1.	Non-levy and non-realisation of rent and <i>salami</i>	57	29.24
2.	Non-realisation of rent, cess and surcharge	22	12.92
3.	Non-realisation of rent at commercial rate	40	6.63
4.	Blockage/loss of revenue due to non-leasing of <i>sairati interest</i>	09	0.15
5.	Non-realisation of land revenue/cess from big raiyats	04	0.07
6.	Other cases	39	0.03
Total		171	49.04

During the year, the department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 50.28 crore in 154 cases, of which 151 cases involving ₹ 47.38 crore were pointed out during the year 2012-13 and the rest in earlier years. An amount of ₹ 67.70 lakh was realised in three cases at the instance of audit.

A few illustrative cases involving ₹ 6.39 crore are mentioned in the following paragraphs.

3.7 Audit observations

Scrutiny of records in the offices of the District Land and Land Reforms Offices (DL&LROs) and the Block Land and Land Reforms Offices (BL&LROs) indicated non/short realisation of rent, cess and surcharge on land used for commercial purpose, non-realisation of Government revenue due to non-settlement of long term lease and non-realisation of lease rent and interest as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out in audit. There is a need for the Government to improve the internal control system including internal audit so that recurrence of such irregularities is avoided.

3.8 Non/short realisation of rent, cess and surcharge on land used for commercial purpose

Section 23 of the West Bengal Land Reforms (WBLR) Act, 1955 provides that *raiyats*⁶ using land for commercial purposes are liable to pay land rent at the prescribed rate. A surcharge and different kinds of cess are also realisable on the land rent payable by the *raiyats*. The *bhumi sahayaks* posted in the revenue inspectors' offices under the BL&LROs are responsible for collection of land rent.

During test check of records in eight⁷ DL&LROs, audit found that in 2,623 cases⁸ 1,021 *raiyats* used 2,957.41 acres of land for commercial purposes for various periods between 2008-09 and 2010-11. Out of these, in 2,606 cases 1,017 *raiyats* did not pay rent, cess⁹ and surcharge of ₹ 4.80 crore but the DL&LROs did not initiate any action to realise the dues from them. In remaining 17 cases involving four *raiyats*, only ₹ 17.98 lakh was realised against dues of ₹ 64.09 lakh owing to application of rates lower than the prescribed rates. This resulted in non/short realisation of rent, cess and surcharge of ₹ 5.26 crore.

Five¹⁰ DL&LROs admitted (between May and December 2011) the audit observations in 1,005 cases involving ₹ 2.76 crore; but did not furnish any report on realisation. In the remaining 1,618 cases involving ₹ 2.50 crore, six¹¹ DL&LROs did not furnish any specific reply (November 2013).

Government accepted (September 2013) the audit observation and stated that ₹ 13.26 lakh has been realised in 804 cases, but did not furnish any report on realisation of the balance amount (November 2013).

⁶ *Raiyat* means a person or an institution holding land for any purpose.

⁷ Birbhum, Burdwan (East), Malda, Nadia, North 24 Parganas, Paschim Medinipur, Purba Medinipur and South 24 Parganas.

⁸ One instance of non-payment of rent in any year constitutes one case.

⁹ Road cess 6 paise, Public Works cess 25 paise, Primary Education cess 10 paise, Rural Employment cess 30 paise and surcharge 15 paise on each rupee of land rent payable.

¹⁰ Birbhum, Burdwan (East), Nadia, North 24 Parganas and South 24 Parganas.

¹¹ Burdwan (East), Malda, Nadia, Paschim Medinipur, Purba Medinipur and South 24 Parganas.

3.9 Non-realisation of revenue due to non-settlement of long term lease

Rule 238 of the West Bengal Land and Land Reforms (WBL&LR) Manual, 1991 provides that Government land, remaining in possession of a person(s) without any lease, may be offered to such person(s) on long term settlement for non-agricultural purpose on realisation of rent and *salami* at the prescribed rates. Further, Rule 225 of the Manual prescribes that the procedure of long term settlement is to be completed by the Department within five months from the date of its initiation.

In five cases under three¹² DL&LROs, 38.53 acres of land were under unauthorised occupation of two private companies, one private educational institute, one political committee and one lawyers' association. The occupants had applied between March 2006 and March 2010 for long term settlement of the land for the purposes they were using the same. However, the Department did not finalise any long term settlement till date; in two of these cases, even the proposals for long term lease settlement were not forwarded by the concerned DL&LROs to the approving authority (L&LR Department), while in two other cases, proposals were pending with the L&LR Department. In the remaining case, though sanction to long term lease was accorded by the L&LR Department, no lease deed was executed by the concerned DL&LRO. Thus, failure of the Department to settle the land through lease with the unauthorised occupants within the prescribed time-limit resulted in non-realisation of revenue of ₹ 97.23 lakh (Rent: ₹ 10.50 lakh and *Salami*: ₹ 86.73 lakh).

The Department did not furnish any specific reply in any of the cases pointed out by audit (November 2013).

The Government accepted (September 2013) the audit observation except one case involving ₹ 55.79 lakh where a proposal for cancellation of sanction (accorded by the L&LR Department for lease agreement) was sent by the DL&LRO, Paschim Medinipur as the occupant did not show interest in executing the lease agreement. Although the Government did not accept the case, the fact remains that the land was not settled and the Government stands to lose revenue for the period of unauthorised occupation. Also, they did not furnish any report on the action taken for ejection of the unauthorised occupant for refusal of offer of long term lease as required under Rule 238 of the WBL&LR Manual, 1991 (November 2013).

3.10 Non-realisation of lease rent and interest

Rule 235 of WBL&LR Manual, 1991 provides that the rent shall be payable yearly according to the Bengali year and shall fall due on the last day of the Bengali year in respect of which it is paid. Rule 303 prescribes interest at the rate of 6.25 *per cent* per annum on delayed payment of revenue.

Four¹³ DL&LROs, did not realise annual lease rent of ₹ 15.25 lakh between 2009-10 and 2010-11 from seven lessees in possession of 79.29 acres of land.

¹² Birbhum, North 24 Parganas and Paschim Medinipur.

¹³ Nadia, North 24 Parganas, Paschim Medinipur and Purba Medinipur.

This resulted in non-realisation of rent and interest of ₹ 15.88 lakh (lease rent ₹ 15.25 lakh and interest ₹ 0.63 lakh). In the BL&LRO, Shantipur under the DL&LRO, Nadia, the lease register did not show essential details like dates of commencement, expiry, renewal of lease and amount of annual rent; only the names of lessees were recorded. This would render the monitoring of realisation of rent ineffective.

All concerned DL&LROs admitted the audit observations, but did not report on realisation of any revenue (November 2013).

The Government accepted (September 2013) the audit observation but had not furnished the position of realisation (November 2013).