

CHAPTER IV

LAND REVENUE

4.1 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 36 District Collectors, 114 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.

4.2 Results of audit

In 2014-15, test check of the records of 91 units of the Land Revenue, showed non-levy/short levy of Occupancy Price, Lease Rent, Unearned Income, non-levy of non-Agriculture Assessment etc. and other irregularities amounting to ₹ 176.10 crore in 184 observations, which fall under the categories as given in **Table 4.2**.

Table 4.2

(₹ in crore)			
Sr. No.	Category	No. of observations	Amount
1	Non-levy/short levy of measurement fees, sanad fees, license fees etc.	6	1.25
2	Non-levy/short levy of fine, non-auction/short recovery of surface rent on account of sand ghats, royalty etc.	32	8.56
3	Non-levy/short levy/incorrect levy of Non-Agriculture Assessment (NAA), ZP/VP cess and conversion tax.	84	4.50
4	Non-levy/short levy of occupancy price, lease rent, unearned income etc.	46	30.90
5	Others	16	130.89
Total		184	176.10

In response to our observations made in the local audit reports during the year 2014-15 as well as during earlier years, the Department accepted and recovered under assessments/other deficiencies involving ₹ 9.91 crore in 132 observations, out of which four observations involving ₹ 5.31 lakh were pointed out during 2014-15 and the rest during earlier years.

- Short recovery of unearned income of ₹ 2.68 crore due to incorrect calculation of market value of land for the purpose of levy was noticed

(June 2013) in the office of Tahsildar, Maval. After we pointed this out, the Department recovered the entire amount (October 2015).

- Non-inclusion of occupancy price in market value estimated by Collector, Akola, resulted in undervaluation and consequently short levy of occupancy price of ₹ 11.57 crore. After we pointed this out (February 2012), the Department recovered (March and May 2015) the entire amount.
- In one case in district Raigad entire amount of interest of ₹ 6.35 crore leviable on delayed payment of land revenue of ₹ 6.35 crore was recovered after being pointed out by Audit in May 2013.

A few illustrative observations involving ₹ 1.33 crore are discussed in the succeeding paragraphs.

4.3 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.

4.3.1 Incorrect determination of market value due to arithmetical mistakes

Arithmetical mistake and consideration of incorrect area of land by the Department resulted in short recovery of unearned income of ₹ 89.19 lakh

As per circular issued by Government in March 2000, for converting the tenure of *watan* lands, *nazarana*/unearned income equal to 50 per cent of the market value of the land is to be recovered, if the land is or is intended to be used for purpose other than agriculture. Further, as per Government Resolution issued in May 2006 and April 2008, the *nazarana*/Unearned Income amount is to be calculated as per the rate of land prescribed in ready reckoner¹ on the date of issue of such order for conversion of land for other than agriculture use.

Scrutiny of cases of granting permission for change in use of Government land in Collector, Pune, revealed (March 2014) that the permission was granted by Collector, Pune (January 2012) to the occupants to convert the *Mahar Watan* land for residential purpose. The Department calculated the market value of land admeasuring 7,028 sqm situated at *mouze* Kharadi (Pune) at ₹ 2.36 crore and unearned income of ₹ 1.18 crore at the rate of 50 per cent of market value

¹ Ready reckoner is issued by the IGR, (MS) Pune every year for determination of market value of the property.

was recovered (December 2012). Our scrutiny revealed that the Department had made arithmetical mistakes while working out the unearned income. The market value of the property was reduced twice by 50 *per cent* instead of at one time. Besides the area of under conversion was also taken wrongly as 7,028 sqm instead of 6,863.85 sqm. The correct market value of land was worked out to ₹ 4.14 crore in terms of GR quoted above and unearned income @ 50 *per cent* of ₹ 2.07 crore on it was recoverable. Thus, arithmetical mistake and consideration of incorrect area of land resulted in short recovery of unearned income of ₹ 89.19 lakh.

After we pointed this out (March 2014), the Collector, Pune accepted (September 2014) the observation and issued the order for short recovery. Report on recovery is still awaited (December 2015).

We reported the matter to the Government in May 2015; their reply has not been received (February 2016).

4.3.2 Short levy of *nazarana* due to undervaluation of property

Non-following the instructions mentioned in Government Resolution by the Tahsildar, resulted in short recovery of *nazarana* amount of ₹ 26.18 lakh

As per Government of Maharashtra, Revenue and Forest Department (July 2002) if the Class-II land is converted into Class-I land for non-agricultural purpose, then the *nazarana* amount equivalent to 50 *per cent* of market value of the land should be recovered from the applicant. Further as per Government Resolution (GR) Government of Maharashtra, Revenue and Forest Department (April 2008) true market value of land was required to be calculated in accordance with the slabs mentioned therein.

Scrutiny of documents/instruments revealed (December 2012) that Tahsildar, Sinnar passed an order (October 2010) to grant permission for conversion of class-II land to class-I land of 36,200 sqm of *mouze* and Taluka Sinnar on which *nazarana* amount of ₹ 59.70 lakh, equivalent to 50 *per cent* of market value of ₹ 1.19 crore was levied and recovered (December 2010). The market value as per GR *ibid* was worked out to ₹ 1.78 crore on which *nazarana* amount of ₹ 85.88 lakh was recoverable as shown in **Table 4.3.2**.

Table 4.3.2

(Amount in ₹)					
Gat No.	Area (sqm)	Calculation by Department		Calculation as per GR	
		Market Value	Total MV	Market Value	Total MV
1237/3	2,600	2,000 X 680 X 100% = 13,60,000 600 X 680 X 80% = 3,26,400	16,86,400	2,000 X 680 X 100% = 13,60,000 600 X 680 X 90% = 3,67,200	17,27,200
1237/4	12,000	2,000 X 680 X 60% = 8,16,000 10,000 X 680 X 40% = 27,20,000	35,36,000	10,000 X 680 X 70% = 47,60,000 2,000 X 680 X 60% = 8,16,000	55,76,000
1237/13	1,400	1,400 X 680 X 100% = 9,52,000	9,52,000	1,400 X 680 X 100% = 9,52,000	9,52,000
1237/14	20,200	2,000 X 680 X 60% = 8,16,000 18,200 X 680 X 40% = 49,50,400	57,66,400	10,000 X 680 X 70% = 47,60,000 10,200 X 680 X 60% = 41,61,000	89,21,600
		Market Value	1,19,40,800		1,71,76,800
		<i>Nazarana</i> (50% of MV)	59,70,400		85,88,400

Thus, this has resulted in short recovery of *nazarana* amount of ₹ 26.18 lakh.

After we this pointed out (December 2012), Tahsildar Sinnar referred the matter to Sub-Registrar, Sinnar for determination the correct market value (December 2012).

We reported the matter to the Government in May 2015; their reply has not been received (February 2016).

4.3.3 Non-recovery of VAT on auction amount from bidders of sand auction

Award of right for excavation of sand, without collecting VAT at source by Collector, Satara resulted in non-recovery of VAT of ₹ 17.79 lakh

Government of Maharashtra in Finance Department notified (February 2013) that the District Collector having jurisdiction over the area, for the purpose of Section 31(A)(1)(a) of the Maharashtra Value Added Tax 2002 (MVAT), shall collect with effect from 15 February 2013, from the successful bidders in addition to the amount fixed for the auction of sand, an amount at the rate of 10 *per cent* of the auction amount from the person or dealer who has been awarded the right for excavation of sand.

Scrutiny of documents/instruments (June 2014) related to auctioning of sand ghats in Collector, Satara, revealed that e-auctioning of sand ghats were carried out between February 2013 and April 2013. Five successful bidders were awarded the right for excavation of sand from designated area. During auction, total auction amount collected from five bidders was ₹ 1.78 crore. Accordingly an amount of ₹ 17.79 lakh towards VAT at source was required to be recovered by the District Collector, Satara from the aforesaid bidders in terms of said notification *ibid*. However, Collector, Satara, awarded the right for excavation of sand, without collecting VAT at source which resulted in non-recovery of VAT amounting to ₹ 17.79 lakh.

After we pointed this out (June 2014), the District Mining Officer at Collector Office, Satara stated (June 2014) that recovery will be made under intimation to audit and Additional Collector, Satara stated (September 2015) that recovery of ₹ 13.38 lakh has been made. Report on balance recovery is still awaited.

We reported the matter to the Government in May 2015; their reply has not been received (February 2016).