

CHAPTER – V
LAND REVENUE

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Land Revenue

5.1 Results of audit

We test-checked records of 122 units (Collector-20, Tahsildar-101 and *Rajdhani Pariyojna* - 1) out of 393 units relating to land revenue during the year 2014-15 and found underassessment of revenue and other irregularities involving ₹ 416.15 crore in 2,55,068 cases which fall under the following categories as mentioned in the **Table-5.1**:

Table-5.1

(₹ in crore)			
Sl. No.	Categories	No. of Cases	Amount
1.	Performance audit on “Land Revenue Receipts in Madhya Pradesh”	1	121.56
2.	Incorrect application of rates resulted in loss of premium and ground rent	10	6.58
3.	Non-renewal of lease of <i>nazul</i> land	5,688	1.90
4.	Underassessment of diversion rent/premium	6,188	33.36
5.	Non-raising of demand of diversion rent/premium and penalty	1,02,019	14.93
6.	Non-levy/realisation of process expense	142	49.21
7.	Non-registration of revenue recovery certificates	4,777	7.89
8.	Other observations (Non initiation of recovery process, arrears of land revenue, non recovery of RRCs and non maintenance of list of defaulters in Form B-7)	1,36,243	180.72
Total		2,55,068	416.15

The Department accepted underassessment and other deficiencies of ₹ 163.94 crore in 58,411 cases, which were pointed out in audit during the year 2014-15. An amount of ₹ 1.20 crore was realised in 293 cases by the Department during the year 2014-15.

Audit findings of the Performance Audit on “Land Revenue Receipts in Madhya Pradesh” having money value of ₹ 121.56 crore and an audit observation involving ₹ 13.13 lakh are mentioned in the succeeding paragraphs.

5.2 Performance Audit on “Land Revenue Receipts in Madhya Pradesh

Highlights

We test checked the records related to assessment and collection of Land Revenue between January and June 2015. It revealed a number of deficiencies

relating to non-assessment/underassessment of revenue, non-raising of demand etc. involving financial effect of ₹ 121.56 crore. Some of the important findings are highlighted as follows:

Land was allotted to private institutions for establishment of Private University, higher education complex and for establishment of petrol pumps at lower prices in contravention of the provisions of Revenue Book Circular (RBC) resulting in short realisation of revenue of ₹ 29.80 crore.

(Paragraph 5.2.8)

Out of 15,590 permanent lease cases of *nazul* land pending for renewal during the period 2010-11 to 2014-15, applications for renewal were received in 917 cases. No action for renewal of the remaining 14,673 cases which expired between 1962-63 and 2014-15 was taken by the Department.

(Paragraph 5.2.9)

In 12 Collectorates, the SDOs did not levy *panchayat upkar* on premium and ground rent on land situated in *gram panchayat* area depriving the Government of revenue of ₹ 14.33 crore in 1,063 cases.

(Paragraph 5.2.15)

In three Collectorates, SDO (Revenue) did not discharge their duties as Public Officer by non-impounding the cases of unduly stamped instruments, resulting in non recovery of Stamp Duty, Registration fees and penalty thereon amounting to ₹ 4.84 crore.

(Paragraph 5.2.16)

In 14 Collectorates, an amount of ₹ 264.80 crore of various heads of land revenue was pending for more than 30 days. No action was taken for recovery of outstanding revenue and levy of penalty up to 100 *per cent*.

(Paragraph 5.2.19)

Land revenue leviable on 252 major minerals leases having an area of 18,099.241 hectare land was not assessed which resulted in non-recovery of ₹ 31.15 crore.

(Paragraph 5.2.20)

There were four Commissionerate offices under Performance Audit, out of which Indore and Bhopal Commissionerates planned internal audit of 120 and 47 subordinate offices respectively and no audit plan was drawn in Sagar division. In Indore division, 60 offices were audited, while no audit was undertaken in Bhopal Division. Ujjain Commissionerate was the only to achieve 90 per cent of targeted units. Besides, monthly *tauzi* were not being prepared by Tahsil offices to check the correctness of the figures shown in the monthly statements.

(Paragraph 5.2.23)

5.2.1 Introduction

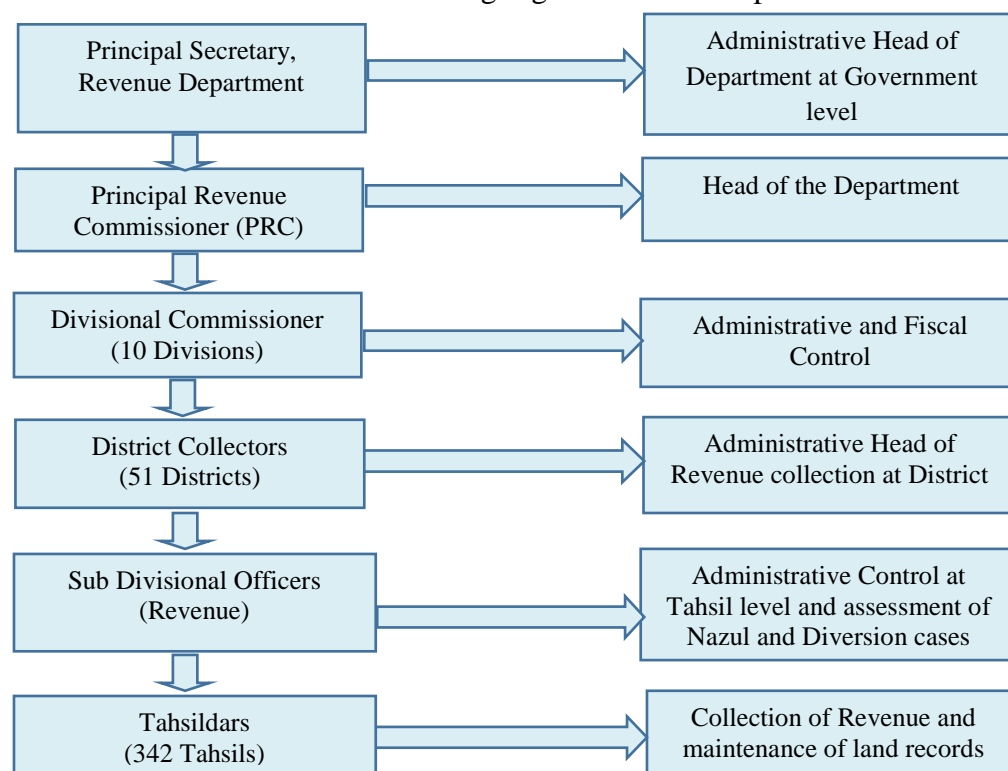
All land, to whatever purpose applied and wherever situated, is liable to payment of revenue to the State Government, except such land as has been wholly exempted from such liability by special grant of or contract with the

State Government or under the provisions of any law or rule for the time being in force. Such revenue is called “Land Revenue” and that term includes all moneys payable to the State Government for land, notwithstanding that such moneys may be described as premium or rent. When agricultural land is diverted to residential/commercial purposes, diversion rent and premium are assessed by the Sub Divisional Officers (SDO). Ground rent, premium and interest are levied on the *Nazul*/Government land allotted on permanent and temporary lease in the State. *Nazul* land is Government land which is used for construction or public utility purpose *viz bazar* or entertainment places. Fines, penalties, process fee and interest are also levied under the provisions of Madhya Pradesh Land Revenue Code 1959, Revenue Book Circular (RBC) and executive instructions issued from time to time. Moreover, *panchayat upkar* is also levied on land revenue in respect of land situated in *panchayat areas*.

5.2.2 Organisational set up

The Revenue Department is headed by the Principal Secretary at the Government level. The Principal Revenue Commissioner (PRC) is the Head of the Department. In each district, the Collector administers the activities of the Department. The officers placed in charge of a sub-division are called Sub Divisional Officers (SDO). They have to exercise such powers of the Collector as are directed by the State Government by notification. Superintendents/ Assistant Superintendents, Land Records (SLR/ASLR) are posted in the Collectorate for maintenance of revenue records and settlement. Tahsildars/Additional Tahsildars are deployed in the Tahsils as representatives of the Revenue Department. The hierarchy and responsibilities of Department thereupon is shown in **chart 1** below:

Chart 1: showing organisational set up



5.2.3 Audit Scope and methodology

With a view to evaluate the efficiency and effectiveness of the system and procedures related to assessment and collection of rent, premium, fees and penalties under the Land Revenue Code (LRC), records of Collectors, SDOs, Tahsildars were examined for the period 2010-11 to 2014-15. Besides, information was also collected from Principal Revenue Commissioner's (PRC) Office. The Performance Audit (PA) was conducted between January and June 2015 covering offices of 14 out of 51 Collectors¹ and 25 out of 74 Tahsildars² of these 14 Collectorates. The units were selected on the basis of stratified random sampling method.

5.2.4 Audit criteria

The audit findings are based on the following criteria:

- Madhya Pradesh Land Revenue Code (MPLRC), 1959;
- Madhya Pradesh *Panchayat Raj Adhiniyam* (MPPRA), 1993;
- Madhya Pradesh *Upkar Adhiniyam*, 1982;
- Madhya Pradesh *Lokdhyan (Shodhya Rashiyon ki Vasuli) Adhiniyam* (MPLA), 1987 and
- Revenue Book Circular (RBC).

5.2.5 Audit objectives

The Performance Audit was conducted to assess whether:

- the rules, procedures and Government orders were properly followed for allotment of *nazul* land, assessment of land revenue, premium, *nazul* rent, and *upkar* thereon;
- ground rent, premium, cess and interest thereon were properly assessed and collected in time; and
- appropriate system exists for monitoring the realisation of revenue.

5.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Revenue Department for providing necessary information and records to audit. The scope and methodology of audit was discussed with the Principal Secretary of the Department in an entry conference held on 19 January 2015. The draft Performance Audit Report was forwarded to the Department/Government in June 2015.

The findings and recommendations of the Performance Audit were discussed with the Government in an exit conference held with the Principal Secretary, Revenue on 26 September 2015. The views of the Government/Department have been suitably incorporated in the Performance Audit. All the five recommendations of the audit were accepted by the Department.

¹ Bhopal (including *Rajdhani Pariyojna*) , Chhattarpur, Chhindwara, Dhar, Harda, Indore, Jabalpur, Khargone, Sagar , Satna, Seoni, Sidhi, Singroli and Ujjain

² Bina , Chhapara, Chhatarpur, Chhindwara, Dhar, Gopadbanas (Sidhi), Harda, *Huzur* (Bhopal), Indore, Jabalpur, Khargone, Lakhnadaun, Maihar, Mahidpur, Maheshwar, Mhow, Nowgaon, Pandhurna, Raghurajnagar (Satna), Rajnagar, Sagar, Seoni, Sihora, Singroli and Ujjain

5.2.7 Trend of revenue receipts

According to RBC Volume-I No.11 and Para 6.6.1 of Madhya Pradesh Budget Manual, 2012 the estimates of revenue receipts should be based on the actual demand including arrears due for the past years and probability of their realisation during the year. According to Rule 192 of Madhya Pradesh Financial Code, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department.

Actual receipts from Land Revenue during the years 2010-11 to 2014-15 along with the total tax receipts during the period is exhibited in the following **Table 5.2:**

Table-5.2

(₹ in crore)

Year	Revised budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual tax receipt vis-à-vis total receipts
2010-11	400.24	360.81	(-) 39.43	(-) 9.85	21,419.38	1.68
2011-12	475.00	279.06	(-) 195.94	(-) 41.25	26,973.44	1.03
2012-13	550.00	443.59	(-) 106.41	(-) 19.35	30,581.70	1.45
2013-14	572.00	366.23	(-) 205.77	(-) 35.97	32,342.12	1.13
2014-15	700.10	243.10	(-) 457.00	(-) 65.28	36,567.31	0.66

(Source: Finance Accounts of the Government of Madhya Pradesh)

It may be seen from the above table that the actual receipts for the period 2010-11 to 2014-15 were 10 to 65 *per cent* less as compared to estimates. Evidently, the budget estimates were prepared without taking into account the actual receipts including arrears of the previous years and were prepared on adhoc basis. Further, receipts from Land Revenue decreased in the last two years consecutively.

The Department did not specifically assess the reasons for the shortfall of revenue against budget estimates. However, the Department attributed the drop in collection of revenue for the year 2013-14 and 2014-15 to engagement of Revenue officers in election work and unforeseen rain and hailstorm.

Audit findings

Cases related to Government land

5.2.8 Allotment of *nazul* land at lower rates and consequent underassessment of premium and ground rent

Land was allotted to private institutions for establishment of Private University, higher education complex and for establishment of petrol pumps at lower prices in contravention of the provisions of RBC. This resulted in short realisation of revenue of ₹ 29.80 crore.

5.2.8.1 Allotment of land for educational purpose

Revenue Book Circular (RBC)-IV-I provides for allotment of *nazul* land for educational purpose on payment of premium at 50 *per cent* value of land on

the basis of minimum rates prescribed therein and annual ground rent at two *per cent* of premium. According to the circular of January 1992 issued by Revenue Department, Government of Madhya Pradesh, Government land would be valued according to the provisions of the guidelines issued by the Collector or revised minimum rates whichever is higher.

Further, the circular issued by the Department (December 2009) specified that “minimum rates” may be read as “Collector’s guidelines value”. Hence, as per applicable provisions, the allotment of *nazul* land shall be made on the basis of market value as mentioned in the “Collector’s guidelines” for the respective year. Further, as per RBC-IV-I, *nazul* land is a land which has more site value and is not having any agricultural importance. Therefore, *nazul* land may not be valued at par with agriculture land.

During the test check of Government land allotment cases decided in the offices covered under Performance Audit, we observed that land allotment in six out of 15 cases were made to private parties and rest of the nine cases pertained to land allotment to Government organisations. We found that in Indore, the Government allotted (February 2014) 20.803 hectare of *nazul* land to two private institutions viz. Symbiosis Foundation and Shri Ville Parle Kelvani Mandal for establishment of private University and higher education complex at Indore. The Department calculated value of the land at the agriculture rate of ₹ 2,500 per square metre. Since *nazul* land has more site value and is not an agriculture land, it should not have been valued at the rates prescribed for agriculture land. The premium and annual ground rent of the land works out to ₹ 26.52 crore³ considering the value of the *nazul* land at ₹ 5000 per square metre applicable for residential land.

Thus, due to incorrect application of rates for *nazul* land, the Government was deprived of revenue of ₹ 26.52 crore as premium and annual rent. This would also led to non-levy of annual rent of ₹ 52 lakh on recurring basis for the entire period of lease.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that revised order for rectification would be issued.

5.2.8.2 We observed during test check of case files of allotment of land in Collectorate (*Nazul*), Bhopal (March 2015) that the GoMP allotted land measuring 0.424 hectare situated within the limit of Municipal Corporation, Bhopal to *Navyuwak Sabha*, Bairagarh, Bhopal in December 2010 for educational purpose at a premium of ₹ 13.69 lakh and ground rent of ₹ 27,399. The Government allotted (December 2010) the land at a minimum premium of ₹ 30 per square feet and ground rent at two *per cent* of premium. This was in contravention of its own orders (December 2009) which stated that minimum rates would be Collector’s guidelines value⁴.

³

Area of land	Market value of land @ 5000psm	Leviable Premium/Rent	Levied Premium/Rent	Short levied
20.803 Ha	104.02 crore	52.01/1.04 crore	26/0.52 crore	26/0.52 crore

⁴

50 *per cent* of ₹ 12,000 per square metre as per Collector’s guidelines for the year 2010-11

Thus, application of minimum rates instead of Collector's guidelines rate resulted in underassessment of premium and ground rent of ₹ 2.46 crore and non-levy of annual rent of ₹ 4.82 lakh every year on recurring basis for the entire period of lease. Underassessment of premium and ground rent in the lease agreement of the land also resulted in short realisation of Stamp duty (SD) and Registration fees (RF) of ₹ 38.41 lakh as per details in **Table 5.3**:

Table-5.3

(Amount in ₹)

<u>Leviable Premium</u> Yearly Ground rent	<u>Levied Premium</u> Yearly Ground rent	<u>Short levy of</u> <u>Premium</u> Yearly Ground rent	Short realisation of SD/RF
<u>2,54,63,755</u>	<u>13,69,950</u>	<u>2,40,93,805</u>	<u>21,94,998</u>
5,09,275	27,399	4,81,876	16,46,248
Total		2,45,75,681	38,41,246

(Calculations worked out by Audit)

During exit conference, the Principal Secretary, Revenue stated (September 2015) that revised orders for recovery would be issued.

5.2.8.3 Allotment of land for commercial purpose

We observed in the office of Collectorate, Harda (May 2015) that the Government allotted *nazul* land measuring 16,500 square feet to a private party (March 2006) for establishment of petrol pump. The land was allotted for the period of 30 years on payment of nominal premium at 10 *per cent* instead of 50 *per cent* of market value of land.

This was in contravention of GoMP order (November 1995), according to which, the Government land would be allotted to the members of Scheduled Caste and Scheduled Tribes at concessional rates of 50 *per cent* of market value of land for the purpose of running outlets of petroleum companies. This resulted in short realisation of premium and ground rent of ₹ 37.01 lakh and also short levy of ground rent of ₹ 2.57 lakh every year on recurring basis for the entire period of lease.

Further, underassessment of premium and ground rent in the lease agreement of land also resulted in short realisation of Stamp duty and Registration fees of ₹ 6.95 lakh as detailed in **Table 5.4**:

Table-5.4

(Amount in ₹)

<u>Leviable</u> <u>Premium</u> Yearly Ground rent	<u>Premium</u> Yearly Ground rent Levied	<u>Short levy of</u> <u>Premium</u> Ground rent	Short levy of SD/RF
<u>42,93,680</u>	<u>8,50,800</u>	<u>34,42,880</u>	<u>3,97,545</u>
3,22,026	64,260	2,57,766	2,98,060
Total		37,00,646	6,95,605

(Calculations worked out by Audit)

During exit conference, the Principal Secretary, Revenue stated (September 2015) that it was treated as a special case and concession was given by the Government.

We do not agree with the reply of the Government as there is no such provision in the RBC to allot land for petrol pump for premium at 10 *per cent* as against 50 *per cent* of market value of land and no reason was assigned in the allotment order for concessional allotment of land as special case.

5.2.9 Non-renewal of permanent leases of *nazul* land

Out of 15,590 permanent lease cases of *nazul* land pending for renewal during the period 2010-11 to 2014-15, applications for renewal were received in 917 cases. No action for renewal of the remaining 14,673 cases which expired between 1962-63 and 2014-15 was taken by the Department.

According to the MPLRC read with RBC-IV-I, rent payable for a *nazul* plot in an urban area held on lease shall be deemed to be due for revision when the lease becomes due for renewal. The revised rent is to be fixed at six times the rent payable immediately before the revision, provided the use of the land continues to be the same as it was immediately before the revision. The revised assessment is applicable from the financial year following the year in which the assessment is made or from the date of expiry of the earlier lease, whichever is later.

Besides, a register containing the total number of permanent lease holders, date of allotment, period of lease, amount of annual rent to be collected and due date of renewal is required to be maintained by the *Nazul* Officer as prescribed in the RBC.

We noticed (between January and May 2015) that the *Nazul* Officers except under Sagar and Seoni did not maintain the lease registers to monitor the cases due for renewal. Due to non-maintenance of basic records of lease allotment cases at other Collectorates, audit could not ascertain the exact number of leases sanctioned by these offices in the past, which were due for renewal and amount of rent recoverable thereon.

In 14 Collectorates selected under Performance Audit, we, therefore, relied upon the information furnished by the Collectorates and found that out of 22,690 permanent leases of *nazul* land, 15,590 leases were due for renewal during the period 2010-11 to 2014-15. Against this, 917 numbers of applications for renewal of lease were received in these Collectorates. Out of these, the *Nazul* Officers decided 513 leases for renewal leaving 404 cases pending for renewal while no action for renewal of leases in 14,673 cases expired between 1962-63 and 2014-15 was taken by the Department.

In Jabalpur alone, we observed from a correspondence (February 2015) between District collector and Principal Secretary of the Department that 13,989 lease cases were pending for renewal. As against these, Collector registered only 238 cases till July 2014 out of which Department could raise demand for ₹ 15.77 crore in 64 cases and recovered only ₹ 19.92 lakh in 33 cases leaving ₹ 15.57 crore unrecovered.

Further, considering the fact that in Jabalpur alone, 13,989 cases of permanent leases were due for renewal, the accuracy of figure furnished by other Collectorates regarding miniscule number of permanent leases due for renewal in their district is suspect. As permanent lease registers were not maintained,

details of the lease cases were not available and as such audit could not quantify the revenue involved.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that the registers of permanent leases would be maintained and that system of demand and recovery of permanent leases would be computerised.

We recommend that Department should maintain complete record of permanent leases of Government land so that timely renewal and proper raising of demand can be effectively monitored. Responsibility may be fixed for lapses in maintenance of record of Government land and raising of timely demand for Government dues.

5.2.10 Unauthorised possession of Government land after expiry of temporary lease

Though the 100 temporary leases had expired between 1979 and 2006, the Department took possession of only seven leases while 93 leases measuring an area of 48,307.25 square feet were still in unauthorised possession of encroachers.

We found (between January and June 2015) that the *Nazul* Officers under any of the Collectorates covered under PA did not maintain temporary lease registers to monitor the cases due for expiry as warranted under Para- 28 and 35 volume IV (1) of RBC. Lease registers contains the total number of lease holders, date of allotment, period of lease and due date of renewal.

Due to non-maintenance of basic records of temporary lease cases, audit could not ascertain the exact number of leases sanctioned by these offices in past which remained encroached upon by these temporary lease holders due to inaction on the part of the Department. In the absence of the basic records, we relied upon the information furnished by the Department. Nine Collectorates⁵ informed that no temporary lease cases existed under their jurisdiction, while five Collectorates⁶, furnished information of temporary lease cases under their jurisdiction.

In these five Collectorates, we found (between January and May 2015) that out of 101 temporary leases, 100 leases had expired between 1979 and 2006. Out of 100 leases, the Department took possession of only seven leases. In the remaining 93 leases measuring 48,307.25 square feet, no action was initiated either for renewal of lease or for evacuation of the Government land as per provisions of Para- 28 and 35 volume IV (1) of RBC which stipulates that *Nazul* Officers are responsible for renewal of temporary leases and if lessee does not submit his application for renewal of lease deed, the lease shall be treated as cancelled.

Out of these 93 leases, in seven leases measuring 13,797 square feet, the market value of encroached land worked out to ₹ 10.27 crore as per Collectors guidelines. In remaining 86 leases, having an area of 34,570.25 square feet, we could not ascertain the market value as exact location of encroached area was not mentioned in the information furnished by the Department. The magnitude

⁵ Bhopal, Chattarpur, Chhindwara, Harda, Indore, Sagar, Sidhi, Singrauli and Ujjain

⁶ Dhar, Jabalpur, Khargone, Satna and Seoni

of the market value of encroached land would be much larger had the Department maintained all the related records and furnished complete information.

During exit conference, the Principal Secretary, Revenue accepted (September 2015) the contention of audit and stated that recovery would be made.

5.2.11 Non-availability of reports on vacation of unauthorised possession of land

In 15 Tahsil offices 778 encroachment cases on 141.89 hectare of Government land were decided but vacation reports in respect of this encroached land were not found on records.

We test checked 1,463 cases out of 10,368 cases of encroachment in 15 Tahsil offices⁷ (between January and May 2015) and found that 778 cases involving 141.89 hectare of Government land were decided in which Tahsildars imposed penalty and passed orders for eviction of land between 2010-11 and 2014-15, but the relevant details/ reports of vacation of land duly signed by the appropriate officer were not available on record.

The respective Tahsildars did not take any action to obtain the requisite details/reports. In the absence of such reports, possibility of continuous unauthorised occupation of the land could not be ruled out. Value of land in 778 cases encroached upon could not be quantified as actual location of land could not be ascertained from the records made available.

It was also noticed that the Department did not levy fine in these cases. The Department by not imposing fine allowed undue aid to the encroachers in violation of provision of Section 248 of MPLRC which stipulates that in case encroached land is not vacated even after the eviction notice, Tahsildar may impose such fine which starts from the date of first order of eviction at the rate not exceeding ₹ 500 and ₹ 2,000 per day for rural and urban area respectively.

After we pointed out, Tahsildars stated (between January and May 2015) that eviction report would be obtained and action would be taken as per rule.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that unauthorised possession of land shall be got vacated and penalty would be imposed.

5.2.12 Non raising of demand of Nazul ground rent

In two Tahsil offices, scrutiny of *challans* and classification register revealed that the demand for *nazul* ground rent had not been raised. This resulted in non-recovery of rent of ₹ 80.55 lakh.

We observed in Tahsil offices Maheshwar and Bina (between January and May 2015) for the period under performance audit that the demand and collection register and permanent lease register of Government land were not maintained in Tahsil, Maheshwar whereas in Tahsil, Bina such records were

⁷ Bina, Bhopal (*Huzur*), Chhattarpur, Chhindwara, Dhar, Harda, Indore, Indore (*Nazul*), Khargone, Lakhnadaun, Maheshwar, Maihar, Mhow, Rajnagar, Raghurajnagar (Satna)

maintained but not updated. Also, owing to non maintenance and updating of record regularly, the exact number of leases allotted and amount of yearly rent could not be conclusively determined.

Further, during the test-check of *challans* and classification register, we noticed that the demand for *nazul* ground rent for allotment of Government land had not been included in annual demand. There were 853 cases of lease allotment against which annual rent of ₹ 16.11 lakh was due for collection. Due to non-maintenance of demand and collection register, demands amounting to ₹ 80.55 lakh⁸ was not raised for the period covered under Performance Audit. This was in violation of Para 15 to 18 of RBC which contain provisions relating to raising of demands in Tahsil offices.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that appropriate action would be taken.

Cases related to diversion

5.2.13 Irregular issue of diversion order without deposit of diversion premium

In 10 Collectorate offices demand and recovery statement and concerned diversion cases revealed that diversion orders for use of land other than agriculture purpose were issued without getting deposited diversion premium and annual rent for current periods. This resulted in non-recovery of premium of ₹ 19.68 crore.

We observed during the scrutiny of demand and recovery statement and concerned diversion cases for the period 2010-11 to 2014-15 in 10 Collectorate offices⁹ (between January and May 2015) that diversion orders were irregularly issued to applicants by the respective SDOs although the amount of diversion premium was not deposited by the applicants.

This resulted in non recovery of Government revenue of ₹ 19.68 crore, which remained unpaid by the applicants due to non-observance of Section 59 and 172 of Madhya Pradesh Land Revenue Code, 1959, which prescribed that if land assessed for one purpose is diverted for any other purpose, the Land Revenue and premium payable on such land shall be revised and reassessed by SDO (Revenue) in accordance with the purpose for which it has been diverted.

During exit conference, the Principal Secretary, Revenue directed (September 2015) the concerned officials to expedite the recovery.

We recommend that the Department should collect diversion premium and rent before issue of diversion orders so that Government revenue is realised timely.

⁸ ₹ 16.11 lakh per year for the period 2010-11 to 2014-15

⁹ Bhopal, Chhattarpur, Chhindwara, Jabalpur, Khargone, Satna, Sagar, Seoni, Singrauli and Ujjain

5.2.14 Underassessment of diversion premium and ground rent

There was underassessment of diversion premium and ground rent amounting to ₹ 1.31 crore in 53 cases due to incorrect application of rates, assessment of diverted land without taking into cognizance the full area of land approved by town and country planning and non-inclusion of penalty in diversion orders.

During scrutiny of diversion cases, in the office of six Collectorate (Diversion)¹⁰ between January and March 2015, out of total 11,353 cases assessed in these units we test checked 2,803 diversion cases and in 53 cases, underassessment of diversion rent and premium were noticed. This was attributable to reasons such as diversion of land not being done on the basis of area planned and approved by Town and Country Planning (3 cases), non-inclusion of rent and penalty in diversion cases (1 case), levy of diversion rent from 2012-13 but recovery effected from year 2013-14 (47 cases) and incorrect application of rates (2 cases).

This resulted in short/non levy of diversion premium and rent of ₹ 1.31 crore (**Appendix-XVIII**) due to non-observance of provisions of Section 59 and 172 of MPLRC, 1959, which stated that when land assessed for one purpose is diverted for any other purpose, the Land Revenue payable on such land shall be revised and reassessed in accordance with the purpose for which it has been diverted from the date of such diversion at the rates fixed from time to time by the Government.

Besides, penalty not exceeding twenty *per cent* of market value of land diverted was also leviable for unauthorised diversion of land in cases where land owners had changed the land use without obtaining permission from SDOs.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that cases would be reopened and necessary action would be taken. In, Bhopal, the notices have been served to the concerned parties.

5.2.15 Non-assessment/levy of *panchayat upkar*

In respect of cases related to diversion and leases of land situated in *gram panchayat* areas, the SDOs did not levy and demand the *panchayat upkar* on diversion premium and rent depriving the Government of revenue of ₹ 14.33 crore.

We noticed during scrutiny of case files of diversion cases in 12 Collectorates¹¹ between January and May 2015 that in 1,063 out of 9,889 cases for the period 2010-11 to 2014-15, the SDOs did not levy *panchayat upkar* on premium and rent. Further, we observed that in Collectorate Harda, *upkar* was levied and collected on both premium and rent, whereas in 12 Collectorates, *upkar* was not levied on premium/rent due to mis-interpretation of Government order.

¹⁰ Bhopal (*Rajdhani Pariyojna*), Chhatarpur, Dhar, Indore, Satna and Ujjain

¹¹ Bhopal, Chhindwara, Dhar, Indore, Jabalpur, Khargone, Sagar, Satna, Seoni, Sidhi, Singroli and Ujjain

This was in violation of provisions of Section-74 of M.P. *Panchayat Raj Adhiniyam*, 1993 which provides levy and collection of *panchayat upkar* at the rate of 50 *paisa* per Rupee on land revenue collected from land situated in *gram panchayat* area. This deprived the Government of revenue of ₹ 14.33 crore, as mentioned in Table 5.5 below:

Table-5.5

(₹ in crore)

Sl. No.	Name of Collectorate	Nature of Non assessment of <i>Panchayat Upkar</i>	Total no. of cases Objected cases	Premium Yearly rent (2009-10 to 2014-15)	Assessable & Leviable <i>Upkar</i> Yearly Rent (2009-10 to 2014-15)	Total Amount
1	Chhindwara, Satna, Sidhi and Singroli	Not assessed on Diversion premium & rent	7401 627	4.46 7.89	2.23 3.95	6.18
2	Bhopal, Dhar, Indore, Jabalpur, Khargone, Sagar, Satna, Seoni and Ujjain	Not assessed on Diversion premium	2465 413	0.00 4.46	0.00 2.23	2.23
3	Chhindwara, Dhar, Sagar and Ujjain	Not assessed on premium and ground rent of Govt. Land	23 23	10.07 1.76	5.04 0.88	5.92
Grand Total			9889 1063	14.53 14.11	7.27 7.06	14.33

During exit conference, the Principal Secretary, Revenue stated (September 2015) that there is a provision in the Act for levy of *panchayat upkar*, and necessary instructions would be issued by the Department for its recovery.

We recommend that the Department may consider issuing instructions for levy of *panchayat upkar* on premium as well as rent in the *Gram panchayat* area.

5.2.16 Failure in discharge of duties by public officer led to non-recovery of Stamp duty and registration fees

In 11 instruments submitted by applicants for diversion of land, right to develop land and sale were given to developers on which Stamp duty was not paid as per provisions and also such instruments were not registered. The SDOs neither referred these instruments to Collectors of stamps for realisation of deficit stamp duty and registration fees nor levied penalty before considering applications for diversion of land.

According to Section 33 read with Section 35 of Indian Stamp Act, 1899, every public officer, if any instrument chargeable in his opinion, with duty, is produced or comes in the performance of his functions, shall, if it appears to him that such instrument is not duly stamped, impound the same and refer it to Collector of Stamps for correct levy of Stamp duty. Insufficient stamped instruments shall not be admitted in evidence unless such instruments are duly stamped after payment of deficient duty together with a penalty equal to ten times of the deficient amount of duty.

We observed during scrutiny of diversion case files in Collectorates Dhar, Harda and *Rajdhani Pariyojna*, Bhopal (between January and May 2015) that

11 instruments of sale agreement, joint venture agreement and mortgage deed of immovable property were attached with four diversion case files. These instruments were not found duly stamped and registered as per rules. Respective SDOs admitted these instruments without recovering deficit amount of stamp duty together with penalty at the rate of ten times of deficient duty.

This resulted in non recovery of revenue in the shape of Stamp duty of ₹ 43.36 lakh with ten times penalty (₹ 4.34 crore) and registration fee (₹ 7.12 lakh) as detailed in **Table 5.6:**

Table-5.6

(₹ in lakh)

Name of unit	No. of instruments / Nature of instrument	Market value (MV) of property involve	Stamp duty			Leviabl Registrati on Fees @ 0.8 per cent of MV + ₹ 145	Penalty @ 10 times of deficit amount of Stamp duty
			Leviable	Levied	Short Levy		
Rajdhani Pariyojna, Bhopal	1/ Joint Venture Agreement	520.33	37.72	0.01	37.71	4.16	377.14
Collector (Diversion) Dhar	8/ Sale agreements of land with possession	49.71	2.49	0.02	2.47	0.41	24.65
Collector (Diversion) Harda	2/ Mortgage deed	318.00	3.18	0.002	3.18	2.55	31.78
Total	11 instruments	888.04	43.39	0.032	43.36	7.12	433.57

(Calculations worked out by Audit)

During exit conference, the Principal Secretary, Revenue stated (September 2015) that action was being taken and recovery would be made. While in Bhopal, the notices have been issued to the concerned parties.

5.2.17 Non-payment of security by colonisers

In 15 cases, the colonisers did not submit security deposit along with the application for diversion of land, however the SDOs diverted the land without getting security deposit of ₹ 3.85 crore.

5.2.17.1 In Collectorate, Bhopal and Indore, we test checked (between February and March 2015) 103 diversion cases out of total 670 cases decided between 2010 and 2015 by respective SDOs. Out of these cases, security deposit of ₹ 3.85 crore in 15 cases was required to be submitted by the colonisers at the time of submission of application. We however, noticed that in these cases, security deposit was neither submitted by colonisers nor recovered by SDOs.

This led to non-realisation of security of ₹ 3.85 crore due to non-observance of Rules 4 framed under Section 172 of the MPLRC which provides that a coloniser shall deposit one fifth of estimated development expenditure of the land as security deposit and attach the *challan* with the application submitted to the SDO for diversion of any land, failing which the application shall not be entertained.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that appropriate action would be taken.

5.2.17.2 We further observed in Collectorate Harda, Khargone, Sagar and Seoni (between January and May 2015) that in 53 cases out of total 663 test checked cases of diversion submitted by the colonisers, neither the amount of estimated development expenditure was mentioned in their applications, nor did they deposit any security. The applications were not only entertained by the respective SDOs but also decided between 2009-10 and 2013-14 and diversion was permitted. This resulted in irregular admission of applications for diversion as well as irregular granting of permissions for diversion.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that appropriate action would be taken.

5.2.18 Non disposal of cases of unauthorised diversion

Nine cases of unauthorised diversion of land use were noticed in Collectorate Bhopal in 2012-13. However, even after a lapse of two years, penalty amounting to ₹ 1.84 crore was not levied by the SDO.

Section 59 of MPLRC, 1959 prescribes that if a person changes the land use from the purpose it had been diverted earlier without the permission of SDO, a penalty at the rate of 20 *per cent* of the market value of the land shall be levied and land revenue would be re-assessed.

We observed during the scrutiny of *Diara* registers¹² in Collectorate, Bhopal (March 2015) for the period 2010-11 to 2014-15 that 14 cases were registered in the year 2012-13 for initiating action for levy of penalty as these land owners had changed the land use without obtaining permission from SDO. Out of these, only five cases were found to be disposed of and action of levy of penalty and reassessment of diversion order was not taken in the remaining nine cases.

Further scrutiny revealed that these nine cases were also not carried forward in the subsequent *Diara* register. As a result of this, these nine cases of unauthorised diversion could not be monitored. Non-disposal of these cases resulted in non-levy of penalty amounting to ₹ 1.84 crore.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that action would be taken.

Monitoring mechanism and Internal Control

5.2.19 Non-realisation of arrears of land revenue and non-imposition of penalty

Recovery statements of 14 Collectorates revealed that an amount of ₹ 264.80 crore was pending for more than 30 days under various heads of land revenue on which penalty upto 100 *per cent* of the outstanding amount was leviable.

As per the provisions of MPLRC, 1959, outstanding amounts of revenue should be recovered at the earliest. GoMP, Revenue Department circular

¹² *Diara* register is a record in which applications for diversion of land are recorded

(December 2013) specified that cent *per cent* amount of current demand should be realised in addition to 90 *per cent* of arrears of earlier years. Demand notices should be issued to the defaulters and revenue so realised shall be credited to the land revenue head.

Besides, if the payee does not pay the amount due from him within 30 days from the due date, the *Nazul* Officer and Sub Divisional Officers, as the case may be, shall impose penalty under Section 143 of MPLRC which will not be more than 100 *per cent* of principal amount of land revenue. In case the land revenue due is not paid within a year, *Patwari* shall prepare a list of defaulters and submit to Tahsildar court for initiation of action under rule by attaching his property and recovery of Government dues. As per Para 12 (5) of RBC-I-1, in the beginning of every revenue year, Tahsildar, will register revenue cases against the defaulters for a period of more than one year and submit its report to Collector latest by first day of November every year.

During scrutiny of classification register and demand and collection statement (between January and May 2015) in all Collectorates covered under PA for the period 2010-11 to 2014-15, we observed that an amount of ₹ 264.80 crore in various heads of land revenue such as diversion premium and rent, *nazul* premium, rent, penalty etc. was outstanding for recovery but Tahsildars did not initiate any action as per rule. Out of total arrears of land revenue amounting to ₹ 264.80 crore, ₹ 201.17 crore was outstanding for more than one year while ₹ 63.63 crore was outstanding for less than one year, but exceeding 30 days.

As per the provisions *ibid*, delay in payment attracts penalty subject to maximum of 100 *per cent* on the arrears of revenue. But the respective Collectors did not levy any penalty on the arrears of land revenue. The Tahsildars also did not monitor the process of recovery of land revenue from defaulters by registering cases and attaching their movable and immovable properties for the cases of default for more than one year.

It is pertinent to mention that the GoMP imposes new duties and taxes or enhances the rate of existing duties for increasing Government revenue every year to raise funds to meet the fiscal requirement but at the same time Government has failed to gear up its recovery mechanism for collection of arrears of land revenue which amounted to ₹ 264.80 crore by the end of 2014-15.

During exit conference (September 2015), while accepting the audit's observation, Principal Secretary instructed the officials of the Revenue Department that penalty be imposed and in cases of default, the recovery be made by attaching movable and immovable properties of the defaulters.

We recommend that Department may scrupulously monitor the recovery of arrears of land revenue and in the cases of default in payment of land revenue for more than one year; attachment of property of the defaulters should be made as per applicable provision.

5.2.20 Non-assessment and recovery of land revenue in mining lease

Land revenue leviable on 252 major minerals leases having an area of 18,099.241 hectare land was not assessed for levy of land revenue which resulted in non-recovery of ₹ 31.15 crore.

We observed during test check in nine Collectorate Offices¹³ and information collected from District Mining Offices (DMOs) selected under PA where leases for major minerals were leased, assessment, levy and collection of land revenue on mining leases was neither available nor maintained both by Collectorates and DMOs.

Further, on collection of details from respective District Mining Offices, we observed that 252 mining leases for 18,099.241 hectare area of land were sanctioned for major minerals on which annual amount of ₹ 6.23 crore was recoverable from lease holders as land revenue for the period 2010-11 to 2014-15. Neither the DMOs furnished cases to collectors for assessment of land revenues thereafter collection by DMOs nor Collectors called for cases from DMOs for assessment and also revenue under these heads was not found collected in any of the Collectorates.

In the absence of monitoring both at Collectors and DMOs, this resulted in non-assessment/levy of land revenue of ₹ 31.15 crore¹⁴ which is contravention of Rule 3 of Assessment of Land under MP Mining Rules, 1987 framed under Section 59 of MPLRC, 1959 which provides for the assessment and collection of land revenue at the rate of ₹ 200 to ₹ 5,000 per hectare on total land which is leased for the purpose of mining.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that necessary action would be taken to collect land revenue on major minerals.

5.2.21 Non-realisation of process expenses due to lack of monitoring mechanism in the Collectorates

The Department did not include the amount of process expenses of ₹ 3.90 crore in the demand notices issued to the defaulters due to be levied on an amount of ₹ 129.98 crore recovered by the Department against the Revenue Recovery Certificate, resulting in non-recovery of process expenses of ₹ 3.90 crore.

M.P Lokdhan (*Shodhya Rashiyon Ki Vasuli*) *Adhiniyam*, 1987 (MPLA) and MPLRC provides that the Recovery Officer will register the revenue case in his Revenue case register after receipt of Revenue Recovery Certificate (RRC) and issue demand notice within 15 days. As per *Adhiniyam* and rules made thereunder, process expense at the rate of three *per cent* of principal amount is leviable.

Besides, according to Rule 10, every recovery officer, on receipt of RRC, shall assign revenue case number to each RRC and shall maintain its detail in Form VII in the prescribed recovery register. It includes bank wise entries of

¹³ Chhatarpur, Chhindwara, Dhar, Jabalpur, Khargone, Sagar, Satna, Seoni and Singroli.

¹⁴ Land revenue calculated for five years @ ₹ 6.23 crore per year for 252 mining leases

demand, collection and process expenses in every case. The recovery officer shall submit a report to Collector in Form-IX on or before 20 of every month in respect of the details of recovery of process expenses and order fee of the cases in which recovery was made either by him or by issuing authority of RRC. This report received in Form-IX shall be consolidated by Collector in Form-X and forwarded to Government every month.

5.2.21.1 We observed during the audit of all Collectorate offices covered under PA (between January and May 2015) for the period 2010-11 to 2014-15 that the Recovery Officers (Tahsildar) had not furnished the details and information relating to RRCs in prescribed forms.

Owing to the non-maintenance of details of demand and recovery of RRC in prescribed forms, the number of cases, exact position of demand and recovery and levy of process expenses thereon could not be ascertained. Further, we observed that no Collector except Dhar, Jabalpur and Ujjain districts had furnished the consolidated information to Government every month, thus at end of every month, the information of recoverable process expenses was not made available to Government.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that general orders would be issued to recover process expenses in all the cases.

5.2.21.2 We observed during the test check of demand and recovery statement in respect of Bank RRCs in 12 Collectorate offices¹⁵ (between January and May 2015) for the period 2010-11 to 2014-15 that an amount of ₹ 129.98 crore was recovered against the Bank RRCs on which process expenses of ₹ 3.90 crore though recoverable was not recovered by the Tahsildars concerned. The Department had not monitored the recovery of process expenses; this resulted in non-realisation of process expenses of ₹ 3.90 crore.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that general orders would be issued to recover process expenses in all the cases.

5.2.22 Service charges not levied/deposited in Government account

Records relating to land acquisition for various Departments revealed that service charges of ₹ 9.75 crore in 42 cases was not demanded and collected and in five cases an amount of ₹ 29.73 lakh was collected but not credited to the Government account and kept lying in personal deposit account. This deprived the Government of ₹ 10.05 crore.

In order to grant incentives to the officers and staff engaged in land acquisition work and to reimburse the expenditure on such survey, the Government decided (July 1991) to levy service charge at the rate of ten *per cent* of the land acquisition award. It was to be recovered from concerned departments/undertakings/local bodies in advance on anticipated value of the

¹⁵ Bhopal, Chhattarpur, Chhindwara, Harda, Indore, Jabalpur, Khargone, Sagar, Satna, Sidhi, Seoni and Singroli

land to be acquired by them. The amount so recovered was to be remitted to the Government revenue under the Major Head 0029 (Land Revenue).

Further, as per *Gazette* Notification dated 3 October 2014, service charge at the rate of five *per cent* of the cost of land acquisition would be levied.

We observed during scrutiny of case files of land acquisition and information made available by Collectorate offices at Bhopal, Harda, Indore and Singroli (between January and May 2015) that the LAO sanctioned award of ₹ 213.96 crore in all 42 cases between 2010-11 and 2014-15 for acquisition of land for various Departments.

Service charges amounting to ₹ 29.73 lakh in four cases collected from various Departments (between March 2010 and December 2013) were lying in Personal Deposit accounts/bank accounts and were not deposited in Government revenue, while in 38 cases, an amount of ₹ 9.75 crore was neither demanded nor recovered from the concerned Departments. The Collectors failed to monitor the entire process of collection of service charges led the exchequer deprived the revenue of ₹ 10.05 crore.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that recovery would be made and errors shall be rectified in cases of amount lying in Personal Deposit account.

5.2.23 Internal control mechanism

Internal Control is an important mechanism to ensure that the departmental operations are carried out in accordance with the applicable laws, regulations and approved procedures in an economical, efficient and effective manner, subordinate offices are maintaining various records, registers/account books properly and accurately, and adequate safeguards are being taken against non/short collection or evasion of revenue.

5.2.23.1 Internal audit and Departmental inspection

- **Internal Audit** - The internal audit wing of a Department is a vital component of its internal control mechanism. We observed that Internal Audit Wing (IAW) specifically engaged for Audit of the Department to ensure implementation of Act and rules of land revenue was not in existence at Principal Revenue Commissioner office (Head of the Department). However, there is an IAW at divisional Commissioner level which audits all Departments under his jurisdiction. Owing to the absence of dedicated IAW for the Department, the persistent irregularities, as discussed in preceding paragraphs of PA, did not come to notice of Department.

We observed in Commissioner Indore and Bhopal that 120 and 47 units were planned for internal audit of subordinate offices during the period under Performance Audit but only 60 units were audited in Indore division whereas no audit was undertaken in Bhopal division. In Sagar Commissioner Office, no internal audit plan was found prepared and implemented. Internal audit at Commissioner Office, Ujjain was satisfactory as it achieved 90 *per cent* of targeted units.

- **Inspection** - Para 34 of RBC-II-1 provides that the Commissioner of the division should inspect revenue officers of each Collectorate and Tahsil in one

and three years respectively while the Collector should inspect each Tahsil of his district every year.

We noticed that all four Commissioners conducted 23 and 14 inspections as against 70 and 50 inspections of Collectorates and Tahsils respectively during the period under Performance Audit. The Collectors had to conduct 125 inspections of Tahsil but they conducted only 30 inspections. The details of inspections conducted and points raised/included in inspection notes/memorandums etc. have not been furnished by the Department.

During exit conference (September 2015), the Department accepted the deficiency in planning of internal audit.

5.2.23.2 Non-preparation of monthly *tauzi* and verification from treasury

As per RBC and MP Financial code, statement of demand and collection for every month should be compiled by each head of the office in the monthly *tauzi*¹⁶ and verified from the treasury. The verified monthly *tauzi* is required to be submitted to higher authorities and is an important control in the Tahsil and Collectorate to obviate risk of misclassification and receipt of fraudulent challans.

We observed in all Collectorates, *Rajdhani Pariyojna*, Bhopal and Tahsil offices (between January and May 2015) that monthly *tauzis* were not being prepared by any of them except in Tahsil Ujjain where it is prepared monthly and was duly verified from treasury records. Thus, the correctness of the figures of collection shown in the monthly statements could not be verified. In the absence of non preparation of *Tauzi*, the possibilities of submitting fraudulent *challans* and resultant defalcation of Government money can not be ruled out.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that instructions would be issued to prepare monthly *tauzis* to all the districts.

5.2.23.3 Non-preparation of Departmental Manual

The Land Revenue Department did not have any Departmental Manual detailing the functions and responsibilities of the staff of all categories in accordance with instructions issued by the Government/Department. In the absence of such Manual, various checks and balances to be exercised by various functionaries of the Department for assessment, levy and collection of taxes etc. could not be ensured. Departmental manual is important to operationalise and administer of the provisions of Act and Rules.

Absence of Departmental manual may lead to incorrect deposit of Government receipts, lack of control on recoveries of arrears and failure to raise regular demand etc.

During exit conference, the Principal Secretary, Revenue stated (September 2015) that process of preparation of the manual would be started soon.

We recommend that Department may improve the internal control system in Land Revenue Department by setting up IAW, ensuring regular

¹⁶ Monthly *tauzi* is a date wise statement of *challans* prepared for reconciliation with treasury records

preparation of monthly *tauzi* and its reconciliation with the treasury records, and preparation of Departmental Manual for effective administration of MPLRC and Rules made thereunder.

5.2.24 Conclusion and Recommendations

The Performance Audit revealed the following:

- Register of permanent leases of *nazul* land was not maintained in 12 out of 14 test-checked collectorates as such details of the permanent leases of *nazul* land was not available. Non-maintenance of lease registers led to non-renewal of permanent leases of *nazul* Land.

Recommendation: The Department should maintain complete record of permanent leases of Government land so that timely renewal and proper raising of demand can be effectively monitored.

- Diversion orders for use of land other than agriculture purpose were issued without getting deposited diversion premium and annual rent for current periods, resulted in non-recovery of premium of ₹ 19.68 crore;

Recommendation: The Department should collect diversion premium and rent before issue of diversion orders.

- An amount of revenue of ₹ 14.33 crore pertaining to *panchayat upkar* leviable on allotment of Government land and diversion of land in rural areas was not levied ;

Recommendation: The Department may consider issuing instructions for levy of *panchayat upkar* on premium as well as rent in the *Gram panchayat* area.

- An arrears of ₹ 264.80 crore was pending for recovery for more than 30 days under various heads of land revenue on which penalty upto 100 *per cent* was leviable yet Tahsildars did not levy any penalty on the arrears of land revenue;

Recommendation: The Department may scrupulously monitor the recovery of arrears of land revenue and in the cases of default in payment of land revenue for more than one year; attachment of property of the defaulters should be made as per applicable provision.

- The internal control framework was deficient in terms of absence of a separate internal audit wing, inadequate inspections of subordinate offices, non-maintenance of monthly *tauzi* and non-preparation of Departmental Manual;

Recommendation: The Department may improve the internal control system in Land Revenue Department by setting up IAW, ensuring regular preparation of monthly *tauzi* and its reconciliation with the treasury records, and preparation of Departmental Manual for effective administration of MPLRC and Rules made thereunder.

5.3 Other Audit observations

We scrutinised the records related to assessment and collection of Land Revenue which revealed irregularity in remittances of land revenue and *upkar* in Government account as mentioned in the paragraph below:

5.4 Non-remittance of land revenue and *upkar* in Government account

In three Tahsil offices, land revenue receipts of the State meant for deposit in Government account (major head "0029-Land Revenue") were deposited in Panchayat Raj Fund thus depriving the exchequer of revenue amounting to ₹ 13.13 lakh.

We observed (between November 2014 and March 2015) that in three Tahsil offices¹⁷, Land Revenue and *panchayat upkar* of ₹ 13.13 lakh, collected between financial year 2005-2006 and 2013-2014 was deposited in Panchayat Raj Fund rather than in the treasury Major Head "0029- Land Revenue", though the Rule 7(i) of Madhya Pradesh Treasury Code (Volume-I) read with Government notification issued in November 2001, stipulated that land revenue and *upkar* collected by Tahsil offices should be remitted into the treasury in Government Account under the major head "0029-Land Revenue" Due to this, the exchequer was deprived of revenue of ₹ 13.13 lakh.

After we pointed out (between November 2014 and March 2015), Tahsildar, Tonk-Khurd stated (November 2014) that action would be taken after correspondence from District Panchayat. Tahsildar Pansemal (Barwani) stated (February 2015) that amount would be recovered after correspondence from District *Panchayat* and Tahsildar, Sujalpur (Shajapur) stated (March 2015) that amount would be deposited in Major Head '0029' after recovery from *Janpad Panchayat*.

The matter was reported to the Department and the Government (between May and June 2015); their reply have not been received (November 2015).

¹⁷ Pansemal (Barwani), Sujalpur (Shajapur) & Tonk-Khurd (Dewas)