

Chapter-3

Revenue and Land Reforms

CHAPTER-3: REVENUE AND LAND REFORMS

3.1 Tax administration

The Revenue and Land Reforms Department is entrusted with the work of acquisition and alienation of land and levy and collection of land revenue in Bihar.

The Principal Secretary-cum-Commissioner is the administrative head and assisted by three Directors and Special Secretary, Joint Secretary, Deputy Secretary at the Headquarters level. The Divisional Commissioners, Collectors, Additional Collectors, District Land Acquisition officer (DLAO), Deputy Collectors and Circle Officers are responsible to carry out the work at the field level. Circle officers are responsible for maintenance of land records and collection of land revenue.

The Collector is responsible for the land acquisition process under the Land Acquisition Act (LA), 1894, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 and Bihar Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Rules, 2014. The DLAO has been specially designated by the State Government to assist the Collector in the land acquisition process.

On receiving requisitions from requiring bodies, the Collector/DLAO examines the case of land acquisition. Thereafter, notification/declaration is published in local newspaper and land acquisition process is initiated by Collector/DLAO at district level. Acquisition process involving monetary limit up to ₹ 10 crore is approved by the Collector, above ₹ 10 crore and up to ₹ 25 crore by the Commissioner and above ₹ 25 crore at the level of Department. Further, all land acquisition under emergency provisions are finalised at the Department level.

3.2 Results of audit

During the year 2016-17, the Accountant General test checked 100¹ out of 839 units of the Revenue and Land Reforms Department. The Department collected revenue of ₹ 695.15 crore during 2015-16 of which, the audited units generated revenue of ₹ 97.94 crore.

Ten units of DLAOs undertaking 102 projects of land acquisitions worth ₹ 12,811.82 crore during 2012-17, were selected for audit, of which, 57 projects worth ₹ 7,366.26 crore were test checked between April and July 2017.

Audit scrutiny revealed short/non-payment of compensation and short realisation of revenue and other irregularities involving ₹ 2,290.50 crore in 559 cases as indicated in **Table - 3.1**.

¹ Eight Additional Collector Offices, 13 Deputy Collectors Land Reforms, eight DLAOs, 68 circle offices, two District settlement offices, one District *chakbandi* office.

Table - 3.1

| Sl. No. | Categories | No. of cases | (₹ in crore) |
|--------------|---|--------------|-----------------|
| | | | Amount |
| 1. | Application of incorrect market value of land | 5 | 873.46 |
| 2. | Short/non-levy of additional compensation | 4 | 137.24 |
| 3. | Excess levy of additional compensation | 1 | 4.65 |
| 4. | Short levy of solatium | 1 | 1.59 |
| 5. | Short payment of compensation to landowners | 1 | 2.11 |
| 6. | Undue delay in land acquisition resulted in cost escalation and de-notification | 1 | 8.19 |
| 7. | Rehabilitation and resettlement for affected families | 7 | 114.58 |
| 8. | Short levy of interest | 3 | 18.14 |
| 9. | Short levy of establishment charges | 12 | 349.47 |
| 10. | Non-remittance of revenue and interest into Government Account | 101 | 32.91 |
| 11. | Alienation/transfer of Government land | 3 | 11.28 |
| 12. | Incorrect deduction of income tax at source | 8 | 96.50 |
| 13. | Non-realisation of <i>salami</i> and rent due to non-execution of fresh lease | 4 | 236.59 |
| 14. | Creation of <i>jamabandi</i> without obtaining proper document from the tenants | 2 | 81.84 |
| 15. | Others | 406 | 321.95 |
| Total | | 559 | 2,290.50 |

The Department accepted underassessment and other deficiencies involving ₹ 1,232.77 crore in 158 cases. Of these, 100 cases involving ₹ 1,159.81 crore were pointed out during April 2016 to July 2017 and the rest in earlier years. The Department recovered ₹ 12.43 crore in four cases between April 2016 and March 2018. Of these, one case involving ₹ 12.35 crore pointed out after April 2016 and the rest in earlier years. Replies in remaining cases of 2016-17 and those of earlier years are awaited (June 2018).

Irregularities involving 12 paragraphs worth ₹ 1,488.76 crore have been illustrated in this chapter. Some of these irregularities continue to persist, despite similar cases being pointed out in the Audit Reports during the last two years as detailed in **Table - 3.2**.

Table - 3.2

| Nature of observation | (₹ in crore) | | | | | |
|--|--------------|--------|---------|--------|-------|--------|
| | 2014-15 | | 2015-16 | | Total | |
| | Cases | Amount | Cases | Amount | Cases | Amount |
| Non/short realisation of establishment charges | 1 | 97.17 | 2 | 111.72 | 3 | 208.89 |
| Excess realisation of contingency charges | 1 | 0.83 | 2 | 0.60 | 3 | 1.43 |
| Avoidable payment of interest due to delayed announcement of award | 1 | 14.61 | 0 | 0 | 1 | 14.61 |
| Revenue on transfer of Government land not realised | 0 | 0 | 1 | 11.68 | 1 | 11.68 |

Compensation on land acquisition

3.3 Application of incorrect market value of land

Incorrect adoption of market value of land leading to short payment of compensation of ₹ 873.46 crore to landowners.

The RFCTLARR Act, 2013 (Act 2013) and circulars/instructions² issued by the Department provide that in cases where land acquisition was initiated under the LA Act, 1894 but award could not be made till December 2013, then compensation value shall be determined as per the provisions of the Act, 2013 by considering the market value of the land applicable as on 1 January 2014.

Audit observed that five DLAOs, in nine out of 25 projects of land acquisition, involving 216 *maujas* (revenue village) in five districts³ (out of 10 districts) for 2,875.64 acres land, adopted market value of land prevailing prior to the effective date without adhering to the instructions issued by the Department. As a result, the DLAOs prepared revised estimates (between March 2014 and January 2017) for compensation worth ₹ 729 crore only instead of ₹ 1,602.46 crore. These defective estimates were approved (March 2014-January 2017) by various competent authorities⁴ without detection of the above defect in the estimates. Thus due to adoption of market value of land prevailing prior to the effective date (1 January 2014), these DLAOs short-estimated the proposed compensation by ₹ 873.46 crore leading to short payment of compensation to that extent to the landowners.

The Department stated in the exit conference (March 2018) that suitable guidelines in this regard had already been issued (December 2015) for implementation, on the advice (October 2015) of the Department of Land Resources, Government of India. However, the fact remains that the revision of estimates and payment of compensation at the revised rates are yet to be made in the cases pointed out by audit.

Recommendation:

The Department should ensure payment of compensation to landowners at appropriate market value of land.

3.4 Levy and payment of additional compensation

3.4.1 Non-payment of additional compensation

Additional compensation of ₹132.44 crore was not paid to landowners whose land was acquired under emergency provision.

The RFCTLARR Act, 2013 stipulates that in case of land acquisition initiated under the LA Act, 1894 but award not made till December 2013, then compensation value shall be determined as per the provisions of the Act, 2013. The Act *ibid* further

² In February 2014, December 2015 and May 2016.

³ Buxar, Gaya, Muzaffarpur, Nalanda and Sitamarhi.

⁴ DLAO, Collector, Commissioner and the Department.

stipulates for payment of additional compensation at the rate of 75 per cent of the total compensation value of land and assets acquired under emergency provision. Further, Social Impact Assessment (SIA) study is not required for land acquired under emergency provision.

Audit observed in two districts (Nalanda and Muzaffarpur) that land acquisition process for 460.68 acres of land in seven *maujas* was initiated between October 2012 and July 2013 by invoking emergency provision under the LA Act, 1894. Since no award was made up to December 2013, revised estimate was prepared (between December 2014 to June 2015) by the DLAOs as per the Act, 2013. However, they did not include the additional compensation as provided in the Act *ibid* in the revised estimates which could not be detected by other approving authorities⁵ also. As a result 2,238 landowners were deprived of the benefits of additional compensation worth ₹ 132.44 crore.

The Department in the exit conference replied (March 2018) that the provision contained in Act, 2013 for acquisition of land under emergency situations cannot be squarely applied for calculation of compensation in cases initiated under emergency provision of the LA Act, 1894 because the Act, 2013 has clearly prescribed the circumstances in which the urgency provision can be invoked.

The reply of the Department is not acceptable as the land was finally acquired under the Act, 2013. Therefore, additional compensation was payable in all cases where land was acquired under emergency provision. It is also to be mentioned that except for additional compensation, all other components of compensation was paid as per the Act, 2013.

Recommendation:

The Department should ensure that in cases of emergency acquisition awarded after December 2013 landowners are paid compensation as per provisions of the Act, 2013.

3.4.2 Incorrect calculation of additional compensation

3.4.2.1 Short payment of additional compensation

DLAOs short collected additional compensation of ₹ 4.80 crore from the requiring bodies leading to short payment to the landowners.

The Act, 2013 provides for payment of additional compensation to landowners at the rate of 12 per cent per annum of market value of land from date of notification till the date of award or date of possession of land whichever is earlier.

In two districts (Aurangabad and Patna), Audit observed that the DLAOs prepared the estimates of compensation for 160.40 acre land in 24 out of 67 *maujas* pertaining to two projects, by computing additional compensation of ₹ 5.47 crore for the period from date of notification to probable date of possession, though they were

⁵ Collector and Deputy Secretary, Revenue and land reforms Department.

required to calculate additional compensation of ₹ 10.27 crore for the period from the date of notification to the actual date of possession. There was a gap of 22 days to 18 months between the probable date of possession and the actual date of possession⁶. Thus incorrect preparation of estimates by the DLAOs resulted in short payment of additional compensation of ₹ 4.80 crore to 523 landowners which could not be detected by the competent approving authorities also.

3.4.2.2 Excess levy of additional compensation

The DCLR levied excess additional compensation of ₹ 4.65 crore on the requiring bodies.

In Aurangabad district, Audit observed that additional compensation of ₹ 4.71 crore pertaining to 17 *maujas* in two projects was estimated (between February 2015 and May 2015) by the Deputy Collector Land Reforms (DCLR) on value of land including multiplying factor⁷ and as sets⁸ situated on the land. However additional compensation of ₹ 5.76 lakh only was payable on market value of land only. This resulted in excess levy of additional compensation of ₹ 4.65 crore on the requiring bodies thus putting undue burden on them.

The Department accepted the audit observation in the exit conference (March 2018) and assured necessary rectification.

3.5 Short levy of Solatium

Application of incorrect calculation method resulted in short levy of solatium of ₹ 1.59 crore from the requiring body leading to their short payment to landowners.

As per first Schedule of the Act, 2013, solatium⁹ equivalent to the market value of land multiplied by the factors plus value of assets attached to the land is payable to the landowners.

Audit observed in Sitamarhi district, in 32 out of 36 *maujas* pertaining to a project, that estimates of compensation of land were prepared between April 2015 and September 2016 by the DLAO, including solatium. However, the solatium was calculated without including value of assets attached to the land. Thus incorrect calculation by the DLAO resulted in short levy of solatium of ₹ 1.59 crore leading to their short payment to landowners.

In the exit conference, the Department accepted (March 2018) the audit observation and assured that the matter shall be rectified.

⁶ The award was made between February 2015 and June 2015 in case of Aurangabad and no award was made in case of Patna till the date of audit (July 2017).

⁷ Multiplying factor is a factor by which the market value of land to be multiplied.

⁸ Buildings, trees, crops, well, tube wells, etc.

⁹ It is a component of compensation payable to the landowners.

3.6 Short payment of compensation to landowners

Compensation of ₹ 2.11 crore was not paid to landowners despite availability of funds and lapse of over 10 years.

The Act, 2013 provides that landowners should be paid 80 *per cent* of compensation before possession of the land in case of emergency and rest amount of 20 *per cent* should be paid before award.

Audit observed in Patna district that a notification for acquisition of 96.71 acre of land in one *mauja* (Kopakala) was published in December 2007 invoking emergency provision. Against the estimated cost of ₹ 7.57 crore, 80 *per cent* cost (₹ 6.06 crore) was made available by the requiring body in May 2008. Possession of 42 acres of land was handed over to the requiring body (Infrastructure Development Authority) in October 2008. However, compensation of ₹ 1.18 crore only was paid to 57 landowners against payable amount of ₹ 3.29 crore¹⁰ as of December 2017. The landowners were not paid the remaining amount of compensation of ₹ 2.11 crore by the DLAO/Collector despite availability of funds and lapse of over 10 years.

In the exit conference, the Department replied (March 2018) that the *raiyyats* (farmers/landowners) of *mauja* Kopakala did not turn up to take compensation. The reply is not acceptable. In case of non-payment of compensation, the Department should have deposited the money with the Land Acquisition, Rehabilitation and Resettlement Authority as per section 77 of the Act, 2013.

Recommendation:

The Department may ensure that the compensation amount, which remains unpaid to landowners, is deposited with the Land Acquisition, Rehabilitation and Resettlement Authority.

3.7 Short calculation of interest

There was short calculation of interest of ₹ 17.91 crore by the DLAOs on balance compensation payable to the landowners.

The LA Act, 1894 and the Act, 2013, provide that in case the compensation is not paid or deposited on or before taking possession of the land, the Collector shall pay the amount with interest at the prescribed rates¹¹ from the time of taking possession till it has been so paid or deposited. The Departmental circular of February 2009 provides that the land acquisition process can only be started after receipt of full cost of compensation from requiring body.

In three districts¹², Audit observed that the acquisition of land for 10 projects involving 142 *maujas* was initiated under emergency clause after receiving

¹⁰ Calculation: ₹ 7,57,16,774 / 96.71 acre X 42 acre = ₹ 3,28,82,892 (as per policy of one project one rate).

¹¹ Nine *per cent* per annum if the amount of compensation is paid within one year and thereafter at the rate of 15 *per cent*.

¹² Muzaffarpur, Nalanda and Patna.

80 *per cent* of the compensation cost from the requiring bodies. However, the requiring bodies did not pay the balance 20 *per cent* of cost of acquisition leading to their non-payment to landowners. The DLAOs calculated (between September 2011 and September 2016) interest of ₹ 27.73 crore only on balance payable amount of ₹ 215.68 crore (20 *per cent*) for the period from the date of possession to the anticipated date of payment. However, Audit calculated that the interest worked out to ₹ 45.65 crore upto the date of award, as the balance payments were not made up to the date of audit. This resulted in short calculation of interest of ₹ 17.91 crore by the DLAOs.

Audit further observed that initiation of land acquisition process by the DLAOs without receipt of full compensation cost from the requiring bodies resulted in overall non-payment of compensation amount and interest of ₹ 276.59 crore to the landowners.

The Department in the exit conference (March 2018) accepted the audit observation.

Recommendation:

The Department may ensure proper estimation and payment of due interest to the landowners.

3.8 Delay in land acquisition

The Department of Revenue and Land Reforms prescribed (February 2007) a timeline of 280 days for completion of land acquisition process.

3.8.1 Delay in land acquisition despite invoking of emergency provision

Despite making availability of funds and lapse of over 10 years the land acquisition process could not be completed.

In Patna district, Audit observed that consequent to an order of the Patna High Court, the Municipal Commissioner, Patna made requisition (April 2007) for acquisition of 10 acre land for construction of residence to slum-dwellers under emergency provision. Notifications/ declarations were issued in July and August 2007 and estimated amount of ₹ 7.31 crore was provided by the requiring body in April 2007 and September 2008. However, the possession of land was not taken by requiring body till the date of audit (July 2017), despite several reminders by the DLAO/Collector between January 2009 and October 2014. In the meantime, the estimate was revised to ₹ 11.63 crore in August 2014 as per Act, 2013. Thus, despite an expenditure ₹ 7.31 crore by the requiring body and lapse of over 10 years, the land acquisition could not be completed in disobedience of High Court order which rendered the rehabilitation of slum-dwellers incomplete.

The Department in the exit conference (March 2018) replied that such condition arose only in cases where the concerned *raiyats* (farmers/landowners) did not turn up to take their compensation.

The reply of the Department was not specific to the project. However, in case of non-payment of compensation, the Department should have deposited the money with the Rehabilitation and Resettlement Authority as per section 77 of the Act, 2013, which was not done.

3.8.2 Undue delay in land acquisition leading to cost escalation

Initiation of land acquisition process without approval of the Department and subsequent delay in approval of estimates resulted in cost escalation by ₹ 115.65 crore.

In Bhagalpur district, Audit observed that land acquisition process for 223.22 acre land in one *mauja* was initiated by the DLAO in October 2006 under emergency provision at an initial estimated cost of ₹ 14.97 crore without approval of the Department. The notification/declaration was published in October 2006 and award was made in November 2008. However, the final estimate of this land acquisition was approved for ₹ 130.62 crore by the Department on 29 September 2011. In the meantime, 80 *per cent* of the compensation worth ₹ 8.19 crore was disbursed by the DLAO to 187 out of 239 landowners in anticipation of approval by the Department and possession of the land was also given on 6 December 2010. However, due to abnormal increase in the cost of acquisition, the requiring body proposed in October 2011 to de-notify the land. In view of the proposal of the requiring body, the Director, Land Acquisition directed (March 2017) to submit proposal for de-notification under section 93 of the Act, 2013. However, the DLAO did not comply with the direction till September 2017.

Thus, initiation of acquisition process without approval of the Department and delay in approval of estimates resulted in cost escalation by ₹ 115.65 crore which forced the requiring body to withdraw. The landowners didn't get their due compensation/cost of damage despite their land rights remaining suspended since October 2006. The requiring body (Bihar Industrial Area Development Authority) which is a Government of Bihar enterprise did not get the required land despite expense of ₹ 8.19 crore.

Moreover, the decision of the Department to de-notify the said land under section 93 of the Act, 2013 was not lawful as section 93 was applicable in cases where possession of the land is not taken.

The Department in the exit conference (March 2018) accepted the fact of delay resulting in escalation of cost of compensation.

Recommendation:

The Department may ensure that the land acquisition process is initiated after approval of the estimate by the competent authority and is completed within the prescribed time to avoid cost escalation.

3.9 Payment of compensation towards rehabilitation and resettlement of affected families

The Bihar Land Acquisition, Resettlement and Rehabilitation Policy, 2007 and instructions issued by the Department in May 2008 provide that if the residential land or residence of any land owner is acquired, then, equal land upto a maximum of five decimal¹³ shall be provided to the landowners for residential purpose, besides payment of ₹ 10,000 for temporary residence and ₹ 5,000 for transportation assistance. Further, the Act 2013 requires the Collector to award resettlement allowance of ₹ 50,000 and in addition, either provide jobs to at least one member per affected family or one-time payment of ₹ five lakh or annuity policy that shall pay not less than ₹ two thousand per month per family for twenty years.

3.9.1 Non-payment of one-time resettlement allowance and compensation in lieu of jobs

Affected families/landowners were deprived of one-time resettlement allowance of ₹ 8.92 crore and compensation of ₹ 89.05 crore in lieu of jobs.

Audit observed in six out of 15 projects in five districts¹⁴ that residential land of 1,781 families was acquired by the DLAOs. These landowners were entitled to get one-time resettlement allowance of ₹ 8.92 crore, and in lieu of jobs, receive compensation of ₹ 89.05 crore. However, no provision was made in the estimates prepared (between March 2015 and April 2017) by the DLAOs/Collectors for the aforesaid payments. Thus, the affected families were deprived of the compensation of ₹ 97.97 crore as given in **Table - 3.3**.

Table - 3.3

(₹ in crore)

| Name of District | Number of affected families | Resettlement allowance | Additional compensation | Total |
|------------------|-----------------------------|------------------------|-------------------------|--------------|
| Kishanganj | 294 | 1.47 | 14.70 | 16.17 |
| Buxar | 833 | 4.17 | 41.65 | 45.82 |
| Aurangabad | 12 | 0.06 | 0.60 | 0.66 |
| Muzaffarpur | 173 | 0.87 | 8.65 | 9.52 |
| Sitamarhi | 469 | 2.35 | 23.45 | 25.80 |
| Total | 1,781 | 8.92 | 89.05 | 97.97 |

(Source: Information collated from records of concerned DLAOs)

The Department in exit conference (March 2018) sought details of such projects for scrutiny and comments, and the same was provided. Further progress in this regard would be awaited in Audit (June 2018).

3.9.2 Payment of rehabilitation and resettlement benefits at old rates

One hundred and seventy one affected families were provided temporary benefits of rehabilitation and resettlement at old rates leading to short payment of ₹ 9.15 crore.

¹³ One acre is equal to 100 decimal.

¹⁴ Aurangabad, Buxar, Kishanganj, Muzaffarpur and Sitamarhi.

Audit observed in six projects of Patna district that residential land of 171 families was acquired by the DLAO. Though the families were entitled for payment of ₹ 9.41 crore at the rate of ₹ 5.50 lakh¹⁵ each family as per Act, 2013, compensation towards temporary residence and transportation assistance of ₹ 25.65 lakh only (at the rate of ₹ 15,000 each) was provided to these affected families as per the estimates prepared between November 2014 and September 2016 by the DLAO. Thus the affected families were deprived of compensation of ₹ 9.15 crore due to application of old rates by the DLAO/Collector.

The Department in the exit conference (March 2018) sought details which were provided. Further progress in this regard is awaited in Audit (June 2018).

3.9.3 Non-providing of residential land

One hundred forty affected families were not provided with compensatory 6.17 acres of residential land worth ₹ 6.61 crore.

Audit observed in Buxar district that 21.61 acre residential land was acquired from 140 families for which estimates of ₹ 288.50 crore were prepared during 2009 to 2011. Though the families were entitled to receive residential land as compensation, no provision was made by the DLAO/Collector for providing such land. Thus, affected landowners were deprived of 6.17 acre (617 decimal) land worth ₹ 6.61 crore.

The Department in the exit conference (March 2018) sought details which were provided. Further progress in this regard is awaited in Audit (June 2018).

Recommendation:

The Department may ensure payment of prescribed compensation towards rehabilitation and resettlement of displaced families whose residential land is acquired.

3.10 Incorrect deduction of income tax at source

Incorrect deduction of income tax at source of ₹ 96.50 crore by the DLAOs led to payment of reduced compensation.

Section 96 of the Act, 2013 provides for exemption from income tax to the landowners getting compensation of their acquired land.

Audit observed in eight districts¹⁶ that ₹ 96.50 crore of income tax was deducted at source by the DLAOs/DCLR while making payment of compensation to the 5,201 landowners between January 2014 and March 2017. Thus due to incorrect deduction of income tax by the DLAOs, landowners got reduced compensation to the extent of ₹ 96.50 crore.

The Department stated (March 2018) in the exit conference, that action would be taken after scrutiny of the matter. Further action is awaited (June 2018).

¹⁵ Resettlement allowance of ₹ 50,000 and one-time payment of ₹ five lakh in lieu of jobs.

¹⁶ Aurangabad, Bhagalpur, Buxar, Gaya, Kishanganj, Nalanda, Patna and Sitamarhi.

Recommendation:

The Department may ensure that exemptions from income tax are allowed as per the applicable law.

3.11 Short levy/remittance of establishment charge

Three DLAOs failed to remit establishment charge of ₹ 208.92 crore in Government Account and two DLAOs short levied establishment charge of ₹ 81.19 lakh.

The BRFCTLARR Rules, 2014 (Rules, 2014) provides for collection of establishment charge at the prescribed rates in four slabs¹⁷ from the land requiring body and to deposit it in Government Account under land revenue head.

- Audit observed in three districts¹⁸ that establishment charge of ₹ 205.42 crore was collected between June 2007 to March 2017 in 145 out of 158 *maujas* in nine projects. However, the DLAOs concerned did not deposit this in Government Account as required under the Rules, 2014, and the money was lying in the PD Accounts/bank account as on the date of audit (September 2017).
- Audit observed in DLAO Gaya, that establishment charge of ₹ 3.50 crore related to a project was deposited by the DLAO in Bandhan bank in August 2016 instead of Government Account as required under the Rules. Audit further observed that the account was opened by the DLAO in a private bank without approval of the Finance Department.

In response to the audit observation the DLAO, Gaya replied (May 2018) that account in Bandhan bank has been closed but there is no information on whether the balance (including interest) has been remitted to Government Account (May 2018).

- Audit observed in two districts (Kishanganj and Sitamarhi) from the estimates of 55 out of 160 *maujas* pertaining to nine Projects that establishment charge of ₹ 71.30 lakh only was realised from requiring bodies instead of ₹ 1.52 crore due to application of lower slab of rates and non-inclusion of value of assets while preparing estimates by the DLAOs/Collectors during March 2012 to June 2017. Thus due to short levy of establishment charge, the Government was deprived of revenue of ₹ 81.19 lakh.

The Department accepted the audit observations during the exit conference (March 2018) and assured necessary action. Progress in this regard is awaited in Audit (June 2018).

Recommendation:

The Department should ensure that establishment charge is levied correctly from the requiring bodies and deposited on time into Government account. The Department may also consider conducting an enquiry for appropriate action against the erring DLAOs.

¹⁷ The rate of establishment charge 20 per cent, 25 per cent, 30 per cent and 35 per cent.

¹⁸ Gaya, Kishanganj and Patna.

3.12 Alienation/transfer of Government land

Government land of 44 acres was transferred without realising *Salami* and accumulated value of rent amounting to ₹ 11.28 crore.

The Bihar Government Estates (*Khasmahal*) Manual, 1953 and instructions issued (12 March 1991) by the Department, stipulates that the transferee Department/Public Sector Undertakings (PSUs¹⁹) is liable to pay the *Salami*²⁰ along-with accumulated value of annual rent at the rate of two to five *per cent* of *Salami* for 25 years on transfer/alienation of Government land.

In three districts²¹, Audit observed that 44 acres of Government land was transferred between December 2008 and December 2016 by the Additional Collector/Circle Officer to PSUs without realising *Salami* and rent on accumulated value of land amounting to ₹ 11.28 crore. As a result, the Government was deprived of revenue of ₹ 11.28 crore as given in the **Table - 3.4**.

Table - 3.4

(₹ in crore)

| Name of District | Number of Projects | Area of land (in acres) | Total of <i>salami</i> and rent | Remarks |
|------------------|--------------------|-------------------------|---------------------------------|---|
| Nalanda | 2 | 1.10 | 2.89 | Government land transferred to PSUs without realisation of <i>Salami</i> and accumulated value of rent of land. |
| Aurangabad | 1 | 41.63 | 7.44 | |
| Lakhisarai | 2 | 1.27 | 0.95 | Lands were transferred to PSUs by the order of Collector in anticipation of the Government's approval. However, neither the approval of Government was obtained nor amount of <i>Salami</i> and rent were realised. |
| Total | | 44.00 | 11.28 | |

(Source: Information collated from records of concerned Additional Collectors)

The Circle Officer concerned issued notices and reminders for realisation of the dues in two cases of Nalanda district but in the remaining cases, the Circle Officers and Additional Collectors did not take any action.

The Department in the exit conference (March 2018), sought details which were provided. Further progress in this regard is awaited in Audit (June 2018).

Recommendation:

The Department may realise cost of land before transfer/alienation of Government land.

3.13 Remittance of interest into Government Account

Remittance of interest of ₹ 12.35 crore was made in Government Account at the instance of Audit.

¹⁹ Navinagar Power Generation Co. Pvt. Ltd., South Bihar Power Generation Co. Ltd., Bihar State Power Holding Co. Ltd., Bihar State Electricity Board.

²⁰ *Salami* denotes market value of land.

²¹ Aurangabad, Lakhisarai and Nalanda.

The Principal Secretary, Finance directed (June 2015) all Drawing and Disbursing Officers (DDOs) that interest earned in bank accounts, must be remitted into Government Account.

Audit observed in Sitamarhi district that interest of ₹ 12.35 crore earned in nine bank accounts up to May 2017 was not remitted into Government Account by the DLAO.

Following the audit observation, the DLAO Sitamarhi remitted up to date interest of ₹ 15.31 crore on 4 September 2017 into Government Account.

The Department in the exit conference replied (March 2018) that proper instructions/guidance shall be issued for financial management.

3.14 Irregular fund management

3.14.1 Irregular deposit of fund in bank account instead of PD account

Cost of land acquisition of ₹ 66.36 crore received from requiring bodies was deposited in the bank accounts instead of PD account.

The BRFLARR Rules, 2014 (Rules, 2014) stipulate that the cost of acquisition received from requiring body²² should be deposited in Personal Deposit Accounts (PDA). In May 2012 the Finance Department issued instructions to keep the funds related to land acquisition in the PDA only and not in bank accounts.

In Aurangabad district, Audit observed that ₹ 63.36 crore received in January 2017 by the DLAO from a requiring body related to a project was deposited in HDFC bank account instead of PD Account without the permission of Finance Department. Further, in Gaya district, an amount of ₹ three crore was withdrawn from PD Account on 30 June 2015 for purposes not recorded in cashbook. This money was kept in bank account of Union Bank of India without making further payment to any beneficiary/landowner till August 2017. Thus, the DLAOs kept the money in bank account in violation of the Rules, 2014 and instruction of Finance Department.

The Department in the exit conference replied (March 2018) that proper instructions/guidance shall be issued for financial management. However, no information on why the amount was deposited with commercial banks, especially private bank, or action taken to remit the balance, with upto date interest to Government Account, was furnished to Audit (June 2018).

Recommendation:

The State Government may consider conducting an enquiry for appropriate action against the DLAO Aurangabad and DLAO Gaya for parking large amounts with commercial banks, especially private bank in violation of orders of the Finance Department.

²² Requiring body means a company, a body corporate, an institution, or any other organisation or person for whom land is to be acquired by the appropriate Government.

3.14.2 Payment of compensation after diversion of fund and non-updation of Cashbook

Since the DLAO, Buxar did not update the cashbooks after 31 December 2016, payments of ₹ 51.76 crore and receipts of ₹ 52.17 crore made during January to March 2017 were not found recorded in cash books.

The Bihar Treasury code, 2011 stipulates that all money received for deposit in the custody of the Government shall without undue delay be paid in full into the Bank and shall be included in the Government Account.

Audit observed in DLAO, Buxar, that two banker's cheques valued at ₹ 2.95 crore received from requiring body during August to September 2015 for acquisition of land for a project was neither entered in cheque receipt register nor in cashbooks. These two cheques were revalidated and deposited in bank account of the DLAO on 12 September 2017 i.e., after lapse of two years. Consequently, the DLAO disbursed (during January to May 2017) ₹ 82.91 lakh to landowners of these project from funds available for other projects. Audit further observed that the DLAO did not update the cash books after 31 December 2016, as a result of which, payments of ₹ 51.76 crore and receipts of ₹ 52.17 crore made during January to March 2017 were not found recorded in the cash books.

The Department in the exit conference replied (March 2018) that proper instructions/guidance shall be issued for financial management. However, no information on why these cheques were not deposited in bank account and why the payment of compensation to landowners was made from fund of other projects was furnished to Audit (June 2018).

Recommendation:

The State Government may conduct an enquiry to examine whether there was any misappropriation of funds under the DLAO, Buxar and also initiate appropriate action against him for not operating the Cash Book after December 2016.