

CHAPTER-III LAND REVENUE

3.1 Tax administration

Allotment of land and assessment and collection of land revenue are governed by the provisions of the Gujarat (Bombay) Tenancy and Agricultural Lands Act, 1948 and the Gujarat Land Revenue Code, 1879 and the rules framed thereunder. Land revenue mainly comprises premium price, conversion tax, non-agricultural assessment (NAA) and occupancy price/ lease rent from allotment/ lease of Government land. The Revenue Department (Department) functions as the Administrative Department of the Government. The Department exercises overall control on revenue related matters, supervision and monitoring over revenue officers and maintenance of land records. The Department is assisted by 33 District Collectors (DCs) at district level for management of land. Further, there are 120 *Prant* Officers (POs) at the sub-division level and 260 *Mamlatdars* at the *taluka* level to assist the Collector.

3.2 Results of Audit

There are 41 auditable units in the Revenue Department dealing with Land Administration, out of these, audit selected 16 units for test check during 2017-18. These units comprise of offices of the Collectors, Dy. Collectors and *Mamlatdars* (Land Revenue), Director of Deendayal Institute of Survey and Revenue Administration, Settlement Commissioner and Director of Land Records and Principal Secretary, Revenue Department. During 2017-18; 10,118 cases of allotment/ lease of Government land/ conversion of tenure of land/ conversion in land use etc. were finalised in the selected units. Out of these 5,747 cases (57 *per cent*) were selected for audit and of these 5,343 cases¹ (93 *per cent*) produced to audit were test checked.

Scrutiny of these cases revealed underassessment of tax and other irregularities involving ₹ 62.32 crore in 894 cases (16.73 *per cent* of test checked cases) which were pointed out to the Department through 177 Inspection Report (IR) paragraphs. Audit pointed out some of the similar omissions in earlier years also, not only do these irregularities persist but also remain undetected till next audit is conducted. Thus, keeping in view the percentage of irregularities noticed during the audit it is felt that there is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Irregularities noticed broadly fall under the following categories:

¹ The remaining 404 cases being 7 *per cent* of 5,747 cases selected by audit were not produced to audit.

Table 01: Results of Audit

Sl. No.	Category	No. of cases	Amount (₹ in crore)
1	Non/short levy of occupancy price/premium price	103	29.62
2	Non/short recovery of Non-Agriculture Assessment (NAA)	108	0.52
3	Non/short recovery of Conversion tax	568	3.92
4	Other irregularities	115	28.26
	Total	894	62.32

During the course of the year, the Department accepted and recovered under-assessment and other irregularities of ₹ 19.40 lakh in 21 cases, which were pointed out in audit during 2017-18 and earlier years.

A few illustrative audit observations involving ₹ 14.26 crore are mentioned in the succeeding paragraphs.

3.3 Short levy of premium price

As per the Revenue Department Resolutions² issued under Section 43 of the Gujarat Tenancy and Agricultural Lands Act, 1948 in case of conversion of land under ‘new and restricted tenure’³ to ‘old tenure’⁴, premium at the prescribed rates is required to be recovered by the concerned Collector. As per Government Resolution dated 03 May 2011, the rate of premium is 40 per cent of the market value of the property for non-agricultural purpose.

The market value of the property was to be determined in accordance with the latest *jantri*⁵ rates subject to the condition that where the rates so arrived at are less than the previous *jantri* rates, the rates mentioned in the previous *jantri* should be applied. The *jantri* rates were revised from 18 April 2011. Prior to this, the rates mentioned in the previous *jantri* effective from 1 April 2008 to 17 April 2011 were applied.

During test check of the records including the orders for change of tenure of land in three Collector offices⁶ for the period 2012-16, audit noticed (April 2015 to February 2017) that premium price of ₹ 60.47 lakh was short recovered in four cases as detailed below:

² Dated 13 July 1983 read with the Resolution No NSJ-102006- 571-J (Part 2) dated 04 July 2008.

³ ‘New and restricted tenure’ means the tenure of occupancy which is non-transferable and impartible without the prior approval of the District Collector.

⁴ ‘Old tenure’ land means land deemed to have been purchased by a tenant on Tiller’s day, 1 April 1957 free from all encumbrances. ‘New and restricted tenure’ land can be converted to ‘old tenure’ after payment of Premium Price.

⁵ Annual Statement of Rates issued by the Government showing the rates for the purpose of determination of value of immovable properties and levy of stamp duty.

⁶ Gandhinagar, Kheda and Vadodara.

Table 02: Short levy of premium price

(Area in sqm and ₹ in lakh)

Sl. No.	Village District	No. of cases/ Area of land	Purpose of change in tenure of land	Market value fixed by the Department (as per prevalent <i>jantri</i> (effective from 18.04.2011))	Market value as per previous <i>jantri</i> (effective from 1 April 2008 (up to 17 April 2011))	Underv- aluation	Short levy of pre- mium price
1	Chikhlod/ Kheda	02/ 22,561	Industrial	54.15	106.04	51.89	20.76
The conversion of land was done from agriculture to industrial purpose by adopting three times of agricultural rate as prescribed under Government resolution dated 03 December 2011. However, the rates so adopted were less than the previous <i>jantri</i> rates resulting in short realization of Government revenue of ₹ 20.76 lakh in the form of premium. After this was pointed out, the Collector, Kheda accepted (September 2015) the observation and stated that appropriate action will be taken in consultation with Deputy Collector (Stamp Duty Valuation Organization) [DC (SDVO)], Nadiad. Further reply has not been received (January 2019).							
2	Ranasan/ Gandhinagar and Kothambi/ Vadodara	02/ 37,776	Residential	114.50	213.77	99.27	39.71
The conversion of land was done from agriculture to residential purpose by adopting two times of agricultural rate as prescribed under Government resolution dated 03 December 2011. However, the rates so adopted were less than the previous <i>jantri</i> rates resulting in short realization of Government of ₹ 39.71 lakh. After this was pointed out, the Collector, Gandhinagar accepted the observation (March 2015). Details of recovery have not been intimated (January 2019). Reply in the other cases has not been received.							
Total				168.65	319.81	151.16	60.47

3.4 Non-levy of conversion tax

As per Revenue Department's Resolution of 18 December 2006, read with Section 67A of the Gujarat Land Revenue Code, 1879 in cases of allotment of Government land for non-agricultural purposes, conversion tax shall be recovered from the applicant. The conversion tax was required to be paid in advance by a challan in the Government treasury.

During test check of the records of Collector office, Morbi for the period 2013-16, audit observed (February 2017) in 28 cases out of 42 cases test checked that Government land measuring 6,57,494 sqm was granted on lease for various non-agricultural purposes to co-operative societies, industries and individuals. Conversion tax of ₹ 39.45 lakh though payable at the rate of ₹ six per sqm was not recovered from the allottees. It was also observed that the Collector had not inserted the condition of payment of conversion tax in the lease sanction order and had not asked for its payment in advance in these cases.

Audit pointed out these cases to the Department in February 2017. The reply has not been received (January 2019).

3.5 Non-levy of service charge

Service charge at the rate of one *per cent* of the value of land applied for as per the prevailing *jantri* rates are payable by allottees as per GR dated 26 April 2011.

Audit found (April 2015) in Collector office, Gandhinagar that service charges of ₹ 11.84 lakh though payable by an allottee (Coast Guard) on land measuring 2,63,055 sqm in Lekavada village valued at ₹ 11.84 crore, was not paid. This resulted in non-realization of the service charge to that extent.

The Revenue Authority accepted the observation (March 2015). Details of recovery are awaited (January 2019).

3.6 Non/ short levy of stamp duty on allotment of Government land

As per Article 20 of the Gujarat Stamp Act 1958, stamp duty on conveyance is leviable on the market value of the property or consideration stated in the document, whichever is higher. Further, Revenue Department had instructed in April 2002 for inclusion of condition of payment of stamp duty in allotment orders and not to hand over possession of land till proper stamp duty is paid by the allottees. Section 3 of the Gujarat Stamp Act 1958 exempts the Government Departments from the payment of stamp duty. Departments other than the Government Departments are required to pay the Stamp Duty (SD) at the prescribed rates.

During test check of the records of Collector office, Ahmedabad for the period 2015-16, audit noticed that in three cases, there was non/short levy of stamp duty of ₹ 7.80 crore as detailed below:

3.6.1 Non-levy of stamp duty from Ahmedabad Municipal Corporation (AMC)

During test check of the records of Collector office, Ahmedabad for the period 2015-16, audit noticed (February 2017) that a land measuring 1,95,484 sqm in Vadaj village (*Taluka* Sabarmati) was allotted to AMC for commercial use under Riverfront Development Project. The Department recovered occupancy price of ₹ 156.77 crore being the market value determined by the State Level Valuation Committee (SLVC). Audit however, observed that the Department had neither inserted condition for payment of the SD in the allotment order nor had recovered the same before giving the possession of the land. This resulted in non-realisation of stamp duty of ₹ 7.68 crore.

This was pointed out to Department/Government in June 2018, their reply has not been received despite repeated requests (January 2019).

3.6.2 Irregular exemption from payment of stamp duty

Section 9 of the Gujarat Stamp Act, 1958 empowers the State Government to remit wholly or partly stamp duty payable by a person or a class of persons by issue of a notification in the official gazette to this effect.

During test check of the records of Collector office, Ahmedabad for the period 2015-16, audit noticed (February 2017) that lands measuring 6,531 sqm in Kolat and Tajpur villages (*Taluka Sanand*) were allotted (April 2016) for railway corridor to Dedicated Freight Corridor Corporation of India Ltd. (DFCCI) on recovery of occupancy price of ₹ 2.53 crore. The Collector incorrectly treating the Corporation (DFCCI) as a department of Government of India did not levy stamp duty of ₹ 12.38 lakh. This resulted in non-realisation of stamp duty to that extent. The exemption was granted despite the fact that in another case of allotment of land to the same company for the same purpose, District Collector, Banaskantha had levied and recovered the stamp duty in June 2016 from the company while passing the allotment order.

This was pointed out to Department/Government in June 2018, their reply has not been received despite repeated requests (February 2019).

3.7 Short levy of additional occupancy price on allotment of *Gauchar* land

GR dated 09 March 2016 issued by the Government of Gujarat stipulates that in case of allotment of *Gauchar*⁷ land for public purpose, the Collector was required to recover 30 *per cent* of the market value of the *Gauchar* land allotted as additional occupancy price for development of *Gauchar* land.

During test check of the records of Collector office, Vadodara for the period 2015-16 it was noticed (February 2017) in three cases that *Gauchar* land measuring 94,365 sqm situated in three villages⁸ was allotted to Dedicated Freight Corridor Corporation of India Limited (DFCCIL), for laying railway line. The company was also given possession of the land so allotted and had paid occupancy price of ₹ 17.79 crore. However, Collector, Vadodara neither demanded nor recovered the additional occupancy price of ₹ 5.34 crore.

On this being pointed out, the Collector, Vadodara stated that corrective measures would be taken as per the relevant provisions. Further reply is awaited (January 2019).

⁷ Land kept for cattle grazing popularly referred as *Gauchar* land or Panchayat land in a village.

⁸ Anagadh, Varanama and Maretha of *Taluka* Vadodara rural.

